

## Fannie 97<sup>®</sup>

For Informational and Educational Purposes Only

The Fannie 97 mortgage is part of Fannie Mae's suite of Community Lending mortgage products and options designed to help low- and moderate-income borrowers overcome the two primary barriers to homeownership: lack of funds for the down payment and insufficient income to qualify.

This is a fixed-rate mortgage loan, with terms between 15 years and 30 years. It is ideal for the potential low- and moderate-income home buyer who has enough income to handle monthly mortgage payments, but is having difficulty accumulating cash for the down payment.

### Loan Features

- Down payment of 3 percent from the borrower's own funds.
- 30-year, 20-year, or 15-year repayment periods (fixed-rate mortgages only; no ARMs allowed).
- Up to 38 percent of borrower's gross monthly income can be used for housing costs and other recurring monthly debts, such as installment debts, revolving debts, and other obligations, and up to 33 percent of borrower's gross monthly income can be used for housing costs (principal, interest, taxes, and insurance).
- To qualify for this loan, you must earn no more than 100 percent of the area median income for your Metropolitan Statistical Area (MSA) or county. However, exceptions to the area median income limit are available in specified high-cost areas:
  - 120% in Bergen/Passaic, New Jersey MSA
  - 120% in Portland, Oregon MSA
  - 120% in Seattle, Washington MSA
  - 125% in Newark, New Jersey MSA
  - 135% in Boston, Massachusetts MSA
  - 140% in the State of California
  - 165% in New York, New York MSA
  - 165% in Suffolk, Nassau, Westchester and Rockland counties (New York)
  - 170% in the State of Hawaii
- Requires that you have cash reserves equal to one month's mortgage payment after closing.
- You must attend a home buyer education session offered or approved by your lender.
- Can be used to buy one-family, principal residences, including condos and properties within a planned unit development.
- Can be used with Fannie Mae's Community Seconds<sup>®</sup> and Community Land Trust.

### Considerations

- The 3 percent down payment requirement means you need less cash up front to buy a home.
- The expanded debt-to-income ratios enable you to qualify using up to 33 percent of your gross monthly income for housing expenses (instead of the standard 28 percent with traditional conventional mortgages) and 38 percent for your total monthly debt expenses (instead of the standard 36 percent).

## Fannie 97<sup>®</sup> (cont'd)

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### **Example**

Here is a hypothetical example:

- \$100,000 purchase price
- 3% down payment
- 1% origination fee (including prepaid interest and mortgage insurance)
- 30 year fixed rate
- 8% interest rate
- 8.109% APR

The interest rate and APR shown are examples only and are not intended to represent actually available terms.

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