

# WHOLESALE BULLETIN

IMPORTANT INFORMATION: PLEASE READ IMMEDIATELY

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## 17W-061

**Attention: Business Development Managers & Mortgage Brokers**

**July 13, 2017**

**Please take a moment to read the important information contained in this bulletin.**

### **Included in this Bulletin: HomeReady Income Limits**

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Great News!! HomeReady income limits were implemented in Desktop Underwriter (DU) and in the HomeReady Income Eligibility Lookup tool during the weekend of July 8, 2017.

Designed for creditworthy low- to moderate-income borrowers, HomeReady offers expanded eligibility for financing homes in low-income communities.

#### **Features**

- Financing up to 97% loan-to-value (LTV) for purchase of one-unit principal residence (DU is required for LTV ratios >95%); up to 95% LTV for limited cash-out refi (LCOR) and up to 97% LTV for LCOR transactions in DU when the mortgage being refinanced is owned or guaranteed by Fannie Mae
- Borrower is not required to be a first-time buyer
- Cancellable mortgage insurance (restrictions apply); lower MI coverage (25% for LTVs >90% to 97%) compared with standard requirements
- Gifts, grants, Community Seconds®, and cash-on-hand permitted as a source of funds for down payment and closing costs
- Supports HomeStyle ® Energy, manufactured housing, and HomeStyle Renovation (approved lenders)
- Innovative underwriting flexibilities expand access to credit responsibly. Flexibilities include:
  - Rental unit and boarder income
  - Non-occupant borrowers, such as a parent
  - Income from non-borrower household members considered as a compensating factor in Desktop Underwriter® (DU®) to allow for a debt-to-income (DTI) ratio >45%, up to 50%\*

**NOTE:** With the release of DU Version 10.1 during the weekend of July 29, 2017, the comprehensive DU risk assessment will enable all borrowers to be eligible for an increased maximum debt-to-income (DTI) ratio of up to 50%, depending on risk factors. As a result, the non-borrower household income flexibility and its associated compensating factor will be retired with

the release of DU Version 10.1. Casefiles submitted or resubmitted through DU Version 10.0, however, may still use non-borrower household income to qualify borrowers.

### **Simple Borrower Income Eligibility**

HomeReady is available when purchasing or refinancing any single-family home, as long as the borrower meets the income limits of the property location. (Income eligibility limits may help lenders meet applicable Community Reinvestment Act goals.) The Income Eligibility Lookup tool provides lenders and other housing professionals with a quick and easy way to look up HomeReady income eligibility by address or FIPS code.

The Income Eligibility Lookup tool:

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

Note: The AMI data in DU and on the Fannie website may differ from the median income estimates posted on the HUD website.

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