

Guideline Comparison

Summary of Agency Guidelines for Rental Income Generated from an ADU on a Subject Property

Fannie Mae*	Freddie Mac*
ADU rental income is allowed on HomeReady® ONLY.	ADU rental income is allowed on ALL mortgage loan programs and must meet all underwriting requirements.
1 unit primary ONLY with ADU.	1 unit primary ONLY with ADU ¹ .
Purchase, Limited cash-out.	Purchase, No cash-out.
<ul style="list-style-type: none"> Calculate 75% of signed lease + 1007 or most recent tax returns as applicable. If purchase and property is not currently rented, 1007 may be used in lieu of lease. 	<ul style="list-style-type: none"> Calculate 75% of signed lease, rental income not to exceed 30% of total monthly income. ADU rental analysis, Document date ADU was placed in service Schedule E for most recent year (if owned in prior calendar year)
<p>Appraisal Requirements:</p> <ul style="list-style-type: none"> Demonstrate market acceptability. Comply with zoning and land use. <p><i>Note – Appraisal Waiver is not allowed.</i></p>	<p>Appraisal Requirements:</p> <ul style="list-style-type: none"> 1 comp sale with ADU rented, 1 comp rental ADU. Comply with zoning and land use. <p><i>Note – ACE is not allowed.</i></p>
No landlord education or experience required on HomeReady.	Landlord education or minimum of 1 year of investment experience required.

*FNMA B5-6-02 HomeReady

*FNMA B4-1.3-05 Improvement Section of the Appraisal Report

*FNMA B3-3.1-08 Rental Income

*FHLMC 5306.1(a)(ii), Form 92 Rental Income

*FHLMC 5306.3, 4501.9(a)

*FHLMC 5601 Property Eligibility and Appraisal Requirements

¹FHLMC allows 1 ADU on 2-and-3-unit properties if NOT using rental income

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