

HomeReady Snapshot

As of 03.24.2022

HomeReady Eligibility Matrix

Primary Residence Only

| Transactions | Units | Term | Min FICO | Max LTV/CLTV/HCLTV ^{1,2} | 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% ³ | | | |

¹ CLTV up to 105% with eligible Community Seconds.

² Max LTV is 95% when Non-Occupant Co-Borrower is present.

³ 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 | Term |
| | Conforming Products |
| | Product Code |
| | 360 |
| | HomeReady Fixed 30 |
| | 180 |
| | HomeReady Fixed 15 |
| | C30HR |
| | C15HR |
| Underwriting Method | <ul style="list-style-type: none"> • Temporary buydowns not permitted. • DU Approve/Eligible under the HomeReady Mortgage is required. • HomeReady underwriting will follow general Fannie Mae Guidelines for documentation unless specifically addressed. If not addressed in this section, follow normal Fannie Mae guidance. • 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. • Manual Underwriting is not permitted. • Guaranty Home Mortgage Corporation reserves the right to make the final underwriting decision regardless of DU findings. |
| ARMs | Currently not offered |
| Special Feature Code | <ul style="list-style-type: none"> • DU must confirm SFC 900 plus all applicable Fannie Mae required. |
| Income Limits | <ul style="list-style-type: none"> • Income from all borrowers that is used for qualification must not exceed 80% of the Area Median Income (AMI) for the property location. • Income Lookup Tool |
| Property Type | <ul style="list-style-type: none"> • Single Family. • Condos. • PUDs. • Townhouse/Rowhouse. |
| Borrower Eligibility | <ul style="list-style-type: none"> • Primary borrower must occupy as primary residence. • If non-occupant co-borrower is added for qualification, the LTV is capped at 95%. |
| Subordinate Financing | <ul style="list-style-type: none"> • Deliver Community Seconds with SFC 118 • Maximum 95% LTV for high balance loans |
| Sources of Funds for Down Payment and Closing Costs | <ul style="list-style-type: none"> • Gifts, grants, and Community Seconds. • Cash on hand allowed for one-unit properties only (may not be used for reserves). Must be able to verify and document the following: |

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| | <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 the deposit at 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 verification should indicate limited or no use of credit and limited or no depository relationship between the borrower and a financial institution. <ul style="list-style-type: none"> • No minimum borrower contribution required. • SWEAT EQUITY NOT ALLOWED. • All other assets as allowed by FNMA. |
| Other Income | <p>Rental Income from the subject property is an acceptable source of qualifying income when property contains an accessory unit.</p> <ul style="list-style-type: none"> • Property is a 1-unit primary residence with one accessory unit. • If 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. • Appraisal report demonstrates that the improvements are typical for the market through an analysis of at least one comparable property with the same use. • 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. • Rental income used for qualifying purposes can be calculated in accordance with Fannie Mae Selling Guide <p>Boarder Income 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"> • 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 and can provide proof of rental payments. • 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. • Payment of rent by the boarder directly to a third party is not acceptable. • 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. |
| Mortgage Insurance | <ul style="list-style-type: none"> • 25% MI coverage for LTVs 90.01% - 97%. • Standard MI coverage for LTVs 90% or less. |
| Homeownership Education | <ul style="list-style-type: none"> • Must be provided through any qualified third-party provider. • Content must be aligned with NIS or HUD standards. • Required prior to note date for at least one borrower on all purchase transactions. |

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| Student Loans | <ul style="list-style-type: none"> • If a monthly student loan payment is provided on the credit report, the lender may use that amount for qualifying purposes. • 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). • 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"> ○ 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. ○ For deferred loans or loans in forbearance, the lender may calculate: <ul style="list-style-type: none"> ▪ A payment equal to 1% of the outstanding student loan balance (even if this amount is lower than the actual fully amortizing payment), or ▪ A fully amortizing payment using the documented loan repayment terms. |
| Resale Restrictions – Affordability-Related | <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"> • HomeReady • Affordability-Related Deed Restriction |
| Ownership of Other Property | <p>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.</p> |
| Interest Rate Buydowns | Not Permitted. |
| <p>For additional Fannie Mae Home Ready Guidelines: Fannie Mae Selling Guide GHMC Overlays to guidelines are indicated with blue font</p> | |