

MyCommunityMortgage®

Affordable Financing to Serve Low- to Moderate-Income Borrowers

		MCM® 1-Unit (Max LTV 97% for FRMs; Max LTV 90% for ARMs) ⁽¹⁾	MCM 2- to 4-Unit (Max LTV 95% for 2-4-unit FRMs; Max LTV 90% for 2-unit ARMs)	
Key Features	Minimum Borrower Contribution (own funds)	\$0 (purchase or limited cash out refinance)	3%	
	Acceptable Sources of Funds for Down Payment/Closing Costs	Personal gifts, gifts or grants from a qualified entity, employer assistance, and Community Seconds® mortgages as defined in the Selling Guide. Minimum borrower contribution from own funds MUST be met before other acceptable sources of funds are permitted. Cash-on-hand (1-unit purchase transactions only)		
	Borrower Income Limits	100% of AMI except higher for high-cost areas; 115% in non-metro areas; borrower income limits imposed by other organizations		
	Prepurchase Home-Buyer Education and Counseling Requirements	If all borrowers are first-time home buyers or if all borrowers are relying solely on nontraditional credit to qualify for the mortgage loan (regardless of loan product or home-buyer status), at least one borrower must complete pre-purchase home-buyer education and counseling. All education and counseling must be provided by a third party that is independent of the lender and must adhere to the National Industry Standards for Homeownership Education and Counseling or those of comparable quality established by other organizations.		
Eligibility	Loan Purpose, Eligible Products, and Term	Purchase or LCOR: Fully amortizing FRM, terms to 40 years		
		ARMs	MBS delivery: Fully Amortizing 5/1, 7/1, and 10/1 ARMs (CMT or LIBOR), terms to 40 years	3- and 4-unit properties not eligible for ARMs
			Whole loan delivery with pricing available in eCommitting™, eCommitONE®: Fully Amortizing 5/1 (LIBOR), terms to 30 years	
	Occupancy and Property Type	Owner-occupied principal residence, including eligible condos, co-ops, and PUDs (no manufactured housing)	Owner-occupied principal residence (no condos, co-ops, or manufactured housing)	
	Mortgage Insurance (MI) Coverage	18% for 95.01 - 97% LTV (DU only submissions permitted on LTVs over 95%) • 16% for 90.01 – 95.00% • 12% for 85.01 – 90.00% • 6% for 80.01 – 85.00% (MCM loans not subject to the LLPA for minimum MI coverage)		
	Financed MI	Up to 97% LTV <i>including</i> the financed MI for FRMs Up to 90% LTV <i>including</i> the financed MI for ARMs	Not available	
CLTV Limits and Subordinate Financing	CLTV max. 105% for FRMs with Community Seconds only; CLTV max. 95%/97% (DU only) for FRMs with subordinate financing (non-Community Seconds) CLTV max of 90% for ARMs with subordinate financing (with or without Community Seconds)			
Underwriting	Desktop Underwriter® (DU®)	Available through DU using the “Additional Data” screen; select “MyCommunityMortgage.” DU recommendation of Approve/Eligible is eligible for MCM. Qualifying ratios, reserves, and income requirements are determined by DU.		
	Manual Underwriting (Limited waiver of representations and warranties does not apply.)	Use manual underwriting if (1) the DU recommendation is other than Approve/Eligible, (2) there is not at least one borrower with a traditional credit history, or (3) Community Solutions™ or Community HomeChoice™ flexibilities are needed to qualify the borrower		
		Representative minimum credit scores for manual underwriting (or use enhanced credit evaluation). <i>(Minimum could be higher for certain reserves and debt-to-income ratios.)</i>		
		660	700	

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		Benchmark qualifying ratio follows Fannie Mae standard Selling Guide (Section B3-6-02) for manual underwriting; additional flexibilities permitted with Community Solutions™ and Community HomeChoice™	
		Reserves for manual underwriting:	
		None	2 months of PITI (may not be gifted)
Underwriting (cont'd)	Manual Underwriting, Exceptions to Minimum Credit Score Requirements	<ul style="list-style-type: none"> If the borrower has a credit score below the minimum required based on an insufficient traditional credit history ("thin files") as documented by reason codes on the credit report, the lender may supplement the thin file with an acceptable nontraditional credit profile. SFC 818 must be used to identify loans with thin files (for manually underwritten loans only). If a borrower has a credit score below the minimum required, but has sufficient traditional credit sources listed on the credit report, the lender may not establish a nontraditional credit profile to supplement the borrower's traditional credit history. If the borrower's credit history was heavily influenced by credit deficiencies that were the result of documented extenuating circumstances, the minimum credit score requirement must be met (per the Eligibility Matrix), or the credit score must be no less than 620. 	
	Temporary Interest Rate Buydown	2-1 temporary buydowns allowed (not allowed on 5/1 ARM products)	2-1 temporary buydowns allowed for 2-unit only (not allowed on 5/1 ARM products)
	Other Income	<ul style="list-style-type: none"> For manual underwriting, up to 30% of qualifying income can come from an occupying co-borrower with an insufficient credit history For DU loan casefiles, up to 49% of qualifying income can come from an occupying co-borrower with an insufficient credit history Up to 30% of qualifying income can come from boarder income (relatives or nonrelatives) 	<ul style="list-style-type: none"> For manual underwriting, up to 30% of qualifying income can come from income from an occupying co-borrower with an insufficient credit history Projected rental income may be used as qualifying income (DU or manual): 75% for 2-unit; 65% for 3- or 4-unit
	Ownership of Property	Borrower may not have an ownership interest in any other residential dwelling at the time of closing. (A manufactured home, regardless of the type of property ownership, is considered a residential dwelling for this purpose. Ownership in a timeshare is not.)	
	Loan-Level Price Adjustments (LLPAs)	LLPAs apply; refer to the Loan-Level Price Adjustment Matrix and Adverse Market Delivery Charge Information document for details.	
Pricing, Committing, and Delivery	Special Feature Codes (SFCs)	<ul style="list-style-type: none"> SFC 460 required for all MCM loans In addition to SFC 460, one or more of the following SFCs may also be required: <ul style="list-style-type: none"> ○ MCM loans with a Community Seconds – 118, ○ MCM loans with the Community HomeChoice option – 222, ○ MCM loans with financed mortgage insurance – 281, and ○ MCM loans for borrower with "thin" traditional credit files – 818. 	
Additional Flexibilities with Borrower Options	Community Solutions⁽²⁾ (teachers, police officers, firefighters, health care workers, military personnel)	Manual underwriting: Gifted reserves, consideration of part-time and overtime income with 12-month history	Options available for 2-unit (not available for 3- or 4-unit)
	CommunityHomeChoice⁽²⁾ (borrower or family member with a disability)	Manual underwriting: Borrower income limit 115% of AMI, non-occupying co-borrowers allowed, gifted reserves	

(1) Maximum LTV is reduced to 95% for manually underwritten loans or borrowers with a nontraditional credit history.

(2) DU does not support the underwriting of these products, but offers the alternative of using the standard MyCommunityMortgage product.