



FNMA HomeReady Product Matrix

This product summary is provided as a resource to be used in conjunction with FNMA Seller Guide, and to identify areas in which HomeXpress Mortgage Corp. has additional requirements or restrictions in addition to standard Fannie Mae guidelines. **This matrix does not replace the full requirements in the FNMA Seller Guide**

Primary Residence				
Purchase & No Cash Out (Rate/Term) Refinance				
Conforming Loan Limits				
Property Type	LTV ¹	TLTV/HTLTV	Min Credit Score	Max DTI
1 Unit	97%	97%	Per DU	Per DU
2-4 Units	95%	95%	Per DU	Per DU
Manufactured Housing ²	95%	95%	Per DU	Per DU
High Balance Loan Limits				
1 Unit	95%	95%	Per DU	Per DU
2 Unit	85%	85%	Per DU	Per DU
3-4 Units	75%	75%	Per DU	Per DU
Topic	Requirement			
4506-C/Tax Transcripts	<ul style="list-style-type: none"> A signed 4506-C for all years in which income was used in the underwriting decision are required. Transcripts will be verified where tax returns are utilized for income qualification, or at the underwriter's discretion 			
Appraisal	<ul style="list-style-type: none"> Full appraisal required unless PIW waiver issued by DU Property Inspection Waivers (PIW) are permitted per DU findings <ul style="list-style-type: none"> Texas Section 50(a)(6) and Section 50(f)(2) transactions are not eligible. Transferred appraisals permitted in compliance with FNMA, regulatory requirements, and HomeXpress Policy 			
Borrower Eligibility	<p>The following are ineligible borrowers</p> <ul style="list-style-type: none"> Partnerships Corporations Guardianships Life Estates LLCs Non-Revocable Inter Vivos Trusts Foreign nationals Borrowers with diplomatic immunity <ul style="list-style-type: none"> Each borrower on the loan transaction must have a valid Social Security number; <ul style="list-style-type: none"> ITIN (IRS Tax Identification Numbers) are not allowed. 			
Condominium	Follow project review requirements per DU/FNMA requirements			
Credit	<p>Qualifying Credit Score:</p> <ul style="list-style-type: none"> A tri-merge credit report is required. The qualifying score is determined by DU High Balance mortgages require at least two (2) credit scores per borrower. 			

¹ LTV > 80 must comply with MI guidelines in addition to this guide, and FNMA

LTV > 95% requirements:

- 1 unit only
- All borrowers must occupy the property; non-occupant co-borrowers not allowed.
- Manufactured Housing not eligible

² LTV up to 97% permitted for MH Advantage only

	<ul style="list-style-type: none"> At least one borrower must have a valid Credit Score, and obtain DU approval Manual underwriting for borrowers without a Credit Score is not allowed. <p>Minimum Credit Score:</p> <ul style="list-style-type: none"> 620
Escrow Accounts	<ul style="list-style-type: none"> Escrow accounts are required for the collection of property taxes, hazard insurance and flood insurance where applicable. Flood insurance premiums where applicable must always be impounded/escrowed
Geographic Restrictions	<ul style="list-style-type: none"> Hawaii: <ul style="list-style-type: none"> Properties in Lava Flow Zone 1 are not permitted Texas: Cash out (A6) transactions are not permitted
Homebuyer Education	<ul style="list-style-type: none"> All purchase transactions require at least one borrower to complete a homeownership education course prior to note date. Fannie Mae permits any qualified third-party provider, independent of the lender, to administer homeownership education. The provider's content must be aligned with NIS or HUD standards. SFC 184 is required for the \$500 LLPA credit to take place. See Fannie Mae HomeReady Program Guidelines for complete details.
Income & Employment	<ul style="list-style-type: none"> Income must be documented per the DU findings Income may not exceed 80% of Area Median Income (AMI) for the property's location (this includes properties in low-income census tracts). <p>Refer to Fannie Mae's Home Possible Income & Property Eligibility Tool</p>
Ineligible Transactions	<p>HomeXpress will not accept transactions including, but not limited to, the following:</p> <ul style="list-style-type: none"> Manual Underwriting Buydowns Repair Escrow Adjustable-Rate Mortgages (ARM) Borrower may not act as an interested party to a sales transaction for the subject if the builder and/or property seller is a company owned by the borrower or where the borrower is a principal agent, sales agent, loan originator, mortgage broker or partner for the builder or property seller. Realtor/loan broker acting as the listing agent as well as the mortgage originator/broker. One time close construction Borrower is a principal of the title company and/or settlement agent for the subject transaction.
Loan Limits	Standard Conforming and High Balance loan limits are eligible.
Manufactured Housing	<ul style="list-style-type: none"> DU Approve/Eligible required Owner occupied properties only Conforming loan limits only Must be classified as Real Property The Manufactured Home must have been built on or after June 15, 1976 Must be at least 12 feet wide and have a minimum 400 square feet of gross living area Double-wide minimum width Leasehold properties are ineligible Condo or Coop projects comprised of manufactured homes are ineligible The manufactured home may not have been previously installed or occupied at another location All manufactured housing must meet Fannie Mae guidelines, DU feedback certificate, and any restrictions in these Program Guidelines
Max # loans	<ul style="list-style-type: none"> Borrowers may not have an ownership interest in more than two financed residential properties, including the subject property, as of the Note Date.
Mortgage Insurance	<ul style="list-style-type: none"> Standard MI coverage is required regardless of DU findings; custom or reduced MI is not eligible. Lender Paid MI (monthly or single premium), Financed single premium not eligible.
PACE Obligations	<ul style="list-style-type: none"> Loan transactions secured by properties with PACE obligations or PACE-like assessments are not eligible. The obligation must be satisfied prior to or at closing in accordance with HB 4000.1.
Property Eligibility	<p>Ineligible Properties:</p> <ul style="list-style-type: none"> Commercial property Cooperatives Condotels

	<ul style="list-style-type: none"> • Geothermal homes • Geodesic Domes • Mobile homes • Non-warrantable condos • Timeshares • Working farms, ranches, orchards • Community land trusts • Properties with C6 quality rating • Properties with C5 or C6 condition rating • Properties secured with PACE obligations or PACE like assessments
Repair Escrows	Not permitted
Reserves	Determined by DU
Special Feature Codes (SFC)	<p>Special Feature Codes:</p> <ul style="list-style-type: none"> • 900 – All HomeReady loans • 118 – Loans with a Community Second, if applicable • 184 – Loans where at least one borrower completed housing counseling • 818 – Loans for borrowers with “thin” traditional credit files
Subordinate Financing	<p>New subordinate financing is only permitted if it replaces existing subordinate financing.</p> <p>Existing subordinate financing:</p> <ul style="list-style-type: none"> • May not be satisfied with the proceeds of the new loan • May remain in place if it is resubordinated to the new loan • May be simultaneously refinanced with the existing first lien mortgage, provided that: <ul style="list-style-type: none"> ○ the unpaid principal balance (UPB) of the new subordinate lien is not more than the UPB of the subordinate lien being refinanced at the time of payoff, and <p>there is no increase in the monthly principal and interest payment on the subordinate lien.</p>
Texas Cash Out	<ul style="list-style-type: none"> • Texas 50(a)(6) and 50(f)(2) are NOT eligible
Tax Transcripts	<p>IRS tax transcripts are required in the following circumstances listed below:</p> <ul style="list-style-type: none"> • Handwritten paystubs are used as verification of income • Borrower(s) is employed by a family member • A relationship exists between the parties to the transaction • Tax returns are required documentation based on the borrower’s source of income
Transaction Restrictions	<p>Rate/Term Refinance (only):</p> <ul style="list-style-type: none"> • The existing loan must be a conventional mortgage loan owned or securitized by Fannie Mae • The existing loan must be seasoned at least 12 months (from the original note date to new loan note date) • The existing loan must not be subject to recourse, repurchase agreement, indemnification, outstanding repurchase demand, or credit enhancement (unless the new loan is also subject to the credit enhancement or it is no longer required). DU will verify this. • The existing loan must not be an existing high LTV refinance loan, Fannie Mae Relief Refinance loan, Fannie Mae Enhanced Relief Refinance loan or a Refi Possible loan. DU will verify this. <p>Cash-out must be less than or equal to \$250. Excess proceeds may be applied as a curtailment on the new loan.</p> <p>Refinances of Properties Listed for Sale: The listing agreement must be cancelled at least 1 day prior to the loan application.</p>
Underwriting Method	<p>Automated Underwriting:</p> <ul style="list-style-type: none"> • Loans must be underwritten by Desktop Underwriter and receive a risk classification of Approve. • Loans must be submitted or resubmitted to Desktop Underwriter on or after August 30, 2021. • Refer to Fannie Mae Bulletin 2021-17 for additional information. • Loans may follow the DU Findings Report unless otherwise stated in Plaza’s Program Guidelines. Additional may be requested at the discretion of the underwriter. <p>Borrower Benefit: Regardless of DU findings, the underwriter must verify the Borrower Benefit requirement has been met. The new loan must provide the following benefits to the borrower:</p> <ul style="list-style-type: none"> • A first lien mortgage reduction in interest rate of at least 50 basis points, <u>and</u> • For mortgages with an LTV less than or equal to 80%, a reduction in the first lien mortgage principal and interest payment amount, or • For mortgages with an LTV greater than 80%, a reduction in the first lien mortgage monthly combined

	principal, interest, and the mortgage insurance payment (if applicable).
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- **Manual Underwriting:** Manual underwriting is not permitted. All loans must be approved through DU.