

HomeReady Mortgage Product Matrix

Designed for creditworthy low-income borrowers, HomeReady[®] lets you lend with confidence while expanding access to credit and supporting sustainable homeownership. Key features include:

- Affordable, conventional financing with cancellable mortgage insurance (restrictions apply)
- Up to 97% loan-to-value (LTV) financing and flexible sources of funds
- Innovative underwriting flexibilities that expand access to credit responsibly



		1-Unit	2- to 4-Units
Eligibility	Loan Purpose	Purchase or Limited Cash-out Refinance (LCOR)	
	Occupancy and Property Type	1-unit principal residence, including eligible condos, co-ops, PUDs, and manufactured housing	2- to 4-unit principal residence (no condos, co-ops, or manufactured housing)
	Manufactured Housing	In accordance with standard MH guidelines (Desktop Underwriter [®] [DU [®]] required; max 95% LTV/CLTV; FRMs or 7/1 and 10/1 ARMs only; no buydowns)	Not applicable
	HomeStyle [®] Renovation	In accordance with standard HomeStyle Renovation guidelines (special lender approval; max LTVs/CLTVs per HomeStyle Renovation guidelines)	
	Borrower Income Limits	80% of area median income (AMI)	
	Minimum Borrower Contribution (own funds)	\$0	\$0 for LTV/CLTV/HCLTV of 80% or less; 3% for LTV /CLTV/HCLTV > 80%
		3% required if sweat equity is being used	
Acceptable Sources of Funds for Down Payment and Closing Costs	Gifts, grants from lenders or other eligible entities*, and Community Seconds [®] . Cash-on-hand for 1-unit properties only. Any eligible loan may have more than one Community Seconds (i.e., third lien) up to the maximum 105% CLTV (see Community Seconds fact sheet). Sweat equity is acceptable in accordance with the <i>Selling Guide</i> . *When a grant from a lender is used, a minimum borrower contribution of 3% must be made from either the borrower's funds or another acceptable source.		

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		1-Unit	2- to 4-Units
	Product	10-, 15-, 20-, or 30-year fixed-rate mortgages (FRMs) 5-, 7-, and 10-year SOFR ARMs	
Eligibility (continued)	Maximum LTV/CLTV and Subordinate Financing	CLTV up to 105% with eligible Community Seconds (Refer to Eligibility Matrix for details) Other subordinate financing per the <i>Selling Guide</i>	
	Maximum LTV/CLTV and Subordinate Financing	Purchase: <ul style="list-style-type: none"> • DU Only – LTV > 95% to 97% (FRM) • DU and manual underwriting to 95% (FRM and ARM) LCOR: <ul style="list-style-type: none"> • DU Only – LTV > 95% to 97% (FRM) for loans owned or securitized by Fannie Mae. DU and manual underwriting to 95% (FRM and ARM) 	Purchase or LCOR: <ul style="list-style-type: none"> • 2-4 unit DU Only: 95% (FRM or ARM) • 2-unit Manual underwriting to 85% (FRM and ARM) • 3- to 4-unit Manual underwriting to 75% (FRM and ARM)
	Multiple Financed Properties	Occupant borrower(s) may own one other financed residential property (in addition to the subject property) at the time of closing. Non-occupant borrower(s) are not subject to this restriction.	
	Non-Occupant Borrowers	Non-occupant borrowers permitted to maximum 95% LTV in DU; 90% LTV manual with max 43% debt-to-income (DTI) for occupying borrower. Income considered as part of qualifying income and subject to income limits.	
	Interest Rate Buydowns	<ul style="list-style-type: none"> • Loans must be purchase transactions • Loans must be fixed-rate or seven- or ten-year ARMs • All other standard buydown policies apply See B2-1.4-04, Temporary Interest Rate Buydowns , for additional information.	
	Mortgage Insurance (MI) Coverage and Financed MI	<ul style="list-style-type: none"> • 25% MI coverage for LTVs 90.01–97% • Standard MI coverage for LTVs of 90% or less • MI may be financed up to the maximum LTV for the transaction, including the financed MI (Minimum MI Coverage Option may be used with additional LLPA; the HomeReady LLPA waiver or cap does not apply). 	
	Desktop Underwriter® (DU®)	<ul style="list-style-type: none"> • Based on the census tract and borrower income, DU will notify users when a loan casefile appears to be eligible for HomeReady but the lender has not underwritten the loan casefile as HomeReady. Resubmit the loan casefile as a 	

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		<p>HomeReady loan to obtain the appropriate HomeReady messaging. The Additional Data screen field will allow the lender to enter census tract information if DU is unable to geocode the property address.</p> <ul style="list-style-type: none"> • DU recommendation of Approve/Eligible required. DU will determine qualifying ratios and reserves. 	
Underwriting	Manual Underwriting (Limited waiver of representations and warranties does not apply. LTVs >95% not eligible for manual underwriting.)	<p>Use manual underwriting if the DU recommendation is other than Approve/Eligible. Benchmark qualifying ratio follows Fannie Mae standard <i>Selling Guide</i> (Section B3-6-02) for manual underwriting.</p>	
	Manual Underwriting, Exceptions to Minimum Credit Score Requirements	<p>Representative minimum credit scores for manual underwriting (Minimum could be higher for certain reserves and debt-to-income ratios; see the Eligibility Matrix)</p>	
		<p>620 or higher, per the Eligibility Matrix</p>	
		<p>Reserves for manual underwriting</p>	<p>620 or higher, per the Eligibility Matrix</p>
		<p>Minimum none or up to 6 months, per the Eligibility Matrix (based on credit score, DTI ratio, and FRM or ARM)</p>	
	<ul style="list-style-type: none"> • Borrowers with nontraditional credit are eligible. In addition, up to 30% of qualifying income may come from a borrower for whom no traditional or nontraditional credit profile can be established. • If the borrower has a credit score below the minimum required as a result of an insufficient traditional credit history (“thin files”) as documented by reason codes on the credit report, the lender may supplement the thin file with an acceptable nontraditional credit profile. SFC 818 must be used to identify loans with supplemented thin files (for manually underwritten loans only). • If a borrower has a credit score below the minimum required, but not as a result of a thin file, the lender may not establish a nontraditional credit profile to supplement the borrower’s traditional credit history. • If the borrower’s credit history was heavily influenced by credit deficiencies that were the result of documented extenuating circumstances, the minimum credit score 	<p>Minimum none or up to 6 months, per the Eligibility Matrix (based on credit score, DTI ratio, and FRM or ARM)</p>	

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		requirement must be met (per the Eligibility Matrix), or the credit score must be no less than 620.	
	Other Income	Boarder income (relatives or non-relatives): Up to 30% of qualifying income; documentation for at least 9 of the most recent 12 months (averaged over 12 months) and documentation of shared residency for the past 12 months.	Not eligible
		Accessory dwelling units: Rental income may be considered in qualifying the borrower per rental income guidelines.	Rental income may be used as qualifying income per rental income guidelines.
Homeownership Education and Housing Counseling	Homeownership Education	<ul style="list-style-type: none"> • For HomeReady purchase transactions, if all occupying borrowers are first-time homebuyers, then at least one borrower must do one of the following, regardless of LTV: <ul style="list-style-type: none"> ○ complete a homeownership education course from a qualified provider** prior to closing; or ○ complete a homeownership education course required by a Community Seconds or down payment assistance program that is provided by a HUD-approved agency prior to closing, if the HomeReady loan involves a Community Seconds or down payment assistance program; or ○ receive housing counseling from a HUD-approved nonprofit housing counseling agency (as evidenced by a completed Supplemental Consumer Information Form (Form 1103) prior to the loan closing; or ○ have already completed housing counseling (as evidenced by a completed Form 1103). <p>** A qualified provider must be independent of the lender, with homeownership education content that is aligned with National Industry Standards (NIS) or is offered by a housing counseling agency approved by the U.S. Department of Housing and Urban Development (HUD). Fannie Mae HomeView® can be used to satisfy the homeownership education requirements.</p> <p>NOTE: Homeownership education certificate must be retained in the mortgage file.</p>	
	Housing Counseling Benefits	HomeReady Loans where borrowers have received housing counseling from a HUD-approved housing counseling agency within the 12 months prior to the loan closing date (as evidenced by completing the Housing Counseling data fields in DU or on the Supplemental Consumer Information Form [Form 1103] for manually underwritten loans prior to loan closing), shall be eligible for a loan-level price adjustment credit of \$500, when the HomeReady purchase loan is delivered with Special Feature Code 184.	



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	Special Borrower Considerations for Online Homeownership Education	In certain circumstances, an online educational format may not be appropriate for all potential home buyers. The presence of a disability, lack of Internet access, and other issues may indicate that a consumer is better served through other education modes (e.g., in-person classroom education, telephone conference call, etc.). In these situations, consumers should be directed to HOPE™ Hotline 1-888-995-HOPE (4673), from which they can be directed to a HUD-approved counseling agency that can meet their needs. The counseling agency that handles the referral must provide a certificate of completion, and the lender must retain a copy of the certificate in the loan file.	
Pricing and Committing	Loan-Level Price Adjustments (LLPAs)	LLPAs are waived for all HomeReady loans. See the LLPA Matrix for details.	
	Whole Loan Pricing/Committing	View live whole loan pricing and make commitments in Fannie Mae’s whole loan committing application	
	MBS Pricing and Committing	Lender base guaranty fee per MBS contract	
	Execution	Deliver into 30-year Fixed Rate HomeReady product grid or commingle with non-HomeReady loans in other eligible product grids.	
	Delivery Data	<p>Special Feature Code 900 required; set ULDD Sort ID 238 – LoanAffordableIndicator – to “True,” for any mortgage where the borrower completes a homeownership education course through a qualified provider (see Homeownership Education section above for definition of qualified provider) or housing counseling through any HUD-approved agency. ULDD Sort ID 576 must be set to “Government Agency” and ULDD Sort ID 578 must be set to “HomeStudy” if the borrower completes homeownership education with Fannie Mae HomeView. For other education/counseling providers and formats, see the ULDD Specification.</p> <p>Special Feature Code 184 is required at delivery for lenders to be eligible for the \$500 LLPA credit when borrowers have received one-on-one counseling from a HUD-approved counseling agency within the 12 months prior to the loan closing date, as evidenced by a completed Form 1103.</p>	
	Servicing	HomeReady loans are serviced under the requirements for all other Fannie Mae non-government conventional mortgage loans. In June 2016, Fannie Mae updated its servicing policies to eliminate requirements unique to community lending mortgage loans.	

Find more resources at fanniemae.com/homeready.