



Our Mission: To be America's most valued housing partner


HFA Preferred™

Discussion Topics




- Fannie Mae's Partnership with Housing Finance Agencies
- HFA Preferred Program Overview
- DU Demo
- Tools to Effectively Manage Risk
- Q&A


Fannie Mae's 10th Year of Partnership with HFAs

- Over 40 HFAs are doing business with Fannie Mae
- \$8+ billion in HFA loan deliveries
- 5,500 individuals participated in HFA webinars
- Loan performance has remained strong due to quality manufacturing processes






This nurse had student and car loans, and medical debts in the past. Working with a Housing Finance Agency, he was able to purchase a home with just 3% down.

Household 	97% LTV HFA Preferred™ Mortgage
Annual Income \$47,000	
Debts   \$\$\$	
Purchase Price \$128k	



Young single woman, had struggled to pay some bills in the past and was carrying a balance on her credit card as well as a car loan. She had built up almost \$24,000 in savings before buying a home.

Household 	95% LTV HFA Preferred Mortgage
Annual Income \$40,700	
Debts   \$\$\$	
Purchase Price \$94k	

HFAs Are Recognized Leaders in Affordable Lending

- HFAs bring many valuable attributes
 - Down payment assistance
 - A careful, high-touch, mission-motivated approach to consumers from application through the life of the loan
 - Support of homebuyer education and counseling
- Maintaining strong loan performance remains essential to a successful HFA programs
- Originating lenders are critical to the continued success of the HFA programs



What is HFA Preferred?

- Fannie Mae's flagship affordable lending product available exclusively through Housing Finance Agencies (HFAs)
- Designed for low- and moderate-income homebuyers who often have limited funds for down payment and closing costs
- Borrower eligibility requirements
 - Income limits
 - Homebuyer education
- Flexibility on credit histories – manual underwriting and nontraditional credit accepted



HFA Preferred products are variances to our **MyCommunityMortgage® (MCM®)** product, refer to the MCM sections of the Selling Guide (**refer to section B5-6**) when reviewing Fannie Mae's eligibility and underwriting requirements.

HFA Preferred Key Product Features

Parameter	HFA Preferred Product Features
LTV/CLTV	<ul style="list-style-type: none"> • 97% / 105%
Property Type	<ul style="list-style-type: none"> • Manufactured Housing now eligible (95%/95% LTV/CLTV)
Pricing	<ul style="list-style-type: none"> • Simplified pricing with limited loan level price adjustments (LLPAs) • 0.25% Adverse Market Fee is applicable until Sept 1
Income & Purchase Price Limits	<ul style="list-style-type: none"> • Established by HFA
Mortgage Insurance	<ul style="list-style-type: none"> • Reduced MI coverage requirements • Flexible MI options available
Underwriting	<ul style="list-style-type: none"> • DU Approve/Eligible; manual underwriting and nontraditional credit accepted
Homebuyer Education	<ul style="list-style-type: none"> • Follow HFA requirements
Property Ownership	<ul style="list-style-type: none"> • Borrower cannot own other property at the time of closing

Mortgage Insurance

Reduced MI on HFA Preferred Offering

- 18% - 95.01-97% LTV
- 16% - 90.01-95% LTV
- 12% - 85.01-90% LTV
- 6% - 80.01-85% LTV

Standard Guide Loans Coverage

- 35% - 95.01-97% LTV
- 30% - 90.01-95% LTV
- 25% - 85.01-90% LTV
- 12% - 80.01-85% LTV

MI Structures Permitted

- Borrower Paid Monthly MI
- Upfront and Split Premium
- Seller Paid
- Financed Single Premium (97% Max LTV)

***Refer to Selling Guide Section: B7-1**

A Look Beyond the Interest Rate

4.5%	5.0%	5.0%	5.0%
FHA 96.5% LTV	HFA Preferred 97% LTV Split Premium M	HFA Preferred 97% LTV Seller Concession	HFA Preferred 95% LTV Financed Single Premium
<ul style="list-style-type: none"> • \$1,404 monthly payment • 1.75% upfront MIP • 0.85% annual MI • Life of loan MI 	<ul style="list-style-type: none"> • \$1,379 monthly payment • 1.00% upfront MI • 0.21% annual MI 	<ul style="list-style-type: none"> • \$1,326 monthly payment • upfront MI paid by seller • 0.00% annual MI 	<ul style="list-style-type: none"> • \$1,325 monthly payment • 2.00% upfront MI • 0.00% annual MI

Monthly Savings	\$25	\$78	\$79
Annual Savings	\$300	\$936	\$948
5-year Savings	\$1,500	\$4,680	\$4,740

Assumptions: \$172,000 home price, 720 FICO, FHA rate: 4.5%, HFA Preferred rate: 5.0%, Monthly PITI assumes \$430 T&I

Fannie Mae's Eligibility Matrix (Excerpt)

MyCommunity Mortgage						
			Maximum DTI ≤ 36%		Maximum DTI ≤ 45%	
Transaction Type	Number of Units	Maximum LTV, CLTV, HCLTV	Credit Score/LTV	Minimum Reserves	Credit Score/LTV	Minimum Reserves
Principal Residence						
Purchase / Limited Cash-out Refinance	1 Unit	FRM: 95%	680	0	700	0
			660	6	680	2
	2 Units	FRM: 95%	700	2	720	2
					700	12

Always refer to the most recent version of the Eligibility Matrix on the Fannie Mae website.

Note: There are additional requirements for borrowers qualifying with nontraditional credit. Follow the Selling Guide and US Bank requirements.

97% LTV Product Comparison

Product Comparison 95.01-97% LTV*			
	HFA Preferred Products	My Community Mortgage	Standard
First-time Homebuyer	✓ Not required	Required	Required
Income Limits	✓ Higher HFA Limits	Fannie Mae limits	✓ No limits
Homebuyer Education	✓ HFA requirements	Required on all loans	✓ Not required
MI Coverage	✓ Reduced MI	✓ Reduced MI	Standard MI
LLPAs/Pricing	✓ Limited LLPAs ✓ Reduced Pricing	75bps MCM LLPA MCM Pricing	All LLPAs as applicable Standard Pricing
Ability to Repay	✓ Exempt - 5% points and fees	Non-exempt - 3% points and fees	Non-exempt - 3% points and fees

[*Additional 97% LTV comparison & resources available](#)



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Fannie Mae Technology

Tools to Effectively Manage Risk

- Desktop Underwriting® (DU®) – the leading automated underwriting platform in the industry
- Early Check™ – provides access to Fannie Mae delivery edits to assist lenders in identifying and correcting potential eligibility and/or data issues early in their processes and prior to loan delivery
- Collateral Underwriter™ (CU™) – Proprietary appraisal review application developed by Fannie Mae to support proactive management of appraisal quality.
 - Gives lenders access to the same appraisal review tool that Fannie Mae uses, at no additional cost.

FACT: Post-purchase loan reviews show that loans are being delivered with fewer defects, down to <2% in the third quarter of 2013 from a high of 8% before the crisis.

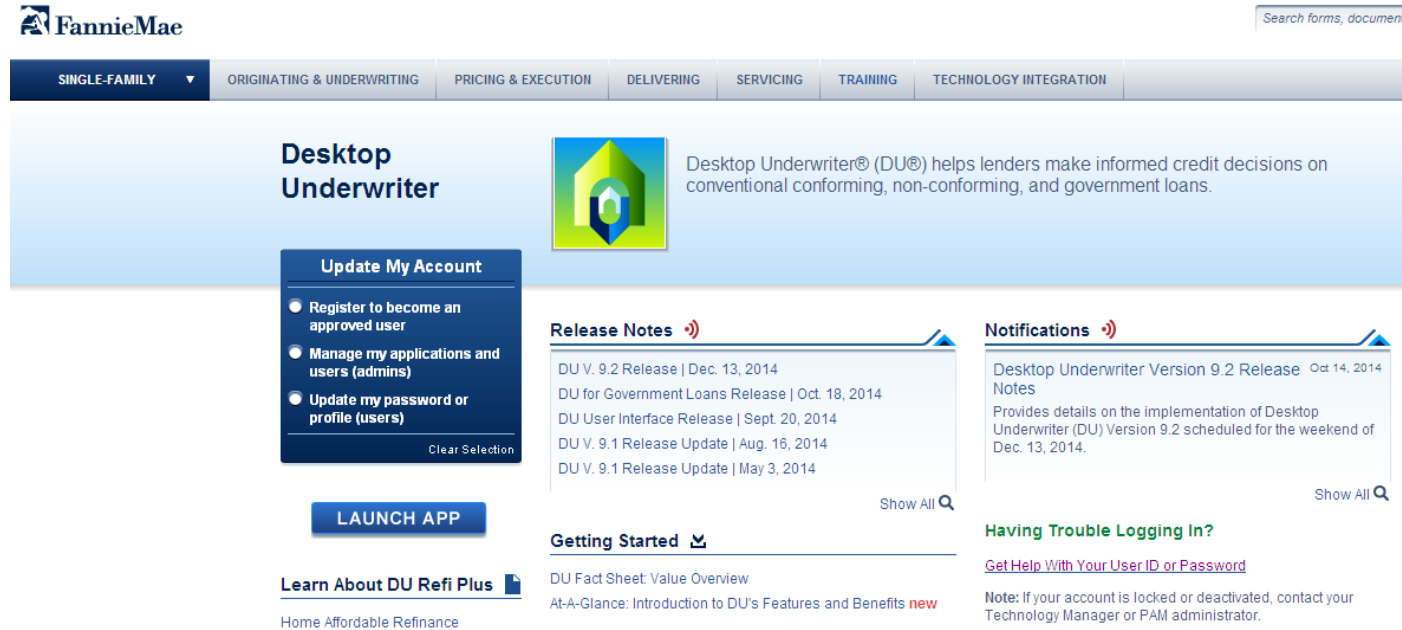


Some Points about Desktop Underwriter (DU®)

- Evaluates mortgage delinquency risk
- Provides an underwriting recommendation
- Identifies low-risk factors that can offset high-risk factors
- Conducts its analysis uniformly
- Does not evaluate a loan's compliance with federal or state laws and regulations

Desktop Underwriter Updates

- DU includes HFA Preferred offerings/eligibility criteria in the Community Lending Section
- Differentiation of DU Risk Assessment treatment for loans with Community Seconds®
- DU Release Notes Version 9.2 (Updated April 18, 2015)



Desktop Underwriter

Desktop Underwriter® (DU®) helps lenders make informed credit decisions on conventional conforming, non-conforming, and government loans.

Update My Account

- Register to become an approved user
- Manage my applications and users (admins)
- Update my password or profile (users)

Clear Selection

LAUNCH APP

Learn About DU Refi Plus

Home Affordable Refinance

Release Notes

- DU V. 9.2 Release | Dec. 13, 2014
- DU for Government Loans Release | Oct. 18, 2014
- DU User Interface Release | Sept. 20, 2014
- DU V. 9.1 Release Update | Aug. 16, 2014
- DU V. 9.1 Release Update | May 3, 2014

Show All

Notifications

Desktop Underwriter Version 9.2 Release Oct 14, 2014 Notes

Provides details on the implementation of Desktop Underwriter (DU) Version 9.2 scheduled for the weekend of Dec. 13, 2014.

Show All

Having Trouble Logging In?

[Get Help With Your User ID or Password](#)

Note: If your account is locked or deactivated, contact your Technology Manager or PAM administrator.

Getting Started

- DU Fact Sheet: Value Overview
- At-A-Glance: Introduction to DU's Features and Benefits **new**

Common Mistakes with DU

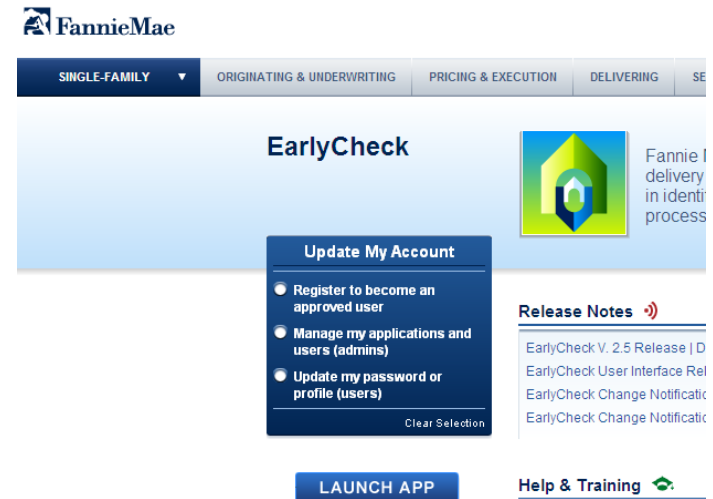
- Incorrect selection of income type
- Incorrect selection of property type
- Incorrect selection of asset type
- Not re-submitting loan casefile when data changes
- Not obtaining ALL documentation required by DU
- Not reviewing all messages



What Is EarlyCheck?

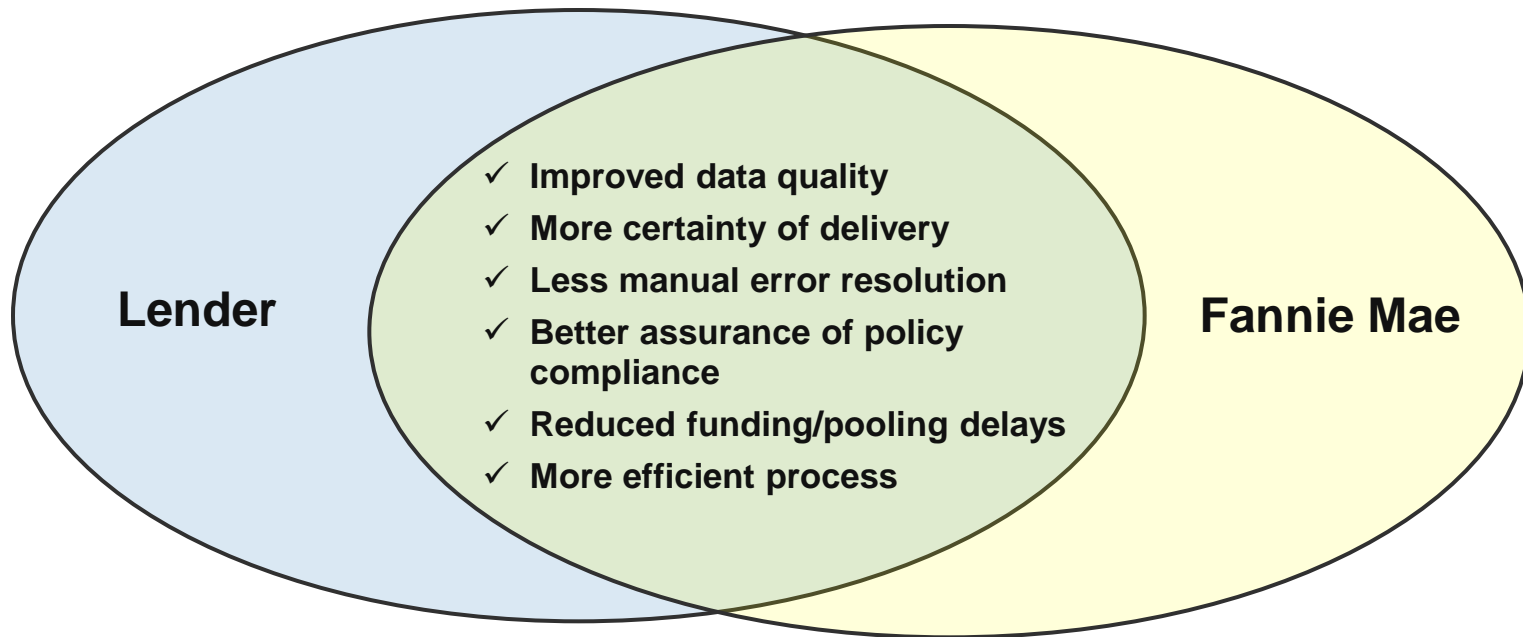
A service that allows lenders to access Fannie Mae delivery and eligibility edits at any point in the lender's business process, prior to loan delivery

- Available to approved Fannie Mae sellers
- Supports all underwriting methods (DU®, manual, other AUS)
- Supports loans in all business channels
- Provides access to hundreds of delivery eligibility and data validation edits
- Flexible (accepts three file types; supports two access methods)
- Optional service, but highly recommended



Benefits

We share the benefits of early issue detection/resolution



For More Information

Please visit the EarlyCheck page on fanniemae.com for additional product information, including:

- FAQs and Product Overview
- Release Notes
- Job Aids and Recorded Tutorial
- Registration Information

<https://www.fanniemae.com/singlefamily/earlycheck>

Release Notes

EarlyCheck V. 2.5 Release | Dec. 13, 2014
 EarlyCheck User Interface Release | Sept. 20, 2014
 EarlyCheck Change Notification | June 14, 2014
 EarlyCheck Change Notification | May 3, 2014

Show All 

Help & Training

Application Training

EarlyCheck Job Aids
 Using EarlyCheck Tutorial

User Help

EarlyCheck Overview
 EarlyCheck Reports Data Dictionary

Technology Requirements & Registration

Technology Requirements: Configurations for Applications
 How to Register for EarlyCheck
 Technology Manager: Registration & Account Management

Notifications

EarlyCheck Version 2.5 Release Notes Oct 14, 2014
 Describes enhancements in EarlyCheck Version 2.5 that will be implemented the weekend of Dec. 13, 2014.

Show All 

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[Get Help With Your User ID or Password](#)

Note: If your account is locked or deactivated, contact your Technology Manager or PAM administrator.

Frequently Asked Questions

[FAQs | EarlyCheck](#)

Recent Newsletters

Quarterly Compass Sep 23, 2014
 Provides information on Fannie Mae initiatives and

In Summary

- Borrowers benefit from flexible terms and MI options
- HFA Preferred product selection available in DU
- Online resources available on <https://www.fanniemae.com/singlefamily/index>

Industry Specialists

Appraisers

Attorneys

Brokers and Correspondents

Document Custodians

Housing Counselors

HFAs and Public Entities

Mortgage Insurers

Developers/Manufacturers

Real Estate Professionals

REO Vendors

Settlement Agents

Doing Business with Fannie Mae

Learn how to become a Fannie Mae Seller/Servicer

Learn how you can increase your company's profitability, manage its liquidity, reduce its risk and provide benefits to borrowers.

Learn about Fannie Mae's mortgage products, features, and options

Learn about the mortgage products available to help you grow your business and better serve your borrowers.

Learn about Fannie Mae's execution options

Learn how Fannie Mae can help you effectively optimize your capital and liquidity objectives, offload credit risk, execute profitable asset sales, and identify potential opportunities for retained mortgage servicing.

Lenders and Servicers

Use the links below to find what you're looking for



Originating & Underwriting



Pricing & Execution



Delivering



Servicing