

Fannie Mae Eligibility Matrix (Dec 10, 2025) — Contextual Table Linearization for RAG

Purpose: convert matrix tables into context-rich sentences so numeric thresholds (e.g., 97% LTV) are embedded with what they apply to (occupancy, transaction type, units, underwriting method, and product type).

Key terms (used throughout)

- LTV = loan-to-value ratio; CLTV = combined loan-to-value ratio; HCLTV = home equity combined loan-to-value ratio (the matrix typically applies the highest of these ratios).
- FRM = fixed-rate mortgage; ARM = adjustable-rate mortgage.
- Desktop Underwriter (DU) = automated underwriting; Manual Underwriting = lender underwrites without DU and must follow additional requirements (credit score, reserves, and DTI limits).
- “Number of units” refers to 1-unit vs 2–4-unit properties.

1) Standard Eligibility Requirements — Desktop Underwriter (DU v12.0)

Scope: conventional first mortgages eligible for delivery to Fannie Mae, excluding High LTV Refinance, HomeReady, HomeStyle Renovation, and Manufactured Housing.

- **Principal Residence — Purchase or Limited Cash-Out Refinance:** For a **1-unit** property, the maximum ratios are **97% LTV/CLTV/HCLTV** for **FRM** and **95%** for **ARM**. For a **2–4 unit** property, the maximum ratios are **95%** for both FRM and ARM.
- **Principal Residence — Cash-Out Refinance:** For a **1-unit** property, maximum ratios are **80%** (FRM/ARM). For a **2–4 unit** property, maximum ratios are **75%** (FRM/ARM).
- **Second Home — Purchase or Limited Cash-Out Refinance:** For a **1-unit** property, maximum ratios are **90%** (FRM/ARM).
- **Second Home — Cash-Out Refinance:** For a **1-unit** property, maximum ratios are **75%** (FRM/ARM).
- **Investment Property — Purchase:** For a **1-unit** property, maximum ratios are **85%** (FRM/ARM). For a **2–4 unit** property, maximum ratios are **75%** (FRM/ARM).
- **Investment Property — Limited Cash-Out Refinance:** For **1–4 units**, maximum ratios are **75%** (FRM/ARM).
- **Investment Property — Cash-Out Refinance:** For a **1-unit** property, maximum ratios are **75%** (FRM/ARM). For a **2–4 unit** property, maximum ratios are **70%** (FRM/ARM).

Interpretation tip for RAG: each sentence already contains (occupancy → transaction → units → product type → max ratio). You can chunk by bullet.

2) HomeStyle Renovation, Manufactured Housing, and HomeReady — Desktop Underwriter (DU v12.0)

Scope: same general structure as standard DU, but applies to these specific products/property types.

- **HomeStyle Renovation Mortgage — Principal Residence — Purchase or Limited Cash-Out Refinance:** 1-unit max is 97% (FRM) or 95% (ARM); 2–4 units max is 95% (FRM/ARM).
- **HomeStyle Renovation Mortgage — Second Home — Purchase or Limited Cash-Out Refinance:** 1-unit max is 90% (FRM/ARM).
- **HomeStyle Renovation Mortgage — Investment Property: Purchase** for 1-unit max is 85% (FRM/ARM). **Limited Cash-Out Refinance** for 1-unit max is 75% (FRM/ARM).
- **Manufactured Housing — Principal Residence — Purchase:** 1-unit max is 97% (FRM) or 95% (ARM).
- **Manufactured Housing — Principal Residence — Cash-Out Refinance:** 1-unit max is 65% (FRM/ARM).
- **Manufactured Housing — Second Home — Purchase or Limited Cash-Out Refinance:** 1-unit max is 90% (FRM/ARM).
- **HomeReady Mortgage — Principal Residence — Purchase or Limited Cash-Out Refinance:** 1-unit max is 97% (FRM) or 95% (ARM). For 2–4 units, max is 95% (FRM/ARM).

3) Standard Eligibility Requirements — Manual Underwriting (contextualized)

Important: the original PDF presents this as a matrix with two parallel columns based on the maximum DTI bucket ($\leq 36\%$ vs $\leq 45\%$). The text extraction for this page is partially scrambled, so the statements below reflect the best reconstruction from the extracted content, but you should treat them as “derived text” and verify edge cases against the original matrix when accuracy is critical.

- **Manual Underwriting uses DTI buckets:** requirements are shown separately for **Maximum DTI $\leq 36\%$** and **Maximum DTI $\leq 45\%$** .
- **Purchase / Limited Cash-Out Refinance — Principal Residence:** The matrix includes limits up to **95% (FRM/ARM)** for 1-unit, **85% for 2-units**, and **75% for 3–4 units**. Credit score and reserve requirements depend on whether the highest ratio is above 75% (stricter) or at/under 75% (less strict).
- **Illustrative credit-score/reserve logic for Purchase / Limited Cash-Out (from extracted text):** For **DTI $\leq 36\%$** , examples shown include: if the ratio is **greater than 75%**, minimum credit score around **680** with **0 months reserves**; if the ratio is $\leq 75\%$, minimum credit score around **640** with **0 months reserves**. Some FRM cases show **620** ($\leq 75\%$) with **2 months reserves**, and some higher-ratio cases show **660** ($> 75\%$) with **6 months reserves**.
- **Cash-Out Refinance — Principal Residence (from extracted text):** The matrix lists a cash-out category with higher credit score expectations (e.g., values like **720** when ratios are $> 75\%$ and **680** when $\leq 75\%$), and reserve requirements that increase in some cases. The maximum LTV/CLTV/HCLTV shown near this section includes **80%** for 1-unit and **75%** for 2–4 units (FRM/ARM).

4) HomeStyle Renovation and HomeReady — Manual Underwriting (from the table on page 5)

This section is reconstructed from the clearly rendered table on page 5 (the page includes a full table image).

- **HomeStyle Renovation Mortgage — Principal Residence — Purchase / Limited Cash-Out Refinance:** For **1-unit**, max ratio is **95%** (FRM/ARM); for **2-units**, max is **85%**; for **3–4 units**, max is **75%**. Credit-score and reserves differ by DTI bucket: for **DTI \leq 36%**, the table shows thresholds like **680** ($>75\%$) or **640** ($\leq 75\%$) with **0 reserves**, plus additional FRM cases such as **620** ($\leq 75\%$) with **2 reserves**, and **660** ($>75\%$) with **6 reserves**. For **DTI \leq 45%**, the table shows higher minimum credit scores (e.g., **720** when $>75\%$ and **680** when $\leq 75\%$) and reserves up to **6 months** depending on case.
- **HomeReady Mortgage — Principal Residence — Purchase / Limited Cash-Out Refinance:** For **1-unit**, max ratio is **95%** (FRM/ARM); for **2-units**, max is **85%**; for **3–4 units**, max is **75%**. The credit-score/reserve pattern mirrors the HomeStyle section: lower thresholds at $DTI \leq 36\%$ and higher thresholds at $DTI \leq 45\%$, with reserves commonly listed as **0, 2, or 6 months** depending on ratio and product case.

5) High LTV Refinance (Acquisition Suspended) — Contextual Linearization

The table defines minimum/maximum LTVs, credit score, and DTI for the High LTV Refinance option; the document notes acquisition is suspended.

- **Transaction definition:** Limited cash-out refinance, fixed rate, or ARMs with initial fixed periods greater than 5 years.
- **Standard Eligibility — Principal Residence:** minimum LTV depends on units: **1-unit = 97.01%, 2-units = 85.01%, 3–4 units = 75.01%**.
- **Standard Eligibility — Second Home:** 1-unit minimum LTV is **90.01%**.
- **Standard Eligibility — Investment Property:** for 1–4 units, minimum LTV is **75.01%**.
- **Maximum LTV for this option:** **FRM = no limit; ARM = 105%** (as shown in the table).
- **Manual Underwriting — Alternative Qualification Path:** minimum credit score shown is **620** with **maximum DTI ratio 45%**.

6) Notes and Exceptions (apply across matrices unless stated otherwise)

- **Community Seconds / up to 105% CLTV:** CLTV may exceed matrix limits up to **105%** only for Community Seconds transactions; certain combinations are not permitted (e.g., second homes, investment, cash-out, and short-initial-period ARMs).
- **Cash-out refinances:** minimum reserves may apply to DU casefiles when DTI exceeds **45%**.
- **Condo projects:** certain condo review types can require lower LTV/CLTV/HCLTV than the matrix caps.
- **Construction-to-permanent:** eligibility depends on whether the transaction is treated as purchase, limited cash-out, or cash-out; co-op and attached condo units are excluded from construction-to-permanent financing.
- **Manufactured housing:** manufactured homes (including MH Advantage) must be underwritten with DU.
- **Multiple financed properties:** second home/investment borrowers with multiple financed properties can require additional reserves; 7–10 financed properties trigger a minimum credit score requirement (DU only).
- **Ratios greater than 95%:** not permitted for high-balance loans, certain manufactured homes, or some HomeReady sweat equity cases; also imposes first-time homebuyer and existing-owner constraints depending on purpose.
- **Non-occupant borrowers:** lower ratio caps apply; with Community Seconds, CLTV may still go up to 105% under constraints.

Chunking suggestion: chunk by section (DU standard, DU special programs, Manual, High LTV, Notes). Within a section, chunk by bullet (each bullet is an atomic eligibility rule).