

# Conforming HomePath Fixed

The HomePath Mortgage Program is a special financing program to provide financing for purchasers of Fannie Mae Real Estate Owned (REO) properties that Fannie Mae has deemed eligible for HomePath Mortgage financing. Loans must be secured by properties designated as eligible for HomePath financing on the [www.homepath.com](http://www.homepath.com) website.

Any item not addressed specifically within this section, please refer to SNMC Conforming Guidelines.

## General Eligibility

### Loan Purpose

Purchase transactions only

### Occupancy

- Primary
- Second homes
- Investment properties

### Doc Type/Product Code

- Full Documentation
- Product Code: C-F30-HP

### LTV/CLTV Parameters – Fully Amortized

Occupancy	Units	LTV	CLTV
Primary	1	97 <sup>2</sup>	97 <sup>1</sup>
Primary	2	80	80
Primary	3-4	75	75
Second Home	1	90 <sup>2</sup>	90
Investment	1	90 <sup>2</sup>	90
Investment	2	80	80
Investment	3-4	75	75

<sup>1</sup>When subordinate financing or an approved Down Payment Assistance Program exists; LTV may not exceed 95%

<sup>2</sup>LTV > 80% requires a minimum 660 FICO

### Loan Amount

#### Maximum Loan Amount

Number of Units	Continental U.S.	Alaska and Hawaii
1 Unit	\$417,000	\$625,500
2 Units	\$533,850	\$800,775
3 Units	\$645,300	\$967,950
4 Units	\$801,950	\$1,202,925

### Term

30 year terms

## General Eligibility (cont'd)

### Temporary Buydowns – **NOT AVAILABLE AT THIS TIME**

- 2-1 temporary buydown allowed
- DU will determine whether the borrower qualifies at the note rate or the bought down rate

### Mortgage Insurance

Mortgage insurance is not required regardless of LTV or DU recommendation – although Fannie Mae-required price adjusters will apply in lieu of MI for LTVs greater than 80%.

### Impound Accounts

Escrow waivers are not permitted on LTV's over 80%. California properties may waive escrows up to 90% LTV.

### Assumability

Not assumable.

### Prepayment Penalty

Not allowed

### Non-Occupant Co-Borrowers

- For loans with CLTV > 95%, all borrowers must occupy the property as their primary residence
- For loans with LTV/CLTV ≤ 95%, follow standard parameters for non-occupant co-borrowers

### HomePath Documentation Requirements

The following documents must be in the loan file delivered for purchase. Loans without these documents will not be purchased.

- Loans must be secured by properties that are designated by Fannie Mae on the [www.hompath.com](http://www.hompath.com) web site as eligible for HomePath financing.
- The loan file must be documented with the appropriate pages printed from [www.homepath.com](http://www.homepath.com) showing that the property was eligible for HomePath financing including:
  - the property address,
  - REO ID,
  - property value,
  - bedroom count, **and**
  - the HomePath mortgage logo

The page showing the property is eligible for HomePath financing must be printed prior to closing the loan. Fannie Mae 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 loan file and dated prior to the closing of the loan. This notice informs the borrower(s) that the purpose of the borrower-ordered appraisal and its contents are for the use and information of the borrower only, and will not be considered for purposes of the loan transaction.

## General Eligibility (cont'd)

### Interested Party Contributions

Occupancy	LTV/CLTV	Maximum Seller Contributions
Owner Occupied	> 75%	6%
	≤ 75%	9%
Second Home	> 75%	6%
	≤ 75%	9%
Investment	All LTV/CLTVs	2%

### Ineligible Scenarios

- Borrowers who have more than 4 financed properties (when subject property is second home or investment)
- Undocumented income
- Non-Arms Length or “at-interest” transactions on investment properties

### Underwriting

The use of Desk top Underwriters (DU) is required. This program requires:

- DU findings with an Approve/ Eligible recommendation, **or**
- DU findings with an Approve/Ineligible recommendation where the only reason for ineligibility is:
  - LTV greater than 85% for 1-unit investment properties; **or**
  - LTV greater than 75% for 2-unit investment properties

### Credit Scores:

- 660 required for LTV greater than 80%
- 620 required for LTV less than or equal to 80%

### Ratios and Qualifying

DU will determine the maximum allowable debt-to income ratio based on the overall risk assessment of the loan. A maximum allowable total expense ratio of 45% will be applied, with flexibilities offered up to 50% for certain loans with strong compensating factors.

### Residency

Permanent and non-permanent resident aliens are allowed. Borrowers must have a valid social security number. See residency guidelines in Section 3.1-B for additional information.

### Documenting Rental Income from Subject Property

Because no appraisal will be obtained on HomePath Loans, a fully executed lease agreement is required in order to use rental income to qualify. If no lease is available rental income cannot be used for qualification, but the amount of estimated rental income must be provided for Loan delivery purposes only.

## Underwriting (cont'd)

### Down Payment/Gifts

Minimum down payment requirements apply, with the following requirements:

- For loans with LTV/CLTV from 80.01-95%, the occupant borrower must provide 5% of purchase price as a down payment.
- For loans with LTV/CLTV > 95% there is no minimum contribution requirement from the borrower's own funds.

Eligible Source of Down Payment for Loans with LTV/CLTV Greater Than 95%:

- Gift funds from acceptable donors
- Grants from a borrower's employer, public agency, or non profit organization, provided no repayment is required or expected
- Unsecured loan from an employer, public agency, or non profit organization, not including credit unions
  - Must be documented with an award letter or legal agreement from the note holder and must disclose the terms and conditions of the loan.

### Reserves

The following reserve requirements apply to second home or investment property transactions or borrowers who have an interest in multiple financed properties:

- Two months reserves on the **subject property** that is a second home, AND
- Six months reserves on the **subject property** that is an investment property, AND
- Two months reserves for **each additional financed** second home or investment property.

This requirement applies regardless of AUS findings.

Definition of Liquid Financial Reserves:

- The definition of liquid financial reserves on conventional loans has been clarified to include all components of the monthly housing expense:
  - Principal and Interest
  - Hazard, flood, and mortgage insurance premiums
  - Real estate taxes
  - Ground rents
  - Special assessments
  - HOA dues
  - Subordinate finance payments secured by the subject property

## Property

### Eligible Properties

- 1-4 unit properties
- Condominiums
- PUD (attached/detached)

### Ineligible Properties

- Condo hotels
- Mobile/Manufactured housing
- Co-ops
- Leasehold Property
- Properties with re-sale deed restrictions

## Appraisal

No appraisal is required. No appraisal product should be submitted in the loan file. If the borrower, at their option, chooses to obtain an appraisal, then:

- The borrower must order the appraisal from an appraiser selected by the borrower (and not one recommended by Seller and/or originating lender), and the appraisal must be paid for by the borrower outside of the loan transaction.
- Seller and/or originating lender must **not** request a copy of the appraisal. If an appraisal is provided by the borrower or included in the loan file it is **ineligible** for the HomePath program.

### Determination of Property Value

Property value for purposes of Loan delivery and for determining LTV/CLTV/HCLTV is the sales price of the property as evidenced by the sales contract between Fannie Mae and the buyer/borrower ("Contract Sales Price")

### Disaster Policy

Properties that are being financed using the HomePath Mortgage Program are exempt from the standard Disaster Policy as Fannie Mae is validating value and condition.

## Condominiums

Condominium projects do not need to be reviewed for project eligibility.

Project insurance requirements do apply:

- Validate that the project has adequate hazard, flood, and liability coverage in place.
- Verify the existence of fidelity insurance coverage.