

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	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. <i>No</i> 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 – 85% FRM and ARM</p> <p>3- to 4-unit – 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 – 85% FRM and ARM</p> <p>3- to 4-unit – 75% FRM and ARM</p>
Product	Up to 30-year FRM 5/1 (2/2/5 and 2/2/6 caps only), 5/5, 7/1, and 10/1 ARMs	Up to 30-year FRM 3/1, 5/1 (2/2/5 and 5/2/5 caps), 5/5, 7/1, and 10/1 ARMs
Borrower Income Limits	<ul style="list-style-type: none"> 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.	
Manufactured Housing (MH)	In accordance with standard MH guidelines (DU only, max 95% LTV, 7/1 and 10/1 ARMs only, no temporary buydowns), except limited to 1-unit principal residence transactions	DU-only, max 95% LTV, 7/1 and 10/1 ARMs only, no temporary buydowns, 1-unit principal residence and second home transactions

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.



Category	HomeReady	Fannie Mae Standard
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 the Framework homeownership education course prior to note date; 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 (as evidenced by a signed <i>Certificate of Completion of Pre-Purchase Housing Counseling Form 1017</i>); counseling/advising must occur prior to sales contract. <p>When borrowers have received customized one-on-one assistance from HUD-approved nonprofit counseling agencies before entering into a sales contract, lenders will receive a \$500 loan-level price adjustment for HomeReady loans delivered with SFC 184.</p> <p><i>Homeownership education certificate or Form 1017 must be retained in the mortgage file.</i></p>	<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 the Framework homeownership education course prior to note date; 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 (as evidenced by a signed <i>Certificate of Completion of Pre-Purchase Housing Counseling Form 1017</i>); counseling/advising must occur prior to sales contract. <p>Homeownership education and counseling is required for at least one borrower when all borrowers are relying solely on nontraditional credit to qualify</p>



Category	HomeReady	Fannie Mae Standard
Pricing	Lender base guaranty fee Standard risk-based loan-level price adjustments (LLPAs): <ul style="list-style-type: none">• <i>waived</i> with an LTV above 80% <i>and</i> a representative credit score equal to or greater than 680;• for loans outside of these parameters, standard LLPAs apply (per the LLPA matrix) with a cap of 1.50%. (The Minimum MI Coverage Option LLPA is not waived or considered toward the cap if that option is used.)	Lender base guaranty fee Standard risk-based LLPAs