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Primary Residence				
Purchase & Limited Cash-Out Refinance				
Property Type Max LTV/CLTV Min Credit Sc				
1 Unit	FRM: 97%			
1 01111	ARM: 95%	620		
2-4 Units	FRM/ARM 95%			
Footpotes				

- Texas transactions: refer to the Restrictions section for additional guidance
- 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

#### **FANNIE MAE HomeReady**

Purchase or Limited Cash-out Refinance (LCOR)	FAININIE IVIAE HOMERE	· · · · · · · · · · · · · · · · · · ·					
Owner Occupied Principal Residence o SFR/PUD (detached/attached) o Condominium (low/mid/high rise) o 2-4 units   Non-Warrantable Condo/Condotel   Nanufactured home   Earth homes, and geodesic domes   Co-ops	Loan purpose	Purchase or Limited Cash-out Refinance (LCOR)					
Property Types  o SFR/PUD (detached/attached) o Condominium (low/mid/high rise) o 2-4 units  **Non-Warrantable Condo/Condotel **Manufactured home **Earth homes, and geodesic domes **Co-ops  **DU Approve/Eligible: Fannie Mae guidelines apply **Manual underwriting not permitted **At least one borrower must have traditional credit **Based on income, DU will determine the income eligibility for HomeReady Mortgage; DU findings message must include "This case is eligible for delivery as a "HomeReady" Mortgage Loan." **Special Feature Code: SFC 900 required for HomeReady Mortgages **Standard Agency underwriting guidelines apply unless specifically referenced in this matrix  **BPMI (monthly premium) is eligible **Financed/Custom/Reduced MI are not eligible **Acceptable renewal types are Level/Constant and Non-refundable  **Standard - Required MI Coverage**  Loan Term **B0.01-85.00%** **B0.01-95.00%** *		Eligible			Ineligib	Ineligible	
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AUS Requirements  • DU Approve/Eligible: Fannie Mae guidelines apply • Manual underwriting not permitted • At least one borrower must have traditional credit • Based on income, DU will determine the income eligibility for HomeReady Mortgage; DU findings message must include "This case is eligible for delivery as a "HomeReady" Mortgage Loan." • Special Feature Code: SFC 900 required for HomeReady Mortgages • Standard Agency underwriting guidelines apply unless specifically referenced in this matrix  • BPMI (monthly premium) is eligible • Financed/Custom/Reduced MI are not eligible • Financed/Custom/Reduced MI coverage  LTV  Loan Term  80.01-85.00%  85.01-90.00%  90.01-95.00%  95.01-97.00%  Fixed<=20 year  6%  12%  25%  25%  25%  Note: ARMS MI coverage follow fixed > 20 year table regardless of term, up to 95% LTV  • No requirement for the borrower(s) to be a First-Time Homebuyer  • Additional SFC 184 required when at least one borrower on the loan has received customized one-on-one assistance from a HUDapproved non-profit counseling agency, as evidenced by completion of a Certificate of Pre-purchase Housing Counseling (form 1017)  o Loan level price adjustment credit applies.(Refer to Rate Sheet)	Property Types	o SFR/PUD (detached/attached) • Non-Warrantable Condo/Condotel					
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BPMI (monthly premium) is eligible     Financed/Custom/Reduced MI are not eligible     Acceptable renewal types are Level/Constant and Non-refundable    Standard - Required MI Coverage							
Financed/Custom/Reduced MI are not eligible		• Standard Agency ι	underwriting guidel	ines apply unless sp	ecifically reference	d in this matrix	
Mortgage Insurance		BPMI (monthly premium) is eligible					
Mortgage Insurance  Loan Term  80.01-85.00%  85.01-90.00%  90.01-95.00%  95.01-97.00%  Fixed<=20 year 6%  12%  25%  25%  25%  Note: ARMs MI coverage follow fixed > 20 year table regardless of term, up to 95% LTV  First-Time Homebuyer  No requirement for the borrower(s) to be a First-Time Homebuyer  • Additional SFC 184 required when at least one borrower on the loan has received customized one-on-one assistance from a HUDapproved non-profit counseling agency, as evidenced by completion of a Certificate of Pre-purchase Housing Counseling (Form 1017)  o Loan level price adjustment credit applies.(Refer to Rate Sheet)		Financed/Custom/Reduced MI are not eligible					
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Bo.01-85.00%   85.01-90.00%   90.01-95.00%   95.01-97.00%			Standa	rd – Required MI C	overage		
Fixed<=20 year 6% 12% 25% 25%  Fixed>20 year 12% 25% 25%  Note: ARMs MI coverage follow fixed > 20 year table regardless of term, up to 95% LTV  First-Time Homebuyer  No requirement for the borrower(s) to be a First-Time Homebuyer  Additional SFC 184 required when at least one borrower on the loan has received customized one-on-one assistance from a HUDapproved non-profit counseling agency, as evidenced by completion of a Certificate of Pre-purchase Housing Counseling (Form 1017) o Loan level price adjustment credit applies.(Refer to Rate Sheet)	Mortgage Insurance	LTV					
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And Housing Counseling completion of a Certificate of Pre-purchase Housing Counseling (Form 1017)  o Loan level price adjustment credit applies. (Refer to Rate Sheet)	Home our orchin Education	·					
and Housing Counseling  o Loan level price adjustment credit applies.(Refer to Rate Sheet)							
o Loan level price adjustment credit applies.(Refer to Rate Sneet)		completion of a Certificate of Pre-purchase Housing Counseling (Form 1017)					
<ul> <li>Fannie Mae Homeownership Education and Housing Counseling</li> </ul>	and nousing counseling						
		Fannie Mae Homeownership Education and Housing Counseling					



	The following is general guidance and subject to DU approval. Subject to approval			
	Two year employment history must be verified			
	Qualifying Income Limits			
	80% of area median income	(AMI)		
	<ul> <li>To determine whether a mo</li> </ul>	rtgage is eligible under the borrow	er income limits, count the	
	income used to qualify the loan o Income (O.T., bonus, etc.) not used to qualify the borrower is not required to be			
	included in the income li			
	<ul> <li>Total annual qualifying income must not exceed 80% of the Area Median Income (AMI) f the property's location</li> <li>DU will determine if the qualifying income meets the income limits, or</li> </ul>			
	o Use the HomeReady <u>Eligi</u>	<u>bility Lookup Too</u> l / Income Eligibili	ity spreadsheet Census Tract	
	Lookup			
	o The Additional Data scree	en field will allow entering census t	ract information if DU is	
	unable to geocode the pi	roperty address		
	<ul> <li>Current paystub dated withi</li> </ul>	n 120 days from the Note date		
Income	W2s per DU findings			
		Self-Employed Borrower		
	Business in existence for at least two years (as stated on application)			
	Personal/Business signed individual tax returns, including all pages and schedules			
	Rental Income			
	Rental income derived from the subject property must be one of the following:			
	• Rental income derived from	the subject property must be one	of the following:	
	<ul> <li>Rental income derived from o 1 unit principal residence</li> </ul>		of the following:	
	o 1 unit principal residence		-	
	o 1 unit principal residence o 2-4 unit principal residen	with an accessory unit	one of the units	
	<ul> <li>o 1 unit principal residence</li> <li>o 2-4 unit principal residence</li> <li>Rental income derived from</li> </ul>	with an accessory unit ce in which the borrower occupies	one of the units crictions on the property type	
	<ul> <li>o 1 unit principal residence</li> <li>o 2-4 unit principal residence</li> <li>Rental income derived from</li> </ul>	with an accessory unit ce in which the borrower occupies non-subject property have no rest	one of the units crictions on the property type	
	<ul> <li>o 1 unit principal residence</li> <li>o 2-4 unit principal residence</li> <li>Rental income derived from</li> <li>Boarder income (relative or income is eligible if</li> </ul>	with an accessory unit ce in which the borrower occupies non-subject property have no rest	one of the units crictions on the property type cry up to 30% of the total gross	
	<ul> <li>o 1 unit principal residence</li> <li>o 2-4 unit principal residence</li> <li>Rental income derived from</li> <li>Boarder income (relative or income is eligible if</li> <li>o The individual(s) lives wit</li> </ul>	with an accessory unit ce in which the borrower occupies non-subject property have no rest non-relative) from a 1 unit propert	one of the units crictions on the property type cry up to 30% of the total gross e last 12 months	
	<ul> <li>o 1 unit principal residence</li> <li>o 2-4 unit principal residence</li> <li>Rental income derived from</li> <li>Boarder income (relative or income is eligible if</li> <li>o The individual(s) lives wit</li> <li>o The boarder provides door</li> </ul>	with an accessory unit ce in which the borrower occupies non-subject property have no rest non-relative) from a 1 unit propert h pays rent to the borrower for the	one of the units crictions on the property type cry up to 30% of the total gross the last 12 months or (i.e. driver's license, bill, or	
	<ul> <li>o 1 unit principal residence</li> <li>o 2-4 unit principal residence</li> <li>Rental income derived from</li> <li>Boarder income (relative or income is eligible if</li> <li>o The individual(s) lives wit</li> <li>o The boarder provides dood bank statement with boarder</li> </ul>	with an accessory unit ce in which the borrower occupies non-subject property have no rest non-relative) from a 1 unit propert h pays rent to the borrower for the cument history of shared residency	one of the units crictions on the property type cy up to 30% of the total gross e last 12 months of (i.e. driver's license, bill, or as the borrower's address)	
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	<ul> <li>o 1 unit principal residence</li> <li>o 2-4 unit principal residence</li> <li>Rental income derived from</li> <li>Boarder income (relative or income is eligible if</li> <li>o The individual(s) lives wit</li> <li>o The boarder provides document bank statement with board</li> <li>o The boarder can demonst</li> <li>payments to the borrower</li> </ul>	with an accessory unit ce in which the borrower occupies non-subject property have no rest non-relative) from a 1 unit propert h pays rent to the borrower for the cument history of shared residency order's address as being the same a trate (such as copies of canceled chemostrate).	one of the units crictions on the property type cy up to 30% of the total gross e last 12 months of (i.e. driver's license, bill, or as the borrower's address) hecks) the payment of rental st 9 of the most recent 12	
	<ul> <li>o 1 unit principal residence</li> <li>o 2-4 unit principal residence</li> <li>Rental income derived from</li> <li>Boarder income (relative or income is eligible if</li> <li>o The individual(s) lives wit</li> <li>o The boarder provides doo bank statement with board</li> <li>o The boarder can demonst payments to the borrower</li> </ul>	with an accessory unit ce in which the borrower occupies non-subject property have no rest non-relative) from a 1 unit propert h pays rent to the borrower for the cument history of shared residency order's address as being the same a trate (such as copies of canceled cher for the last 12 months, or at least	one of the units crictions on the property type cry up to 30% of the total gross e last 12 months or (i.e. driver's license, bill, or as the borrower's address) necks) the payment of rental of 9 of the most recent 12 month period	
	<ul> <li>o 1 unit principal residence</li> <li>o 2-4 unit principal residence</li> <li>Rental income derived from</li> <li>Boarder income (relative or income is eligible if</li> <li>o The individual(s) lives wit</li> <li>o The boarder provides doo bank statement with board</li> <li>o The boarder can demonst payments to the borrower</li> </ul>	with an accessory unit ce in which the borrower occupies non-subject property have no rest non-relative) from a 1 unit propert h pays rent to the borrower for the cument history of shared residency order's address as being the same a trate (such as copies of canceled cher for the last 12 months, or at least tal income is averaged over a 12-residence.	one of the units crictions on the property type cry up to 30% of the total gross e last 12 months or (i.e. driver's license, bill, or as the borrower's address) necks) the payment of rental of 9 of the most recent 12 month period	
	o 1 unit principal residence o 2-4 unit principal residence • Rental income derived from • Boarder income (relative or income is eligible if o The individual(s) lives wit o The boarder provides dod bank statement with boa o The boarder can demons payments to the borrowe months provided the ren Note: Payment of rent by th	with an accessory unit ce in which the borrower occupies non-subject property have no rest non-relative) from a 1 unit propert h pays rent to the borrower for the cument history of shared residency order's address as being the same a trate (such as copies of canceled cher for the last 12 months, or at least tal income is averaged over a 12-rate boarder directly to a third party	one of the units crictions on the property type ty up to 30% of the total gross  e last 12 months (i.e. driver's license, bill, or as the borrower's address) necks) the payment of rental to 9 of the most recent 12 month period is not acceptable  Initial Fixed-Rate Period > 5	
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Qualifying Rate	o 1 unit principal residence o 2-4 unit principal residence o Rental income derived from • Boarder income (relative or income is eligible if o The individual(s) lives wit o The boarder provides dod bank statement with boa o The boarder can demonst payments to the borrowe months provided the ren Note: Payment of rent by th	with an accessory unit ce in which the borrower occupies non-subject property have no rest non-relative) from a 1 unit propert th pays rent to the borrower for the cument history of shared residency order's address as being the same a trate (such as copies of canceled che er for the last 12 months, or at leas tal income is averaged over a 12—re the boarder directly to a third party  Initial Fixed-Rate Period ≤ 5  Qualify at the greater of the fully	one of the units crictions on the property type ty up to 30% of the total gross  e last 12 months (i.e. driver's license, bill, or as the borrower's address) necks) the payment of rental to 9 of the most recent 12 month period is not acceptable  Initial Fixed-Rate Period > 5	
Qualifying Rate	o 1 unit principal residence o 2-4 unit principal residence • Rental income derived from • Boarder income (relative or income is eligible if o The individual(s) lives wit o The boarder provides doc bank statement with boa o The boarder can demons payments to the borrowe months provided the ren Note: Payment of rent by th  Fixed Rate  Qualify at the Note Rate	with an accessory unit ce in which the borrower occupies non-subject property have no rest non-relative) from a 1 unit propert h pays rent to the borrower for the cument history of shared residency arder's address as being the same a trate (such as copies of canceled che er for the last 12 months, or at leas tal income is averaged over a 12−r ne boarder directly to a third party  Initial Fixed-Rate Period ≤ 5  Qualify at the greater of the fully indexed rate or the Note rate +	one of the units crictions on the property type ty up to 30% of the total gross e last 12 months (i.e. driver's license, bill, or as the borrower's address) necks) the payment of rental st 9 of the most recent 12 month period is not acceptable  Initial Fixed-Rate Period > 5  Qualify at the greater of the fully indexed rate or the Note rate	
	o 1 unit principal residence o 2-4 unit principal residence o Rental income derived from • Boarder income (relative or income is eligible if o The individual(s) lives wit o The boarder provides dod bank statement with boa o The boarder can demons payments to the borrowe months provided the ren Note: Payment of rent by th  Fixed Rate  Qualify at the Note Rate	with an accessory unit ce in which the borrower occupies non-subject property have no rest non-relative) from a 1 unit propert h pays rent to the borrower for the cument history of shared residency order's address as being the same a trate (such as copies of canceled che er for the last 12 months, or at leas tal income is averaged over a 12−r ne boarder directly to a third party  Initial Fixed-Rate Period ≤ 5  Qualify at the greater of the fully indexed rate or the Note rate + 2.0% ngs; loans with MI may have more	one of the units crictions on the property type cy up to 30% of the total gross  e last 12 months of (i.e. driver's license, bill, or as the borrower's address) necks) the payment of rental of 9 of the most recent 12 month period is not acceptable  Initial Fixed-Rate Period > 5  Qualify at the greater of the fully indexed rate or the Note rate  restrictive requirements	
Qualifying Rate Subordinate Financing	o 1 unit principal residence o 2-4 unit principal residence o 2-4 unit principal residence • Rental income derived from • Boarder income (relative or income is eligible if o The individual(s) lives wit o The boarder provides dod bank statement with boa o The boarder can demons: payments to the borrowe months provided the ren Note: Payment of rent by th  Fixed Rate  Qualify at the Note Rate  Per DU Approve/Eligible findir • Subordinate financing must	with an accessory unit ce in which the borrower occupies non-subject property have no rest non-relative) from a 1 unit propert th pays rent to the borrower for the cument history of shared residency order's address as being the same a trate (such as copies of canceled che er for the last 12 months, or at leas tal income is averaged over a 12-r ne boarder directly to a third party  Initial Fixed-Rate Period ≤ 5  Qualify at the greater of the fully indexed rate or the Note rate + 2.0%	one of the units crictions on the property type cy up to 30% of the total gross  e last 12 months (i.e. driver's license, bill, or as the borrower's address) necks) the payment of rental ct 9 of the most recent 12 month period is not acceptable  Initial Fixed-Rate Period > 5  Qualify at the greater of the fully indexed rate or the Note rate  restrictive requirements te Financing	



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Assets/Reserves	Minimum contribution:  o \$0 for One unit  o \$0 for LTV/CLTV/HCLTV of 80% or less  o 3% for LTV /CLTV/HCLTV > 80%  o 3% required if sweat equity is being used  Reserves: Refer to the Fannie Mae guidelines					
Interested Party	LTV/CLTV > 90% LTV/CLTV 75.01-90% LTV/CLTV ≤ 75%			ITV/CITV < 75%		
Contribution (IPC)		3%	6%	102 00/3	9%	
Property Ownership	<ul> <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>					
Properties Listed for Sale	Limited Cash-Out: 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					
			Mortgage/Re	ntal History		
	• Re	fer to the Fannie Mae guid	delines			
			Installment	/Revolvig		
	• Re	fer to the Fannie Mae guid	delines			
		_	Derogator	y Credit		
		Derogatory Event		D	ischarge/Dismissal	
		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 sea	soning, DU will evaluate	
Credit		Deed-in-Lieu of Foreclosure		4 years		
Credit		Pre-foreclosure Sale				
	l l	Charge-Off of Mortgage Account				
				1t Ch	0#	
		Collections and Non-M 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		
	Note: Collection accounts reported as medical collections are not used in the DU risk					
	• Sti	udent loans in repayment,	deferment, or forbe	earance:		
	If   Then					
			g purposes			
			1 1 1			
		-				



Student Loans	Credit report shows \$0	<ul> <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> <li>If income-driven payment plan is \$0</li> <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> <li>Higher-priced mortgage loan 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> <li>Every refinance transaction must offer a documented, demonstrable, Net Tangible Benefit 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>		
Restrictions	Texas Limited Cash-Out Refinances  • 1-Unit primary residence transactions o Ineligible o Refer to the Texas Homestead Refinance Matrix (DU)		