

Program Update

TO: Participating Lenders
FROM: NIFA Homeownership Team
DATE: August 5, 2020
SUBJECT: Update #20-23, Freddie Mac HFA Advantage Loan Product

NIFA and U.S. Bank are pleased to announce a new partnership with Freddie Mac that will expand and enhance our conventional loan programs. The name of the new Freddie Mac loan product is called HFA Advantage. The addition of HFA Advantage gives Participating Lenders another option to approve more qualified buyers using NIFA financing!

Effective Date: HFA Advantage loan reservations are effective immediately.

Eligible Conventional Loan Programs: HFA Advantage is available in connection with the First Home Targeted, First Home and Homebuyer Assistance (“HBA”) Programs.

HFA Advantage Rates & Allowable Fees: NIFA’s Information Sheet is updated to include a separate interest rate table for Freddie Mac and Fannie Mae loans (see attached). The program interest rates are the same for both products with no loan level price adjustments (“LLPAs”). NIFA’s allowable fees are the same for all conventional and government loans.

Credit Underwriting Requirements: The credit underwriting requirements for HFA Advantage loans are included on NIFA’s Information Sheet and available on U.S. Bank’s website. In all cases, the more restrictive requirements apply.

Homebuyer Education: All occupying borrowers who execute the Promissory Note must complete an education class prior to closing. Refer to NIFA’s Information Sheet for a list of approved classes.

Loan Product Advisor: Participating Lenders are required to use Freddie Mac’s Loan Product Advisor (“LPA”) automated underwriting system for HFA Advantage loans. Some exceptions are allowed when manual underwriting is used to approve the loan.

Participating Lenders who are interested in offering HFA Advantage and do not have access to LPA should use the link below to get started. Questions should be directed to David Mendez, Single Family Affordable Lending Manager. David’s phone number is 818-919-6241 and email address is david_mendez@freddiemac.com.

- <https://sf.freddiemac.com/tools-learning/loan-advisor/our-solutions/loan-product-advisor>

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Support Team Hotline: Freddie Mac has a team of specialists trained in HFA Advantage who can assist with individual loan scenarios and LPA feedback certificates. To reach a team specialist, dial 800-FREDDIE or 800-373-3343.

Other Resources:

- <https://sf.freddie.mac.com/working-with-us/housing-finance-agencies/hfa-advantage-program>
- <https://sf.freddie.mac.com/articles/news/freddie-mac-launches-creditsmart-homebuyer-u>
- <https://sf.freddie.mac.com/working-with-us/community-lenders/overview>
- <https://sf.freddie.mac.com/tools-learning/freddie-mac-learning/overview>

Please feel free to contact anyone on the Homeownership Team with questions. Thanks for your support of NIFA's programs!



HOMEOWNERSHIP PROGRAM INFORMATION SHEET

THIS IS NOT AN ADVERTISEMENT FOR CREDIT AS DEFINED IN REGULATION Z. CONTACT A NIFA PARTICIPATING LENDER FOR ANNUAL PERCENTAGE RATE ("APR") INFORMATION. INTEREST RATES ARE SUBJECT TO CHANGE WITHOUT PRIOR NOTICE.

Loan Program Rates

Effective Date: 8/5/20 (8:00 A.M. Central Time)

FANNIE MAE - HFA PREFERRED CONVENTIONAL LOAN PRODUCT (3)

Program Name	1st Mortgage Loan Rate	2nd Mortgage Loan Rate	Program Features
Military Home	Not Available	Not Available	Not Available
First Home Targeted	2.875	Not Available	Properties located in a target area
First Home	3.125	Not Available	Properties located in a non-target area
Homebuyer Assistance (HBA)	3.625	1.000	Maximum 2nd amount is 5% of purchase price up to \$10,000

FREDDIE MAC - HFA ADVANTAGE CONVENTIONAL LOAN PRODUCT (4)

Program Name	1st Mortgage Loan Rate	2nd Mortgage Loan Rate	Program Features
Military Home	Not Applicable	Not Available	Not Available
First Home Targeted	2.875	Not Available	Properties located in a target area
First Home	3.125	Not Available	Properties located in a non-target area
Homebuyer Assistance (HBA)	3.625	1.000	Maximum 2nd amount is 5% of purchase price up to \$10,000

GOVERNMENT LOAN PRODUCTS - FHA, VA AND USDA/RD

Program Name	1st Mortgage Loan Rate	2nd Mortgage Loan Rate	Program Features
Military Home	2.625	Not Available	Active military & qualified veterans only
First Home Targeted	2.625	Not Available	Properties located in a target area
First Home	2.875	Not Available	Properties located in a non-target area
Homebuyer Assistance (HBA)	3.375	1.000	Maximum 2nd amount is 5% of purchase price up to \$10,000

- (1) Loan reservations are valid for 120 days from the loan reservation. See loan delivery schedule for service release premiums.
- (2) NIFA does not allow origination or discount fees with any programs.
- (3) Fannie Mae HFA Preferred loans exceeding the 80% AMI qualifying limit are subject to higher mortgage insurance coverage. The 80% AMI qualifying limits and required mortgage insurance coverage are included on page three. Interest rates include loan level price adjustments (LLPAs).
- (4) Freddie Mac HFA Advantage loans exceeding the 80% AMI qualifying limit are subject to higher mortgage insurance coverage. The 80% AMI qualifying limits and required mortgage insurance coverage are included on page three. Interest rates include loan level price adjustments (LLPAs).

Loan Delivery Schedule

Effective Loan Reservation Date: 2/1/20

Reservation Date to Purchase Date	Minimum Service Release Premium	Maximum Service Release Premium
1-90 days	\$1,000	2.00%
91-105 days	\$800	1.75%
106-120 days	\$600	1.50%
120+ days	Loan is ineligible for purchase	

Loan Delivery Conditions

- 1) All loans are subject to NIFA pre and post closing reviews.
- 2) All 2nd loans are subject to a separate pre-closing review.
- 3) All loans are subject to U.S. Bank post-closing review.





HOMEOWNERSHIP PROGRAM INFORMATION SHEET

Household Program Income Limits Effective Date: 7/1/20

County (Non-Target)	1-2 Persons	3 or more Persons
Adams	79,800	91,770
Boone	87,000	100,050
Cheyenne	82,200	94,530
Douglas	87,000	100,050
Gosper	80,700	92,805
Hamilton	80,200	92,230
Jefferson	79,800	91,770
Lancaster	82,100	94,415
Lincoln	88,200	102,900
Logan	85,920	100,240
McPherson	89,160	104,020
Polk	81,600	93,840
Sarpy	87,000	100,050
Saunders	82,800	95,220
Scotts Bluff	79,800	91,770
Seward	84,600	97,290
Washington	87,000	100,050
All Other	79,800	91,770
County (Target)	1-2 Persons	3 or more Persons
Adams	95,760	111,720
Douglas	104,400	121,800
Jefferson	95,760	111,720
Lancaster	98,520	114,940
Scotts Bluff	95,760	111,720

*NIFA includes all gross income sources for individuals 18 years and older who will live in the home as their primary residence. This includes base pay, overtime, commissions, bonuses, tips, self-employed income, social security, disability, unemployment, child support, alimony, part-time income and interest income from assets in excess of \$5,000.

Purchase Price Limits Effective Date: 5/1/19

Number of Units	Non-Target Counties	Target Counties
One Unit	283,000	346,000
Two Units	362,000	443,000
Three Units	438,000	535,000
Four Units	544,000	666,000

*One unit must be occupied as the primary residence within 60 days of closing. NIFA includes net rental income in the total household income for income for program eligibility. For 2-4 units, new construction is eligible only in target areas. In non-target areas, 2-4 units must be at least 5 years old.





HOMEOWNERSHIP PROGRAM INFORMATION SHEET

Qualifying Income Limits - Conventional Loans Only
DU Effective Date: 6/20/20, LPA Effective Date: 7/12/20

<i>County</i>	<i>80% AMI Limit</i>	<i>County</i>	<i>80% AMI Limit</i>
Adams	58,320	McPherson	59,440
Boone	58,560	Merrick	62,880
Box Butte	62,800	Nemaha	58,960
Buffalo	62,240	Otoe	58,640
Cass	69,520	Perkins	59,120
Cedar	60,480	Phelps	61,440
Cheyenne	65,760	Pierce	59,360
Dakota	62,080	Platte	62,400
Dixon	62,080	Polk	65,280
Douglas	69,520	Sarpy	69,520
Fillmore	58,080	Saunders	69,520
Garden	57,760	Seward	66,160
Gosper	67,840	Stanton	58,800
Hall	62,880	Thomas	60,560
Hamilton	62,880	Washington	69,520
Howard	62,880	Wayne	60,640
Kearney	60,720	York	60,160
Lancaster	66,160	All Other	57,280
Lincoln	58,800		

*Qualifying income is defined as the total underwriting income used for all borrowers on the loan (1003 income). HFA Preferred and HFA Advantage loans that exceed the above 80% AMI limits are allowed in the program, but are subject to higher mortgage insurance coverage.

Mortgage Insurance Requirements **Conventional Loans Only**

<i><80% AMI Loans</i>		<i>>80% AMI Loans</i>	
<i>LTV</i>	<i>MI Coverage</i>	<i>LTV</i>	<i>MI Coverage</i>
95.01-97.00%	18%	95.01-97.00%	35%
90.01-95.00%	16%	90.01-95.00%	30%
85.01-90.00%	12%	85.01-90.00%	25%
80.01-85.00%	6%	80.01-85.00%	12%





HOMEOWNERSHIP PROGRAM INFORMATION SHEET

Credit Underwriting Requirements

Effective Date: 4/6/20

LOANS APPROVED BY AUTOMATED UNDERWRITING SYSTEM (AUS)					
Loan Type	AUS	Maximum LTV/CLTV	Minimum FICO	Maximum DTI	Required Reserves
Fannie Mae HFA Preferred	DU	1 Unit - 97/105%	640-659	45%	Follow findings
		2-4 Units - 95/105%	660+	50%	Follow findings
Freddie Mac HFA Advantage	LPA	1 Unit - 97/105%	640-659	45%	Follow findings
		2-4 Units - Not Allowed	660+	50%	Follow findings
FHA	Boone	Agency guidelines	640-659	45%	1 month
			640-659	All borrowers must be on their current job for a minimum of 6 months	
			660+	50%	Follow findings
			660+	50%	Follow findings
USDA Rural Development	GUS	Agency guidelines	640-659	45%	Follow findings
			660+	50%	Follow findings
VA	DU or LPA	Agency guidelines	640-659	45%	Follow findings
			660+	50%	Follow findings

*All loans must be Approve/Eligible when using DU or Eligible/Accept when using LPA. Manufactured housing is not allowed on government or conventional loans at this time.

MANUAL UNDERWRITING/AUS DOWNGRADED LOANS					
Loan Type	Property Type	Maximum LTV/CLTV	Minimum FICO	Maximum DTI	Required Reserves
Fannie Mae HFA Preferred	1 unit, condos, townhomes	95/105%	660	36%	6 months
		95/105%	680	36%	2 months
		95/105%	700	45%	6 months
		95/105%	720	45%	2 months
Freddie Mac HFA Advantage	1 unit, condos, townhomes	97/105%	660	45%	2 months
FHA	Not Allowed	Not Allowed	Not Allowed	Not Allowed	Not Allowed
USDA Rural Development	1-4 units	Agency guidelines	640	29/41%	2 months
VA	1-4 units	Agency guidelines	640	41%	2 months

*2-4 unit properties are not allowed on manually underwritten conventional loans. Manufactured housing is not allowed on government and conventional loans at this time.

MANUAL UNDERWRITING/NON-TRADITIONAL CREDIT LOANS					
Loan Type	Property Type	Maximum LTV/CLTV	Minimum FICO	Maximum DTI	Required Reserves
Fannie Mae HFA Preferred	1 unit, condos, townhomes	Agency guidelines	No score	Agency guidelines	2 months or agency guidelines
Freddie Mac HFA Advantage	1 unit, condos, townhomes	Agency guidelines	No score	Agency guidelines	2 months or agency guidelines
FHA	Not Allowed	Not Allowed	Not Allowed	Not Allowed	Not Allowed
USDA Rural Development	1-4 units	Agency guidelines	No score	Agency guidelines	2 months or agency guidelines
VA	1-4 units	Agency guidelines	No score	Agency guidelines	2 months or agency guidelines

*2-4 unit properties are not allowed on manually underwritten conventional loans. Manufactured housing is not allowed on government and conventional loans at this time.

This is only a summary of credit underwriting requirements and is not inclusive of all guidelines. Participating Lenders are responsible for all loans satisfying NIFA program guidelines, U.S. Bank guidelines, agency guidelines, PMI company guidelines (if applicable), and secondary market guidelines. Refer to U.S. Bank's website for more information:

<https://www.usbank.com/hfadivision/lendingguide>





HOMEOWNERSHIP PROGRAM INFORMATION SHEET

Approved Homebuyer Education Classes
Effective Completion Certificate Date: 4/1/20

Education Requirements

NIFA requires homebuyer education for all loans. Education completion certificates will only be allowed from one of the following class providers. The homebuyer class provides the greatest benefit when taken early in the home buying process. Boone face-to-face class, unless otherwise stated, online classes are acceptable.

All occupying borrowers who execute the Promissory Note must complete an education class and their name must be printed on the completion certificate and submitted with the Pre-Closing Package. Certificates are valid for 12 months from the issuance/completion date.

Face-to-Face Classes

Non-Profit Organizations approved as REACH Affiliates are located across the State of Nebraska and are available on the Nebraska Housing Developers Association website at www.housingdevelopers.org.

Online Classes

Framework <https://homeready.frameworkhomeownership.org>

CreditSmart Homebuyer U <https://sf.freddiemac.com/working-with-us/creditsmart/courses>

eHome America www.ehomeamerica.org

There may be some situations where the provider charges a fee for the class. Contact the NIFA Homeownership Team with any questions.

