

HomeReady Mortgage Comparison with Fannie Mae Standard

This table compares HomeReady[®] mortgage features with Fannie Mae standard mortgage loans. For details, refer to *Selling Guide* section [B5-6](#), HomeReady Mortgage.



Category	HomeReady	Fannie Mae Standard
Loan Purpose	Purchase and Limited cash-out refinance (LCOR)	Purchase, LCOR, and cash-out refi
Occupancy	1- to 4-unit Principal Residence (PMM)	1- to 4-unit Principal Residence, 1-unit Second Homes, 1- to 4-unit Investment Properties
LTV Limits	<p>1-unit purchase and LCOR: 95% FRM and ARM</p> <p>Purchase: Desktop Underwriter[®] (DU[®]) only – LTV>95%-97% FRM. No first-time home buyer (FTHB) requirement.</p> <p>LCOR: DU only – LTV>95% to 97% FRM for loans owned or securitized by Fannie Mae. DU and manual underwriting to 95% (FRM and ARM)</p> <p>2- to 4-unit purchase and LCOR:</p> <p>2-unit: DU only – 95% FRM and ARM for PMM and LCOR. Manual underwriting to 85% (FRM and ARM)</p> <p>3- to 4-unit: DU only – 95% FRM and ARM for PMM and LCOR. Manual underwriting to 75% (FRM and ARM)</p>	<p>1-unit purchase and LCOR (principal residence): 95% FRM and ARM</p> <p>Purchase: DU only – LTV>95%-97% FRM. At least one borrower must be a first-time home buyer (FTHB).</p> <p>LCOR: DU only – LTV>95% to 97% FRM for loans owned or securitized by Fannie Mae. DU and manual underwriting to 95% (FRM and ARM)</p> <p>2- to 4-unit purchase and LCOR (Principal Residence):</p> <p>2-unit: DU only – 95% FRM and ARM for PMM and LCOR. Manual underwriting to 85% (FRM and ARM)</p> <p>3- to 4-unit: DU only – 95% FRM and ARM for PMM and LCOR. Manual underwriting to 75% (FRM and ARM)</p>
Product	Up to 30-year FRM 5-, 7-, and 10-year Secured Overnight Financing Rate Adjustable-Rate Mortgages (SOFR ARMs)	Up to 30-year FRM 3-, 5-, 7-, and 10-year SOFR ARMs
Borrower Income Limits	80% of area median income (AMI)	No income limits
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.	There is no limit on how many residential properties that occupant borrower(s) may own if the property being financed is the primary residence. When the property is a second residence or investment,

This summary is intended for reference only. 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.



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		occupant borrower(s) may own up to ten other financed residential property (in addition to the subject property) at the time of closing.
Manufactured Housing (MH)	In accordance with standard MH guidelines (DU only, max 95% LTV, 7- and 10-year ARMs only, no temporary buydowns), except limited to 1-unit principal residence transactions	DU-only, max 95% LTV, 7- and 10-year ARMs only, no temporary buydowns, 1-unit principal residence and second home transactions
Renovation	HomeStyle® Renovation in accordance with standard HomeStyle Renovation guidelines (special lender approval, max 95% LTV/CLTV), except limited to principal residence transactions	Special lender approval, max 95% LTV, principal residence, second home and investment properties transactions
Buydowns	3-2-1 and 2-1 buydown structures permitted	
Boarder Income	Permitted with documentation of at least 9 of the most recent 12 months (averaged over 12 months) up to 30% of qualifying income	Not permitted
Accessory Dwelling Units	For 1-unit property, rental income from an accessory unit can be considered in qualifying the borrower; documentation and calculation in accordance with existing rental income guidelines	No rental income from an accessory unit can be considered for qualifying
Homeownership Education	<p>If ALL occupying borrowers are first-time homebuyers, then at least one borrower must do one of the following, regardless of LTV:</p> <ul style="list-style-type: none"> complete a homeownership education course from a qualified provider* prior to note date (Fannie Mae HomeView® can be used to satisfy the homeownership education requirements); 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 note date, if the HomeReady loan involves a Community Seconds or down payment assistance program; or receive housing advising from a HUD-approved nonprofit housing counseling agency or have already completed housing counseling. 	<p>For purchase transactions with LTV, CLTV, or HCLTV > 95%, if ALL occupying borrowers are first-time homebuyers, then at least one borrower must do one of the following, regardless of the product chosen:</p> <ul style="list-style-type: none"> complete a homeownership education course from a qualified provider* prior to note date (Fannie Mae HomeView® can be used to satisfy the homeownership education requirements); 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 note date, if the HomeReady loan involves a Community Seconds or down payment assistance program; or



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	<p>When 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), the lender may be eligible to receive a loan-level price adjustment credit of \$500, when the HomeReady purchase loan is delivered with Special Feature Code 184.</p> <p>* A qualified provider must be independent of the lender, with homeownership education content that is aligned with National Industry Standards (NIS) or U.S. Department of Housing and Urban Development (HUD) standards.</p>	<ul style="list-style-type: none"> • receive housing counseling from a HUD-approved nonprofit housing counseling agency or have already completed housing counseling. <p>Homeownership education or counseling is required for at least one borrower when all borrowers are relying solely on nontraditional credit to qualify, regardless of the loan product or whether the borrowers are first-time homebuyers.</p> <p>* A qualified provider must be independent of the lender, with homeownership education content that is aligned with National Industry Standards (NIS) or U.S. Department of Housing and Urban Development (HUD) standards.</p>
<p>Pricing</p>	<p>Lender base guaranty fee</p> <p>LLPAs are waived for all HomeReady loans. See the LLPA Matrix for details.</p> <p>MI coverage requirements are 25% for LTVs of 90.01% - 97%. (The Minimum MI Coverage Option LLPA is not waived or considered toward the cap if that option is used.)</p>	<p>Lender base guaranty fee</p> <p>Standard risk-based LLPAs apply. However, LLPAs are waived for first-time homebuyers with income at or below 100% AMI for non-high-cost areas, and 120% for high-cost areas.</p> <p>Standard MI coverage for LTVs up to 90%.</p>