

# Commitment to Certainty

Kellie Coffey - HFA Senior Account Manager

February 12, 2015



Kellie Coffey



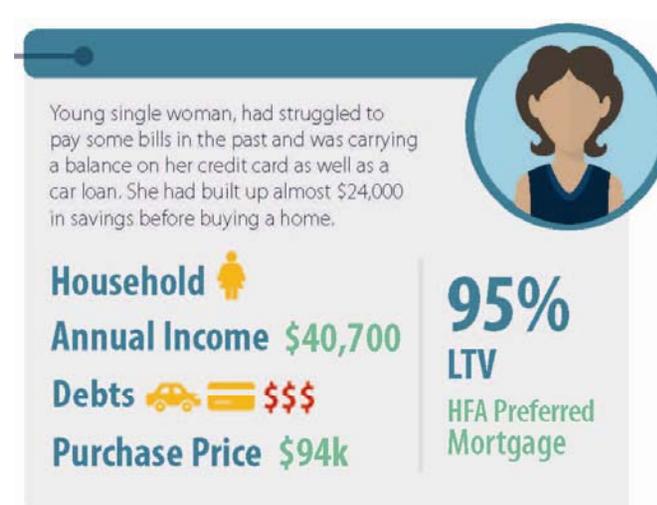
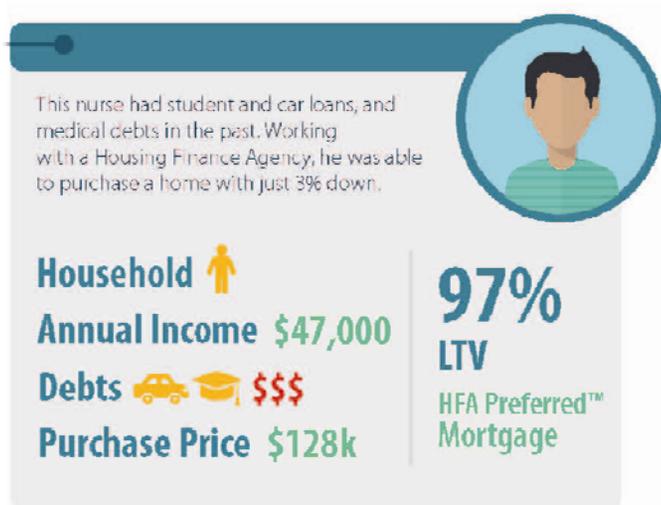
Nancy Lucio

## Agenda

- HFA Preferred Products
- Fannie Mae Technology Overview
- Q&A

## Fannie Mae's Partnership with HFAs

- Over 40 HFAs are doing business with Fannie Mae
- \$8+ billion in HFA loan deliveries
- 5,200 individuals participated in HFA webinars
- Loan performance has remained strong primarily to quality manufacturing processes



## HFAs are Recognized Leaders in Affordable Lending

- HFAs bring many valuable attributes
  - A careful, high-touch, mission-motivated approach to consumers from application through the life of the loan
  - Support of homebuyer education
  - Down payment assistance
- Maintaining strong loan performance remains essential to a successful HFA programs
- Originating lenders are critical to the continued success of the HFA programs

FACT: For over **75 years**, Fannie Mae has supported our lender partners with liquidity and the best products and services in the industry.

Lenders **SUCCESS** Solutions  
CLARITY **Certainty**  
**Partnering**  
Service  
OPTIONS

# Product Features

## HFA Preferred

✓ With reduced MI coverage

Parameter	HFA Preferred Product Features The HFA may impose other restrictions
LTV/CLTV	<ul style="list-style-type: none"> <li>• 97% / 105%</li> </ul>
Fees	<ul style="list-style-type: none"> <li>• No LLPAs</li> <li>• 0.25% Adverse Market Fee is included in LHC's rate</li> </ul>
Minimum Borrower Contribution	<ul style="list-style-type: none"> <li>• \$0 required from borrowers own funds</li> </ul>
Purpose	<ul style="list-style-type: none"> <li>• Purchase</li> </ul>
Loan Terms	<ul style="list-style-type: none"> <li>• 30 year, fixed rate, fully amortizing</li> </ul>
Property Types	<ul style="list-style-type: none"> <li>• 1 – 2 units</li> <li>• No manufactured housing or co-ops</li> </ul>
Income & Purchase Price Limits	<ul style="list-style-type: none"> <li>• Per Selling Guide</li> </ul>
Minimum FICO	<ul style="list-style-type: none"> <li>• 640</li> </ul>
Maximum DTI	<ul style="list-style-type: none"> <li>• 45%</li> </ul>
Community Seconds	<ul style="list-style-type: none"> <li>• Allowed</li> </ul>
Desktop Underwriter	<ul style="list-style-type: none"> <li>• Approve/Eligible</li> </ul>
Ownership of Other Property	<ul style="list-style-type: none"> <li>• Borrowers cannot own other real estate at the time of closing</li> </ul>

HFA Preferred products are variances to our **MyCommunityMortgage® (MCM®)** product, refer to the MCM sections of the **Selling Guide (refer to section B5-6)** when reviewing Fannie Mae's eligibility and underwriting requirements.

## Mortgage Insurance

### Reduced MI on HFA Preferred Offering

- 18% - 95.01-97% LTV
- 16% - 90.01-95% LTV
- 12% - 85.01-90% LTV
- 6% - 80.01-85% LTV

### Standard Guide Loans Coverage

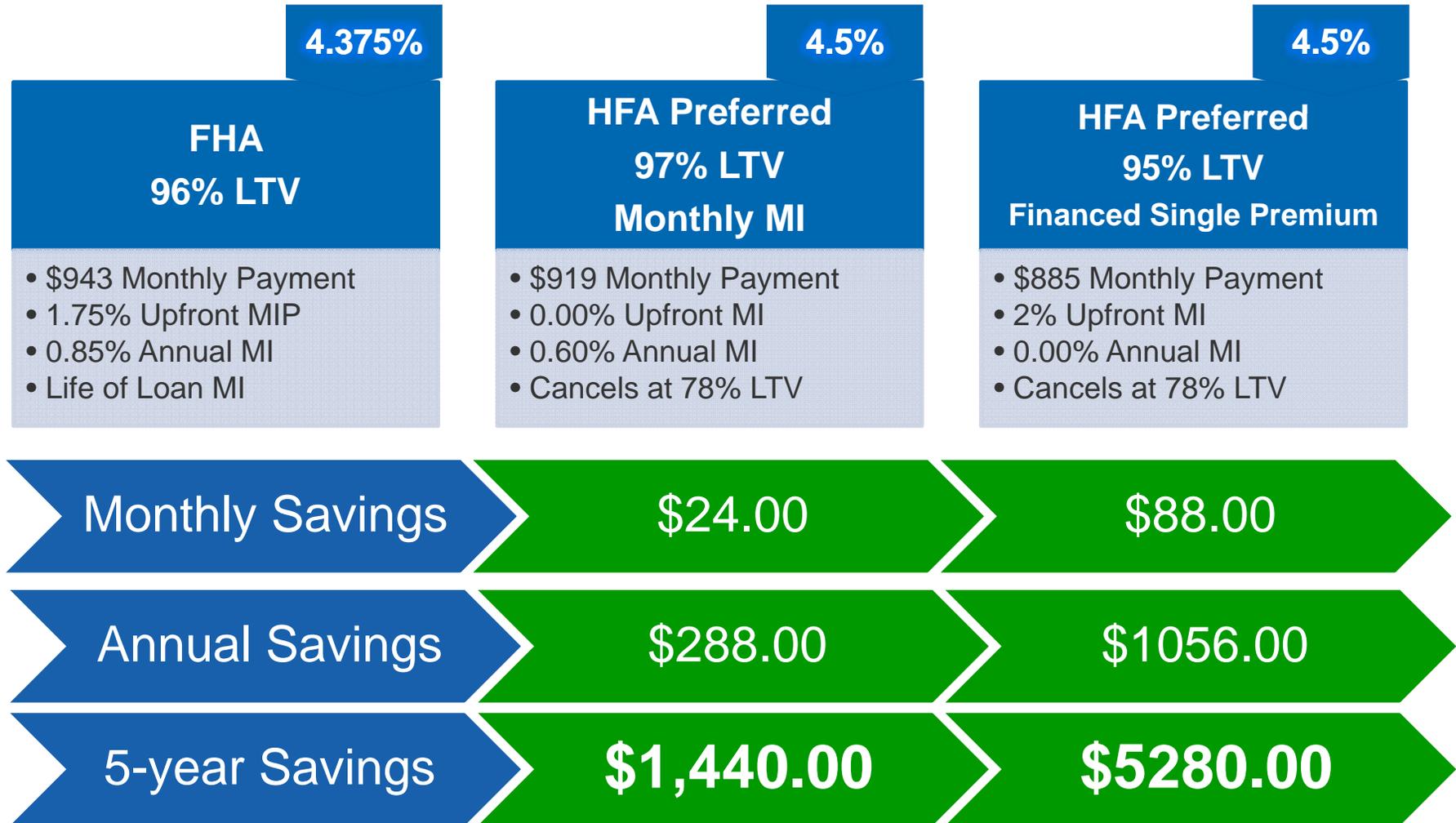
- 35% - 95.01-97% LTV
- 30% - 90.01-95% LTV
- 25% - 85.01-90% LTV
- 12% - 80.01-85% LTV

### MI Structures Permitted

- Borrower Paid MI Monthly
- Upfront and Split Premium
- Seller Paid
- Financed Single Premium (97% Max LTV)

\*Refer to Selling Guide Section: B7-1

# A Look Beyond the Interest Rate



Assumptions: \$130,000 home price, 720 FICO, Monthly PITI assumes \$217.00 T&I

# 97% LTV Product Comparison

Product Comparison 95.01-97% LTV*			
	HFA Preferred Products	MyCommunityMortgage®	Standard
<b>First-time Homebuyer</b>	✓ Not required	Required	Required
<b>Income Limits</b>	✓ Higher HFA Limits	Fannie Mae limits	No limits
<b>Homebuyer Education</b>	✓ Required on some loans	Required on all loans	✓ Not required
<b>MI Coverage</b>	✓ Reduced MI	✓ Reduced MI	Standard MI
<b>LLPAs</b>	✓ No LLPAs ✓ Reduced Pricing	75bps MCM LLPA MCM Pricing	All LLPAs as applicable Standard Pricing
<b>Ability to Repay</b>	✓ Exempt - 5% points and fees	Non-exempt - 3% points and fees	Non-exempt - 3% points and fees

[\\*Additional 97% LTV comparison & resources available](#)

# Fannie Mae Technology

Nancy Lucio – Technology Account Manager



Nancy Lucio

## Tools to Effectively Manage Risk

- Desktop Underwriter® (DU®) – the leading automated underwriting platform in the industry
- Early Check™ – provides access to Fannie Mae delivery edits to assist lenders in identifying and correcting potential eligibility and/or data issues early in their processes and prior to loan delivery
- Collateral Underwriter™ (CU™) – Proprietary appraisal review application developed by Fannie Mae to support proactive management of appraisal quality.
  - Gives lenders access to the same appraisal review tool that Fannie Mae uses, at no additional cost.

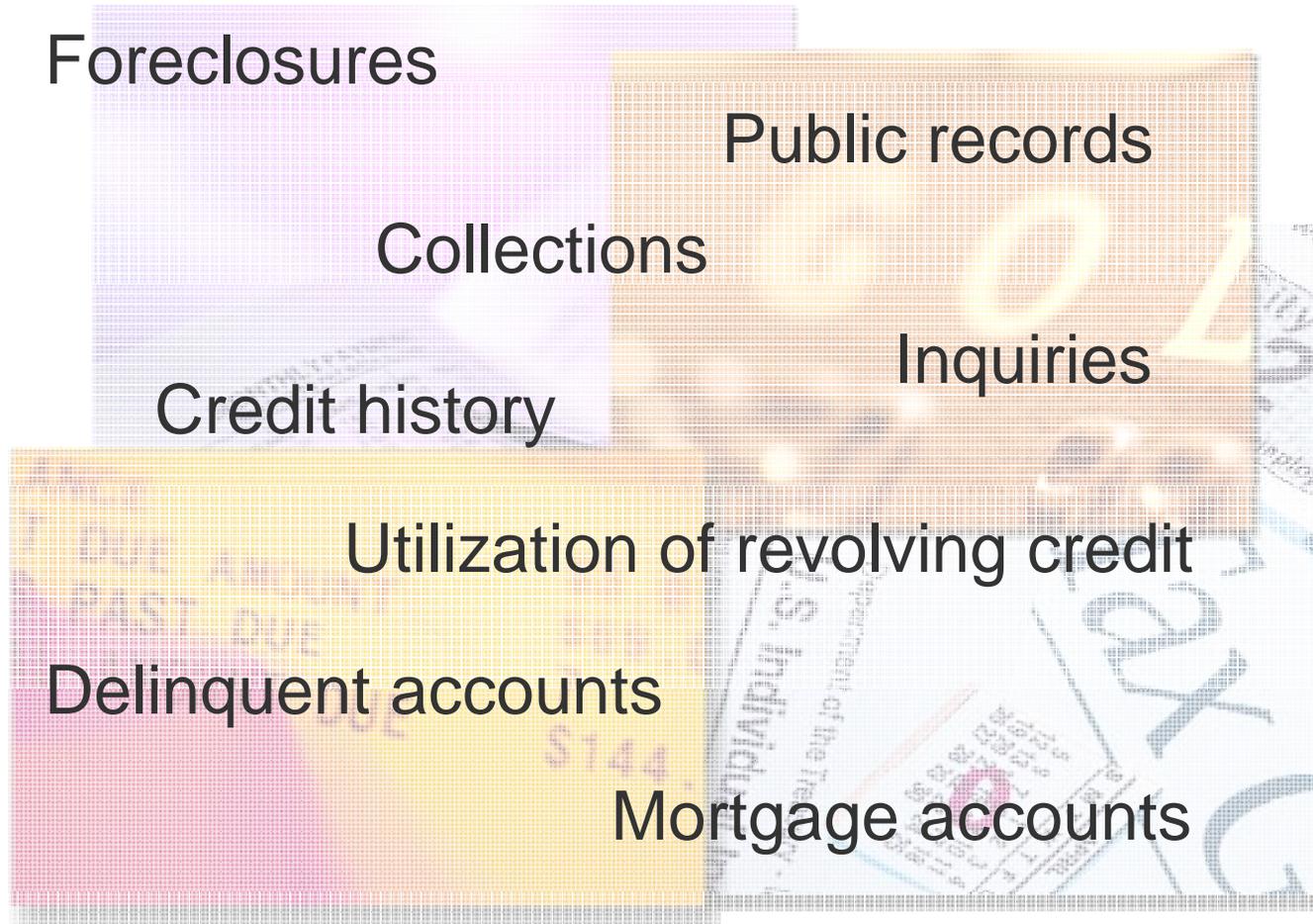
FACT: Post-purchase loan reviews show that loans are being delivered with fewer defects, down to <2% in the third quarter of 2013 from a high of 8% before the crisis.



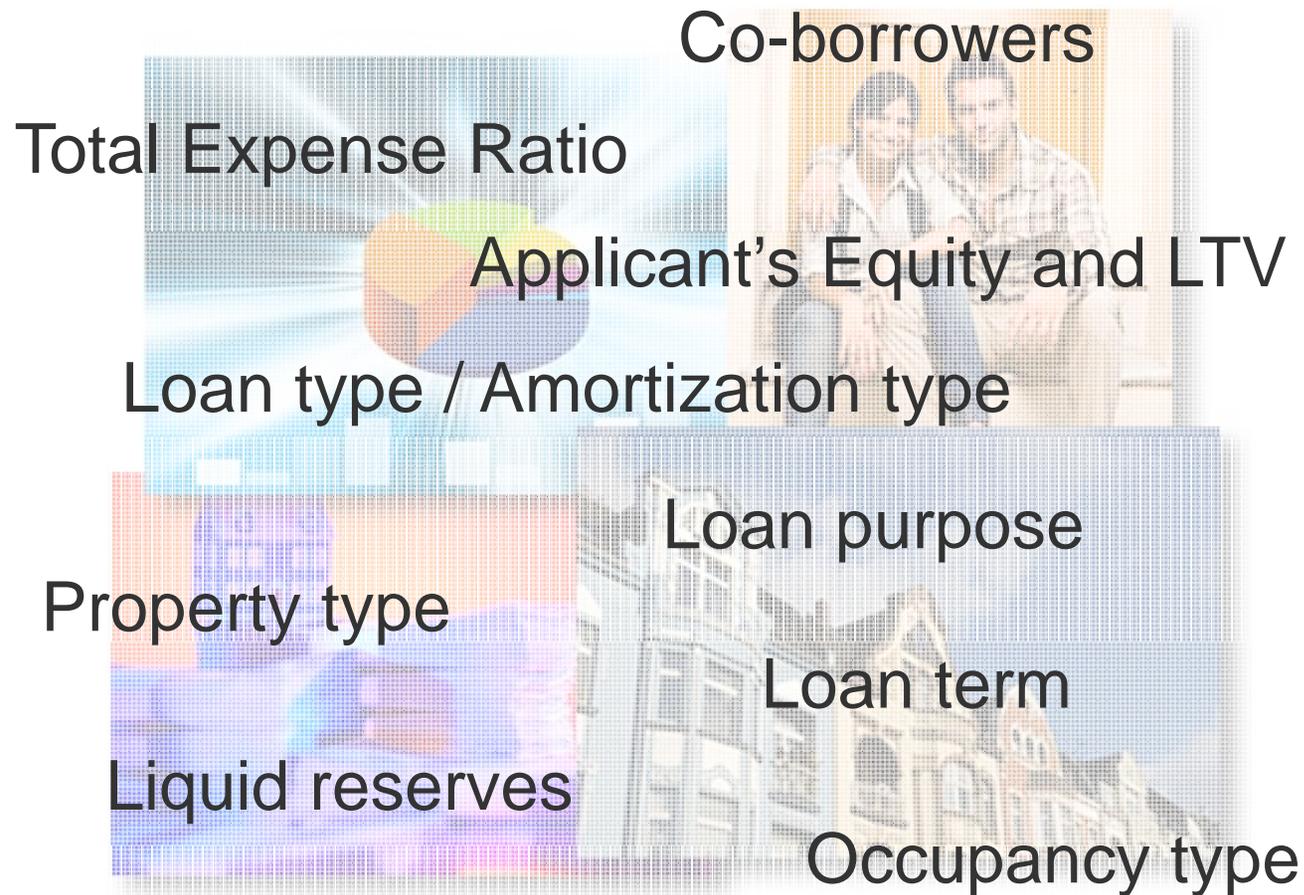
## Some Points about Desktop Underwriter (DU®)

- Evaluates mortgage delinquency risk
- Provides an underwriting recommendation
- Identifies low-risk factors that can offset high-risk factors
- Conducts its analysis uniformly
- Does not evaluate a loan's compliance with federal or state laws and regulations

## Credit Risk Factors Considered by DU

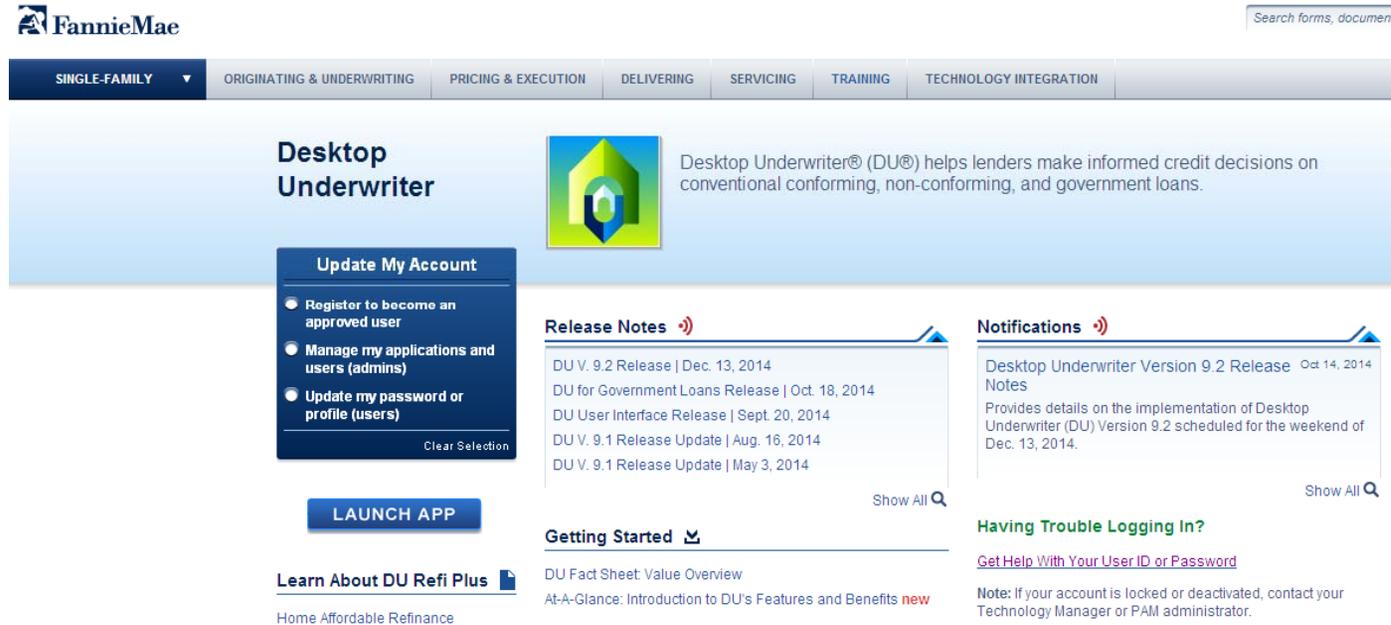


## Non-Credit Risk Factors Considered by DU



# Desktop Underwriter Updates

- DU includes HFA Preferred offerings/eligibility criteria in the Community Lending Section
- Differentiation of DU Risk Assessment treatment for loans with Community Seconds
- DU Release Notes Version 9.2 (Updated December 13, 2014)



The screenshot shows the FannieMae Desktop Underwriter web application. At the top, there is a navigation menu with categories: SINGLE-FAMILY, ORIGINATING & UNDERWRITING, PRICING & EXECUTION, DELIVERING, SERVICING, TRAINING, and TECHNOLOGY INTEGRATION. The main content area features a large header for 'Desktop Underwriter' with a description: 'Desktop Underwriter® (DU®) helps lenders make informed credit decisions on conventional conforming, non-conforming, and government loans.' Below this, there is a 'Update My Account' sidebar with options: 'Register to become an approved user', 'Manage my applications and users (admins)', and 'Update my password or profile (users)'. A 'LAUNCH APP' button is also present. The 'Release Notes' section lists several updates, including 'DU V. 9.2 Release | Dec. 13, 2014'. The 'Notifications' section highlights the 'Desktop Underwriter Version 9.2 Release' with a note about the implementation of DU Version 9.2. At the bottom, there are links for 'Learn About DU Refi Plus' and 'Getting Started'.

## Common Mistakes with DU

- Incorrect selection of income type
- Incorrect selection of property type
- Incorrect selection of asset type
- Not re-submitting loan casefile when data changes
- Not obtaining ALL documentation required by DU
- Not reviewing all messages

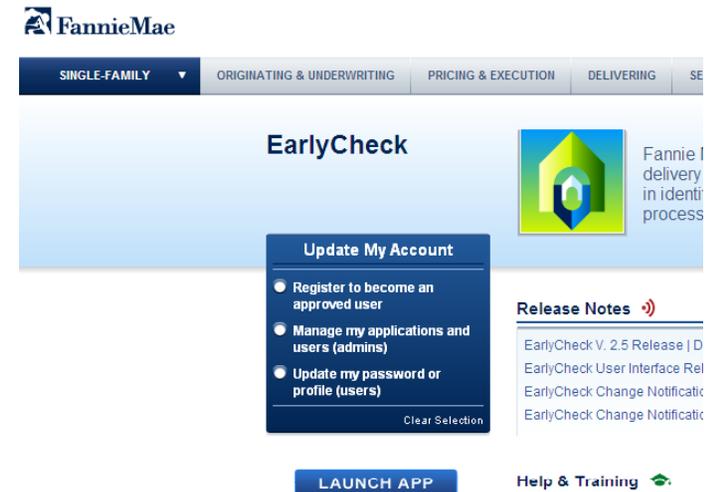


# DU Demo

## What Is EarlyCheck?

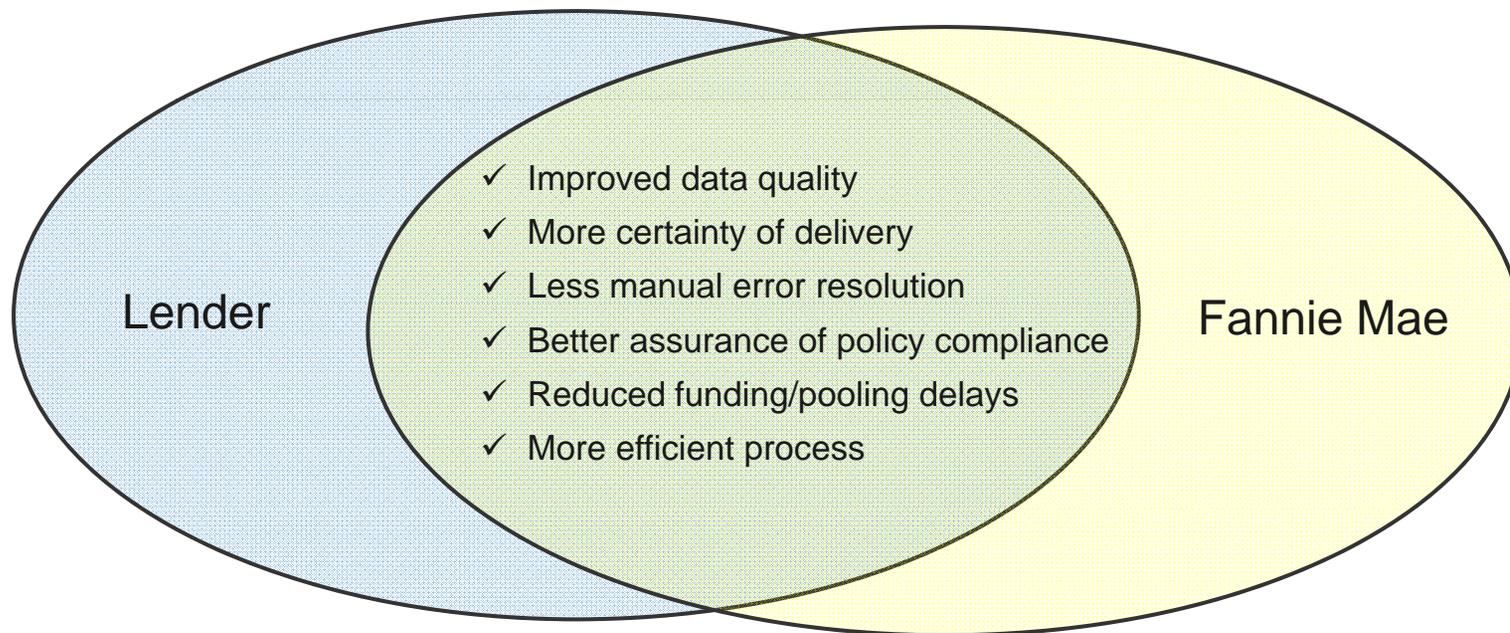
A service that allows lenders to access Fannie Mae delivery and eligibility edits at any point in the lender's business process, prior to loan delivery

- Available to approved Fannie Mae sellers
- Supports all underwriting methods (DU®, manual, other AUS)
- Supports loans in all business channels
- Provides access to hundreds of delivery eligibility and data validation edits
- Flexible (accepts three file types; supports two access methods)
- Optional service, but highly recommended



## Benefits

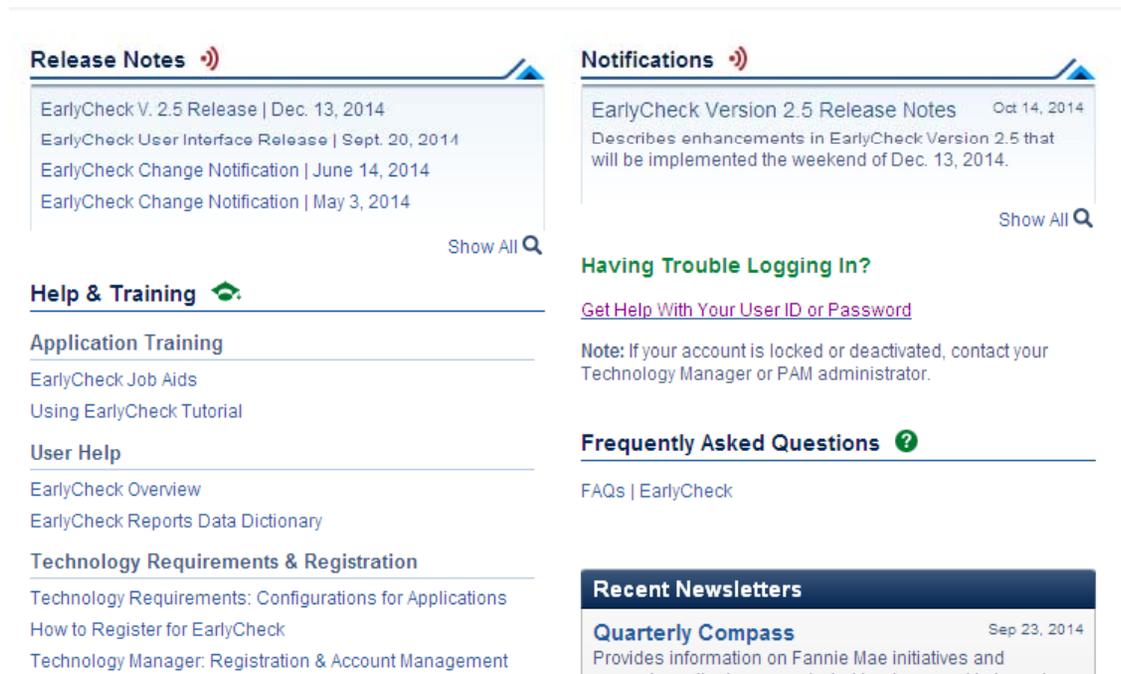
We share the benefits of early issue detection/resolution



# For More Information

Please [visit the EarlyCheck page](#) on [fanniemae.com](http://fanniemae.com) for additional product information, including:

- FAQs and Product Overview
- Release Notes
- Job Aids and Recorded Tutorial
- Registration Information



**Release Notes** 

- EarlyCheck V. 2.5 Release | Dec. 13, 2014
- EarlyCheck User Interface Release | Sept. 20, 2014
- EarlyCheck Change Notification | June 14, 2014
- EarlyCheck Change Notification | May 3, 2014

[Show All](#) 

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**Help & Training** 

**Application Training**

- EarlyCheck Job Aids
- Using EarlyCheck Tutorial

**User Help**

- EarlyCheck Overview
- EarlyCheck Reports Data Dictionary

**Technology Requirements & Registration**

- Technology Requirements: Configurations for Applications
- How to Register for EarlyCheck
- Technology Manager: Registration & Account Management

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**Notifications** 

EarlyCheck Version 2.5 Release Notes Oct 14, 2014

Describes enhancements in EarlyCheck Version 2.5 that will be implemented the weekend of Dec. 13, 2014.

[Show All](#) 

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**Having Trouble Logging In?**

[Get Help With Your User ID or Password](#)

**Note:** If your account is locked or deactivated, contact your Technology Manager or PAM administrator.

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**Frequently Asked Questions** 

[FAQs | EarlyCheck](#)

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**Recent Newsletters**

**Quarterly Compass** Sep 23, 2014

Provides information on Fannie Mae initiatives and

## LET'S RECAP...

- HFA Preferred products offer flexibility and savings for borrowers
- Access to HFA Preferred products in DU
- Available online tools and resources:

<https://www.fanniemae.com/singlefamily/index>

**HFA Preferred™**  
Fact Sheet

**Overview:** Fannie Mae's HFA Preferred enables eligible state Housing Finance Agencies (HFAs) to deliver loans with up to 97% loan-to-value (LTV) ratio with low mortgage insurance coverage requirements. HFA Preferred does not require minimum contribution from the borrower's own funds for one-unit properties and is ideal for borrowers with limited funds for down payment and closing costs and those needing extra flexibilities on credit, income sources, or access to special options.

PARAMETER	FANNIE MAE REQUIREMENT
Pricing Terms	No Loan Level Price Adjustments
Adverse Market Delivery Charge	Due at delivery (0.25%)
Eligible Products	Fully-amortizing (FA) Fixed Rate Mortgages (FRM) including MyCommunityMortgage® (MCM®) Mortgages and Freddie Mac Home Possible Mortgages (with approval)
Eligible Occupancy	
Eligible Purpose	
Desktop Underwriter® (DU®)	
Maximum LTV/CLTV (DU)	
Manual Underwriting	
Manual Underwriting Criteria	
Minimum Borrower Contribution	
Subordinate Financing	
Eligible Property Types	

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**A Look Beyond the Interest Rate**

Product	Interest Rate	Monthly Payment	Upfront MI	Annual MI	Life of Loan MI	Monthly Savings	Annual Savings	5-year Savings
FHA 96% LTV	4.375%	\$943	1.75%	0.85%	Life of Loan	\$24.00	\$288.00	\$1440.00
HFA Preferred 97% LTV Monthly MI	4.5%	\$919	0.00%	0.00%	0.00%	\$24.00	\$288.00	\$1440.00
HFA Preferred 95% LTV Financed Single Premium	4.5%	\$885	2%	0.00%	0.00%	\$88.00	\$1056.00	\$5280.00

Assumptions: \$130,000 home price, 720 FICO, Monthly PITI assumes \$

**Desktop Underwriter**

Update My Account

- Register to become an approved user
- Manage my applications and users (admins)
- Update my password or profile (users)

Clear Selection

**LAUNCH APP**

Learn About DU Refi Plus

Home Affordable Refinance



**QUESTIONS**  
And  
**Answers**