Fannie Mae®

HomeReady®

Fannie Mae's flagship affordable lending product is designed to serve creditworthy lower income borrowers and to help fulfill our affordable housing mission and regulatory housing goals while maintaining strong, sustainable credit standards. This table compares HomeReady mortgage features with Fannie Mae standard mortgage loans. For details, refer to Selling Guide section B5-6, HomeReady Mortgage.

Category	Standard Products	HomeReady
Loan Purpose; Property and Occupancy	Purchase, Limited cash-out refinance (LCOR), and cash-out refi; all occupancy types	Purchase and LCOR only; principal residence only

Maximum LTV for principal residence (Refer to Fannie Mae Eligibility Matrix for full list)	▪ 95% LTV
	▪ Transactions with LTV > 95%-97% must be a 1-unit property, underwritten through Desktop Underwriter® (DU®), and:
	  ▪ For purchase transactions, at least one borrower must be a first-time homebuyer (FTHB)
	  ▪ For LCOR transactions, the existing loan must be owned or securitized by Fannie Mae
	  ▪ Fixed-rate mortgage (FRM) only
		Same as standard, with the following exception:
		▪ No FTHB requirement

Loan Type	▪ Up to 30-year FRM ▪ 3/6 mos, 5/6 mos, 7/6 mos, and 10/6 mos Secured Overnight Financing Rate Adjustable-Rate Mortgages (SOFR ARMs)	**Same as standard on FRM** ▪ 5/6 mos, 7/6 mos, and 10/6 mos SOFR ARMs
Borrower Income Limits	No income limits	80% of Area Median Income (AMI)*
Maximum DTI	50% for loans underwritten through DU; 36% standard maximum DTI for manually underwritten loans, which may be exceeded up to 45% when applicable credit score and reserve requirements are met	**Same as standard**
Rental income from subject property and boarder income	▪ Documented rental income from subject property is allowed for one unit primary residence with a one-unit Accessory Dwelling Unit (ADU) and 2–4-unit properties and investment properties ▪ Boarder income generally not permitted	**Same as standard with the following exception:** Documented boarder income (e.g., rent paid by roommate) may be permitted if it meets guidelines
Non-occupant co-borrower (such as a parent)	Permitted, with criteria for amount of down payment and DTI (max 43%) required from occupant borrower when manually underwritten	**Same as standard**
Mortgage Insurance	▪ Standard MI coverage for LTVs up to 90% ▪ MI coverages requirements are 30% for LTVS 90.01-95% and 35% for LTVs 95.01- 97%	▪ **Same as standard for LTVs up to 90%** ▪ 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.)

© 2026 Fannie Mae

Category	Standard Products	HomeReady
Gifts, grants, Community Seconds, cash-on-hand and sweat equity as a source of funds for down payment and closing costs	▪ Gifts, grants, and Community Seconds are allowed as sources of down payment and closing costs for certain transactions with appropriate documentation ▪ Cash-on-hand and sweat equity generally not allowed	**Same as standard, plus:** ▪ Cash-on-hand may be allowed with appropriate documentation ▪ Sweat equity may be allowed under qualifying programs – if so, max LTV is 95% for one unit properties; max LTV per the eligibility matrix for 2-4 units; and the borrower must meet minimum borrower contribution requirements

Minimum borrower contribution required from borrower's own funds (applicable when gifts, grants etc., are also present)	▪ LTV <=80%: None
	▪ LTV >80%:
	  ▪ 1-unit property principal residence: None
	  ▪ 2–4-unit principal residence: 5%
	  ▪ Second homes (applicable only for gift funds): 5%
	
	*Different requirement apply when using a lender funded grant
		▪ Same as standard for LTV <=80%: None
		▪ LTV >80%:
		  ▪ 1-unit principal residence property: None
		  ▪ 2–4-unit principal residence: 3%
		
		*Different requirements apply when using a lender funded grant

Non-traditional credit	Allowed with appropriate documentation	**Same as standard, plus:** Flexibility provided for manually underwritten loans where the borrower does not meet the minimum credit score requirement due to insufficient tradelines
Manufactured Housing (MH)	▪ DU-only, max 95% LTV, or 97% for MH Advantage® (see Eligibility Matrix), ▪ Fully amortizing fixed rate and 7/1 and 10/1 ARMs only ▪ 1- unit principal residence and second home transactions only	1-unit , 95% LTV or 97% for MH Advantage ® HomeReady loans are eligible in combination with manufactured housing, but the more restrictive eligibility requirements of each of those transactions apply
HomeStyle® Renovation	▪ Special lender approval, up to max 97% LTV for certain transactions (see Eligibility Matrix) ▪ Principal residence, second home and investment properties transactions	HomeStyle® Renovation in accordance with standard HomeStyle Renovation guidelines; HomeReady loans are eligible in combination with HomeStyle Renovation; however, the more restrictive requirements of HomeReady or HomeStyle Renovation apply when these two products are combined on a loan
Pricing	▪ Lender base guaranty fee ▪ 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	▪ Lender base guaranty fee ▪ LLPAs are waived for all HomeReady loans. See the LLPA Matrix for details

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 govern.

© 2026 Fannie Mae