



America's Most Convenient Bank®

HomeReady® Mortgage

New Options for your Customers!



HomeReady Mortgage - Intro



- HomeReady is a new mortgage product being offered by Fannie Mae
- The product is designed for creditworthy low-to-moderate income borrowers, low income census tracts, minority areas, and/or disaster impacted communities
- HomeReady offers competitive interest rates, lower mortgage insurance coverage requirements, and a low down payment
- Innovative underwriting flexibilities make the HomeReady product a unique and effective mortgage option

HomeReady Highlights:

- Up to 97% Loan to Value on Single Family and Condo Purchases, (95%LTV refinances)
- Debt to Income Ratio to 45% with DU Approval
- Competitive Pricing
- Available in a 15 or 30 Year Term
- No Minimum Borrower Contribution on Single Family and Condo Purchases
- Credit Score Requirement as Low as 620 with DU Approval
- Reduced Mortgage Insurance Coverage Requirements for LTVs over 90%
- Loan Level Pricing Adjustments (LLPAs) are waived when the LTV is greater than 80% and the Representative Credit Score is 680 or Higher
- Eligible for Pre-qualifications
- No Income Limits in Low-to-Moderate areas, 100% AMI in all other Locations
- Income from Non-borrowers, Non-occupant Co-borrowers, and Boarder Income may be Considered



HomeReady Mortgage – Income Features



■ Non-Occupant Borrowers

- Non-occupant borrowers permitted to maximum 95% LTV
- Income considered as part of qualifying income and subject to income limits
- No limitation on ownership of other property for non-occupant borrower

■ Non-Borrower Household Income

- These are people who live in the house who will not be borrowers on the mortgage
- Permitted as a compensating factor in to allow a Debt to Income (DTI) ratio >45%, up to 50%
- **Non-borrower income is not considered qualifying income and is not applied to income limits**
- Non-borrower income must total at least 30% of the total monthly qualifying income being used by the borrower(s)
- Income from more than one non-borrower household member may be considered

■ Boarder Income

- Up to a maximum of 30% of qualifying income
- Document shared residency for a minimum of the most recent 12 months
- Document payments for a minimum of 9 of the most recent 12 months (12 month average is used)

HomeReady Mortgage - Promotion



- In an effort to assist Customer's with closing costs and pre-pays, TD Bank will be offering a "\$2,000 Closing Cost Credit" on all HomeReady mortgages at the time of closing
 - The credit will only be applied if the mortgage closes
 - The credit is to be used for "closing costs and pre-pays"



Visit our home Page:

<https://www.tdbank.com/mortgages/affordable-home-loans.html>

†This is a lender promotion and subject to change without notice.

Let's walk thru some scenarios



Scenario A: Mr. & Mrs. Smith are looking to refinance their home, but are at a 95% LTV. They live in an LMI census tract. They have fico scores over 660, and a low DTI.

TD's Right Step loan is the best option for this customer

- Lower monthly payment
- Fico and DTI within guidelines
- No Monthly MI payment

Scenario B: Mr. Jones is looking to purchasing a home. He has a 680 fico, and with an income of \$4,000 a month, his estimated DTI is 46%. His elderly mother also lives with him. She receives ~1,300 in monthly income between SS and her pension. He also can only put 5% down on the home.

The FNMA Home Ready product is the best option for this customer

- 680 fico means no LLPAs added to mortgage rate
- DTI is a little high, but using non-borrower household income can be considered as a mitigating factor for DTI exception
- Due to the high DTI, the Right Step product would not be an option for this customer

Scenario C: Miss Henry is purchasing a home. Her father is gifting her \$10,000 for a down payment. She has a 660 fico score, 36% DTI (with 30% housing pymt. ratio).

Both the FNMA home Ready and the Right Step product may be an option for this customer

- If she has, or can save 3% of her own funds prior to purchasing, she may qualify for the Right Step loan with lower rate and no Monthly MI payment
- If she is not able to contribute funds toward the down payment, she may qualify for the FNMA Home Ready as there is no minimum borrower contribution required. (LLPAs would apply due to fico under 680)



Using the HomeReady Website

HomeReady Website



- Determining if a Customer's income is eligible for the HomeReady product may be accomplished by using the HomeReady Website
- The site is easy to use and designed solely to help Mortgage Advisors determine if a Customer is income eligible for the HomeReady product
- Remember the rules for HomeReady when it comes to income:
 1. No income limit if the subject property is in a low to moderate income census tract
 2. 100% of area median income (AMI) everywhere else
- Let's access the site using the link below
- <https://homeready-eligibility.fanniemae.com/homeready/>

Questions?

