

HOMEONESM MORTGAGE VS FANNIE MAE STANDARD 97% LTV PROGRAM

A Side-by-Side Comparison of Expanded 97% LTV Options

Your borrowers have broad and unique needs, and LHFS has you covered with our suite of mortgage products. LHFS has compiled a side by side comparison for the Fannie Mae (FNMA) Standard 97% LTV Program and Freddie Mac's (FHLMC) HomeOneSM mortgage. Both solutions ease challenges around available savings for down payment and closing costs, and reflect our dedication to responsible lending, sustainable homeownership and improving access to credit.

First, let's cover the similarities under HomeOneSM and Fannie Mae Standard 97% LTV mortgages:

1. Both mortgage products do not have income limits or geographic restrictions.
2. At least one borrower on the loan **MUST** be a first-time homebuyer.
3. The LTV/TLTV/HTLTV maximums are:
 - LTV = 97%
 - CLTV/TLTV = 97% when partnered with a second that is **NOT** an Affordable or a Community Second
 - CLTV/TLTV = 105% when partnered with a second that **IS** an Affordable or a Community Second
4. Must receive a risk class of "Accept" or "Approve/Eligible"
 - No manual underwriting allowed
 - Eligible for purchase or no cash-out refinances – if a refinance, it must be a loan owned or securitized by Freddie Mac / Fannie Mae unless it has an Affordable/Community Second as a subordinate lien.
 - Must be a one-unit SFR, including condos or PUDs.
5. Standard mortgage insurance coverage of 35% required when over 95% LTV.

Please note: LHFS has made it easy for you to decipher benefits under each program. We have **emphasized text** below where the program may have added value for your borrower.

	FNMA Standard 97%	HomeOne SM Mortgage
Underwriting Path	Desktop Underwriter [®] (DU [®]) – with a recommendation of Approve/Eligible	Loan Product Advisor [®] (LPA [®]) - only with a Risk Class of Accept (at least one borrower must have a usable credit score).
Maximum LTV/TLTV/HTLTV ratios	<ul style="list-style-type: none"> 97% LTV / 105% CLTV CLTV >97-105% only with Community Seconds as secondary financing. 	<ul style="list-style-type: none"> 97% LTV / 105% TLTV / 97% HTLTV. TLTV >97-105% only with an Affordable Second as secondary financing.
Loan Purpose	<ul style="list-style-type: none"> Purchase "No cash-out" refinance LTV and/or CLTV >95%: The existing loan being refinanced must be owned (or securitized) by Fannie Mae. <ul style="list-style-type: none"> This requirement does not apply if the CLTV exceeds 95% only due to a Community Seconds loan. The CLTV ratio can be up to 105% if the subordinate lien is a Community Seconds loan. 	<ul style="list-style-type: none"> Purchase "No cash-out" refinance <ul style="list-style-type: none"> LTV and/or HTLTV >95%: loan being refinanced must be owned by Freddie Mac. TLTV >95% and secondary financing is not an Affordable Second: loan being refinanced must be owned by Freddie Mac. TLTV >95 and secondary financing is an Affordable Second: loan being refinanced does not have to be owned by Freddie Mac.
First Time Homebuyer Status	Purchases: At least one borrower must be a first-time home buyer.	Purchases: At least one borrower must be a first-time homebuyer
Homeownership Education	<p>Not required, unless all borrowers are relying solely on nontraditional credit to qualify, homeownership education is then required for at least one borrower and must do one of the following prior to the Note Date:</p> <ul style="list-style-type: none"> Complete the Framework homeownership education course (\$75 fee paid by the borrower to Framework); or Receive pre-purchase housing advising from a HUD-approved nonprofit housing counseling agency (as evidenced by a signed Certificate of Completion of Pre-Purchase Housing Counseling (Form 1017)); or Complete a homeownership education course required by a Community Seconds or Down Payment Assistance Program that is provided by a HUD-approved agency, if the loan involves a Community Seconds or down payment assistance program. 	When all borrowers are first-time homebuyers, at least one borrower must participate in homeownership education. This requirement may be fulfilled online with the free CreditSmart[®] program or another acceptable homeownership education program.
Income Limits	No limits	No limits
Eligible Mortgages	Fixed-rate mortgages that are fully amortizing with a term of up to 30 years.	Fixed-rate mortgages that are fully amortizing with a term of up to 30 years.



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	FNMA Standard 97%	HomeOne SM Mortgage
Super Conforming / High Balance	Not permitted	Not permitted
Property Types	1-unit (no manufactured homes), including condominium units and units in planned unit developments (PUDs).	1-unit only (no manufactured homes), including condominium units and units in planned unit developments (PUDs).
Occupancy	Primary residence <ul style="list-style-type: none"> All borrowers must occupy the mortgaged premises as their primary residence. 	Primary residence <ul style="list-style-type: none"> All borrowers must occupy the mortgaged premises as their primary residence.
Reserves	Per DU	Per LPA
Ownership of Other Residential Property	Occupant Borrower may not have any ownership in any other residential property at time of closing.	Permitted under standard Guide terms.
Rental Income from Subject 1-unit Primary Residence	Permitted when the borrower with disabilities receives rental income from a live-in personal assistant, whether or not that individual is a relative of the borrower, the rental payments can be considered as acceptable stable income in an amount up to 30% of the total gross income that is used to qualify the borrower for the mortgage loan. Personal assistants typically are paid by Medicaid Waiver funds and include room and board, from which rental payments are made to the borrower.	Permitted only for a borrower with a disability when rental income is from a live-in aide. The rental income may be considered in an amount up to 30% of the total gross income that is used to qualify the Borrower for the Mortgage. Typically, a live-in aide will receive room and board payments through Medicaid waiver funds from which rental payments are made to the Borrower.
Sources of Funds	<ul style="list-style-type: none"> Same as permitted for FNMA conforming mortgages with LTV ratios up to 95% (including Community Seconds). No minimum contribution from borrower personal funds required. 	<ul style="list-style-type: none"> Same as permitted for non-Home Possible mortgages with LTV ratios up to 95% (including Affordable Seconds). No minimum contribution from borrower personal funds required.
Mortgage Insurance	<ul style="list-style-type: none"> 35% mortgage insurance coverage applies for LTV >95%. 	<ul style="list-style-type: none"> 35% mortgage insurance coverage applies for LTV >95%.
Credit Fee in Price	<ul style="list-style-type: none"> Standard risk-based LLPAs (based on loan risk characteristics) 	<ul style="list-style-type: none"> Standard credit fees and pricing applies. <ul style="list-style-type: none"> Refer to Exhibit 19 for applicable credit fees in price, including indicator score/loan-to-value and secondary financing.

Helpful Links:

- [Freddie Mac Seller Guide](#)
- [Fannie Mae Seller Guide](#)

For specific scenario requests, please go to the eScenarios tab located in [eXPRESS](#).

Guidelines are for use by mortgage professionals only and subject to change without notice.

