



Grow Your Business with HFA Preferred™

An Overview for Loan Officers

An important note about the seminar content

While every effort has been made to ensure the reliability of the session content, Fannie Mae's *Selling* and *Servicing Guides* and their updates, including *Guide* Announcements and Release Notes, are the official statements of Fannie Mae's policies and procedures and control in the event of discrepancies between the information in this seminar and the *Guides*.





Agenda

- What is HFA Preferred?
- HFA Preferred benefits
- Eligibility
- Mortgage Insurance
- Additional affordable loan solutions
- Summary and resources

What is an HFA Preferred Mortgage?

HFA Preferred is Fannie Mae's affordable lending product available exclusively to eligible Housing Finance Agencies (HFAs) to serve low- to moderate-income borrowers.

With HFA Preferred, loan originators can reach additional market segments to help grow their business.

Based on research

- A “demographic sea change” affecting the housing market is defined by the rise of the Millennials, increased diversity, and a growing elderly population.

Targeted and goal-oriented

- HFA Preferred may help lenders meet their Community Reinvestment Act goals.

Supports sustainable homeownership

- Cancellable mortgage insurance (restrictions apply), and buyer education that positions borrowers for long-term success.



Consumer knowledge gap

Turning prospects into borrowers through education

We asked consumers to identify key mortgage qualification criteria (down payment, credit score, and DTI.) *Only about 50% could provide a correct answer.*

- Opportunities exist to inform borrowers, especially those pursuing low down payment mortgage products.
- Your educational efforts can help home buyers overcome perceived obstacles and reinforce your role as a trusted advisor.

Lenders are cited as the most influential source of information for getting mortgage advice.

(33% most influential, 64% top three most influential)

Source: "What do consumers know about the mortgage qualification criteria" – Fannie Mae Economic and Strategic Research Group – December 2015



HFA Preferred benefits

Affordable. Flexible. Sustainable.

- **Low down payment** with up to 97%/ 105% CLTV financing for home purchases
- Borrower is **not required** to be a first-time home buyer
- **Flexible sources of funds** MFA requires a \$500 minimum borrower contribution from own funds
- **HFA's are Community Seconds providers** and **set their borrower income limits**
- **Boarder income** may be considered for qualifying
- **Reduced private mortgage insurance (PMI)** requirements for loans $\leq 80\%$ AMI
- **Cancellable private mortgage insurance (PMI)** may be removed per *Servicing Guide* policy
- **Manufactured Housing** up to 95% LTV/105% CLTV*
- **Homeownership Education** requirements to be determined by the HFA

* LTV up to 97% LTV/105% CLTV when using MH Advantage



Eligibility – LTV/Property type

	1-Unit
Loan Purpose	Purchase
Product	<ul style="list-style-type: none">■ FRM: 30-year term
Occupancy and Property Type	<p>1-unit principal residence, including eligible condos, co-ops, and PUDs.</p> <p>Manufactured housing is eligible in accordance with standard Fannie Mae Manufactured housing guidelines:</p> <ul style="list-style-type: none">■ Desktop Underwriter only■ Fixed Rate Mortgages■ Standard MH up to 95% LTV / 105% CLTV■ MH Advantage up to 97% LTV / 105% CLTV



Eligibility – LTV/Property type

	1-Unit
Maximum LTV/CLTV and Subordinate Financing	<p>Purchase:</p> <ul style="list-style-type: none">■ DU only: 97% (FRM) No requirement that the transaction include a first-time home buyer <p>CLTV up to 105% with eligible Community Seconds (refer to Eligibility Matrix for details); other subordinate financing per the <i>Selling Guide</i>.</p>



Eligibility – Down Payment

	1-Unit
Minimum Borrower Contribution (own funds)	\$500 minimum borrower contribution required by MFA
Acceptable Sources of Funds for Down Payment and Closing Costs	<ul style="list-style-type: none">▪ Gifts, grants, and Community Seconds®▪ Cash-on-hand for 1-unit properties only▪ Any eligible loan may have more than one Community Seconds (i.e., third lien) up to the maximum 105% CLTV (see Community Seconds fact sheet)



Example: Borrower using cash-on-hand

Scenario

A borrower who does not have a bank account wants to use money he has saved (cash-on-hand) otherwise known as “mattress money” for his down payment to purchase a 1-unit home.

Eligibility

This is acceptable if the borrower customarily uses cash for expenses.

May not use cash on hand for reserves
(if required).



Borrower income flexibilities

Flexibility	Income considerations
Non-occupant cosigners	<p>Guarantors and co-signers are credit applicants who:</p> <ul style="list-style-type: none">• do not have ownership interest in the subject property as indicated on the title;• sign the mortgage or deed of trust note;• have joint liability for the note with the borrower;• do not have an interest in the property sales transaction, such as the property seller, the builder, or the real estate broker; and• meet the requirements in B2-2-01, General Borrower Eligibility Requirements, except for the provisions related to establishing an ownership interest in the property. B2-2-01, General Borrower Eligibility Requirements
Boarder Income	Include as qualifying income

***All income used to qualify the borrower(s) will be considered to determine income eligibility based upon AMI**



Mortgage insurance (MI) coverage and premium plans

LTV	Standard	HomeReady	HFA Preferred
95.01 – 97.00%	35%	25%	18%
90.01 – 95.00%	30%	25%	16%
85.01 – 90.00%	25%	25%	12%
80.01 – 85.00%	12%	12%	6%

Features	Monthly Premiums	Split Premiums	Single Premiums
Low Monthly Payment	●	●	
No Monthly MI Payment			●
Upfront MI Payment		●	●
Cancellable MI	●	●	●
Refundable MI			●
Tax Deductible*	●	●	●
Financeable**		●	●
3 rd Party Paid Option**		●	●

Discounted MI only applies to loans at or below 80% AMI

*Borrowers should consult with a professional tax advisor for details about MI tax deductibility. **Subject to the requirements and limitations in the Fannie Mae Selling Guide. See Fannie Mae Selling Guide, B3-4.1-03, Types of Interested Party Contributions (IPCs), Mortgage Insurance, and Special Feature Codes.



Beyond the Rate (compare FHA & HFA Preferred)

30-year fixed-rate scenario	FHA mortgage	HFA Preferred Mortgage	
Purchase price: \$160K	3.125% LTV: 96.50%	3.25% LTV: 97%	Assumes loans at or below 80% AMI
Base loan amount	\$154,400	\$155,200	
Upfront MIP rate (%)	1.75%	0	No upfront MI premium
Upfront MIP cost (\$)	\$2,702	\$0	
Total loan amount	157,102	\$154,660	
Down payment	\$5,600	\$5,188	Lower down payment
Monthly MI rate (%)	0.85%	0.68%	Lower monthly MI
Monthly MI (\$)	\$109	\$78	
Principal/interest monthly payment	\$673	\$675	
Monthly payment	\$1,049	\$1,020	
After approximately 5 years ... with an annual home appreciation rate of 3%*			
Monthly MI premium	\$109 Cannot be canceled	\$0	*Cancellable MI (restrictions apply). If the borrower intends to stay in the home more than 5 years, HFA Preferred may be a more cost-effective choice.
Total monthly payment	\$1,049	\$1,020	

*Assuming 3% annual home appreciation, the loan would reach an LTV ratio below 80% after approximately 61 months

Note: FHA loans allow credit scores of 580 or higher. The minimum credit score for a Fannie Mae loan, including HFA Preferred, is 620; this example uses a 700 credit score. FHA MIP rate effective June 2018; see Mortgagee Letter 2017-07: <https://portal.hud.gov/hudportal/documents/huddoc?id=17-07ml.pdf>. Note rates based on observed market rates as of March 2017. FHA Upfront MIP cost is typically financed into the loan amount.





Additional Affordable Loan Solutions

Which Affordable Option is Right for Your Borrower?

	HFA Preferred A great option for borrowers below or above 80% AMI and need down payment assistance.	HomeReady A great fit for low income borrowers who need a low-down payment option	Standard 97% LTV A great low-down payment solution to help serve moderate-income first-time homebuyers or borrowers in low-income census tracts.
First-time home buyer requirement (at least one borrower)	No		Yes
Income limits	HFA sets income limits	Up to 80% of AMI	No limits
MI coverage	For borrowers $\leq 80\%$ AMI, 6% to 18% MI coverage depending on LTV ratios of borrowers. For borrowers $> 80\%$ AMI, standard MI coverage.	25% MI coverage for LTV ratios of 90% or less. Minimum MI coverage may be used subject to LLPA Minimum MI.	Standard MI coverage
Homeownership education and housing counseling	Per HFA established homebuyer education requirements.	At least one borrower on each HomeReady purchase mortgage must complete homebuyer education. For details on the HomeReady homeownership education requirements see fact sheet.	Not required
Eligible occupancy	MFA allows One-unit only owner-occupied principal residence; One-unit properties are eligible; condos, PUDs, manufactured homes, and community land trusts are also eligible.	One- to four-unit owner occupied principal residence (condos, PUDs, manufactured housing are eligible for 1-unit only).	1-unit principal residence (including condos and PUDs; manufactured housing is not eligible).
Eligible products	Fixed-rate mortgages (FRMs) with maximum term of 30 years.	Fixed-rate mortgage with maximum term of 30 years	Fixed-rate mortgage with maximum term of 30 years



Student Loan Solutions

To help those with student debt qualify for a home loan and reduce or even eliminate student debt, Fannie Mae introduced...

- **Debt Paid by Others:** Widens borrower eligibility to qualify for a home loan by excluding from the borrower's debt-to-income ratio non-mortgage debt, such as credit cards, auto loans, and student loans, paid by someone else.
- **Student Debt Payment Calculation:** Makes it more likely for borrowers with student debt to qualify for a loan by allowing lenders to accept student loan payment information on credit reports.



HFA Preferred Summary

Competitive

- Reduced private mortgage insurance (PMI) requirements for loans $\leq 80\%$ AMI
- Expanded underwriting flexibilities

Simple

- HFAs are Community Seconds providers and set their borrower income limits

Smart

- Home buyer education requirements established by HFA
- Down payment assistance available

Features

Eligibility

- Financing up to 97% LTV (DU only)
- Standard manufactured housing to 95% LTV/105% CLTV; MH Advantage up to 97% LTV/105% CLTV (DU only)

Income flexibilities

- Non-occupant cosigners
- Boarder income documentation flexibility

For more information about HFA Preferred™ and how to get started with an HFA in your area, visit www.fanniemae.com/HFAPreferred



Addressing housing affordability issues through Duty to Serve





Manufactured Housing



**Affordable Housing
Preservation**



Rural Housing

Affordable housing is at the core of our mission

Having an affordable place to call home is a dream so many share. But the chance to achieve that dream isn't always equal in all markets.

Our Duty to Serve initiative tackles this challenge in three of the country's toughest markets—manufactured housing, rural housing, and the preservation of existing affordable housing.

And it helps the people of modest means Fannie Mae was created to serve—those facing affordability or financing obstacles, and those threatened by the loss of low-cost housing.

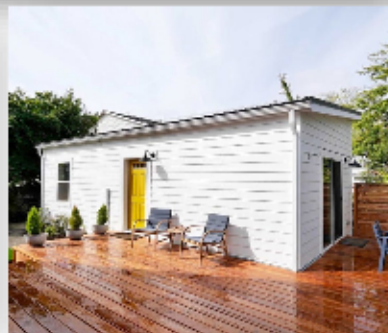
Native American Homeownership

- 1 Partnering with tribal leadership and Tribally Designated Housing Entities (TDHE) to establish Memorandums of Understanding (MOUs)
- 2 Signed a memorandum of understanding with Fannie Mae to make our mortgage products available on their lands
- 3 Manufactured Housing opportunities available for borrowers looking to buy a home on tribal lands
- 4 We purchase HUD-184. These guaranteed loans offer Native Americans low down payments and other flexibilities

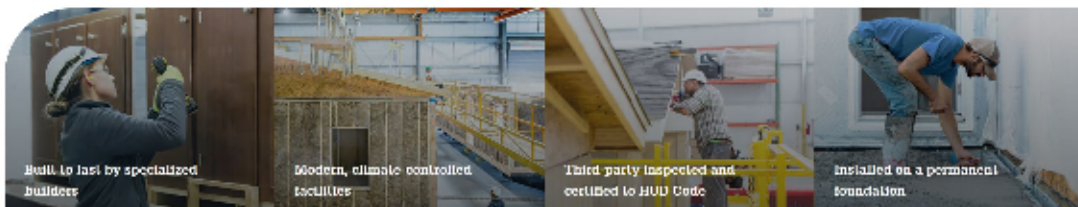
LEARN MORE | For more information visit: <https://www.fanniemae.com/singlefamily/native-american-lending>



Manufactured Homes and MH Advantage[®]



Constructed to hold their value. And your future.



A down payment
as low as 3%



Traditional 30-
year financing



Lower interest
rates*



Cancellable
mortgage
insurance**



MH Product Matrix

MH offers a low-cost alternative to site-built homes

- MH is permitted up to 95% LTV for Standard manufactured housing
- 97% LTV if the home is a MH Advantage eligible property
- 105% CLTV permitted with Community Seconds
- One-unit dwelling - legally classified as real property
- Dwelling unit built on a permanent chassis and attached to permanent foundation system
- Permissible property type with HFA Preferred
- 0.50% Loan-Level Price Adjustment (LLPA) waived when purchasing an MH property with HFA Preferred
- Desktop Underwriter® (DU®) only – no manual underwrites
- Use SFC 235 to identify MH properties
- See <https://singlefamily.fanniemae.com/originating-underwriting/mortgage-products/manufactured-housing-product-matrix> for more details

	Standard Manufactured Housing (Single- and Multi-Width)	MH Advantage
Definition and Property Eligibility	<p>Fannie Mae defines a "manufactured home" as a dwelling of at least 400 square feet and at least 12 feet wide, constructed to the "HUD Code" for manufactured housing, that is built on a permanent chassis, installed on a permanent foundation system, and titled as real estate.</p> <p>NOTE: The sales price of a new manufactured home may include bona fide and documented costs associated with transportation, site preparation, and dwelling installation at the site.</p>	
	<p>Note: Single-width MH must have date of manufacture of 10 years or less (found on the Data Plate) as of the effective appraisal date of the original appraisal.</p>	<p>MH Advantage is manufactured housing that meets the definition above and is designed to meet certain construction, architectural design, and energy efficiency standards that are more consistent with site-built homes.</p> <p>To be eligible for MH Advantage financing, the home must have an MH Advantage sticker applied by the home's manufacturer pursuant to an agreement with Fannie Mae (see MH Advantage Appraisal Requirements summary).</p> <p>Note: Single-width MH is not eligible for MH Advantage.</p>
Loan Purpose, Occupancy, and Max LTV/CLTV	<p>Principal Residence (1 unit, 2nd homes and investment properties are not allowed)</p> <ul style="list-style-type: none"> Purchase/limited cash-out refinance (LCOR): 95% LTV/CLTV 	<p>Principal Residence (1 unit)</p> <ul style="list-style-type: none"> Purchase/LCOR: 97% LTV/CLTV (Notes: All other Selling Guide requirements for 97% LTV apply, including first-time home buyer requirement for non-HomeReady loans; the max LTV for ARMs is 95%.) Purchase/LCOR: 97%/105% with eligible Community Seconds® financing only
	<p>Multi-Width Principal Residence (1 unit) *cash-out refinance: 85% LTV/CLTV</p> <p>*Note: Single-width MH is not eligible for cash-out refinance</p> <p>Second Home (1 unit): Purchase/LCOR 90% LTV/CLTV</p> <p>Investment Property: Not Eligible</p>	
Loan Type	Fixed-rate mortgages (FRMs) and adjustable-rate mortgages (ARMs) (7/1 and 10/1)	
Loan Term	Up to 30-year term ≤20 year term for COR	



HomePath HFA Incentive

- Fannie Mae REO properties available on www.homepath.com
- **3% closing cost incentive** to borrowers financing Fannie Mae properties using HFA Preferred mortgage products

3%

Closing Cost Assistance



We're focused on
continuous
improvement and
ongoing innovation





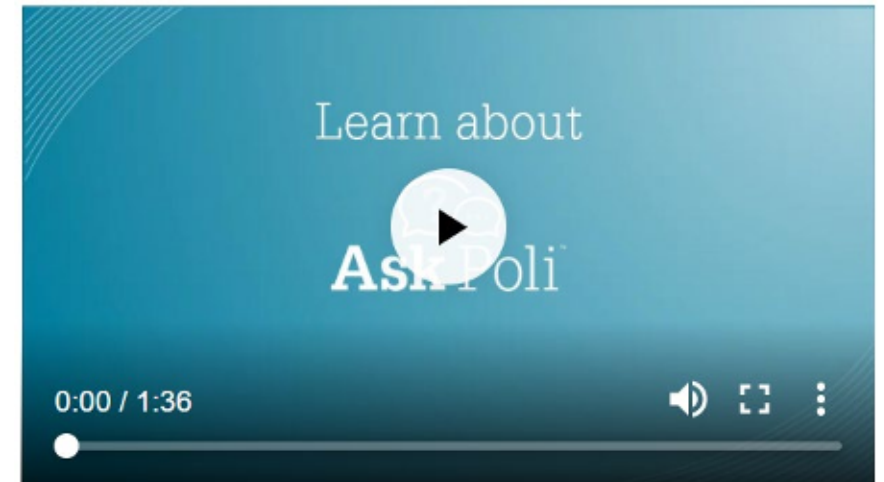
Beta Version

Go Ahead. Just Ask Poli.

Answers to all your Selling Guide questions, all in one place.

- Policy tool with intelligent search capabilities
- Get fast, clear answers to Selling Guide questions
- Get answers to HFA Preferred questions

Ask Poli is learning all the time



Marketing Center

Customize, download,
and Go!

The screenshot shows the Fannie Mae Marketing Center website. At the top, there's a dark blue header with the Fannie Mae logo and the text "Marketing Center". Below this is a teal navigation bar with links: "Catalog", "About", "Help", and "Other Resources". The main content area has a breadcrumb trail: "Home » Catalog » By Topic » Home Buying". The section title is "Home Buying". Below the title, a paragraph states: "Our origination materials support the home purchase process by highlighting a variety of mortgage options. Choose from the product options below for materials you can customize and incorporate into your outreach efforts." There's a pagination bar showing "Items per page: 16" and "Displaying 1-7 of 7". The list of materials includes:

- HomeReady® mortgage**: Our enhanced affordable lending product for creditworthy low- to moderate-income homebuyers.
- HomeStyle® Renovation**: This product permits borrowers to include financing of their home improvements into their mortgage – whether they are buying or refinancing.
- HFA Preferred™**: Our premiere affordable lending product designed exclusively for eligible Housing Finance Agencies (HFAs) and their participating lenders.
- 3% DOWN**: Our 3% down payment option for creditworthy homebuyers who may not have the resources for a larger down payment.
- Down Payment Assistance**: Help potential homebuyers qualify for a mortgage by tapping a variety of available down payment assistance programs.
- Condo Buyer's Guide**: Guidance for homebuyers who might be interested in purchasing a condo.
- Homebuyer Resources**: Resources you can use at conferences, housing fairs, open houses and other venues where you meet with potential homebuyers who might have questions about the home-buying process.

Free online tool to
customize a variety
of marketing
materials

- Showcase your logos
- Add your contact information
- Customize colors
- Create HFA Preferred materials



Mortgage Translations clearinghouse

Launched in October 2018 by FHFA, Fannie Mae, and Freddie Mac

A centralized collection of online resources to assist lenders, servicers, housing counselors, and other real estate professionals in serving LEP borrowers. It was created with insights from industry representatives and includes:

- Mortgage documents (e.g. URLA)
- Glossary of mortgage terms
- Disclosure (already in all 6 languages)



2018
Spanish

2019
Chinese &
Vietnamese

2020
Korean &
Tagalog



COVID-19 Resources

Additional Resources to Support
Borrowers and Renters



Fannie Mae®

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Review READ ME intro slides to update your confidentiality footer

1 Year into COVID-19

Together we can navigate this new mortgage landscape

The impact of COVID-19 on homeowners has left mortgage lenders and servicers facing an unfamiliar landscape.

Amid all the uncertainty, you can always turn to Fannie Mae for reliable information and steady guidance for you and your customers facing hardship. Temporary policies have been put in place to enable servicers to better assist homeowners experiencing financial hardship due to COVID-19. Let's discuss the highlights.

What's new

Self-Assessment for Servicers

July 2020

Self-assessment for servicers

Evaluate your COVID-19 response using this practical guide.

[Read more](#)

COVID-19 payment deferral

Servicers

July 2020

Learn about the newest repayment option for homeowners.

[Read more](#)

Training resources

Servicers

April 2020

Tools to help you better serve your customers.

[Read more](#)



Recent Announcements

3/11/21: Single-Family Lender Letter (LL-2021-04), Impact of COVID-19 on Appraisals

3/11/21: Single-Family Lender Letter (LL-2021-03), Impact of COVID-19 on Originations

2/25/21: Single-Family Lender Letter (LL-2021-02), Impact of COVID-19 on Servicing

2/25/21: Single-Family Lender Letter (LL-2021-07), COVID-19 Payment Deferral

2/10/21: Single-Family Lender Letter (LL-2021-07), COVID-19 Payment Deferral

**Harnessing the power of speed,
collaboration, and outreach**

Visit our website for more information: www.fanniemae.com/portal/covid-19.html



#HereToHelp

Resource Center for
Homeowners and Renters

We've created a one-stop-shop of educational resources that you and your organization can use to point your audiences toward the information they need to successfully navigate their options.

Share mortgage forbearance and rent relief resources:

- On your Twitter, LinkedIn or Facebook page
- In a blog post
- In your organization's next newsletter
- In an upcoming webinar
- On your intranet

[Click here to access Here to Help Partner Toolkit resources.](#)



RESOURCES YOU CAN DOWNLOAD

For Homeowners:

NEW Options After Forbearance

OPTIONS AFTER FORBEARANCE

Options after a forbearance plan or resolved COVID-19 hardship

June 2020 [Download pdf](#)

A forbearance plan helps with short-term hardships by reducing or suspending payments for a period of time. At the end of a forbearance plan, you must repay any missed amounts — but you have options.

A forbearance plan allows you to reduce or suspend mortgage payments while you regain financial footing. You request a forbearance plan from your mortgage servicer (the bank or company you send your mortgage payments to each month) and develop the best forbearance plan option based on your financial situation. About 30 days before your plan is set to end, your servicer will attempt to get in touch to work with you to determine an approach to repay the amount you owe.

At the end of your forbearance plan, you must repay all reduced or suspended payments, but you have **options**. Remember, you **do not have to repay the missed amount all at once** unless you are able to do so.

[Read and download](#)

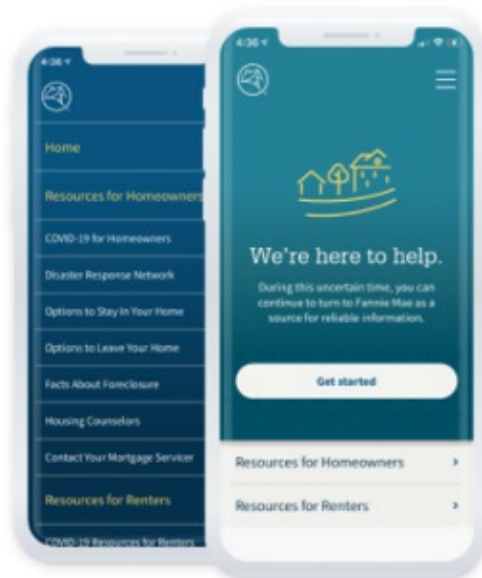


New Fannie Mae App is Here to Help Homeowners and Renters

Understand options for mortgage assistance and renter protections to help you stay in your home.

New mobile application helps Homeowners and Renters:

- Learn about forbearance and repayment options to help stay in their home
- Connect with housing counselors to find the best solution for their situation
- Use our look up tool to learn more about their loan and rental building
- Quickly find help if they have been impacted by a natural disaster or other hardship.



Get started and download today

On-the-go access to homeowner and renter resources is now available in the Apple and Google Play app stores.



Click here to learn more: <https://www.fanniemae.com/mobileapp>



Fannie Mae[®]

Fannie Mae's Disaster Response Network™ offers free support from HUD-approved housing advisors, including:

Personalized
recovery
assessment and
action plan.

Help working with
your housing
situation.

Financial coaching
and budgeting.

Access to
Clearpoint's*

Project Porchlight
Online tools and
resources.

Ongoing check-ins
to help ensure a
successful
recovery.

CALL 877-542-9723

to access the Disaster Response Network or other available resources.

Visit <https://www.knowyouroptions.com/>
for more information





Fannie Mae®

Thank you for your
continued partnership