

FNMA HomeReady and FHLMC Home Possible Comparison Matrix

	Fannie Mae HomeReady Program	Freddie Mac Home Possible Program
LTV/CLTV Requirements	<ul style="list-style-type: none"> • 1 Unit: 97/97* with 620 credit score • 2 Unit: 85/85* with 620 credit score • 3-4 Unit: 75/75* with 620 credit score <p>*Maximum CLTV is 105% with Community Second Secondary Financing</p>	<ul style="list-style-type: none"> • Home Possible: 1-4 Unit: 95/95 with AUS Cert minimum credit score of 620 • Home Possible Advantage: 1-Unit Only: 97/105* with AUS Cert minimum credit score of 620 <p>*Maximum CLTV is 105% with Community Second Secondary Financing</p>
First Time Homebuyer	Not required	Not required
Borrower Contribution	<ul style="list-style-type: none"> • Not required on 1 units • 3% required on 2-4 units 	Not required on 1-4 units
Reserves	Determined by DU	Determined by LP
Ratios	<p>Maximum debt to income ratio of 50%*</p> <p>* DU 10.1 or later, max DTI 45% with ratios allowed to 50% with specific requirements on DU 10.0 and earlier</p>	Maximum debt to income ratio of 50%
Submissions	DU Only	LPA Only
Minimum MI Coverage	6% - 25% depending on the LTV and term	6% - 25% depending on the LTV and term
Occupancy	All borrowers must occupy unless 95% LTV or lower	All borrowers must occupy
Income Limits	<ul style="list-style-type: none"> • No income limits in low-income census tracts, defined as tracts where the median income is no greater than 80% Area Median Income (AMI). • Total annual qualifying income may not exceed 100% of area median income (AMI) for all other properties. - Does not include non-borrower household member income. • Lenders must use AMI's used by Fannie Mae in DU or on FNMA's website. <ul style="list-style-type: none"> • https://homeready-eligibility.fanniemae.com/homeready/ 	<ul style="list-style-type: none"> • Borrowers' annual income cannot exceed 100% of the AMI limits unless in a designated high-cost areas and can then exceed the 100% AMI • No income limits apply if the property is located in an Underserved Area • All reported income that is verified and meets the criteria for stable monthly income must be used to qualify the borrower and submitted to LPA <ul style="list-style-type: none"> • http://www.freddie.com/homepossible/eligibility.html
Non-Borrower Household Income	<ul style="list-style-type: none"> • Not applicable with DU 10.1 • With DU 10.0: Permitted as compensating factor only for 45-50% DTI* 	Not allowed

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Rental Income	Allowed for 1-unit properties (must meet certain requirements – boarder income) Allowed if the subject property is a 2-4 unit	Allowed for 1-unit properties (must meet certain requirements – boarder income) Allowed if the subject property is a 2-4 unit
Boarder Income	Allowed, with specific requirements	Allowed, with specific requirements
CLTV	<ul style="list-style-type: none"> • 95% if non-Community Second • 105% if Community Second 	<ul style="list-style-type: none"> • 95% if non-Affordable Second • 105% if Affordable Second
Loan Programs	30-year fixed rate	30-year fixed rate
UW Submission	DU Only	LPA Only
GSE Must Be Owner of Existing Loan	For Rate/Term Refinance above 95% LTV, property must be currently Fannie Mae Owned	N/A
Homebuyer Education Requirements/Providers	<p>At least one borrower on each HomeReady purchase transaction must complete the Framework® online education program.</p> <p>Exceptions:</p> <ul style="list-style-type: none"> • HomeReady loans that involve a Community Seconds or down payment assistance program - buyers may take the homebuyer education associated with that program. • The presence of a disability, lack of Internet access, and other issues may indicate that a consumer is better served through other education modes (for example, in-person classroom education or via a telephone conference call). • Borrowers who have already completed housing counseling are not required to complete the Framework course. 	Required for at least one borrower when all are FTHBs. Free online counseling is available through MGIC or Freddie Mac
Credit Scores	<ul style="list-style-type: none"> • PRMG will require a minimum 620 credit score 	<ul style="list-style-type: none"> • PRMG will require a minimum 620 credit score Freddie Mac and LPA requirements must be met.

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Derogatory Credit	<p>Bankruptcy – Chapter 7 or 11: 4 years</p> <p>Bankruptcy – Chapter 13: 2 years from discharge date; 4 years from dismissal date</p> <p>Multiple BK Filings: 5 years if more than one filing within the past 7 years</p> <p>Foreclosure:</p> <ul style="list-style-type: none"> • 7 years • 3 years with documented extenuating circumstances allowed subject to: <ul style="list-style-type: none"> - up to the lesser of 90% LTV/CLTV or the max LTV/CLTV per the eligibility matrix, - purchase of an OO, or - rate and term of any occupancy • If a mortgage debt was discharged through a bankruptcy, the bankruptcy waiting periods may be applied if the lender obtains the appropriate documentation to verify that the mortgage obligation was discharged in the bankruptcy. Otherwise, the greater of the applicable bankruptcy or foreclosure waiting periods must be applied. <p>Deed-in-Lieu of Foreclosure, Preforeclosure (Short) Sale, Mortgage Charge-Off:</p> <ul style="list-style-type: none"> • 4 years • 2 years with documented extenuating circumstances 	<p>No specific waiting times with an LPA Accept. All derogatory events must be reflected on the credit report in order for the LPA accept to be valid.</p>
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