



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 condos and PUDs; manufactured housing is not eligible)
- Fixed-rate mortgage with maximum term of 30 years
- 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	Required
Income limits	No limits in low-income census tracts; 100% of AMI in all other 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	For details on the HomeReady homeownership education requirement, see the How to Fulfill the HomeReady Homeownership Education Requirement fact sheet, Homeownership Education and Housing Counseling FAQs , and Selling Guide section B2-2-06 , Homeownership Education and Housing Counseling.	Not required
Pricing	Standard risk-based LLPAs waived for LTV ratios >80% with a credit score ≥ 680 (risk-based LLPA cap of 1.50% applies for loans outside of these parameters). Note that any Minimum MI LLPA is not subject to the cap and will be required if the Minimum MI coverage is selected.	Standard risk-based LLPAs (based on loan risk characteristics)

continued



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.

Definitions

AMI: area median income

First-time home buyer: 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.

Homeownership education and housing counseling: See *Selling Guide* section [B2-2-06](#).

LLPA: loan-level price adjustment

Resources

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