| **Home Preferred Plus – PO**  
| **with Cash Assistance Second Mortgage** |

**Description:**
- New Hampshire Housing in conjunction with Fannie Mae is offering Home Preferred. This program offers up to 97% LTV with low mortgage insurance coverage. This program is ideal for borrowers with limited funds for down payment and closing costs **now including features offered in the Home Ready program**. When you run DO always pick HFA Preferred.

**Term:**
- 30 years

**Interest Rate:**

**Loan Purpose:**
- Purchase of a primary residence
- Limited cash-out refinance: The borrower can receive no more than the lesser of 2% of the refinance loan amount, or $2,000

**Occupancy:**
- Must be owner occupied
- Loans cannot be closed in a trust (New Hampshire Housing policy)

**Eligible Borrowers:**
- Borrower not required to be a first-time homebuyer
- Non-occupant co-borrowers allowed per Home Ready Guidelines
- Home Buyer Education is required for all first-time homebuyers, New Hampshire Housing [Online Education](http://www.nhhfa.org) acceptable
- 2-4 units require Landlord and Homebuyer Education
- **Home Preferred/Home Ready** rules apply, follow the findings
- If borrowers currently own property and are retaining it, borrowers would need to qualify under **Home Ready** guidelines
- Non-borrower title holders acceptable – if allowed by mortgage insurer

**Eligible Properties:**
- 1-4 family primary residence
  - 1-unit max 97% loan-to-value
  - 2-4 unit max 95% loan-to-value
- Must meet Fannie Mae eligibility on all condos/condexes
- Manufactured housing (single-wide and double-wide) allowed up to 95% LTV on its own land per Fannie Mae guidelines
- Please note:
  - Single-wide manufactured housing must have a manufacture date of 10 years or less, measured from the effective date of the appraisal per Fannie Mae guidelines
  - Single-wide manufactured housing must be at least 12 feet wide and have a minimum 400 square feet of gross living area

**Income, Credit, Assets:**
- **80% or less of area Average Median Income**
  - Use [Home Ready Look Up Tool](http://www.nhhfa.org) to determine property AMI
- Non-occupant co-borrower income does have to be added to total for compliance
- 620 minimum FICO (aligning with Fannie Mae guidelines of average median scoring for multiple borrowers refer to [Selling Guide Announcement SEL-2021-08](http://www.nhhfa.org))
- DO Approve/Eligible
- No Purchase Price limits apply to this program
- **NOTE**: when combining with the Homebuyer Tax Credit (MCC program), [income and purchase price limits](http://www.nhhfa.org) must be followed

**Minimum Cash Investment:**
- One unit: $0
- 2-4 unit: 3% borrower funds (3-4 units are subject to PMI availability)
- Private mortgage insurance requirements may differ – please check

**Maximum LTV:**
- 97% for 1 unit / CLTV 105% with Fannie Mae eligible community seconds
- 95% for 2-4 units / CLTV 105% with Fannie Mae eligible community seconds

**Reserves:**
- Per mortgage insurer
Underwriting/Ratios:
- Per DO. When entering DO, choose the HFA Preferred option on the community lending screen.
- DO recommendations of Approve/Eligible are eligible for DO’s Limited Waiver of reps and warrants
- Qualifying ratios, reserves, and income requirements are determined by DO

Collections:
- Per DO and insurer’s requirements

<table>
<thead>
<tr>
<th>LTV</th>
<th>Mortgage Insurance</th>
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</thead>
<tbody>
<tr>
<td>&gt;95% and &lt;=97%</td>
<td>18%</td>
</tr>
<tr>
<td>&gt;90% and &lt;=95%</td>
<td>16%</td>
</tr>
<tr>
<td>&gt;85% and &lt;=90%</td>
<td>12%</td>
</tr>
<tr>
<td>&gt;80% and &lt;=85%</td>
<td>6%</td>
</tr>
</tbody>
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Gifts:
- A gift letter is required
- Transfer of gift funds must be documented
- File must include documentation that the gift funds were from an acceptable source and were the donor’s own funds

Interested Party Contributions:
- 3% max for LTV greater than 90%, per Fannie Mae’s Selling Guide
- 6% max for LTV less than 90%

Water Test:
- Purchases: Water test required on private water source
- Testing must include Ecoli, Total Coliform, Lead, Nitrate and Nitrite. Any other primary parameters tested must pass

Well and Septic:
- Community Wells: we will need a copy of the most recent water test
- Dug Well: must meet insurer requirements as well as testing requirements above
- Well and septic must be sited on the property being financed
- Refinances: do NOT require a water test
- CONDEX: with shared well and septic will need acceptable tests for both systems and a hold harmless stating the borrower is aware they are responsible for those systems

Homeowners Insurance:
- Max deductible is the higher of $1,000 or 1% of face amount of policy, also when allowed by the mortgage insurer we will take into consideration value of out buildings
- CONDO: Must have master policy. If no walls in coverage and/or deductible is $5,000 or more an HO6 will be required.
- We will escrow for the HO6

*Important*
- Loans cannot be closed in a trust (New Hampshire Housing policy)