

HFA Preferred™ Loan Program

Special Housing Finance Agency

Conventional Loan Product

(UPDATED October 1, 2019; FNMA Fact Sheet dated September 3, 2019)



Disclaimer: MFA may amend the provisions of this term sheet periodically at its sole discretion, at any time and without notice. Always refer to FNMA's website for the most current HFA Preferred Term Sheet. Please contact MFA if you encounter any discrepancies between MFA and FNMA's term sheets. Underwriting guidelines may be found in the [Fannie Mae Selling Guide](#).

Parameters	Program Requirements
<p>Pricing Terms</p> <p>NOTE: MFA has two separate allocations: one for borrowers 80% AMI or below and another for borrowers above 80% AMI.</p>	<p>No LLPAs. Reserve the appropriate MFA allocation based upon DU special messaging. All price adjustments are already included in quoted interest rate.</p> <ul style="list-style-type: none"> • DU will calculate whether borrower is below or above 80% AMI, based on qualifying income and location of property. Findings for borrowers that meet 80% AMI will receive special messaging.
<p>Eligible Products</p>	<p>FIRSTHome and NEXTHome Programs: 30-year, fixed rate, fully amortizing</p>
<p>Eligible Borrowers</p>	<p>FIRSTHome Program - First time homebuyers only</p> <p>NEXTHome Program - Not required to be a first-time homebuyer</p>
<p>Eligible Occupancy</p>	<p>Owner-occupied principal residence</p>
<p>Ownership of another residential dwelling (NEXTHome only)</p>	<p>Borrower may own another property as long as the HFA Preferred Mortgage being sold to FNMA is the borrower's principal residence.</p>
<p>Co-Signer(s)</p>	<p>HFA Preferred Conventional Product allows co-signer(s).</p> <p>Definition of a co-signer:</p> <ul style="list-style-type: none"> • Does not have ownership interest in the subject property as indicated on the title; • Signs the note only; • Has joint liability for the note with the borrower(s); • Does not have an interest in the property sales transaction; i.e. the property seller, builder, or real estate broker. Must not be listed under the vesting section of the mortgage, and does not sign the mortgage; • Must not occupy the subject property.

Parameters	Program Requirements
Eligible Purpose	<ul style="list-style-type: none"> • Purchase transaction
Desktop Underwriter (DU)	<ul style="list-style-type: none"> • HFA Preferred is available through DU using the “Additional Data” screen; select “HFA Preferred.” Loans with a DU recommendation of approve/eligible are eligible for DU’s Limited Waiver of representations and warranties. • Qualifying ratios, reserves and income requirements are determined by DU. • DU will calculate whether borrower is below or above 80% AMI, based on qualifying income and location of property. Findings for borrowers that meet 80% AMI will receive special messaging.
Use of Freddie Mac’s Automated Underwriting System “Loan Product Advisor”	<ul style="list-style-type: none"> • Not allowed (MFA and Idaho Guideline). HFA Preferred is a FNMA product that MUST be run through DU.
Manufactured Home Underwriting	<ul style="list-style-type: none"> • Mortgages secured by manufactured homes must be underwritten by DU as required by the Selling Guide.
Manual Underwriting (DU)	<ul style="list-style-type: none"> • Permitted • Per the requirements of the Eligibility Matrix and any other terms required in the Selling Guide, including borrowers with nontraditional credit
Maximum LTV/CLTV	<ul style="list-style-type: none"> • One Unit Stick-Built Home: 97%/105% • One-unit manufactured home (DU only): 95% LTV / 105% CLTV
Minimum Borrower Contribution	<ul style="list-style-type: none"> • \$500 of borrower’s own funds (MFA Guideline)
Subordinate Financing	<p>Community Seconds[®] only</p> <ul style="list-style-type: none"> • All MFA DPA products are classified as Community Seconds[®].

Parameters	Program Requirements
Donated Gift and Grant Funds or Community Seconds	<ul style="list-style-type: none"> • Nonprofit organizations or public agencies are acceptable providers of donated gift and grant funds or Community Seconds[®] used to fund all or part of the down payment, closing costs or financial reserves in accordance with Selling Guide Sections part B3-4.3-6 and B5-5.1-02. • The gift, grant funds or Community Seconds[®] must meet all other Selling Guide requirements.
Eligible Property Types	<ul style="list-style-type: none"> • Single family dwelling • Planned Unit Development (PUD) • FNMA-approved condominiums • FNMA-approved townhomes • Manufactured homes that meet standard Selling Guide requirements.
Minimum Credit Score	<ul style="list-style-type: none"> • 620 or 660 with a manual underwrite
Income Requirement	<ul style="list-style-type: none"> • DU calculation to determine whether borrower is 80% AMI is separate from MFA's program income limits. • FIRSTHome income limits or NEXTHome income limits which are posted on the MFA website at www.housingnm.org. Borrower must always be within MFA's limits.
Acquisition Cost/Purchase Price Requirement	<ul style="list-style-type: none"> • FIRSTHome acquisition cost limits or NEXTHome purchase price limits which are posted on the MFA website at www.housingnm.org/
Mortgage Insurance Requirements	<p>Reduced MI coverage shown below applies to loans at or below 80% AMI</p> <ul style="list-style-type: none"> • 18% for LTVs ratios > 95% and <= 97% • 16% for LTVs ratios > 90% and <= 95% • 12% for LTVs ratios > 85% and <= 90% • 06% for LTVs ratios > 80% and <= 85% <p>Note: Standard MI pricing applies to loans above 80% AMI</p>

Parameters	Program Requirements
Alternative Credit	<ul style="list-style-type: none"> • Acceptable • See Fannie Mae's <i>Selling Guide</i>
Interested Party Contributions	<p>Per the <i>Selling Guide</i>, standard requirements apply:</p> <ul style="list-style-type: none"> • 3% Maximum for LTV/CLTV > 90% • 6% Maximum for LTV/CLTV <= to 90%
Homebuyer Education	<ul style="list-style-type: none"> • eHome America (available through MFA website at www.housingnm.org) or HUD approved face-to-face agency
Special Feature Code (SFC)	<p>The following SFC should be used to identify HFA preferred loans originated for state HFA programs:</p> <ul style="list-style-type: none"> • SFC 782 for state HFA Preferred originations <p>Refer to DU Findings messaging for additional SFCs that may apply to a loan</p>