

HomeReady/Home Possible

Power Point and Q&A



7/26/23

Common Misconceptions

- LTV has to be 95%+
- Buyers have to be First Time Home Buyers
- MI is the same as standard for HR/HP
- Has to be a Purchase Loan
- This has to be a borrowers only property
- Buydowns are not allowed
- My borrower probably makes to much money
- Borrowers have to use Framework and pay \$75 for homebuyer education



Benefits

- AMI Waiver is automatically on all Agency Fees for loans submitted as Home Ready or Home Possible
- Lower MI than any other programs when LTV >90%
- Eligible for Purchase and Rate Term Refi
- Allows multiple units and non-occupant coborrower with restrictions
- Does not have to be a FTHB
- If all occupying borrowers are first time homebuyers then one borrower is to take homeowner education
- Fannie and Freddie offer free homeowner education options.

**Area Median Income
must be lower than 80%**

**2023 AMI
are averaging 7.73% higher than
2022!**



Findings are your Friend

- LP or DU will tell you on the findings if they are eligible – **Review your findings!**
- You must rerun through the AUS as a HomeReady or HomePossible

4 Based on the qualifying income and HomeReady income guidelines for the area in which the property is located:

- This loan casefile may be eligible as a HomeReady mortgage loan, and
- The lender may choose HomeReady as the Community Lending product and resubmit the loan casefile to DU.

Assessment Summary



Attention: Loan meets Home Possible® income limits. To assess eligibility, resubmit with program identifier.

Details

BORROWER NAME

MATTHEW C DICKERSON

NUMBER OF SUBMISSIONS

4

LP KEY NUMBER

F2238983

Affordable Product Information

AREA MEDIAN INCOME

\$64,200.00

AREA MEDIAN INCOME (%)

50.54%



Locking in OB

- Make sure you are selecting the “Affordable” option on the lock request form under Product Type

Product Type(s):

- All
- Standard
- Affordable
- HARP
- Hero/Cha
- HFA/Bond
- HUD Specialty
- Rehab
- Student Ln CO Ref
- USDA Str
- Expanded Guidelines

- Reading the notes or advisories on the Lock form also tells you if you are eligible (see note#1 below)

Reason	Points	SRP
LTV is 75.01-80, AND Loan Purpose is Purchase, AND FICO is 700-719, AND Non-Standard Loan Term (Months) is > 15 Yrs	-1.375	0.000
1st Mtg Loan Amt (Total) > 1, AND 1st Mtg Loan Amt (Total) is 325000-399999, AND State is LA	0.000	1.340
Total Adjustments	-1.375	1.340
Notes/Advisories:		
1. Annual Qualifying Income of \$12000 is 14.45% of East Baton Rouge County AMI of \$82900. 2. For this scenario, AUS Not Specified was run through eligibility and pricing as DU.		

- Anything under 80% annual qualifying income will work



Freddie Mac Comparison

	Freddie Mac	
	HomeOne	Home Possible®
Minimum FICO	620	620
Max LTV	97%	97%
Max Ratios	Determined by LPA - usually 50%	Determined by LPA- usually 50%
Eligible Property	1 Unit, SFR, Condo, PUD	1 Unit, SFR, Condo, PUD
Occupancy	Primary Residence	Primary Residence
Loan Purpose	Purchase & Rate-Term Refi	Purchase & Rate-Term Refi
1st Time Buyer	Yes-1 Borrower must be a FTHB	Not limited to FTHB Only
Income Limits	None	80% AMI- None in underserved areas
Amortization & Terms	30 Year Fixed	30 Year Fixed
Gifts	Allowed	Allowed
Minimum Borrower Contribution	3%	None
Non-Occupant Co-Borrowers	Not Allowed	Allowed on 1 unit Property With Max LTV of 95%
Reserves	Determined by LPA	Determined by LPA
Own other Property	Allowed with restrictions ¹	Allowed with no restrictions ²
Mortgage Insurance	35%	Lower than Standard MI if LTV >90%
Bankruptcy	Discharged 4 years	Discharged 4 years
Foreclosure	Settled 7 years	Settled 7 years
Seller Concessions	3%	3%
Home Buyer Education	Required if both Borrowers are 1st Time Buyers	Required if both Borrowers are 1st Time Buyers
Manufactured Homes	Not Allowed	Not Allowed
MISC		http://www.freddiemac.com/homepossible/eligibility.html

https://gmfspartners.com/wp-content/uploads/2021/05/convprograms_tpo_july23.pdf



Fannie Mae Comparison

	Fannie Mae	
	HomeReady®	Fannie 97
Minimum FICO	620	620
Max LTV	97%	97%
Max Ratios	Determined by DU - usually 50%	Determined by DU - usually 50%
Eligible Property	1 Unit, SFR, Condo, PUD	1 Unit, SFR, Condo, PUD
Occupancy	Primary Residence	Primary Residence
Loan Purpose	Purchase & Rate-Term Refi	Purchase & Rate-Term Refi
1st Time Buyer	Not limited to FTHB Only	Yes-1 Borrower must be a FTHB
Income Limits	80% AMI - None in underserved areas	None
Amortization & Terms	30 Year Fixed	30 Year Fixed
Gifts	Allowed	Allowed
Minimum Borrower Contribution	None	3%
Non-Occupant Co-Borrowers	Allowed to 95% LTV	Allowed to 95% LTV
Reserves	Determined by DU	Determined by DU
Own other Property	Allowed with restrictions ²	Allowed
Mortgage Insurance	Lower than Standard MI if LTV >90%	35%
Bankruptcy	Discharged 4 years	Discharged 4 years
Foreclosure	Settled 7 years	Settled 7 years
Seller Concessions	3%	3%
Home Buyer Education	Required if both Borrowers are 1st Time Buyers	Required if both Borrowers are 1st Time Buyers
Manufactured Homes	Not Allowed	Not Allowed
MISC	https://homeready-eligibility.fanniemae.com/homeready/	

https://gmfspartners.com/wp-content/uploads/2021/05/convprograms_tpo_july23.pdf



How to run in LP through TPO Connect

- Select Freddie Mac Offering indicator to select Home Possible

Andy America
1234 Ocean Plaza 823, Paradise, CA, 95739
De 9 91 TPO Customer - PROG

Loan # 2207544
Total Loan Am. \$336,000.00
Loan Type Conventional
Loan Purpose Purchase
Interest Rate 3.500%
Loan To Value 85.00% | 85.00%

Initial Documentation [W] [M] [S]

Additional Information

Select Borrower For
Andy America & Andy America

Agency Case No. []
Date Loan No. 2207544

TPO Application Date 07 / 07 / 2023
Estimated Closing Date 08 / 02 / 2023
Loan Documentation Type [Select an Option]

Freddie Mac Offering Indicator [Select an Option]
Freddie Mac Income Based Debt Restrictions [Select an Option]
Freddie Mac Community Lend Tool Indicator [Select an Option] HomeOne

Select an Option
 Home Possible
 HPA Advantage
 Not Possible

CHOICEone
 GreenCHOICE
 GreenCHOICEToPayOROutstandingOrigDef

Save Next



Running Findings in DU for HomeReady

- Begin in Section L3
- Select edit, and you are met with the following box and select Community Lending Product – Shown Right
- Select HomeReady from the dropdown - Shown below

The screenshot shows the Pannier Mae Desktop Underwriter interface. The top navigation bar includes 'Pannier Mae', 'Desktop Underwriter', 'Loan List', 'Import Loan', 'Create Loan', and 'Help'. The main menu has 'Loan Review' (highlighted), 'Findings Report', 'Credit', and 'Loan Actions'. On the right, there are buttons for 'PRINT 1003 FORM', 'SAVE & CLOSE', and 'SAVE ALL CHANGES'. A sidebar on the right contains 'Show' and 'Overview' buttons. The main content area is titled 'SUBMIT LOAN' and lists sections: L1. Property & Loan Information, L2. Title Information, L3. Mortgage Loan Information (highlighted), and L4. Qualifying the Borrower. Below these are 'OPTIONAL ADDITIONAL DATA' and 'Additional Property and Loan Information'. The L3. Mortgage Loan Information section is expanded, showing fields for Mortgage Type Applied For (Conventional), Amortization Type (Fixed Rate), Community Lending Product, Loan Features, Community Seconds Repayment Structure, Product Description, and Terms of Loan (Note Rate: 7.875%, Loan Term: 360 months, Mortgage Lien Type: First Lien). At the bottom, there is a section for 'L3. Proposed Monthly Payment for Property'.

L3. Mortgage Loan Information

Mortgage Type Applied For *

Conventional

Community Lending Product

Select

Please select

HFA Preferred

HFA Preferred Risk Sharing

HomeReady

Note Rate *

7.875 %

Amortization Type *

Fixed Rate

Loan Features

- Balloon / Balloon Term
- Interest Only / Interest Only Term
- Negative Amortization
- Prepayment Penalty / Prepayment Penalty Term
- Temporary Interest Rate Buydown / Initial Buydown Rate

0 %

Product Description

CLEAR ALL VALUES

Cancel

Done



Running Findings in LP Direct for Home Possible

- In loan setup select 'ACTION: Modify' – Shown Right
- Select Loan and property information, then select the Program Identifiers – Shown Below

FreddieMac | Loan Advisor®

Loan Product Advisor CREATE LOAN OTHER LINKS 157043

Create Loan: Loan File Setup

LOAN FILE SETUP BORROWER INFO ASSETS AND LIABILITIES REAL ESTATE LOAN AND PROPERTY INFO DECLARATION/SCIF DEMOGRAPHIC INFO LENDER LOAN INFO REQUEST SERVICES

Loan Data

Application Information

LOAN APPLICATION # 23077306	LOAN PROCESSING STAGE Application
LENDER BRANCH NUMBER -	APPLICATION RECEIVED DATE 07/14/2023

Borrower Setup

FIRST NAME BILLY	MIDDLE NAME M.	LAST NAME LINGO	SUFFIX --
LACIE	G.	LINGO	--

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Loan Product Advisor CREATE LOAN OTHER LINKS 157043

Create Loan: Loan and Property Information

LOAN FILE SETUP BORROWER INFO ASSETS AND LIABILITIES REAL ESTATE LOAN AND PROPERTY INFO DECLARATION/SCIF DEMOGRAPHIC INFO LENDER LOAN INFO REQUEST SERVICES

Loan Data

Loan and Property Information *Required

Loan Amount *
\$ 556000.00

Loan Purpose *
 Purchase Refinance

Street Address
204 THISTLEDOWN CT

Unit # City State Zip Code
PEARL RIVER LA 70452

Number of Units * Estimated Property Value Appraised Property Value
1 \$ 705000.00 \$ 705000.00

Appraisal Identifier
1101E0E758

Property Usage Type *
 Primary Residence Second Home Investment

FHA Secondary Residence
 Yes No

Program Identifier(s)
Select

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Property Usage Type *
 Primary Residence Second Home Investment

FHA Secondary Residence
 Yes No

Program Identifier(s)
Home Possible

CLEAR ALL

Quick Reference Pricing Grids- THESE ARE WAIVED!

Meaningful Value saved!

Purchase Money Loans – LLPA by Credit Score/LTV Ratio

Credit Score	LTV Range								
	Applicable for all loans with terms greater than 15 years								
	≤ 30.00%	30.01 – 60.00%	60.01 – 70.00%	70.01 – 75.00%	75.01 – 80.00%	80.01 – 85.00%	85.01 – 90.00%	90.01 – 95.00%	>95.00%
≥ = 780	0.000%	0.000%	0.000%	0.000%	0.375%	0.375%	0.250%	0.250%	0.125%
760 – 779	0.000%	0.000%	0.000%	0.250%	0.625%	0.625%	0.500%	0.500%	0.250%
740 – 759	0.000%	0.000%	0.125%	0.375%	0.875%	1.000%	0.750%	0.625%	0.500%
720 – 739	0.000%	0.000%	0.250%	0.750%	1.250%	1.250%	1.000%	0.875%	0.750%
700 – 719	0.000%	0.000%	0.375%	0.875%	1.375%	1.500%	1.250%	1.125%	0.875%
680 – 699	0.000%	0.000%	0.625%	1.125%	1.750%	1.875%	1.500%	1.375%	1.125%
660 – 679	0.000%	0.000%	0.750%	1.375%	1.875%	2.125%	1.750%	1.625%	1.250%
640 - 659	0.000%	0.000%	1.125%	1.500%	2.250%	2.500%	2.000%	1.875%	1.500%
≤ 639 ¹	0.000%	0.125%	1.500%	2.125%	2.750%	2.875%	2.625%	2.250%	1.750%

Limited Cash-out Refinances – LLPA by Credit Score/LTV Ratio

Credit Score	LTV Range								
	Applicable for all loans with terms greater than 15 years								
	≤ 30.00%	30.01 – 60.00%	60.01 – 70.00%	70.01 – 75.00%	75.01 – 80.00%	80.01 – 85.00%	85.01 – 90.00%	90.01 – 95.00%	>95.00%
≥ = 780	0.000%	0.000%	0.000%	0.125%	0.500%	0.625%	0.500%	0.375%	0.375%
760 – 779	0.000%	0.000%	0.125%	0.375%	0.875%	1.000%	0.750%	0.625%	0.625%
740 – 759	0.000%	0.000%	0.250%	0.750%	1.125%	1.375%	1.125%	1.000%	1.000%
720 – 739	0.000%	0.000%	0.500%	1.000%	1.625%	1.750%	1.500%	1.250%	1.250%
700 – 719	0.000%	0.000%	0.625%	1.250%	1.875%	2.125%	1.750%	1.625%	1.625%
680 – 699	0.000%	0.000%	0.875%	1.625%	2.250%	2.500%	2.125%	1.750%	1.750%
660 – 679	0.000%	0.125 %	1.125%	1.875%	2.500%	3.000%	2.375%	2.125%	2.125%
640 - 659	0.000%	0.250%	1.375%	2.125%	2.875%	3.375%	2.875%	2.500%	2.500%
≤ 639 ¹	0.000%	0.375%	1.750%	2.500%	3.500%	3.875%	3.625%	2.500%	2.500%



Links and Resources

- AMI Lookup Tool
 - https://ami-lookup-tool.fanniemae.com/amilookuptool/?_ga=2.53996008.1546460456.1689276274-249975998.1687440452
- Fannie Mae
 - <https://singlefamily.fanniemae.com/originating-underwriting/mortgage-products/homeready-mortgage>
 - Grids -
<https://singlefamily.fanniemae.com/media/9391/display>
- Freddie
 - <https://sf.freddiemac.com/working-with-us/origination-underwriting/mortgage-products/home-possible>

