



HOME READY NEW PURCHASE LOAN PROGRAM

Helping meet the diverse needs of today's buyers

BACKGROUND:

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.

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.**
- Conventional home financing with cancellable monthly MI; reduced MI coverage requirement above 90% LTV 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 offers an easy-to-use, online course.

INCOME ELIGIBILITY:

No income limit.

Properties in low-income census tracts	31% of census tracts
100% of Area Median Income (AMI): Properties in high-minority census tracts & designated disaster areas	20% of census tracts
80% of AMI: All other properties	49% of all U.S. census tracts

PRODUCT FEATURES:

- Desktop Underwriting (DU) will automatically identify potentially eligible loans.
- Underwriting flexibilities include:

♣ Offers an innovative new feature that supports extended family households: will consider income from a non-borrower household member as a compensating factor in DU to allow for a debt-to-income (DTI) **ratio >45% to 50%**.

♣ **Allows non-occupant borrowers, such as a parent.**

♣ **Permits rental income from an accessory dwelling unit (such as a basement apartment).**

♣ **Allows boarder income** (updated guidelines provide documentation flexibility).

• To be eligible for the **closing cost assistance (up to 3%) and the reimbursement of the training cost:**

Buyers must complete the full online Ready Buyer training course and receive the Certificate of Completion.

The buyer must be a first-time homebuyer (did not own a property in the past three years) with plans to reside in the property as their primary residence. The request for closing cost assistance must be made at the initial offer.

• **Allows for nontraditional credit.**

• **Gifts, grants, Community Seconds[®], and cash-on-hand permitted as a source of funds for down payment and closing costs.**

• Supports manufactured housing up to 95% and HomeStyle[®] Renovation (approved lenders) to 95%.

HOMEOWNERSHIP EDUCATION:

Requires online course provided by Framework (Fannie Mae online site), and offers additional post-purchase support through the life of the loan to help ensure sustainable homeownership.

• Borrowers will invest 4–6 hours (average) of their time and a modest fee of \$75 (paid to Framework) to learn the fundamentals of buying and owning a home, take an online test, and receive a certificate of completion.

• Although one-on-one counseling is optional for HomeReady, Framework will offer borrowers a referral to a HUD-approved counseling agency for additional assistance. Borrowers also have the option to consult a counselor of their choice.

• To further promote sustainability, borrowers will have access to post-purchase homeownership support for the life of the loan through Framework's homeownership advisor service.

FOR INFORMATION CONTACT:

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AFFORDABLE HOME LOANS

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