

# Fannie Mae offers new Home Ready mortgage program

**Built for today's home buyers. . .**

## Features:

- 1% Down Payment from the Borrower. Borrower gets a low-down payment, a great rate, and a head start on building equity in their home.
- Lender gifts 2%, up to \$5,000, giving borrower total equity of 3% at closing
- 720+ FICO - DTI is based on DU findings
- Close in 30 days or less – Available with no monthly mortgage insurance
- 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

## Our Lender say...

“Home Ready mortgage is our premier affordable lending product. It is designed for creditworthy low-to-moderate-income borrowers. The 97% financing option and low mortgage insurance coverage are just two of the benefits as compared to traditional conventional loan programs.

We were the 1<sup>st</sup> wholesale lender to offer 1% down on conventional loans with a 2% equity boost.”

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

# Fannie Mae Home Ready Will Help Lower Income Borrowers Get Mortgages

## 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.

In addition to helping borrowers prepare for sustainable homeownership and fulfilling the HomeReady homeownership education requirement, housing counseling can provide a benefit to lenders, too. Exclusively for HomeReady purchase transactions on which buyers have received customized assistance from HUD-approved nonprofit counseling agencies before entering into a sales contract, lenders will receive a **\$500 loan-level price adjustment credit** for HomeReady loans delivered with Special Feature Code 184.

HomeReady™ is a Fannie Mae loan program that is designed to extend the privileges of home ownership to buyers with limited household incomes. You may be able to buy a home with little or no money out of your pocket by using gift funds provided by your family members.