



MFM Bulletin: 020-2023

Date: June 19, 2023

Subject: FHFA Area Median Income (AMI) Limit updates

The Federal Housing Finance Agency (FHFA) recently issued updated 2023 area median income (AMI) limits, which MFM uses to determine whether a borrower’s annual qualifying income meets the income eligibility requirements for such programs as Freddie Mac Home Possible and Fannie Mae Home Ready. We also use AMI limits to determine whether a loan is eligible for the LLPA waivers.

Since AMIs may have increased in many areas, we may be able to offer Home Possible, Home Ready, and waive LLPAs for even more members. However, certain areas may have also declined. Both Freddie Mac LPA and Fannie Mae DU systems have been updated with the new AMI limits. Below are instructions of how the AMI changes will be handled by Fannie and Freddie.

- **Freddie Mac LPA:**

Loan Product Advisor determination of Home Possible eligibility	
IF the Mortgage is submitted as a Home Possible Mortgage on and after June 8, 2023	THEN the following income limits are applied...
For the following resubmissions: <ul style="list-style-type: none"> ▪ The last submission before the effective date was also a Home Possible Mortgage, and ▪ The income limits were met 	The better of the following income limits: <ul style="list-style-type: none"> ▪ 2022 Area Median Income limits at 80% of the Area Median Income OR <ul style="list-style-type: none"> ▪ 2023 Area Median Income limits at 80% of the Area Median Income
For the following submissions: <ul style="list-style-type: none"> ▪ The Mortgage is submitted for the first time ▪ The Key Number cannot be identified, or ▪ The last submission before the effective date was not submitted as Home Possible and/or did not meet the income eligibility limits 	2023 Area Median Income limits at 80% of the Area Median Income
Loan Product Advisor determination of Refi Possible eligibility	
IF the Mortgage is submitted or resubmitted as a Refi Possible Mortgage on and after June 8, 2023	THEN the 2023 Area Median Income limits apply at 100% of the Area Median Income
Area Median Income used by Loan Product Advisor for Mortgages other than Home Possible or Refi Possible	
IF the Mortgage is submitted or resubmitted on and after June 8, 2023	THEN consistent with existing functionality, Loan Product Advisor will use the 2023 Area Median Income

- **Fannie Mae DU:**

2023 AMIs were updated the weekend of June 10, 2023 with an effective date of loans with **application date of June 12, 2023 AND DU case files created on or after June 12.**

DU will apply the 2023 limits to new DU loan casefiles created on or after June 12. Loan casefiles created prior to June 12 will continue to use the 2022 limits.



****IMPORTANT** For loans that were submitted through DU as pre-approvals AND have an application date (converted to property) on or after June 12, the loan must be submitted back through DU with a NEW DU CASE FILE. This will ensure 2023 AMI guidelines are applied to the loan.**

Treatment of loans in the pipeline with application dates before June 12:

- For DU Home Ready Loans, DU will use the 2022 AMIs based on the case file creation date to determine Home Ready Eligibility. **The application date will not be used to apply the AMI limit, so any AMI decrease will not affect eligibility.**

Thank you