



Fannie Mae®



## Why choose HomeReady® mortgage?

Competitive pricing. Flexible options. Conventional ease.

HomeReady® is our affordable, low down payment mortgage product designed for creditworthy low-income borrowers.

### HomeReady benefits

- Low down payment; as little as 3% down for home purchases
- Flexible sources of funds with no minimum contribution from borrower’s own funds
- Non-occupant borrowers permitted
- Cancellable mortgage insurance (restrictions apply)
- Reduced MI coverage requirement for loan-to-value ratios above 90% (up to 97%)
- Pricing is better than or equal to Fannie Mae’s standard loan pricing (risk-based pricing waivers for LTV ratios > 80% with a credit score ≥ 680)

Benefits	HomeReady	FHA
Cancellable mortgage insurance*	Yes	No
Lender can order the appraisal immediately	Yes	No
No geographic restrictions on loan amounts	Yes	No
Day 1 Certainty™ freedom from certain reps & warrants	Yes	No

\*Restrictions apply.

All criteria are subject to the formal terms and conditions of the Fannie Mae Selling Guide and Servicing Guide. In the event of any conflict with this document, the Selling Guide and/or Servicing Guide will govern.

## Sample borrower payment scenario: FHA, HomeReady, and Fannie Mae standard

<b>30-year fixed-rate scenario</b> <b>Purchase price: \$200K</b>	<b>FHA mortgage</b> Note rate: 4.25% LTV: 96.50%	<b>HomeReady Mortgage</b> Note rate: 4.50% LTV: 97%	<b>Fannie Mae standard</b> Note rate: 4.875% LTV: 97%*
Base loan amount	\$193,000	\$194,000	\$194,000
Upfront MIP rate (%)	1.75%	0%	0%
Upfront MIP cost (\$)	\$3,377.50	\$0	\$0
Total loan amount	\$196,378	\$194,000	\$194,000
Down payment	\$7,000	\$6,000	\$6,000
Monthly MI rate (%)	0.85%	0.77%	0.96%
Monthly MI (\$)	\$137	\$124	\$155
Principal/interest monthly payment	\$966	\$983	\$1,027
Monthly payment	\$1,103	\$1,107	\$1,182
<b>After approximately 5 years ... with an annual home appreciation rate of 3%**</b>			
Monthly MI premium	\$137 Cannot be canceled	\$0	\$0
Total monthly payment	\$1,103	\$983	\$1,027

\* The borrower must be a first-time home buyer to be eligible for a 97% LTV Fannie Mae standard loan; for non-first-time home buyers, the maximum LTV is 95%.

\*\*Assuming 3% annual home appreciation, the loan would reach an LTV ratio below 80% after approximately 61 months.

NOTE: FHA loans allow credit scores of 580 or higher. The minimum credit score for a Fannie Mae loan, including HomeReady, is 620; this example uses a 700 credit score. FHA MIP rate effective January 20, 2017; see Mortgagee Letter 2017-07: [www.hud.gov/sites/documents/17-07ml.pdf](http://www.hud.gov/sites/documents/17-07ml.pdf). Note rates based on observed market rates as of May 2018 and adjusted to cover applicable loan-level price adjustments. FHA Upfront MIP cost is typically financed into the loan amount.

Visit [fanniemae.com/homeready](http://fanniemae.com/homeready) to learn how HomeReady can help you grow your business.