**Home Preferred Plus**  
**with Cash Assistance Second Mortgage**  
**Over 80% AMI**

**Description:**  
- New Hampshire Housing, in conjunction with Fannie Mae's Home Ready program, offers Home Preferred, with up to 97% LTV with low mortgage insurance coverage. 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
- 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 acceptable
- 2-4 units require Landlord and Homebuyer Education
- Home Preferred/Home Ready rules apply, follow the findings
- If borrower(s) 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
- If the condo is not currently in our system, we will need questionnaire
- 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

**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 unit / 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 |
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<td><strong>Collections:</strong></td>
<td>• Per DO and insurer’s requirements</td>
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<td><strong>Mortgage Insurance:</strong></td>
<td>• Standard rates apply. Follow your AUS findings. This program is <strong>not</strong> eligible for reduced MI.</td>
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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:** | • Please refer to Fannie Mae’s 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 (New Hampshire Housing 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  
  o Secured by a second mortgage  
  o No interest  
  o No periodic payments  
  o 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 in full |
| 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 |
| Documents: | See New Hampshire Housing’s website for all 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 form |
| Funding Process: | There are very specific mandatory steps for requesting and funding the Cash Assistance, which are stated in our Selling Guide  
  Cash Assistance funds must be requested by 12pm two business days before closing  
  Failure to follow the Policy could result in:  
  o The loan not being FHA insured  
  o The lender having to pay back the Cash Assistance |