

MATRIX:

Primary Residence – Owner Occupied^{1,2}				
Transaction	FICO	Number of Units	Maximum LTV/CLTV	DTI
Purchase, Rate/Term Refinance	620	1 – Unit	97	50%
		2 – Units	95	
		3 – 4 Units	95	

Footnotes

1. **When there are two or mor borrower, the minimum credit score is 620, with a DU Approve/Eligible**
2. **95.01% - 97% LTV / CLTV**
 - **Rate/Term Refinance:**
 - **Current mortgage being refinanced must be owned by Fannie Mae**
 - **The following are not permitted with an LTV > 95%**
 - **High Balance**
 - **Non-Occupant Co-borrowers**

Note: Additional LTV/FICO requirements may apply to loans >80% LTV due to mortgage insurance restrictions. Check with the MI company guidelines for details.

Manufactured Home Primary Residence – Owner Occupied^{1,2}				
Transaction	FICO	Number of Units	Maximum LTV/CLTV	DTI
Purchase, Rate/Term Refinance	620	1 – Unit	97	50%
			95	

Footnotes

1. **Must be multi-wide, (Single wide Manufactured Homes – not allowed)**
2. **When there are two or mor borrower, the minimum credit score is 620, with a DU Approve/Eligible**
3. **95.01% - 97% LTV / CLTV**
 - **Rate/Term Refinance:**
 - **Current mortgage being refinanced must be owned by Fannie Mae**
 - **The following are not permitted with an LTV > 95%**
 - **High Balance**
 - **Non-Occupant Co-borrowers**

Note: Additional LTV/FICO requirements may apply to loans >80% LTV due to mortgage insurance restrictions. Check with the MI company guidelines for details.

Highlights

- Min loan amount \$60,000.
- Min loan amount \$75,000 for properties located in NY and TX.
- Non-traditional Credit – Not Allowed
- Manual Underwriting – Not Allowed
- 620 Minimum Fico Score
- Borrowers without credit scores – Not Allowed
- Condos - 70% owner occupied presale required.
- Temporary buydowns – Not Allowed
- Single Wide Manufactured Home – Not Allowed
- Cooperatives – Not Allowed
- Sweat equity not allowed

Guidelines subject to change without notice. Items not covered will default to appropriate agency guidelines subject to Management and Credit Risk review.

	<ul style="list-style-type: none"> • DU “Approve Eligible” only: Expanded Approval is Not permitted • Florida Condominiums: Established Projects only, New Construction or Conversions NOT allowed. <ol style="list-style-type: none"> 1. LTV limited to Fannie Mae guides in accordance with Condominium review type. Example: 75% LTV for Florida Condominiums with Limited review. 	
Products:		
Program Codes	HomeReady	
	30 Year Fixed	10HRNR-20 30 YR FIXED HOMEREADY
	30 Year Fixed LPMI	10HRNRLPMI-20 30 YR FIXED HOMEREADY LPMI
Parameters and Underwriting:		
ATR and QM	<ul style="list-style-type: none"> • All loans must meet the Ability to Repay (ATR) and Qualified Mortgage (QM) provisions of the Dodd-Frank Act 	
Loan Limits	<ul style="list-style-type: none"> • Conforming Limits only • High Balance not allowed. 	
Eligible AUS Decision	<p>DU Approve/Eligible per Fannie Mae guidelines</p> <ul style="list-style-type: none"> • Enter loans into DU using the “Additional Data” screen, select “HomeReady Mortgage” to obtain DU decision indicating eligibility for HomeReady Mortgage program • DU findings must state that the loan casefile is eligible for delivery as a HomeReady Mortgage loan 	
Ineligible AUS Decisions	<ul style="list-style-type: none"> • DU Approve/Ineligible • Refer with Caution 	
Manual Underwrite	Not permitted	
Qualifying Rate	<ul style="list-style-type: none"> • Fixed Rate: Note rate, including temporary buydown 	
Types of Financing	<ul style="list-style-type: none"> • Purchase Mortgage • Rate & Term Refinance (Limited Cash-out Refi) 	
Incidental Cash Back	<ul style="list-style-type: none"> • Maximum incidental cash back to the borrower is lesser of \$2,000 or 2% <p>Texas homestead properties subject to 50(a)(6) may not receive any (\$0) cash back at closing. Refer to Texas 50(a)(6) Product Profile</p>	
Texas Owner-Occupied Properties	<ul style="list-style-type: none"> • Owner occupied properties with a first mortgage or second lien subject to Texas Section 50(a)(6) not permitted in this product. Refer to the Texas 50(a)(6) Product Profile. • A copy of the current mortgage or note is required to determine if the terms are subject to Texas Section 50(a)(6) (also known as Home Equity Deed of Trust, Home Equity Installment Contract or Residential Home Loan Deed of Trust) (Non-Delegated Clients only) 	

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- An existing Texas Section 50(a)(6) loan (either first or second mortgage) may be refinanced as a Texas non-Home Equity Section 50(f)(2) loan secured by a lien against the homestead subject to the following:
 - Max 80% LTV/CLTV
 - 12-month seasoning for any Texas Section 50(a)(6) loan (first or second)
 - Cash back not permitted
 - No additional funds may be included in the loan amount (except closing costs and prepaids)
 - No new subordinate financing
 - An Interior and Exterior Appraisal Report is required
 - Lender must provide the *Notice of Refinance of a Texas Home Equity Loan Pursuant to Subsection (f)(2)* no later than the third business day after the loan application date and at least 12 days prior to closing

Texas 50 (f)(2) Determination		
New loan amount pays off existing lien and...	Existing lien is non-50(a)(6), the new lien is...	Existing lien is 50(a)(6), the new lien is...
Provides even \$1 cash to borrower	Texas 50 (a)(6)	Texas 50 (a)(6)
Pays off/down existing 50(a)(6) lien with no cash to borrower	Texas 50 (a)(6)	Texas 50(f)(2)
Pays off/down existing 50(a)(6) lien with cash to borrower	Texas 50 (a)(6)	Texas 50 (a)(6)
New lien is < existing UPB (no new funds)	Non-Texas 50 (a)(6)	Texas 50(f)(2)
Funds, prepaids and/or closing costs	Non-Texas 50 (a)(6)	Texas 50(f)(2)
Pays off/down purchase money second	Non-Texas 50 (a)(6)	Texas 50(f)(2)
Pays off/down existing Secured Home Improvement loan (mechanic's lien)	Non-Texas 50 (a)(6)	Texas 50(f)(2)
Provides funds to satisfy a court-ordered divorce equity buyout (owelty lien)	Non-Texas 50 (a)(6)	Texas 50 (a)(6)

- Borrower may elect to have loan remain a Texas 50(a)(6). Refer to Texas 50(a)(6) product profile
- Once the borrower has completed a Texas 50(f)(2) any subsequent refinances of the homestead property may follow standard rate term refinance guidelines unless a cash-out refinance transaction

Properties Listed for Sale	<ul style="list-style-type: none"> • Property must be taken off the market before the disbursement date • Borrower provides written confirmation of intent to occupy if primary residence
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Occupancy	<ul style="list-style-type: none"> • Primary residence 				
Eligible Property Types	<ul style="list-style-type: none"> • 1-4 units • Leasehold estates • Modular home • PUDs • Nevada <ul style="list-style-type: none"> ○ The following are required for condo & PUD units in Nevada: <ul style="list-style-type: none"> • HOA dues for the subject unit must be current prior to closing. • HOA may not be seller of the subject unit. 				
Ineligible Property Types	<ul style="list-style-type: none"> • Condo hotels • Non-warrantable condos • Properties with a C5 and C6 condition rating • Cooperatives 				
Ineligible States	<ul style="list-style-type: none"> • Alaska 				
Eligible Borrowers	<ul style="list-style-type: none"> • U.S. citizens • Permanent resident alien • Non-permanent resident alien • Inter vivos revocable trust: Trust must be reviewed by through Second Signature 				
Non-Occupant Co-Borrower	<ul style="list-style-type: none"> • Max LTV/CLTV/HCLTV $\leq 95\%$ • CLTV $>95\%$ - Not Allowed 				
Housing Payment History	<ul style="list-style-type: none"> • Inclusive of all liens regardless of position • Applies to all mortgages on all financed properties • Follow DU Approve/Eligible 				
Borrower Contribution		Primary Residence		2-4 Units	
		$\leq 80\%$ LTV	$>80\%$ LTV	$\leq 80\%$ LTV	$>80\%$ LTV
	Borrower Investment	None	None	None	3%
	Gifts	Yes			
	<ul style="list-style-type: none"> • LTV includes LTV/CLTV/HCLTV 				
Cash on Hand	<ul style="list-style-type: none"> • Cash on hand may be used for the down payment and closing costs if the following is met: <ul style="list-style-type: none"> ○ 1-unit primary residence ○ Borrower customarily uses cash for expenses and the amount of funds saved is consistent with the borrower's previous payment practices. An example for determining the reasonableness of the amount of funds saved would be through the use of an income and expense budget ○ Credit report and other verifications indicate limited use of credit, or no depository relationship exists between the borrower and a financial institution ○ Borrower must provide a written and signed statement that discloses the source of funds and states that the funds have not been borrowed 				

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	<ul style="list-style-type: none"> ○ Sufficient funds for down payment and closing costs must be deposited into a financial institution or an acceptable escrow account at time of application or no less than 30 days prior to closing ○ The amount of cash on hand must be entered as “Cash on Hand” in the Assets section (Section VI) on the online loan application ○ DU will use the “Cash on Hand” amount to calculate the available funds to close ○ Cash on hand funds will not be used to calculate reserves
Seller Contributions	<ul style="list-style-type: none"> ● Primary Residence <ul style="list-style-type: none"> ○ 3% for LTV/CLTV > 90% ○ 6% for LTV/CLTV > 75% & ≤ 90% ○ 9% for LTV/CLTV ≤ 75%
Reserves	<ul style="list-style-type: none"> ● Follow DU reserve requirements ● Gift funds may be used to meet reserve requirements ● Cash on hand funds will not be used to calculate reserves
Income Requirements and Limits	<ul style="list-style-type: none"> ● Qualifying income from all borrowers who will be on the Note must be included ● Only the income used to qualify the borrowers must be included in the income limits ● DU will determine income eligibility: <ul style="list-style-type: none"> ○ Income must not exceed 80% AMI for the subject property location <p>See Income Eligibility by Census Tract Lookup tool to determine eligibility</p>
Rental Income from Boarder	<ul style="list-style-type: none"> ● Income from a boarder (related or non-related) can be included in the monthly income if the following are met: <ul style="list-style-type: none"> ○ 1-unit ○ The boarder must have resided with (and paid rent to) the borrower for the last 12 months ○ Provide documentation to evidence residency with the borrower (e.g., copy of driver’s license, monthly bills, bank statement that shows the boarder’s address as being the same as the borrower’s address) ○ Provide evidence of payment of rental payments (such as cancelled checks) to borrower for: <ul style="list-style-type: none"> ▪ last 12 months or ▪ at least nine of the most recent 12 months provided the rental income is averaged over a 12 month period ○ Payment of rent by the boarder directly to a third party is not acceptable ○ The boarder will continue to reside with the borrower ○ The amount of rental income may not exceed 30% of the total qualifying income for the mortgage (if rental income exceeds 30%, reduce the amount of income to not more than 30% and use that figure for qualifying income and AMI limitations) ○ Boarder may not be obligated on the note or have an ownership interest in the property
Rental Income	<ul style="list-style-type: none"> ● 1-unit

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from ADU	<ul style="list-style-type: none"> • Primary residence • Purchase: Single Family Rent Schedule (Fannie Mae Form 1007) required • Refinance <ul style="list-style-type: none"> ○ Single Family Rent Schedule (Fannie Mae Form 1007) required, or ○ Lease agreement with an explanation for why the lease agreement is being used in lieu of Schedule E
IRS Form 4506-C	<ul style="list-style-type: none"> • Signed 4506-C for each borrower whose income must be documented with tax returns and used for qualification (self-employment, rental income, etc.) • At Closing (all loans) <ul style="list-style-type: none"> ○ 4506-C for each borrower whose income is used to qualify (regardless of income type) must be signed at closing even if DU Validation Service waives the requirement. ○ 4506-C for the business tax return transcript(s) must be signed at closing when the business returns are used for qualification even if DU Validation Service waives the requirement.
Number of Financed Properties	<ul style="list-style-type: none"> • New multiple loans must be underwritten simultaneously • Maximum two financed properties including the subject property • Properties owned by non-occupant co-borrower are not included
Appraisals	<ul style="list-style-type: none"> • Follow DU Approve/Eligible • Appraisal Waiver <ul style="list-style-type: none"> ○ Must be dated within four months from the DU offer date to the note date ○ Not permitted if appraisal has already been obtained • Kansas Primary Residence <ul style="list-style-type: none"> ○ A valuation is required for primary residences. One of the following may be used to determine value: <ul style="list-style-type: none"> • Most recent tax assessment value by county • 2055 Drive-by Appraisal Report • Required AVM from one of the following (CoreLogic, Freddie Mac HVE, Black Knight Collateral Analytics) ○ If the LTV exceeds 100%, a Kansas High Loan-to-Value Notice must be provided to the borrower not less than three days prior to closing and a copy of the valuation provided to the borrower.
Escrow Waiver	<p>Escrow Waiver Eligibility</p> <ul style="list-style-type: none"> • Max LTV ≤ 80% <ul style="list-style-type: none"> ○ CA: LTV < 90% ○ NM: LTV < 80% ○ Escrows may not be waived for first-time homebuyer (FTHB) or borrowers who exhibit recent delinquencies • FTHBs may be considered on a case-by-case basis with a demonstrated ability to save (reserves) and strong residual income
Principal	A principal curtailment is permitted up to the lesser of 2% of the loan amount or \$2,500

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<p>Curtailment</p> <p>Home Ownership Education/ Counseling</p>	<ul style="list-style-type: none"> • Purchase only • Must be completed prior to the Note date • At least one borrower must complete homebuyer education when all borrowers are first time homebuyers • Document certificate of course completion • The following types of homeownership education are acceptable: <ul style="list-style-type: none"> ○ Third Party provider content aligned with the National Industry Standards (NIS) for Homeownership Education and Counseling ○ Fannie Mae’s free, online homeownership education course, HomeView, Modules 1 through 7 ○ Programs provided by HUD approved counseling agencies, Housing Finance Agencies or Community Development Financial Institutions ○ Community Seconds program or other down payment assistance (DPA) requirement for completion of homeownership education or counseling provided by a HUD-approved counseling agency. Housing counseling must have been completed prior to closing
<p>MI Eligible Providers</p>	<p>MI company must be acceptable to Fannie Mae</p>
<p>MI Eligible Programs</p>	<p>Borrower Paid Mortgage Insurance</p> <ul style="list-style-type: none"> • Monthly plans • Lender-Paid Mortgage Insurance <ul style="list-style-type: none"> ○ Client ordered <ul style="list-style-type: none"> ▪ Must be activated and remitted to MI company • Single-premium • Split-premium • Financed MI <ul style="list-style-type: none"> ○ MI coverage is based on LTV excluding financed premium ○ LTV including financed premium may not exceed LTV limitations for product
<p>MI Ineligible Programs</p>	<ul style="list-style-type: none"> • Reduced or custom mortgage insurance • Lender annual plans • Lender-paid monthly plans

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MI Coverage	<ul style="list-style-type: none"> • Private Mortgage Insurance is required for all loans >80% LTV • Consult individual MI company guidelines • Use the lesser of the sales price or appraised value to determine the appropriate coverage <ul style="list-style-type: none"> ○ NY State: Use the appraised value to determine if mortgage insurance is required <table border="1" data-bbox="431 445 1515 919"> <thead> <tr> <th style="text-align: center;">LTV</th> <th style="text-align: center;">Standard Coverage</th> </tr> </thead> <tbody> <tr> <td colspan="2" style="text-align: center;">All ARMs and Fixed Rate: >20-year Term</td> </tr> <tr> <td style="text-align: center;">95.01% to 97%</td> <td style="text-align: center;">25%</td> </tr> <tr> <td style="text-align: center;">90.01% to 95%</td> <td style="text-align: center;">25%</td> </tr> <tr> <td style="text-align: center;">85.01% to 90%</td> <td style="text-align: center;">25%</td> </tr> <tr> <td style="text-align: center;">80.01% to 85%</td> <td style="text-align: center;">12%</td> </tr> <tr> <td colspan="2" style="text-align: center;">Fixed Rate: ≤ 20-year Term</td> </tr> <tr> <td style="text-align: center;">95.01% to 97%</td> <td style="text-align: center;">25%</td> </tr> <tr> <td style="text-align: center;">90.01% to 95%</td> <td style="text-align: center;">25%</td> </tr> <tr> <td style="text-align: center;">85.01% to 90%</td> <td style="text-align: center;">12%</td> </tr> <tr> <td style="text-align: center;">80.01% to 85%</td> <td style="text-align: center;">6%</td> </tr> </tbody> </table>	LTV	Standard Coverage	All ARMs and Fixed Rate: >20-year Term		95.01% to 97%	25%	90.01% to 95%	25%	85.01% to 90%	25%	80.01% to 85%	12%	Fixed Rate: ≤ 20-year Term		95.01% to 97%	25%	90.01% to 95%	25%	85.01% to 90%	12%	80.01% to 85%	6%
LTV	Standard Coverage																						
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Ineligible Programs	<ul style="list-style-type: none"> • Fannie Mae HFA Preferred program • Fannie Mae Homestyle • Fannie Mae MH Advantage • Fannie Mae Rural High-Needs Appraisal Waiver (appraisal waiver with home inspection) 																						