



LENDER NOTICE

Home Preferred Program Suspended Home Flex Temporary Overlays COVID-19 Agency Updates CARES ACT Forbearance

April 8, 2020

This notice provides the following information to our Participating Lenders:

- New Hampshire Housing is temporarily suspending taking new reservations under the Home *Preferred* Program (Fannie Mae) due to Fannie Mae's announcement that it will not purchase loans with a CARES Act forbearance;
- The Home *Flex* Program will continue but with an additional temporary overlay;
- New Hampshire Housing will follow the COVID-19 guidelines released by the mortgage finance agencies; and
- New Hampshire Housing is working on a lender notice on forbearance under the CARES Act. For now, we are requesting that lenders take steps to reduce our shared risk.

Like you, New Hampshire Housing and its staff are staying up-to-date on the various releases of information from the mortgage finance agencies. We want to assure you that with the changes we are making, we are doing our best during these challenging and changing times to continue to provide the programs and services you expect. We are confident that by working together we will all get through this time.

Home Preferred Program Temporarily Suspended ***Effective date: Monday, April 13, 2020***

Fannie Mae has announced (see question 16 **COVID-19 Frequency Asked Questions - Selling**) that it will not purchase loans in forbearance under the CARES Act. Additionally, Fannie Mae stated to New Hampshire Housing that if a lender or New Hampshire Housing hears that a borrower may seek a forbearance, that loan cannot be delivered.

Given Fannie Mae's position, New Hampshire Housing is temporarily suspending all new loan reservations under the Home *Preferred* Program. (For this notice, Home *Preferred* means Home *Preferred*, Home *Preferred* Plus, Home *Preferred* MH ROC and any other loan intended for sale to Fannie Mae.) Fannie Mae's position creates too much risk for you, our lenders, and for New Hampshire Housing. New Hampshire Housing will continue to monitor and will provide updates as they become available.

This means there will be no new Home Preferred reservations on or after April 13, 2020 until further notice.

In terms of existing Home *Preferred* reservations, please read the section below on forbearance. We note that it is in our collective best interests to sell loans to Fannie Mae as quickly as possible after closing. Delay can mean the difference between a saleable loan and a non-saleable loan. Therefore, please:

- Before and at closing, Lenders should take additional steps to mitigate the risk of nonperformance or forbearance requests (see below).
- After closing:
 - Lenders should be aware that delay creates risk for the lender and for New Hampshire Housing
 - Lenders should expedite loan delivery to New Hampshire Housing as a priority
 - Lenders should ensure that:
 - All documents are properly completed and in the file
 - All underwriting findings have been complied with and documented

Temporary Overlays for All Home Flex Loans

Effective date: Reservations made on or after Monday, April 13, 2020.

Reservations made before April 13 must comply with the "Program Guidelines" (as defined in the MLPA, which includes lender notices and product sheets) in effect when the reservation was made.

Given the impact of CARES Act forbearances and actions by other investors, New Hampshire Housing is temporarily adding the following overlays for all Home Flex loans (Home Flex and Home Flex Plus):

- All borrowers must have a minimum FICO score of 660
- No exceptions to this overlay or our other guidelines will be considered at this time

We want to continue to serve you and your borrowers, but we also must act prudently given all of the external factors.

Given our shared interests, lenders are encouraged to ensure loan files are complete and all documents correct when delivering the loan to New Hampshire Housing. Because timely delivery to the secondary market is a priority, New Hampshire Housing will be as flexible as possible regarding missing items when it is in our collective best interests to deliver loans to the secondary. That said, lenders are asked to be attentive to missing items.

COVID-19 Agency Guidelines

Unless otherwise stated in the Program Guidelines, New Hampshire Housing will follow the COVID-19 guidelines issued by:

1. Insurers/guarantors: Federal Housing Administration (FHA), USDA Rural Development (RD), Veterans Administration (VA) and private mortgage companies that comply with agency guidelines
2. Secondary market: Fannie Mae and Ginnie Mae

Specifically, New Hampshire Housing will follow the guidance of these agencies as referenced in their COVID-19 special notices, websites, and other communications, using the effective dates in those notices.

CARES Act Forbearance

Under the CARES Act, borrowers with federally backed loans have the right to request a forbearance simply by asking for the forbearance and attesting they have a COVID-19 hardship. This right will have significant impact on lenders and on New Hampshire Housing. Specifically, this forbearance right will impact the lenders' ability to deliver acceptable loans and New Hampshire Housing's ability to purchase such loans. (Several national experts have estimated that 25 - 30% of borrowers will seek a forbearance.)

New Hampshire Housing is working on its policy about this issue and expects to publish it in the near term. Please contact Ignatius MacLellan (contact information below) if you have any immediate questions or want to provide input as we work on the policy.

For now, lenders should know that under the MLPA, lenders are required to deliver loans to New Hampshire Housing that can be sold into the secondary market. Therefore, lenders should take additional steps to determine if borrowers can perform under the loan. Most importantly, lenders should consider whether a loan should even be closed when the borrower has inquired about or asked for a forbearance.

Effective immediately: When delivering a loan to New Hampshire Housing, the lender is

certifying that the borrower did not ask for a forbearance or ask for information about obtaining a forbearance.

These are challenging times. We value what you do and appreciate you working with us. New Hampshire Housing is committed to providing you with clear and timely communications.

Homeownership Contacts

Fannie Mae questions

Brenda Wade

bwade@nhhfa.org

Forbearance

Ignatius MacLellan

imaclellan@nhhfa.org

Underwriting

underwriters@nhhfa.org

Sincerely,
Homeownership Team
New Hampshire Housing

About New Hampshire Housing As a self-sustaining public corporation, New Hampshire Housing Finance Authority promotes, finances and supports affordable housing. NHHFA operates a number of rental and homeownership programs that assist low- and moderate-income persons in obtaining affordable housing. Since its inception, NHHFA has helped more than 50,000 families purchase their own homes and has been instrumental in financing the creation of almost 15,000 multi-family housing units. NHHFA.org

New Hampshire Housing Finance Authority | P.O. Box 5087, Manchester, NH 03108
603-472-8623 | info@NHHFA.org | NHHFA.org

