

Conventional—97% LTV Options

updated 4/22/2020

	<u>Freddie Mac Home Possible—97% LTV</u>	<u>Freddie Mac HomeOne Mortgage – 97% LTV</u>	<u>Fannie Mae HomeReady—97% LTV</u>	<u>Fannie Mae Standard—97% LTV</u>
Max Mortgage	1 Unit = \$510,400 2 Unit = \$653,550 3 Unit = \$789,950 4 Unit = \$981,700	1 Unit = \$510,400 2 Unit = \$653,550 3 Unit = \$789,950 4 Unit = \$981,700	1 Unit = \$510,400 2 Unit = \$653,550 3 Unit = \$789,950 4 Unit = \$981,700	1 Unit = \$510,400 2 Unit = \$653,550 3 Unit = \$789,950 4 Unit = \$981,700
Credit Score	620, but due to MI requirements borrowers under 680 may benefit from FHA Financing due to MI amounts – price comparison is strongly suggested	620, but due to MI requirements borrowers under 680 may benefit from FHA Financing due to MI amounts – price comparison is strongly suggested	620, but due to MI requirements borrowers under 680 may benefit from FHA Financing due to MI amounts – price comparison is strongly suggested	620, but due to MI requirements borrowers under 680 may benefit from FHA Financing due to MI amounts – price comparison is strongly suggested
Max LTV	97%--1 unit 95% for 2 – 4 unit owner occupied 95% for MFH	97% - 1 unit	97%--1 unit 85% - 2 unit 75% 3 - 4 Unit 95% - MFH	97%--1 unit 85% - 2 unit 75% - 3-4 Unit 95% - MFH
Max CLTV	105% (w/Community Second)	105% (w/Affordable Second)	105% (w/Community Second)	105% (w/Community Second)
Occupancy	<ul style="list-style-type: none"> Ownership of other property permitted without any restrictions. Borrower must meet DTI requirements per AUS Non occupant co-borrower <i>is</i> allowed based on certain conditions 	<ul style="list-style-type: none"> Owner Occupied only Non occupant co-borrower is not allowed Occupying borrower may not have any ownership in any other residential property at time of closing 	<ul style="list-style-type: none"> Owner-Occupied Only Non-borrowing household member can be added as a comp factor to approve a DTI from 45% to 50%***Once the DU release on 7/29/17, the occupant borrower will be allowed to go to a max of 50% DTI without a non-occupant Owner Occupant may own other residential properties Non occupant co-borrower permitted 	<ul style="list-style-type: none"> Owner-Occupied Only...all borrowers must live in the house Occupying borrower may not have any ownership in any other residential property at time of closing Non occupant co-borrower permitted w/ reduction in LTV to 95%
Pricing	<ul style="list-style-type: none"> LLPA's a waived on all LTVs >80% with credit scores above 680 LLPA's are capped at 1.50 under 680 	<ul style="list-style-type: none"> LLPA's are included in the pricing of this loan. 	<ul style="list-style-type: none"> LLPA's a waived on all LTVs >80% with credit scores above 680 LLPA's are capped at 1.50 under 680 	<ul style="list-style-type: none"> All LLPA's apply
Income Limits	<ul style="list-style-type: none"> Total annual qualifying income limit is 80% of Area Median Income (AMI), effective July 28, 2019. 	No limits	<ul style="list-style-type: none"> 80% of AMI in all census tracts. HomeReady income limits are integrated in DU 	No limits
Property Types	The property must be a one-unit principal residence, including condos, co-ops, and planned unit developments (PUDs).	1-unit properties, including condominiums and units in PUD's. Manufactured housing is not permitted Accessory Dwelling Unit is not permitted	The property must be a one-unit principal residence, including condos, co-ops, and planned unit developments (PUDs). Manufactured housing is permitted.	The property must be a one-unit principal residence, including condos, co-ops, and planned unit developments (PUDs). Manufactured housing is not permitted.

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	<p>Manufactured housing allowed with a reduction of LTV to 95%. All manufactured home requirements must be met per selling guide</p> <p>2 – 4 unit owner occupied property is allowed – LTV will be limited to 95%</p> <p>Accessory Dwelling Unit is not permitted</p>		<p>2-4 unit principal residence</p> <p>Accessory Dwelling Unit is permitted and rental income can be considered for qualifying income – Follow FNMA Rental guidelines</p>	<p>Accessory Dwelling Unit - rental income will not be allowed to be used for the ADU. Follow rent guidelines per FNMA Selling Guide. Appraisal must state the unit is an ADU and not a separate residence</p>
1 st Time Homebuyer	Home Possible mortgage does not require that borrowers be first-time home buyers.	At least one borrower must be a first-time homebuyer when the mortgage is a purchase transaction mortgage.	HomeReady mortgage does not require that borrowers be first-time home buyers.	<ul style="list-style-type: none"> At least one borrower is required to be a 1st Time Homebuyer <i>First-time home buyer:</i> An individual is to be considered a first-time home buyer who (1) is purchasing the security property; (2) will reside in the security property as a principal residence; and (3) had no ownership interest (sole or joint) in a residential property during the three-year period preceding the date of the purchase of the security property. In addition, an individual who is a displaced homemaker or single parent also will be considered a first-time home buyer if he or she had no ownership interest in a principal residence (other than a joint ownership interest with a spouse) during the preceding three-year time period.
MI Coverage	<ul style="list-style-type: none"> 25% MI coverage for LTV ratios of 90.01–97% Drops off when LTV reaches 80% 97% LTV / 25% Coverage MI Choose “Constant” renewal 	<ul style="list-style-type: none"> 35% coverage for 97% LTV Following findings requirements is a lower LTV is applicable using this program. Drops off when LTV reaches 80% Constant renewal should be chosen 	<ul style="list-style-type: none"> 25% MI coverage for LTV ratios of 90.01–97% Drops off when LTV reaches 80% Choose “Constant” renewal 	<ul style="list-style-type: none"> 35% MI coverage for LTV ratios of 95.01–97% Drops off when LTV reaches 80% Choose “Constant” renewal

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Reserves	Per AUS	Per AUS	Per AUS	Per AUS
Borrower Contribution	No minimum contribution from Borrower Personal Funds is required for 1 unit property 2 – 4 unit proper requires 3% minimum investment from borrower	No minimum contribution from borrowers personal funds is required	No minimum contribution from Borrower Personal Funds is required if the home is a 1-unit residence. If the home is 2-4 unit residence, 3% down payment must be from borrowers own funds	No minimum contribution from Borrower Personal Funds is required
MAX DTI	Determined by Loan Product Advisor MI will not allow above 45% DTI unless credit score is above 700	<ul style="list-style-type: none"> Per Loan Product Advisor MI will not allow above 45% DTI unless credit score is above 700 	<ul style="list-style-type: none"> Determined by DU MI will not allow above 45% DTI unless credit score above 700 	Determined by DU MI will not allow above 45% DTI unless credit score is above 700
Refinance	Not allowed	<ul style="list-style-type: none"> No cash out refinance allowed to 97% LTV >95% - the mortgage being refinanced must be owned or securitized by Freddie Mac TLTV >95% and secondary financing is not an Affordable Second, the mortgage being refinance must be owned or securitized by Freddie Mac 	<ul style="list-style-type: none"> Limited Cash-Out Refinance Transactions allowed to 95% LTV if loan is not owned or guaranteed by FNMA. 97% LTV if FNMA owns the mortgage or guaranteed the mortgage. The lender is responsible for verifying that the existing mortgage is currently owned or securitized by Fannie Mae. Use Fannie Mae's Loan Lookup tool 	<ul style="list-style-type: none"> Limited Cash-Out Refinance Transactions allowed to 97% The lender is responsible for verifying that the existing mortgage is currently owned or securitized by Fannie Mae. Use Fannie Mae's Loan Lookup tool

Homebuyer Ed	<ul style="list-style-type: none"> Borrowers who are all first-time homebuyers or if all occupying borrowers are first time homebuyers, at least one occupying borrower must receive homebuyer counseling If a 2 – 4 unit property, borrower must complete Landlord Education requirements for purchase transactions Visit www.freddiemac.com for acceptable homebuyer education courses – currently using CreditSmart. 	<ul style="list-style-type: none"> Required for at least one qualifying borrower if all borrowers are First Time Homebuyers Visit www.freddiemac.com for acceptable homebuyer education courses – currently using CreditSmart. A cost may be applicable – currently free to borrowers 	<p>If all occupying borrowers are first-time homebuyers then at least one borrower must complete homebuyer education, regardless of LTV</p> <p>https://homeready.frameworkhomeownership.org/</p> <ul style="list-style-type: none"> Cost: \$75 	<p>For purchase transactions with LTV, CLTV, or HCLTV > 95%, if all occupying borrowers are first-time homebuyers, then at least one borrower must complete homeownership education, regardless of the product chosen. For details see Homeownership Education and Housing counseling FAQs.</p>
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	<ul style="list-style-type: none"> A cost may be applicable – currently free to borrowers 			
Assets	<ul style="list-style-type: none"> Borrower’s Personal Funds Gifts, grants, and Community Seconds® can be used as a source of funds for down payment and closing costs Other eligible sources... see Freddie Seller Guide: 4501.10(c)(ii) & (iii) 	<ul style="list-style-type: none"> All funds use to qualify borrowers , including, but not limited to, funds for down payment, closing costs and reserves, must come from the eligible sources described in Guide Section 5501.3 Gift funds are eligible 3% Interested Party Contributions are allowed 	<ul style="list-style-type: none"> Gifts, grants, and Community Seconds® can be used as a source of funds for down payment and closing costs, with no minimum contribution required from the borrower’s own funds (1-unit properties). Any eligible loan may have more than one Community Seconds (i.e., third lien) up to the maximum 105 percent CLTV 	<ul style="list-style-type: none"> Gifts, grants, and Community Seconds® can be used as a source of funds for down payment and closing costs, with no minimum contribution required from the borrower’s own funds (1-unit properties).
Other REO	<ul style="list-style-type: none"> Effective September 16, 2019: the occupying borrowers must not have an ownership interest in more than two financed residential properties, including the subject property, as of the note date 	The borrower may not, at the time of closing, have any ownership interest in any other residential properties.	Borrower(s) who intend to occupy the property may have an ownership interest in other residential property at the time of loan closing.	Occupant borrower(s) may own one other finance residential property (in addition to the subject property) at the time of closing
Accessory Dwelling Units	<ul style="list-style-type: none"> Rental income from a 1-unit primary residence that meets the requirements of Guide Section 4501.9(a) may be considered as stable monthly income. 	<ul style="list-style-type: none"> Not permitted 	<ul style="list-style-type: none"> One-unit properties with accessory units are eligible for delivery to Fannie Mae, including instances in which the accessory unit does not comply with zoning requirements. The appraisal report must meet specified requirements. Refer to Selling Guide section B4-1.3-05 for details. Acceptable income sources permitted only for HomeReady loans include rental income from a 1-unit property with an accessory dwelling unit (such as a basement apartment) Lenders may obtain a Fannie Mae Single-Family Comparable Rent Schedule (Form 1007) from the appraiser. Even though the form applies to a single-family investment property, Fannie Mae will 	<ul style="list-style-type: none"> One-unit properties with accessory units are eligible for delivery to Fannie Mae, including instances in which the accessory unit does not comply with zoning requirements. The appraisal report must meet specified requirements. Refer to Selling Guide section B4-1.3-05 for details.

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			accept the use of this form with an explanation from the appraiser that the estimated market rent is for the rental of an accessory unit on a 1-unit, principal residence property, and that the information reported on the form is specific to the accessory unit. Rental income used for qualifying purposes can then be calculated in accordance with Selling Guide section B3-3.1-08, Rental Income.	
Links to Info:	<ul style="list-style-type: none"> • Freddie Single Family Seller/Service Guide • Home Possible web page • Freddie Mac Home Possible® Mortgages Fact Sheet • Home Possible Advantage: A Smart Choice • Why Choose Home Possible Advantage? • Home Possible: At a Glance 	<ul style="list-style-type: none"> • Freddie Mac Selling Guide • HomeOne Fact Sheet 	<ul style="list-style-type: none"> • Fannie Selling Guide: Part B • HomeReady FAQ 13 pages • 97% Options FAQ 4 Pages • Expanded 97% LTV Options • HomeReady web page • HomeReady eLearning overview course • HomeReady eLearning training for loan officers • Marketing Materials • Homeownership Education FAQ 	<ul style="list-style-type: none"> • Fannie Selling Guide: Part B • 97% Options FAQ 4 Pages • Expanded 97% LTV Options