



How to Originate and Deliver HomeReady™ Mortgages

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An Important Note about the Seminar Content

While every effort has been made to ensure the reliability of the session content, Fannie Mae's *Selling* and *Servicing Guides* and their updates, including *Guide* Announcements and Release Notes, are the official statements of Fannie Mae's policies and procedures and control in the event of discrepancies between the information in this seminar and the *Guides*.

Agenda

- HomeReady Lender and Borrower Benefits
- Borrower Income Eligibility/Limits
- Eligibility
- Borrower Income Flexibilities
- Underwriting (DU and Manual)
- Pricing and Committing
- MI Coverage
- Homeownership Education Requirements and Post-Purchase Support
- Execution and Delivery
- Servicing
- Summary
- Resources
- Q&A

HomeReady Lender Benefits

Designed for creditworthy, low- to moderate-income borrowers, with expanded eligibility for financing homes in designated low-income, minority, and disaster-impacted communities.

Lender Benefits

Enhanced Simplicity and Certainty

- **Underwrite with confidence.** Desktop Underwriter® (DU®) offers a comprehensive credit risk assessment and eligibility determination, and automated identification of potentially HomeReady-eligible loans.
- **Improved and simplified pricing** is better than or equal to Fannie Mae standard loan pricing and supports a competitive borrower payment.
- **Standard risk-based pricing waived** for LTVs >80% with a credit score ≥ 680 (risk-based loan-level price adjustment cap of 1.50% applies for loans outside of these parameters).
- **Simplified execution.** Lenders can commingle standard and HomeReady loans into MBS pools and whole loan commitments.

HomeReady Borrower Benefits

Borrower Benefits

Accessible and Sustainable Financing

- **Low down payment.** Up to 97% financing for home purchase with many borrower flexibilities.
- **Flexible sources of funds** can be used for the down payment and closing costs with no minimum contribution required from the borrower's own funds (1-unit properties).
- **Conventional home financing with cancellable monthly MI** (per *Servicing Guide* policy); reduced MI coverage requirement above 90% LTV (25%) supports competitive borrower payment.
- **Homeownership education** helps buyers get ready to buy a home and be prepared for the responsibilities of homeownership. The required training is an easy-to-use, online course provided by Framework.

Borrower Income Eligibility

Aligns with Fannie Mae's Housing Goals

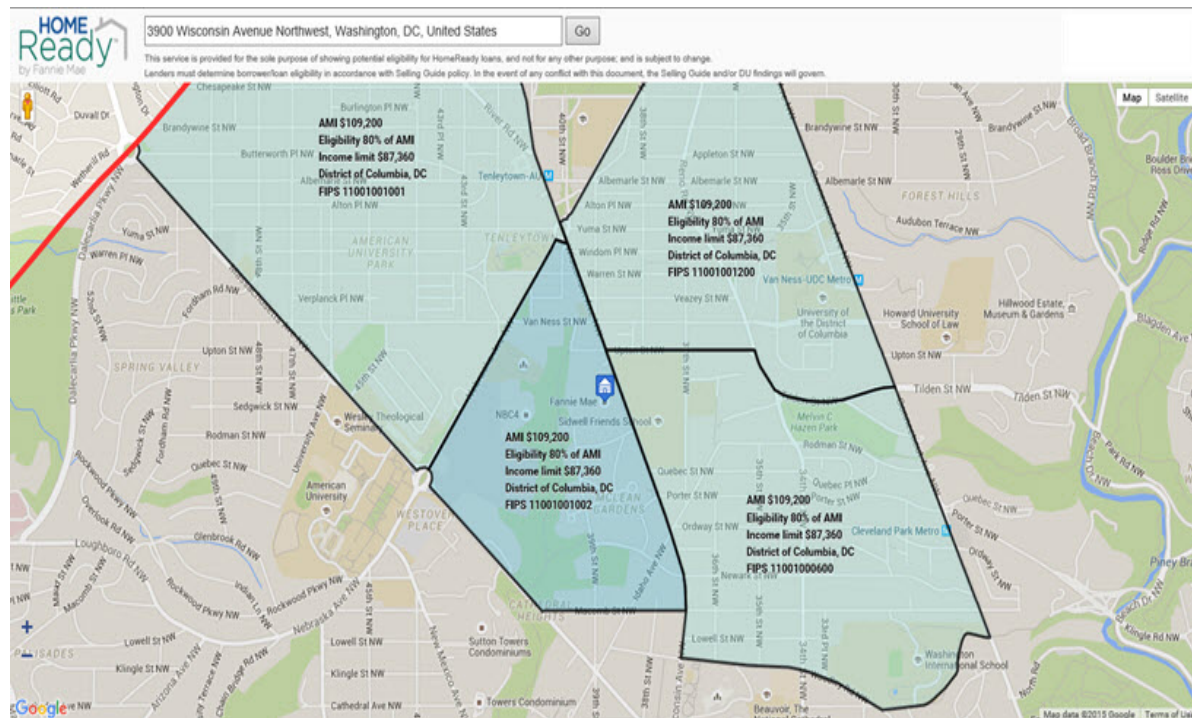
Borrower Income Eligibility	2015 Eligibility (Fannie Mae analysis using 2015 data)
No income limit: Properties in low-income census tracts	31% of census tracts
100% of AMI: Properties in high-minority census tracts and designated disaster areas	20% of census tracts
80% of AMI: All other properties	49% of all U.S. census tracts

AMI = area median income (AMI data source: FHFA)

Low-income census tract = census tract where the median tract income is no greater than 80% AMI

High-minority census tract = census tract where the minority population is at least 30% and the median tract income is less than 100% AMI

Need help determining income eligibility for HomeReady™? We've got a simple solution. Fannie Mae has created a new [HomeReady Income Eligibility Lookup](https://www.fanniemae.com/singlefamily/homeready) tool to provide lenders and other housing professionals with a quick and easy way to look up potential eligibility for HomeReady by property address or by FIPS code. The tool is available at: <https://www.fanniemae.com/singlefamily/homeready>



Eligibility

	1-Unit	2- to 4-Unit
Loan Purpose	Purchase or Limited Cash-out Refinance (LCOR)	
Product	<ul style="list-style-type: none"> • FRM: 10-, 15-, 20-, or 30-year terms • ARM: 5/1 (2/2/5 and 2/2/6 caps only), 7/1, and 10/1 ARMs are not permitted for 3-4-unit properties	
Occupancy and Property Type	1-unit principal residence, including eligible condos, co-ops, PUDs. Manufactured housing is eligible in accordance with standard MH guidelines: <ul style="list-style-type: none"> • Desktop Underwriter Only • Max 95% LTV/CLTV • FRMs and 7/1 and 10/1 ARMs • No buydowns 	2- to 4-unit principal residence (no condos, co-ops, or manufactured housing)

Eligibility

	1-Unit	2- to 4-Unit
Maximum LTV/CLTV and Subordinate Financing	<p>Purchase:</p> <ul style="list-style-type: none"> • DU only: 97% (FRM) No requirement that the transaction include a first-time home buyer • DU and manual underwriting to 95% (FRM); 90% (ARM) <p>LCOR: DU and manual underwriting: 95% (FRM); 90% (ARM)</p>	<p>Purchase or LCOR</p> <ul style="list-style-type: none"> • 2-unit: 85% (FRM); 75% ARM • 3- to 4-unit: 75% (FRM only)
	<ul style="list-style-type: none"> • CLTV up to 105% with eligible Community Seconds® (Refer to Eligibility Matrix for details) • Other subordinate financing per the <i>Selling Guide</i> 	

Eligibility

Community Land Trusts and Resale Restricted Properties

- Eligible for 1- to 2-unit, single-family properties, including condos and planned unit developments (PUDs). *Co-ops and MH are not eligible.*
- Refer to the Community Land Trusts Fact Sheet and Checklist and the Resale Restrictions Fact Sheet for details.

Interest Rate Buydowns

3-2-1 and 2-1 buydown structures permitted

HomeStyle® Renovation

Eligible in accordance with standard HomeStyle Renovation guidelines:

- Special lender approval required
- Maximum LTV of 95% (CLTV to 105% with Community Seconds)

Eligibility

	1-Unit	2- to 4-Unit
Minimum Borrower Contribution (own funds)	\$0	3%
Acceptable Sources of Funds for Down Payment and Closing Costs	<ul style="list-style-type: none"> • Gifts, grants, and Community Seconds® • Cash-on-hand for 1-unit properties only • Any eligible loan may have more than one Community Seconds (i.e., third lien) up to the maximum 105% CLTV (see Community Seconds fact sheet) 	

Example: Cash-on-Hand

A borrower who does not have a bank account wants to use money he has saved (cash-on-hand) for his down payment to purchase a 1-unit home.

- This is acceptable if the borrower customarily uses cash for expenses.
- In addition, the lender must
 - Verify that the amount of funds saved is consistent with the borrower's previous payment practices
 - Confirm that funds are in a financial institution account or an acceptable escrow account (at the 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
 - Determine that the borrower's credit report and other verifications indicate limited or no use of credit and limited or no depository relationship between the borrower and a financial institution.

When may a borrower use cash-on-hand?

	Down Payment	Closing Costs	Prepaid Items	Reserves (if required)
Acceptable Uses of Cash-on-Hand				

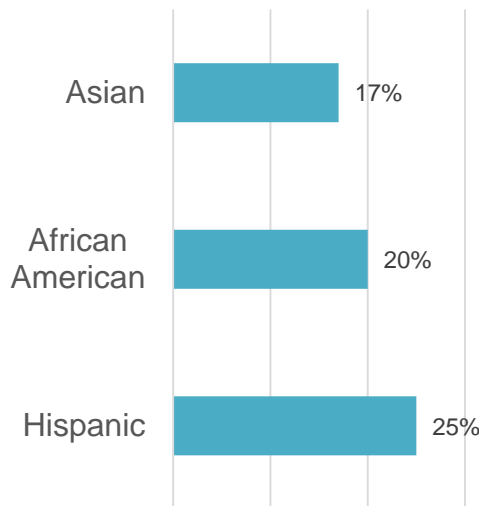
Note: Lenders may deliver purchase money mortgages for 1-unit properties with cash-on-hand as an acceptable source of funds.

Extended-Income Households

Extended-household living arrangements are more common among underserved populations, including low- to moderate-income, minority, and immigrant households.



Percentage of EIHs by
Race/Ethnicity



- These households often have lower incomes overall, compared with a broader population, and that may impact their access to credit – but many also are “extended-income households” or EIHs.
- HomeReady recognizes the growth of extended-family living arrangements by allowing the existence of non-borrower household income to be considered.
- NAR* reports 13% of home purchases in 2014 were by a multigenerational household.

* National Association of Realtors *2015 Home Buyer and Seller Generational Trends Report*

Borrower Income Flexibilities

Non-borrower household income	May be considered as a compensating factor in DU only; NOT part of qualifying income
Non-occupant borrower	Consider income, assets, credit, and liabilities (DU LTV up to 95%; manual underwriting LTV up to 90%)
Boarder income	Include as qualifying income
Rental income from an accessory unit	Include as qualifying income

Fannie Mae's Economic and Strategic Research group reports a “demographic sea change” in the housing market, characterized by the rise of the Millennials, increased diversity, and a growing elderly population; and new household growth is being driven by traditionally underserved segments.

Non-Borrower Household Income Feature: Requirements and Underwriting

- Considered as a compensating factor (in DU only) to allow a debt-to-income (DTI) ratio great than 45%, up to 50%.
- Not included as qualifying income, and does not impact the DTI ratio used in the risk assessment or displayed on the DU Underwriting Findings report.
- The non-borrower household member IS NOT REQUIRED TO BE A FAMILY MEMBER.
- The non-borrower's income must be at least 30% of the total monthly qualifying income being used by the borrower – the 30% could be reached by an aggregate of more than one person.
- The non-borrower income must be documented in accordance with standard *Selling Guide* policy based on the income type.
- There must be a signed statement of the intent for the non-borrower to reside with the borrower for a minimum of 12 months. (Fannie Mae provides optional Form 1019 for this purpose.)
- Must be reflected in DU as an Other Income type of “Non-Borrower Household Income.”

Extended-Income Household Sample Scenario






Borrower's
Income
\$6,000/month



Borrower's
Liabilities
\$2,820/month



DTI Ratio
= \$2,820/\$6,000 = 47%
NOT ELIGIBLE

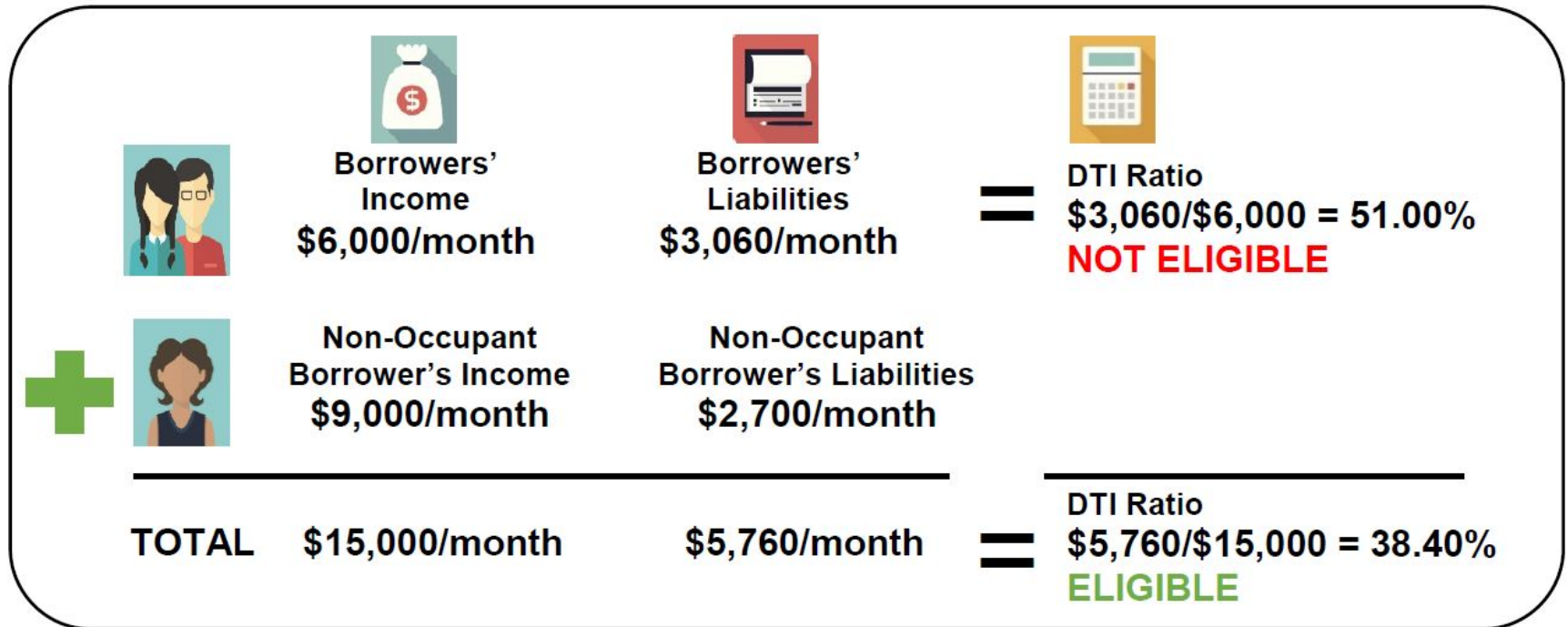
 
Existence of \$2,000/month in
Non-Borrower Household Income
(33.33% of the borrower's
qualifying income)

= DTI Ratio remains the same
= \$2,820/\$6,000 = 47.00%
ELIGIBLE









Underwriting – Non-Occupant Borrowers

Non-Occupant Borrowers	<p>The consideration of a non-occupant borrower's income, assets, credit and liabilities permitted for qualifying:</p> <ul style="list-style-type: none">• DU: maximum 95% LTV• Manual: 90% LTV with max 43% DTI for occupying borrower <p>Income considered part of qualifying income and subject to HomeReady income limits</p>
Ownership of Other Property	<p>Occupant borrower(s) may not have an ownership interest in any other residential property at the time of closing.</p> <p><i>No limitation on ownership of other property for non-occupant borrowers.</i></p>

Non-Occupant Borrower Sample Scenario



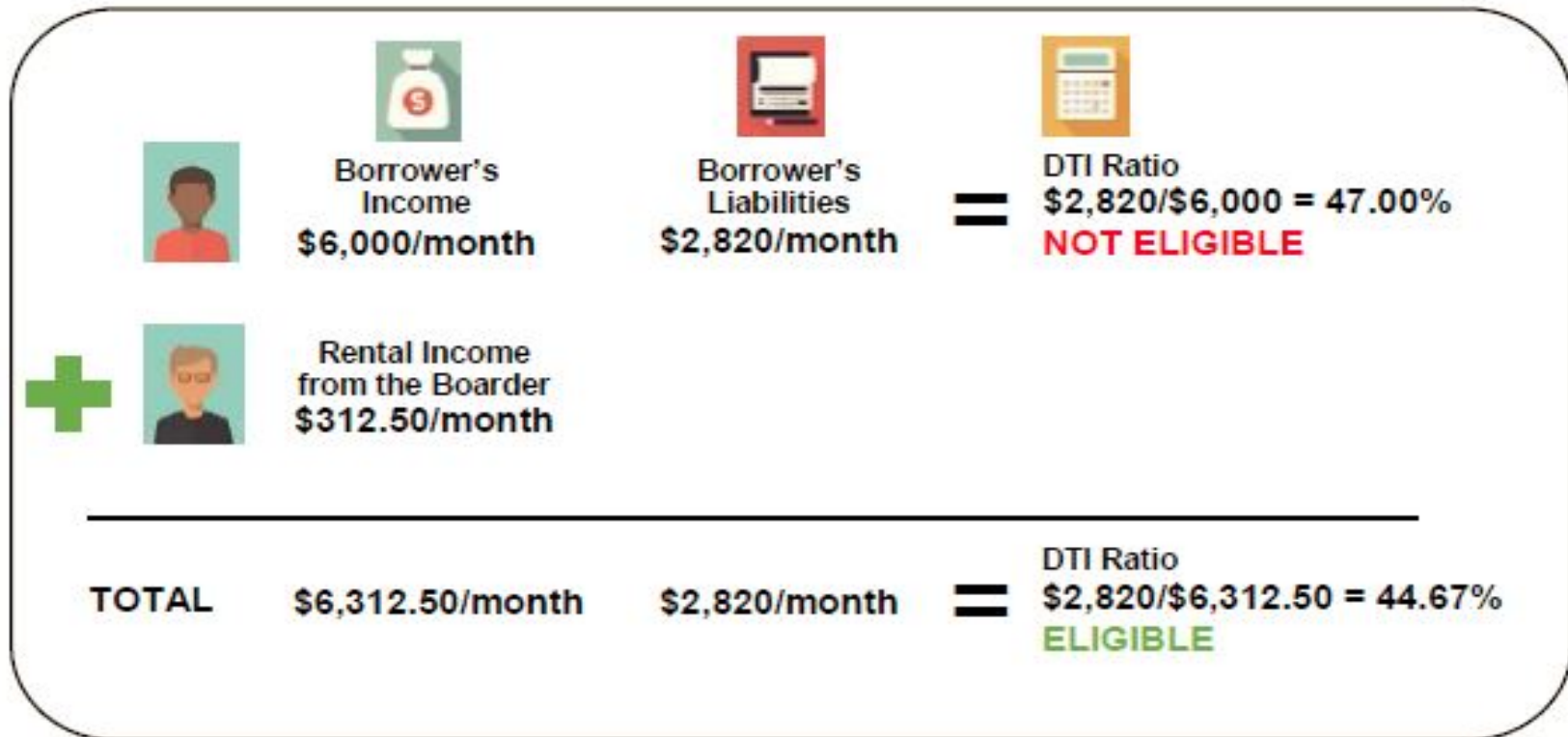
What's the difference between a non-occupant borrower and a non-borrower household member?

	Is a borrower on the loan?	Lives in the home?	Income included in qualifying income?	Must meet income eligibility requirements?
Non-Occupant Borrower				
Non-Borrower Household Member				







Underwriting – Boarder Income and Rental Income

	1-Unit	2- to 4-Unit
Boarder Income	<p>Boarder income (relatives or non-relatives):</p> <ul style="list-style-type: none"> • Up to 30% of qualifying income • Documentation required: <ul style="list-style-type: none"> • Shared residency for the most recent 12-month period. • Boarder income for at least 9 of the most recent 12 months (averaged over 12 months). 	Not eligible
Rental Income	Rental income from a 1-unit property with an accessory unit may be used as qualifying income.	Rental income from 2- to 4-unit property may be used as qualifying income.

Boarder Income Sample Scenario



Rental Income Sample Scenario

		Borrowers' Income \$6,000/month		Borrowers' Liabilities \$2,820/month		DTI Ratio \$2,820/\$6,000 = 47.00% NOT ELIGIBLE
		Rental Income from the Accessory Unit \$412.50/month				
<hr/>		TOTAL \$6,412.50/month	\$2,820/month	=	DTI Ratio \$2,820/\$6,412.50 = 43.98% ELIGIBLE	

What's the difference between boarder income and rental income?

	Rent paid monthly	Rent from someone sharing living quarters	Rent from a separate dwelling unit (as identified by the appraisal) with a kitchen and a bathroom
Boarder income	✓	✓	✗
Rental income	✓	✗	✓

Note: Rental income refers to income generated either from a 1-unit property with an accessory unit or from a 2- to 4-unit property.

Underwriting HomeReady Loans: DU

- HomeReady added as a community lending product.
- When a casefile is not submitted as HomeReady, but, based on borrower income, the loan may be eligible for HomeReady, DU issues a message letting the lender know. The lender may then chose to submit as HomeReady.
- DU applies eligibility guidelines, MI requirements, and issue appropriate verification messages.
- DU also applies the income eligibility requirements. A new field for FIPS code – which identifies the census tract where the property is located – has been added for use in cases where DU is unable to determine the census tract.
- Non-borrower household income added as a new Other Income Type (not used in qualifying). DU allows a DTI up to 50% when the amount of the income is 30% or more of the total qualifying income and requires verification when income is needed as a compensating factor.
- Accessory unit income added as a new Other Income Type (used in qualifying).

*Available in DU December 2015

DU Messaging About HomeReady Eligibility

If a loan casefile is potentially eligible for HomeReady, but hasn't been submitted as HomeReady, you will see a message in the Verification section of the DU Underwriting Findings report.

FINDINGS

- 3 The following risk factors represent strengths in the borrower's loan application:
Credit Profile
Loan Purpose

VERIFICATION MESSAGES/APPROVAL CONDITIONS

- 4 According to the Social Security Administration (SSA), the Social Security number (SSN) for John Homeowner either has not been issued, or was recently issued. The SSN accuracy must be confirmed, and if incorrect, the SSN must be updated and the loan casefile resubmitted to DU. If the SSN is determined to be correct, it must be validated directly with the SSA (direct validation by a third party is acceptable), and the loan must be delivered with SFC 162. If the SSN cannot be validated with the SSA, the loan is not eligible for delivery to Fannie Mae.
- 5 This loan is also subject to all other lender specified conditions and must comply with all applicable federal, state, and local laws and regulations.
- 6 Based on the credit report obtained through Desktop Underwriter, this loan casefile must close on or before 05/01/2016. All credit documents must be no more than four months old on the note date. For guidelines on the age of the appraisal or property inspection report, refer to the Fannie Mae Selling Guide.
- 7 If there is a home equity line of credit secured against the subject property the maximum allowable HCLTV is 97 percent and the terms of the home equity line of credit must be verified for compliance with the Fannie Mae Selling Guide. The HCLTV calculation is based on the maximum credit limit of the equity line.
- 8 Loan Level Price Adjustment may be applied when this loan is delivered to Fannie Mae. Refer to the Selling Guide and Loan-level Price Adjustment (LLPA) Matrix on fanniemae.com for specific details.
- 9 Mortgage insurance is required. The lender may either obtain mortgage insurance coverage of at least 16% with an MI loan-level price adjustment, or obtain mortgage insurance coverage of 30%. Refer to the Loan-level Price Adjustment Matrix on fanniemae.com for specific details. Verify the mortgage insurance premium is accurately reflected in the loan application.
- 10 According to the Social Security Administration (SSA), the Social Security Number (SSN) entered for Mary Homeowner may not be associated with him/her. The SSN accuracy must be confirmed, and if incorrect, it must be updated and the loan casefile resubmitted to DU. If the SSN is determined to be correct, it must be validated directly with the SSA (direct validation by a third party is acceptable), and the loan must be delivered with SFC 162. If the SSN cannot be validated with the SSA, the loan is not eligible for delivery to Fannie Mae.
- 11 Based on the qualifying income and HomeReady income guidelines for the area in which the property is located, this loan casefile may be eligible as a HomeReady mortgage loan. The lender may choose HomeReady as the Community Lending product in the online loan application and resubmit the loan casefile to DU.

Resubmitting a DU Loan Casefile as HomeReady

To resubmit the loan casefile as a HomeReady loan, simply go to the “Community Lending Information” section on the Additional Data screen.

The image shows a screenshot of a web form with two main sections. The first section, titled "Appraisal Information", includes fields for Property Appraised Value, Doc File ID, Appraiser Name, Appraiser Company, Appraiser's State License Number, Appraiser's Licensing State, Fieldwork Obtained, and Supervisory Appraiser's License Number. The second section, titled "Community Lending Information", is highlighted with a red border and includes fields for Community Lending Product, Community Seconds, Community Seconds Repayment Structure, and County. All fields are currently empty or show dropdown arrows.

Appraisal Information	
Property Appraised Value	<input type="text"/> <input type="text"/>
Doc File ID	<input type="text"/>
Appraiser Name	<input type="text"/>
Appraiser Company	<input type="text"/>
Appraiser's State License Number	<input type="text"/>
Appraiser's Licensing State	<input type="text"/>
Fieldwork Obtained	<input type="text"/>
Supervisory Appraiser's License Number	<input type="text"/>

Community Lending Information	
Community Lending Product	<input type="text"/>
Community Seconds	<input type="text"/>
Community Seconds Repayment Structure	<input type="text"/>
County	<input type="text"/>

Resubmitting a DU Loan Casefile as HomeReady (cont.)

- Select **HomeReady** in the Community Lending Product field.
- If you are using a Community Seconds[®] mortgage, select **Yes** in the Community Seconds field. Otherwise, select **No**.
- If you are using a Community Seconds mortgage, you must select the appropriate option from the **Community Seconds Repayment Structure** drop-down list.
- You can select the **County**, but it is no longer used to determine the income limit. The census tract is used to determine the income limit.

Community Lending Information

Community Lending Product	HomeReady ▼
Community Seconds	No ▼
Community Seconds Repayment Structure	▼
County	▼

Resubmitting a DU Loan Casefile as HomeReady (cont.)

If DU is unable to determine the census tract, you may provide the Federal Information Processing Standard (FIPS) code, an 11-digit, unique code assigned to all geographic areas. For example, the FIPS code for 3900 Wisconsin Ave. NW, Washington, D.C., is 11001001002 (State code 11, county code 001, and census tract 001002).

Loan Information

FIPS Code	<input type="text"/>
Seller Provided Below Market Financing	<input type="checkbox"/>
First Year Buydown Rate	<input type="text"/>
Lien Type *	First Mortgage <input type="checkbox"/>

When you have finished entering all the necessary data, click **Submit**.

Underwriting – Nontraditional Credit

	1-Unit Only	
	DU	Manual Underwriting
Minimum Credit Score	620	Per the Eligibility Matrix
Borrowers Without Traditional Credit	If the loan includes a borrower without traditional credit, the loan can be underwritten through DU if at least one borrower has a traditional credit profile, with specific criteria	<ul style="list-style-type: none"> • Nontraditional credit profile may be used • No credit profile (one borrower): up to 30% of qualifying income for qualifying purposes • Insufficient traditional credit history (“thin files”)

Underwriting Borrowers with Nontraditional Credit

For manual underwriting, establish an acceptable nontraditional credit profile, including the following:

- A minimum of three sources of nontraditional credit that have been active for at least 12 months.
- One of the sources must be housing related; i.e., rental housing payments.
- One of the sources must be a utility company.
- The remaining source may represent any reasonable service or purchase (e.g., auto insurance, medical insurance, school tuition, daycare, gym, life insurance, etc.) as long as the repayment terms are in writing, and the borrower can provide canceled checks or money order receipts that show the creditor as the payee to document the payments.
- No history of delinquency on rental housing payments within the past 24 months (or since inception, if less than 24 months).
- Only one account, excluding rental payments, may have had a 30-day delinquency in the past 12 months.
- No collections or judgments (other than medical collections) filed within the past 24 months. Any/all judgments must be satisfied. Collection accounts (including medical) in excess of \$250 per individual account or \$1,000 in the aggregate must be paid in full.

Pricing

Loan-Level Price Adjustments (LLPAs)

- Standard risk-based LLPAs waived with an LTV above 80% *and* a representative credit score equal to or greater than 680
- For loans outside of these parameters, standard LLPAs apply (per the [LLPA matrix](#)) with a cap of 1.50%

Competitive Execution: Pricing is better than or equal to Fannie Mae standard loan pricing and supports a competitive borrower payment.

Consider the borrower benefit of conventional home financing with cancellable monthly MI (per Servicing Guide policy) ... and reduced MI coverage requirement (25%) above 90% LTV.

Mortgage Insurance (MI) Coverage and Financed MI

MI Coverage	<ul style="list-style-type: none">• 25% MI coverage for LTV ratios 90.01–97%• Standard MI coverage for LTV ratios of 90% or less
Financed MI	MI may be financed up to the maximum LTV for the transaction, including the financed MI
Lender-Paid MI	May be used

Note: Minimum MI coverage may be used with additional LLPA; the HomeReady LLPA waiver or cap does not apply.

Sample Borrower Scenarios

	HomeReady with Borrower-Paid Monthly MI (25%)		HomeReady, with ⁴ Single-Premium Lender-Paid MI		Standard, with Borrower-Paid Monthly MI		Standard, with ⁴ Single-Premium Lender-Paid MI	
97% LTV Comparison								
Credit Score:	740	680	740	680	740	700	740	700
LTV	97%	97%	97%	97%	97%	97%	97%	97%
Loan Balance	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000
¹ Monthly MI Rate	0.77%	0.96%			1.10%	1.31%		
Monthly MI Cost (\$)	\$ 128	\$ 160			\$ 183	\$ 218		
² Base Note Rate	4.000%	4.000%	4.000%	4.000%	4.000%	4.000%	4.000%	4.000%
LLPAs								
Standard	N/A	N/A	N/A	N/A	1.000%	1.750%	1.000%	1.750%
³Minimum MI								
Total					1.000%	1.750%	1.000%	1.750%
⁴Single Premium MI Rate			2.49%	3.05%			3.08%	3.85%
Note Rate with LLPAs or Single Premium	4.00%	4.00%	4.50%	4.61%	4.20%	4.35%	4.82%	5.12%
Principal & Interest	\$ 955	\$ 955	\$ 1,013	\$ 1,026	\$ 978	\$ 996	\$ 1,051	\$ 1,088
Total Monthly Payment	\$ 1,083	\$ 1,115	\$ 1,013	\$ 1,026	\$ 1,161	\$ 1,214	\$ 1,051	\$ 1,088
⁵ Multiple						5		5

Notes

¹ Based on typical MI industry rate as of September 2015

² Note rates based on observed market rates as of August 2015

³ Minimum MI coverage = 18% for 95.01–97.00% LTV (If used with HomeReady, the HomeReady LLPA waiver or cap DOES NOT APPLY)

⁴ Single-premium lender-paid MI: Lender increases note rate to generate a premium coupon, using proceeds to buy the MI policy; these scenarios based on typical MI industry rate as of September 2015

⁵ Multiple: Factor by which applicable loan-level price adjustments and single-premium MI cost are converted into all-in note rate

Committing, Execution, and Delivery

Whole Loan Pricing/Committing	View live whole loan pricing and make commitments in Fannie Mae's whole loan committing application
MBS Pricing and Committing	Lender base guaranty fee per MBS contract
Execution	Commingle standard and HomeReady loans in whole loan commitments and MBS pools
Delivery Data	Special Feature Code 900 required; set ULDD Sort ID 238 – LoanAffordableIndicator – to “True”; set ULDD Sort ID 576 to “HUD Approved Counseling Agency”; and set ULDD Sort ID 578 to “HomeStudy.”

Committing and delivery available December 21, 2015



Homeownership Education

	1-Unit	2- to 4-Unit
Pre-Purchase Homeownership Education	<ul style="list-style-type: none"> • Homeownership education required prior to note date for at least one borrower on all transactions (purchase and LCOR). • Must be provided through Framework (https://homeready.frameworkhomeownership.org), an online program approved by Fannie Mae. Some exceptions apply. • \$75 fee paid by the borrower to Framework for a simple, accessible online program with email support 7 days a week. • Lenders may choose to provide a credit against closing costs. • Homeownership education certificate must be retained in the mortgage file. • Although one-on-one counseling is optional for HomeReady, Framework offers borrowers a referral to a HUD-approved counseling agency for additional assistance, if requested by the borrower. 	

Homeownership Education (continued)

	1-Unit	2- to 4-Unit
Special Borrower Considerations	<ul style="list-style-type: none"> • Online education may not be appropriate for all potential home buyers. The presence of a disability, lack of Internet access, and other issues may indicate that a consumer is better served through other education modes (e.g., in-person classroom education, telephone conference call, etc.). • ONLY in these situations, consumers should be directed to Framework's toll-free customer service line (855-659-2267), from which they can be directed to a HUD-approved counseling agency that can meet their needs. • The counseling agency that handles the referral must provide a certificate of completion, and the lender must retain a copy of the certificate in the loan file. 	
Post-Purchase Support	<p>To support sustainability, borrowers have access to post-purchase homeownership support for the life of the loan through Framework's homeownership advisor service.</p>	

Homeownership Education (continued)

	1-Unit	2- to 4-Unit
Transition Period: Previous Home-Buyer Education	In lieu of the Framework course, Fannie Mae allows lenders to accept a certificate of pre-purchase education/counseling from a HUD-approved counseling agency dated within the previous six months before the loan application date and before September 30, 2016.	
Landlord Education	Not applicable	Landlord education required in accordance with <i>Selling Guide</i> requirements (not available through Framework)

Servicing Requirements

- Servicers must offer early delinquency counseling during the first seven years of the mortgage
- Counseling must cover
 - Evaluating ability to make future payments
 - Understanding and deciding on foreclosure prevention options
 - Formulating a budget and plan of action to resolve the delinquency and reduce overall debts
- Servicers must determine whether to provide the counseling or use a third party

HomeReady borrowers can receive early delinquency counseling from the Framework advisor service.

HomeReady Summary

Redesigned/enhanced affordable lending product with a new name

Borrower eligibility

- Aligned with Fannie Mae's regulatory housing goals (includes underserved census tracts and minority, disaster areas)
- DU identifies borrower eligibility for all loans submitted to DU

Pricing – improved and simplified

- Standard risk-based pricing waived for LTVs >80% with a credit score ≥ 680
- Competitive borrower payment
- Execution always better than or equal to FNM standard pricing

Homeownership education

- Mandatory pre-purchase homeownership education via online Framework course
- Access to post-purchase homeownership advisors

New features

Eligibility

- FTHB and Non-FTHB to 97% LTV (DU only)
- Manufactured Housing to 95% (DU only)
- HomeStyle Renovation to 95% (requires lender approval)

Underwriting/income flexibility

- Household income as a compensating factor for DTI > 45% to 50% (DU only)
- Non-occupant borrower income
- Rental income from accessory units (1-unit property)
- Boarder income documentation flexibility

Resources

- *Key Selling Guide* Announcements
- Fact sheet
- Product matrix
- FAQs
- Fast Facts for Loan Officers
- Income flexibility fact sheets (extended-income household income, rental and boarder income, and non-occupant borrowers)
- Income eligibility lookup tool and state-by-state eligibility snapshot maps
- Customizable marketing materials
- Product comparison
- Homeownership education and housing counseling FAQs
- Training opportunities: Live webinars and an eLearning course

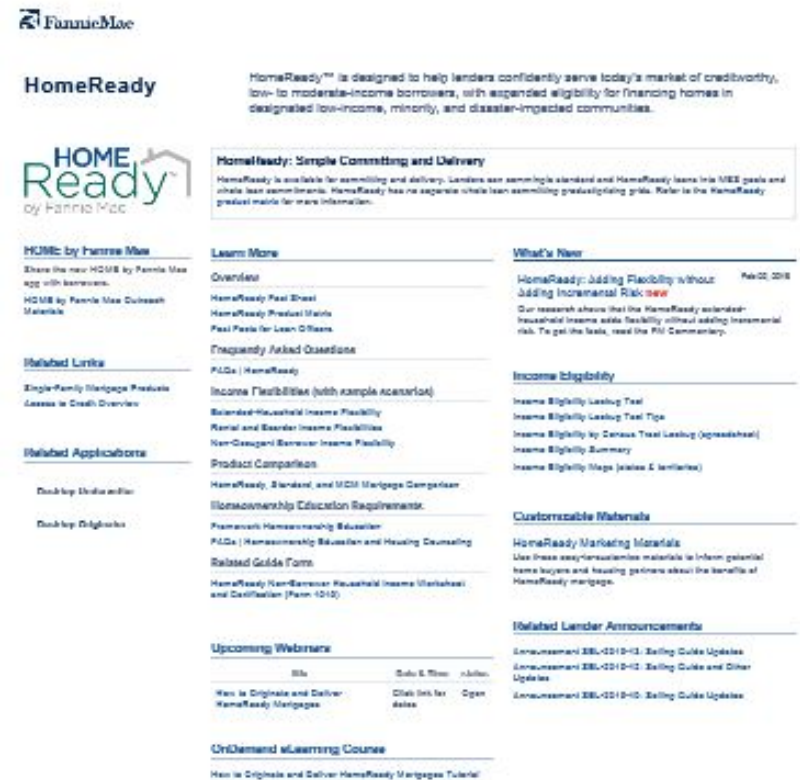
Find these resources and more on the HomeReady page:
www.fanniemae.com/singlefamily/homeready

Questions?

Appendix

Be sure to check out all the resources available on the HomeReady page, including:

- Product matrix
- Fact sheets
- FAQs
- Customizable marketing materials
- Recorded tutorial



The screenshot shows the Fannie Mae HomeReady website. At the top, the Fannie Mae logo is on the left, and the HomeReady logo is in the center. Below the HomeReady logo, there is a brief description: "HomeReady™ is designed to help lenders confidently serve today's market of creditworthy, low- to moderate-income borrowers, with expanded eligibility for financing homes in designated low-income, minority, and disaster-impacted communities." Below this, there is a section titled "HomeReady: Simple Committing and Delivery" with a sub-header "Learn More" and a sub-section "Overview" containing links for "HomeReady Fact Sheet", "HomeReady (Retail) Matrix", and "Fact Sheet for Loan Officers". There is also a "Frequently Asked Questions" section. On the right side, there is a "What's New" section with a sub-section "HomeReady: Adding Flexibility without Adding Incremental Risk" dated Feb 02, 2018, and a "Customizable Materials" section with a sub-section "HomeReady Marketing Materials". At the bottom, there is an "Upcoming Webinars" section with a table of events and an "OnDemand eLearning Course" section.

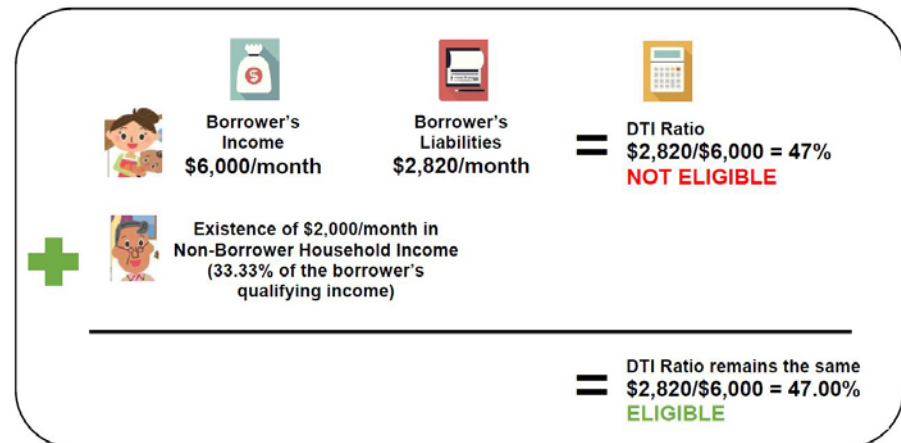
<https://www.fanniemae.com/singlefamily/homeready>

Did you know...

You can find sample borrower scenarios for the HomeReady income flexibilities on the web page, including:

- Extended-household income
- Rental and boarder income
- Non-occupant borrower income

SAMPLE



Did you know...

Customizable marketing materials are available in English and Spanish to help you promote HomeReady to your customers and business partners.



Fannie Mae's customizable marketing materials can help you promote HomeReady mortgage, and highlight key features and benefits to your customers and business partners.

Get started by downloading any of the options below and customizing it in Microsoft Word with your company logo, contact information, and any disclosures you want to include. Then simply print off as many copies as you need, and save your customized marketing materials for future use.

Guide to Using Materials

All usage of these materials must comply with the terms and conditions detailed in the document below.

[Instructions and Terms of Use](#)

Spanish Materials **now available**

Flyer for Home Buyers: Option 1



Flyer for Home Buyers: Option 2



FAQs for Home Buyers



Letter for Home Buyers: Option 1



Letter for Home Buyers: Option 2



Buck Slip for Home Buyers

