

HomePath Mortgage

HomePath Mortgage is available for purchase transactions of eligible FannieMae REO properties located in the state of California. It is a fixed rate product for loans from \$50,000 to the conforming limit. All loans must meet Fannie Mae requirements and have DU Approve/Eligible findings. If an issue is not addressed in these guidelines Fannie Mae requirements apply. HomePath Renovations Mortgages are not eligible.

* HomePath is a registered trademark of Fannie Mae

HomePath Mortgage

Owner-Occupied Primary Residence					
Purpose	Units	LTV	CLTV	HCLTV	FICO
Purchase	1	95	95	95	660
Purchase	1-2	80	80	80	620
Purchase	3-4	75	75	75	620
Second Home					
Purpose	Units	LTV	CLTV	HCLTV	FICO
Purchase	1	90	90	90	660
Purchase	1	80	80	80	620
Investment Property					
Purpose	Units	LTV	CLTV	HCLTV	FICO
Purchase	1	85	85	85	660
Purchase	1	80	80	80	620
Purchase	2-4	75	75	75	620

HomePath Mortgage Requirements:

- Eligible Program Codes: **HP10, HP15, HP20, HP30**
- DU Approve/Eligible required
- Maximum loan amounts:
 - 1-Unit \$417,000
 - 2-Unit \$533,850
 - 3-Unit \$645,300
 - 4-Unit \$801,950

HomePath Mortgage High-Balance

Owner-Occupied Primary Residence					
Purpose	Units	LTV	CLTV	HCLTV	FICO
Purchase	1	90	90	90	700
Purchase	1	75	75	75	660
Purchase	2-4	75	75	75	740
Second Home					
Purpose	Units	LTV	CLTV	HCLTV	FICO
Purchase	1	65	65	65	740
Investment Property					
Purpose	Units	LTV	CLTV	HCLTV	FICO
Purchase	1-4	65	65	65	740

HomePath Mortgage High-Balance Requirements:

- Eligible Program Codes: **HPJ30**
- DU version 8.0 reflecting Approve/Eligible required
- Maximum loan amounts:
 - 1-Unit \$729,750
 - 2-Unit \$934,200
 - 3-Unit \$1,000,000
 - 4-Unit \$1,000,000

Appraisal / Property Valuation

- Property must be eligible for HomePath Mortgage financing. The file must be documented with the appropriate pages printed from www.homepath.com showing that the property was eligible for HomePath Mortgage financing. Properties that reflect only HomePath Renovations Mortgage are not eligible. When both HomePath Mortgage and HomePath Renovations Mortgage the property is eligible.
- No Appraisal is required.
- The sales price of the property (as evidenced by the sales contract between Fannie Mae and the buyer/borrower) will be used as the property value for the purposes of loan delivery and for determining the LTV/CLTV/HCLTV. The purchase contract must indicate the borrower is using Fannie Mae HomePath Mortgage financing.
- If the borrower chooses to obtain an appraisal, then:
 - The borrower must order the appraisal from an appraiser selected by the borrower (and not one recommended by the Lender), and the appraisal must be paid for by the borrower outside of the loan transaction.
 - Lender must not request a copy of the appraisal, but if one is provided by the borrower then it must be included in the loan file with a note that the appraisal was ordered by the borrower outside of the loan transaction and was not reviewed or approved by the Lender.
 - The property value shown on the appraisal will not impact the LTV calculation
 - Lender must inform the borrower 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.
- Condominium Project warranty is not required. However, the following must be documented in the file (print results to the Condo label in D/T):
 - Check project status in CPM:
 - If anything other than "unavailable", then no more research in CPM is required
 - If "unavailable", then contact Credit Risk Manager to determine eligibility (Fannie Mae's Project Standards Team must be contacted to determine if the project is acceptable)
 - Underwriter must make inquiries, including internet searches on the project, which include:
 - Looking at project name to determine whether it contains "hotel", "motel", "inn" or "lodge"
 - Researching project address to see if it has the same address as a hotel
 - Reviewing the advertised project features to see if there is evidence that the project is a condominium hotel (such as daily cleaning service, nightly rentals, etc.
 - If any of those inquiries confirm, or suggest, that the project may be a condominium hotel project, then the property is ineligible
 - **The amount of the monthly HOA dues must be verified and included in the DTI for all loans secured by Condo or PUD**

Assets

- Borrower Investment
 - Primary residence and second homes require 5% from borrower's own funds
 - Investment properties require entire down payment and closing from borrower's own funds
- Gifts
 - Primary Residence and Second Homes
 - Acceptable provided Borrower Investment is met. The Borrower Investment is waived on primary residences and second homes when gift funds reduce the LTV/CLTV to $\leq 80\%$.
 - Investment Properties
 - Gifts are not permitted.

- Reserves
 - Additional reserves may be required by DU based on risk.
 - Primary Residence - no minimum reserves
 - If either the borrower's primary residence is for sale, but the sale will not close before the Note Date of the Mortgage on the new primary residence, or the borrower is converting his/her primary residence to a second home or Investment property; Six months PITIA reserves required for both the retained and subject properties is required
 - Second Homes - 2 months PITIA
 - Investment Properties - 6 months PITIA
 - Investment Property and Second Home: Other financed properties:
 - 2 months on each other financed property.
 - The amount of required reserves must be subtracted from the borrower's liquid assets prior to submitting the loan to DU.

NOTE: When a borrower has multiple financed properties and is financing a second home or investment property, DU is not able to determine the exact number of financed properties the borrower owns. As a result, the lender must manually apply the applicable reserve requirements for the other financed investment property and second home transactions as applicable. The lender must subtract the amount of required reserves from the borrower's liquid assets prior to submitting the loan casefile to DU.

AUS Underwriting Decisions

- DU reflecting one of the following recommendations is required:
 - Approve/Eligible
- Flexible mortgages are not eligible. Borrower must contribute at least 5% of their own funds for the downpayment.
- My Community Mortgage (MCM) loans are not eligible
- LP Decisions: Not eligible
- All conditions outlined in the findings report must be satisfied **except the following DU Messages may be disregarded**
 - Any message relating to amount of MI required (however minimum representative credit score for each borrower is 660 unless higher score is required for program)
 - Any message that says the maximum allowable interested-party contribution has been exceeded on a principal residence or second home with LTV over 90%
 - Any message related to the appraisal/property inspection

Contributions by an Interested Party

- Must be used for closing cost, prepaids, and other financing costs, provided the maximum contribution does not exceed the limits below.
- Maximum contribution percentage allowed:
 - **Primary Residence and Second Homes**
 - CLTV >75% - 95%, maximum contribution is six percent (6%)
 - CLTV ≤ to 75%, maximum contribution is nine percent (9%)
 - **Investment Property**
 - Maximum two percent (2%) contribution, regardless of CLTV.

Credit

- Credit eligibility is determined by DU
- LTV > 80% require minimum representative score of 660
- The borrower cannot have any delinquencies (30-day or greater) within the past 12 months on any mortgage loans.

Mortgage Insurance

- Mortgage Insurance is not required

Maximum Financed Properties

- Loans secured by Second Home or Investment Property limit the number of financed 1-4 family properties that all borrowers may own to a total of four including the subject
- **Exceptions are possible for Investor and Second Home borrowers with five to ten financed properties. The file must meet all of the following guidelines and the exception must be approved by Corporate Office. An exception fee based on current market will be added to the price.**
 - **Maximum LTV/CLTV/HCLTV is 75%**
 - **Minimum FICO 720**
 - **High Balance (HPJ30) must meet the LTV/CLTV/HCLTV and FICO requirements per the grid**
 - **No history of bankruptcy or foreclosure within the past seven years**
 - **Rental income on the subject investment property must be fully documented in accordance with standard Fannie Mae guidelines. DU messages permitting reduced rental income documentation must be disregarded and full documentation must be obtained.**
 - **Rental income from other properties owned by the borrower must be supported by two years' federal income tax returns or as long as the property has been owned if less than two years.**
 - **The borrower must have reserves for the subject property and for other properties in accordance with Fannie Mae guidelines.**
 - **Subject property**
 - **Second Homes - 2 months PITIA**
 - **Investment Properties - 6 months PITIA**
 - **Other financed properties: 6 months on each other financed second home or investment property.**

NOTE: When a borrower has multiple financed properties and is financing a second home or investment property, DU is not able to determine the exact number of financed properties the borrower owns. As a result, the lender must manually apply the applicable reserve requirements for the other financed investment property and second home transactions as applicable. The lender must subtract the amount of required reserves from the borrower's liquid assets prior to submitting the loan casefile to DU.

Program Descriptions

- **HP10:** 10 Year Fixed Rate
- **HP15:** 15 Year Fixed Rate
- **HP20:** 20 Year Fixed Rate
- **HP30:** 30 Year Fixed Rate
- **HPJ30:** 30 Year Fixed Rate High Balance

Property

- Must be owned by Fannie Mae and designated by Fannie Mae as eligible for a HomePath Mortgage
- Eligible Property types
 - Single Family Residence (SFR)
 - Condo
 - PUD
 - 2-4 Unit
- The rental income for each unit must be provided for all investment properties including all owner occupied 2-4 unit properties.
 - Rental Income from subject property must be verified with 216 Operating Income Statement and 1007 Single Family Rental Survey when the rental income is used to qualify.
 - A letter from the Real Estate Agent indicating the market rent for each unit may be used when the income is not used to qualify.

Reunion Mortgage Data Entry

- Special Feature Codes **must be entered in comments on the 1008**
 - 057 for all HomePath Mortgages
 - 150 Investment and Second Home with 5 to 10 financed properties – exception required
- Appraiser: HomePath
- Project Classification
 - Condo: V
 - PUD: E
- Investment Properties: Rental Income must be reflected on UND8 regardless if rental income is used in qualifying