



HomeReady

		1 UNIT	2 TO 4 UNITS
Eligibility	Loan Purpose	Purchase or Limited Cash-Out Refinance	
	Occupancy and Property Type	1-unit principal residence, including eligible condos and PUD's	2-4 Unit Principal residence (No condos)
	Borrower Income Limits	<ul style="list-style-type: none"> No Income limits on low-income census tracts 100% of area median income (AMI) for all other properties 	
	Minimum Borrower Contribution	\$0	0% for LTV/CLTV/HCLTV of 80% or less; 3% for LTV/CLTV/HCLTV > 80%
		3% required if sweat equity is being used No minimum contribution required in connection with a limited cash-out refinance.	
	Acceptable Sources of Funds for Down Payment and Closing Costs	Gifts, Grants, and Community Seconds. Cash on hand for 1-unit properties only. Any eligible loan may have more than one Community Seconds (i.e. third lien) up to the maximum 105% CLTV	
	Product	10-, 15-, 20-, or 30- year fixed-rate mortgages (FRMs) 5/1 (2/2/5 and 2/2/6 caps only), 7/1 and 10/1 adjustable rate mortgages (ARMs)	
	Maximum LTV/CLTV And Subordinate Financing	CLTV up to 105% with eligible Community Seconds Other subordinate financing per the <i>Fannie Mae Selling Guide</i>	
Maximum LTV/CLTV And Subordinate Financing	Purchase: DU Only- LTV > 95% to 97 % (FRM); DU to 95% (FRM and ARM) LCOR: DU Only- LTV > 95% to 97% (FRM) for loans owned or securitized by Fannie Mae. DU to 95% (FRM and ARM)	Purchase or LCOR: 2- unit: 85% (FRM or ARM) 3- 4- unit: 75% (FRM or ARM)	



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		1- Unit	2- to 4- Unit
Eligibility(continued)	Ownership of Other Property	Occupant and non-occupant borrower(s) may have an ownership interest in other residential property at the time of closing.	
	Maximum Financed Properties	Limited to two (2) maximum financed properties including the subject property	
	Non- Occupant Borrowers	Non-occupant borrowers permitted to 95% LTV in DU. DU will determine the max DTI. Income considered as part of qualifying income and subject to income limits.	
	Interest Rate Buydowns	3-2-1 and 2-1 buydown structures permitted; buydowns on 3- t4-unit properties available in DU	
	Mortgage Insurance Coverage and Financed MI	25% MI Coverage for LTVs 90.01-97% Standard MI coverage for LTVs of 90% or less MI may be financed up to the maximum LTV for the transaction, including the financed MI.	
Underwriting	Desktop Underwriter	<ul style="list-style-type: none"> Based on the census tract and borrower income, DU will confirm program eligibility. DU recommendation of Approve/Eligible required. DU will determine qualifying ratios and reserves. 	
	Other Income	Boarder income (relatives or non-relatives): Up to 30% of qualifying income; documentation for at least 9 of the most recent 12 months (averaged over 12 months) and documentation of shared residency for the past 12 months.	Not eligible
		Accessory dwelling unit; Rental income may be considered in qualifying the borrower per rental income guidelines.	Rental income may be used as qualifying income per the rental income guidelines.



		1- Unit	2- to 4- Unit
Underwriting (continued)	Cash on Hand	<p>Lenders may deliver purchase money mortgages for one-unit properties with cash-on-hand as an acceptable source of funds for the borrower's down payment, funds for closing costs, and prepaid items.</p> <p>Note: Cash-on-hand may not be used to fund the borrower's reserve requirement, if applicable.</p> <p>The lender must verify and document the following with respect to the cash-on-hand funds:</p> <ul style="list-style-type: none"> • The borrower customarily uses cash for expenses, and the amount if funds saved is consistent with the borrower's previous payment practices. • The lender must verify that the funds for the down payment and closing costs exist in a financial institution account or an acceptable escrow account. Funds must be on deposit at the time of application, or no less than 30 days prior to closing. • The lender must obtain a written statement from the borrower that discloses the source of funds and stated that the funds have not been borrowed. <ul style="list-style-type: none"> • The borrower's credit report and other verifications should indicate limited or no use of credit and limited or depository relationship between the borrower and a financial institution. 	
	Reserves	<ul style="list-style-type: none"> • DU will determine the reserve requirement. 	
	Prepurchase Homeownership Education	<p>At least one borrower on each HomeReady <u>purchase</u> mortgage must do one of the following:</p> <ul style="list-style-type: none"> • complete the Framework homeownership education course (\$75 fee paid by the borrower to Framework) prior to closing; or • complete a homeownership education course required by a Community Seconds or Down Payment Assistance Program that is provided by a HUD-approved agency prior to closing, if the HomeReady loan involves a Community Seconds or down payment assistance program; or • receive housing counseling from a HUD-approved nonprofit housing counseling agency (as evidenced by a signed Certificate of Completion of Housing Counseling (Form 1017)) prior to the borrower signing a purchase contract; or • have already completed housing counseling (as evidenced by a completed Fannie Mae Form 1017). <p>NOTE: Homeownership education certificate of Form 1017 must be retained in the loan file.</p>	



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Homeownership Education	Housing Counseling Benefits	When borrowers have received customized assistance prior to entering into a sales contract from HUD-approved nonprofit counseling agencies (as evidenced by a completed Form 1017 in the loan file), the lender will receive a loan-level price adjustment credit of \$500, when the HomeReady loan is delivered with Special Feature Code 184.
	Post-Purchase Support	To support sustainability, borrowers will have access to post-purchase homeownership support for the life of the loan through Framework's homeownership advisor service.
	Special Borrower Considerations for Online Homeownership Education	Framework's online education may not be appropriate for all potential home buyers. The presence of a disability, lack of Internet access, and other issues may indicate that a consumer is better served through other education modes (e.g., in-person classroom education, telephone conference calls, etc.). In these situations, consumers should be directed to Framework's toll-free customer service line, from which they can be directed to HUD-approved counseling agency that can meet their needs. Framework will register the consumer for potential post-purchase support. The counseling agency that handles the referral must provide a certificate of completion which must be retained in the loan file.
Pricing and Committing	Loan-Level Price Adjustments (LLPAs)	Standard risk-based LLPAs waived with an LTV above 80% <i>and</i> a representative credit score equal to or greater than 680; for loans outside of these parameters, standard LLPAs apply with a cap of 1.50%. (The minimum MI coverage Option LLPA is not waived or considered toward the cap if that option is used.)



Requirements for HomeReady Transactions with LTV, CLTV, or HCLTV Ratios of 95.01-97%

If the LTV, CLTV, or HCLTV ratio exceeds 95% for a HomeReady transaction, the following requirements apply.

LTV, CLTV, or HCLTV	95.01 TO 97% Note: The CLTV ratio can be up to 105% if the subordinate lien is a Community Seconds loan.
Loan Purpose	Purchase transactions or limited cash-out refinances only.
Existing Loan	For limited cash-out refinances: The lender must document that the existing loan being refinanced is owned or securitized by Fannie Mae. The lender must inform DU that Fannie Mae owns the existing mortgage using the Owner of Existing Mortgage filed in the online loan application before submitting the loan to DU. Note: This requirement does not apply is the CLTV exceeds 95% only due to a Community Seconds loan.
Loan Type	Fixed-rate loans with terms up to 30 years. Note: High-balance, adjustable-rate, HomeStyle Renovation, and HomeStyle Energy loans are not permitted.
Property and Occupancy	One-unit principal residence. All borrowers must occupy the property.
Credit Score Requirements	At least one borrower on the loan must have a credit score.
Underwriting Method	DU only
Reserves	Reserves will be determined by DU.
Other	All other standard purchase and limited cash-out refinance and HomeReady requirements apply.

Check property eligibility and income limits using the following lookup tool:

<https://homeready-eligibility.fanniemae.com/homeready/>

More information regarding the program can be accessed at:

www.fanniemae.com/homeready

Framework homeownership education can be accessed at:

<https://homeready.frameworkhomeownership.org/>

Fannie Mae Loan Lookup can be accessed at:

<https://www.knowyouroptions.com/loanlookup>