

# FNMA HomeStyle Renovation Summary

Desktop Underwriter <sup>2</sup>		
Transaction Type	Number of Units	Maximum LTV / CLTV
<b>PRIMARY RESIDENCE</b>		
Purchase Limited Cash-Out Refinance	1 Unit	97% <sup>1</sup>
	2 Units	85%
	3-4 Units	75%
<b>SECOND HOME</b>		
Purchase Limited Cash-Out Refinance	1 Unit	90%
<b>INVESTMENT PROPERTY</b>		
Purchase Limited Cash-Out Refinance	1 Unit	85%
	2-4 Units	75%
	1-4 Units	75%

<sup>1</sup> Not permitted for high-balance loans or manufactured homes that are no MH Advantage. At least one borrower on the loan must have a credit score. At least one borrower must be a first-time homebuyer. For a limited cash-out refinance, Fannie Mae must be the owner of the existing mortgage.

<sup>2</sup> If a transaction includes a combination of HomeStyle Renovation, HomeReady, and manufactured housing, the more restrictive eligibility requirements of each of those transactions apply. DU will apply the applicable eligibility requirements, but the lender must determine eligibility for manually underwritten loans.

Manual Underwriting <sup>1</sup>						
			Maximum DTI ≤ 36%		Maximum DTI ≤ 45%	
Transaction Type	Number of Units	Maximum LTV/CLTV	Credit Score / LTV	Minimum Reserves	Credit Score / LTV	Minimum Reserves
<b>PRIMARY RESIDENCE</b>						
Purchase Limited Cash-Out Refinance	1 Unit	95%	680 if > 75%	0	720 if > 75%	0
			640 if ≤ 75%		680 if ≤ 75%	
			620 if ≤ 75%	2	700 if > 75%	6
	660 if > 75%	6	660 if ≤ 75%	6		
	2 Units	85%	680 if > 75%	6	700 if > 75%	6
			640 if ≤ 75%	6	680 if ≤ 75%	
	3-4 Units	75%	660	6	680	6
<b>SECOND HOME</b>						
Purchase Limited Cash-Out Refinance	1 Unit	90%	680 if > 75%	2	720 if > 75%	2
			640 if ≤ 75%		680 if ≤ 75%	
					700 if > 75%	12
					660 if ≤ 75%	
<b>INVESTMENT PROPERTY</b>						
Purchase	1 Unit	85%	680 if > 75%	6	700 if > 75%	6
			640 if ≤ 75%		680 if ≤ 75%	
	2-4 Units	75%	660	6	680	6
Limited Cash-Out Refinance	1 Unit	75%	660	6	680	6
	2-4 Units	75%	680	6	700	6

<sup>1</sup> Not allowed on manufactured homes or high-balance loans.

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<b>Eligible Programs</b>	Fixed Rate
<b>Loan Terms</b>	15 or 30 year
<b>Borrower Eligibility</b>	<p><b>Eligible Borrowers:</b>          U.S. Citizens          Permanent Resident Aliens          Non-Permanent Resident Aliens – See Visa Classification List</p> <p><b>Ineligible Borrowers:</b>          Foreign Nationals          Corporations or LLC’s          Non-Profit Organizations          Local Government Agencies          Individual Taxpayer Identification Numbers (ITIN) in lieu of Social Security Number</p>
<b>Documentation</b>	<p>See On Q policies for transcript and re-verification requirements</p> <p>Effective 3/23/2020 -Temporary Changes</p> <p><b>Credit Document Expiration</b>          The maximum age of credit documents (income and asset statements) is 60 days from the note date. If an asset account is reported on a quarterly basis, the file must contain the most recently issued quarterly statement.</p> <p><b>Verbal Verifications of Employment</b>          A Verbal Verification of Employment is required within <b>ten (10) days</b> prior to the Note date or Funding, whichever is later.</p> <p>For Self-Employed individuals, verification must be obtained within <b>ten (10) days</b> prior to the Note date of Funding, whichever is later, to show that the business is currently operational.</p> <p>If the Bond or DPA is tied to an On Q Agency loan the most conservative guideline should be used.          Borrowers who are on Furlough, please refer to FNMA guidelines for Temporary Leave income.</p> <p><b>Continuance of Income</b>          Due diligence must be completed to insure that the borrower’s qualifying income used will continue to show that the borrower has the ability to repay the Mortgage. A confirmation e-mail from the employer identifying the likeliness of continuance of employment is an example for employed employees.</p> <p><b>4506-T IRS Tax Transcript</b></p> <ul style="list-style-type: none"> <li>• There is no change to the current requirement that the form 4506-T be executed by the borrower(s) and contained in the file so that income can be verified with the IRS at a later date. <u>Please continue to request the order from the IRS to get into the queue</u></li> <li>• When a 4506-T Tax Transcript cannot be obtained in a timely manner, Underwriters can waive or adjust the tax transcript requirement if there is sufficient information to support income validation of salaried and wage earner borrower who show stability year over year.</li> <li>• For loans where the underwriter does not have sufficient information (as indicated above) to support income validation, the underwriter may use the following alternative methods to confirm the borrower(s) income.             <ul style="list-style-type: none"> <li>➢ Copy of cancelled check(s) matching amount due the IRS</li> <li>➢ Copy of deposit matching exact amount of any return using bank statement, deposit receipt, or direct bank verification indicating the transaction</li> </ul> </li> </ul>

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	➤ Electronic filing receipt from IRS indicating the Declaration Number (DCN), and AGI that matches the return.
<b>Loan Purpose</b>	Purchase Limited Cash-Out Refinance <b>Ineligible:</b> Cash-out refinance PACE loans HomeStyle Energy
<b>Underwriting</b>	Use of the HomeStyle Renovation Maximum Mortgage Worksheet (Form 1035) to calculate the maximum mortgage is required. NOTE: IF ANY OF THE FEES ON THE MMW ARE PAID IN ADVANCE (POC) THEY CANNOT BE FINANCED IN THE LOAN AMOUNT.
<b>Mortgage Insurance</b>	<b>Eligible Mortgage Insurance Companies:</b> <ul style="list-style-type: none"> <li>• Radian</li> <li>• MGIC</li> <li>• Genworth</li> <li>• Essent</li> <li>• National MI</li> <li>• Arch MI</li> </ul> <b>Ineligible:</b> <ul style="list-style-type: none"> <li>• Reduced</li> <li>• Minimum MI</li> <li>• Lower Cost MI</li> </ul>
<b>Property Type</b>	<b>Eligible:</b> <ul style="list-style-type: none"> <li>• 1-4 unit dwelling</li> <li>• Attached or detached</li> <li>• PUD</li> <li>• Warrantable Condominium</li> <li>• Double Wide Manufactured Homes</li> </ul> <b>Ineligible:</b> <ul style="list-style-type: none"> <li>• Non-warrantable Condominiums</li> <li>• Single Wide Manufactured Homes</li> <li>• Manufactured Homes on Leasehold</li> <li>• Manufactured Homes located in a Condominium project</li> <li>• Fannie Mae Special Designation Condominiums in Florida</li> <li>• Cooperatives</li> <li>• Condominium Conversions less than 3 years</li> <li>• Condo-hotels</li> <li>• Timeshares</li> <li>• Working Farms and Ranches</li> <li>• Leaseholds</li> <li>• Owner/Builder</li> <li>• Properties under construction prior to closing of the transaction</li> <li>• Property Assessed Clean Energy (PACE)</li> </ul>
<b>Property Valuations</b>	A full standard interior and exterior appraisal is required.
<b>Special Feature Codes</b>	235 – Manufactured Homes (excluding MH Advantage) 859 – MH Advantage Home

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	215 – HomeStyle renovation is not complete
<b>Geographic Restrictions</b>	Texas 50(a)(6) and 50(a)(4) are ineligible – Refer to the On Q Texas Home Equity Guidelines