Conforming-Fannie Mae (DU)

Primary Residence				
Purchase and Rate & Term Refinance				
Units	**LTV**	**CLTV**	**Max HCLTV**	**Credit Score**
1	97%[1]	97%[1]	97%[1]	620
2-4	95%	95%[4]	95%[4]	620
Cash Out Refinance[3]				
1	80%	80%	80%	620
2-4	75%	75%	75%	620
Second Home				
Purchase and Rate & Term Refinance				
Units	**LTV**	**CLTV**	**Max HCLTV**	**Credit Score**
1	90%[2]	90%	90%	620
Cash Out Refinance[3]				
1	75%	75%	75%	620
Investment Properties				
Units	**LTV**	**CLTV**	**Max HCLTV**	**Credit Score**
Purchase				
1	85%[2]	85%	85%	620
2-4	75%	75%	75%	620
Rate & Term Refinance				
1-4	75%	75%	75%	620
Cash Out Refinance[3]				
1	75%	75%	75%	620
2-4	70%	70%	70%	620

[1] Max 105% CLTV if the subordinate lien is a Community Second. Purchase transactions, at least one borrower must be a first-time home buyer. Limited cash-out refinances, Fannie Mae must be the owner of the existing mortgage. Homebuyer Education is required when all borrowers are first-time homebuyers.
[2] LTV > 80% subject to MI requirements
[3] Existing First Mortgage must be seasoned at least 12 months (time between the Note Date of exiting mortgage and Note Date of the cash out mortgage. This requirement does not apply: to any existing subordinate liens being paid off through the transaction, or when buying out a co-owner pursuant to a legal agreement. At least one borrower must have been on title for at least six months prior to the disbursement date of the new loan.
[4] LTV/C:TV. Or HCLTV for High-Balance 2–4-unit properties: 2 unit: ≤85%, 3-4 unit: ≤75%

2025 Loan Limits	
Units	**Standard**
1	$806,500
2	$1,032,650
3	$1,248,150
4	$1,551,250
Use this link to determine geographic eligibility and maximum loan amount. Note: Minimum loan amount is $100k. Loan amounts < $100k allowed on an exception only basis.	

High Balance Fixed - DU Approve/Eligible Only

Units	LTV	CLTV	Maximum HCLTV	Credit Score
PRIMARY RESIDENCE				
Purchase and Rate & Term Refinance				
1	97%[1]	97%	97%	620
2-4	95%[1]	95%	95%	
Cash Out Refinance[2]				
1	80%	80%	80%	620
2 - 4	75%	75%	75%	
SECOND HOME				
Purchase and Rate & Term Refinance				
1	90%[1]	90%	90%	620
Cash-Out Refinance[2]				
1	75%	75%	75%	620
INVESTMENT PROPERTIES				
Purchase				
1	85%[1]	85%	85%	620
2 - 4	75%	75%	75%	
Rate & Term Refinance				
1 - 4	75%	75%	75%	620
Cash-Out Refinance[2]				
1	75%	75%	75%	620
2 - 4	70%	70%	70%	

[1] LTV > 80% subject to MI requirements.
[2] Existing First Mortgage must be seasoned at least 12 months (time between the Note Date of exiting mortgage and Note Date of the cash out mortgage. This requirement does not apply: Existing subordinate liens being paid off through the transaction or buying out a co-owner pursuant to a legal agreement. At least one borrower must have been on title for at least six months prior to the disbursement date of the new loan.

2025 High Balance Loan Amounts		
	Minimum Loan Amount	Maximum Loan Amount
1	$766,550	$1,209,750
2	$981,500	$1,548,975
3	$1,186,350	$1,872,225
4	$1,474,400	$2,326,875
Use this link to determine geographic eligibility and maximum loan amount		

HomeReady

Units	LTV [3,4,6]	CLTV[1,4]	Maximum HCLTV[4]	Credit Score
Primary Residence				
Purchase & Limited Cash Out Refinance[2]				
1 unit	97%	105%	97%	620
Manufactured Home [5]	95%	95%	95%	
2 Units	95%	105%	85%	
3-4 Units	95%	105%	75%	

[1] 1-unit (excluding Manufactured Homes): The CLTV ratio may be up to 105% only if the mortgage is part of a Community Seconds transaction. Maximum 97% CLTV if the subordinate lien is not a Community Seconds loan.

[2] If the borrower has been on title for at least 6 months but cannot demonstrate an acceptable continuity of obligation, the loan is not eligible for a limited cash-out refinance.

[3] LTV over 80% is subject to MI approval.

[4] LTV/CLTV/HCLTV 95.01-97%:

- DU only. CLTV can be up to 105% if the subordinate lien is a Community Second.
- All borrowers must occupy the property.
- At least one borrower on the loan must have a credit score.
- For limited cash-out refinance, Fannie Mae must be the owner of the existing mortgage.
- High balance loans or loans with a non-occupant borrower are not permitted.
- Manufactured housing is not permitted.
- Reserve requirements determined by DU.

[5] Combination of HomeReady and Manufactured Housing: If a transaction includes a combination of HomeReady and manufactured housing, the more restrictive eligibility requirements apply. DU will apply the applicable eligibility requirements.

<table>
<tr><th colspan="2">Eligibility (General)</th></tr>
<tr><td colspan="2">*For Origination through closing, follow all Fannie Mae guides*</td></tr>
<tr><td>Agency Guideline Link</td><td>Fannie Mae</td></tr>
<tr><td>Accessory Unit (ADU)</td><td>Follow Fannie Mae Guides</td></tr>
<tr><td>Age of Credit documentation</td><td>Credit/Income/Employment verifications must be dated no more than 120 calendar days before the Note Date.</td></tr>
<tr><td>Appraisal</td><td>Per AUS Findings

Full Appraisal:
A full interior/exterior appraisal report.
Acceptable appraisal reports (based on property type) include:
Uniform Residential Appraisal Report (Form 1004)
Individual Condominium Unit Appraisal Report (Form 1073)
Manufactured Home Appraisal Report (form 1004C)
Small Residential Income Property Appraisal Report (Form 1025)
Appraisers must use the use of home price indices (HPIs), statistical analysis, modeling, paired sales, or other commonly accepted methods are acceptable for supporting appraisal time adjustments. Fannie Mae encourages the use of these tools to provide supporting evidence for market trends and conditions. Failure to make market derived time adjustments when indicated by market data is an example of an unacceptable appraisal practice. Appraisal reports must summarize all supporting evidence and should include a description of the data sources, tools, and techniques used to determine the overall valuation.

Desktop appraisal
Must be completed on the Desktop form (1004 Desktop)
Appraisal transfers:
Follow Appraisal Independence Requirement Policy and Procedures</td></tr>
<tr><td>Appraisal (Condo)</td><td>Follow AUS (Fannie Mae Guides)
○</td></tr>
<tr><td>Appraisal Waivers</td><td><table>
<tr><td colspan="2">Per DU Findings (Approve/eligible Only)</td></tr>
<tr><th>Eligible Transactions</th><th>Ineligible Transactions</th></tr>
<tr><td>one-unit properties, including condos;
principal residence and second home transactions;
investment property refinance transactions;
certain purchase, limited cash-out, and cash-out refinance transactions; and
DU loan casefiles that receive an Approve/Eligible recommendation.</td><td>2–4-unit properties
Cooperative units
Manufactured homes
Proposed construction
Construction to perm loans (single-close and two-close)
Leasehold properties
Homestyle Renovation and Homestyle energy loans
Texas 50(a)(6) refinance loans
community land trusts or other properties with resale price restrictions, which include loan casefiles using the Affordable LTV feature.
Gifts of equity
DU ineligible finding
Manually underwritten loans
HPML loans
Properties listed in disaster area
Loans for which rental income from the subject property is used to qualify the borrower
*Note: In order for an inspection waiver offer to be issued on an investment property casefile, the negative subject net cash flow entered on the DU loan application must be at least the amount of the PITIA for the subject property.

Properties with a Recent Appraisal</td></tr>
</table></td></tr>
</table>

	DU will not offer an appraisal waiver when an appraisal has been uploaded to the Uniform Collateral Data Portal (UCDP) within the prior 120 days from any lender.
Assets	Follow AUS for required documentation (i.e. 2 months Bank Statement or VOD). Bank statements or investment portfolio statements must: • clearly identify the financial institution, • clearly identify the borrower as the account holder, • include at least the last four digits of the account number, • include the time period covered by the statement, • include all deposits and withdrawal transactions (for depository accounts), • include all purchase and sale transactions (for financial portfolio accounts), and • include the ending account balance. If the most recent bank statement is >45 days earlier than the date of the loan application, a more recent, supplemental, bank-generated form is required that shows at least the last four digits of the account number, balance, and date. The statements may be computer-generated forms, including online account or portfolio statements downloaded by the borrower from the Internet. Documents that are faxed or downloaded from the Internet must clearly identify the name of the depository or investment institution and the source of information, for example, by including that information in the Internet or fax banner at the top of the document.
AUS	DU Approve/Eligible Required. Manual UW not allowed
Bankruptcy	Bankruptcy docs and discharge notice not required if reflected on credit report, unless clarification is needed by UW

Borrower Eligibility	**Maximum of 4 borrowers**
	• U. S. Citizens
	• Permanent Resident
	  ○ Provide Alien Registration Card (USCIS Form I-551)
	• Non-Permanent Resident Alien
	  ○ Must be a legally present as evidence by a social security number; and
	  ○ Have current, verified status, with a valid employment authorization document (EAD), and documentation showing immigration status is current (i.e., Green Card, work visa, etc.)
	    ▪ Visa Must be valid for at least 90 days from the funding date. The name of the employer sponsoring the visa must appear on the visa documentation.
	• Inter-Vivos Revocable (Living) Trust
	
	Ineligible Borrowers
	• Foreign Nationals
	• Trailing income borrowers
	• Tax Identification Number (TIN)

Borrower Minimum Contribution	**Manufactured Homes** A minimum down payment of 5% must come from the borrower's own funds unless: • the LTV or CLTV ratio is less than or equal to 80%. • the borrower is purchasing a one-unit principal residence and meets the requirements to use gifts, donated grant funds, or funds received from an employer to pay for some or all of the borrower's minimum contribution. See B3-4.3-04, Personal Gifts; B3-4.3-06, Donations From Entities; and B3-4.3-08, Employer Assistance, for additional information; or • the property meets the MH Advantage requirements and the loan meets the requirements for LTV ratios of 95.01-97%. In this case, the borrower must contribute a minimum down payment of 3%, which must come from their own funds unless the loan meets the gift, grant, or funds from an employer policy referenced above. **2-4 units and Second Homes** The borrower must make a 5% minimum contribution from his or her own funds. After the minimum borrower contribution has been met, gifts can be used to supplement the down payment, closing costs, and reserves.

Credit	• Frozen Credit
	  • If the borrower's credit information is frozen at one of the credit repositories for borrowers who have traditional credit, the credit report is still acceptable as long as:
	    ○ Credit data is available from two repositories,
	    ○ A credit score is obtained from at least one of those two repositories, and
	    ○ A three-in-file merged report was obtained
	Note: Loans for borrowers with credit data frozen at two or more of the credit repositories will not be eligible.

	30-day accounts
	• Documentation is required to verify that the borrower has sufficient funds to cover the unpaid balance of all 30-day charge accounts.
	  • Example: American Express balance is paid monthly. The current balance is $1300. The borrower must provide evidence of funds to pay the entire balance in addition to any regular reserve requirements and closing costs. The $1300 balance is not counted in the DTI ratios.
	
	• Disputed Accounts
	  • Follow AUS.
	• Judgments and liens must be paid off and released at or prior to closing.
	• **Debts Paid by Others (Contingent Liability)**
	  • Non-Mortgage Debt Exclusion must meet the following:
	    o Most recent 12 months' cancelled checks (or bank statements) from the other party making payments that document a 12-month payment history with no delinquent payments.
	      ▪ If any delinquent payments in the most recent 12 months are made debt must be included in the ratios regardless of the number of cancelled checks provided.
	
	Mortgage Debt Exclusion must meet the following:
	    o Most recent 12 months' cancelled checks (or bank statements) from the other party making payments that document a 12-month payment history with no delinquent payments.
	    o The party making the payments is obligated on the mortgage debt,
	    o There are no delinquencies in the most recent 12 months, and
	    o The borrower is not using rental income from the applicable property to qualify.
	    o When a borrower is obligated on a mortgage debt, regardless of whether or not the other party is making the monthly mortgage payments, the referenced property must be included in the count of financed properties.
	
	• **Business Debt in Borrowers Name**
	  • When a self-employed borrower claims that a monthly obligation that appears on his/her personal credit report (such as a Small Business Administration loan) is being paid by the borrower's business, the lender must confirm that it verified that the obligation was actually paid out of company funds and that this was considered in its cash flow analysis of the borrower's business.
	    o The account payment does not need to be considered as part of the borrower's DTI ratio if:
	      ▪ the account in question does not have a history of delinquency,
	      ▪ the business provides acceptable evidence that the obligation was paid out of company funds (such as 12 months of canceled company checks), and
	      ▪ The lender's cash flow analysis of the business took payment of the obligation into consideration.

DTI	Determined by AUS
	• Cash-out refinance transactions with DTI > 45% must have at least 6 months' reserves.
	
	DTI Must Include:
	• Lease Payments – regardless of time remaining on lease.
	• Student Loans, whether deferment, in forbearance, or in repayment (not deferred), must include a monthly payment in the borrower's recurring monthly debt obligation when qualifying the borrower.
	  o If a monthly payment is provided on the credit report, use that amount as the monthly payment for qualifying purposes.
	  o If the credit report does not reflect the correct monthly payment, the lender may use the monthly payment that is on the student loan documentation (the most recent student loan statement) to qualify the borrower.
	  o If the credit report does not provide a monthly payment for the student loan, or if the credit report shows $0 as the monthly payment, the lender must determine the qualifying monthly payment using one of the options below:
	    ▪ If the borrower is on an income-driven payment plan, the lender may obtain student loan documentation to verify the actual monthly payment is $0. The lender may then qualify the borrower with a $0 payment.
	    ▪ For deferred loans or loans in forbearance, the lender may calculate:
	      • 1% of the outstanding student loan balance (even if this amount is lower than the actual fully amortizing payment), or
	      • A fully amortizing payment using the documented loan repayment terms.

Federal Tax Debt	**Tax Installment Agreement** • When a borrower has entered into an installment agreement with the IRS to repay delinquent federal income taxes, the lender may include the monthly payment amount as part of the borrower's DTI (in lieu of requiring payment in full) if:

- There is no indication that a Notice of Federal Tax Lien has been filed against the borrower in the county in which the subject property is located.
- The lender obtains the following documentation:
  - An approved IRS installment agreement with the terms of repayment, including the monthly payment amount and total amount due; and
  - Evidence the borrower is current on the payments associated with the tax installment plan. Acceptable evidence includes the most recent payment reminder from the IRS, reflecting the last payment amount and date and the next payment amount owed and due date. At least one payment must have been made prior to closing.

Employment/Income

Follow AUS findings for employment and income documentation requirements.

Higher Priced Mortgage Loans (HPML)

QM Higher Priced Mortgage Loans

- Must follow guidelines stated in the **Rebuttable Presumption** Section below.
  - Appraisal waivers are ineligible for HPML.

Section 35 Higher Priced Mortgage Loans

- Must follow guidelines stated in the **Rebuttable Presumption** Section below; and
- Escrow account must be established and maintained for at least five (5) years; and

Master Insurance Policy Exemption: Insurance premiums are exempt for units in a condominium or PUD when the unit's property is covered by a master insurance policy.

Homeownership Education

Follow AUS findings

HomeReady

Fannie Mae HomeReady Agency guidelines
Fannie Mae Area Median Income Lookup Tool

Mortgage Insurance

Required on all loans exceeding 80% LTV.

- Borrower Paid Financed – must qualify for QM. (Must also meet financed guidelines below)
- Borrower Paid Single Premium MI Option
- Monthly
- Reduced MI; Per AUS
- Lender Paid MI
- Split Premium MI
  - Upfront portion may be financed if:
    - Standard MI coverage only
    - The loan amount, including the financed mortgage insurance premium, does not exceed the maximum loan limit.
    - The loan purpose is purchase or limited cash-out refinance.
    - The subject property is a 1-unit primary residence or second home.
    - The MI coverage amount is determined based on the base LTV ratio (the LTV ratio calculated without the financed premium; however, in no instance can the maximum LTV be exceeded with the financed premium).

LTV	<=20 year
80.01% - 85%	**6%**
85.01% - 90%	**12%**
90.01% - 95%	**25%**
95.01% - 97%	**35%**

LTV	>20 Year
80.01% - 85%	**12%**
85.01% - 90%	**25%**
90.01% - 95%	**30%**
95.01% - 97%	**35%**

Acceptable Mortgage Insurance Companies:

- MGIC (http://www.mgic.com)
- Enact (Formerly Genworth) (www.mortgageinsurance.genworth.com)
- Essent Guaranty (http://essent.us)
- National MI (www.nationalmi.com).
- Radian (http://www.radian.biz/page?name=HomePage)

Multiple Financed Properties

If the mortgage is secured by the borrower's primary residence, there are no limitations on the number of other financed properties the borrower has. If the mortgage is secured by a second home or investment property, the multiple financed properties policy below will apply:

1-6 Financed Properties:

- Standard Community Wholesale eligibility guidelines apply (i.e., LTV, minimum credit scores, etc.)

7-10 Financed Properties:

- Minimum 720 Fico Score. All other L Mortgage standard eligibility guidelines apply.
- Manual Underwrite not allowed

Financed property limit:

- Applies to the number of one- to four-unit residential properties where the borrower is personally obligated on the mortgage(s), even if the monthly housing expense is excluded from the borrower's DTI.
- Applies to the total number of properties financed, not to the number of mortgages on the property or the number of mortgages sold to Fannie Mae; includes the borrower's principal residence, if financed; and

<table>
<tr>
<td></td>
<td>
Is cumulative for all borrowers (though jointly financed properties are only counted once).
<table>
<tr><th>Type of Property Ownership</th><th>Counted in Financed Properties</th></tr>
<tr><td>Commercial Real Estate</td><td>No</td></tr>
<tr><td>Multifamily property consisting of more than four units</td><td>No</td></tr>
<tr><td>Ownership in a timeshare</td><td>No</td></tr>
<tr><td>Ownership of a vacant lot (residential or Commercial),</td><td>No</td></tr>
<tr><td>Ownership of a manufactured home on a leasehold estate not titled as real property (chattel lien on home)</td><td>No</td></tr>
<tr><td>The borrower is personally obligated on mortgages securing two investment properties and the co-borrower is personally obligated on mortgages securing three other investment properties, and they are jointly obligated on their principal residence mortgage. The borrower is refinancing the mortgage on one of the two investment properties. Thus, the borrowers have six financed properties.</td><td>Yes</td></tr>
<tr><td>The borrower and co-borrower are purchasing an investment property, and they are already jointly obligated on the mortgages securing five other investment properties. In addition, they each own their own principal residence and are personally obligated on the mortgages. The new property being purchased is considered the borrowers' eighth financed property.</td><td>Yes</td></tr>
<tr><td>The borrower is purchasing a second home and is personally obligated on his or her principal residence mortgage. Additionally, the borrower owns four two-unit investment properties that are financed in the name of a limited liability company (LLC) of which he or she has 50% ownership. Because the borrower is not personally obligated on the mortgages securing the investment properties, they would not be included in the property count and the result is only two financed properties.</td><td>No</td></tr>
<tr><td>The borrower is purchasing and financing two investment properties simultaneously. The borrower does not have a mortgage lien against his or her principal residence but does have a financed second home and is personally obligated on the mortgage, two existing financed investment properties and is personally obligated on both mortgages, and a financed building lot. In this instance, the borrower will have five financed properties because the financed building lot does not need to be included in the property count.</td><td>No</td></tr>
</table>
Reserve Requirements - See Reserve Requirement section below
</td>
</tr>
<tr>
<td>Non-Arm's Length Transactions</td>
<td>Non-arm's length transactions are purchase transactions in which there is a relationship or business affiliation between the seller and the buyer of the property. Non-arm's length transactions are allowed for the purchase of existing properties unless specifically forbidden for the particular scenario, such as delayed financing.

For the purchase of newly constructed properties, if the borrower has a relationship or business affiliation (any ownership interest, or employment) with the builder, or seller of the property, only purchase mortgage loans secured by a principal residence will be allowed. Newly constructed homes secured by a second home or investment property will not be allowed if the borrower has a relationship or business affiliation with the builder, developer, or seller of the property</td>
</tr>
<tr>
<td>Non-Occupant Borrowers/Co-Signors</td>
<td>Non-Occupant Borrowers/Co-Signor
Maximum LTV/CLTV/HCLTV may not exceed 95% unless Community Seconds is part of the transaction, in which case the CLTV may not exceed 105%.</td>
</tr>
<tr>
<td>Power of Attorney</td>
<td>For requirements refer to Power of Attorney Job Aid.</td>
</tr>
<tr>
<td>Principal Curtailment</td>
<td>A principal curtailment (principal reduction) is allowed for the following reasons:
The lender may apply a curtailment to refund the overpayment of fees or charges paid by the borrower, in any amount, in accordance with applicable regulatory requirements.
If the borrower receives more cash back than is permitted for limited cash-out refinances, the lender can apply a curtailment to reduce the amount of cash back to the borrower to bring the loan into compliance with the maximum cash-back requirement. The maximum amount of the curtailment cannot exceed the lesser of $2,500 or 2% of the original loan amount for the subject loan. For example, if the borrower received $3,500 cash back at closing on a loan amount of $200,000, the lender could apply a $1,500 curtailment. This would result in "net cash back" to the borrower of $2,000, thus meeting the limited cash-out refinance requirements.
If the curtailment is made at the time of closing, the amount must be clearly documented on the settlement statement. If the curtailment is applied after closing, but before delivery, the mortgage loan file must be documented with the amount of the curtailment and the reason or source of the curtailment (i.e., lender refund or borrower).</td>
</tr>
</table>

<table>
<tr><td>Property Types</td><td>Eligible
1 – 4 units
Condos
PUDs
Leasehold Estates
Manufactured Homes
Ineligible
Properties in C-5 or C-6 condition
Co-ops
Working Farms
Condotel
Condo
Significant deferred maintenance
Unsafe conditions</td></tr>
<tr><td>Rebuttable Presumption</td><td>If the APR is 1.5 percentage points or higher than the APOR the loan has a Rebuttable Presumption of Compliance with ATR and will require borrower to provide Fully Executed Budget Letter and meet Residual Income Requirements. Refer to General QM Final Rule Job Aid for specific requirements.</td></tr>
<tr><td>RefiNow</td><td>Follow AUS-Fannie Mae</td></tr>
<tr><td>Refinance</td><td>Limited Cash out refinances
The borrower on the new loan is currently financially obligated on the loan being paid off. Ownership must be transferred to the borrower(s) at time of closing.
The borrower is paying off an installment land contract that was executed more than 12 months prior to the application for the refinance. (We also clarified the payoff of an installment land contract executed more than 12 months prior to the loan application is an acceptable use of a limited cash-out refinance transaction)
The transaction is being used to obtain a new first mortgage secured by the same property to:
Pay off an existing first mortgage (including an existing HELOC in first-lien position);
pay off an existing construction loan and documented construction cost overruns that were incurred outside of the interim construction financing for two-closing construction-to-permanent loans. (These construction cost overruns must be paid directly to the builder at closing.);
pay for construction costs to build the home for single-closing construction-to-permanent loans, which may include paying off an existing lot lien;
or pay off an installment land contract that was executed more than 12 months before the date of the loan application.
At least one borrower on the new loan must be an owner (on title) of the subject property at the time of the initial application. Exceptions are allowed if the lender documents that
the borrower acquired the property through an inheritance or was legally awarded the property (such as through a divorce, separation, or dissolution of a domestic partnership);
or the property was previously owned by an inter vivos revocable trust and the borrower is the primary beneficiary of the trust;
the borrower is currently financially obligated on the loan being paid off but not on the title. This includes loans where the property is currently owned by a limited liability corporation (LLC) that is majority owned or controlled by the borrower(s). Ownership must be transferred into the name of the individual borrower(s). See B2-2-01, General Borrower Eligibility Requirements for additional requirements;
or the borrower is paying off an installment land contract that was executed more than 12 months before the date of the loan application.
Only subordinate liens used to purchase the property may be paid off and included in the new mortgage. Exceptions are allowed for paying off a Property Assessed Clean Energy (PACE) loan or other debt (secured or unsecured) that was used solely for energy-related improvements. See B5-3.3-01, HomeStyle Energy for Improvements on Existing Properties, for additional information.
If the subject property was previously listed for sale, it must have been taken off the market on or before the disbursement date of the new loan</td></tr>
</table>

	Limited Cash-out Refinance Transactions with LTV,CLTV Ratios of 95.01 – 97%
	If the LTV, CLTV, or HCLTV ratio exceeds 95% for a limited cash-out transaction, the following requirements also apply:
	
	• The lender must document that the existing loan being refinanced is owned (or securitized) by Fannie Mae
	• Fixed-rate loans with terms up to 30 years. Note: High-balance and ARM loans are not permitted
	• One-unit principal residence. All borrowers must occupy the property. Manufactured housing is not permitted, unless the property meets the MH Advantage requirements.
	• At least one borrower on the loan must have a credit score
	• All other standard limited cash-out refinance policies apply.
	
	Ineligible Transactions
	When the following conditions exist, the transaction is ineligible as a limited cash-out refinance and must be treated as a cash-out refinance:
	
	• no outstanding first lien on the subject property (except for single-closing construction-to-permanent transactions, which are eligible as a limited cash-out out refinance even though there is not an outstanding lien on the subject property);
	• the proceeds are used to pay off a subordinate lien that was not used to purchase the property (other than the exceptions for paying off PACE loans and other debt used for energy-related improvements, described above);
	• the borrower finances the payment of real estate taxes that are more than 60 days delinquent for the subject property in the loan amount;
	• and a short-term refinance mortgage loan that combines a first mortgage and a non-purchase-money
	
	HomeStyle Energy Mortgages
	• For limited cash-out refinances, all outstanding PACE debt may be paid off up to the maximum allowable LTV for the transaction and occupancy type. The PACE loan must be paid off in full. Partial payoffs are not permitted.
	• When a loan is originated as a limited cash-out refinance, the loan must meet all of the standard requirements for limited cash-out refinances. The LTV ratio is determined by dividing the original loan amount by the appraised value of the property.
	• All HomeStyle Energy loans require an appraisal based on an interior and exterior property inspection and must be completed on the appropriate form depending on the property type.
	• Proceeds may be used to pay off an existing PACE loan. The standard cash back allowance of the lesser of 2% of the loan amount of $2,000 is permitted on these loans.
	• The payoff amount of any existing PACE loan should <u>not</u> be included in line d. of the Details of Transaction.
	• Documentation in the file must show that the funds are used solely to pay off the PACE loan obtained for energy improvements on the subject property.
	
	Delayed Financing
	Borrowers who purchase the subject property within the past 6 months are eligible for cash-out refinance if all of the following conditions are met:
	• Not eligible for High Balance or Super Conforming.
	• Must be locked as cash-out.
	• The purchase transaction was an arms-length transaction.
	• The borrower may have initially purchased the property as one of the following;
	    o A natural person;
	    o An eligible *inter vivos* revocable trust, when the borrower is both the individual establishing the trust and the beneficiary of the trust;
	    o An eligible land trust when the borrower is the beneficiary of the land trust; or
	    o An LLC or partnership in which the borrower(s) has an individual or joint ownership of 100%.
	• The new loan amount can be no more than the actual documented amount of the borrower's initial investment in purchasing the property plus the financing of closing costs, prepaid fees, and point on the new mortgage loan (subject to the maximum LTV/CLTV/HCLTV ratios for the cash-out transaction based on the current appraised value.)
	• The transaction is documented by the HUD-1, which confirms that no mortgage financing was used to obtain the subject property. A recorded trustee's deed (or similar alternative) confirming the amount paid by the grantee to the trustee may be substituted for a HUD-1 if a HUD-1 was not provided to the purchaser at the time of sale.
	• If the Source of funds used to acquire the property was an unsecured loan or a loan secured by an asset other than the subject property (such as a HELOC secured by another property), the HUD-1 for the refinance transaction must reflect that all cash-out proceeds be used to pay off or pay down, as

	applicable, the loan used to purchase the property. Any payments on the balance remaining from the original loan must be included in the debt-to-income ratio calculation for the refinance transaction. ○ Note: Funds received as gifts and used to purchase the property may not be reimbursed with proceeds of the new mortgage loan. • All other cash-out refinance eligibility requirements are met, and cash-out pricing is applied.
Reserves	Follow AUS Findings **Multiple financed properties** DU is required to indicate the # of multiple financed properties in order to calculate accurate reserves **Simultaneous Second Home or Investment Property Transactions** If a lender is processing multiple second home or investment property applications simultaneously, the same assets may be used to satisfy the reserve requirements for both mortgage applications. Reserves are not cumulative for multiple applications.
Seller Contributions	See tables below
Subordinate Financing	Follow Fannie guides: • Maximum CLTV of 105% when using Community Seconds
Termite Reports	Termite reports and clearances are required when the appraiser notes termite damage and suggests or requires an inspection as "subject to" or purchase agreement refers to possible termite damage. **Note:** The termite report may not be conditioned merely because it is reflected in the purchase contract by checking the inspection box. Community Wholesale will condition for the termite report if the contract reflects it being a part of the agreement between the buyer and seller, that the seller pays for all "Section 1" items, or that the property is being transferred free of any active infestation.

Seller Contributions:

Occupancy Type and LTV/TLTV	Maximum
Primary Residence and Second Homes	
LTV/TLTV < =75%	**9%**
LTV/TLTV 75.01% - 90.00%	**6%**
LTV/TLTV > = 90.01	**3%**
All Investment Properties	**2%**

High Balance	Maximum
Primary Residence and Second Homes	**3%**
Investment Properties	**2%**
Super Conforming	**3%**

Eligibility (Manufactured Homes)

Primary Residence

Units	LTV	CLTV	Max HCLTV	Credit Score
Purchase and Rate & Term				
1	95%	95%	95%	620
Cash-out Refinance				
1	65%	65%	65%	620

Second Homes

Units	LTV	CLTV	Max HCLTV	Credit Score
1	90%	90%	90%	620

Appraisal	The appraisal must be on a Manufactured Home Appraisal (Form 1004C) and include the following: • Manufacture's name • Trade or Model Number • Year of Manufacture • Serial/VIN Number • Certification label number(s) from either HUD Data Plate or Certification Label(s). either one is acceptable and only if all HUD Data Plates (all sections) and the Certification label are missing, verify at http://www.ibts.org/services/services-in-the-public-good/cert-label-verification.html • Type of foundation and utility connections, ○ A foundation certificate may be required if there are any apparent foundation issues, if the appraiser makes any negative comments or states that the foundation is 'unknown'. • Detailed and supported cost approach, • Construction quality and property condition,

<table>
<tr>
<td></td>
<td>

Opinion of the market value of the site,
Property's conformity to the neighborhood.
Appraiser must indicate a value conclusion based solely on the real property as completed consisting of the manufactured home, site improvements, and land on which the home is situated. The value conclusion cannot include any non-realty items including, but not limited to, insurance, warranties, and furniture. Solely using the cost approach is unacceptable.
Modifications made to an existing manufactured home must be approved by a licensed professional engineer of the local, State or Federal authority and appraiser must support value given to additions.

Comparable Selection Requirements (excluding MH Advantage)

A minimum of two comparable sales of similar manufactured homes.

If there is not a third manufactured home comp, there must be an explanation as to why one was not available and make and support appropriate adjustments in the appraisal report.

Comparable sales cannot be created by combining vacant land sales with the contract purchase price of the home.

MH Advantage Appraisal Comparable Selection Requirements
For MH Advantage properties, appraisers must use other MH Advantage homes, when available, for comparable sales. If fewer than three MH Advantage sales are available, then the appraiser must supplement with the best and most appropriate sales available, which may include site-built homes.
</td>
</tr>
<tr>
<td>Non-Occupying co-borrower and/or co-signers</td>
<td>Not allowed</td>
</tr>
<tr>
<td>Mortgage Insurance</td>
<td>Follow Mortgage Insurance requirements per Conventional Guidelines (see above)</td>
</tr>
<tr>
<td>Property</td>
<td>
<table>
<tr><th>✓</th><th>Manufactured Home Requirements</th></tr>
<tr><td></td><td>Must be constructed on or after June 15, 1976. (Manufactured homes produced before this date are unacceptable).</td></tr>
<tr><td></td><td>The manufactured home must be one-unit dwelling comprised of multiple sections (multi-wide manufactured home) that is legally classified as real property – No single wide.</td></tr>
<tr><td></td><td>Must be at least 12 feet wide and have at least 600 square feet of gross living area.

Except for MH Advantage properties, FNMA does not specify other minimum requirements for size, roof pitch, or any other specific construction details for HUD-coded manufactured homes.</td></tr>
<tr><td></td><td>Maximum 10 acres</td></tr>
<tr><td></td><td>Must have a HUD Certification Label permanently affixed in a way that makes it part of the real property.</td></tr>
<tr><td></td><td>The unit must not have been previously installed or occupied at any other site or location, except from the manufacturer or the dealer's lot as a new unit.</td></tr>
<tr><td></td><td>The towing hitch, wheels, and axles must be removed, and the anchoring system must comply with HUD codes. The dwelling must assume the characteristics of site-built housing.</td></tr>
<tr><td></td><td>The borrower must own the land on which the manufactured home is situated in fee simple.</td></tr>
<tr><td></td><td>Site preparation for delivery of the manufactured home must be completed.</td></tr>
<tr><td></td><td>The manufactured home must be attached to a permanent foundation system in accordance with the manufacturer's requirements for anchoring, support, stability, and maintenance.

The foundation system must be appropriate for the soil conditions for the site and meet local and state codes.</td></tr>
<tr><td></td><td>The manufactured home must be permanently connected to a septic tank or sewage system, and to other utilities in accordance with local and state requirements.</td></tr>
</table>
</td>
</tr>
</table>

<table>
<tr><td></td><td>
<table>
<tr><td></td><td>If the property is not situated on a publicly dedicated and maintained street, then it must be situated on a street that is community owned and maintained, or privately owned and maintained.

There must be adequate vehicular access and there must be an adequate and legally enforceable agreement for vehicular access and maintenance.</td></tr>
<tr><td></td><td>Mortgages secured by existing manufactured homes that have incomplete items, such as a partially completed addition or renovation, or defects, or needed repairs that affect safety, soundness, or structural integrity, are not allowed until the necessary work is completed.</td></tr>
<tr><td></td><td>Manufactured homes that have an addition or have had a structural modification are eligible under certain conditions. If the state in which the property is located requires inspection by a state agency to approve modifications to the property, then the lender is required to confirm that the property has met the requirement. However, if the state does not have this requirement, then the structural modification must be inspected and be deemed structurally sound by a third party who is regulated by the state and is qualified to make the determination. In all cases, a satisfactory Structural Engineer Report is required and must be retained in the loan file.</td></tr>
<tr><td></td><td>PUD projects consisting of double-wide manufactured homes acceptable.</td></tr>
</table>
</td></tr>
<tr><td>Property (MH Advantage)</td><td>
<table>
<tr><th colspan="2">MH Advantage Property Eligibility Requirements</th></tr>
<tr><td>Lender</td><td>

Ensure the property meets the MH Advantage requirements by reviewing appraisal photos evidencing the presence of the MH Advantage <u>Sticker</u> (placed in proximity to the HUD Date Plate), HUD Data Plate, and HUD certification labels.
Verify through appraisal or final inspection photos

The presence of a driveway leading to the home (or to the garage or carport, if one is present). The driveway must consist of blacktop, pavers, bricks, concrete, cement, or gravel, and;
The presence of a sidewalk connecting either the driveway, or a detached garage or carport, to a door or attached porch of the home. The sidewalk must consist of blacktop, pavers, flagstone, bricks, concrete, or cement.

For new construction, the lender is responsible for compliance with Fannie Mae’s standard appraisal requirements for appraisals based on plans and specifications. This will ensure site improvements that are not attached to the home, such as detached garages, are complete.

</td></tr>
<tr><td>Appraisal</td><td>Standard valuation requirements for manufactured homes apply. The Manufactured Home Appraisal Report (1004C) or Appraisal Completion Report (1004D) must include photos of the MH Advantage <u>Sticker</u>, HUD Data Plate, HUD certification labels, and the site showing all driveways, sidewalks, and detached structures located on the site.</td></tr>
<tr><td colspan="2">Unless stated otherwise, loans secured by manufactured homes that meet the MH Advantage criteria are subject to the same requirements that apply to all manufactured homes.

Note that loans secured by MH Advantage properties are afforded a number of flexibilities over standard manufactured housing, including higher LTV ratios, standard mortgage insurance, and reduced LLPA.</td></tr>
</table>
</td></tr>
<tr><td>Eligibility</td><td>Manufactured Housing Overview

Any dwelling unit built on a permanent chassis that is attached to a permanent foundation system and evidenced by a HUD Data Plate or HUD Certification Label(s) (for each section of the home) is a manufactured home for purposes of Fannie Mae’s guidelines. This includes properties meeting the MH Advantage requirements described in B2-3-02, Special Property Eligibility and Underwriting Considerations: Factory-Built Housing.

The manufactured home and the land on which it is situated must be legally classified as real property.

Other factory-built housing —such as modular, prefabricated, panelized, or sectional housing—is not considered manufactured housing and mortgage loans secured by such housing are eligible under the guidelines stated in Published December 11, 2024 689 Subpart B2, Eligibility.

Government insured or guaranteed manufactured housing loans are not subject to conventional guidelines for manufactured housing and therefore are subject to the provisions set forth in Chapter B6–1, Government Insured and Guaranteed Mortgages</td></tr>
</table>

	General Loan Eligibility Criteria Fannie Mae purchases loans secured by manufactured homes that meet the following general criteria: • first-lien mortgages only • fully amortizing fixed-rate loans • fully amortizing ARM loans with initial fixed-rate periods of 7 years or 10 years • principal residences (single- and multi-width) • and second home dwellings (multi-width only). • Refer to the Eligibility Matrix for additional restrictions and maximum allowable LTV, CLTV, and HCLTV ratios. A manufactured home may be located on an individual lot or in a condo or PUD project development, see Project Review Methods in B4-2.1-01, General Information on Project Standards for additional information. A manufactured home located on leased land and subject to a ground lease is only eligible if the manufactured home is owned (not leased) by the borrower and in a condo or PUD project approved by Fannie Mae's Project Eligibility Review Service (PERS), see B4-2.2-06, Project Eligibility Review Service (PERS). See B5-5.3-03, Shared Equity Transactions: Eligibility, Underwriting and Collateral Requirements when a manufactured home is subject to a community land trust.

Purchase	Purchase money transactions are those in which the mortgage proceeds are used to finance the purchase of the manufactured home or the manufactured home and the land. The land may be previously owned by the borrower, either free of any mortgage or subject to a mortgage that will be paid off with the new purchase money mortgage. **Note:** The borrower does not receive any cash back with a purchase money transaction.
	
	New Manufactured Homes
	The LTV ratio (and CLTV/HCLTV ratio, if applicable) for a loan secured by a newly built manufactured home that is being attached to a permanent foundation system in connection with a purchase transaction will be based on the lower of:
	• The sales price of the manufactured home plus:
	    o The lowest sales price at which the land was sold during that 12-month period if the land was purchased in the 12 months preceding the loan application date; or
	    o The current appraised value of the land if the land was purchased more than 12 months preceding the loan application date.
	• The “as completed” appraised value of the manufactured home and land.
	
	Existing Manufactured Homes
	The LTV ratio (and CLTV/HCLTV ratio, if applicable) for a loan secured by a manufactured home that already exists on its foundation will be based on the lowest of:
	• The sales price of the manufactured home and land;
	• The current appraised value of the manufactured home and land; or
	• If the manufactured home was built in the 12 months preceding the loan application date, the lowest price at which the home was previously sold during that 12-month period, plus the lower of:
	    o The current appraised value of the land, or
	    o The lowest price at which the land was sold during that 12-month period (if there was such a sale).

Refinance	<u>**Properties Held in Trust**</u>
	• Refinance transactions are not eligible to be held in trust regardless of occupancy.
	
	<u>**Rate and Term Refinance**</u>
	The transaction may involve the following scenarios:
	• Payoff of an existing personal property lien on a new manufactured home (or an existing lien on the home and a mortgage on the land if encumbered by separate liens), or
	• Payoff of a first lien mortgage secured by an existing manufactured home and land (or existing mortgages for the home and land if encumbered by separate liens).
	
	The maximum LTV ratio (and CLTV/HCLTV ratio, if applicable) for a limited cash-out refinance transaction for a loan secured by a manufactured home and land will be based on the lower of:
	• The current appraised value of the manufactured home and land; or
	• If the manufactured home was owned by the borrower for less than 12 months on the loan application date and:
	    o If the home and land are secured by separate liens, the lowest price at which the home was previously sold during that 12-month period plus the lower of the current appraised value of the land, or the lowest sales price at which the land was sold during that 12-month period (if there was such as sale);
	    o If the home and land are secured by a single lien, the lowest price at which the home and land were previously sold during that 12-month period.
	
	The proceeds may be used to:
	• Pay off the outstanding principal balance of an existing personal property lien or first lien mortgage secured by the manufactured home and land (or existing liens if the home and land were encumbered by separate first liens);
	• Pay off the outstanding principal balance of an existing subordinate mortgage or lien secured by the

	manufactured home and/or land, but only if it was used to purchase the manufactured home and/or land; • Finance cost of construction. • Finance closing costs (including prepaid expenses); and • Provide cash back to the borrower in an amount not to exceed the lesser of 2% of the balance of the new refinance mortgage or $2,000. • Properties that have been listed for sale must be taken off the market prior to disbursement date, and the borrower must provide written confirmation of their intent to occupy as their primary residence • Borrower cannot have taken cash-out within the last 6 months. • Any refinance where the borrower paid off non-purchase money second in the past 6 months is considered cash out. **Cash Out Refinance** • Payoff of an existing first lien mortgage secured by the manufactured home and land (or existing liens if the home and land were encumbered by separate first liens); or • Obtain a mortgage on a property that does not already have a mortgage lien against it and take equity out of the property in the form of mortgage proceeds that may be used for any purpose. • The borrower must have owned both the manufactured home and land for at least 12 months preceding the date of the loan application. • LTV/CLTV/HCLTV is based on the current appraised value of the manufactured home and land. • Term must be ≤ 20 Years. **Ineligible** • One-time close construction-to-permanent loans
Shared Roads, Wells and Septic Systems	Roads, wells and septic systems that are not publicly governed and maintained must have a recorded maintenance agreement or easement that runs with the land (i.e., is expressly stated to belong to the successors or assigns of the owner), assures the mortgagor or owner and future owners of subject property the right to access and use of the road, well and/or septic system as long as the mortgagor or owner and future owners fulfill reasonable conditions. This agreement must provide for mutual upkeep of the road, well or septic system.
Special Feature Codes	• Must use SFC 235 when delivering a loan secured by manufactured housing. • MH Advantage loans must be delivered with SFC 859.