

# REM N WHOLESALE FNMA HOMER EADY GUIDELINES



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HOMER EADY PRODUCT MATRIX		
Product Overview	Fannie Mae's HomeReady program is designed for creditworthy, low-to-moderate income borrowers, with expanded eligibility for financing homes in designated low-income, minority and disaster-impacted communities.	
	1 Unit	2 to 4 Unit
Maximum LTV/CLTV – Conforming Loan Amounts	Purchase – 97% LTV* / 105% CLTV**	2 Unit – 85% LTV/CLTV
	Limited Cash-Out Refinance (LCOR) - 97% LTV/CLTV 95.01 – 97% - Existing FNMA loans only	3-4 Unit – 75% LTV/CLTV
	* Manufactured Homes are limited to 95% LTV/CLTV, in accordance with standard Fannie MH guidelines. **CLTV up to 105% allowed with eligible Community Seconds program. Other subordinate financing requires per Fannie Mae Selling Guide	
Maximum LTV/CLTV – High Balance Loan Amounts	Subject to standard Fannie Mae High Balance LTV/CLTV limits	
Eligible Products	10yr, 15yr, 20yr or 30yr Fixed Rate mortgage No ARMs (REM N WS Overlay)	
Loan Purpose	Purchase or Limited Cash-Out Refinance (LCOR) Cash-Out Refinances are NOT eligible	
Occupancy	Primary Residence only Second Homes and Investment Properties are NOT eligible	
Eligible Property Types	1 unit, including SFR, Condo & PUD Manufactured Homes – see <a href="#">Manufactured Home Product Compare</a> on HomeBase for complete guidelines/criteria	2 unit, 3-4 unit
Ineligible Property Types	<ul style="list-style-type: none"> <li>» Co-ops</li> <li>» Non-warrantable condos</li> <li>» Mixed- Use</li> </ul>	
HomeStyle Renovation	<ul style="list-style-type: none"> <li>» HomeReady mortgage loans are eligible in combination with HomeStyle Renovation</li> <li>» The more restrictive requirements of HomeReady or HomeStyle Renovation apply when the two products are combined on a loan. <ul style="list-style-type: none"> <li>– For example, a HomeReady HomeStyle Renovation mortgage must be a principal residence transaction only, whereas standard HomeStyle Renovation permits second homes and investment properties.</li> </ul> </li> </ul>	
Borrower Income Limits	<ul style="list-style-type: none"> <li>» Total annual qualifying income may not exceed 100% of the AMI for the property's location</li> <li>» No income limits in low-income census tracts, defined as those census tracts where the median tract income is no greater than 80% AMI.</li> <li>» FNMA Income Limits: <a href="https://homeready-eligibility.fanniemae.com/homeready/">https://homeready-eligibility.fanniemae.com/homeready/</a></li> </ul>	
Min Borrower Contribution (own funds)	\$0.00	3%
Ownership of Other Property at Time of Transaction	Borrowers (Occupant & Non-Occupant) are allowed to own other residential properties at the time of the transaction.	
Non-Occupant Co-Borrowers	Non-occupant co-borrowers permitted to maximum 95% LTV with DU Approve/Eligible findings. Co-Borrower's income considered as part of qualifying income and subject to income limits (i.e. blended ratios). No limitation on ownership of other property for non-occupant co-borrower.	
Acceptable Sources - Down Payment & Closing Costs	<ul style="list-style-type: none"> <li>» Gifts, grants and Community Seconds.</li> <li>» Cash-on-hand is allowed (1 unit only), as per <a href="#">FNMA Selling Guide B5-6-03: HomeReady Mortgage Underwriting Methods and Requirements</a>.</li> <li>» Sweat equity is NOT allowed (REM N WS overlay)</li> </ul>	<ul style="list-style-type: none"> <li>» Gifts, grants and Community Seconds.</li> <li>» Cash-on-hand is NOT allowed.</li> <li>» Sweat equity is NOT allowed (REM N WS overlay)</li> </ul>

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UNDERWRITING		
	1 Unit	2 to 4 Unit
Desktop Underwriter (DU)	» DU Approve/Eligible findings are required. Qualifying ratios and post-closing reserves will be determined by DU. » At least one (1) borrower on the loan must have a credit score. <ul style="list-style-type: none"> <li>Borrower(s) with nontraditional credit (no credit scores) are not eligible.</li> </ul> » Based on the census tract and borrower income, DU will notify users when a loan casefile appears to be eligible for HomeReady but REMN WS has not underwritten the loan casefile as HomeReady. Resubmit the loan casefile as a HomeReady loan to obtain the appropriate HomeReady messaging. New Additional Data screen field will allow entering census tract information if DU is unable to geocode the property address. » <b>Unless specifically referenced in this document, standard Fannie Mae underwriting guidelines will apply.</b>	
Manual Underwriting	Not Eligible	
Other Income Sources	<u>Boarder income (relatives or non-relatives):</u> Up to 30% of qualifying income; documentation for at least nine (9) of the most recent twelve (12) months (averaged over 12mos) and documentation of shared residency for the past 12 months.	Not Eligible
	<u>Rental Income from 1unit Property w/ Accessory Unit:</u> Allowed for qualifying income; documentation & calculation in accordance with existing FNMA rental income guidelines.	Rental income may be used as qualifying income as per existing FNMA rental income guidelines.
Non-Borrower Household Income	<u>Permitted as a <b>compensating factor</b> in DU only to allow a debt-to-income (DTI) ratio &gt; 45% up to 50% (non-borrower income is <b>not</b> considered qualifying income and is not applied to income limits).</u> The following additional requirements apply: <ul style="list-style-type: none"> <li>Non-borrower income must total at least 30% of the total monthly qualifying income being used by the borrower(s). NOTE: Income from more than one (1) non-borrower household member may be considered.</li> <li>Non-borrower household members may be relatives or non-relatives.</li> <li>Non-borrower household income must be documented in accordance with standard Fannie Mae Selling Guide policy, based on the income type.</li> <li>Non-borrowers must sign a statement of intent to reside with the Borrower for a minimum of twelve (12) months. See Fannie Mae Form 1019.</li> <li>The income must be reflected in DU as an Other Income type of "Non-Borrower Household Income". This income will not be included as qualifying income, and would not impact the DTI ratio used in the risk assessment or displayed on the DU Underwriting Findings report.</li> </ul>	
Mortgage Insurance (MI) Coverage & Financed MI	» 25% MI coverage for LTV's 90.01-97% » Standard MI coverage for LTV's of 90% or less » MI may be financed up to the maximum LTV for the transaction, including the financed MI » NOTE – United Guaranty (UG) will not allow the use of cash-on-hand for HomeReady loans. » REMN approved MI companies: Essent, Genworth, Radian, Arch Mortgage Insurance, National, MGIC	

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HOMEOWNERSHIP EDUCATION			
	1 Unit		2 to 4 Unit
Pre-purchase Homeownership Education	» Homeownership education required prior to note date for at least one (1) borrower on all purchase transactions (not required for limited cash-out refinance transactions).		
	» HBFS must provide documentation in the loan file that the borrower(s) complied with one of the three (3) options described below.		
	» There are three options for borrower to meet the pre-purchase homeownership education, as described below:		
	Options	Description	Evidence of Completion
	Complete the Framework Homeownership LLC online program	» Framework program is available in both English & Spanish and meets the standards defined by both the National Industry Standards for Homeownership Education and Counseling and by HUD. » Framework will offer borrowers a referral to a HUD-approved counseling agency for additional assistance. » Borrowers who complete the Framework program also have the option of consulting a counselor from any HUD-approved agency of their choice.  <b>NOTE:</b> Online education may not be appropriate for all potential homebuyers. 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 Framework’s toll-free customer service line, from which they will 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 HBFS must retain a copy of the certificate in the loan file.	Framework certificate of course completion.

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HOMEOWNERSHIP EDUCATION			
	1 Unit		2 to 4 Unit
	Options	Description	Evidence of Completion
Pre-purchase Homeownership Education (Con't)	Receive pre-purchase counseling and complete homeownership education from a HUD-approved nonprofit housing counseling agency.	The counseling recipient must receive both pre-purchase housing counseling and homeownership education that meets HUD's definitions, as evidenced by a <i>Certificate of Completion of Pre-Purchase Housing Counseling</i> (Form 1017), signed by both the counseling recipient and the HUD counselor.	Certificate of Completion of Pre-Purchase Housing Counseling (Form 1017) signed by both the counseling recipient and the HUD counselor.
	Complete a homeownership education course required by a Community Seconds or Down Payment Assistance Program by a HUD-approved agency.	If the mortgage loan involves a Community Seconds or Down Payment Assistance Program and that program requires its own homeownership education course provided by a HUD-approved counseling agency, the borrower is not required to enroll in the Framework program.  <b>NOTE:</b> Housing counseling or a referral to a housing counselor is not required.	Certificate issued by HUD-approved agency that provided the course.
Previous Homebuyer Education	In lieu of the Framework course, Fannie Mae will allow the acceptance of a certificate of pre-purchase education/counseling from a HUD-approved counseling agency dated within the previous six (6) months before the loan application date and before September 30, 2016.		
Landlord Education	Not applicable		Landlord education is no longer required on 2-4 unit primary residences under HomeReady.