



## Fannie Mae Community Home Buyer Program

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### PRIMARY RESIDENCE – PURCHASE AND RATE/TERM REFINANCE

Property Type	Maximum LTV	Maximum CLTV	Loan Amounts	Reserves	Qualifying Ratios	MI Coverage (30y / 15y)
1-unit	95% <sup>1</sup>	105% <sup>2</sup>	<u>MINIMUM:</u> \$20,000	n/a	33%/38%	30%/25%
Condo	90%		<u>MAXIMUM:</u>			25%/12%
PUD	85%		Single-family			12%/6%
Mfd home	80%		conforming loan limit			n/a

1. LTVs above 90% are for **purchase only** unless borrower's current loan is held by Fannie Mae.

2. Refer to **SUBORDINATE FINANCING** section below.

**SUMMARY:**

Fixed rate, fully amortizing mortgage loan, for low- and moderate-income homebuyers making at least a 5% downpayment from their own funds.

**TERM:**

Fifteen (15), twenty (20), twenty-five (25) or thirty (30) years

**INCOME LIMITS:**

The stable monthly income of the borrower, converted to an annual basis, must not exceed the following percentage of HUD Area Median Income:

Property Location	Percentage of HUD Area Median Income
Areas other than those listed below	100 percent
Bergen/Passaic, New Jersey MSA	120 percent
Boston, Massachusetts MSA	135 percent
California	140 percent
Hawaii	170 percent
Newark, New Jersey MSA	125 percent
New York City, New York MSA	165 percent
Portland, Oregon MSA	120 percent
Seattle, Washington MSA	120 percent

To obtain the median income for your area visit Fannie Mae's website at ([www.fanniemae.com](http://www.fanniemae.com)).

**HOMEBUYER EDUCATION:**

All borrowers are required to attend a homebuyer education class/workshop or face-to-face tutorial session. Sessions may be conducted over the telephone (instead of a face-to-face meeting) if the mortgage insurer provides the service, and the mortgage insurer has an established program that bases its homebuyer education on telephone communications with the borrower. The mortgage file must include satisfactory documentation of course completion. To obtain a list of approved counselors in your local area for the class/workshop sessions call Fannie Mae's Consumer Resource Center (800-7FANNIE) or visit its website ([www.homepath.com](http://www.homepath.com)).

Homebuyer education will not be required if both the following requirements are met:

- Borrower has previously owned a home; and,
- Has at least two (2) months PITI in reserves after closing.



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**SOURCE OF FUNDS:** Borrowers must make at least a five percent (5%) downpayment from their own funds. The remainder of the downpayment, if any, and closing costs and prepaid expenses may come from any combination of the following sources:

- Borrower's own funds, including secured borrowings such as a loan against a 401(k) account or cash-value life insurance policy
- A gift or unsecured loan<sup>1</sup> from a related person<sup>2</sup>
- A grant or unsecured loan<sup>1</sup> from a municipality, nonprofit organization or employer
- An approved Community Second loan program<sup>3</sup>
- Seller concessions<sup>4</sup> (applied to closing costs/prepaid expenses only)
- Lender premium pricing of up to three percent (3%) (applied to closing costs/prepaid expenses only)

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1. Refer to **UNDERWRITING** section below for unsecured loan guidelines.
  2. Refer to **UNDERWRITING** section below for definition of related person.
  3. Refer to **SUBORDINATE FINANCING** section below for Community Second guidelines.
  4. Refer to **SELLER CONCESSIONS** section below for limits.

### **SUBORDINATE FINANCING:**

Subsidized subordinate financing (Community Seconds) up to 100% CLTV is allowed from a state, local or municipal authority or agency, a 501(c)(3) not-for-profit corporation or tax-exempt religious organization, or the Borrower's employer. **All secondary financing programs MUST be reviewed and approved by Flagstar Bank.**

An official written description of the program (from the agency providing the funds), the loan documents used in connection with the financing (i.e. the Note, Mortgage/Deed of Trust, etc.), and any other written descriptive material must be submitted to your Flagstar Bank Account Executive. Subordinate financing program review generally requires at least seven (7) business days for approval.

**CLTVs from 100.01 to 105%** may be allowed if the subordinate lien makes accommodations for the occurrence of a catastrophic borrower event (i.e. death of breadwinner, loss of employment, divorce, etc.)

**SELLER CONCESSIONS:** 3% for LTVs above 90%  
6% for LTVs at or below 90%

**TEMPORARY BUYDOWNS:**  
Not allowed

**PROPERTY INSPECTIONS:**  
Flagstar Bank strongly recommends that borrowers obtain a satisfactory property inspection report from a home inspector licensed and/or certified in the jurisdiction in which the property is located.



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### UNDERWRITING:

1. Loans will be underwritten to the Fannie Mae portions of Flagstar's current Residential Underwriting Guidelines.
2. Alternative credit histories are acceptable.
3. A related person is defined as the borrower's spouse, child, dependent, domestic partner, fiancé(e) or any other individual who is related to the borrower by blood, marriage, adoption or legal guardianship.
4. Credit unions are not considered non-profit organizations.
5. Funds for downpayment, closing costs and/or prepaid expenses obtained through an unsecured loan from a related person (defined above), municipality, non-profit organization or the borrower's employer must be a term loan with level payments and a fixed interest rate not to exceed two percent (2%) above the first mortgage note rate. The monthly payment must be considered as debt in qualifying the borrower. Funds obtained from credit card advances or checking account overdraft protection are not acceptable.
6. If the payments on a Community Second mortgage are deferred for a minimum of five (5) years, payments may be excluded from the borrower's debt-to-income ratio.
7. All sources of stable monthly income may be used to qualify borrowers. Secondary income that is verified for one (1) year may be included as long as continuation of this income is probable and an average monthly income is established.
8. Rental payments that the borrower receives from a related person (defined above) who resides with the borrower (i.e. boarder income) may be counted toward stable monthly income – in an amount up to 30% of total gross income that is used to qualify the borrower – as long as the relative has lived with, and paid rent to, the borrower for the last twelve (12) months. Acceptable documentation must be provided to verify a history of shared residency (copy of driver's license, bill, bank statement, etc. that shows the boarder's address as being the same as the borrower's address) and the payment of rental payments for the last twelve (12) months (such as a copy of cancelled checks).
9. Non-occupant co-borrowers are not allowed.
10. Non-permanent resident aliens are allowed up to a maximum 90% LTV with a two (2) year work/credit/savings history in the US (otherwise maximum LTV is 75%).
11. Borrowers may not own additional property.

### STATE ELIGIBILITY:

All fifty (50) states

### CLOSING DOCUMENTATION:

- Fannie Mae/Freddie Mac Uniform Security Instrument, [3000-series](#)
- Fannie Mae/Freddie Mac multi-state Fixed Rate Note, [3200-series](#)
- Standard title commitment with all applicable endorsements

If applicable:

- Fannie Mae/Freddie Mac multi-state Condo Rider, [Form# 3140](#)
- Fannie Mae/Freddie Mac multi-state PUD Rider, [Form# 3150](#)