



IOWA FINANCE
AUTHORITY

Fannie Mae HFA Preferred FAQ

Question	Answer
<p>Why are there changes to the Fannie Mae (FNMA) HFA Preferred Program?</p>	<p><i>Fannie Mae instituted Loan Level Price Adjustments (LLPA) and removed the charter level minimum MI requirement for borrower's with qualifying income greater than 80% AMI.</i></p>
<p>When do these changes take effect?</p>	<p><i>The new pricing structure will be effective for DU case files created on or after September 5, 2019.</i></p>
<p>Does the qualifying income differ from IFA's income calculation?</p>	<p><i>Yes. The borrowers qualifying income used by the lender to underwrite the loan will be the determining factor for FNMA requirements. IFA must still calculate borrowers household income to comply with bond eligibility.</i></p>
<p>Do I still need to enter in a Special Feature Code when running DU?</p>	<p><i>Yes. Special Feature Codes are required to receive the proper findings/eligibility.</i></p>
<p>What message should I be looking for in DU to ensure a proper finding regarding the FNMA income limits?</p>	<p><i>This loan qualifies for specific HFA Preferred pricing for loans where the total qualifying income does not exceed 80% of the AMI for the area in which the property is located.</i></p>
<p>Where can I find FNMA income limits?</p>	<p><i>AMI for HFA Preferred and HomeReady® is identical. Please refer to https://www.fanniemae.com/singlefamily/homeready</i></p>
<p>What additional documentation does IFA need to ensure compliance with FNMA HFA Preferred changes?</p>	<p><i>Preliminary DU & credit report will now be required in pre-close file reviews. Final DU and any change to the credit report are required in the post-close file reviews</i></p>
<p>Can you sum up these changes?</p>	<p><i>FirstHome: the only change is no charter level MI (low MI coverage) for borrower's qualifying income over 80% AMI. No MI Risk Sharing program has been discontinued, effective 10.1.19. Fannie Mae has limited the income to 80% AMI and below, effective 9.5.19.</i></p> <p><i>Homes for lowans: capped at borrower's qualifying income over 80% AMI. No MI Risk Sharing program has been discontinued, effective 10.1.19. Fannie Mae has limited the income to 80% AMI and below, effective 9.5.19.</i></p>
<p>What are the DU special feature code?</p>	<p><i>Two Fannie Mae special feature codes are required for <=80% AMI. Fannie Mae DU Special Feature code is 782 and 741. For FirstHome loans >80% AMI the Special Feature code is 782.</i></p>
<p>What AUS should I use?</p>	<p><i>FNMA HFA Preferred run only through DU.</i></p> <p><i>FHLMC HFA Advantage run only through LPA.</i></p>

What is the trigger for the Oct. 1 changes? Is it rate lock? AUS?	<i>The changes are effective based on your DU first run date.</i>
If only part of the overtime income is used for qualifying income are we still ok?	<i>The amount of income the lender uses to underwrite and approve the loan is considered qualifying income.</i>
FirstHome HFA Preferred	
Question	Answer
How do these LLPA changes impact borrowers utilizing IFA's FirstHome Program	<i>LLPA's will not be passed onto borrowers when using the FirstHome Program. IFA's household income limits apply.</i>
What is the PMI coverage required for FirstHome HFA Preferred?	<i>For qualifying income less than or equal to 80% AMI borrowers will receive the lo MI based on DU findings. Charter level MI will be discontinued for borrower's with qualifying income greater than 80% AMI. Standard MI rates will apply.</i>
What occurs if a FirstHome HFA Preferred loan case file has income that exceeds 80%?	<i>DU will not return an Ineligible recommendation for exceeding the income limit, but the HFA pricing will not apply. No LLPA's will be passed onto borrowers.</i>
If income is over 80% AMI what limits should I use?	<i>IFA household income limits will apply, based on county and household size.</i>
Homes for lowans HFA Preferred	
Question	Answer
What is the maximum qualifying income of borrowers allowed when using Homes for lowans HFA Preferred?	<i>The borrower's qualifying income used for underwriting may not exceed 80% AMI.</i>
What occurs if a Homes for lowans HFA Preferred loan case file has a borrower's qualifying income exceeding 80% AMI?	<i>The borrower no longer qualifies for Homes for lowans Fannie Mae HFA Preferred, as of 10.1.19. You may consider the use of Freddie Mac HFA Advantage or a government program.</i>
Are there any LLPA's on the HFA Preferred when using Homes for lowans?	<i>No, because the borrower's income is limited to 80% AMI as of 10.1.19.</i>

HFA Preferred No MI Risk Share

Question	<i>Answer</i>
Is the HFA Preferred No MI Risk Share available?	<i>The HFA Preferred No MI Risk Share product has been discontinued, effective 10.1.19.</i>
What are income limits on No MI Risk Share?	<i>As of 9.5.19, Fannie Mae has limited the income to 80% AMI.</i>