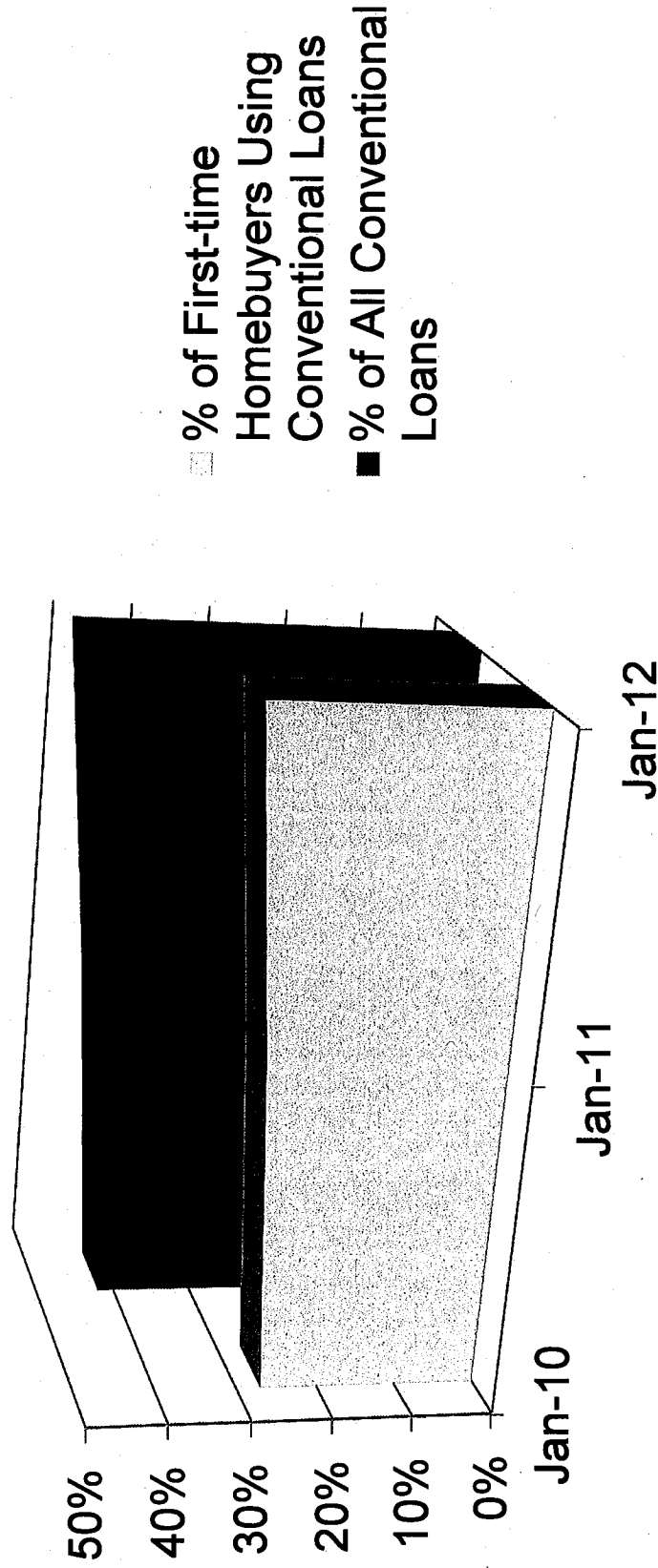


# Proposed CalHFA Conventional First-Mortgage Products



# Over-all Market Share of Conventional Loans



Source: National Association of Realtors



## Proposed CalHFA Conventional First-Mortgage Products

### ▪ CalPLUS Conventional

- HFA Preferred™ -Premium
  - 30-Year first-mortgage combined with 3.5% ZIP down payment assistance (DPA)
  - Premium rate on first-mortgage allowing the first-mortgage to be sold above par. Premium pricing generates funding for the ZIP.
  - Premium product can be combined with CHDAP or ECTP and MCC

### ▪ CalHFA Conventional

- HFA Preferred™
  - Market rate on first-mortgage
  - First-mortgage may be used with CHDAP, ECTP or MCC



## **Conventional Loans**

### **Fannie Mae's HFA Preferred™**

- **Fannie Mae's flagship affordable lending product**
- **Available exclusively through state Housing Finance Agencies (HFA)**
- **Targeted to first-time homebuyers with limited funds for down payment and closing costs**



## Why use Fannie Mae's HFA Preferred™?

- Under the HFA Preferred:
  - Maximum LTV is 97%
  - Lenders can only go up to a maximum 95% LTV on non HFA Preferred loans currently
  - Fannie Mae will allow a maximum 105%\* CLTV with Community Seconds™
  - Mortgage Insurance rates are lower than the FHA product and can be removed once the LTV is reduced to 78%
  - The Guarantee Fee (G-fee) is lower than any other lender can offer on Conventional loans

\*CalHFA Maximum CLTV is 103%



# Fannie Mae HFA Preferred™ vs. FHA

## Mortgage Insurance Premiums

	HFA Preferred	FHA
<b>Up-Front MIP</b>	-0-	1.75%
<b>Monthly MIP</b>		
97% LTV / 680 FICO*	.85	1.35%
95% LTV / 680 FICO*	.72	1.35%
90% LTV / 680 FICO*	.44	1.35%

\*Lower monthly premiums available depending on the borrowers Credit Score

HFA Preferred allows options for the borrower to pay the MI upfront as a Single Premium or to finance the MI

HFA Preferred Mortgage Insurance quotes provided by Genworth



# Sample Comparison Fannie Mae HFA Preferred™ vs. FHA

## Borrowers Monthly Mortgage Payment

	HFA Preferred	FHA
First Mortgage Loan Amt.	\$242,500	\$245,472
Principal & Interest	\$1,228.71	\$1,136.82
Mortgage Insurance	\$171.71	\$276.56
Taxes	\$260.42	\$260.42
Hazard Insurance	<u>\$70.73</u>	<u>\$71.60</u>
Total Payment	\$1,731.57	\$1,745.38

Assumes a \$250,000 sales price, 680 FICO, FHA rate 3.750%, Fannie Mae Preferred rate: 4.500%

Note FHA MIP is for the Life of the Loan; Fannie Mae will allow the MI to drop once the LTV is reduced to 78%