



MFM Bulletin: 003-2024

Date: March 5, 2024

Subject: HomeReady and Home Possible VLIP Enhancements

Member First mortgage is pleased to announce a temporary enhancement to the Fannie Mae HomeReady and Freddie Mac Home Possible product. This enhancement includes a \$2,500 credit provided by Fannie Mae and Freddie Mac for very low-income purchase borrowers (VLIP) that can be used for down payment and/or closing costs.

This enhancement is **effective immediately and available through February 1, 2025** for loans that will be servicing retained by MFM, serviced released to SLS/CMC, and sold to Planet Home Lending. Additional investors may be added as we receive notification from them.

The following requirements must be met to be eligible for the \$2,500 LLPA credit:

- The loan must be a purchase transaction only.
- Loan must meet all eligibility requirements for Fannie Mae's HomeReady or Freddie Mac's Home Possible program and must receive Approved/Eligible or Accept Findings.
- The borrower(s) must have a total qualifying income less than or equal to 50% of the applicable area median income (AMI) limit for the subject property's location.

The \$2,500 may be credited to the borrower towards down payment and/or closing posts and prepaids.

- **Fannie Mae HomeReady:** Credit may be used to satisfy the 3% minimum contribution for all loans secured by a one-unit property or loans secured by two- to four-unit properties with LTV ratios less than or equal to 80%. For loans secured by two- to four-unit properties with LTV ratios greater than 80%, the credit may be applied to down payment **after** the 5% minimum contribution is met.
- **Freddie Mac Home Possible:** The \$2,500 credit may be used to offset the 3% contribution due from the applicant's personal funds.

Fannie Mae HomeReady Special Feature Codes:

- 900 HomeReady loan
- 884 HomeReady VLIP LLPA Credit

Freddie Mac Home Possible Special Feature Codes:

- Loan Program Identifier value of "Home Possible Mortgage"
- Investor Feature Identifier K10



Credit at Closing:

The \$2,500 VLIP credit must be reflected on the final Closing Disclosure as “**VLIP credit to borrow**”. The amount must be clearly identified that the credit was provided to the borrower(s). **For loans closing in the Partner’s name, MFM will reimburse the \$2,500 at the time of loan purchase.**

Job Aids for VLIP Credit:

Fields that need to be completed in Blue Sage:

- **Loan Set Up – Loan Terms – Down Payment Details**

Down Payment Type	Down Payment Source Type	Amount	Explanation
Grant	Federal Agency	\$2,500.00	

Continued on the following page...



- Borrower Asset screen:

Edit an Asset

Asset Type: Financial Account Other Asset

* Account Type:

* Institution Name:

Address:

Zip, City & State:

Country:

Account in name of:

Account Number:

* Current Value/Balance:

Detailed Description:

Quantity or Shares:

** Asset Status:

Source of Asset:

EIN:

- This is how the URLA – Section 4d should be completed:

4d. Gifts or Grants You Have Been Given or Will Receive for this Loan Does not apply

Include all gifts and grants below. Under Source, choose from the sources listed here:

• Community Nonprofit	• Federal Agency	• Relative	• State Agency	• Lender
• Employer	• Local Agency	• Religious Nonprofit	• Unmarried Partner	• Other

Asset Type: Cash Gift, Gift of Equity, Grant	Deposited/Not Deposited	Source - use list above	Cash or Market Value
Grant	<input type="radio"/> Deposited <input checked="" type="radio"/> Not Deposited	Federal Agency	\$ 2,500.00



- **LPA Findings – Top right Corner**
 - **Area Median Income Percentage must show 50% or less**

Affordable Product Information

AREA MEDIAN INCOME	AREA MEDIAN INCOME (%)
\$87,300.00	45.87%

- **Affordable Lending Message on LPA Findings:**

Affordable Lending and Access To Credit Messages

CODE	MESSAGE
FAL0003	Based on the annual qualifying income (\$40,040.04) and the Area Median Income (AMI) (\$87,300.00) where the property is located, the loan meets the housing goal qualifications for a Very Low-Income Purchase (VLIP) since the income is at or below 50% AMI (\$43,650.00). Additionally, the loan meets the Low-Income Purchase (LIP) housing goal which requires income of less than or equal to 80% AMI (\$69,840.00).

- **Affordable Lending Message on DU Findings:**

33 This loan casefile may be eligible towards Fannie Mae's Very Low-Income Purchase Goal. This goal includes owner-occupied, purchase, conventional mortgages where the total qualifying income is equal to or less than 50% of AMI where the property is located. (MSG ID 3145)

- **Home Possible Message:**

FAL0005 This loan meets the Home Possible income limits.

- **Grant Message on LPA Finding – Copy of Freddie Mac or Fannie Mae Bulletin must be included in loan file:**

FAR0198	For the grant in the amount of \$2,500.00, obtain documentation that the funds were provided by an Agency with an established grant program, that the funds do not have to be repaid and were received by the borrower or by the Seller on the borrower's behalf. Examples of acceptable documentation include copies of grant program materials, award letters or terms and conditions provided to the borrower. The agency must not be an interested party.
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Please contact our VP of Credit Policy, Pam Trudeau (pam.trudeau@memberfirstmortgage.com) with any questions or concerns.

Thank you