

**Primary Residence<sup>1</sup>**

**Purchase & Limited Cash-Out Refinance**

Property Type <sup>2</sup>	Max LTV/CLTV <sup>3, 4</sup>	Min Credit Score
1 Unit	FRM: 97% <sup>2</sup> ARM: 95%	620
2 Units	FRM/ARM 85%	620
3-4 Units	FRM/ARM 75%	620

**Footnotes**

<sup>1</sup> Hawaii and Texas transactions: refer to the Geographic Restrictions section for additional guidance

<sup>2</sup> 95.01% - 97.00% LTV transactions

- Limited Cash-Out Refinance: existing loan must be owned (or securitized) by Fannie Mae ([Loan Lookup Tool](#)).
- Non-occupant borrower is ineligible
- High Balance and ARMs are not permitted

<sup>3</sup> 95% LTV/CLTV transactions

- Max 95% LTV/CLTV for High Balance Loan Limits and non-occupant borrower(s)

<sup>4</sup> > 80% LTV requires a minimum 620 credit score and mortgage insurance (MI)

Refer to the Mortgage Insurance section for additional guidance

<b>COVID-19 Temporary Process Effective 03/23/20</b>	<ul style="list-style-type: none"> <li>Refer to the Conventional Lending Guide COVID-19 Temporary Guidelines for guidance</li> </ul>																											
<b>Ineligible Transaction Types</b>	<ul style="list-style-type: none"> <li>Down payment assistance options</li> <li>Community Seconds/Grants/Affordable Seconds</li> <li>Mortgage Credit Certificates (MCC) programs</li> <li>Sweat Equity</li> </ul>																											
<b>Geographic Restrictions</b>	<p><b>Hawaii</b></p> <ul style="list-style-type: none"> <li>Properties in Lava Zones 1 or 2 not permitted (verify the appraisal to confirm if property may be in a lava zone)</li> <li>Hawaiian Home Lands transactions are ineligible</li> </ul> <p><b>Texas Limited Cash-Out Refinances</b></p> <ul style="list-style-type: none"> <li>1-Unit primary residence transactions <ul style="list-style-type: none"> <li>Ineligible</li> <li>Refer to the Texas Homestead Refinance Matrix (DU)</li> </ul> </li> </ul>																											
<b>Minimum Loan Amount</b>	<b>Conforming</b>		<b>High Balance</b>																									
	\$60,000		\$1 > Conforming loan limit for the number of units for high cost																									
<b>Property Types</b>	<b>Eligible <sup>1</sup></b>		<b>Ineligible</b>																									
	<ul style="list-style-type: none"> <li>Owner Occupied Principal Residence <ul style="list-style-type: none"> <li>SFR/PUD (detached/attached)</li> <li>Condo (low/mid/high rise)</li> <li>2-4 units</li> <li>Co-ops – Refer to Co-op Fixed Rate</li> </ul> </li> </ul>		<ul style="list-style-type: none"> <li>Agricultural/Income producing properties</li> <li>Non-Warrantable Condo/Condotel</li> <li>Manufactured home</li> <li>Earth homes, and geodesic domes</li> </ul>																									
	<sup>1</sup> Properties with solar panels: Appraisal waivers are allowed with evidence of a connection to the public power grid (e.g. current electric bill affirming connection to the grid)																											
<b>AUS Requirements</b>	<ul style="list-style-type: none"> <li><b>DU Approve/Eligible:</b> Fannie Mae guidelines apply</li> <li>Manual underwriting not permitted</li> <li>At least one borrower must have traditional credit</li> <li>Based on income, DU will determine the income eligibility for HomeReady Mortgage</li> <li><b>Note:</b> DU findings message must include “This case is eligible for delivery as a “HomeReady” Mortgage Loan.”</li> <li>Special Feature Code: SFC 900 required for HomeReady Mortgages</li> <li>Standard Agency underwriting and property guidelines apply unless specifically referenced in this matrix</li> </ul> <p><b>Note:</b> When pairing HomeReady with HomeStyle Renovation select HomeReady in DU. The more restrictive of HomeReady or HomeStyle Renovation guidelines apply. Can also add the exception footnote in 95.01-97% reflected on HomeStyle Reno matrix</p>																											
<b>Mortgage Insurance</b>	<ul style="list-style-type: none"> <li>BPMI (monthly premium) is eligible</li> <li>LPMI is not eligible</li> <li>Financed MI is not available</li> <li>Custom or reduced MI not eligible</li> <li>Acceptable renewal types are Level/Constant and Non-refundable</li> </ul> <table border="1" style="width: 100%; text-align: center;"> <thead> <tr> <th colspan="5">Standard – Required MI Coverage</th> </tr> <tr> <th rowspan="2">Loan Term</th> <th colspan="4">LTV</th> </tr> <tr> <th>80.01-85.00%</th> <th>85.01-90.00%</th> <th>90.01-95.00%</th> <th>95.01-97.00%</th> </tr> </thead> <tbody> <tr> <td>Fixed&lt;=20 year</td> <td>6%</td> <td>12%</td> <td>25%</td> <td>25%</td> </tr> <tr> <td>Fixed&gt;20 year</td> <td>12%</td> <td>25%</td> <td>25%</td> <td>25%</td> </tr> </tbody> </table> <p><b>Note:</b> ARMs MI coverage follow fixed &gt; 20 year table regardless of term, up to 95% LTV</p>				Standard – Required MI Coverage					Loan Term	LTV				80.01-85.00%	85.01-90.00%	90.01-95.00%	95.01-97.00%	Fixed<=20 year	6%	12%	25%	25%	Fixed>20 year	12%	25%	25%	25%
Standard – Required MI Coverage																												
Loan Term	LTV																											
	80.01-85.00%	85.01-90.00%	90.01-95.00%	95.01-97.00%																								
Fixed<=20 year	6%	12%	25%	25%																								
Fixed>20 year	12%	25%	25%	25%																								
<b>First-Time Homebuyer</b>	<ul style="list-style-type: none"> <li>No requirement for the borrower(s) to be a First-Time Homebuyer</li> </ul>																											
<b>Homeownership Education and Housing Counseling</b>	<ul style="list-style-type: none"> <li>Additional SFC 184 required when at least one borrower on the loan has received customized one-on-one assistance from a HUD approved non-profit counseling agency, as evidenced by completion of a Certificate of Pre-purchase Housing Counseling (<a href="#">Form 1017</a>) <ul style="list-style-type: none"> <li>Loan level price adjustment credit applies.(Refer to Rate Sheet)</li> </ul> </li> <li><a href="#">Fannie Mae Homeownership Education and Housing Counseling</a></li> </ul>																											
<b>Income</b>	<p>The following is general guidance and subject to DU approval. Subject to additional documentation at the underwriter’s discretion</p> <ul style="list-style-type: none"> <li>Two year employment history must be verified</li> </ul> <table border="1" style="width: 100%; text-align: center;"> <thead> <tr> <th colspan="2">Qualifying Income Limits</th> </tr> </thead> <tbody> <tr> <td> <ul style="list-style-type: none"> <li>To determine whether a mortgage is eligible under the borrower income limits, count the income used to qualify the loan <ul style="list-style-type: none"> <li>Income (O.T., bonus, etc.) not used to qualify the borrower is not required to be included in the income limit eligibility</li> </ul> </li> <li>Total annual qualifying income must not exceed 80% of the Area Median Income (AMI) for the property’s location</li> <li>DU will determine if the qualifying income meets the income limits, or <ul style="list-style-type: none"> <li>Use the HomeReady <a href="#">Eligibility Lookup Tool</a> / Income Eligibility spreadsheet Census Tract Lookup</li> <li>The Additional Data screen field will allow entering census tract information if DU is unable to geocode the property address</li> </ul> </li> </ul> </td> <td style="text-align: center;"><b>Salaried Borrowers</b></td> </tr> </tbody> </table>				Qualifying Income Limits		<ul style="list-style-type: none"> <li>To determine whether a mortgage is eligible under the borrower income limits, count the income used to qualify the loan <ul style="list-style-type: none"> <li>Income (O.T., bonus, etc.) not used to qualify the borrower is not required to be included in the income limit eligibility</li> </ul> </li> <li>Total annual qualifying income must not exceed 80% of the Area Median Income (AMI) for the property’s location</li> <li>DU will determine if the qualifying income meets the income limits, or <ul style="list-style-type: none"> <li>Use the HomeReady <a href="#">Eligibility Lookup Tool</a> / Income Eligibility spreadsheet Census Tract Lookup</li> <li>The Additional Data screen field will allow entering census tract information if DU is unable to geocode the property address</li> </ul> </li> </ul>	<b>Salaried Borrowers</b>																				
Qualifying Income Limits																												
<ul style="list-style-type: none"> <li>To determine whether a mortgage is eligible under the borrower income limits, count the income used to qualify the loan <ul style="list-style-type: none"> <li>Income (O.T., bonus, etc.) not used to qualify the borrower is not required to be included in the income limit eligibility</li> </ul> </li> <li>Total annual qualifying income must not exceed 80% of the Area Median Income (AMI) for the property’s location</li> <li>DU will determine if the qualifying income meets the income limits, or <ul style="list-style-type: none"> <li>Use the HomeReady <a href="#">Eligibility Lookup Tool</a> / Income Eligibility spreadsheet Census Tract Lookup</li> <li>The Additional Data screen field will allow entering census tract information if DU is unable to geocode the property address</li> </ul> </li> </ul>	<b>Salaried Borrowers</b>																											

	<ul style="list-style-type: none"> <li>• Current paystub dated within 120 days from the Note date</li> <li>• W2s per DU</li> </ul>		
	<b>Rental Income</b>		
	<p>Rental income is an acceptable source of stable income if it can be established that the income is likely to continue.</p> <ul style="list-style-type: none"> <li>• Rental income derived from the subject property must be one of the following: <ul style="list-style-type: none"> <li>o 1 unit principal residence with an accessory unit</li> <li>o 2-4 unit principal residence in which the borrower occupies one of the units</li> </ul> </li> <li>• Rental income derived from non-subject property have no restrictions on the property type</li> <li>• Boarder income (relative or non-relative) from a 1 unit property up to 30% of the total gross income is eligible if <ul style="list-style-type: none"> <li>o The individual(s) lives with pays rent to the borrower for the last 12 months</li> <li>o The boarder provides document history of shared residency (i.e. driver's license, bill, or bank statement with boarder's address as being the same as the borrower's address)</li> <li>o The boarder can demonstrate (such as copies of canceled checks) the payment of rental payments to the borrower for <ul style="list-style-type: none"> <li>▪ the last 12 months, or</li> <li>▪ at least 9 of the most recent 12 months provided the rental income is averaged over a 12-month period</li> </ul> </li> </ul> </li> </ul> <p><b>Note:</b> Payment of rent by the boarder directly to a third party is not acceptable</p>		
<b>Qualifying Rate</b>	<b>Self-Employed Borrower</b>		
	<ul style="list-style-type: none"> <li>• Business in existence for at least two years (as stated on application)</li> <li>• Personal signed individual tax returns, including all pages and schedules as required by DU</li> <li>• Corporate or partnership signed tax returns, including all pages and schedules as required by DU</li> </ul>		
	<b>Fixed Rate</b>	<b>Initial Fixed-Rate Period ≤ 5 years</b>	<b>Initial Fixed-Rate Period &gt; 5 years</b>
	Qualify at the Note Rate	Qualify at the greater of the fully indexed rate or the Note rate + 2.0%	Qualify at the greater of the fully indexed rate or the Note rate
Per DU Approve/Eligible findings; loans with MI may have more restrictive requirements			
<b>Subordinate Financing</b>	<ul style="list-style-type: none"> <li>• Subordinate financing must comply with B2-1.1-04 Subordinate Financing</li> <li>• Subordinate financing of a seller-held mortgage is ineligible with HomeReady Mortgage</li> </ul>		
<b>Assets</b>	<ul style="list-style-type: none"> <li>• Minimum down payment requirement:</li> </ul>		
	<b>Number of Units</b>	<b>Minimum Borrower Contribution</b>	<b>Minimum Down Payment</b>
	<b>One</b>	None	3%
	<b>Two</b>	3%	15%
	<b>Three or Four</b>	3%	25%
<b>Reserves</b>	<ul style="list-style-type: none"> <li>• Per DU</li> </ul>		
<b>Interested Party Contribution</b>	<b>LTV/CLTV &gt; 90%</b>	<b>LTV/CLTV 75.01-90%</b>	<b>LTV/CLTV ≤ 75%</b>
	3%	6%	9%
<b>Property Ownership</b>	<ul style="list-style-type: none"> <li>• Occupant borrowers may own one other financed residential property (in addition to the subject property) at the time of closing</li> <li>• Non-occupant borrower(s) has no limitation on ownership of other residential property</li> </ul>		
<b>Properties Listed for Sale</b>	<ul style="list-style-type: none"> <li>• Limited Cash-Out transactions: Property must be taken off the market on or before the disbursement date and the borrower must confirm their intent to occupy the subject property</li> </ul>		
<b>Credit</b>	<b>Mortgage/Rental History</b>		
	<ul style="list-style-type: none"> <li>• Per DU</li> </ul>		
	<b>Installment/Revolving</b>		
	<ul style="list-style-type: none"> <li>• Per DU</li> </ul>		
	<b>Foreclosure, Bankruptcy, Deed-in-Lieu, Short Sale, Repossession, or Loan Modification</b>		
	<b>Derogatory Event</b>	<b>Discharge/Dismissal</b>	
	Bankruptcy — Chapter 7 or 11	4 years	
	Bankruptcy — Chapter 13	2 years from discharge date 4 years from dismissal date	
	Multiple Bankruptcy Filings	5 years from dismissal or discharge date	
	Foreclosure	7 years	
Loan Modification	No seasoning, DU will evaluate		
Deed-in-Lieu of Foreclosure	4 years		
Pre-foreclosure Sale			
Charge-Off of Mortgage Account			
<b>Collections and Non-Mortgage Charge-Off</b>			

	<table border="1"> <thead> <tr> <th>Transaction Type</th> <th>Requirement</th> </tr> </thead> <tbody> <tr> <td>1 Unit, Principal Residence</td> <td>Payoff not required regardless of amount</td> </tr> <tr> <td>2-4 Units, Owner Occupied and Second Home</td> <td>Accounts totaling &gt; \$5,000 must be paid in full prior to or at closing</td> </tr> <tr> <td>Investment Property</td> <td>Individual accounts ≥ \$250 and totaling &gt; \$1,000 must be paid in full prior to or at closing</td> </tr> <tr> <td colspan="2"><b>Note:</b> Collection accounts reported as medical collections are not used in the DU risk assessment</td> </tr> </tbody> </table>	Transaction Type	Requirement	1 Unit, Principal Residence	Payoff not required regardless of amount	2-4 Units, Owner Occupied and Second Home	Accounts totaling > \$5,000 must be paid in full prior to or at closing	Investment Property	Individual accounts ≥ \$250 and totaling > \$1,000 must be paid in full prior to or at closing	<b>Note:</b> Collection accounts reported as medical collections are not used in the DU risk assessment	
Transaction Type	Requirement										
1 Unit, Principal Residence	Payoff not required regardless of amount										
2-4 Units, Owner Occupied and Second Home	Accounts totaling > \$5,000 must be paid in full prior to or at closing										
Investment Property	Individual accounts ≥ \$250 and totaling > \$1,000 must be paid in full prior to or at closing										
<b>Note:</b> Collection accounts reported as medical collections are not used in the DU risk assessment											
Student Loans	<p>Student loans in repayment, deferment, or forbearance:</p> <table border="1"> <thead> <tr> <th>If</th> <th>Then</th> </tr> </thead> <tbody> <tr> <td>Payment Reflected on Credit Report</td> <td>May use that amount for qualifying purposes</td> </tr> <tr> <td>Payment Not Reflected on credit report</td> <td>May use the monthly payment that is on the most recent student loan statement to qualify the borrower</td> </tr> <tr> <td>Credit report shows \$0</td> <td> <ul style="list-style-type: none"> <li>Use 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> <b>If income-driven payment plan is \$0</b> <ul style="list-style-type: none"> <li>Obtain student loan documentation to verify the actual monthly payment is \$0, then may qualify the borrower with a \$0 payment</li> </ul> </td> </tr> </tbody> </table>	If	Then	Payment Reflected on Credit Report	May use that amount for qualifying purposes	Payment Not Reflected on credit report	May use the monthly payment that is on the most recent student loan statement to qualify the borrower	Credit report shows \$0	<ul style="list-style-type: none"> <li>Use 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> <b>If income-driven payment plan is \$0</b> <ul style="list-style-type: none"> <li>Obtain student loan documentation to verify the actual monthly payment is \$0, then may qualify the borrower with a \$0 payment</li> </ul>		
If	Then										
Payment Reflected on Credit Report	May use that amount for qualifying purposes										
Payment Not Reflected on credit report	May use the monthly payment that is on the most recent student loan statement to qualify the borrower										
Credit report shows \$0	<ul style="list-style-type: none"> <li>Use 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> <b>If income-driven payment plan is \$0</b> <ul style="list-style-type: none"> <li>Obtain student loan documentation to verify the actual monthly payment is \$0, then may qualify the borrower with a \$0 payment</li> </ul>										
HPML and HPCT Loans	<ul style="list-style-type: none"> <li>Higher-priced mortgage loan (HPML) underwriting requirements are applicable to all occupancy types (not just primary residences)</li> <li>5/1 ARM not eligible as HPML or higher-priced covered transactions (HPCT)</li> </ul>										
Net Tangible Benefit	<ul style="list-style-type: none"> <li>Every refinance transaction must offer a documented, demonstrable, Net Tangible Benefit (NTB) to the borrower.</li> <li>Team members with delegated underwriting authority or melloAuthority are responsible for identifying Net Tangible Benefit throughout the loan process.</li> <li>State-required NTB forms must be completed as applicable.</li> <li>Refer to the Net Tangible Benefit policy in the YODA Conventional Lending Guide for complete guidance, including transactions in which the Net Tangible Benefit is not easily identifiable.</li> </ul>										

Product Description		Terms	Doc Plan Code
Fixed	HomeReady Conventional 30 Year Fixed	Fully Amortizing 30 Years	C.GenericHomeready30yearfixedrate
	HomeReady High Balance 30 Year Fixed	Fully Amortizing 30 Years	C.HomereadyHB30yrfix

SOFR ARM Plans	Description	Doc Plan Code	Index	Margin	Caps
	5/6 ARM		SOFR	2.75%	2/1/5
	7/6 ARM				5/1/5