

## Fannie Mae HomeReady / Freddie Mac Home Possible Comparison

Topic	Fannie Mae HomeReady	Freddie Mac Home Possible
<b>Occupancy</b>	<ul style="list-style-type: none"> <li>95.01% - 97% LTV: 1-unit (current loan must be owned by FNMA if refi)</li> <li>1-4 unit owner-occupied</li> </ul>	<ul style="list-style-type: none"> <li>95.01% - 97% LTV: 1-unit owner-occupied</li> <li>≤ 95.01%: 1-4 unit owner-occupied</li> </ul>
<b>Loan Amount</b>	<ul style="list-style-type: none"> <li>Conforming only &gt; 95% LTV</li> <li>Conforming and high balance ≤ 95% LTV</li> </ul>	<ul style="list-style-type: none"> <li>Conforming only: &gt; 95% LTV</li> <li>Conforming and Super Conforming: ≤ 95% LTV</li> </ul>
<b>Maximum LTV</b>	<ul style="list-style-type: none"> <li>1-unit: 97% /105% LTV/CLTV - Community Second required to use 105% CLTV</li> <li>1-unit 95%/95% LTV/CLTV – Standard secondary financing eligible</li> <li>2-units 85% LTV/CLTV</li> <li>3-4 units 85% LTV/CLTV</li> </ul>	<ul style="list-style-type: none"> <li>1-unit: 97% LTV/97% CLTV/105% HCLTV <ul style="list-style-type: none"> <li>97.01%-105% CLTV: Affordable Second required; HELOC ineligible</li> <li>95.01-97% CLTV: Standard subordinate financing eligible, including HELOC</li> </ul> </li> <li>1-unit: 95% LTV/CLTV:</li> <li>2-4 units 85%/95% LTV/CLTV (conforming loan amounts)</li> <li>2-units: 85%/85% LTV/CLTV (super conforming loan amounts)</li> <li>3-4 units: 80%/80% LTV/CLTV (super conforming loan amounts)</li> </ul>
<b>Transaction Types</b>	<p>Purchase and rate/term refinance</p> <p>NOTE: Refinance &gt;95% LTV <b>requires</b> loan being refinanced to be owned by Fannie Mae</p>	<p>Purchase and rate/term refinance</p> <p>NOTE: Refinance &gt;95% LTV does <b>not</b> require the loan being refinanced to be owned by Freddie Mac</p>
<b>Income Limits</b>	80% of the AMI where the property is located <b>including</b> properties in low-income census tracts	80% of the AMI where the property is located <b>including</b> properties in low-income census tracts
<b>Income Eligibility</b>	<a href="#">HomeReady Income Eligibility Look-Up Tool</a>	<a href="#">Home Possible Income &amp; Eligibility</a>
<b>Borrower Own Funds</b>	<ul style="list-style-type: none"> <li>1-unit: Borrower own funds not required</li> <li>2-4 units: 3% borrower own funds required</li> </ul>	<ul style="list-style-type: none"> <li>1-unit: Borrower own funds not required</li> <li>2-4 units: 3% borrower own funds required</li> </ul>
<b>Non-Occupant Co-Borrower</b>	Eligible	Eligible on 1-unit property only Income must be included when determining income eligibility
<b>Borrower May Own Other Property</b>	Yes	Yes, with no restrictions
<b>Sweat Equity</b>	No	<b>No</b>
<b>Rental/Boarder Income Eligibility for 1-unit</b> Note: FNMA uses the term: "boarder"; FHLMC refers to as "rental"	Boarder income eligible	Rental income eligible (minimum 9 months receipt acceptable) NOTE: If < 12 months receipt income must be averaged over 12 months

## Fannie Mae HomeReady / Freddie Mac Home Possible Comparison

Topic	Fannie Mae HomeReady	Freddie Mac Home Possible
<b>Cash-on-Hand</b>	<p>Eligible on 1-unit only ; eligible for</p> <ul style="list-style-type: none"> <li>Down payment,</li> <li>Funds to close,</li> <li>Prepays</li> </ul> <p><b>Cannot</b> be used to satisfy reserves (if required)</p> <p><b>Requirements:</b></p> <ul style="list-style-type: none"> <li>Borrower must customarily pay cash and cash-on-hand is consistent with borrower's payment practices, <b>and</b></li> <li>Documentation the funds for down payment and closing costs are deposited in a financial institution or acceptable escrow account at time of application or <b>at least 30 days prior to loan closing, and</b></li> <li>Borrower to provide written statement that the cash-on-hand is not borrowed funds, <b>and</b></li> <li>The credit report validates the borrower's limited or no use of credit and a limited or no relationship with a bank, credit union, etc.</li> </ul>	<p>Eligible 1-4 units; eligible for</p> <ul style="list-style-type: none"> <li>Down payment,</li> <li>Funds to close,</li> <li>Prepays, and</li> <li>Reserves</li> </ul> <p><b>Requirements:</b></p> <ul style="list-style-type: none"> <li>Borrower must customarily pay cash and cash-on-hand is consistent with borrower's payment practices, and there is no indication the borrower typically uses checking, or savings accounts, <b>and</b></li> <li>The underwriter must complete Freddie Mac Exhibit 23 Monthly Budget and Residual Analysis form, <b>and</b></li> <li>Copies of 6 months' cash receipts or other alternative documentation (direct verification, wire transfer) to verify the borrower customarily pays cash for recurring obligations (e.g. rent, utilities, revolving, installment, etc. receipts), <b>and</b></li> <li>Copies of 3 months of any open revolving account to document the source of the cash-on-hand is not a cash advance, <b>and</b></li> <li>The credit report obtained at time of loan application does not show more than 3 tradelines, <b>and</b></li> <li>An updated credit report obtained approximately 1 week prior to close is required to document there are no new accounts or any substantial increase to an increase to the account that is near or above the amount of cash provided by the borrower, <b>and</b></li> <li>Evidence the funds have been deposited into a financial institution or acceptable escrow account <b>prior to loan closing</b></li> </ul>
<b>Manufactured Home</b>	Eligible; maximum 95% LTV/CLTV	<ul style="list-style-type: none"> <li>Eligible; maximum 95% LTV/CLTV</li> <li>95%.01% to 97% LTV: Ineligible</li> </ul>
<b>Homeownership Education / Counseling</b>	Required on <b>all</b> purchase transactions. A Certificate of Completion required	<ul style="list-style-type: none"> <li>1-unit purchase transactions required only when all <b>borrowers are first time homebuyers.</b></li> <li>2-4 unit purchase transactions: Landlord education required</li> </ul>
<b>Homeownership Education Providers</b>	<ul style="list-style-type: none"> <li>Framework Homeownership (\$75 online course)</li> <li>HUD approved housing counseling agency</li> <li>Education provided by the Community Second/DPA program that is HUD approved</li> </ul>	<ul style="list-style-type: none"> <li>Freddie Mac's CreditSmart Curriculum (free online course)</li> <li>HUD approved housing counseling agency</li> <li>Housing Finance Agencies or Community Development Financial Institutions</li> <li>Homeownership Education developed by Mortgage Insurance companies that meets National Industry Standards for Homeownership Education and Counseling standards</li> </ul>

## Fannie Mae HomeReady / Freddie Mac Home Possible Comparison

Topic	Fannie Mae HomeReady	Freddie Mac Home Possible
<b>Landlord Education</b>	N/A – not required	Required on 2-4 unit purchase transactions if all borrowers are first time home buyers HomeBridge eligible landlord education providers: <ul style="list-style-type: none"> <li>• Genworth Mortgage Insurance</li> <li>• Radian Mortgage Insurance</li> </ul> NOTE: Requires HomeBridge to register the borrower for landlord training in order for the borrower to receive a Completion Certificate
<b>Mortgage Insurance</b>	Lower coverage at 90.01% to 97%: 25%	Lower coverage at 90.01% to 97%: 25%
<b>3-4 Units Mortgage Insurance</b>	N/A - maximum LTV for 3-4 units is 75% so mortgage insurance not required	Mortgage insurance must be provided by Genworth or Radian
<b>Reserves</b>	Per DU	Per LPA
<b>Unsecured Borrowed Funds</b>	Ineligible	Eligible from: <ul style="list-style-type: none"> <li>• An Agency (a sponsor or provider such as an agency of the federal, state, local or municipal government, non-profit community or religious organization (excluding credit unions), the borrower's employer, or a regional Federal Home Loan Bank under one of its affordable housing programs), or</li> <li>• A relative</li> </ul>