

# MyCommunityMortgage®

## MCM Retirement

Deliver MCM loans with MBS pool dates on or before June 1, 2016, and whole loans must be purchased by Fannie Mae on or before June 30, 2016.

### Affordable Financing to Serve Low- to Moderate-Income Borrowers

		MCM® 1-Unit (Max LTV 95% for FRMs or 97% for first-time home buyers only; Max LTV 90% for ARMs)	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 <i>Selling Guide</i> . 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	<b>100% of area median income (AMI); or 115% in non-metro areas; or high-cost area limits:</b> 120% of AMI in Clackamas, Columbia, Multnomah, Washington, and Yamhill Counties ( <b>Oregon</b> ); 120% of AMI in Clark, King, Pierce, Skamania, and Snohomish Counties ( <b>Washington</b> ); 135% of AMI in Essex, Middlesex, Norfolk, Plymouth, and Suffolk Counties ( <b>Massachusetts</b> ); 135% of AMI in Rockingham and Strafford Counties ( <b>New Hampshire</b> ); 140% of AMI in the <b>State of California</b> ; 165% of AMI in Pike County ( <b>Pennsylvania</b> ); 165% of AMI in Bergen, Essex, Hudson, Hunterdon, Middlesex, Monmouth, Morris, Ocean, Passaic, Somerset, Sussex, and Union Counties ( <b>New Jersey</b> ); 165% of AMI in Bronx, Dutchess, Kings, Nassau, New York, Orange, Putnam, Queens, Richmond, Rockland, Suffolk, Ulster, Westchester Counties ( <b>New York</b> ); and 170% of AMI in the <b>State of Hawaii</b> ; or borrower income limits imposed by other organizations	
	First-time Home Buyer 97% LTV Option	If at least one borrower is a first-time home buyer as defined in the <i>Selling Guide</i> E-3 (Glossary) and responds "No" on Form 1003, Section VIII, Declaration M: "Have you had an ownership interest in a property in the last three years?" the loan may be eligible for up to 97% LTV/CLTV/HCLTV financing, with these additional requirements: <ul style="list-style-type: none"> <li>• Purchase only</li> <li>• 1-unit principal residence (including condos, co-ops, and PUDs)</li> <li>• Fixed-rate mortgage with maximum term of 30 years</li> <li>• Desktop Underwriter® (DU®) underwriting required</li> <li>• Pre-purchase home-buyer education and counseling required (at least one borrower)</li> <li>• No borrower may have an ownership interest in any other residential dwelling at the time of closing (applies to all MCM loans).</li> </ul>	
	Pre-purchase Home-Buyer Education and Counseling Requirements	At least one borrower must complete pre-purchase home-buyer education and counseling if: <ul style="list-style-type: none"> <li>• All borrowers are first-time home buyers;</li> <li>• All borrowers are relying solely on nontraditional credit to qualify for the mortgage loan (regardless of loan product or home-buyer status); or</li> <li>• The loan LTV is above 95% up to 97% (at least one borrower must be a first-time home buyer).</li> </ul> All education and counseling must be provided by a third party that is independent of the lender and must adhere to the <a href="#">National Industry Standards for Homeownership Education and Counseling</a> or those of comparable quality established by other organizations.	

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<b>Eligibility</b>	<b>Loan Purpose, Eligible Products, and Term</b>	Purchase or LCOR: Fully amortizing FRM, terms to 30 years (loans with LTVs >95% not eligible for LCOR)		
		ARMs (max LTV 90%)	MBS delivery: Fully Amortizing 5/1, 7/1, and 10/1 ARMs (CMT or LIBOR), terms to 30 years	3- and 4-unit properties not eligible for ARMs
			Whole loan delivery with pricing available in eCommitting™, eCommitONE®, or Pricing & Execution – Whole Loan: Fully Amortizing 5/1 (LIBOR), terms to 30 years	
	<b>Occupancy and Property Type</b>	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)
	<b>Mortgage Insurance (MI) Coverage</b>	18% for 95.01 – 97.00% • 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)		
	<b>Financed MI</b>	Up to max. LTV for the transaction (95% or 97%) <i>including</i> the financed MI for FRMs Up to 90% LTV <i>including</i> the financed MI for ARMs		Not available
<b>CLTV Limits and Subordinate Financing</b>		CLTV max. 105% for FRMs with Community Seconds® only; LTV/CLTV > 95% up to max. 97% if at least one borrower is a first-time home buyer CLTV max. 95% for FRMs with subordinate financing (non-Community Seconds) CLTV max of 90% for ARMs with subordinate financing (with or without Community Seconds)		
<b>Underwriting</b>	<b>Desktop Underwriter (DU)</b>	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.		
	<b>Manual Underwriting</b> (Limited waiver of representations and warranties does not apply. LTVs >95% not eligible for manual underwriting.)	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		
		<b>Representative minimum credit scores for manual underwriting (or use enhanced credit evaluation).</b> (Minimum could be higher for certain reserves and debt-to-income ratios; see the <a href="#">*Eligibility Matrix</a> .)		
		660 or higher, per the <a href="#">*Eligibility Matrix</a>		700 or higher, per the <a href="#">*Eligibility Matrix</a>
		Benchmark qualifying ratio follows Fannie Mae standard <i>Selling Guide</i> (Section B3-6-02) for manual underwriting; additional flexibilities permitted with Community Solutions and Community HomeChoice		
		<b>Reserves for manual underwriting:</b>		
		Minimum none or up to 6 months, per the <a href="#">*Eligibility Matrix</a> (based on credit score, DTI ratio, and FRM or ARM)		Minimum 2 months or up to 12 months, per the <a href="#">*Eligibility Matrix</a> (based on credit score, DTI ratio, and FRM or ARM)

\*Eligibility matrix as of June 30, 2015

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Underwriting (cont'd)	Manual Underwriting, Exceptions to Minimum Credit Score Requirements	<ul style="list-style-type: none"> <li>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).</li> <li>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.</li> <li>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.</li> </ul>	
	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)
		The borrower must be qualified based on the greater of the note rate or the fully indexed rate, as applicable, considering the borrower's current obligations and other mortgage-related obligations (i.e., PITIA).	
	Other Income	<ul style="list-style-type: none"> <li>For manual underwriting, up to 30% of qualifying income can come from an occupying co-borrower with an insufficient credit history</li> <li>For DU loan casefiles, up to 49% of qualifying income can come from an occupying co-borrower with an insufficient credit history</li> <li>Up to 30% of qualifying income can come from boarder income (relatives or nonrelatives)</li> </ul>	<ul style="list-style-type: none"> <li>For manual underwriting, up to 30% of qualifying income can come from income from an occupying co-borrower with an insufficient credit history</li> <li>Projected rental income may be used as qualifying income (DU or manual): 75% for 2-unit; 65% for 3- or 4-unit</li> </ul>
	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.)	
Pricing, Committing, and Delivery	Loan-Level Price Adjustments (LLPAs)	LLPAs apply; refer to the <a href="#">Loan-Level Price Adjustment Matrix</a> for details.	
	Special Feature Codes (SFCs)	<ul style="list-style-type: none"> <li>SFC 460 required for all MCM loans</li> <li>In addition to SFC 460, one or more of the following SFCs may also be required: <ul style="list-style-type: none"> <li>○ MCM loans with a Community Seconds – 118,</li> <li>○ MCM loans with the Community HomeChoice option – 222,</li> <li>○ MCM loans with financed mortgage insurance – 281, and</li> <li>○ MCM loans for borrower with "thin" traditional credit files – 818.</li> </ul> </li> </ul>	
Additional Flexibilities with Borrower Options	Community Solutions <sup>(1)</sup> (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 <sup>(1)</sup> (borrower or family member with a disability)	Manual underwriting: Borrower income limit 115% of AMI, non-occupying co-borrowers allowed, gifted reserves	

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