



OVERVIEW OF THE HOMEOWNERSHIP PROGRAMS



July 14, 2021

NHHFA.org

PRESENTATION OVERVIEW

- Business Channels
- Loan Programs
- Mortgage Credit Certificate Program
- Borrower Demographics
- Single-Family Loan Servicing
- Communication, Outreach and Marketing
- Special Homeownership Programs
- Homeownership Committee Periodic Reporting
- Questions?

BUSINESS CHANNELS

Participating Lender	Participating Originator
80% of volume	20% of volume
Participating Lender takes all steps to originate, underwrite, process, close and sell to New Hampshire Housing.	Participating Originator takes the application. New Hampshire Housing takes over and closes in New Hampshire Housing's name.
Mortgage Loan Purchase Agreement (MLPA)	Participating Originator Agreement (POA)

LOAN PROGRAMS

Ginnie Mae

- Home *Flex* (no cash assistance) and Home *Flex Plus* (2%, 3% or 4% cash assistance)
 - Government-backed mortgages (FHA, VA & RD)
 - Rates set daily based on *To Be Announced (TBA) Mortgage-Backed Securities (MBS)* market pricing adjusted for payups
 - Secondary market: Create MBS and sell to investors (New Hampshire Housing is the issuer)

Fannie Mae

- Home *Preferred* (no cash assistance) Home *Preferred Plus* (3% or 4% cash assistance)
 - Fannie Mae conventional, mortgages using HFA preferred status
 - Private mortgage insurance
 - Rates set daily based on daily loan pricing from Fannie Mae
 - Secondary market: Sell individual loans to Fannie Mae

WHO PROMISES WHAT TO WHOM?

FHA, RD, VA with Ginnie Mae: MBS

Primary		Secondary	
Borrower	FHA, VA & RD	MBS Issuer: NHHFA	Ginnie Mae
<ul style="list-style-type: none"> Promises to pay lender (servicer) monthly principal, interest and escrow. 	<ul style="list-style-type: none"> Promises to pay New Hampshire Housing if borrower defaults. New Hampshire Housing forecloses. New Hampshire Housing files claim after foreclosure and transfers property to FHA. Insurance does <u>not</u> cover all costs. 	<ul style="list-style-type: none"> Promises to pay MBS investors monthly even if borrower fails to make payments. New Hampshire Housing must buy back nonconforming loans and can buy loans back from pool to stop payment obligation to investors. 	<ul style="list-style-type: none"> Guarantees payments to investors. No guarantees to issuer. The Ginnie Mae guarantee makes the MBS a valuable, highly liquid security.

WHO PROMISES WHAT TO WHOM?

Fannie Mae: HFA Preferred: Whole Loan Sales

Primary		Secondary	
Borrower	Private Mortgage Insurance	New Hampshire Housing	Fannie Mae
<ul style="list-style-type: none"> Promises to pay lender (servicer) monthly principal, interest and escrow. 	<ul style="list-style-type: none"> Promises to pay Fannie Mae if borrower defaults. Fannie Mae forecloses. Fannie Mae files claim with mortgage insurance. No uncovered losses to New Hampshire Housing. 	<ul style="list-style-type: none"> Sells loans one at a time to Fannie Mae. Nonconforming loans must be repurchased and held by New Hampshire Housing. 	<ul style="list-style-type: none"> Fannie Mae guarantees payments to investors.

PROGRAM INCOME LIMITS

Home Flex Programs

- \$137,400 (set annually by New Hampshire Housing)
- Borrower's qualifying income only

Home Preferred Programs

- 80% of Area Medium Income (AMI),
- As published by the Fannie Mae HomeReady Area Median Income [lookup tool](#)
- Borrower's qualifying income only

Note: No purchase price limit with loan programs.

HOMEBUYER TAX CREDIT (AKA “MORTGAGE CREDIT CERTIFICATE”) (MCC)

- The MCC Program uses tax-exempt bond capacity that the Board has converted into MCC capacity.
- The MCC provides eligible borrowers with up to \$2,000 a year in reduced federal tax liability, provided the homeowner still has a mortgage and lives in the same home.
- Tax savings can boost the homebuyer’s take-home pay.
- Lenders may consider the tax savings as borrower’s income when underwriting the loan.

MCC PROGRAM

Eligible Borrower

- Must be a first-time homebuyer or purchasing a home in a targeted area; and
- Annual household income must be at or below the MCC income limit.

Eligible Property

- Home must be a single-unit property that will be occupied as the borrower's principal residence; and
- Home's purchase price must be at or below the MCC Purchase Price Limits.

MCC PROGRAM

Mortgage Amount	\$	200,000
x <u>Loan Interest</u>		<u>x 3.5%</u>
= Annual Mortgage Interest Paid	\$	<u><u>7,000</u></u>
Annual Mortgage Interest Paid	\$	7,000
x <u>MCC Rate</u>		<u>x 35%</u>
= Annual Tax Credit	\$	<u><u>2,450*</u></u>

\$2,000 is maximum credit* – Borrower can boost their take home pay by \$167 per month.

MCC PROGRAM

MCC Income and Purchase Price Limits are set based on:

- HUD and IRS guidance; and
- New Hampshire Housing policy and program rules.

MCC Income and Purchase Price Limit EXAMPLE:

	INCOME LIMITS (Household Size)		PURCHASE PRICE LIMITS 1-Unit
	1-2	3+	
<u>Hillsborough</u>			
Goffstown, Manchester	\$117,800	\$137,400	\$395,000
All other Communities	\$ 98,200	\$112,900	\$320,000
<u>Merrimack</u>			
Concord, Pittsfield	\$117,800	\$137,400	\$380,000
All other Communities	\$ 98,200	\$112,900	\$310,000

BORROWER DEMOGRAPHICS

FY 2021 (June through July)

Program	Average Purchase Price	Average Income	Average FICO	Average Debt to Income	First-Time Buyer	Loan to Value
Home Flex	\$239,134	\$72,222	692	40.7%	84%	95.8%
Home Flex Plus	\$246,113	\$72,849	686	44.6%	96%	98.3%
Home Preferred	\$244,818	\$62,551	741	39.1%	70%	83.1%
Home Preferred Plus	\$226,021	\$62,963	751	38.2%	95%	97.5%
Total	\$239,021	\$67,646	717	40.6%	87%	93.7%

BORROWER DEMOGRAPHICS

Race and Hispanic Origin Data

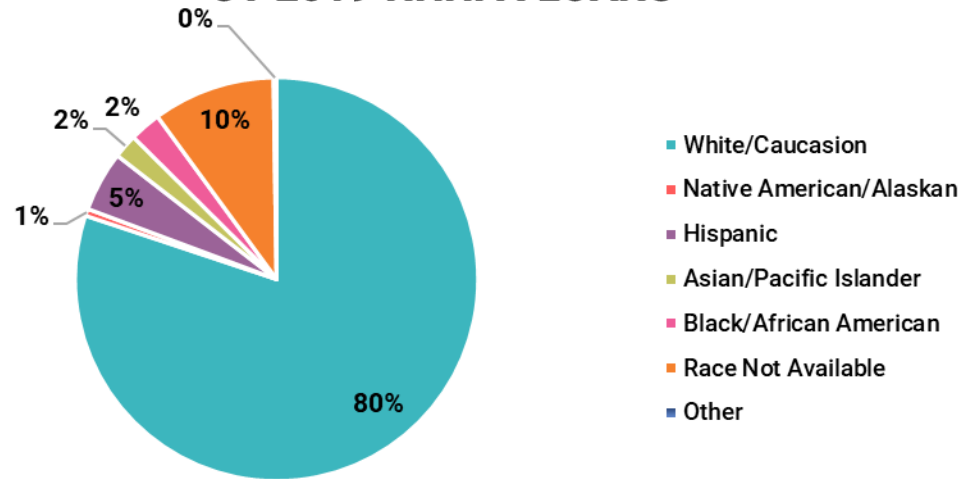
State	Estimated Population	White alone	Black or African American ¹	American Indian and Alaska Native ¹	Asian ¹	Native Hawaiian and other Pacific Islander ¹	Two or More Races	Hispanic or Latino ²	White alone, not Hispanic or Latino
New Hampshire	1,359,711	93.10%	1.80%	0.30%	3.00%	<0.05%	1.80%	4.00%	89.80%

¹ Includes persons reporting only one race.

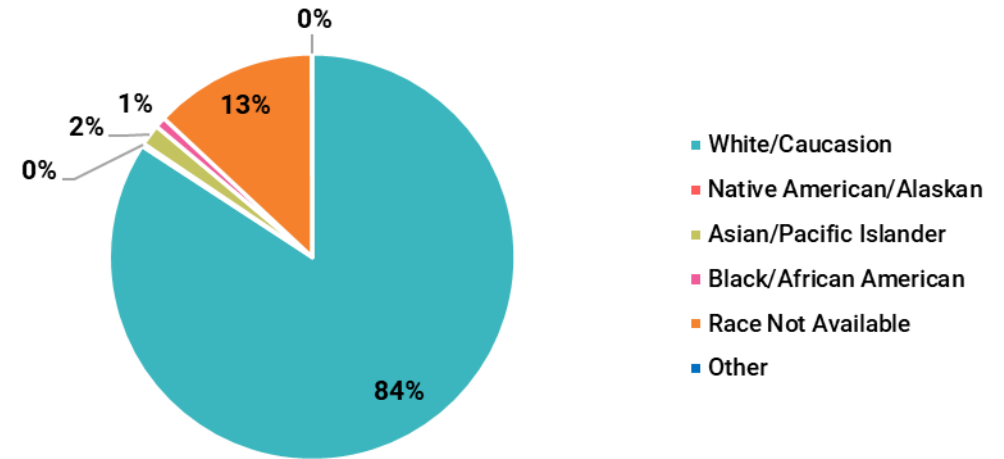
² Hispanics may be of any race, so also are included in applicable race categories.

BORROWER DEMOGRAPHICS

CY 2019 NHHFA LOANS



CY 2019 HMDA LOANS*



Race	Legend	NHHFA	HMDA
White/Caucasian		80.10%	83.12%
Native American/Alaskan		0.56%	0.24%
Hispanic		4.83%	N/A
Asian/Pacific Islander		1.93%	1.65%
Black/African American		2.50%	0.85%
Race Not Available		9.83%	12.84%
Other		0.24%	0.03%

*Loans Originated
 For home purchase
 Is the principal residence
 Secured by a first lien
 Selling price is \$300K and under

SINGLE-FAMILY LOAN SERVICING

Dovenmuehle Mortgage Inc. (DMI)

- Subservicer since December 1996
- Subservicer is a qualified outsourcing partner that performs all administrative, compliance, and financial servicing activities related to mortgage loans
- Services approximately 1.5 million loans nationwide
- Agreement reviewed every four years for renewal

New Hampshire Housing Servicing Group

- Monitor DMI performance (weekly meeting with client service representative, review monthly reports)
- Authorize DMI actions on client-based decisions (loss mitigation, assumptions, partial releases)
- Provide customer service to borrowers and lenders
- Coordinate foreclosure activity with counsel and dispose of acquired properties



EXPOSURE BY LOAN PROGRAM

Fannie Mae

- Conventional loans serviced for Fannie Mae
- Represents 10% of the forbearance portfolio which equates to 2.5% of the entire Fannie Mae portfolio
- Loss mitigation solution – Deferment (paid to date is advanced and missed payments are deferred as interest-free, second mortgage due upon sale, refinance, or payoff of first mortgage)
- No New Hampshire Housing loss exposure

Ginnie Mae

- Government guaranteed loans (FHA, VA, RD) included in Mortgage-Backed Securities
- Represents 77% of the forbearance portfolio which equates to 7.4% of the entire Ginnie Mae portfolio
- Loss mitigation solution – Partial claim (front missed payments to bring loan current and create interest-free, second mortgage due upon sale, refinance, or payoff of first mortgage)
- Minimal New Hampshire Housing loss exposure

Mortgage Revenue Bond

- Private insured, government guaranteed and uninsured bond financed loans
- Represents 13% of the forbearance portfolio which equates to 2.7% of the entire Mortgage Revenue Bond portfolio
- Loss mitigation solution – Same as Fannie Mae or Ginnie Mae depending on loan type
- No New Hampshire Housing loss exposure from forbearance, minimal if subsequent foreclosures
- Variety of insurance coverages and low LTVs due to age of loans

COMMUNICATION, OUTREACH AND MARKETING

- Outreach and marketing plan—borrowers and partners (lenders and real estate professionals)
- Business development plan—partners
- Homeownership website—GoNHHousing.com
- Homebuyer fairs
- Special outreach to lenders and realtors
 - Lender and realtor advisories
 - Homeownership Fellowship
 - Events

SPECIAL HOMEOWNERSHIP PROGRAMS

Emergency Home Repair Loan

- The Emergency Home Repair Loan (EHRL) assists current New Hampshire Housing borrowers with emergency repairs not covered by homeowner's insurance as well as energy efficiency improvements.

Housing Loan Trust

- The Housing Loan Trust (HLT) is a program that provides downpayment, rehabilitation, and closing cost assistance funds to help eligible low- and moderate-income homebuyers purchase or renovate a home in New Hampshire.

Community Heroes Initiative

- This initiative provides \$3,000 in closing costs assistance to certain frontline COVID workers who also get a New Hampshire Housing Cash Assistance loan.



SPECIAL HOMEOWNERSHIP PROGRAMS

Manufactured Housing in Residential Owned Communities

- Manufactured Housing (MH) in Residential Owned Communities (ROCs)
 - Fannie Mae MH ROCs
 - New Hampshire Housing Line of Credit for MH Infill
 - HLT for Downpayment Assistance

Fellowship Program

- The New Hampshire Housing Homeownership Fellowship offers mortgage professionals an interactive and educational opportunity to explore the issues and challenges of the mortgage finance system.

Homeownership Housing Counseling and Education

- Program Plan allocation for pre- and post-purchase counseling and education, including pre-foreclosure counseling (HOMEteam, The Housing Partnership, AHEAD and 2-1-1 NH)
- HUD Housing Counseling Grant Intermediary (HOMEteam, The Housing Partnership, AHEAD and the Way Home)



HOMEOWNERSHIP COMMITTEE (HOC) PERIODIC REPORTS

- Volume Updates:
 - Report to HOC monthly
- Quality Control and Compliance:
 - Senior staff meet quarterly
 - Report to HOC biannually
- Borrower Demographics:
 - Report to HOC biannually
- Income Limits and Purchase Price Limits:
 - Updated by HOC annually

Questions?