



## 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 enhanced affordable lending product. Designed for creditworthy low- to moderate-income borrowers, HomeReady offers expanded eligibility for financing homes in low-income communities.

### Features

- Innovative underwriting flexibilities expand access to credit responsibly. Flexibilities include:
  - 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%.
  - Rental unit and boarder income.
  - Non-occupant borrowers, such as a parent.
- Financing up to 97% loan-to-value (LTV) for purchase of one-unit principal residence (DU is required for LTV ratios >95%) and up to 95% LTV for limited cash-out refi.
- 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.
- Nontraditional credit is allowed.
- Supports manufactured housing up to 95% and HomeStyle® Renovation (approved lenders) up to 95%.

### Lenders say...

“Over the past year at United Wholesale Mortgage we have been offering Fannie Mae’s affordable lending products to our clients across the country. This has provided our network of brokers and correspondents with the lowest payment options for their clients. 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*

“Borrowers who haven’t been able to access home financing now have a better option with HomeReady. The flexibilities that allow income from non-occupant borrowers and rental payments can mean the difference between renting and owning for some creditworthy borrowers.” –*Bob Tyson, Chief Operating Officer, CMG Financial*

#### 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 advising options for borrowers.

#### Borrower Benefits

**Low down payment.** Up to 97% LTV financing for home purchases.

**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 properties).

**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.)

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

## Homeownership education and housing advising

We're committed to providing a range of options to empower borrowers to become successful homeowners for the long run. To prepare borrowers, HomeReady requires that one borrower on each loan do **one** of the following prior to the note date:

- Complete the [Framework homeownership education course](#). Borrowers invest a few hours of their time and pay a modest fee of \$75 (paid directly to Framework) to learn the fundamentals of buying and owning a home. To further promote sustainability, borrowers will have access to post-purchase homeownership support through Framework's homeownership advisor service.

OR

- Receive pre-purchase housing advising from a HUD-approved nonprofit housing counseling agency (as evidenced by a signed *Certificate of Completion of Pre-Purchase Housing Counseling* (Form 1017)). As part of our commitment to help borrowers who are facing complex challenges, later in 2016 we will begin offering lenders a \$500 loan-level price adjustment credit when borrowers take advantage of pre-purchase housing advising from a HUD-approved homeownership advisor.

OR

- Complete a homeownership education course required by a Community Seconds® or down payment assistance program that is provided by a HUD-approved agency, if the HomeReady loan involves a Community Seconds or down payment assistance program.

## Resources

Find the following resources and more on the HomeReady webpage: [fanniemae.com/singlefamily/homeready](http://fanniemae.com/singlefamily/homeready)

[HomeReady Income Eligibility Lookup tool](#)

[FAQs](#)

[Product Matrix](#)

[Fast Facts for Loan Officers](#)

[Entering the Data for a HomeReady Loan in DU](#)

[HomeReady Non-Borrower Household Income Worksheet and Certification \(Form 1019\)](#)

