



## How to Fulfill the Homeownership Education Requirement for HomeReady® Mortgage

Knowledge is power. That's why the HomeReady® mortgage homeownership education requirement is designed to help borrowers gain essential knowledge to prepare for sustainable homeownership and to help lenders gain informed borrowers prepared to successfully navigate the loan process.

### **The Framework® course makes it simple to meet the requirement**

At least one borrower on each HomeReady purchase transaction must complete the [Framework® online education program](#) (see exceptions below). The Framework course, available in English and Spanish, meets or exceeds industry standards and consistently receives high marks from learners.

**Exceptions |** For HomeReady loans that involve a Community Seconds® or down payment assistance program, buyers may instead complete the homeownership education course or counseling required by the Community Seconds® or down payment assistance program as long as it is provided by a HUD-approved agency and completed prior to closing.

In addition, the presence of a disability, lack of Internet access, and other issues may indicate that a consumer is better served through other education modes (for example, in-person classroom education or via a telephone conference call). In such cases, lenders should direct buyers to Framework's toll-free customer service line (855-659-2267), which can refer consumers to a HUD-approved counseling agency.

Finally, borrowers who have **already** completed housing counseling are not required to complete the Framework course. See below for more details on counseling requirements.

### **What about buyers who are not eligible for HomeReady today?**

We believe housing counseling from a HUD-approved nonprofit housing counseling agency can help to expand the pool of mortgage-eligible buyers. For consumers who have been deemed ineligible and who need customized assistance to become mortgage-ready, counseling may be the best pathway to homeownership.



## How does counseling work and what are the benefits?

### Who

Housing counseling, also known as advising, is best suited for borrowers facing complex challenges – those who need one-on-one assistance to develop a deep understanding of their housing needs, household budget, and how to resolve potential issues.

### What

Counseling is described as customized assistance that addresses a buyer's unique financial circumstances and housing issues. Counseling also includes an education component that may be delivered one-on-one or via classroom or self-guided online programs, such as the Framework course.

### When

Counseling should occur as early as possible and before a buyer selects a home. Required components **must** be completed before a buyer enters into a contract to purchase a home.

### How

The assistance must meet HUD standards and cover the content detailed on the Certificate of Completion of Housing Counseling ([Fannie Mae Form 1017](#)), which must be signed by the buyer and the HUD counselor. By signing the form, the HUD counselor certifies that the assistance provided meets HUD standards and our requirements. The lender must retain the completed Form 1017 in the loan file.

### Benefits

Counseling fulfills the HomeReady homeownership education requirement and offers the following additional benefits exclusively for HomeReady purchase transactions on which buyers have received customized assistance from HUD-approved nonprofit counseling agencies:

- Lenders will receive a **\$500 loan-level price adjustment credit** for HomeReady loans delivered with Special Feature Code 184.
- When the lender indicates in DU that the HUD-approved housing counseling was completed, that information will be considered a compensating factor to allow **debt-to-income ratios greater than 45%, up to 50%**.

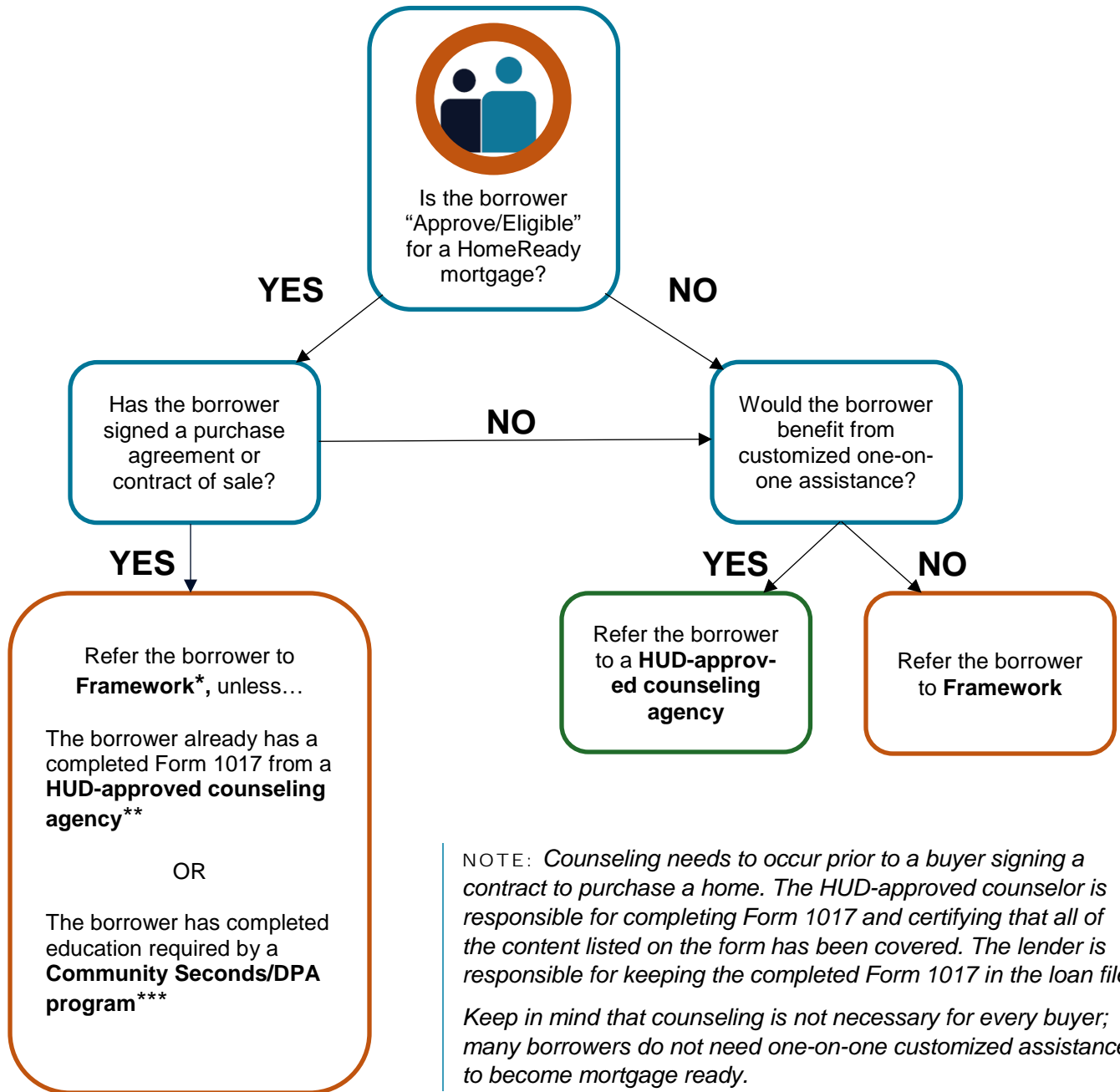
## The lender role: Developing partnerships with counseling agencies

Lenders can establish partnerships with local HUD-approved counseling agencies in their markets or work with national counseling intermediaries that provide call center-based services. Simple activities can make a big difference. For example, lenders can co-sponsor outreach activities, such as homeownership fairs or classes, to help potential buyers prepare for ownership. Lenders also can refer declined borrowers to counselors who can help them get on track to becoming successful homeowners.



## How can borrowers fulfill the HomeReady requirement?

Help your buyers applying for a HomeReady mortgage choose the best homeownership education option for them.



\*If a borrower has a lack of Internet access or other circumstances that make an online course unsuitable, Framework will refer the borrower to HUD-approved counseling agency.

\*\*If yes, put the completed form in the loan file and you're done.

\*\*\*If yes, put the certificate in the loan file and you're done.



## What's the difference between homeownership education and counseling?

Homeownership education and counseling play critical and distinct roles in helping borrowers become mortgage ready.

	Delivery Method	Content	Timing
<b>Homeownership Education</b>	<ul style="list-style-type: none"> <li>▪ Framework course*</li> <li>▪ Education course provided by a Community Seconds or DPA provider</li> </ul> <p>Must offer an optional referral to housing counseling.</p> <p>*In certain circumstances, a consumer may be better served in a group classroom setting or other education mode.</p>	<ul style="list-style-type: none"> <li>▪ Established curriculum and instructional goals</li> <li>▪ Examples of topics:               <ul style="list-style-type: none"> <li>• Understanding the mortgage process and required documentation</li> <li>• Home inspections, insurance and what to expect at closing</li> <li>• Budgeting for home repairs and maintenance</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>▪ Typically occurs between loan application and closing</li> <li>▪ Earlier is better</li> <li>▪ Must be completed by closing</li> </ul>
<b>Counseling</b>	<ul style="list-style-type: none"> <li>▪ In person, telephonic or video conferencing per HUD standards</li> <li>▪ Education component can be delivered one-on-one or via classroom or self-guided online programs, such as the Framework course</li> </ul>	<ul style="list-style-type: none"> <li>▪ Covers all topics included in education setting</li> <li>▪ <b>MUST</b> cover:               <ul style="list-style-type: none"> <li>• Buy or rent decision</li> <li>• Establishing a household budget</li> <li>• Review of credit report</li> <li>• Preparation of a written action plan based on the client's individual goals</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>▪ As early as possible</li> <li>▪ Before client selects a home</li> <li>▪ Required components <b>must</b> occur before a buyer enters a contract to purchase a home</li> </ul>

### Learn more

Find more information on homeownership education and counseling options at [fanniemae.com/singlefamily/mortgage-products-education-counseling](http://fanniemae.com/singlefamily/mortgage-products-education-counseling). Visit [fanniemae.com/homeready](http://fanniemae.com/homeready) to find all the resources you need to grow your business with HomeReady.

