# ELIGIBILITY MATRIX

The Eligibility Matrix provides the comprehensive LTV, CLTV, and HCLTV ratio requirements for conventional first mortgages eligible for delivery to Fannie Mae. The Eligibility Matrix also includes credit score, minimum reserve requirements (in months), and maximum debt-to-income ratio requirements for manually underwritten loans. Other eligibility criteria that are not covered in the Eligibility Matrix may be applicable for mortgage loans to be eligible for delivery to Fannie Mae, e.g., allowable ARM plans. See the *Selling Guide* for details. Refer to the last two pages of this document for exceptions to the requirements shown in the matrices.

**Acronyms and Abbreviations Used in this Document**

ARM: Adjustable-rate mortgage, fully amortizing

DTI: Debt-to-income ratio

DU®: Desktop Underwriter®

FRM: Fixed-rate mortgage, fully amortizing

LTV: Loan-to-value ratio

CLTV: Combined loan-to-value ratio

HCLTV: Home equity combined loan-to-value ratio

Credit Score/LTV: Representative credit score and highest of LTV, CLTV, and HCLTV ratios

**Effective Dates:**

DU loan casefiles – Loans underwritten with DU Version 10.0

Manually underwritten loans – Loans with application dates on or after December 10, 2016

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## Standard Eligibility Requirements - Desktop Underwriter Version 10.0

**Excludes: DU Refi Plus, HomeStyle Renovation, Manufactured Housing, and HomeReady**

| Transaction Type | Number of Units | Maximum LTV, CLTV, HCLTV |
|---|---|---|
| **Principal Residence** | | |
| Purchase<br>Limited Cash-Out Refinance | 1 Unit | FRM: 97% [1]<br>ARM: 90% |
| | 2 Unit | FRM: 85%<br>ARM: 75% |
| | 3-4 Units | FRM: 75%<br>ARM: 65% |
| Cash-Out Refinance | 1 Unit | FRM: 80%<br>ARM: 75% |
| | 2-4 Units | FRM: 75%<br>ARM: 65% |
| **Second Homes** | | |
| Purchase<br>Limited Cash-Out Refinance | 1 Unit | FRM: 90%<br>ARM: 80% |
| Cash-Out Refinance | 1 Unit | FRM: 75%<br>ARM: 65% |
| **Investment Property** | | |
| Purchase | 1 Unit | FRM: 85%<br>ARM: 75% |
| | 2-4 Units | FRM: 75%<br>ARM: 65% |
| Limited Cash-Out Refinance | 1-4 Units | FRM: 75%<br>ARM: 65% |
| Cash-Out Refinance | 1 Unit | FRM: 75%<br>ARM: 65% |
| | 2-4 Units | FRM: 70%<br>ARM: 60% |

***NOTE:*** **THERE MAY BE EXCEPTIONS TO THE ABOVE REQUIREMENTS FOR CERTAIN TRANSACTIONS. REFER TO THE NOTES SECTION ON PAGES 7-8 FOR THE EXCEPTIONS.**



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## HomeStyle Renovation, Manufactured Housing, HomeReady[2]
## Desktop Underwriter Version 10.0

| Transaction Type | Number of Units | Maximum LTV, CLTV, HCLTV |
|---|---|---|
| **HomeStyle Renovation Mortgage** | | |
| **Principal Residence** | | |
| Purchase<br>Limited Cash-Out Refinance | 1 Unit | FRM: 95%<br>ARM: 90% |
| | 2 Units | FRM: 85%<br>ARM: 75% |
| | 3-4 Units | FRM: 75%<br>ARM: 65% |
| **Second Homes** | | |
| Purchase<br>Limited Cash-Out Refinance | 1 Unit | FRM: 90%<br>ARM: 80% |
| **Investment Property** | | |
| Purchase | 1 Unit | FRM: 85%<br>ARM: 75% |
| Limited Cash-Out Refinance | 1 Unit | FRM: 75%<br>ARM: 65% |
| **Manufactured Housing** | | |
| **Principal Residence** | | |
| Purchase<br>Limited Cash-Out Refinance | 1 Unit | FRM: 95%<br>ARM: 90% |
| Cash-Out Refinance | 1 Unit<br>Term ≤ 20 years | FRM: 65%<br>ARM: 60% |
| **Second Homes** | | |
| Purchase<br>Limited Cash-Out Refinance | 1 Unit | FRM: 90%<br>ARM: 80% |
| **HomeReady Mortgage** | | |
| **Principal Residence** | | |
| Purchase<br>Limited Cash-Out Refinance | 1 Unit | FRM: 97% [1]<br>ARM: 90% |
| Purchase<br>Limited Cash-Out Refinance | 2 Units | FRM: 85%<br>ARM: 75% |
| | 3-4 Units | FRM: 75%<br>ARM: 65% |

***NOTE:*** **THERE MAY BE EXCEPTIONS TO THE ABOVE REQUIREMENTS FOR CERTAIN TRANSACTIONS. REFER TO THE NOTES SECTION ON PAGES 7-8 FOR THE EXCEPTIONS.**



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## Standard Eligibility Requirements - Manual Underwriting

**Excludes: Refi Plus, HomeStyle Renovation, and HomeReady**

| | | | Maximum DTI ≤ 36% | | Maximum DTI ≤ 45% | |
|---|---|---|---|---|---|---|
| **Transaction Type** | **Number of Units** | **Maximum LTV, CLTV, HCLTV** | **Credit Score/LTV** | **Minimum Reserves** | **Credit Score/LTV** | **Minimum Reserves** |
| **Principal Residence** | | | | | | |
| Purchase Limited Cash-Out Refinance | 1 Unit | FRM: 95%<br>ARM: 90% | FRM: 680 if > 75%<br>FRM: 620 if ≤ 75%<br>ARM: 680 if > 75%<br>ARM: 640 if ≤ 75% | 0 | 700 if > 75%<br>640 if ≤ 75% | 0 |
| | | | 660 if > 75% | 6 | FRM: 680 if > 75%<br>FRM: 620 if ≤ 75%<br>ARM: 680 if > 75% | 2 |
| | 2 Units | FRM: 85%<br>ARM: 75% | 680 if > 75%<br>640 if ≤ 75% | 6 | 700 if > 75%<br>660 if ≤ 75% | 6 |
| | | | | | 680 if > 75%<br>640 if ≤ 75% | 12 |
| | 3-4 Units | FRM: 75%<br>ARM: 65% | 660 | 6 | 680 | 6 |
| | | | | | 660 | 12 |
| Cash-Out Refinance | 1 Unit | FRM: 80%<br>ARM: 75% | 680 if > 75%<br>660 if ≤ 75% | 0 | 700 if > 75%<br>680 if ≤ 75% | 0 |
| | | | 660 if > 75%<br>640 if ≤ 75% | 6 | 680 if > 75%<br>660 if ≤ 75% | 2 |
| | 2-4 Units | FRM: 75%<br>ARM: 65% | 680 | 6 | 700 | 6 |
| | | | | | 680 | 12 |
| **Second Home** | | | | | | |
| Purchase Limited Cash-Out Refinance | 1 Unit | FRM: 90%<br>ARM: 80% | 680 if > 75%<br>640 if ≤ 75% | 2 | 700 if > 75%<br>660 if ≤ 75% | 2 |
| | | | | | 680 if > 75%<br>640 if ≤ 75% | 12 |
| Cash-Out Refinance | 1 Unit | FRM: 75%<br>ARM: 65% | 680 | 2 | 700 | 2 |
| | | | | | 680 | 12 |
| **Investment Property** | | | | | | |
| Purchase | 1 Unit | FRM: 85%<br>ARM: 75% | 680 if > 75%<br>640 if ≤ 75% | 6 | 700 if > 75%<br>660 if ≤ 75% | 6 |
| | | | | | 680 if > 75%<br>640 if ≤ 75% | 12 |
| | 2-4 Units | FRM: 75%<br>ARM: 65% | 660 | 6 | 680 | 6 |
| | | | | | 660 | 12 |
| Limited Cash-Out Refinance | 1 Unit | FRM: 75%<br>ARM: 65% | 660 | 6 | 680 | 6 |
| | | | | | 660 | 12 |
| | 2-4 Units | FRM: 75%<br>ARM: 65% | 680 | 6 | 700 | 6 |
| | | | | | 680 | 12 |
| Cash-Out Refinance | 1 Unit | FRM: 75%<br>ARM: 65% | 700 | 6 | 720 | 6 |
| | | | | | 700 | 12 |
| | 2-4 Units | FRM: 70%<br>ARM: 60% | 700 | 6 | 720 | 6 |
| | | | | | 700 | 12 |

***NOTE:*** **THERE MAY BE EXCEPTIONS TO THE ABOVE REQUIREMENTS FOR CERTAIN TRANSACTIONS. REFER TO THE NOTES SECTION ON PAGES 7-8 FOR THE EXCEPTIONS.**



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## HomeStyle Renovation and HomeReady - Manual Underwriting[2]

| Transaction Type | Number of Units | Maximum LTV, CLTV, HCLTV | Maximum DTI ≤ 36% Credit Score/LTV | Maximum DTI ≤ 36% Minimum Reserves | Maximum DTI ≤ 45% Credit Score/LTV | Maximum DTI ≤ 45% Minimum Reserves |
|---|---|---|---|---|---|---|
| **HomeStyle Renovation Mortgage** | | | | | | |
| **Principal Residence** | | | | | | |
| Purchase<br>Limited Cash-Out Refinance | 1 Unit | FRM: 95%<br>ARM: 90% | FRM: 680 if > 75%<br>FRM: 620 if ≤ 75%<br>ARM: 680 if > 75%<br>ARM: 640 if ≤ 75% | 0 | 700 if > 75%<br>640 if ≤ 75% | 0 |
| | | | 660 if > 75% | 6 | FRM: 680 if > 75%<br>FRM: 620 if ≤ 75%<br>ARM: 680 if > 75% | 2 |
| | 2 Units | FRM: 85%<br>ARM: 75% | 680 if > 75%<br>640 if ≤ 75% | 6 | 700 if > 75%<br>660 if ≤ 75% | 6 |
| | | | | | 680 if > 75%<br>640 if ≤ 75% | 12 |
| | 3-4 Units | FRM: 75%<br>ARM: 65% | 660 | 6 | 680 | 6 |
| | | | | | 660 | 12 |
| **Second Homes** | | | | | | |
| Purchase<br>Limited Cash-Out Refinance | 1 Unit | FRM: 90%<br>ARM: 80% | 680 if > 75%<br>640 if ≤ 75% | 2 | 700 if > 75%<br>660 if ≤ 75% | 2 |
| | | | | | 680 if > 75%<br>640 if ≤ 75% | 12 |
| **Investment Property** | | | | | | |
| Purchase | 1 Unit | FRM: 85%<br>ARM: 75% | 680 if > 75%<br>640 if ≤ 75% | 6 | 700 if > 75%<br>660 if ≤ 75% | 6 |
| | | | | | 680 if > 75%<br>640 if ≤ 75% | 12 |
| Limited Cash-Out Refinance | 1 Unit | FRM: 75%<br>ARM: 65% | 660 | 6 | 680 | 6 |
| | | | | | 660 | 12 |
| **HomeReady Mortgage** | | | | | | |
| **Principal Residence** | | | | | | |
| Purchase<br>Limited Cash-Out Refinance | 1 Unit | FRM: 95%<br>ARM: 90% | FRM: 680 if > 75%<br>FRM: 620 if ≤ 75%<br>ARM: 680 if > 75%<br>ARM: 640 if ≤ 75% | 0 | 700 if > 75%<br>640 if ≤ 75% | 0 |
| | | | 660 if > 75% | 6 | FRM: 680 if > 75%<br>FRM: 620 if ≤ 75%<br>ARM: 680 if > 75% | 2 |
| | 2 Units | FRM: 85%<br>ARM: 75% | 680 if > 75%<br>640 if ≤ 75% | 6 | 700 if > 75%<br>660 if ≤ 75% | 6 |
| | | | | | 680 if > 75%<br>640 if ≤ 75% | 12 |
| | 3-4 Units | FRM: 75%<br>ARM: 65% | 660 | 6 | 680 | 6 |
| | | | | | 660 | 12 |

***NOTE:*** **THERE MAY BE EXCEPTIONS TO THE ABOVE REQUIREMENTS FOR CERTAIN TRANSACTIONS. REFER TO THE NOTES SECTION ON PAGES 7-8 FOR THE EXCEPTIONS.**



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## DU Refi Plus and Refi Plus[3]

### DU Refi Plus

| Transaction Type | Number of Units | Maximum LTV | Minimum Credit Score |
|---|---|---|---|
| **Limited Cash-Out Refinance, Fixed Rate** | | | |
| Principal Residence | 1-4 Units | No Limit | No Minimum |
| Second Home | 1 Unit | No Limit | No Minimum |
| Investment Property | 1-4 Units | No Limit | No Minimum |
| **Limited Cash-Out Refinance, ARMS with Initial Fixed Periods ≥ 5 years** | | | |
| Principal Residence | 1-4 Units | 105% | No Minimum |
| Second Home | 1 Unit | 105% | No Minimum |
| Investment Property | 1-4 Units | 105% | No Minimum |

### Refi Plus

| Limited Cash-Out Refinance, Fixed Rate | | | P&I Changes ≤ 20% | P&I Increases > 20% |
|---|---|---|---|---|
| Principal Residence | 1-4 Units | No Limit | No Minimum | 620 |
| Second Home | 1 Unit | No Limit | No Minimum | 620 |
| Investment Property | 1-4 Units | No Limit | No Minimum | 620 |
| **Limited Cash-Out Refinance, ARMS with Initial Fixed Periods ≥ 5 years** | | | **P&I Changes ≤ 20%** | **P&I Increases > 20%** |
| Principal Residence | 1-4 Units | 105% | No Minimum | 620 |
| Second Home | 1 Unit | 105% | No Minimum | 620 |
| Investment Property | 1-4 Units | 105% | No Minimum | 620 |

***NOTE:*** **THERE MAY BE EXCEPTIONS TO THE ABOVE REQUIREMENTS FOR CERTAIN TRANSACTIONS. REFER TO THE NOTES SECTION ON PAGES 7-8 FOR THE EXCEPTIONS.**



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## Notes – Exceptions Applicable to ALL Matrices Other than DU Refi Plus and Refi Plus

**105% CLTV Ratio/Community Seconds®:** With the exception of ARM loans and loans secured by manufactured housing, the CLTV ratio may exceed the limits stated in the matrices up to 105% only if the mortgage is part of a Community Seconds transaction. However, 5-, 7-, and 10-year ARM loans and manufactured housing with a Community Seconds are limited to the LTV,CLTV, and HCLTV ratios stated in the matrices.
The following are not permitted with Community Seconds: second homes, investment properties, cash-out refinances, ARMs with initial adjustment periods less than 5 years, and co-op share loans.

**Cash-out refinances:** If the property was purchased within the prior six months, the borrower is ineligible for a cash-out transaction unless the loan meets the delayed financing exception in the *Selling Guide* (B2-1.2-03, Cash-Out Refinance Transactions). If the property was listed for sale in the past six months, the LTV,CLTV, and HCLTV ratios for a cash-out transaction are limited to the lower of 70% or the maximum allowed per the matrices.

**Condos:** Lower LTV,CLTV, and HCLTV ratios may be required for certain mortgage loans depending on the type of project review the lender performs for properties in condo projects. See B4-2.2-01, Limited Review Process and B4-2.2-04, Geographic-Specific Condo Project Considerations.

**Construction-to-permanent:** These transactions are subject to the applicable eligibility requirements based on the loan purpose. Single-closing transactions are processed as purchases or limited cash-out refinances, and two-closing transactions are processed as limited cash-out or cash-out refinances. Exceptions: mortgage loans secured by manufactured housing or units in a condo or co-op project are not eligible for construction-to-permanent financing. If the transaction is a single-closing construction-to-permanent loan, and the age of the credit or appraisal documents exceed standard guidelines, there are exceptions to the eligibility requirements. See B5-3.1-02, Conversion of Construction-to-Permanent Financing: Single-Closing Transactions.

**Co-op properties:** The following are not permitted with co-op share loans - subordinate financing, investment properties, and cash-out refinances on second home properties.

**Employment-related assets:** Exceptions to the eligibility requirements apply if this type of asset is used as qualifying income. See B3-3.1-09, Other Sources of Income.

**High-balance loans:** With the exception of Refi Plus, high-balance loans must be underwritten with DU. All borrowers on the loan must have a credit score. See DU and Refi Plus matrices for eligibility requirements for high-balance loans.

**HomeStyle Energy:** The maximum DTI for a manually underwritten HomeStyle Energy loan is 38% if certain conditions are met. See B5-3.3-01, HomeStyle Energy for Energy Improvements on Existing Properties. The credit score and reserve requirements for mortgages with a maximum DTI of 36% apply. The maximum allowable LTV for HomeStyle Energy loans is 95%.

**Manufactured housing:** With the exception of Refi Plus, loans secured by manufactured homes must be underwritten with DU. See DU and Refi Plus matrices.

**Multiple financed properties:** Borrowers of second homes or investment properties with multiple financed properties are subject to additional reserves requirements. Borrowers with seven to ten financed properties are subject to a minimum credit score requirement (only permitted in DU). See B3-4.1-01, Minimum Reserves Requirements.


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## Notes – Exceptions Applicable to ALL Matrices Other than DU Refi Plus and Refi Plus

**Non-occupant borrowers:** For manually underwritten loans, if the income of a non-occupant borrower is used for qualifying purposes, lower LTV, CLTV, and HCLTV ratios are required. See B2-2-04, Guarantors, Co-Signers, or Non-Occupant Borrowers.

**Nontraditional credit:** Exceptions to the eligibility requirements apply to all transactions when one or more borrowers are relying on nontraditional credit to qualify. See B3-5.4-01, Eligibility Requirements for Loans with Nontraditional Credit.

## Notes - Specific to Certain Transactions

| | |
|---|---|
| (1) | **LTV, CLTV, and HCLTV Ratios Greater than 95%:** These transactions are not permitted for high-balance loans, HomeStyle Energy loans, or loans with a non-occupant borrower. At least one borrower on the loan must have a credit score. For non-HomeReady purchase transactions, at least one borrower must be a first-time home buyer. For limited cash-out refinances, Fannie Mae must be the owner of the existing mortgage. See the *Selling Guide* for additional requirements. |
| (2) | **Combination of HomeStyle Renovation, HomeStyle Energy, HomeReady, and Manufactured Housing**: If a transaction includes a combination of HomeStyle Renovation, HomeStyle Energy, HomeReady, and manufactured housing, the more restrictive eligibility requirements of each of those transactions apply. DU will apply the applicable eligibility requirements, but the lender must determine eligibility for manually underwritten loans.<br><br>Examples:<br>1. A HomeReady mortgage that is also a HomeStyle Renovation mortgage must be a principal residence (per HomeReady), and the maximum LTV ratio for a fixed-rate mortgage is 95% for a one-unit property (per HomeStyle Renovation). The lender must be approved to deliver HomeStyle Renovation mortgages (per HomeStyle Renovation).<br>2. A HomeReady mortgage for a manufactured home must be a one-unit property that is underwritten through DU with a maximum LTV ratio of 95% (per manufactured housing), and a purchase or limited cash-out refinance of a principal residence (per HomeReady). |
| (3) | **DU Refi Plus and Refi Plus:** Loans are subject to a unique limited cash-out refinance definition, and other unique subordinate lien requirements. Exceptions to the LTV ratio limits apply to Texas Section 50(a)(6) mortgages. There is no maximum CLTV or HCLTV ratio limit for any DU Refi Plus or Refi Plus mortgage loan. A minimum credit score and maximum DTI ratio apply to higher-priced mortgage loans. See Section B5-5.2-01, DU Refi Plus and Refi Plus Eligibility, and B5-5.2-02, DU Refi Plus and Refi Plus Underwriting Considerations. |


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