



NEW HAMPSHIRE
HOUSING

HOMEOWNERSHIP

Home *Preferred* Update: Lender Training

August 2019
NHHFA.org



Overview

Review Changes to New Hampshire Housing's Home *Preferred* Program

Headlines:

- Fannie Mae making us change again!
- New strict income limits for Home *Preferred* and Home *Preferred* Plus: 80% area median income (AMI) or less only.
- Suspending Home *Preferred* No MI.
- Effective dates: September 2019 (more detail later in presentation)

Take Away: Our Home *Preferred* Program beats HomeReady® for certain borrowers.



What We Will Cover

- Home *Preferred* Changes
- Effective Dates
- Value of Home *Preferred* Program
- Q&A



FANNIE MAE CHANGES

Recent Changes: Two Parts

- Universal
- HFA Specific

Universal Changes

Effective: July 20, 2019

- HomeReady® will be capped at 80% AMI—even in targeted communities.
- DU changes will shrink the credit box again for borrowers with multiple risk factors, making it harder for borrowers below 80% AMI.
- Fannie Mae new income limits



Income Limit Changes

HOMEOWNERSHIP



<u>County</u>	2019
	<u>FNMA 80% limit*</u>
Belknap	65,280
Carroll	65,280
Cheshire	65,280
Coos	65,280
Grafton	71,920
Hillsborough	78,480
Merrimack	74,160
Rockingham	87,360
Strafford	87,360
Sullivan	65,280

*Income limits provided are for demonstration only. For actual Home Preferred income limits, use the Fannie Mae Lookup Tool found at <https://homeready-eligibility.fanniemae.com/homeready/>

HFA Specific Changes

Effective Date: September 5, 2019

- Fannie Mae removed housing goals requirements from all contracts.
- Fannie Mae introduced a new pricing model based on borrower AMI:
 - Borrower income at or below 80% AMI; and
 - Borrower income over 80% AMI.
- Fannie Mae Limited Risk Share to below 80% AMI.

UPCOMING CHANGES

Home *Preferred* and Home *Preferred Plus* will be limited to borrowers with income at 80% or less of area median income (AMI) based on the property location.

- This means that, in September, New Hampshire Housing will no longer be providing Home *Preferred* loans to borrowers over 80% AMI.
- Lenders will use the HomeReady® Income Lookup Tool to determine property AMI.

*****Home Flex Income limits will continue to be \$128,900*****

Process overview on and after September 5, 2019, Home *Preferred* and Home *Preferred Plus*: Income Limit

- Strict 80% AMI limit for Home *Preferred* and Home *Preferred Plus*. New Hampshire Housing cannot provide exceptions without significant rate difference.
- Fannie Mae HomeReady® lookup tool, which lenders can use to make initial income qualifying determination.
- When the loan is run in DO/DU, findings must include the following message: “This loan qualifies for specific HFA *Preferred* pricing for loans where the total qualifying income does not exceed 80% of AMI for the area in which the property is located.”
- Before making the commitment with Fannie Mae, New Hampshire Housing will confirm two things: 1) the DO/DU Date is on or after September 5; and 2) the DO/DU findings includes the required message.

Home *Preferred* No MI Program Will be Suspended

- In September, we will suspend this program. The program will still be available until September.
- For now, we have removed this program and rates from our websites. The rate will still be posted in Lender Online and included in the daily rate email.

EFFECTIVE DATES

Effective Dates: The Basics

These changes will be effective the first week of September. The basic deadlines are as follows, but there are some complexities behind these deadlines.

September 4th:

- Home *Preferred* and Home *Preferred Plus*:
 - Deadline to: 1) run loans in DO/DU for borrowers above 80% AMI; and 2) make a loan reservation.
- Home *Preferred No MI*:
 - Deadline to: 1) run loans in DO/DU for all borrowers; and 2) make a loan reservation.

September 5th:

- Home *Preferred No MI*: Closed to reservations.
- Home *Preferred* and Home *Preferred Plus*: Reservations limited to borrowers 80% AMI or less.

Effective Dates Summary

DO/DU Before September 4 th	Home Preferred	Home Preferred Plus	Home Preferred No MI	Comment
Income Limit	Up to \$128,900	Up to \$128,900	Up to \$128,900	If loan reserved after September 4 th , contact New Hampshire Housing for pricing.
DO/DU After September 5 th	Home Preferred	Home Preferred Plus	Home Preferred No MI	Comment
Income Limit	≤80%	≤80%	No longer available	Income limits found here: HomeReady® . <u>No exceptions to the income limit!</u>

Effective Date Details: Home *Preferred* No MI

September 4th:

Deadline for Home *Preferred* No MI. Program Ends for New Hampshire Housing.

- Last day for lenders to make a loan reservation for Home *Preferred* No MI (aka “risk share”). New Hampshire Housing will not take any Home *Preferred* No MI reservations after September 4th.
- **Exception:** If the DO/DU Date is on or before September 4th and the lender contacts New Hampshire Housing by September 13th, then New Hampshire Housing will look at pricing, and the lender will have an opportunity to reserve that loan for that pricing.
- **Remember:** With DO/DU Date on or after September 5th: New Hampshire Housing is shutting the program down; AND Fannie Mae is not even allowing these loans for borrowers above 80% AMI.

Effective Date Details: Home *Preferred* and Home *Preferred Plus*

September 4th:

- Deadline for reservations for Home *Preferred* and Home *Preferred Plus* for borrowers above 80% AMI.
- New Hampshire Housing will not take any reservations for Home *Preferred* or Home *Preferred Plus* reservations for borrowers over 80% AMI after September 4th.
- Lenders should run DO/DU on or before September 4th to ensure New Hampshire Housing will accept the reservation at the posted rate.
- **Exception:** If the DO/DO date is on or before September 4th, then New Hampshire Housing will look at pricing, and the lender will have an opportunity to reserve that loan for that pricing.

Effective Date Details: Home *Preferred* and Home *Preferred Plus*

September 5th:

- No Home *Preferred* No MI reservations permitted.
- Home *Preferred* and Home *Preferred Plus* will be limited to borrowers at or below 80% AMI.
- New Hampshire Housing will be posting interest rates, assuming the loans had DO/DU Date on or after September 5th. If DO/DU date is before September 5th, lender can contact New Hampshire Housing for rate and reservation.
- New Hampshire Housing will be checking all reservation to confirm the DO/DU date. If the DO/DU date is before September 5th, New Hampshire Housing will contact the lender to inform them about the available rate.
- **Strict:** No Home *Preferred* No MI at all, regardless of borrower income.

VALUE PROPOSITION

**New Hampshire Housing Home *Preferred*:
Better than HomeReady® for Some Borrowers**

Even with these changes in September, our Home *Preferred* and Home *Preferred Plus* will beat HomeReady® by offering great features to borrowers at or below 80% AMI.

- Minimum MI coverage (18%), lower than HomeReady®!
- No loan level price adjustments, better than HomeReady®! (Minimum 620 credit score)
- Up to 3% downpayment assistance with Home *Preferred Plus*.
- Low rates.



Where can I find information on income limits?

WWW.NHHFA.ORG



QUESTIONS & ANSWERS

DON'T COMPLICATE YOUR LIVES!!!!

Reservation Date up to September 4th Details

- Reservations made will have income limits of \$128,900
- Loan will have pricing based on old model.
- Last day for Risk Share loans.

Reservations Made on or after September 5th

- Reservations made must have qualifying income at 80% AMI
- AMI over 80% not accepted in Home *Preferred* loan program.
- Risk Share loans no longer an option.



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