



Critical Lender Update

Conventional Product Changes
Effective Thursday, September 5, 2019

Our Mission

Housing is the foundation for success, so we collaborate with individuals, communities and partners to create, preserve and finance affordable housing.

Today's Agenda

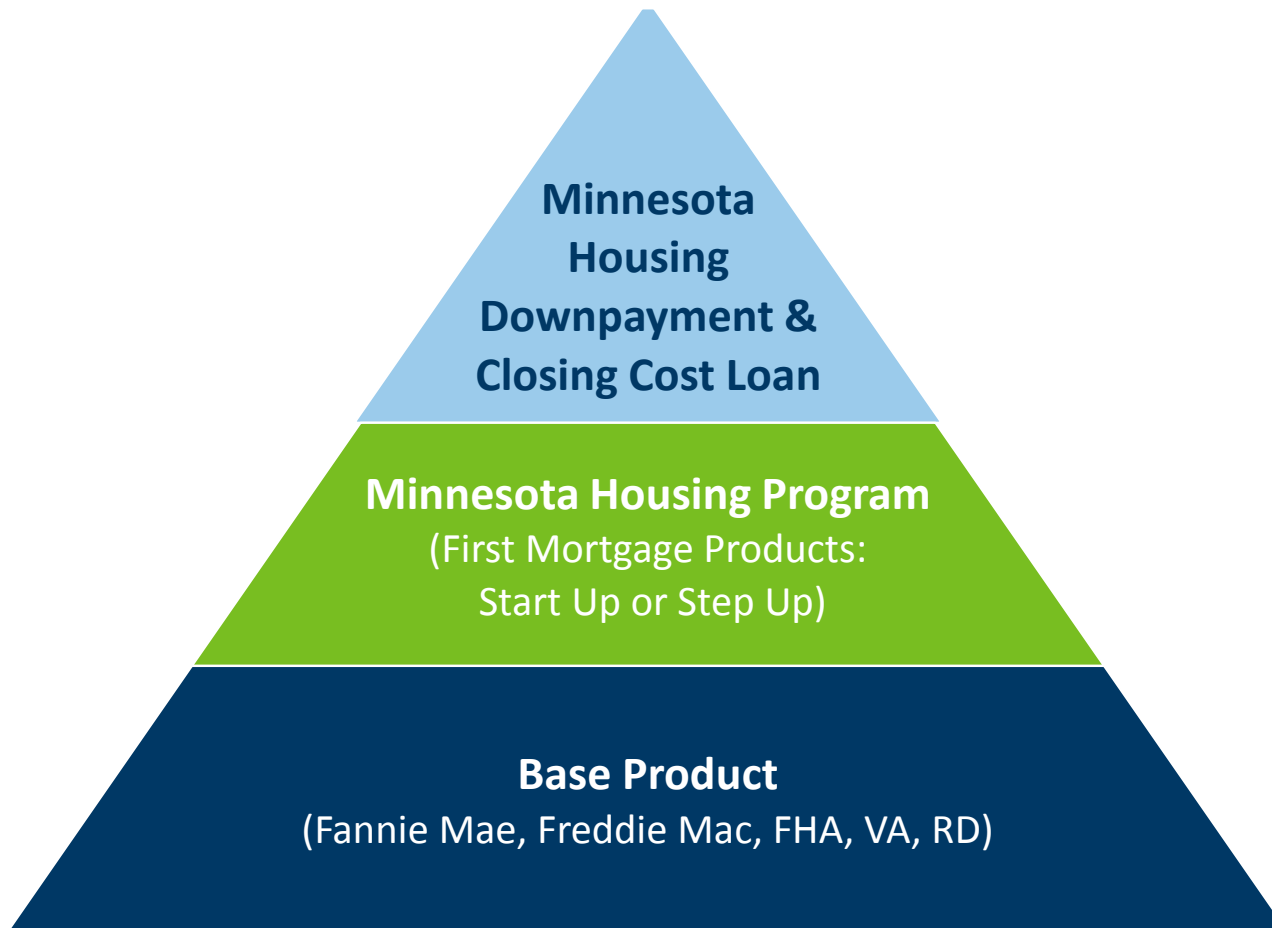
1. Fannie Mae Pricing Changes

- Income limits
- Rates
- MI Coverage
- Product Availability
- Upfront Paid Mortgage Insurance

2. Online Resources

3. Q and A

Layering our programs



Conventional Changes

**Exclusive
Minnesota Housing
Conventional
Products**

Minnesota Housing Program
(First Mortgage Products:
Start Up or Step Up)



Fannie Mae[®]

Fannie Mae Changes

- Lender Letter LL-2019-06
- Commitment to very low and low-income borrowers
- Support production to borrowers at or below 80% Area Median Income (AMI)
- Changes to:
 - Home Ready
 - HFA Preferred
 - HFA Preferred Risk-Sharing
- **Effective for loans with initial DU run date on or after 9.5.19**

Fannie Mae Changes Based on Area Median Income (AMI)

80% AMI based on:

- Borrower's **qualifying income**
- The **property's county**
- DU results will indicate if borrower is **above** or **below 80% AMI**
- Updated resources at mnhousing.gov beginning on 9.5.19

Fact: 86% of our loans are already at or below 80% AMI



Qualifying (Underwriting) Income

- Used to determine repayment of mortgage based on underlying *product guidelines*

Program Eligibility Income

- Used to determine income eligibility for Minnesota Housing loans
- Based off the Eligibility Income Calculation Worksheet

Origination System

Products And Pricing Wizard

Borrower Information - Homeownership

Wizard Navigation

- Client Selection
- Borrower Information - Homeowners**
- Demographic Information
- Property & Loan Information - Home
- Product Validation
- Pricing
- Rate Lock
- Product Selection

Marital Status

First Time Home Buyer Yes No

Will Occupy Subject Property Yes No

Date of Birth

Homebuyer Education Date

TransUnion

Experian

Equifax

Borrower Credit Score

No Credit Score

Marital Status

First Time Home Buyer Yes No

Will Occupy Subject Property Yes No

Date of Birth

Homebuyer Education Date

TransUnion

Experian

Equifax

Borrower Credit Score

No Credit Score

Credit Score (All Borrowers)

Check this box if there are more than two borrowers. Add an application for those additional borrowers from the loan summary screen.

Are There Cosigners For This Loan?

If using this system to generate Mortgage documents: click here to enter additional interested parties.

Household Information

Annual Program Eligibility (Minnesota Housing) Income

Monthly Qualifying (1003) Income

Household Size Number of Minors Other Dependents Disabled Household Resident

Qualifying Debt Ratio (DTI) Housing Ratio AUS

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Save

Conventional Rates

	At or below 80% AMI	Above 80% AMI
Fannie Mae HFA Preferred™	Lower rate	Still available, at a higher rate
Freddie Mac HFA Advantage®	Lower rate - Priced with Fannie Mae Preferred loans at or below 80% AMI	

FANNIE MAE	HFA Preferred™				HFA Preferred™ Upfront Paid MI Insured	HFA Preferred Risk Sharing™
	1.5% SRP ¹		2.5% SRP ¹		3.5% SRP ¹	1.5% SRP ¹
	≤80% AMI ²	>80% AMI ²	≤80% AMI ²	>80% AMI ²	≤80% AMI ²	≤80% AMI ²
Start Up First Mortgage with or without Downpayment Loan	4.250	4.750	4.500	5.125	4.875	5.250
Step Up Purchase or Refinance First Mortgage 30-year Term with or without Downpayment Loan	4.250	4.750	4.500	5.125	4.875	5.250

²Area Median Income (AMI) is based on Qualifying Income by County

FREDDIE MAC	HFA Advantage®		HFA Advantage® Upfront Paid MI Insured
	1.5% SRP ¹	2.5% SRP ¹	3.5% SRP ¹
Start Up First Mortgage with or without Downpayment Loan	4.250	4.500	4.875
Step Up Purchase or Refinance First Mortgage 30-year Term with or without Downpayment Loan	4.250	4.500	4.875

Example Price Sheet

FHA/VA/RD ³	³ RD loan product only available with 30-year term	
	1.5% SRP ¹	2.5% SRP ¹
Start Up First Mortgage with or without Downpayment Loan	3.750	4.125
Step Up Purchase or Refinance First Mortgage 15-year Term with or without Monthly Payment Loan	3.250	3.750
Step Up Purchase or Refinance First Mortgage 30-year Term with or without Monthly Payment Loan	3.750	4.125

¹Customary and reasonable discretionary fees are allowable. With the 2.5% SRP rate option, the Lender cannot charge the borrower any origination fee or discount point. With the 1.5% SRP rate option, the Lender may charge the borrower either a 1% origination fee or 1% discount point. With the 3.5% SRP rate option the Lender may charge the borrower either a 1% origination fee or 1% discount point. The remaining 2% must be used to offset the cost of the single-pay upfront MI premium (see the UPMI section of the Lock, Fee, and Service Release Premium (SRP) Guide for more details).
Rates include loan-level price adjustments (LLPA).

Mortgage Insurance (MI) Coverage

	At or below 80% AMI	Above 80% AMI
Fannie Mae HFA Preferred™	Eligible for charter-rate MI	No longer eligible for charter-rate MI <i>(initial DU run date on or after 9/5/19)</i>
	18% coverage for 95.01-97% LTV	35% coverage for 95.01-97% LTV
Freddie Mac HFA Advantage®	Eligible for charter-rate MI	
	18% coverage for 95.01-97% LTV	

Product Availability

	At or below 80% AMI	Above 80% AMI
Fannie Mae HFA Preferred™		
Fannie Mae HFA Preferred Risk Sharing™		* 

*If Initial DU run date is before 9.5.19, call Partner Solutions to manually lock Preferred Risk Sharing loan.

Fannie Mae Special Feature Codes

Guidance	HFA Preferred	HFA Preferred Risk Sharing
Current	SFC 741	SFC 001 and SFC 820
For loans with initial DU run dates on or after 9.5.19	<p>≤ 50% AMI: SFC 782, 741 767</p> <p>≤ 80% AMI: SFC 782, 741, 766</p> <p>>80% AMI SFC 782, 741, 745</p>	No change

Remember this option? Upfront Paid Mortgage Insurance







MI Premium

- One time, up-front, single-pay MI premium

Eligibility

- HFA AdvantageSM or HFA PreferredTM eligibility requirements
- 1% Origination Pricing Option
- Eligible Properties

Conventional Options with Upfront Paid Mortgage Insurance (UPMI)

	At or below 80% AMI	Above 80% AMI
Fannie Mae HFA Preferred™		
Freddie Mac HFA Advantage™		

Online Resources

Mnhousing.gov



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Homeownership is within your reach.

Minnesota Housing is a trusted state agency that works with lenders in your area to provide affordable home loans. Click here to learn how you can become a homeowner!

1 2 3 4



Homebuyers & Homeowners



- :: Buy or Refinance a Home
- :: Downpayments
- :: Improve Your Home
- :: Interest Rates
- :: Find a Lender
- :: Foreclosure Prevention

Help with Housing & Rent Assistance



- :: Need help finding or paying for rental housing?

Lenders & Homeownership Partners



- :: Homeownership
- :: Home Improvement
- :: Real Estate Agents
- :: Community Development
- :: Interest Rates
- :: Commitments

Multifamily Rental Partners



- :: Apply for Funding
- :: Post-Selection
- :: Management, Compliance & Servicing
- :: Grant Programs
- :: Ending Homelessness
- :: Section 8

Partner Solutions Team



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651.296.8215 or 800.710.8871

8:00 a.m. and 5:00 p.m.
on business days