



Accessory Unit and Boarder Income Flexibilities

HomeReady® mortgage’s accessory unit and boarder income flexibilities help to meet the diverse needs of today’s home buyers by expanding access to creditworthy low- to moderate-income borrowers. HomeReady recognizes that income from accessory units and boarders can be a steady source of income for many homeowners, from millennials to seniors. That’s why HomeReady includes both types, with proper documentation, as a part of qualifying income.

Accessory Unit Income Requirements

- An accessory unit is a separate dwelling (as identified by the appraisal) with a kitchen and bathroom. Additional information related to accessory units is provided in *Selling Guide* section [B4-1.3-05](#), Improvements Section of the Appraisal Report.
- Income generated from an accessory unit can be considered as rental income under HomeReady in accordance with our standard rental income guidelines.

Sample Scenario #1: Accessory Unit Income



A couple is purchasing a 1-unit property that has a separate apartment built over the garage, which includes a functioning kitchen and bathroom. They have a tenant who has already executed a lease agreement* to rent the property after purchase.

The lease agreement indicates that the rent for the property will be \$550. The rental income that can be considered for qualifying purposes is \$412.50 (\$550 rent listed in the lease agreement multiplied by 0.75 to account for any vacancy or loss = \$412.50). The full mortgage payment on the subject property (PITIA) is included as a liability in the borrowers’ liabilities amount shown below.

		
 Borrowers' Income \$6,000/month	Borrowers' Liabilities \$2,820/month	DTI Ratio \$2,820/\$6,000 = 47.00% NOT ELIGIBLE
  Rental Income from the Accessory Unit \$412.50/month		
TOTAL	\$6,412.50/month	DTI Ratio \$2,820/\$6,412.50 = 43.98% ELIGIBLE

NOTE: *If the borrower does not have a lease to document rental income, lenders may obtain a Fannie Mae Single-Family Comparable Rent Schedule (Form 1007) from the appraiser. Although the form applies to a single-family investment property, Fannie Mae will accept the use of this form with an explanation from the appraiser that the estimated market rent is for the rental of an accessory unit on a 1-unit, principal residence property, and that the information reported on the form is specific to the accessory unit.*

Sample scenarios are intended for informational purposes only; depending on other risk factors not shown in this example, Desktop Underwriter® (DU®) recommendation may differ.



Boarder Income Requirements

- Up to 30% of qualifying income can come from boarder income.
- Borrower must provide documentation for at least 9 of the most recent 12 months (averaged over 12 months) and documentation of shared residency for the past 12 months.

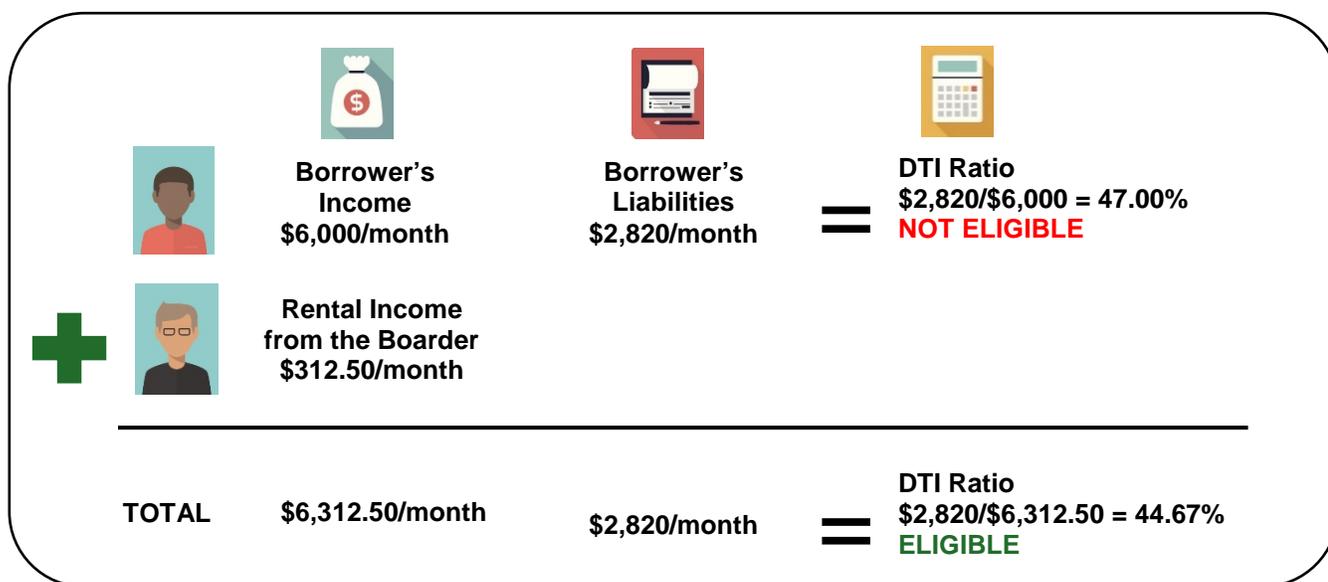
Sample Scenario #2: Boarder Income



A single man plans to purchase a new home. He has had a roommate sharing living quarters with him for the past 12 months, and the roommate plans to live in the newly purchased home.

The roommate pays \$375 per month in rent. The borrower has provided documentation to validate the 12 months of prior shared residency. He has canceled checks to document the payment of \$375 from the roommate for 10 of the most recent 12 months.

The boarder income that can be considered for qualifying purposes is \$375 multiplied by 10 months received = \$3,750. Because the borrower is unable to document a full 12-month history, this amount is divided over 12 months (\$3,750/12 months). The total monthly boarder income that can be considered is \$312.50.



Sample scenarios are intended for informational purposes only; depending on other risk factors not shown in this example, the Desktop Underwriter® (DU®) recommendation may differ.

Boarder income may be underwritten in DU or manually. For more information on boarder income, refer to *Selling Guide* section [B5-6-03](#), HomeReady Mortgage Underwriting Methods and Requirements.

Accessory unit rental income may be underwritten in DU or manually. For more information on calculating rental income, refer to *Selling Guide* section [B3-3.1-08](#), Rental Income.

Find more HomeReady resources at <https://www.fanniemae.com/homeready>.

