



Expanded 97% LTV Options

According to consumer research conducted by Fannie Mae, the primary barrier to homeownership for first-time home buyers is saving money for the down payment and closing costs. To expand access to credit and to support sustainable homeownership, Fannie Mae offers 97% loan-to-value (LTV)/combined LTV (CLTV)/home equity CLTV (HCLTV) financing to help creditworthy home buyers who would otherwise qualify for a mortgage but may not have the resources for a larger down payment, as well as a 97% LTV/CLTV/HCLTV refinance option for Fannie Mae loans.

Features

- Desktop Underwriter® (DU®) underwriting required
- 1-unit principal residence including eligible condos, co-ops, PUDs and MH Advantage (Standard manufactured housing: max. 95% LTV/CLTV)
- Fixed-rate mortgages with a maximum term of 30 years are eligible (restrictions apply)
- Reserves (if required per DU) may be gifted

NOTE: Both HomeReady® and Fannie Mae Standard mortgages allow for a CLTV up to 105% if the subordinate lien is an eligible Community Seconds® loan.

Purchase Options for 97% LTV/CLTV/HCLTV		
	HomeReady	Fannie Mae Standard
First-time home buyer	Not required	At least one borrower must be a first-time homebuyer.
Income limits	80% of AMI in all census tracts. <i>HomeReady income limits are integrated in DU or can be found using the Income Eligibility Lookup tool.</i>	No limits
MI coverage	25% MI coverage for LTV ratios of 90.01–97%; standard MI coverage for LTV ratios of 90% or less. Minimum MI coverage may be used subject to LLPA for Minimum MI.	Standard MI coverage; or Minimum MI coverage may be used subject to LLPA for Minimum MI
Homeownership education and housing counseling	If all occupying borrowers are first-time homebuyers then at least one borrower must complete homebuyer education, regardless of LTV. For details see Homeownership Education and Housing counseling FAQs .	For purchase transactions with LTV, CLTV, or HCLTV > 95%, if all occupying borrowers are first-time homebuyers, then at least one borrower must complete homeownership education, regardless of the product chosen. For details see Homeownership Education and Housing counseling FAQs .
Pricing	LLPAs are waived for all HomeReady loans.*	Standard risk-based LLPAs (based on loan risk characteristics).*

Continued

All eligibility criteria and requirements are subject to the formal terms and conditions of the Fannie Mae Selling Guide.



Refinance Option for 97% LTV/CLTV/HCLTV		
	HomeReady	Fannie Mae Standard
Limited Cash-Out Refinance (LCOR) for transactions underwritten using DU when the mortgage being refinanced is owned or guaranteed by Fannie Mae	The lender must document that the existing loan is owned (or securitized) by Fannie Mae. Documentation may come from the lender's servicing system, the current servicer (if the lender is not the servicer), Fannie Mae's Loan Lookup tool , or another source confirmed by the lender. All other standard LCOR policies apply.	

NOTE: This table summarizes the differences between the HomeReady and Fannie Mae Standard 97% LTV options. All HomeReady or Fannie Mae Standard requirements apply per the Selling Guide.

*Loan Level Price Adjustments (LLPAs) are waived for all HomeReady loans, as well as for first-time homebuyers that meet certain income requirements and Duty to Serve loans. See the [LLPA Matrix](#) and [Duty to Serve eligibility requirements](#) for details.

Definitions

AMI: area median income

First-time homebuyer: An individual is to be considered a first-time home buyer who (1) is purchasing the security property; (2) will reside in the security property as a principal residence; and (3) had no ownership interest (sole or joint) in a residential property during the three-year period preceding the date of the purchase of the security property. In addition, an individual who is a displaced homemaker or single parent also will be considered a first-time home buyer if he or she had no ownership interest in a principal residence (other than a joint ownership interest with a spouse) during the preceding three-year time period.

LLPA: loan-level price adjustment

Resources

- [97% LTV Options FAQs](#)
- [HomeReady FAQs](#)