

Fannie Mae's Community Home Buyer's Program™

For Informational and Educational Purposes Only

Fannie Mae's signature low down payment product—Fannie Mae's Community Home Buyer's Program—enables borrowers to use a greater amount of their monthly income toward housing costs compared to other standard mortgage products. It is part of a suite of Community Lending mortgage products and options designed to help low- and moderate-income borrowers overcome the two primary barriers to homeownership: lack of funds for the down payment and insufficient income to qualify.

This is a fixed-rate mortgage, with terms between 15 years and 30 years. It is ideal for the potential low- and moderate-income home buyer who has enough income to handle monthly mortgage payments, but is having difficulty accumulating cash for the down payment.

Loan Features

- Down payment of 5 percent.
- 30-year, 20-year, and 15-year repayment periods (fixed-rate mortgages only; no ARMs allowed).
- Up to 38 percent of borrower's monthly income can be used for housing costs and other debts, such as credit cards or student loans, and up to 33 percent of borrower's gross monthly income can be used for housing costs (principal, interest, taxes, and insurance).
- To qualify for this loan, you must earn no more than 100 percent of the area median income for your Metropolitan Statistical Area (MSA) or county. However, exceptions to the area median income limit are available in specified high-cost areas:
 - 120% in Bergen/Passaic, New Jersey MSA
 - 120% in Portland, Oregon MSA
 - 120% in Seattle, Washington MSA
 - 125% in Newark, New Jersey MSA
 - 135% in Boston, Massachusetts MSA
 - 140% in the State of California
 - 165% in New York, New York MSA
 - 165% in Suffolk, Nassau, Westchester and Rockland counties (New York)
 - 170% in the State of Hawaii
- The maximum income limit is removed if this mortgage is combined with the Fannie Neighbors® mortgage option for eligible properties located in HUD-designated central cities, underserved areas, and eligible minority and low-income census tracts.
- Does not require that you have cash reserves after closing.
- You must attend a home buyer education session offered or approved by your lender. This requirement can be waived if borrowers meet all three of the following conditions: (1) they have previously owned a home; (2) they make at least a 5 percent cash down payment from their own resources (not a gift, loan, or grant); and (3) they have at least two months' mortgage payments in reserve after closing.
- Can be used to buy one-family, principal residences, including condos and properties located in a planned unit development.
- Can be used with Fannie Mae's Community Seconds®, Community Land Trust, FannieNeighbors, and Lease Purchase options.

Fannie Mae's Community Home Buyer's Program™ (cont'd)

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Considerations

- The 5 percent down payment requirement means you need less cash up front to buy a home.
- The expanded debt-to-income ratios enable you to qualify using up to 33 percent of your gross monthly income for housing expenses (instead of the standard 28 percent with traditional conventional mortgages) and 38 percent for your total monthly debt expenses (instead of the standard 36 percent).
- To qualify for this loan, generally your household income must not exceed the area median income. Check with your lender or industry professional to determine if your property falls within a specially designated area that allows a higher household income limit or provides an exemption from the income limit.

Example

Here is a hypothetical example:

- \$100,000 purchase price
- 5% down payment
- 1% origination fee (including prepaid interest and mortgage insurance)
- 30 year fixed rate
- 8% interest rate
- 8.112% APR

The interest rate and APR shown are examples only and are not intended to represent actually available terms.

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