

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> <i>Exceptions may be allowed for Non-compliant Zoning. Additional documentation will apply.</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> <i>Exceptions may be allowed for Non-compliant Zoning. Additional documentation will apply.</i></p>
No landlord education or experience required on HomeReady.	Landlord education or minimum of 1 year of investment experience required.

*Referenced from FNMA and FHLMC Guidelines.

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

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