## Home Preferred Plus with Cash Assistance Second Mortgage

### Description:
- New Hampshire Housing, in conjunction with Fannie Mae’s Home Ready program, offers Home Preferred Plus. It offers up to 97% LTV with low mortgage insurance coverage, along with Cash Assistance of 3% of the base loan amount. This program is ideal for borrowers with limited funds for downpayment and closing costs. When you run DO always pick HFA Preferred.

### Term:
- 30 years

### Interest Rate:

### Loan Purpose:
- Purchase of a primary residence, or limited cash-out refinance
- **Must be owner occupied**
- Loans cannot be closed in a trust (NHHFA policy)

### Eligible Borrowers:
- Must meet current income and credit score requirements for mortgage programs
- Home Buyer Education is required for all first-time homebuyers, New Hampshire Housing online education 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/condexs
- If the condo is not currently in our system, we will need questionnaire
- Manufactured housing allowed up to 95% LTV on its own land per Fannie Mae guidelines (Double Wide Only)

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

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

### Income Limits:
- Income limits as currently published by New Hampshire Housing
- Qualifying income for all borrowers, occupant and non-occupant, is counted towards income limit
- 2-4 unit if using rental income to qualify must be added for compliance as well.

### Purchase Price Limits:
- No Purchase Price limits apply to this program
- However, when combining with the Homebuyer Tax Credit (MCC program), income and purchase price limits must be followed

### Reserves:
- Per mortgage insurer

### Credit/FICO:
- 620 minimum FICO for all borrowers

### 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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HFP wCAM/rev. 05.18.2020
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:
- Please refer to Fannie Mae Selling Guide

Water Test:
- 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 only if it is requested by the borrower

NHHFA Overlays
- Minimum 620 FICO all borrowers
- Water test required for private well - requirements listed above
- Well and septic must be sited on the property we are financing
- Two years of tax transcripts are required
- Manchester multi families need the Certificate of Compliance

*Important*
- We DO NOT participate in MERS
- Loans cannot be closed in a trust (NHHFA policy)
- Escrows for property taxes, hazard insurance, flood insurance and mortgage insurance are required on every New Hampshire Housing loan

Cash Assistance Mortgage

Description:
- The “Cash Assistance Mortgage” is the second mortgage that is connected with a Home Preferred Plus first mortgage.

Loan Terms:
- Full amount of the Cash Assistance will be repayable to New Hampshire Housing.
  - Secured by a second mortgage
  - No interest
  - No periodic payments
  - Forgiven in full after four years unless during the first four years, the borrower: 1) sells; 2) refinances; or 3) files for bankruptcy, in which case the borrower must repay the Cash Assistance.

Reservation:
- When a lender reserves a Home Preferred Plus loan, there is an automatic reservation for the Cash Assistance Mortgage, meaning a separate reservation is not required.

Application:
- No separate application is required for the Cash Assistance Mortgage.

Lender:
- New Hampshire Housing is the lender on the Cash Assistance Mortgage.

Document Preparer:
- On the Cash Assistance Mortgage, the lender on the Home Preferred Plus first mortgage acts simply as a document preparer.
- The document preparer must sign the Document Preparation Agreement (see the Policy).

Documents:
- The Policy provides a list of and the forms for all of the documents connected with the Cash Assistance Mortgage.
- To document the repayment obligation and to provide a second mortgage to New Hampshire Housing, the borrower shall sign the “Mortgage and Promise to Pay” (see the Policy).

Funding Process:
- There are very specific mandatory steps for requesting and funding the Cash Assistance, which are stated in the Policy.
- Cash Assistance funds must be requested by 12pm two business days before closing.
- Failure to follow the Policy could result in:
  - The loan not being FHA insured
  - The lender having to pay back the Cash Assistance