Fannie Mae

HomeReady Loans

New $2,500 in Down Payment Assistance

With a low down payment and expanded financing flexibilities, HomeReady® offers an ideal mortgage solution for borrowers whether they're first-time or repeat buyers. To address some of the barriers to entry for very low-income purchase (VLIP) borrowers, we are implementing a new $2,500 credit for use towards down payment and closing costs.

Key Features

- Borrowers with a qualifying income of less than or equal to 50% of the applicable area median income (AMI) of the subject property's location are eligible.
- The full amount of the $2,500 credit must be provided directly to the borrower through the transaction, such as being applied to down payment and closing costs, including escrows and mortgage insurance premiums.
- When eligible HomeReady purchase loans are delivered with the proper Special Feature Codes (SFC), lenders will be reimbursed through the standard Loan Level Price Adjustment (LLPA) process.

Additional Information

Delivery Requirements:

- To qualify for the $2,500 very low income purchase credit, the loan must be delivered with **SFC 900 HomeReady loan** and **SFC 884 HomeReady VLIP LLPA Credit**. Refer to VLIP LLPA Credit Job Aid for more details.

Effective Dates:

- The HomeReady very low income purchase credit will be effective for whole loans purchased ("Purchase Ready" status in Loan Delivery) on or after March 1, 2024, to February 28, 2025, and for loans delivered into mortgage-backed securities (MBS) with issue dates on or after March 1, 2024, to February 1, 2025.

For additional information, please refer to Lender Letter LL-2024-01.

Additional Resources

- HomeReady Mortgage
- HomeReady FAQs
- VLIP LLPA Credit Job Aid
- Area Median Income Lookup Tool

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Frequently Asked Questions

Q: Can the VLIP credit be layered with Fannie Mae's SPCP or negotiated programs?

No, the HomeReady VLIP credit cannot be combined with Fannie Mae's SPCP grant or certain negotiated programs.

Q: How can the credit be applied?

The credit must be applied towards reimbursement of funds provided by the lender for down payment or closing costs (which can include offsetting costs of lender-paid mortgage insurance). The loan officer should work with the borrower to understand how the credit can benefit the borrower.

Q: When can the lender begin applying the credit?

The lender may apply the credit to applications immediately provided they comply with the lender letter requirements.

Q: Can the lender retain any of the $2,500?

No, the full credit must be applied to reimbursements of funds disbursed by the lender for the benefit of the borrower.

Q: Is the $2,500 VLIP credit a taxable event for the borrower?

Lenders should consult with their counsel to further understand tax implications.