

Fannie Mae HomeReady / Freddie Mac Home Possible Comparison

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

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Cash-on-Hand	<p>Eligible on 1-unit only ; eligible for</p> <ul style="list-style-type: none"> • Down payment, • Funds to close, • Prepays <p>Cannot be used to satisfy reserves (if required)</p> <p>Requirements:</p> <ul style="list-style-type: none"> • Borrower must customarily pay cash and cash-on-hand is consistent with borrower’s payment practices, and • Documentation the funds for down payment and closing costs are deposited in a financial institution or acceptable escrow account at time of application or at least 30 days prior to loan closing, and • Borrower to provide written statement that the cash-on-hand is not borrowed funds, and • 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. 	<p>Eligible 1-4 units; eligible for</p> <ul style="list-style-type: none"> • Down payment, • Funds to close, • Prepays, and • Reserves <p>Requirements:</p> <ul style="list-style-type: none"> • 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, and • The underwriter must complete Freddie Mac Exhibit 23 Monthly Budget and Residual Analysis form, and • 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), and • Copies of 3 months of any open revolving account to document the source of the cash-on-hand is not a cash advance, and • The credit report obtained at time of loan application does not show more than 3 tradelines, and • 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, and • Evidence the funds have been deposited into a financial institution or acceptable escrow account prior to loan closing
Manufactured Home	Eligible; maximum 95% LTV/CLTV	<ul style="list-style-type: none"> • Eligible; maximum 95% LTV/CLTV • 95%.01% to 97% LTV: Ineligible
Homeownership Education / Counseling	Required on all purchase transactions. A Certificate of Completion required	<ul style="list-style-type: none"> • 1-unit purchase transactions required only when all borrowers are first time homebuyers. • 2-4 unit purchase transactions: Landlord education required
Homeownership Education/Counseling Providers	<ul style="list-style-type: none"> • Education may be provided by any 3rd party provider when their content is aligned with: <ul style="list-style-type: none"> - National Industry Standards for Homeownership Education and Counseling, or - HUD, or - FNMA course HomeView • Counseling may be provided by a HUD approved agency <p>See Homebridge’s HomeReady guides for complete details and requirements</p>	<ul style="list-style-type: none"> • Freddie Mac’s CreditSmart Curriculum (free online course) • HUD approved housing counseling agency • Housing Finance Agencies or Community Development Financial Institutions • Homeownership Education developed by Mortgage Insurance companies that meets National Industry Standards for Homeownership Education and Counseling standards

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Landlord Education	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"> • Genworth Mortgage Insurance • Radian Mortgage Insurance NOTE: Requires HomeBridge to register the borrower for landlord training in order for the borrower to receive a Completion Certificate
Mortgage Insurance	Lower coverage at 90.01% to 97%: 25%	Lower coverage at 90.01% to 97%: 25%
3-4 Units Mortgage Insurance	N/A - maximum LTV for 3-4 units is 75% so mortgage insurance not required	Mortgage insurance must be provided by Genworth or Radian
Reserves	Per DU	Per LPA
Unsecured Borrowed Funds	Ineligible	Eligible from: <ul style="list-style-type: none"> • 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 • A relative