



SUBJECT	1 UNIT
Product Features	<ul style="list-style-type: none"> • DU Approve/Eligible required on all loans. • DU will automatically identify potentially eligible loans. • 620 minimum credit score. • Allows non-occupant borrowers, such as a parent up to 95% LTV. • Financing up to 97% LTV. Borrower is not required to be a first-time buyer; purchase of one-unit principal residence (limited cash-out refi up to 95%). • Lower MI coverage requirement than standard (25% for LTVs >90% to 97%). • Gifts, grants, Community Seconds®, and cash-on-hand permitted as a source of funds for down payment and closing costs.
Loan Purpose	Purchase or Limited Cash-out Refinance
Occupancy and Property Type	1-unit principal residence, including eligible Condo's, PUD's, Townhouse/Rowhouse
Borrower Income Limits	<ul style="list-style-type: none"> • 80% of area median income (AMI) <ul style="list-style-type: none"> ◦ Income Eligibility Lookup Tool: https://homeready-eligibility.fanniemae.com/homeready/
Minimum Borrower Contribution (own funds)	\$0
Acceptable Sources of Funds for Down Payment and Closing Costs	<ul style="list-style-type: none"> • Gifts, grants and Community Seconds® (See Community Seconds Fact Sheet). • Cash on hand allowed for one-unit properties only. (May not be used for required reserves.) Must be able to verify and document the following: <ul style="list-style-type: none"> ◦ Borrower customarily uses cash for expenses, and the amount of funds saved is consistent with the borrower's previous payment practices ◦ Funds for the down payment and closing costs exist in a financial institution account. Funds must be on deposit at the time of application or no less than 30 days prior to closing ◦ Obtain a written statement from the borrower that discloses the source of funds and states that the funds Have not been borrowed ◦ Borrower's credit report and other verifications should indicate limited or no use of credit and limited or no depository relationship between the borrower and a financial institution • All other assets as allowed by FNMA • SWEAT EQUITY NOT ALLOWED
Product	15 and 30year fixed rate mortgages
Maximum LTV/TLTV and Subordinate Financing	<ul style="list-style-type: none"> • CLTV up to 105% with eligible Community Seconds (Refer to Eligibility Matrix for details) Other subordinate financing per the <i>Selling Guide</i> • 97% LTV- Owner Occupied Purchase FRM • 95% LTV- Owner Occupied Purchase with Non-Occupant Co Borrower FRM • 97% LTV- Owner Occupied LCOR FRM for loans owned or securitized by FNMA • 95% LTV- Owner Occupied LCOR FRM

SUBJECT	1 UNIT
Ownership of Other Property	Occupant borrower(s) may own one other financed residential property (in addition to the subject property) at the time of closing. Non-occupant borrower(s) are not subject to this restriction.
Non-Occupant Borrowers	<ul style="list-style-type: none"> • Non-occupant borrowers permitted to maximum 95% LTV • Income considered as part of qualifying income and subject to income limits. No limitation on ownership of other financed property.
Interest Rate Buydowns	Not permitted
Mortgage Insurance (MI) Coverage and Financed MI	<ul style="list-style-type: none"> • 25% MI coverage for LTVs 90.01-97% • Standard MI coverage for LTVs of 90% or less
Desktop Underwriter (DU)	<ul style="list-style-type: none"> • Based on the census tract and borrower income, DU will notify users when a loan casefile appears to be eligible for HomeReady. Underwriter will need to complete Community Lending Product fields to confirm eligibility and sale to FNMA as HomeReady. • DU recommendation of Approve/Eligible required. • DU will determine qualifying ratios and reserves.
Other Income	<ul style="list-style-type: none"> • Rental Income from the Subject Property is an acceptable source of qualifying income when the one-unit principal residence contains an accessory unit. If there is no lease present, the appraiser can provide a Single-Family Comparable Rent Schedule (Form 1007). Appraiser must specify that the income is for the accessory unit only. Rental income used for qualifying purposes can be calculated in accordance with Selling Guide section B3-3.1-08. • Boarder Income is permitted is allowed when the borrower receives rental payments from one or more individuals who reside with the borrower (who may or may not be related to the borrower) on a one-unit property. The amount of Boarder Income is allowed up to 30% of the total gross income that is used to qualify the borrower for the mortgage as long as the Boarder; <ul style="list-style-type: none"> * is not obligated on the mortgage loan and does not have an ownership interest in the property * has lived with the borrower for the last 12 months & can provide proof of rental payment * can provide appropriate documentation to demonstrate a history of shared residence (such as a copy of a driver's license, bill, or bank statement that shows the boarder's address as being the same. <p>**Payment of rent by the boarder directly to a third party is not acceptable</p>
Homeownership Education	<ul style="list-style-type: none"> • Homeownership education required prior to note date for at least one borrower on all transactions (purchases only). • Must be provided through Framework, an online program approved by Fannie Mae. (see FNMA Selling Guide for list of allowable exceptions)