



## Why choose an HFA Preferred™ mortgage?

### Flexible options and conventional ease

HFA Preferred is Fannie Mae’s low down payment product available exclusively to eligible housing finance agencies (HFAs) and approved lenders in their network. This mortgage product is designed to serve low- to moderate-income borrowers and can help you reach growing market segments and ramp up your business.

### HFA Preferred benefits:

- Down payment assistance available through many HFAs.
- Lender-funded grants permitted under certain circumstances.
- Loan-level price adjustments (LLPAs) are waived for all HFA Preferred loans.  
Note: Certain MI coverage LLPAs may still apply.
- No first-time homebuyer requirement.
- Borrower income limits set by the HFA.
- Reduced mortgage insurance coverage requirement for loans ≤ 80% AMI.

Benefits	HomeReady mortgage	FHA
Down payment as low as 3%	Yes	No
Cancellable mortgage insurance*	Yes	No
Lender can order the appraisal immediately	Yes	No
No geographic restrictions on loan amounts	Yes	No
Day 1 Certainty® freedom from certain representations and warranties	Yes	No

\*Restrictions apply.

# Sample borrower payment scenario: FHA and HFA Preferred

<b>30-year fixed-rate scenario</b> Purchase price: \$250K	<b>FHA mortgage</b> Note rate: 6.25% LTV: 96.50%	<b>HFA Preferred mortgage</b> Note rate: 6.5% LTV: 97%	Assumes loans at or below 80% AMI
Base loan amount	\$241,250	\$242,500	
Upfront MIP rate (%)	1.75%	0%	No upfront MI premium
Upfront MIP cost (\$)	\$4,222	\$0	
Total loan amount	\$245,472	\$242,500	
Down payment	\$8,750	\$7,500	Lower down payment
Monthly MI rate (%)	0.85%	0.68%	Lower monthly MI
Monthly MI (\$)	\$171	\$137	
Principal/interest monthly payment	\$1,485	\$1,533	
Monthly payment	\$1,656	\$1,670	
<b>After approximately 5 years ... with an annual home appreciation rate of 3%*</b>			
Monthly MI premium	\$171 (cannot be canceled)	\$0	*Cancellable MI (restrictions apply). If the borrower intends to stay in the home more than 5 years, HFA Preferred may be a more cost-effective choice.
Total monthly payment	\$1,656	\$1,533	

\*Assuming 3% annual home appreciation, the loan would reach an LTV ratio below 80% after approximately 61 months.

NOTE: FHA loans allow credit scores of 580 or higher. The minimum credit score for a Fannie Mae loan, including HFA Preferred, is 620; this example uses a 700 credit score. FHA MIP rate effective June 2018; see Mortgagee Letter 2017-07: <https://portal.hud.gov/hudportal/documents/huddoc?id=17-07ml.pdf>. Note rates based on observed market rates as of March 2017. FHA Upfront MIP cost is typically financed into the loan amount.

Visit [fanniemae.com/HFAPreferred](https://fanniemae.com/HFAPreferred) for more information.