



HomeReady® mortgage Built for today's home buyers.

Meet the diverse needs of today's buyers and grow your business with the HomeReady mortgage, our premier affordable lending product. Designed for creditworthy low- to moderate-income borrowers, HomeReady offers expanded eligibility for financing homes in low-income communities.

Features

- Financing up to 97% loan-to-value (LTV) for purchase of one-unit principal residence (DU is required for LTV ratios >95%); up to 95% LTV for limited cash-out refi (LCOR) and up to 97% LTV for LCOR transactions in DU when the mortgage being refinanced is owned or guaranteed by Fannie Mae
- Borrower is **not** required to be a first-time buyer
- Cancellable mortgage insurance (restrictions apply); lower MI coverage (25% for LTVs >90% to 97%) compared with standard requirements
- Gifts, grants, Community Seconds®, and cash-on-hand permitted as a source of funds for down payment and closing costs
- Supports HomeStyle® Energy, manufactured housing, and HomeStyle Renovation (approved lenders)
- Innovative underwriting flexibilities expand access to credit responsibly. Flexibilities include:
 - Rental unit and boarder income
 - Non-occupant borrowers, such as a parent
 - Income from non-borrower household members considered as a compensating factor in Desktop Underwriter® (DU®) to allow for a debt-to-income (DTI) ratio >45%, up to 50%*

NOTE: With the release of DU Version 10.1 during the weekend of July 29, 2017, the comprehensive DU risk assessment will enable all borrowers to be eligible for an increased maximum debt-to-income (DTI) ratio of up to 50%, depending on risk factors. As a result, the non-borrower household income flexibility and its associated compensating factor will be retired with the release of DU Version 10.1. Casefiles submitted or resubmitted through DU Version 10.0, however, may still use non-borrower household income to qualify borrowers.

Lenders say...

“The 97% financing option and low mortgage insurance coverage are just two of the benefits as compared to traditional conventional loan programs.” –*Mat Ishbia, President/CEO, United Shore*

“It’s a no-brainer for borrowers with greater than 80% LTV and 680 or higher credit score.” –*Derek Travis, loan officer, America First*

Lender Benefits

Certainty. Underwrite with confidence – DU automatically identifies potential HomeReady-eligible loans and provides a credit risk assessment.

Affordability. Get pricing that’s better than or equal to Fannie Mae’s standard loan pricing. Take advantage of risk-based pricing waivers for LTV ratios >80% with a credit score >= 680.

Simplicity. Combine standard and HomeReady loans into MBS pools and whole loan commitments.

Sustainability. Expand access to credit responsibly with homeownership education and housing counseling options for borrowers.

Borrower Benefits

Low down payment. As low as 3% down payment for home purchase and refinance transactions.

Flexible sources of funds. Can be used for the down payment and closing costs with no minimum contribution required from the borrower’s own funds (1-unit).

Affordable and cancellable monthly MI. Reduced MI coverage requirement above 90% LTV; cancellable MI per *Servicing Guide* policy.

Homeownership course. The online [Framework®](#) course prepares borrowers for sustainable homeownership; other education and advising options are available.



Simple borrower income eligibility

HomeReady is available when purchasing or refinancing any single-family home, as long as the borrower meets the income limits of the property location. (Income eligibility limits may help lenders meet applicable Community Reinvestment Act goals.) The [Income Eligibility Lookup tool](#) provides lenders and other housing professionals with a quick and easy way to look up HomeReady income eligibility by address or FIPS code.

Borrower Income Eligibility Limit	Area
No income limit	Properties in low-income census tracts
100% of area median income	All other properties

Homeownership education requirement

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 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, buyers who have **already** completed housing counseling prior to entering a sales contract are not required to complete the Framework course. See below for more details on counseling requirements.

Benefits of housing counseling

We believe housing counseling from a HUD-approved nonprofit housing counseling agency can help to expand the pool of mortgage-eligible buyers. That's why we provide additional support for lenders when buyers take advantage of HUD-approved homeownership advisors. The following benefits are available exclusively for HomeReady purchase transactions on which buyers have received customized assistance from a HUD-approved nonprofit counselor as evidenced by a completed [Form 1017](#):

- Lenders will receive a **\$500 loan-level price adjustment credit** for HomeReady loans delivered with Special Feature Code 184. Note that the housing counseling provider must complete Form 1017, which certifies that the counseling occurred before the client entered into a contract to purchase a home.
- When the lender indicates in DU that the HUD-approved housing counseling was completed, that information will be considered a compensating factor to allow **DTI ratios greater than 45%, up to 50%**.

NOTE: With the release of DU Version 10.1, the completion of housing counseling will no longer be considered a compensating factor to allow a DTI ratio of up to 50%. Casefiles submitted or resubmitted through DU Version 10.0, however, may still apply the completion of housing counseling as a compensating factor.

Find more resources on the HomeReady webpage: fanniemae.com/homeready