



FANNIE UPDATE

Homebuyer Education & Rental Income

Fannie Mae has updated requirements for Homebuyer Education and Rental Income. The new requirements will apply to New Loan Applications dated on or after December 7, 2019, and New Loans submitted to DU on or after the weekend of December 7, 2019.

HomeBUYER EDUCATION

CURRENT POLICY

- At least one Borrower must complete Homebuyer Education prior to closing:
- If **ALL** Borrowers are relying solely on nontraditional credit to qualify (applies to **ALL** loan products).
 - For **ALL** HomeReady® purchase transactions.

NEW POLICY

- At least one Borrower must complete Homebuyer Education for the following transactions:
- If **ALL** Borrowers are relying solely on nontraditional credit to qualify (applies to **ALL** loan products).
 - **ALL** purchase transactions with LTV, CLTV, or HCLTV greater than 95% when **ALL** Borrowers are 1st Time Buyers.
 - For **ALL** HomeReady purchase transactions when **ALL** occupying Borrowers are
 - 1st Time Buyers - regardless of LTV

FEES WAIVED

In support of their commitment to Homebuyer Education, beginning October 23, 2019, Fannie will waive the fee for the Framework Homeownership, LLC (Framework®) course for lenders, removing the cost burden for Borrowers. Additional information about this is forthcoming.

RENTAL INCOME PROPERTY

This table illustrates the **Updated Rental Income requirements** for Borrowers purchasing a property **WITHOUT** a prior history of managing Rental Properties, and the amount of Rental Income to be used to qualify a borrower when purchasing a 2-4 unit Principal Residence or 1-4 unit Investment Property.

<p>If a Borrower:</p> <ul style="list-style-type: none"> • currently owns a Principal Residence (or has a current housing expense), and • has at least a one-year history of receiving rental income (or documented property management experience) 	<p>Then:</p> <ul style="list-style-type: none"> • There is no restriction on the amount of rental income that can be used. • For a Principal Residence: rental income in an amount not exceeding the PITIA of the subject property can be added to the borrower's gross income. • For an Investment Property: rental income can only be used to offset the PITIA of the subject property
<p>If a Borrower:</p> <ul style="list-style-type: none"> • does not own a Principal Residence, and • does not have a current housing expense 	<p>Then: Rental Income from the subject property cannot be used.</p>

HomeReady

This policy does not apply to HomeReady loans with rental income from an accessory unit.

[Click Here](#) to read the complete Fannie Update

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