

HFA Preferred™ Loan Program

Special Housing Finance Agency Conventional Loan Product

(May 8, 2023; FNMA Fact Sheet dated April 5, 2023)



Parameters	Program Requirements
<p>Pricing Terms</p> <p>NOTE: MFA has two separate allocations. One for borrowers at or below 80% AMI and another for borrowers above 80% AMI.</p>	<ul style="list-style-type: none"> • LLPAs. LLPAs are waived for all HFA Preferred loans. Reserve the appropriate MFA allocation based upon DU special messaging. NOTE: Certain MI LLPAs may still apply. • DU will calculate whether borrower is below or above 80% AMI, based on <i>total qualifying income</i> and location of property. Findings for borrowers that meet 80% AMI will receive special messaging.
<p>Eligible MFA programs</p>	<ul style="list-style-type: none"> • FirstHome & HomeForward: 30-year, fixed rate, fully amortizing
<p>Eligible Borrowers</p>	<ul style="list-style-type: none"> • FirstHome Program-First time homebuyers only • HomeForward Program- Not required to be a first-time homebuyer
<p>Eligible Occupancy</p>	<ul style="list-style-type: none"> • Owner-occupied principal residence
<p>Ownership of another residential dwelling</p>	<ul style="list-style-type: none"> • Borrower may own another property as long as the HFA Preferred Mortgage being sold to FNMA is the borrower's principal residence. <p>* NOTE: Borrower may have only one MFA loan outstanding at a time.</p>
<p>Co-Signers</p>	<ul style="list-style-type: none"> • Co-signers ARE NOT allowed on HFA Preferred loans.
<p>Eligible Purpose</p>	<ul style="list-style-type: none"> • Purchase transaction
<p>Desktop Underwriter (DU)</p>	<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 must meet current MFA guidelines. • 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.
<p>Manufactured Home Underwriting</p>	<ul style="list-style-type: none"> • Mortgages secured by manufactured homes must be underwritten by DU as required by the Selling Guide. • Standard MH Maximum LTV 95%, CLTV 105% with Community Seconds

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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
Use of Freddie Mac Automated Underwriting System “Loan Product Advisor”	<ul style="list-style-type: none"> Not allowed. HFA Preferred is a FNMA product that MUST be run through DU.
Maximum LTV/CLTV	<ul style="list-style-type: none"> One Unit Stick-Built Home (DU Only): 97%/105% One Unit Manufactured Home (DU Only): 95% LTV / 105% CLTV
Minimum Borrower Contribution	<ul style="list-style-type: none"> None required by MFA
Subordinate Financing	<p>Community Seconds[®] only</p> <ul style="list-style-type: none"> MFA Products: FirstDown, HomeNow* or HomeForward DPA. <p>*When available</p>
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) Approved Condominiums Townhomes Manufactured Homes that meet standard Selling Guide requirements (must be underwritten with DU only).
Ineligible Property Types	<ul style="list-style-type: none"> Co-Ops Multi-family
Minimum Credit Score	<ul style="list-style-type: none"> Per MFA 620 (or per FNMA 660 with a manual underwrite by using DU only)
Income Requirement	<ul style="list-style-type: none"> The borrower’s total qualifying income must not exceed the greater of: The limits required in the Selling Guide for HomeReady (section B5-6-02) HomeReady Mortgage Loan and Borrower Eligibility; or The specific program limits established by MFA (i.e., the HFA)

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Acquisition Cost/Purchase Price Requirement	<ul style="list-style-type: none"> • FirstHome Acquisition Cost Limits or HomeForward • Purchase Price Limits which are posted on the MFA website at www.housingnm.org <p>NOTE: Must follow lower purchase price limits when using certain MFA programs (i.e., HomeNow (when available) or DP<i>Advantage</i>)</p>
Mortgage Insurance Requirements for borrowers that meet 80% AMI (PER SPECIAL DU MESSAGING): <i>(NOTE: ALL OTHER BORROWERS REQUIRED TO HAVE STANDARD 35% COVERAGE)</i>	<ul style="list-style-type: none"> • 18% for LTV's > 95% and <= 97% • 16% for LTV's > 90% and <= 95% • 12% for LTV's > 85% and <= 90% • 06% for LTV's > 80% and <= 85% <p>NOTE: Standard MI pricing applies to loans above 80% AMI</p>
Alternative Credit	<ul style="list-style-type: none"> • Acceptable • See Fannie Mae's Selling Guide
Interested Party Contributions	Per the Selling Guide , standard requirements apply: <ul style="list-style-type: none"> • 3% Maximum for LTV/CLTV greater than 90% • 6% Maximum for LTV/CLTV less than or equal to 90%
Homebuyer Education	<ul style="list-style-type: none"> • eHome America, Finally Home (available through MFA website at www.housingnm.org) or HUD approved face-to-face agency.
Special Feature Code (SFC)	<ul style="list-style-type: none"> • SFC 782 should be used to identify all HFA Preferred loans; and other SFCs as applicable <p>NOTE: When applicable, please refer to DU Findings messaging for additional SFCs to apply on HFA Preferred loans.</p>

It is at MFA's sole discretion to amend the provisions of this Term Sheet from time to time. Changes may occur at any time. Always refer to the MFA website www.housingnm.org for the most current Term Sheet. Underwriting guidelines may be found in the **Fannie Mae's Selling Guide**.