

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 ADU¹.
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 serviceSchedule E for most recent year (if owned in prior calendar year)
Appraisal Requirements: <ul style="list-style-type: none">Demonstrate market acceptability.Comply with zoning and land use. <i>Note: Appraisal Waiver is not allowed.</i> <i>Exceptions may be allowed for Non-compliant Zoning. Additional documentation will apply.</i>	Appraisal Requirements: <ul style="list-style-type: none">1 comp sale with ADU rented, 1 comp rental ADU.Comply with zoning and land use. <i>Note: ACE is not allowed.</i> <i>Exceptions may be allowed for Non-compliant Zoning. Additional documentation will apply.</i>
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.
HomeReady® as a registered trademark of Fannie Mae.
¹FHLMC allows 1 ADU on 2-and-3-unit properties if NOT using rental income.

© 2025 Essent Guaranty, Inc. All rights reserved.
The information contained in these materials is provided in good faith, and every reasonable effort was made to ensure that it is accurate. Accordingly, this information is provided ‘as is’ without warranty or obligation to provide updated information. Any person relying on or making use of any of the information contained herein shall do so at their own risk. Essent makes no representation or warranty of any kind, express or implied, as to the suitability, adequacy, accuracy or completeness of the information included in these materials, and Essent hereby disclaims any liability and shall not be held liable for any damages arising, directly or indirectly, from the use of the information contained in these materials. Including damages arising from inaccuracies, omissions or errors.

Mortgage Insurance provided by Essent Guaranty, Inc.