LOAN STREAM MORTGAGE

FANNIE MAE HOMEREADY CONFORMING PRODUCT MATRIX

FANNIE MAE HOMEREADY CONFORMING MATRIX			
OCCUPANCY	PROPERTY TYPE[2]	MINIMUM FICO[4]	MAX LTV/CLTV/HCLTV[1] PURCHASE & LIMITED CASH-OUT REFINANCE
PRIMARY RESIDENCE	SFR/PUD/CONDO	550	97%
	MANUFACTURED[3]		95%[3]
	2 UNITS		95%
	3-4 UNITS		95%

[1] Maximum CLTV is 105% with Community Second secondary financing
[2] Row Homes in Baltimore City, MD: External-only BPO secondary valuation required within 10% tolerance
[3] 97% allowed on MH Advantage
[4] For LTVs > 80%, the minimum FICO is 600 and subject to additional FICO PMI requirements

FIXED PRODUCT OFFERINGS	
Fixed Rate Products	• 10, 15, 20, 25, 30 year fixed ○ Nonstandard terms available

2026 CONFORMING LOAN LIMITS 1-4 UNITS (Click Here)			
UNITS	GENERAL LIMITS	HIGH-COST LIMITS[1]	HI – Kalawao & Maui Counties Only
1	$832,750	$1,249,125	$1,299,500
2	$1,066,250	$1,599,375	$1,663,600
3	$1,288,800	$1,933,200	$2,010,950
4	$1,601,750	$2,402,625	$2,499,100

[1] Includes Alaska & Hawaii, Honolulu, & Kauai counties in Hawaii

TOPIC	CRITERIA
BASIC GUIDELINES	• Criteria in this matrix apply to FNMA (Fannie Mae) • Refer to FNMA Selling Guide for additional guidance • Information in this matrix is subject to change without notice

TOPIC	CRITERIA

Amended Tax Returns	Accepted for the following amendment reasons:
	• Amended for clerical items only (i.e. modifying a prior ITIN number to a newly issued SSN)
	• Amended for income-related items, under the following conditions:
	  ○ Amended at least 60 days before mortgage application taken
	  ○ Amendment shows on transcripts (stamped returns not acceptable)
	  ○ Documentation supplied to support the increase, including but not limited to:
	  ▪ 1099 or W2 showing missed/updated income
	  ▪ Canceled checks or bank statements showing missed/updated rental income

Appraisal Alternatives	• Accepting 3.6 appraisals as of 10.15.26
	• Full appraisal is required with the following alternatives permitted when offered by DU
	  ○ Value Acceptance is allowed when offered by DU
	• Value Acceptance + Property Data is allowed when DU issues a Value Acceptance + PD offer
	  ○ General Requirements (Value Acceptance + Property Data)
	  • Eligible for one-unit properties and condominiums (attached and detached)
	  • Required repairs or alterations must be documented per FNMA Selling Guide requirements
	• Ineligible Transactions (applies to both Value Acceptance and Value Acceptance + Property Data):
	  • 2-4 unit properties
	  • Construction-to-permanent financing
	  • Gift of equity transactions
	  • New/proposed construction
	  • Leasehold properties
	  • Manufactured homes
	  • Properties with resale restrictions (including Community Land Trusts and age-related deed restrictions)
	  • Purchase price or estimated value ≥ $1,000,000
	  • Texas 50(a)(6)
	• Refer to the Fannie Mae Selling Guide for Value Acceptance and Value Acceptance + Property Data full eligibility details
	• If an appraisal is obtained for any reason, it must be used
	• If the Value Acceptance or Value Acceptance + PD offer is lost due to qualifying changes after property data collection, a full appraisal is required
	• A full appraisal is required if a Value Acceptance or Value Acceptance + Property Data is allowed and not exercised
	• Not Permitted
	  ○ Hybrid Appraisals
	Note: External-only BPO secondary valuation for row homes in Baltimore, City, MD is not required with a PIW

TOPIC	CRITERIA
Assets	• Follow Fannie Mae verification of deposit and asset documentation guidelines to determine asset eligibility for down payment, closing costs and reserves unless specified below: • The following are unacceptable sources for downpayment, closing costs and reserves: ○ Sweat equity ○ Cash on hand ○ Assets derived from the production or sale of marijuana ○ An account in a minor's name where the borrower is named only as custodian of the funds • Internet Statements obtained from financial institution's website must contain the same information found on a standard bank statement • VOD as stand-alone document not permitted unless obtained from a Third-Party Vendor • Minimum borrower contribution: No minimum borrower contribution is required for 1 unit purchase transactions 2-4 units: 3% required for LTV /CLTV/HCLTV > 80%
Condominiums	• Condos with current FNMA PERS approval are eligible • Leasehold not permitted • Minimum square footage: 400 Sq Ft
Credit	• 550 minimum FICO score • All borrowers must have at least one (1) valid credit score • Extenuating circumstances are not allowed for Bankruptcy or Foreclosure
Day 1 Certainty	• DU Validation Service is not permitted
Employment Verification	• Direct electronic verification of employment by third-party vendors is not permitted.
Electronic Signatures/eSigning	• eSigning is allowed for most documents. • eSigning is <u>not</u> allowed for: ○ Note ○ Note Rider(s) ○ Notice of Right to Cancel ○ Security Instrument ○ Security Instrument Rider(s)
Family-Owned Business	• Two (2) years tax returns are required regardless of AUS (DU) recommendation
Higher Priced Covered Transaction (HPCT)/ Higher Priced Mortgage Loans (HPML)	• Higher Priced Covered Transaction (HPCT) loans are ineligible • Higher Priced Mortgage Loans (HPML) transactions are eligible. HPML guidelines require: ○ Establishment of an escrow account for taxes and insurance premiums on any transaction secured by a principal residence or second home regardless of LTV. ○ Must meet all applicable state and/or federal compliance requirements

TOPIC	CRITERIA

Homeownership Education	• If all occupying borrowers are first-time homebuyers, then at least one borrower must receive housing counseling from a Fannie Mae or HUD-approved non-profit housing counseling agency prior to the Note date
	• Course must be completed with a:
	  ○ Qualified third-party provider including a course offered by a community second or down payment assistance program
	  ○ HUD-approved agency
	  ○ HUD-approved nonprofit housing counseling agency

Income	• Borrower's income must not exceed 80% of the annual Area Median Income (AMI) for the property's location, including properties in low-income census tracts
	• For determining Fannie Mae loan eligibility, refer to the AMIs that Fannie Mae uses in Desktop Underwriter or on Fannie Mae's website, other published versions (such as AMIs posted on huduser.org) are not allowed
	• HomeReady allows accessory units and boarding income
	  ○ 1-unit with Accessory Dwelling Unit (ADU) or 2-4 units: Rental income may be considered per FNMA rental income guidelines
	• Boarder Income: 1-unit properties only
	  ○ Up to 30% of qualifying income is allowed
	  ○ Occupant (related or unrelated) must reside in the property and not be on title or the mortgage
	  ○ Proof of shared residency for prior 12 months (e.g., ID, utility bill, bank statement) is required
	  ○ Documented rent payment history paid directly to the borrower for 12 months, or 9 of last 12 months (12-month average) to be provided. Rent paid to a third party is ineligible.
	• The following types of income are unacceptable:
	  ○ Income that is not in accordance with all applicable federal, state and local laws, rules and regulations
	  ○ Any income generated from the cannabis or hemp industry
	  ○ Section 8 Housing Choice Vouchers

Ineligible Programs – FNMA	• Community Land Trusts • High-LTV Refinance • HomePath, HomeStyle • HomeReady with Reduced Mortgage Insurance Option • HomeReady very low-income purchase (VLIP) LLPA credit • Land Trusts • Native American Lands • PACE Obligations attached to property

TOPIC	CRITERIA
Ineligible Properties	• Co-Ops • Indian Leased Land • Property Flip of Non-Arm's Length Transaction • Resale type deed restrictions; age-related deed restrictions are acceptable on one and two-unit properties only • Solar Panels that affect first lien position • Properties with condition ratings of C5 or C6

Manufactured Housing	• Limited to 1-unit properties
	• Not permitted:
	  ○ Manufactured Homes that are subject to deed restrictions
	  ○ Leased Land property
	  ○ Single-wide Manufactured Homes
	  ○ New Construction
	• Must meet all other FNMA guidelines

Minimum Loan Amount	• $75,000
Mortgage Credit Certificate (MCC)	• Not permitted
Mortgage Insurance (MI)	Permitted • Borrower Paid • Lender Paid • Financed Not Permitted • Reduced Premium • Split Premium
Multiple Financed Properties	• Occupant borrowers: May own 1 additional financed residential property at closing (in addition to subject) • Non-occupant co-borrowers: No limit
Non-Occupant Co-Borrowers	• Allowed with 95% maximum LTV/CLTV/HCLTV • Income from all borrowers who will be listed on the Note are to be considered as part of qualifying income and are subject to income limits • Borrower funds may come from the occupant and/or the non-occupant co-borrower • Non-occupant co-borrower cannot be an interested party to the transactions (e.g., the builder, seller or broker)
Non-Permanent Resident Aliens	Acceptable under the following conditions: • Acceptable Visa evidence provided • Borrower eligible to work in the U.S., as evidenced by EAD issued by the USCIS • Borrower has valid Social Security Number (SSN) • Borrower satisfies the same requirements, terms, and conditions as those for U.S. Citizen • DACA with Category C33 work status under deferred action, DACA borrowers eligible • Borrowers with Diplomatic Immunity are ineligible

TOPIC	CRITERIA
Power of Attorney (POA)	• A POA may not be eSigned and must be specific to the transaction
Social Security Number (SSN)	• All borrowers must have a valid SSN
Tax Transcripts	• Required when tax returns are used to qualify borrower income
Temporary Buydowns	• Allowed with limitations 30 year on fixed rate loans – see 'Temporary Buydown Guide' below for specific terms and conditions
Underwriting Method	• All loans must receive FNMA DU Approve/Eligible • Manual Underwriting not allowed

Unpaid Federal Tax Debt	• Delinquent tax debt that has not become a lien and does not impact title (open liens reflected on credit report will impact title and must be paid off) may remain open provided the following are met:
	  ○ Repayment agreement to be provided
	  ○ Evidence of at least one payment made under the plan(s) and payments are current
	• Delinquent tax debt that has become a lien or does not meet the above requirements is ineligible
	Note: Record of Account can be used in lieu of canceled check or proof of electronic payment

TEMPORARY BUYDOWN GUIDE	
Product Eligibility	• 30-year fixed rate only • Purchase transactions only • Single family (1-2 Units), PUD and Condo only • Seller/Builder funded only

Term of Buydown	• 2/1 Buydown:
	  ○ 24-month term
	  ○ Initial interest rate temporarily reduced by no more than two (2) percent below the Note rate and increased by no more than one (1) percent annually for no more than two (2) years, with the non-reduced Note rate applying for years three (3) through 30
	• 1/0 Buydown:
	  ○ 12-month term
	  ○ Initial interest rate temporarily reduced by no more than one (1) percent below the Note rate, with the non-reduced Note rate applying for years two (2) through 30

Underwriting Criteria	• Borrowers qualified using Note rate, not buydown rate • Standard Interested Party Contribution guidelines apply • Seller/Builder funded only