

## HomeReady Snapshot

As of 12.01.2022

### HomeReady Eligibility Matrix

#### Primary Residence Only

Transactions	Units	Term	Min FICO	Max LTV/CLTV/HCLTV <sup>1,2</sup>	Max DTI	Reserves	Underwrite Method
Purchase	1	15 or 30 year fixed	620	97%	Per DU	Per DU	DU Approve/Eligible Required.
Limited Cash-Out				95% <sup>3</sup>			

<sup>1</sup> CLTV up to 105% with eligible Community Seconds.

<sup>2</sup>Max LTV is 95% when Non-Occupant Co-Borrower is present.

<sup>3</sup>Max LTV is raised to 97% on limited cash-out refinance when current mortgage is owned by Fannie mae.

### HomeReady Program Summary & Overlays

Topic	Description									
Products and Terms	<table border="1"> <thead> <tr> <th>Term</th> <th>Conforming Products</th> <th>Product Code</th> </tr> </thead> <tbody> <tr> <td>360</td> <td>HomeReady Fixed 30</td> <td>C30HR</td> </tr> <tr> <td>180</td> <td>HomeReady Fixed 15</td> <td>C15HR</td> </tr> </tbody> </table>	Term	Conforming Products	Product Code	360	HomeReady Fixed 30	C30HR	180	HomeReady Fixed 15	C15HR
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Underwriting Method	<ul style="list-style-type: none"> <li>DU Approve/Eligible under the HomeReady Mortgage is required.</li> <li>HomeReady underwriting will follow general Fannie Mae Guidelines for documentation unless specifically addressed. If not addressed in this section, follow normal Fannie Mae guidance.</li> <li>DU will notify users when a loan casefile appears to be eligible for Home Ready. Underwriter must complete Community Lending Product fields to confirm eligibility and sale to FNMA as Home Ready.</li> <li>Manual Underwriting is not permitted.</li> <li>Guaranty Home Mortgage Corporation reserves the right to make the final underwriting decision regardless of DU findings.</li> </ul>									
ARMs	Currently not offered									
Special Feature Code	<ul style="list-style-type: none"> <li>DU must confirm SFC 900 plus all applicable Fannie Mae required.</li> </ul>									
Income Limits	<ul style="list-style-type: none"> <li>Income from all borrowers that is used for qualification must not exceed <b>80%</b> of the Area Median Income (AMI) for the property location.</li> <li><a href="#">Income Lookup Tool</a></li> </ul>									
Property Type	<ul style="list-style-type: none"> <li>Single Family.</li> <li>Condos.</li> <li>PUDs.</li> <li>Townhouse/Rowhouse.</li> </ul>									
Borrower Eligibility	<ul style="list-style-type: none"> <li>Primary borrower must occupy as primary residence.</li> <li>If non-occupant co-borrower is added for qualification, the LTV is capped at <b>95%</b>.</li> </ul>									
Subordinate Financing	<ul style="list-style-type: none"> <li>Deliver Community Seconds with SFC 118</li> <li>Maximum <b>95%</b> LTV for high balance loans</li> </ul>									
Sources of Funds for Down Payment and Closing Costs	<ul style="list-style-type: none"> <li>Gifts, grants, and Community Seconds.</li> <li>Cash on hand allowed for one-unit properties only (may not be used for reserves). Must be able to verify and document the following:</li> </ul>									

	<ul style="list-style-type: none"> <li>○ Borrower customarily uses cash for expenses and the amount of funds saved is consistent with the borrower's previous payment practices.</li> <li>○ Funds for the down payment and closing costs exist in a financial institution account. Funds must be on the deposit at time of application or no less than 30 days prior to closing.</li> <li>○ Obtain a written statement from the borrower that discloses the source of funds and states that the funds have not been borrowed.</li> <li>○ Borrower's credit report and other verification should indicate limited or no use of credit and limited or no depository relationship between the borrower and a financial institution.</li> </ul> <ul style="list-style-type: none"> <li>• No minimum borrower contribution required.</li> <li>• <b>SWEAT EQUITY NOT ALLOWED.</b></li> <li>• All other assets as allowed by FNMA.</li> </ul>
Other Income	<p><b>Rental Income</b> from the subject property is an acceptable source of qualifying income when property contains an accessory unit.</p> <ul style="list-style-type: none"> <li>• Property is a 1-unit primary residence with <b>one</b> accessory unit.</li> <li>• If no lease present, the appraiser can provide a Single-Family Comparable Rent Schedule (form 1007).</li> <li>• Appraiser must specify that the income is for the accessory unit only.</li> <li>• Appraisal report demonstrates that the improvements are typical for the market through an analysis of at least <b>one</b> comparable property with the same use.</li> <li>• If the accessory unit does not comply with zoning, the property may still be eligible with additional documentation. Including confirming the existence of accessory unit will not jeopardize any future insurance claim, property conforms to neighborhood, and sufficient comparables with same non-compliant zoning use.</li> <li>• Rental income used for qualifying purposes can be calculated in accordance with <a href="#">Fannie Mae Selling Guide</a></li> </ul> <p><b>Boarder Income</b> is permitted 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:</p> <ul style="list-style-type: none"> <li>• Is not obligated on the mortgage loan and does not have an ownership interest in the property.</li> <li>• Has lived with the borrower for the last 12 months and can provide proof of rental payments.</li> <li>• Can provide appropriate documentation to demonstrate a history of shared residence (copy of driver's license, bill, or bank statement) that shows the boarder's address as being the same.</li> <li>• Payment of rent by the boarder directly to a third party is not acceptable.</li> <li>• Borrower provides a written statement affirming the source of the rental income, the fact that the person has resided with the borrower for the past year, and intends to continue to reside with the borrower.</li> </ul>
Mortgage Insurance	<ul style="list-style-type: none"> <li>• 25% MI coverage for LTVs 90.01% - 97%.</li> <li>• Standard MI coverage for LTVs 90% or less.</li> </ul>
Homeownership Education	<ul style="list-style-type: none"> <li>• Must be provided through any qualified third-party provider.</li> <li>• Content must be aligned with NIS or HUD standards.</li> <li>• Required prior to note date for at least one borrower on all purchase transactions.</li> </ul>

<p>Student Loans</p>	<ul style="list-style-type: none"> <li>• If a monthly student loan payment is provided on the credit report, the lender may use that amount for qualifying purposes.</li> <li>• If the credit report does not reflect the correct monthly payment, the lender may use the monthly payment that is on the student loan documentation (most recent student loan statement).</li> <li>• If the credit report does not provide a monthly payment for the student, or if the credit report shows \$0.00 as the monthly payment, the lender must determine the qualifying monthly payment using one of the options below: <ul style="list-style-type: none"> <li>○ If the borrower is on an income-driven payment plan, the lender may obtain student loan documentation to verify the actual monthly payment is \$0.00. The lender may then qualify the borrower with a \$0.00 payment.</li> <li>○ For deferred loans or loans in forbearance, the lender may calculate: <ul style="list-style-type: none"> <li>▪ A payment equal to 1% of the outstanding student loan balance (even if this amount is lower than the actual fully amortizing payment), or</li> <li>▪ A fully amortizing payment using the documented loan repayment terms.</li> </ul> </li> </ul> </li> </ul>
<p>Resale Restrictions – Affordability-Related</p>	<p>If the property has a deed restriction that limits the borrower’s income, then the borrower must meet the more restrictive income limit for:</p> <ul style="list-style-type: none"> <li>• HomeReady</li> <li>• Affordability-Related Deed Restriction</li> </ul>
<p>Ownership of Other Property</p>	<p>Occupant borrower(s) may own <b>one</b> 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.</p>
<p>Temporary Buydowns – General Requirements</p>	<ul style="list-style-type: none"> <li>• Interested Party Funded Buydowns (Seller, Builder, etc) are subject to applicable Agency Interested Party Contribution Limits.</li> <li>• <b>Borrower funded buydowns are not permitted</b></li> <li>• <b>Lender funded buydowns are not permitted</b></li> <li>• Texas 50(a)(6) loans are not permitted.</li> <li>• Purchase transactions only. Refinances are not permitted.</li> </ul> <p><b>Eligible buydown types:</b></p> <ul style="list-style-type: none"> <li>• 3-2-1 Buydown <ul style="list-style-type: none"> <li>○ Payment calculated at 3% below the Note Rate for the first year.</li> <li>○ Payment calculated at 2% below the Note Rate for the second year.</li> <li>○ Payment calculated at 1% below the Note Rate for the third year.</li> <li>○ Payment calculated at Note Rate for years three through maturity.</li> </ul> </li> <li>• 2-1 Buydown <ul style="list-style-type: none"> <li>○ Payment calculated at 2% below the Note Rate for the first year.</li> <li>○ Payment calculated at 1% below the Note Rate for the second year.</li> <li>○ Payment calculated at Note Rate for years three through maturity.</li> </ul> </li> </ul> <p><b>Eligible Products:</b></p> <ul style="list-style-type: none"> <li>• 30-year Fixed Rate</li> </ul> <p><b>Borrower Qualification:</b></p> <ul style="list-style-type: none"> <li>• Borrower must qualify based on the Note rate without consideration of the bought-down rate.</li> </ul> <p><b>Occupancy and Property Type:</b></p> <ul style="list-style-type: none"> <li>• Principal residence 1 unit only.</li> </ul>
<p>Temporary Buydowns – Buydown Agreement</p>	<ul style="list-style-type: none"> <li>• Written Agreement: <ul style="list-style-type: none"> <li>○ Buydown plan must be a written agreement between the party providing the buydown funds and the borrower.</li> </ul> </li> </ul>

- Provided at time of Closing:
  - A copy of the executed buydown agreement must be included in the loan file at closing
- Calculation: the buydown agreement must clearly show
  - The Seller's calculations of the total cost of the temporary subsidy buydown
  - Any interested party contribution, and
  - The annual percentage increase in the borrower's monthly principal and interest payment.
- Relief from obligation:
  - The buydown agreement must provide that the borrower will not be relieved of the obligation to make the full monthly mortgage payments required by the terms of the mortgage note if, for any reason, the buydown funds are not available or the buydown funds are not paid.
- Terms disclosed to mortgage insurer and appraiser:
  - All terms of the buydown agreement must be disclosed to the mortgage insurer and the property appraiser
- Return of funds
  - Buydown agreements that allow for the return of the buydown funds to the seller are not eligible

**For additional Fannie Mae Home Ready Guidelines: [Fannie Mae Selling Guide](#)  
GHMC Overlays to guidelines are indicated with blue font**

## Updates

All new updates will be in **RED** font.

Section	Date	Update
Products & Terms	12.01.2022	<p><b>Overlay Removed:</b></p> <ul style="list-style-type: none"> <li>• Temporary Buy downs are not permitted</li> </ul>
Temporary Buydowns – General Requirements	12.01.2022	<p><b>Section Added:</b></p> <ul style="list-style-type: none"> <li>• Interested Party Funded Buydowns (Seller, Builder, etc) are subject to applicable Agency Interested Party Contribution Limits.</li> <li>• <b>Borrower funded buydowns are not permitted</b></li> <li>• <b>Lender funded buydowns are not permitted</b></li> <li>• Texas 50(a)(6) loans are not permitted.</li> <li>• Purchase transactions only. Refinances are not permitted.</li> </ul> <p><b>Eligible buydown types:</b></p> <ul style="list-style-type: none"> <li>• 3-2-1 Buydown <ul style="list-style-type: none"> <li>○ Payment calculated at 3% below the Note Rate for the first year.</li> <li>○ Payment calculated at 2% below the Note Rate for the second year.</li> <li>○ Payment calculated at 1% below the Note Rate for the third year.</li> <li>○ Payment calculated at Note Rate for years three through maturity.</li> </ul> </li> <li>• 2-1 Buydown <ul style="list-style-type: none"> <li>○ Payment calculated at 2% below the Note Rate for the first year.</li> <li>○ Payment calculated at 1% below the Note Rate for the second year.</li> <li>○ Payment calculated at Note Rate for years three through maturity.</li> </ul> </li> </ul> <p><b>Eligible Products:</b></p> <ul style="list-style-type: none"> <li>• 30-year Fixed Rate</li> </ul> <p><b>Borrower Qualification:</b></p> <ul style="list-style-type: none"> <li>• Borrower must qualify based on the Note rate without consideration of the bought-down rate.</li> </ul> <p><b>Occupancy and Property Type:</b></p> <ul style="list-style-type: none"> <li>• Principal residence 1 unit only.</li> </ul>
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