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OVERVIEW	The HomeReady mortgage is a conventional community lending mortgage that offers underwriting flexibilities to qualified borrowers who meet specific income criteria.
PRODUCT CODES	• CF30HRFN • CF15HRFN • CF30HRLPMI • CF15HRLPMI • CF15HBHRFN – High Balance 15 year fixed • CF30HBHRFN – High Balance 30 year fixed

ACCESSORY UNIT INCOME	• An accessory dwelling unit is typically an additional living area independent of the primary dwelling unit, and includes a fully functioning kitchen and bathroom. Additional information related to accessory units refer to Fannie Mae section B4-1.3-05 Improvements Section of the Appraisal Report.
	• If the property contains an accessory unit, the property is eligible under the following conditions:
	    ○ The property is defined as a one-unit property
	    ○ There is only one accessory unit on the property; multiple accessory units are not permitted.
	    ○ The appraisal report demonstrates that the improvements are typical for the market through an analysis of at least one comparable property with the same use.
	• Accessory unit rental income may be underwritten in DU.
	
	Note: If the borrower does not have a lease to document rental income, underwriter may obtain a Fannie Mae Single Family Comparable Rent Schedule (Form 1007) from the appraiser. Although the form applies to a single-family investment property, Fannie Mae will accept the use of this form with an explanation from the appraiser that the estimated market rent form is specific to the accessory unit.

BOARDER INCOME	• The rental payments that any borrower receives from one or more individuals who reside with the borrower (but who are not obligated on the mortgage debt and may or may not be related to the borrower) may be considered as acceptable stable income. This applies for a one-unit property in an amount up to 30% of the total gross income that is used to qualify the borrower for the mortgage if:
	    ○ The individual(s) has lived with (and paid rent to) the borrower for the last 12 months.
	    ○ The boarder can provide appropriate documentation to demonstrate a history of shared residency (such as a copy of a driver's license, bill or bank statement that shows the boarder's address as being the same as the borrower's address).
	    ○ The boarder can demonstrate (such as copies of canceled checks) the payment of rental payments to the borrower for
	        ▪ The last 12 months, or
	        ▪ At least 9 of the most recent 12 months provided the rental income is averaged over a 12-month period.
	• Payment of rent by the boarder directly to a third party is not acceptable.
	• 2- to 4-unit properties – Not Eligible

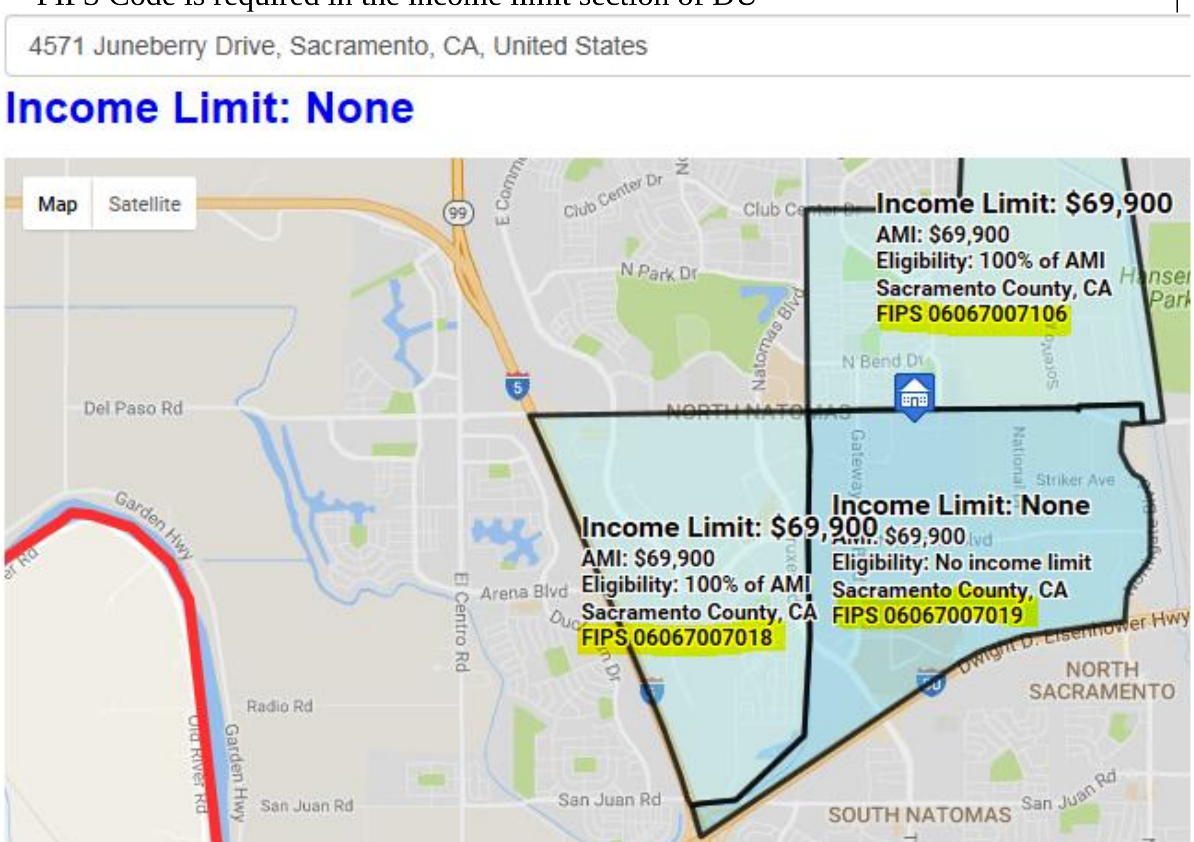
BORROWER INCOME LIMITS AND CALCULATIONS

- In determining whether a mortgage is eligible under the borrower income limits, the underwriter must count the income from all of the borrowers who will sign the mortgage note, to the extent that the income is considered in evaluating creditworthiness for the mortgage loan.
- The Underwriter must use the same methodology in determining income eligibility for a HomeReady mortgage as the underwriter uses in reporting "Monthly Income" in data delivery. Eligibility for a HomeReady mortgage loan compares the borrower's income to the applicable area median income (AMI) for the property's location.
- For determining Fannie Mae loan eligibility, underwriters must refer to the AMIs that Fannie Mae uses in Desktop Underwriter or on Fannie Mae's website, and may not rely on other published versions (such as AMIs posted on huduser.org).
- To be eligible as a HomeReady mortgage, the total annual qualifying income may not exceed 100% of the AMI for the property's location. However, there is no income limit for properties located in low-income census tracts, defined as those census tracts where the median tract income is no greater than 80% AMI.

Note: For loan casefiles that are not underwritten as a HomeReady mortgage loan, DU will issue a message indicating that the loan may be eligible as a HomeReady loan if the total qualifying income entered in DU appears to be within the applicable AMI limit or the property is located within a low-income census tract. See B5-6-03, HomeReady Mortgage Underwriting Methods and Requirements, for additional information.

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

- FIPS Code is required in the income limit section of DU



BORROWER INCOME LIMITS AND CALCULATIONS, CONTINUED	**Eligible Borrowers for Affordability-Related Deed Restrictions** • Eligible borrowers must satisfy the specific eligibility criteria and resale restrictions established by the subsidy provider. If the borrower income limits for the resale restrictions differ from the income limits for Fannie Mae's HomeReady mortgage loans and the borrower income limits for the HomeReady mortgage loans are more restrictive, the HomeReady income limits apply.
DU LOAN CASEFILES: ONE BORROWER HAS NO CREDIT SCORE	• If one (or more) borrower(s) has a credit score and at least one borrower does not have a credit score, then DU will apply the following requirements: ○ The property must be a one-unit, principal residence, and all borrowers must occupy the property. ○ The transaction must be a purchase or limited cash-out refinance ○ The loan amount must meet the general loan limits – high balance mortgage loans are not eligible ○ Reserves may be required as determined by DU ○ If the borrower(s) with a credit score is contributing more than 50% of the qualifying income, the underwriter is not required to document a non-traditional credit history for the borrower(s) without a credit score. ○ If the borrower(s) with a credit score is contributing 50% or less of the qualifying income, the underwriter must document a non-traditional credit history for each borrower without a credit score. ○ Refer to Non-Traditional Credit section in these guidelines for additional information.
CASH-ON-HAND	• Underwriter may approve 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. **Note:** Cash-on-hand may not be used to find the borrower's reserve requirement, if applicable. • The Underwriter must verify and document the following with respect to the cash-on-hand funds: ○ The borrower customarily uses cash for expenses, and the amount of funds saved is consistent with the borrower's previous payment practices. ○ The underwriter must verify that funds for the down payment and closing cost 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 the closing. ○ The underwriter must obtain a written statement from the borrower that discloses the source of funds and states that the funds have not been borrowed. ○ The borrower's credit report and other verifications should indicate limited or no use of credit and limited or no depository relationship between the borrower and a financial institution.
ELIGIBLE LOAN TYPES	• 1- to 4-unit properties secured by fixed-rate loans.

GENERAL LOAN ELIGIBILITY	A HomeReady mortgage is a first mortgage, purchase money, or limited cash-out transaction for one- to four-unit properties used as the borrower's principal residence. Eligible properties include: • One-unit properties and units in condos and PUDs; • Existing structures and new construction; and • Two-, three-, and four-unit properties. Additional restrictions apply for purchase transactions with LTV, CLTV, or HCLTV ratios of 95.01 -97%. See additional requirements for HomeReady Mortgage transactions >95%.
HOMEOWNERSHIP EDUCATION AND HOUSING COUNSELING	For HomeReady purchase transactions, at least one borrower on the loan must complete the homeownership education or housing counseling requirements described below prior to loan closing: • **Overview:** Fannie Mae recognizes that credit and underwriting guidelines alone are not always enough to assess a borrower's readiness for homeownership. Fannie Mae believes that high-quality homeownership education and housing counseling can provide the borrower with the additional information and resources to make informed decisions that support long-term homeownership sustainability. • **Compliance with Law:** All education, collection, and counseling efforts must comply with the requirements of applicable federal and state laws, including the Equal Credit Opportunity Act, the Fair Debt Collections Practices Act, and the Fair Credit Reporting Act. • **Definitions:** The following definitions, based on those developed by the U.S. Department of Housing and Urban Development (HUD), apply to these requirements: ○ **Homeownership Education:** Education with an established curriculum and instructional goals, provided in a group or classroom setting or via other formats, that covers such homeownership topics as the home-buying process, how to maintain a home, budgeting, and the importance of good credit. ○ **Housing Counseling**: One-on-one assistance that addresses unique financial circumstances and housing issues, and focuses on overcoming specific obstacles to achieve housing goals such as ▪ Repairing Credit, ▪ Locating cash for a down payment, ▪ Recognizing predatory lending practices, ▪ Understanding fair lending and fair housing requirements, ▪ Avoiding foreclosure, and ▪ Resolving a financial crisis. All housing counseling involves the creation of a budget and a written action plan, and includes a homeownership education component. **Note**: References to the use of a HUD-approved agency include affiliated agencies (as defined in the HUD Housing Counseling Program Handbook) participating in a HUD program through a HUD-approved intermediary or State Housing Finance Agency. **<u>Homeownership education is required for all HomeReady purchase mortgage loans. At least one borrower on the mortgage loan must complete homeownership education prior to loan closing.</u>**

HOMEOWNERSHIP EDUCATION AND HOUSING COUNSELING CONTINUED	**Meeting the Homeownership Education Requirements:**
	• To meet the homeownership education requirements, borrowers must complete the Framework Homeownership, LLC (Framework®) online education program, unless an exception exists as described below.
	• The Framework homeownership education program is available in both English and Spanish. It meets the standards defined by both the National Industry Standards for Homeownership Education and Counseling and by HUD. PBM must retain a copy of the certificate of course completion from Framework in the loan file to document that the education requirement was met.
	• The following exceptions provide alternatives for borrowers to meet the homeownership education requirements using a source other than Framework:
	  o Borrowers for whom online education may not be appropriate:
	    ▪ The presence of a disability, lack of Internet access, or other situations may indicate that a borrower is better served through other education modes (for example, in-person classroom education or via a telephone call). In these situations, borrowers should be directed to Framework's toll-free customer service line, from which they can be directed to a HUD-approved counseling agency that can meet their needs. The counseling agency that handles the referral must provide a certificate of completion, and the underwriter must retain a copy of the certificate in the loan file to document that the education requirement was met. Underwriters may contact Fannie Mae for guidance in other situations not addressed above.
	  o Borrowers completing homeownership education or counseling required by a Community Seconds or other down payment assistance provider:
	    ▪ If the mortgage loan involves a Community Seconds or other down payment assistance program, and that program requires its own homeownership education course or counseling provided by a HUD-approved counseling agency, the borrower is not required to complete the Framework program. The underwriter must retain a copy of the certificate issued by the HUD-approved provider to document that the requirement was met.
	  o Borrowers who completed housing counseling prior to execution of the sales contract
	    ▪ Borrowers who already completed housing counseling are not required to complete the Framework program. The underwriter must retain a copy of the *Certificate of Completion of Housing Counseling* (Fannie Mae Form 1017), signed by both the counseling recipient and the HUD counselor to document that the requirement was met. See below for additional information.
	
	Housing Counseling
	• If a borrower opts to work with a counselor, completion of housing counseling will satisfy Fannie Mae's homeownership education requirement, provided it was completed before the borrower executed a sales contract.
	• Housing counseling must be provided by a HUD-approved counseling agency and meet HUD standards for the delivery of this service. The requirements are described in Form 1017. The form must be signed by both the counseling recipient and the HUD counselor, and the underwriter must retain a copy of the form in the loan file to document that the requirement was met.
	
	Landlord Education: no longer required for HomeReady loans

HOMEOWNERSHIP EDUCATION AND HOUSING COUNSELING, CONTINUED	**Additional Resources** Fannie Mae provides additional resources to lenders, borrowers, and nonprofit agencies in support of homeownership education and housing counseling on its website, including: • *Frequently Asked Questions* (FAQs) and • Options for locating HUD-approved agencies • **Post-purchase Early Delinquency Counseling:** no longer required. https://www.fanniemae.com/singlefamily/mortgage-products-education-counseling

Summary of Homeownership Education and Housing Counseling Options

	Homeownership Education	Housing Counseling
Provider	• Framework Homeownership, LLC; or • Education course provided by a Community Seconds or other down payment assistance program provider, where the program requires its own homeownership education or counseling provided by a HUD-approved counseling agency	HUD-approved Counseling Agency
Method of Delivery	• On-line if provided by Framework, or any method offered by provider **Note**: For borrowers who have a disability, lack of Internet access or other situation where another form of education (other than on-line) may be more appropriate, Framework will provide a referral to a HUD-approved counseling agency that can meet their needs	In person, telephonic, or video conferencing per HUD standards
Date Required for Completion	• Prior to loan closing	Prior to execution of the sales contract
Required Documentation	• Certificate of Course Completion from Framework (or alternate provider based on Framework referral, if applicable); or • Certificate of completion from provider	*Certificate of Completion of Housing Counseling* (Fannie Mae Form 1017), signed by both the counseling recipient and the HUD counselor.

INELIGIBLE LOAN TYPES	• Manufactured Housing (MH) • HomeStyle Renovation or HomeStyle Energy • Temporary Buydowns • Financed MI • Adjustable Rate Mortgages

LPMI

- Allowed
  - See PBM rate sheet for Lender Paid Mortgage Insurance Adjustment for additional pricing.
- Minimum Credit Score 640
- Essent Mortgage Insurance Company ONLY

MAXIMUM LTV, CLTV, AND HCLTV RATIOS

Maximum LTV/CLTV, Fixed Rate Loans Only

Purchase	1 Unit	Purchase: • DU Only- LTV >95%-97% [1] • DU and manual UW to 95%
Limited Cash-Out Refinance	1 Unit	• DU Only – LTV >95-97%[1] for loans owned or securitized by Fannie Mae • DU and manual UW to 95%
Purchase or Limited Cash-Out Refinance	2 Units	• 85%
	3-4 Units	• 75%

(1) LTV, CLTV, and HCLTV Ratios greater than 95%: These transactions are not permitted for high-balance loans or loans with a non-occupant borrower. At least one borrower must have a credit score. For limited cash-out refinances, Fannie Mae must be the owner of the existing mortgage.

- CLTV up to 105% with eligible Community Seconds
- Other subordinate financing per Classic Conforming Guidelines

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.

Criteria	Requirements
LTV, CLTV or HCLTV Ratio	• 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:** PBM must document that the existing loan being refinanced is owned (or securitized) by Fannie Mae. Documentation may come from • The lender's servicing system, • The current servicer (if the lender is not the servicer), • Fannie Mae's Loan Lookup tool, or • Any other source as confirmed by PBM.

MAXIMUM LTV, CLTV, AND HCLTV RATIOS	**Existing Loan, continued**	PBM must inform DU that Fannie Mae owns the existing mortgage using the Owner of Existing Mortgage field in the online loan application before submitting the loan to DU. **Note**: this requirement does not apply if 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 and ARM 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** – Manual Underwriting not permitted
	Reserves	Reserves requirements will be determined by DU
	Other	All other standard purchase and limited cash-out refinance and HomeReady requirements apply

MINIMUM BORROWER CONTRIBUTION FOR PURCHASE TRANSACTIONS

- Fannie Mae does not require a minimum borrower contribution from the borrower's own funds for any mortgage loan if the loan has an LTV, CLTV, or HCLTV ratio of 80% or less.
- If the LTV, CLTV, or HCLTV ratio is greater than 80%, the minimum required borrower contribution from the borrower's own funds is dependent on the number of units, as noted in the table below.

Number of Units	Minimum Borrower Contribution	Minimum Down Payment Requirement[a]
One[b]	None	3%[c]
Two	3%	15%
Three or four	3%	25%

[a] Refer to the Maximum LTV, CLTV, or HCLTV guidelines section

[b] A minimum 3% borrower contribution and minimum down payment of 5% is required if Sweat Equity is being used toward the down payment for one-unit HomeReady purchase transactions. See the Sweat Equity section in these guidelines for additional requirements.

[c] A 3% down payment is permitted for certain purchase transactions. (See borrower eligibility guidelines).

See Chapter B3-4, Asset Assessment, and B5-5.1-02, Community Seconds Loan Eligibility, for information about allowable sources of funds for completing the transaction.

No minimum contribution is required in connection with a limited cash-out refinance transaction.

MINIMUM CREDIT SCORE	**Minimum Credit Score for this product is 620** ○ LTV > 80% and credit score ≥680 = 0.000% LLPA ○ All other LTV ratios and credit score combinations = 1.500% LLPA ○ SFC 900 **Borrowers with Low Credit Scores: Manual Underwriting Only** For HomeReady mortgage loans secured by one-unit properties, when PBM obtains a representative credit score for the borrower, but the score is less than the minimum score required for a HomeReady mortgage, the borrower may still be eligible if the following requirements are met: • The credit report indicates that the borrower's credit score is low due to an insufficient traditional credit history (as documented by reason codes on the credit report that indicate a lack of credit accounts, accounts not opened long enough, lack of usage, etc., as reasons for the low credit score). If the borrower's credit score is low due to derogatory credit or if none of the reason codes noted above appear on the credit report, then the minimum credit score for the transaction must be met (per the Matrix). • The Underwriter must supplement the traditional credit file (referred to as a "thin file") with the development of an acceptable nontraditional credit profile in accordance with Section B3-5.4, Nontraditional Credit History. • PBM must note the borrower's credit score (even if below the minimum required) along with SFC 818 at funding to identify HomeReady mortgage loans that have borrowers with thin files. **Note**: Special Feature Code 818 should only be used to indicate a "thin file" HomeReady mortgage loan.
MINIMUM RESERVE REQUIREMENTS	• For manually underwritten loans, the reserve requirements are documented in the Classic Conforming guidelines under *Reserves – Fannie Mae*. • For DU loan casefiles, DU will determine the reserve requirement. **Manually underwritten loans require Corporate approval**.
MORTGAGE INSURANCE COVERAGE	See table below. • Essent Mortgage Insurance only for LPMI Products ○ CF30HRLPMI CF15HRLPMI

Mortgage Insurance Coverage Requirements

	LTV Range			
	80.01-85.00%	**85.01-90.00%**	**90.01-95.00%**	**95.01-97.00%**
Fixed-Rate, term ≤ 20 years	6%	12%	25%^	25%^
Fixed-Rate, term >20 years;	12%^	25%^	25%^	25%^

NON-OCCUPANT BORROWERS

- Non-occupant borrowers are permitted to maximum LTV in DU;
- 90% LTV manual with max 43% debt-to-income (DTI) for occupying borrower.
- Income considered as part of qualifying income and subject to income limits.
- See *Occupancy – Fannie Mae* section of the Classic Conforming guidelines for more detailed information and requirements.

NON-TRADITIONAL CREDIT

- **Number and Types of Nontraditional Credit Sources Required**

Number of Nontraditional Credit Sources Required	
Manually underwritten loans	• Three sources for each borrower without a credit score • If there is a borrower on the loan without a credit score who cannot document a nontraditional credit profile (because the borrower has no nontraditional credit sources), the transaction is still eligible, provided no more than 30% of the qualifying income for the mortgage loan comes from that borrower.
Loans underwritten through DU	• If no borrower has a credit score ○ At least two sources for each borrower

	• If the borrower(s) with a credit score contributes
	  ○ 50% or less of qualifying income, at least two sources for each borrower without a credit score.
	  ○ More than 50% of qualifying income, then no nontraditional credit history is required for the borrower(s) without a credit score

Eligible Types of Nontraditional Credit

The following nontraditional credit sources may be used to develop a nontraditional credit history for the borrower:

- Rental housing payments. This includes payments made to a landlord or management company. Also included are payments made on a privately-held mortgage loan that is not reported to the credit bureaus, contract for deed payments and other similar arrangements, provided the payments are related to the borrower's housing.
  - Loans underwritten through DU where a nontraditional credit history is required must include rental housing payments as one source of nontraditional credit.
  - Manually underwritten loans do not require that one source of nontraditional credit be rental housing payments. However, if no borrower on the loan is able to document a rental payment history, a minimum of 12 months' reserves must be documented.
- Utilities, such as electricity, gas, water, telephone service, television, and internet service providers. If utilities are included in the rental housing payment, they cannot be considered a separate source of nontraditional credit. Utilities can be considered a source of nontraditional credit only if the payment history can be separately documented.
- Medical insurance coverage (excluding payroll deductions)
- Automobile insurance payments
- Cell Phone payments
- Life insurance policies (excluding payroll deductions)
- Payments for household or renter's insurance
- Payments to local stores, such as department stores, furniture stores, appliance stores

NON-TRADITIONAL CREDIT, CONTINUED	• Rental payments for durable goods, such as automobiles • Payment of medical bills • Payment of school tuition • Payments for child care • A loan obtained from an individual, provided the repayment term can be documented in a written agreement • Checking account, savings account, voluntary payments made to a payroll savings plan or contributions to a stock purchase plan, provided the records reflect an increasing balance as a result of periodic deposits over at least the most recent 12 months. Contributions must have been made no less than quarterly. • Wire remittance statements demonstrating a consistent amount of funds remitted over the most recent 12-month period.
OWNERSHIP OF OTHER PROPERTY	• Occupant and non-occupant borrower(s) may have an ownership interest in other residential property at the time of closing.

RENTAL INCOME FROM THE SUBJECT PROPERTY	• Rental income is an acceptable source of qualifying income in the following instances:
	  ○ one-unit principal residence with an accessory unit. Refer to B4-1.3-05, Improvements Section of the Appraisal Report, for additional details related to acceptable accessory units;
	  ○ Two- to Four-unit principal residence properties. Refer to B3-3.1-08, Rental Income, for calculation and documentation of rental income used for qualifying purposes.

SPECIAL FEATURE CODES	Special Feature Code 900 must be delivered for all HomeReady mortgage loans.
	
	In addition, one or more of the following special feature codes may also be required for HomeReady mortgages:
	  • Loans with a Community Seconds – 118
	  • Loans with financed mortgage insurance – 281, and
	  • Loans for borrowers with "thin" traditional credit files – 818
	
	Underwriters and Funders to review DU findings for applicable Special Feature codes.
	
	For additional information about these codes, see *Special Feature Codes.*

SUBORDINATE FINANCING	Subordinate financing must comply with:
	• The terms for the Community Seconds option, which allow, among other provisions, a maximum combined loan-to-value of 105% ***(see Fannie Mae Community Seconds Mortgages B5-5.1-01 through B5-5.1-03, Community Seconds Delivery Considerations);*** or
	• Subordinate financing permitted in accordance with the Acceptable and Unacceptable Subordinate Financing types Tables below:
	  ○ **Acceptable Subordinate Financing Types**
	  The table below provides the requirements for acceptable subordinate financing types.

<table>
<tr><td>SUBORDINATE FINANCING, CONTINUED</td><td>

✓	Acceptable Subordinate Financing Types
	Variable payment mortgages that comply with the details below
	Mortgages with regular payments that cover at least the interest due so that negative amortization does not occur.
	Mortgages with deferred payments in connection with employer subordinate financing (see below).
	Mortgage terms that require interest at a market rate.

- **Unacceptable Subordinate Financing Terms**
  The table below describes unacceptable subordinate financing terms

✓	Unacceptable Subordinate Financing Terms
	Mortgages with negative amortization (with the exception of employer subordinate financing that has deferred payments
	Subordinate financing that does not fully amortize under a level monthly payment plan where the maturity or balloon payment date is less than five years after the note date of the new first mortgage (with the exception of employer subordinate financing that has deferred payments). **Note**: Fannie Mae will accept these subordinate financing terms when the amount of the subordinate debt is minimal relative to the borrower's financial assets and/or credit profile.
	Subordinate financing from a seller-held mortgage is not permitted with HomeReady mortgages.

See Fannie Mae Subordinate Financing B2-1.1-04 for complete guidelines
</td></tr>
<tr><td>SWEAT EQUITY</td><td>

- Fannie Mae considers sweat equity an acceptable source of funds for HomeReady mortgage loans provided underwriters document that
  - The mortgage is originated under a specific lending program
  - The lending program is managed by a strong, experienced nonprofit organization.
- These factors enable Fannie Mae to work with Lenders that have the proven ability to properly evaluate the contributory value of the sweat equity work.
- When sweat equity is accepted toward the down payment, the borrower must contribute at least 3% from his or her own funds. For one-unit properties, a minimum down payment of 5% is required-2% sweat equity and maximum LTV ratio of 95%. For two-to four-unit properties refer to the maximum LTV ratios section.
</td></tr>
<tr><td>TEMPORARY BUYDOWNS</td><td>

- Not Allowed
</td></tr>
<tr><td>UNDERWRITING OPTIONS</td><td>

- HomeReady mortgage loans can be underwritten with DU or may be manually underwritten. The maximum LTV ratio is lower for manually underwritten transactions versus those underwritten in DU (95% versus 97% for one-unit principal residences). As a reminder, the limited waiver of representations and warranties typically granted for loans underwritten with DU does not apply to manually underwritten loans.
- For Home Ready mortgage loans that are underwritten through DU, the underwriter must enter data in the online loan application, identify the loan as a community lending mortgage, and select the HomeReady product.
</td></tr>
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UNDERWRITING OPTIONS, CONTINUED	• If the underwriter does not select HomeReady as the Community Lending product, DU will provide a message when the total qualifying income entered in DU appears to be within the applicable AMI limits and/or the property located within the defined geographic areas indicating that the loan may be eligible as a HomeReady mortgage loan. The underwriter must select the HomeReady product and resubmit the loan casefile to help determine if the loan meets all of the HomeReady requirements (assuming the underwriter wants to approve the loan as a HomeReady mortgage).
INTERESTED PARTY CONTRIBUTIONS (IBCs)	**IPC Limits** • The table below provides IPC limits for HomeReady mortgages. • IPCs that exceed these limits are considered sales concessions. The property's sales price must be adjusted downward to reflect the amount of contribution that exceeds the maximum, and the maximum LTV/CLTV ratios must be recalculated using the reduced sales price or appraised value.

Occupancy Type	LTV/CLTV Ratio	Maximum IPC
Principal Residence	Greater than 90%	3%
	75.01% - 90%	6%
	75% or less	9%