

HomePath Loan Program Guidelines

The HomePath Mortgage program is a special financing program to provide financing for purchases of Fannie Mae Real Estate Owned (REO) properties that Fannie Mae has deemed eligible for HomePath Mortgage financing.

Summary

Product Types	30-year Fixed; 15-year Fixed ³ 5/1 ARM ¹ ; 7/1 ARM ³
Max Debt Ratio	45% ⁴

Conforming Loan Amount

Occupancy	Units	LTV > 80%		LTV <= 80%	
		Minimum Credit Score	Max LTV/CLTV ²	Minimum Credit Score	Max LTV/CLTV ²
Primary Residence	1	660	97%	620	80%
	2	Not Eligible	Not Eligible	620	80%
	3-4	Not Eligible	Not Eligible	620	75%
Second Home	1	660	90%	620	80%
Investment	1	660	85%	620	80%
	2-4	Not Eligible	Not Eligible	620	75%

High Balance Loan Amount³

Occupancy	Units	LTV > 75%		LTV <= 75%	
		Minimum Credit Score	Max LTV/CLTV ²	Minimum Credit Score	Max LTV/CLTV ²
Primary Residence	1 (Fixed)	700	90%	660	75%
	1 (ARM)	Not Eligible	Not Eligible	680	75%
	2-4	Not Eligible	Not Eligible	740	75%
Second Home	1	Not Eligible	Not Eligible	740	65%
Investment	1-4	Not Eligible	Not Eligible	740	65%

¹ Qualify using the greater of the fully indexed rate or Note rate +2%

² Reduce LTV by 5% when using secondary financing

³ 15-year Fixed and 7/1 ARM are not available for High Balance Loans. State/County limits may vary and can be found at <https://entp.hud.gov/idapp/html/hicostlook.cfm>

⁴ DTI up to 50% considered on case-by-case basis with DU approval and strong compensating factors

General Requirements

Automated Underwriting	<p>Desktop Underwriter <u>required</u> with “Approved/Eligible” response only. The following DU messages may be disregarded provided that the loan copies with all HomePath Mortgage requirements:</p> <ul style="list-style-type: none"> Any message relating to amount of MI Any message that says the maximum allowable interested-party contributions has been exceeded on principle residence or 2nd home > 90% LTV Any message related to the level of fieldwork recommended
Borrowers	<p>Eligible:</p> <ul style="list-style-type: none"> US Citizens & Permanent Resident Aliens are allowed with a valid social security number Loans made to individual persons only Max 4 borrowers on a transaction Non-occupant co-borrowers allowed up to 95% LTV Non Resident aliens (foreign nationals) – Primary Residence or 2nd Home only <p>Ineligible:</p> <ul style="list-style-type: none"> Borrowers who are related to or employed by the submitting broker, regardless of job function. Borrowers related to or have an ownership interest in the builder, property seller and/or any other party on title, including but not limited to registered agents, sales agents, partners or employees. Trusts, corporations, LLC’s, and other non-individual entities
HomePath Documentation Requirements	<ul style="list-style-type: none"> Loans must be secured by properties that are designated by FNMA on the www.homepath.com Loan file must be documented with appropriate pages printed from the web site prior to closing reflecting: property address, REO ID, property value, bedroom count and HomePath mortgage logo. FNMA removes eligible properties from the HomePath website after the loan closes. A copy of the fully executed “Notice to HomePath Property Buyers Regarding Appraisals (Form 10) must be in the file and dated prior to closing.
Impounds	Required if LTV exceeds 80% unless state law supersedes
Income Documents	<p>As required by DU with the following minimum requirements:</p> <ul style="list-style-type: none"> Salaried borrowers – Latest paystub with most recent 30 days and YTD earnings, prior year W2 and Verbal VOE. Commission/Self-Employed – Most recent tax return covering full year with all schedules Commission/Self-Employed – Verification of existence of business by 3rd party & verify phone listing from acceptable source (Required within 30 days of closing) Signed 4506-T for all borrowers at submission is required. Fully executed lease agreement is required in order to use rental income to qualify. If no lease available, the borrower is to provide an estimated rental income for loan delivery purposes.
Max Financed Properties	<p>Owner occupied = no limit 2nd home or investment = four financed properties including the Primary Residence and any jointly owned properties.</p>
Mortgage Insurance	MI is not required regardless of LTV or DU recommendation.
Reserves	<p>As determined by DU or as follows:</p> <ul style="list-style-type: none"> 2nd home = 2 mos PITI Investment = 6 mos PITI 2nd home/Investment requires 2 mos PITI for all other financed 2nd home & investment properties
Subordinate Financing	Down payment assistance programs are not allowed. Seller held seconds are not allowed.
Assets	<p>No minimum borrower investment required for:</p> <ul style="list-style-type: none"> 1 unit primary conforming loan limit Primary 2-4 units ≤ 80% 2nd home ≤ 80% <p>5% investment from borrowers own funds required for:</p> <ul style="list-style-type: none"> 2-4 unit primary > 80% High balance primary > 80% 2nd homes > 80% All Investment properties <p>For LTV/CLTV > 95%, there is no minimum contribution requirement from the borrower’s own funds.</p>
Gifts	<ul style="list-style-type: none"> Primary/2nd homes – Acceptable provided borrower minimum investment is met

	<ul style="list-style-type: none"> • Investment properties – Not permitted. • ≤ 80% LTV/CLTV – 100% Gift allowed • Gift funds from acceptable donors • Grants allowed from borrower’s employer, public agency or non-profit organization (excluding credit unions) • Evidence of the transfer of funds to the borrower is required
Interested Party Contributions	<ul style="list-style-type: none"> • 9% for primary residence/2nd homes ≤ 75% LTV/CLTV • 6% for primary residence/2nd homes >75% LTV/CLTV • 2% for investment properties regardless of LTV/CLTV

Credit Requirements

Bankruptcy	None allowed last 4 years (or as determined by DU if more restrictive requirement applies). No multiple bankruptcy filings allowed in last 7 years and subject to individual evaluation regardless of the credit score.
Collection Charge offs Judgments	For Primary Residence and Second Homes, aggregate balance over \$5,000 must be paid in full. For Investment Residence, accounts with \$250 balance or an aggregate balanced over \$1000 must be paid in full. Judgments, garnishments & all liens including tax liens must be paid in full.
Credit Report	Minimum of 2 credit scores required for each borrower.
Foreclosure / Deed in Lieu / Short Sale	None allowed in last 7 years or as determined by DU (most restrictive guideline applies). Satisfactory re-established credit required.
Mortgage Rating	0x60 or greater on any mortgage reported within the last 12 months of the date of the credit report.

Property Requirements

Appraisal	No appraisal required. Use sales price to determine value.
Property and Occupancy	<p>Eligible:</p> <ul style="list-style-type: none"> • 1-4 unit Primary and Investment residences⁴ • 1-unit Second Homes⁵ • PUDs and Condominiums (Lender is not required to warrant the project is eligible provided that there is evidence of adequate hazard (HO6), homeowners, flood if applicable and that fidelity insurance exists.) Project type codes: V – Condo; E- PUD • Fee Simple <p>⁴ Owner-occupied 2-4 Units and Investment properties require 6 months rent loss insurance if rental income is used to qualify ⁵ Ineligible if borrower already owns Second Home or investment in the same Geographic location as subject property</p> <p>Not Eligible:</p> <ul style="list-style-type: none"> • Condominiums in Florida and Nevada • Condotels • Co-ops • Manufactured Housing • Mixed-use properties • Leaseholds • Properties with deed restrictions <p>State Restrictions: High Balance not allowed in the following states: Indiana, Minnesota, Montana, and Texas</p>

Note: If not explicitly mentioned above, standard FNMA guidelines apply.