Proposed CalHFA
Conventional
First-Mortgage Products
Over-all Market Share of Conventional Loans

- % of First-time Homebuyers Using Conventional Loans
- % of All 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

<table>
<thead>
<tr>
<th></th>
<th>HFA Preferred</th>
<th>FHA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Up-Front MIP</td>
<td>-0-</td>
<td>1.75%</td>
</tr>
<tr>
<td>Monthly MIP</td>
<td></td>
<td></td>
</tr>
<tr>
<td>97% LTV / 680 FICO*</td>
<td>.85</td>
<td>1.35%</td>
</tr>
<tr>
<td>95% LTV / 680 FICO*</td>
<td>.72</td>
<td>1.35%</td>
</tr>
<tr>
<td>90% LTV / 680 FICO*</td>
<td>.44</td>
<td>1.35%</td>
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</tbody>
</table>

*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

<table>
<thead>
<tr>
<th></th>
<th>HFA Preferred</th>
<th>FHA</th>
</tr>
</thead>
<tbody>
<tr>
<td>First Mortgage Loan Amt.</td>
<td>$242,500</td>
<td>$245,472</td>
</tr>
<tr>
<td>Principal &amp; Interest</td>
<td>$1,228.71</td>
<td>$1,136.82</td>
</tr>
<tr>
<td>Mortgage Insurance</td>
<td>$171.71</td>
<td>$276.56</td>
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<tr>
<td>Taxes</td>
<td>$260.42</td>
<td>$260.42</td>
</tr>
<tr>
<td>Hazard Insurance</td>
<td>$70.73</td>
<td>$71.60</td>
</tr>
<tr>
<td>Total Payment</td>
<td>$1,731.57</td>
<td>$1,745.38</td>
</tr>
</tbody>
</table>

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%