



As announced last week from FNMA, during the weekend of **11/18/23**, FNMA will be updating the current DU Version, and one of the biggest changes will be allowing LTV's for 2-4 (multi-unit) properties to go up to 95% LTV. This will be allowed on Standard FNMA, HomeReady, and HomeStyle Renovation products that meet the following parameters.

These will be allowed DU casefiles that are submitted or resubmitted on and after the weekend of 11.18.2023.

- Primary Residence (So borrower must live in one of the units)
- Conforming Loan Limits Allowed (High Balance NOT permitted): Conforming loan limits are already higher for multi-unit properties: For example, today, these limits are:
 - 2 Unit Properties = \$929,850
 - 3 Unit Properties = \$1,123,900
 - 4 Unit Properties = \$1,396,800
- Purchase and Limited Cash-Out Transactions(Rate/Term Refinance)
- DU AUS approvals only (Manual Underwriting is not allowed)

Advantages and pros of Multi-Unit Properties with the new guidelines being introduced:

- 1) House Hacking is a common term and has been used for many years as a great strategy with housing becoming more expensive across all markets. This simply allows the borrower to utilize income they are generating off the other units to cover the costs of their mortgage and other expenses associated with owning a home.
- 2) Borrowers only will have to put 5% down with the new LTV's
- 3) Additional sources of income, and entry into becoming a landlord for first time homebuyers while living on site
- 4) Great advantage for borrowers looking to purchase a home, and help offset the high housing costs that we are seeing in all areas
- 5) All major cities across the country have multi-unit properties. College towns are also popular and trending regarding house hacking that helps many afford the cost of living while paying expensive college costs
- 6) Multigenerational Living Trends show multi-family homes are a great option in many areas