

# HFA Preferred Loan Program

## Special Housing Finance Agency Conventional Loan Product

(Updated August 2018, FNMA Fact Sheet dated June 2018)



Parameters	Program Requirements
Pricing Terms	No LLPAs are required
Eligible Products	30 year, fixed rate, fully amortizing
Eligible Borrowers	<p><b>First Home Program</b>-First time homebuyers only</p> <p><b>Next Home Program</b>- Not required to be a first time homebuyer</p>
Eligible Occupancy	Owner occupied principal residence
Ownership of another residential dwelling	Borrower may own another property as long as the HFA Preferred Mortgage being sold to FNMA is the borrower's principal residence.
Co-Signers	<p>HFA Preferred Conventional Product allows Co-Signers.</p> <p>Definition of a Co-Signer:</p> <ul style="list-style-type: none"> <li>• Do not have ownership interest in the subject property as indicated on the title;</li> <li>• Sign the Note only;</li> <li>• Has joint liability for the note with the borrower;</li> <li>• Do not have an interest in the property sales transaction, such as the property seller, the builder, or the real estate broker.</li> </ul>
Eligible Purpose	Purchase transaction
Desktop Underwriter (DU)	<ul style="list-style-type: none"> <li>• 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.</li> <li>• Qualifying ratios, reserves and income requirements are determined by DU.</li> </ul>
Manufactured Home Underwriting	<ul style="list-style-type: none"> <li>• Mortgages secured by manufactured homes <b>must be</b> underwritten by DU as required by the <b>Selling Guide</b>.</li> </ul>

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Manual Underwriting (DU)	<ul style="list-style-type: none"> <li>• Permitted</li> <li>• Per the requirements of the <b>Eligibility Matrix</b> and any other terms required in the <b>Selling Guide</b>, including borrowers with nontraditional credit</li> </ul>
Use of Freddie Mac Automated Underwriting System  <b>"Loan Product Advisor"</b>	<ul style="list-style-type: none"> <li>• Risk Class: Accept</li> <li>• Document Level: Streamlined Accept or Standard</li> <li>• For <b>ALL</b> LTV's use <b>"Home Possible Advantage for HFA's"</b></li> <li>• Minimum Representative FICO Score: FRMs 620</li> <li>• No Manual Underwriting</li> <li>• No Manufactured Homes, No Co-ops</li> </ul>
Maximum LTV/CLTV	<ul style="list-style-type: none"> <li>• One Unit Stick-Built Home: 97%/105%</li> <li>• One Unit Manufactured Home (DU only): 95% LTV / 105% CLTV</li> </ul>
Minimum Borrower Contribution	\$500 of borrowers own funds ( <b>MFA Guideline</b> )
Subordinate Financing	Community Seconds <sup>®</sup> only <ul style="list-style-type: none"> <li>• MFA Products: First Down or Next Home Grant</li> </ul>
Donated Gift and Grant Funds or Community Seconds	<ul style="list-style-type: none"> <li>• Nonprofit organizations or public agencies are acceptable providers of donated gift and grant funds or Community Seconds<sup>®</sup> used to fund all or part of the down payment, closing costs, or financial reserves in accordance with <b>Selling Guide</b> Sections part B3-4.3-6 and B5-5.1-02.</li> <li>• The gift, grant funds or Community Seconds<sup>®</sup> must meet all other <b>Selling Guide</b> requirements.</li> </ul>
Eligible Property Types ( <b>Selling Guide</b> requirements for HomeReady product)	<ul style="list-style-type: none"> <li>• Single Family Dwelling</li> <li>• Planned Unit Development (PUD)</li> <li>• Approved Condominiums</li> <li>• Manufactured Homes that meet standard <b>Selling Guide</b> requirements (<b>must be underwritten with DU only</b>).</li> </ul>
Ineligible Property Types	<ul style="list-style-type: none"> <li>• Co-Ops</li> </ul>

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Minimum Credit Score	Per 620 or 660 with a manual underwrite by using DU only
Income Requirement	<b>First Home</b> Income limits or <b>Next Home</b> Income Limits which are posted on the MFA website at <a href="http://www.housingnm.org">www.housingnm.org</a>
Acquisition Cost/Purchase Price Requirement	<b>First Home</b> Acquisition Cost Limits or <b>Next Home</b> Purchase Price Limits which are posted on the MFA website at <a href="http://www.housingnm.org">www.housingnm.org</a>
Mortgage Insurance Requirements	<ul style="list-style-type: none"> <li>• 18% for LTV's &gt; 95% and &lt;= 97%</li> <li>• 16% for LTV's &gt; 90% and &lt;= 95%</li> <li>• 12% for LTV's &gt; 85% and &lt;= 90%</li> <li>• 06% for LTV's &gt; 80% and &lt;= 85%</li> </ul>
Alternative Credit	<ul style="list-style-type: none"> <li>• Acceptable</li> <li>• See Fannie Mae's <b>Selling Guide</b></li> </ul>
Interested Party Contributions	Per the <b>Selling Guide</b> , standard requirements apply: <ul style="list-style-type: none"> <li>• 3% Maximum for LTV/CLTV greater than 90%</li> <li>• 6% Maximum for LTV/CLTV less than or equal to 90%</li> </ul>
Homebuyer Education	eHome America (available through MFA website at <a href="http://www.housingnm.org">www.housingnm.org</a> ) or MFA approved face-to-face agency
Special Feature Code (SFC)	SFC 741 should be used to identify all HFA Preferred loans; and other SFCs as applicable

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](http://www.housingnm.org) for the most current Term Sheet. Underwriting guidelines may be found in the Fannie Mae's *Selling Guide* or Freddie Mac's *Seller Servicer Guide* under Loan Prospect Advisor.