

FNMA HomeReady™ Summary

Desktop Underwriter ²		
Transaction Type	Number of Units	Maximum LTV / CLTV
PRIMARY RESIDENCE		
Purchase Limited Cash-Out Refinance	1 Unit	FRM: 97% ¹ ARM: 95%
	2 Units	FRM/ARM: 85%
	3-4 Units	FRM/ARM: 75%

¹ 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. For a limited cash-out refinance, Fannie Mae must be the owner of the existing mortgage. All borrowers must occupy the property. Non-occupant borrowers are limited to maximum 95%.

² Combination of HomeStyle Renovation, HomeReady, and Manufactured Housing: 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 ¹						
Transaction Type	Number of Units	Maximum LTV/CLTV	Maximum DTI ≤ 36%		Maximum DTI ≤ 45%	
			Credit Score / LTV	Minimum Reserves	Credit Score / LTV	Minimum Reserves
PRIMARY RESIDENCE						
Purchase Limited Cash-Out Refinance	1 Unit	FRM/ARM: 95%	680 if > 75% 640 if ≤ 75%	0	720 if > 75% 680 if ≤ 75%	0
			FRM: 620 if ≤ 75%	2		
			660 if > 75%	6	700 if > 75% 660 if ≤ 75%	6
	2 Units	FRM/ARM: 85%	680 if > 75% 640 if ≤ 75%	6	700 if > 75% 680 if ≤ 75%	6
	3-4 Units	FRM/ARM: 75%	660	6	680	6

¹ Not allowed on manufactured homes or high-balance loans.

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Eligible Programs B5-6-01	Fixed Rate Adjustable Rate
Loan Terms	15 or 30 year
Eligible ARM Products	<p>Term: 5/6, 7/6, and 10/6 Index: SOFR Caps: 5/6 = 2/1/5 7/6 and 10/6 = 5/1/5 Margin: 2.75% Floor: 2.75%</p>
Borrower Eligibility	<p>Eligible Borrowers: U.S. Citizens Permanent Resident Aliens Non-Permanent Resident Aliens – See Visa Classification List Non-Occupant Borrowers (maximum 95% LTV/CLTV)</p> <p>Ineligible Borrowers: Foreign Nationals Corporations or LLC's Non-Profit Organizations Local Government Agencies Individual Taxpayer Identification Numbers (ITIN) in lieu of Social Security Number</p>
Documentation	See On Q policies for transcript and re-verification requirements
Loan Purpose	<p>Purchase Limited Cash-Out Refinance</p> <p>Ineligible: Cash-out refinance PACE loans High balance loans >95% LTV</p>
Temporary Buydowns	<p>Eligible Buydown Types</p> <p>2/1 Buydown</p> <ul style="list-style-type: none"> • Payment calculated at 2% below the Note Rate for the first year. • Payment calculated at 1% below the Note Rate for the second year. • Payment calculated at the Note Rate for the years three through full term. <p>1/0 Buydown</p> <ul style="list-style-type: none"> • Payment calculated at 1% below the Note Rate for the first year. • Payment calculated at the Note Rate for the years two through full term. <p>Eligible Products</p> <ul style="list-style-type: none"> • 30 year fixed rate <p>Eligible Source of Subsidy</p> <ul style="list-style-type: none"> • Seller funded subject to interested party contribution limits. • Lender funded. • Borrower funded buydowns are not eligible. <p>Borrower Qualification</p> <ul style="list-style-type: none"> • The Note Rate must be used for the principal and interest qualification.

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	<p>Transaction Types</p> <ul style="list-style-type: none"> • Purchase <p>Occupancy Type</p> <ul style="list-style-type: none"> • Primary Residence • Second Homes <p>Reserves</p> <ul style="list-style-type: none"> • If reserves are required they must be calculated at the Note Rate. <p>Property Type Restrictions</p> <ul style="list-style-type: none"> • Manufactured Homes not eligible.
Mortgage Insurance	<p>Eligible Mortgage Insurance Companies:</p> <ul style="list-style-type: none"> • Radian • MGIC • Essent • National MI • Arch MI
Property Type	<p>Eligible:</p> <ul style="list-style-type: none"> • 1-4 unit dwelling • Attached or detached • PUD • Warrantable Condominium • Double Wide Manufactured Homes • Single Wide Manufactured Homes – home must be less than 10 years old <p>Ineligible:</p> <ul style="list-style-type: none"> • Non-warrantable Condominiums • Manufactured Homes on Leasehold • Manufactured Homes located in a Condominium project • Fannie Mae Special Designation Condominiums in Florida • Cooperatives • Condominium Conversions less than 3 years • Condo-hotels • Timeshares • Working Farms and Ranches • Leaseholds • Owner/Builder • Properties under construction prior to closing of the transaction • Property Assessed Clean Energy (PACE)
Homeownership Education	<p>Homeownership education is required for HomeReady purchase mortgage loans when:</p> <ul style="list-style-type: none"> • all occupying borrowers are first-time homebuyers; or • purchase transaction with an LTV/CLTV greater than 95% and all borrowers are first-time Homebuyers. <p>Refer to B2-2-06, Homeownership Education and Housing Counseling, for options for meeting this requirement.</p>
Maximum Number of Financed Properties	<p>The maximum number of financed properties including the subject property is 2.</p>

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Property Valuations	Follow AUS guidelines for the required valuation option.
Special Feature Codes	009 – Temporary Buydown 118 – Loans with Community Seconds 184 – Loans where at least one borrower completed housing counseling 215 – HomeStyle renovation is not complete 235 – Manufactured Homes (excluding MH Advantage) 281 – Loans with financed mortgage insurance 859 – MH Advantage Home 900 - HomeReady
Geographic Restrictions	Texas 50(a)(6) and 50(a)(4) are ineligible – Refer to the On Q Texas Home Equity Guidelines