



## FNMA HomeReady Program Addendum

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This addendum is a summary of information and are NOT complete program guidelines. Follow Kind Lending FNMA guidelines located in the [Product Guidelines](#) in Bubble.

Please refer to full [FNMA Selling Guide](#) guidelines for specific restrictions and requirements. Use the more restricted guideline requirements.

**Information is subject to change.**

[Link to FNMA HomeReady site](#)

#### Links to Specific Content

- [LTVs](#)
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### LOAN MATRICES

<b>Purpose</b>	This program is designed for today's credit-worthy low-income borrowers. The ideal homebuyer(s); low-income, first-time <i>or repeat homebuyers</i> ; limited cash for down payment; Purchase and Rate Term Refinances owner occupied transactions.
<b>Special Lender Credit</b>	<p>Effective 2/26/2024 and available through February 2026, a \$2500 LLPA credit is offered to borrowers with total qualifying income &lt; = 50% of the applicable AMI for the subject property's location. The full amount of the credit must be provided directly to the borrower through the transaction, such as being applied to down payment and closing costs, including escrows and mortgage insurance premiums.</p> <ul style="list-style-type: none"> <li>The credit may be used to satisfy the 3% minimum contribution for all loans secured by one-unit properties or loans secured by two- to four-unit properties with LTV ratios less than or equal to 80%</li> <li><b>At least one borrower must be a first time homebuyer (new requirement effective 12/5/2025)</b></li> <li>The credit may not result in cash to the borrower, nor may the credit cause a principal reduction on the loan</li> <li>The standard LLPA waiver for HomeReady / Home Possible loans continues to apply in addition to this new credit.</li> <li>The following Special Feature Codes MUST be included in the system:             <ul style="list-style-type: none"> <li>900 HomeReady loan</li> <li>884 HomeReady VLIP LLPA Credit</li> </ul> </li> <li>This credit will be applied at CTC once the income has been calculated and the eligibility has been confirmed. <i>It is important that the income does NOT change once CTC has been issued.</i></li> <li>The credit will be shown as a lender credit on the CD.</li> </ul>



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Transaction Parameters	Primary Residence Transaction (Fixed Rate Only)				
	Transaction Type	Property Type	Max LTV / CLTV / HCLTV	Max Loan Amount	Min Credit Score
	Purchase and Rate/Term Refinance	1 Unit	2 Unit <sup>2</sup>	97% <sup>1, 3</sup>	Up to maximum loan limits (see chart below)
		95% (Conforming) 85% High Balance			
3 - 4 Unit <sup>2</sup>		95% (Conforming) 75% High Balance			
<p><sup>1</sup> CLTV may be allowed up to 105% with Community Second. Manufactured Housing: Max 95% LTV/CLTV. 2-4 unit manufactured housing not allowed.</p> <p><sup>2</sup> 2-4-unit property with &gt; 80% LTV requires minimum 3% borrower contribution. Manufactured Housing not allowed.</p> <p><sup>3</sup> &gt;95% LTV/CLTV/HCLTV permitted when the mortgage being refinanced is owned by FNMA. The requirement that the existing mortgage being refinanced be owned by FNMA does not apply when the LTV is ≤ 95% or when the CLTV only exceeds 95% due to a Community Second loan. Ensure that DU is reflective that FNMA owns the existing mortgage by indicating "Fannie Mae" in the Owner of Existing Mortgage field within the Additional Data screen in DU. Documentation is required to document that the loan being refinanced is currently owned by Fannie Mae. <i>Note: High-balance and Manufactured housing are not permitted for 95.01-97% LTV.</i></p>					
Loan Limits	Check loan limits: <a href="#">Fannie Mae loan limit</a>				
GENERAL GUIDELINES					
AUS	<p><b>DU Only:</b> Must receive Approve/Eligible reflecting HomeReady eligible findings. DU will also determine qualifying ratios and reserves.</p> <ul style="list-style-type: none"> <li>Based on the census tract and borrower income, DU will notify users when a loan casefile appears to be eligible for HomeReady but the file has not been underwritten as HomeReady. Resubmit the loan casefile as a HomeReady loan to obtain the appropriate HomeReady messaging.</li> <li>If the data is entered correctly, correct findings with the appropriate feedback messaging will be provided – the Underwriter must determine that all data is accurate.</li> </ul> <p><b>Note:</b> SFC 900 must be shown in DU in order for Lock Desk to confirm lock</p> <ul style="list-style-type: none"> <li>When "HomeReady" is selected as the Community Lending product in DU and the loan casefile receives an Ineligible recommendation, DU will issue a message specifying the reason the loan casefile is ineligible.</li> <li>Any other decision (e.g. Refer with Caution, Out of Scope) is ineligible.</li> <li>For job aid on how to enter data in DU visit FNMA DU Job Aid <a href="#">website</a></li> <li>See below for additional info regarding Non-Occupant and Non-Borrower Household Member income</li> </ul> <p><b>No manual underwriting</b></p>				
Cash Out Refinance	Not Permitted				
Eligible Products	Fannie 30 Year Fixed HomeReady Fannie 15 Year Fixed HomeReady Fannie 25 Year Fixed HomeReady Fannie 20 Year Fixed HomeReady Fannie 20 Year Fixed HomeReady Fannie 20 Year Fixed HomeReady Fannie 30 Year Fixed High Balance HomeReady FN15HBHR – Fannie 15 year Fixed High Balance HomeReady Note: Program dropdowns are also available for MH Advantage combined with HomeReady on Kwikie				
Eligible Terms	Fixed Rate only ARM's <b>not permitted</b>				



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<b>Eligible States</b>	All states where Kind Lending does business
<b>Escrow Account Waiver</b>	<ul style="list-style-type: none"> <li>• Allowed for LTV ≤ 80%</li> <li>• LTV &gt; 80% required (as applicable to state law)</li> <li>• Allowed for CA loans with LTV up to 89.99%. LTV ≥ 90%, escrow waiver not allowed.</li> </ul>
<b>Homeownership Education Requirement</b>	<ul style="list-style-type: none"> <li>• Homebuyer education is required when all occupying borrower are first-time homebuyers regardless of LTV</li> <li>• Education requirements is <b>NOT</b> required for limited cash-out refinance transactions</li> <li>• Landlord education on 2-4-unit property is not required</li> <li>• FNMA is accepting homeownership education from Community Seconds or Down Payment Assistance Program (DPAP) providers as long as the providers are HUD-approved counseling agencies and the first mortgage loan involves a Community Second or DPAP.</li> <li>• MI companies may also provide homeowner education.</li> </ul> <p>Homeownership education helps buyers get ready to buy a home and be prepared for the responsibilities of home ownership. The required training is an online training. Borrower invest on average 4-6 hours of their time to learn the fundamentals of buying and owning a home, and take an online test, and receive a certificate of completion.</p> <ul style="list-style-type: none"> <li>• Any qualified provider may provide Homeownership Education, including MI companies, HUD approved counseling agencies, HFAs, etc., Housing <b>Counseling must be provided by a HUD approved agency.</b></li> <li>• Fannie Mae's <a href="#">HomeView</a> program may be used to satisfy the requirements above.</li> <li>• Homeownership education certificate must be retained in file.</li> </ul> <p>Borrowers will have access to post-purchase homeownership support for the life of the loan through the advisor service.</p> <p>If all borrowers are first-time homebuyers, then at least one borrower is required to take an online education course prior to closing regardless of LTV.</p> <p>Certificate of course completion must be included in the loan file. Fannie Mae's <a href="#">HomeView</a> program may be used but is not required.</p> <ul style="list-style-type: none"> <li>• Procedural Notes:             <ul style="list-style-type: none"> <li>○ if the borrower attended HUD Housing <b>Counseling</b>, the "Counseling" block information will be completed in the borrower information tab. SFC 184 will populate in the findings, the borrower will be eligible for a \$500 LLPA credit.</li> <li>○ If the borrower attended eHome, or Neighborworks Homebuyer <b>Education</b>, the "Education" block information will be completed in the borrower information tab. SFC 184 should <b>not</b> populate in the findings.</li> <li>○ Refer to the <a href="#">Homeownership Education and Counseling P&amp;P</a>.</li> </ul> </li> </ul>
<b>Manual Underwrite</b>	Not permitted
<b>Maximum Number of Financed Properties</b>	<p>Maximum limit of two (2) financed properties, including the subject property, as of the Note date</p> <p>Financed properties owned by a non-occupant borrower that are owned separately from the borrower are excluded from the number of financed properties calculation</p> <p><i>Note: The additional reserves required for multiple financed properties are not applicable</i></p> <p>See <a href="#">FNMA guide B2-2-03</a> for additional information</p>



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<b>Non-Occupant Borrower</b>	<p>Program allows <u>Non-Occupant Co-Borrowers</u>:</p> <ul style="list-style-type: none"> <li>• Max 95% LTV</li> <li>• Income is considered part of the qualifying income and subject to applicable HomeReady income limits</li> <li>• No limitation on ownership of other property for non-occupant co-borrower(s).</li> <li>• Post-closing Occupancy Cert for borrower if the Non-Occupant owns 5+ properties</li> </ul>
<b>Occupancy</b>	Owner Occupied
<b>Temporary Buydown</b>	Not permitted
<b>Ineligible Transactions</b>	<ul style="list-style-type: none"> <li>• Balloon loans</li> <li>• Buydowns</li> <li>• Cash-Out Refinance</li> <li>• Conversion options</li> <li>• Credit only applications</li> <li>• Construction, Construction-to-Perm, Single-Close Construction-to-Permanent mortgage</li> <li>• Energy Efficient Mortgages</li> <li>• Fannie May HomePath program</li> <li>• HUD-184 loans</li> <li>• Texas Section 50(a)(6) loans</li> </ul>
<b>Subordinate / Secondary Financing</b>	<p>Eligible subordinate financing permitted up to program LTV/CLTV/HCLTV matrix maximum. Community Seconds (i.e. 3rd lien) and other flexible sources of down payment are eligible.</p> <ul style="list-style-type: none"> <li>• Eligible loans may have more than one Community Seconds up to max 105% CLTV</li> </ul> <p>If using a Community Second program, Kind Lending will not act as the Lender or be involved in any part of the 2<sup>nd</sup> loan transaction. All FHLMC Community Seconds requirements must be met. <b>Ineligible</b> subordinate financing terms include the following:</p> <ul style="list-style-type: none"> <li>• Mortgages with negative amortization (with the exception of employer subordinate financing that has deferred payments)</li> <li>• Subordinate financing that does not fully amortize under a level monthly payment plan where the maturity or balloon payment date is less than 5 years after the Note date of the new first mortgage</li> <li>• Subordinate financing that has a prepayment penalty</li> <li>• Bond programs</li> <li>• Deed Restrictions</li> </ul>
<b>CREDIT</b>	
<b>Minimum Credit Score</b>	620
<b>Max DTI Ratios</b>	Determined by DU up to maximum 50% DTI



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<b>Mortgage Insurance Requirements</b>	Loan with > 80% LTV, Mortgage Insurance is required				
	<ul style="list-style-type: none"> <li>Standard MI coverage will be required for loans ≤ 90% LTV</li> <li>Lower MI coverage of 25% percent coverage for LTVs &gt; 90% to 97%</li> </ul>				
	<b>Mortgage Insurance Coverage Requirements</b>				
	<b>Transaction Type</b>	<b>LTV Range</b>			MI may be financed up to the maximum LTV for the transaction, including the financed MI allowed for Owner Occupied 1 Unit.
		<b>80-01 - 85.00%</b>	<b>85.01 - 90.00%</b>	<b>90.01 - 97.00%</b>	
	Fixed-Rate Term ≤ 20 Year	6%	12%	25%	
	Fixed Rate Term > 20 Yr.; and Manufactured Home <sup>1</sup>	12%	25%	25%	
	<sup>1</sup> Manufactured home limited to maximum 95% LTV				
	<b>Mortgage insurance <u>Eligible</u> programs:</b>		<b>Mortgage insurance <u>Ineligible</u> programs:</b>		
Standard Coverage Required Borrower Paid Monthly and Single Premium Split Premium <sup>1</sup> (MGIC, Enact, Essent, Radian)		Agency Minimum Coverage Financed Single Premium Lender Paid (all options)			
<p>Eligible MI providers are:</p> <p><a href="#">MGIC</a></p> <p><a href="#">Essent</a></p> <p><a href="#">Enact (formerly Genworth)</a></p> <p><a href="#">Radian</a></p> <p><a href="#">National MI</a></p> <p><a href="#">Arch MI</a></p> <p><b>Note:</b> The more restrictive of the specific MI company guidelines or Kind Lending applies</p>					

### INCOME

<b>Departing Residence</b>	Permitted Occupant borrower(s) may have an ownership interest in other residential property at the time of closing.
<b>Income</b>	<p>Check the <a href="#">HomeReady Income Eligibility Lookup Tool</a> to verify eligibility in advance of DU submission</p> <p><b>Borrower income limits:</b> 80% of area median income (AMI) and/or regardless if the property is located in a low-income census tract</p> <p>Note: when calculating income, discretionary income that is not being used to qualify is not required to be used in the AMI calculations. In addition, using an unsupported lower income figure to back into AMI threshold guidelines is not allowed.</p>
<b>Rental Income</b>	<ul style="list-style-type: none"> <li>Rental income may be derived from owner-occupied 1 Unit with an accessory unit or 2-4-unit property</li> <li>Accessory rental income (e.g. basement apartment) dwelling unit is allowed on 1-unit property only</li> <li>Boarder (relatives or non-relatives) income is allowed on 1-unit property only (2-4-unit properties are not eligible). Up to 30% of qualifying income and document evidence of prior shared residence for the most recent 12 months. Flexibility allows for documentation of the boarder income to be from at least 9 of the most recent 12 months and averaged over 12 months. This is to provide support in instances where the boarder has lived with the borrower for 12 months but is unable to provide a full 12 months' worth of documentation.</li> <li>Boarder may not have an ownership interest in the property</li> </ul>



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ASSET	
<b>Source of Funds</b>	<p><b>Eligible Source of Assets</b></p> <ul style="list-style-type: none"> <li>• Borrowers' personal funds</li> <li>• Other borrower funds (e.g., Community Seconds, gift funds, grants)</li> </ul> <p><b>Ineligible Source of Assets</b></p> <ul style="list-style-type: none"> <li>• Cash on hand, unsecured borrowed funds, and unverified funds.</li> <li>• Cryptocurrency, Bitcoin or other related virtual currency.</li> <li>• Marijuana related business assets.</li> <li>• Assets as a basis for mortgage qualification if not permitted.</li> </ul>
<b>Minimum Required Investment</b>	<ul style="list-style-type: none"> <li>• 1 unit - \$0 minimum contribution</li> <li>• 2 - 4 unit - ≤ 80% LTV/CLTV no minimum contribution; &gt; 80% LTV/CLTV 3% minimum contribution</li> </ul>
<b>Minimum Reserves</b>	DU will determine if reserves will be required
<b>Interested Party Contributions</b>	<p>Interested third party contributions may only be used to cover actual closing costs and pre-paid items. Amounts in excess of the limits set forth by FNMA or additional cash back to the borrower for any contributions that exceed the actual amount of closing costs are considered to be sales concessions and must be treated accordingly (deducted from sales price when calculating LTV)</p> <ul style="list-style-type: none"> <li>• 90% LTV/CLTV = max IPC <b>3%</b></li> <li>• 75% - ≤ 90% LTV/CLTV = max IPC <b>6%</b></li> <li>• ≤ 75% LTV/CLTV = max IPC <b>9%</b></li> </ul> <p>Cash or items of value, such as giveaways, passed to the buyer by the seller to encourage the buyer to purchase the property and excessive interested party contributions are considered sales concessions. If there is a sales concession present, the LTV/CLTV is calculated using the lower of the reduced sales price (after the reduction for all sales concessions, including excess financing contributions) or the appraisal value.</p>
COLLATERAL	
<b>Property Types</b>	<p><b>Eligible Property Type</b></p> <ul style="list-style-type: none"> <li>• Single Family Residence (attached / detached)</li> <li>• 2-4 Units (owner-occupied only)</li> <li>• Warrantable Condo</li> <li>• PUD (attached / detached)</li> <li>• Manufactured Homes:               <ul style="list-style-type: none"> <li>○ Multi-wide (double/triple) or single-width manufactured home that is at least 12 feet wide and have a minimum 400 square feet of gross living area.</li> <li>○ Owner occupied primary residence only (excluding manufactured homes on leasehold estates; manufactured homes on leasehold estates are <b>ineligible</b>).</li> <li>○ <b>Single-width manufactured homes require 2<sup>nd</sup> Level Review by Credit Risk.</b></li> </ul> </li> </ul> <p><b>Ineligible Property Type</b></p> <ul style="list-style-type: none"> <li>• Non-warrantable condos</li> <li>• Condominiums &lt;450 square feet</li> <li>• Co-ops</li> <li>• Condo Hotels</li> <li>• Rural property &gt; 40 acres</li> <li>• Leasehold Properties</li> <li>• Manufactured home located on a leasehold estate</li> <li>• Manufactured properties with ADU or guest homes are ineligible</li> <li>• Manufactured home involving trade equity or traded manufactured home</li> <li>• A manufactured home moved from another site (i.e. previously installed at another site) Home must have been delivered directly from the manufacturer/dealer to its current site.</li> <li>• Manufactured homes transactions where none of the borrowers have a credit score</li> <li>• Indian Leasehold Land</li> <li>• Property located in Hawaii Lava Zones 1 &amp; 2</li> </ul>



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Appraisal	Appraisal determined by DU findings.
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**NOTE:** These are **NOT** complete program guidelines. Please refer to full agency guidelines for specific restrictions and/or requirements. Also, reference Kind Lending FNMA guidelines and overlay requirements. This information is subject to change at any time without notice. This information is provided to mortgage professionals only and is not intended or authorized for consumer distribution.