

CONFORMING HOMEReadY

ELIGIBILITY MATRIX

OCCUPANCY	PURPOSE	PROPERTY TYPE	CREDIT SCORE	LTV/CLTV	DTI
Primary Residence	Purchase Rate & Term Refinance	1 Unit	620	97%	50%
		2 Units		85%	
		3-4 Units		75%	
		Manufactured Homes	640	95%	

- MAX 105% CLTV WITH COMMUNITY SECOND
- HIGH BALANCE NOT PERMITTED
- RATE AND TERM REFINANCE:
 - CURRENT MORTGAGE BEING REFINANCED MUST BE OWNED BY FANNIE MAE.
- NON-OCCUPANT CO-BORROWER
 - MAX 95% LTV/CLTV
 - MAX 105% CLTV WITH COMMUNITY SECOND

This information is provided by Keystone Funding, Inc. and intended for mortgage professional only, as a courtesy to its clients and is meant for instructional purposes only. It is not intended for public use or distribution. None of the information provided is intended to be legal advice in any context. Keystone Funding, Inc. does not guarantee, warrant, ensure or promise that information provided is accurate. Terms and conditions of programs and guidelines are subject to change at any time without notice. This is not a commitment to lend. Keystone Funding, Inc. is an Equal Housing Lender.

FANNIE MAE CONFORMING HOMEReadY

REFERENCE	DESCRIPTION
PURPOSE	Purchase Mortgage Rate & Term Refinance
LOAN TERMS	Fixed Rate 10-to-30-year terms in annual increments.
TEMPORARY BUYDOWNS	Not permitted
NET TANGIBLE BENEFIT	NTB is required for all refinance transactions. Colorado, Maryland, Virginia, and New Jersey (Primary Residence) require state specific forms. North Carolina – Requires generic form to be completed.
LOAN LIMITS	https://singlefamily.fanniemae.com/originating-underwriting/loan-limits https://www.fhfa.gov/DataTools/Downloads/Pages/Conforming-Loan-Limits.aspx
ELIGIBLE AUS DECISION	DU Approve/Eligible per Fannie Mae guidelines DU findings must state that the loan casefile is eligible for delivery as a HomeReady Mortgage loan.
INELIGIBLE AUS DECISION	DU Approve/Ineligible Refer with Caution
MANUAL UNDERWRITING	Not Permitted
QUALIFYING RATE	Fixed Rate: Note Rate
INCIDENTAL CASH BACK	Maximum incidental cash back to borrower is lesser of \$2,000 or 2%
PROPERTIES LISTED FOR SALE	Property must be taken off the market before the Note date. Borrower must provide signed and dated letter of explanation and must indicate intent to occupy as a primary residence.

This information is provided by Keystone Funding, Inc. and intended for mortgage professional only, as a courtesy to its clients and is meant for instructional purposes only. It is not intended for public use or distribution. None of the information provided is intended to be legal advice in any context. Keystone Funding, Inc. does not guarantee, warrant, ensure or promise that information provided is accurate. Terms and conditions of programs and guidelines are subject to change at any time without notice. This is not a commitment to lend. Keystone Funding, Inc. is an Equal Housing Lender.

FANNIE MAE CONFORMING HOMEReadY

REFERENCE	DESCRIPTION	
ELIGIBLE SUBORDINATE FINANCING	New subordinate financing Existing subordinate financing Community Second (Max 105% CLTV)	
INELIGIBLE SUBORDINATE FINANCING	Seller Second Mortgage	
OCCUPANCY	Primary Residence	
ELIGIBLE PROPERTY TYPES	1-4 Units Condominiums (Warrantable) Leasehold Estates Manufactured Housing Modular Home (SFD) PUDs	
INELIGIBLE PROPERTY TYPES	Condo Hotels Co-Ops Leasehold Estates Manufactured Housing Modular Home PUDs	
ELIGIBLE STATES	Delaware Florida Maryland Pennsylvania	District of Columbia New Jersey North Carolina Virginia Colorado
ELIGIBLE BORROWERS	U.S. (United States) Citizens Permanent Resident Alien Non-Permanent Resident Alien Inter Vivos Revocable Trust	
NON-OCCUPANT CO-BORROWER	Max LTV/CLTV/HCLTV <95%	
HOUSING PAYMENT HISTORY	Inclusive of all liens regardless of position Applies to all mortgages on all financed properties Follow DU Approve/Eligible	

This information is provided by Keystone Funding, Inc. and intended for mortgage professional only, as a courtesy to its clients and is meant for instructional purposes only. It is not intended for public use or distribution. None of the information provided is intended to be legal advice in any context. Keystone Funding, Inc. does not guarantee, warrant, ensure or promise that information provided is accurate. Terms and conditions of programs and guidelines are subject to change at any time without notice. This is not a commitment to lend. Keystone Funding, Inc. is an Equal Housing Lender.

FANNIE MAE CONFORMING HOMEREADY

REFERENCE	DESCRIPTION																			
BORROWER CONTRIBUTION	<table border="1"> <thead> <tr> <th rowspan="2"></th> <th colspan="2">Primary Residence</th> <th colspan="2">2-4 Units</th> </tr> <tr> <th><80% LTV</th> <th>≥80% LTV</th> <th><80% LTV</th> <th>≥80% LTV</th> </tr> </thead> <tbody> <tr> <td>Borrower Investment</td> <td>None</td> <td>None</td> <td>None</td> <td>3%</td> </tr> <tr> <td>Gifts</td> <td colspan="4">Yes</td> </tr> </tbody> </table>		Primary Residence		2-4 Units		<80% LTV	≥80% LTV	<80% LTV	≥80% LTV	Borrower Investment	None	None	None	3%	Gifts	Yes			
			Primary Residence		2-4 Units															
		<80% LTV	≥80% LTV	<80% LTV	≥80% LTV															
	Borrower Investment	None	None	None	3%															
Gifts	Yes																			
LTV includes LTV/CLTV/HCLTV																				
CASH ON HAND	<p>Cash on hand may be used for the down payment and closing costs if the following is met:</p> <ul style="list-style-type: none"> ✓ 1-unit primary residence ✓ Borrower customarily uses cash for expenses and the amount of funds saved is consistent with the borrower’s previous payment practices. ✓ Credit report and other verifications indicate limited use of credit, or no depository relationship exists between the borrower and a financial institution. ✓ Borrower must provide a written and signed statement that discloses the source of funds and states that the funds have not been borrowed. ✓ Sufficient funds for down payment and closing costs must be deposited into a financial institution or an acceptable escrow account at time of application or no less than 30 days prior to closing. ✓ The amount of cash on hand must be entered as “Cash on Hand” in the assets section (Section VI) on the online loan application. ✓ DU will use the “Cash on Hand” amount to calculate the available funds to close. ✓ Cash on hand funds will not be used to calculate reserves. 																			
DOWN PAYMENT ASSISTANCE	<p>Permitted KFI must approve the DPA</p>																			
SELLER CONTRIBUTIONS	<p>Primary Residence</p> <ul style="list-style-type: none"> ✓ 3% for LTV/CLTV >90% ✓ 6% for LTV/CLTV >75% & <90% ✓ 9% for LTV/CLTV <75% 																			
RESERVES	<p>Follow DU reserve requirements. Gift funds may be used to meet reserve requirements.</p>																			
INCOME REQUIREMENTS AND LIMITS	<p>Qualifying income from all borrowers who will be on the Note must be included. DU will determine income eligibility: Income must not exceed 80% AMI for the subject property location. https://singlefamily.fanniemae.com/originating-underwriting/mortgage-products/homeready-mortgage</p>																			
RENTAL INCOME FROM BOARDER	<p>Income from a boarder (related or non-related) can be included in the monthly income if the following are met:</p> <ul style="list-style-type: none"> ✓ 1-Unit ✓ The boarder must have resided with (and paid rent to) the borrower for the last 12 months ✓ Provide documentation to evidence residency with the borrower (e.g., copy of driver’s license, monthly bills, bank statement shows the boarder’s address as being the same as the borrower’s address) 																			

This information is provided by Keystone Funding, Inc. and intended for mortgage professional only, as a courtesy to its clients and is meant for instructional purposes only. It is not intended for public use or distribution. None of the information provided is intended to be legal advice in any context. Keystone Funding, Inc. does not guarantee, warrant, ensure or promise that information provided is accurate. Terms and conditions of programs and guidelines are subject to change at any time without notice. This is not a commitment to lend. Keystone Funding, Inc. is an Equal Housing Lender.

FANNIE MAE CONFORMING HOMEReadY

REFERENCE	DESCRIPTION
	<ul style="list-style-type: none"> ✓ Provide evidence of payment of rental payments (such as cancelled checks) to borrower for: <ul style="list-style-type: none"> ○ Last 12 months or ○ At least nine of the most recent 12 months provided the rental income is average over a 12-month period. ✓ Payment of rent by the boarder directly to a third party is not acceptable. ✓ The boarder will continue to reside with the borrower. ✓ The amount of rental income may not exceed 30% of the total qualifying income for the mortgage (if rental income exceeds 30%, reduce the amount of income to not more than 30% and use that figure for qualifying income and AMI limitations) ✓ Boarder may not be obligated on the note or have an ownership interest in the property.
RENTAL INCOME FROM ADU	<p>1-Unit Primary Residence Purchase: Single Family Rent Schedule (Fannie Mae Form 1007) required Refinance: Single Family Rent Schedule (Fannie Mae Form 1007) required or Lease Agreement with an explanation for why the lease agreement is being used in lieu of Schedule E.</p>
IRS FORM 4506-C	<p>Prior to Underwriting</p> <ul style="list-style-type: none"> ✓ Signed 4506-C for each borrower whose income must be documented with tax returns and used for qualification (self-employment, rental income, etc.) <p>At Closing (all loans)</p> <ul style="list-style-type: none"> ✓ 4506-C for each borrower whose income is used to qualify (regardless of income type) must be signed at closing. <p>4506-C for the business tax return transcript(s) must be signed at closing when the business returns are used for qualification.</p>
NUMBER OF FINANCED PROPERTIES	<p>New multiple loans must be underwritten simultaneously Maximum two financed properties including the subject property Properties owned by non-occupant co-borrower are not included.</p>
APPRAISALS	<p>Follow DU Approve/Eligible Appraisal Waiver Must be dated within four months from the DU offer date to the note date Not permitted if appraisal has already been obtained Not permitted for deed restricted properties including age restrictions (55+)</p>
ESCROW WAIVER	<p>Escrow Waiver Eligibility Max LTV <80% Escrows may not be waived for first-time homebuyer (FTHB) or borrowers who exhibit recent delinquencies. FTHBs may be considered on a case-by-case basis with a demonstrated ability to save (reserves) and strong residual income.</p>

This information is provided by Keystone Funding, Inc. and intended for mortgage professional only, as a courtesy to its clients and is meant for instructional purposes only. It is not intended for public use or distribution. None of the information provided is intended to be legal advice in any context. Keystone Funding, Inc. does not guarantee, warrant, ensure or promise that information provided is accurate. Terms and conditions of programs and guidelines are subject to change at any time without notice. This is not a commitment to lend. Keystone Funding, Inc. is an Equal Housing Lender.

FANNIE MAE CONFORMING HOMEReadY

REFERENCE	DESCRIPTION																						
POWER OF ATTORNEY (POA)	<p>Not permitted on cash-out refinance. POA must be specific to the transaction. POA may not be a third party associated with the transaction. Letter of explanation must be provided explaining why the POA is being requested and the relationship between the POA and the borrower must be disclosed. *Underwriting Manager approval is required.</p>																						
PRINCIPAL CURTAILMENT	<p>A principal curtailment is permitted up to the lesser of 2% of the loan amount of \$2,500</p>																						
HOME OWNERSHIP EDUCATION COUNSELING	<p>Purchase Only Must be completed prior to the note date At least one borrower must complete homebuyer education when all borrowers are first time homebuyers. Document certificate of course completion. Framework Homeownership, LLC (Framework ®)</p>																						
MORTGAGE INSURANCE (MI) PROVIDERS	<table border="1"> <tr> <td>Arch Genworth Financial Radian</td> <td>National MI MGIC</td> </tr> </table>	Arch Genworth Financial Radian	National MI MGIC																				
Arch Genworth Financial Radian	National MI MGIC																						
MORTGAGE INSURANCE ELIGIBLE PROGRAMS	<p>Borrower Paid Mortgage Insurance Monthly Plan Single-Premium Plan Financed Plan Lender Paid (LPMI) *LPMI Disclosure Required</p>																						
MORTGAGE INSURANCE INELIGIBLE PROGRAMS	<p>Split Premium Reduced or Custom Mortgage Insurance Lender Paid (Monthly Plan) Lender Paid (Annual Plan)</p>																						
MORTGAGE INSURANCE COVERAGE	<p>Private Mortgage Insurance is required for all loans >80% LTV Consult individual Mortgage Insurance company guidelines/overlays</p> <table border="1"> <thead> <tr> <th>LTV</th> <th>Standard Coverage</th> </tr> </thead> <tbody> <tr> <td colspan="2">Fixed Rate >20 Year Term, ARMs, and All Manufactured Housing</td> </tr> <tr> <td>95.01% to 97%</td> <td>25%</td> </tr> <tr> <td>90.01% to 95%</td> <td>25%</td> </tr> <tr> <td>85.01% to 90%</td> <td>25%</td> </tr> <tr> <td>80.01% to 85%</td> <td>12%</td> </tr> <tr> <td colspan="2">Fixed Rate < 20 Year Term</td> </tr> <tr> <td>95.01% to 97%</td> <td>25%</td> </tr> <tr> <td>90.01% to 95%</td> <td>25%</td> </tr> <tr> <td>85.01% to 90%</td> <td>12%</td> </tr> <tr> <td>80.01% to 85%</td> <td>6%</td> </tr> </tbody> </table>	LTV	Standard Coverage	Fixed Rate >20 Year Term, ARMs, and All Manufactured Housing		95.01% to 97%	25%	90.01% to 95%	25%	85.01% to 90%	25%	80.01% to 85%	12%	Fixed Rate < 20 Year Term		95.01% to 97%	25%	90.01% to 95%	25%	85.01% to 90%	12%	80.01% to 85%	6%
LTV	Standard Coverage																						
Fixed Rate >20 Year Term, ARMs, and All Manufactured Housing																							
95.01% to 97%	25%																						
90.01% to 95%	25%																						
85.01% to 90%	25%																						
80.01% to 85%	12%																						
Fixed Rate < 20 Year Term																							
95.01% to 97%	25%																						
90.01% to 95%	25%																						
85.01% to 90%	12%																						
80.01% to 85%	6%																						

This information is provided by Keystone Funding, Inc. and intended for mortgage professional only, as a courtesy to its clients and is meant for instructional purposes only. It is not intended for public use or distribution. None of the information provided is intended to be legal advice in any context. Keystone Funding, Inc. does not guarantee, warrant, ensure or promise that information provided is accurate. Terms and conditions of programs and guidelines are subject to change at any time without notice. This is not a commitment to lend. Keystone Funding, Inc. is an Equal Housing Lender.



FANNIE MAE CONFORMING HOMEReadY

REFERENCE	DESCRIPTION
INELIGIBLE PROGRAMS	Fannie Mae FHA Preferred Program Fannie Mae Homestyle Fannie Mae MH Advantage Fannie Mae Rural High-Needs Appraisal Waiver (Appraisal Waiver with home inspection)

This information is provided by Keystone Funding, Inc. and intended for mortgage professional only, as a courtesy to its clients and is meant for instructional purposes only. It is not intended for public use or distribution. None of the information provided is intended to be legal advice in any context. Keystone Funding, Inc. does not guarantee, warrant, ensure or promise that information provided is accurate. Terms and conditions of programs and guidelines are subject to change at any time without notice. This is not a commitment to lend. Keystone Funding, Inc. is an Equal Housing Lender.