

FNMA 3/2 COMMUNITY HOMEBUYER PROGRAM – DU GUIDELINES

CFX 30, 25, 20, 15

		PURCHASE	NO CASH OUT REFI	LIMITED CASH OUT REFI
MAXIMUM INCOME		100% Area Median Income (1)	100% Area Median Income (1)	100% Area Median Income (1)
MAX LTV & LOAN	1 UNIT ONLY	95% LTV to \$417,000	95% LTV to \$417,000 (2)	90% LTV to \$417,000
MINIMUM LOAN		none	none	none
TERM		15, 20, 25 or 30 yrs	15, 20, 25 or 30 yrs	15, 20, 25 or 30 yrs
SECONDARY FIN	LTV / TLTV	95% / 98% or 100% (7)	95% / 95% (7)(8)	90% / 95% (7)(8)
PROPERTY	SEMI-DET	yes	yes	yes
	TOWNHOUSE	yes	yes	yes
	CONDO/FNMA	yes	yes	yes
	PUD/FNMA	yes	yes	yes
	MAX UNITS	no other properties	no other properties	no other properties
HOMEOWNER CLASS		yes (3)	yes (3)	yes (3)
BORROWER	RES ALIEN	yes	yes	yes
	NON PERM RES	no	no	no
	CO/PART/TRUST	no	no	no
	NON-OCC CB	no	no	no
QUAL RATIOS	REGULAR	33% / 38%	33% / 38%	33% / 38%
GIFTS	LTV > 80%	3% own \$	no	no
	LTV ≤/ < 80%	any amt	no	no
CASH RESERVES		0 mos PITI	0 mos PITI	0 mos PITI
SELLER CONCES Can include prepaids	TLTV > 90%	3% max	3% max	3% max
	LTV ≤/ < 90%	6% max	6% max	6% max
BUYDOWN		not allowed	not allowed	not allowed
GEO RESTRICTS		none	none	none
MTG INSURANCE		refer to PMI Chart	refer to PMI Chart	refer to PMI Chart
ASSUMABLE		yes (5)	yes (5)	yes (5)
PREPAY PENALTY		no	no	no
ALT DOC		yes	yes	yes
TRAILING CO-BORR		yes (6)	yes (6)	yes (6)
APPRAISAL		yes	yes	yes



(1) Income limits apply for subject property locality.
(2) LTVs 90.01%-95% require that current mortgage be held by FNMA, borrower can't receive any cash back (not even customary 1%), new loan amount can only include current principal balance or payoff to nearest \$100 (borrower must pay closing costs & prepaids in cash) & new appraisal required in all cases.
(3) Education requirement may be waived if borrower 1) has previously owned a home, 2) has at least 5% down payment from own cash funds & 3) has at least 2 mos PITI reserves after closing.
(4) Higher ratios may be acceptable if 1) monthly housing expense is not increasing, 2) debts have not increased, 3) borrower's income has not declined & 4) borrower has good credit history.
(5) Loan can be assumed with consent of investor. The investor has right to refuse assumption or alter the interest rate at time of assumption, if allowed.
(6) Trailing CB may be relative, spouse, domestic partner or fiancée/fiancé. Ok if fiancée/fiancé doesn't currently reside w/borrower but must intend to reside w/borrower in new location. Can use 75% trailing co-borrower income for LTVs to 80% & 50% for LTVs 80.01-90%. Self-employed trailing co-borrowers are not eligible income for LTVs to 80% & 50% for LTVs 80.015-90%. Must verify 2 previous yrs employment, document job opportunities & verify 6 mos PITI cash reserves. Transferring co-borrower must be relocating w/ same employer or w/ new company that gives relocation package benefits.
(7) The CLTV can exceed 95% if the loan is originated as part of a Community Seconds transaction. The maximum CLTV is limited to 98% if there is a monthly payment on the second mortgage (principal and/or interest). The CLTV is limited to 100% if: <ul style="list-style-type: none"> - There are no payments due on the secured financing during its term. - No interest is charged on the secured financing, and - The principal amount of the secured financing becomes due only if the first mortgage is paid off or refinanced as an equity take out, if the property is sold or transferred, or if the occupancy status for the property changes to second home or investor.
(8) The LTV can exceed 75% and the CLTV can exceed 95% if the mortgage being financed was initially originated using the 3/2 Option or the Fannie 97 down payment option and the original LTV and CLTV exceeded 75% and 95%, respectively.
ADDITIONAL INFORMATION <i>Borrower must have 3% down payment from own cash funds. 2% down payment, closing costs and prepaids may be gift from relative, grant from non-profit organization or grant from government agency. In addition, an unsecured loan (up to a max of 3% of sales price) may be applied to closing costs and prepaids; however, the payment must be calculated in the housing and total debt ratios.</i>

A. Definition of Household Income

- The total projected annual gross income from everyone who will occupy the property being purchased, whether or not they are the borrower executing the loan documents.

B. Definition of Qualifying Income

- The income from the borrower(s) on the loan application that has been verified and documented in the loan file.

C. Cash-On-Hand for Closing Funds

- Funds must be verified in a lending/financial institution account at time of loan application.
- Borrower must provide written statement disclosing the source of funds and stating that the funds have not been borrowed.
- Borrower must illustrate that he/she typically pays in cash for expenses.
- Usage of cash must be consistent with borrower's profile (i.e., no credit cards, no bank accounts, cash receipts for bills).
- Credit report and other verifications must reflect limited use of credit and no use of depository institutions.
- Second in-file credit report must be obtained prior to closing to verify that there are no additional undisclosed loans.