

The Freddie Mac HFA Advantage mortgage is a conventional mortgage product available exclusively to Housing Finance Agencies (HFAs).

Except for a few [Utah Housing overlays](#), Utah Housing will follow all Freddie Mac guidelines, and the requirements listed on the Loan Product Advisor when reviewing the loan for purchase.

## **Loan Product Advisor (LPA)**

- Select “Offering Identifier” **HFA Advantage**.
- The lender may need to contact the LOS provider to verify the field and value that needs to be entered, such as “251”.



**Loan Product Advisor**

**How to Identify an HFA Advantage Mortgage**  
Depending on your LOS, an HFA Advantage mortgage may be identified with one of three options:

- HFA Advantage (LPA v5.0.06 and higher)
- Home Possible Advantage for HFAs (LPA Legacy), or
- Using the code 251.

**Direct Access Users**

When entering data into LPA (v5.0.06 and higher) using the **Freddie Mac Loan Advisor**® single sign-on portal:

1. Access the **Loan and Property Info** metro stop from the navigation menu.
2. Select **HFA Advantage** from the **Offering Identifier** drop down selection.

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The offering identifier should say HFA Advantage, but depending on the LOS System the Offering identifier may say Home Possible HFA Advantage, either is acceptable.

## Purchase Eligibility and AUS Risk Class

- Assessment Summary must show Purchase Eligibility *Eligible*
- Assessment Summary must show Risk class *Accept*
- Manual Underwriting is not permitted.

# Purchase eligibility and AUS Risk Class

**Loan Product Advisor Feedback Certificate Results**

Upon successful submission of an HFA Advantage mortgage, the following results are returned.

**Assessment Summary Section**

The Assessment Summary section of the LPA Feedback Certificate displays the Purchase Eligibility and Risk Class results for the transaction.

Assessment Summary		Risk Class	
BORROWER NAME PATRICIA E. MMHXRDPW		ACCEPT Representation and warranty relief for credit reputation and ratios	CAUTION No representation or warranty relief
Assessment Summary PURCHASE ELIGIBILITY ELEGIBLE		RISK CLASS ACCEPT	

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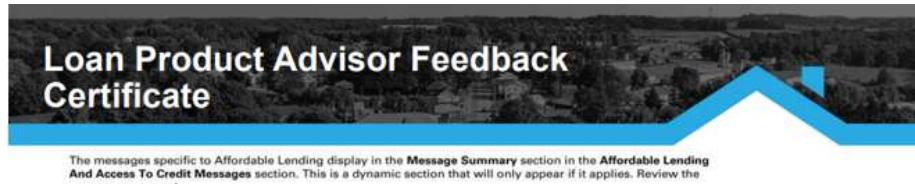
## LPA Feedback

- To verify the loan complies with Utah Housing HFA Advantage overlays and the accuracy of the LTV requirements, the appraised value, purchase price, loan amount, and affordable second loan amount entered must be accurate.

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## LPA Feedback

- FAL002: Will only populate when the income entered is  $\leq$  80% AMI. If FAL002 does not populate, the loan would need to be priced and locked at the higher  $>$  80% AMI rate.
- FAL008: Utah Housing has a negotiated contract to offer HFA Advantage. This code is a reminder to comply with [Utah Housing's income limits](#), which are posted on our website.



Affordable Lending And Access To Credit Messages	
CODE	MESSAGE
FAL002	Based on the annual qualifying income (\$21,600.00) and the Area Median Income (AMI) (\$65,600.00) where the property is located, the loan meets the housing goal qualifications for a Low-income Purchase (LIP) since the income is at or below 80% AMI (\$52,480.00).
FAL0011	The Area Median Income (AMI) is (\$65,600.00) for the address submitted.
FAL0025	Affordable Second: Document the mortgage file with a Note or other evidence of terms, settlement/closing disclosure statement or affirmative review by law that evidences the lender will not require the borrower to close in connection with a new Affordable Second, and evidence of minimum terms are an Affordable Second is referenced.
FAL008	All Head one borrower must participate in a homeownership education program that meets the National Industry Standards for Homeownership Education and Counseling, or is provided by the HFA, a HUD-approved counseling agency or a Mortgage insurer, or complete Freddie Mac's CreditSmart/HFA Homebuyer U prior to the Note Date. Retain the Homeownership Education Certificate or documentation of completion for the Affordable Second.
FAL009	Only Freddie Mac, sellers/increasers with a negotiated commitment may deliver HFA Advantage mortgages. Ensure the annual qualifying income (\$51,600.00) falls within the maximum HFA-established income limits.
FAL0098	The Affordable Second must be provided by an Agency under an established, ongoing, documented secondary financing or financial assistance program. The Affordable Second may not be funded by the property seller or any other interested party to the transaction except as provided in 4204.20(g)(3) B. and C.

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## Mortgage Details

- One-Unit Primary Residence, purchase only.
- There is no Purchase Price Limit. The loan amount limit is Freddie Mac's Baseline Conforming loan limit.
- Interest Rate Buydowns are not permitted. No minimum funds or reserves are required unless shown on LPA findings.



Mortgage Details	
PRODUCT TYPE 30 Year Fixed Rate	AMORTIZATION TYPE Fixed
LOAN PURPOSE Purchase	PURCHASE PRICE \$200,000.00
PROPERTY TYPE Site Built	ESTIMATED PROPERTY VALUE N/A
OFFERING IDENTIFIER HFAAdvantage	REFINANCE TYPE N/A
AFFORDABLE SECOND \$10,000.00	SALES CONCESSIONS N/A
SECONDARY FINANCING \$10,000.00	HELOC BALANCE N/A
<b>Tip! Lender Submitted Reserves</b> HFA Advantage mortgages do not require borrower reserves unless LPA determines borrower reserves are necessary to offset other underwriting factors, however, because borrower reserves are a compensating factor, it is advisable to verify and include borrower reserves in the assessment.	
HELOC LIMIT AMOUNT N/A	LENDER SUBMITTED RESERVES \$16,752.00

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## Homebuyer Education

Homebuyer education is required when all occupying borrowers on a purchase transaction are first-time homebuyers.

- If the Required Homebuyer Education Course is not taken and completed before the note date the loan is ineligible and Utah Housing will not purchase the loan.
- Acceptable [education providers](#).
  - ✓ Freddie Mac CreditSmart® Homebuyer U.
  - ✓ MGIC, programs are provided by the loans mortgage insurance company.
  - ✓ HUD-approved counseling agencies.
  - ✓ Finally, Home, a Housing Finance Agency Homebuyer Education.

## LTV, Qualifying Income, Debt Ratios

- 97% maximum LTV for borrowers whose annual qualifying income is  $\leq$  80% AMI.
- 95% maximum LTV for borrowers whose annual qualifying income is  $>$  80% AMI.
- 105% maximum Total Loan to Value (TLTV).
- Total Monthly Income multiplied by 12 equals annual qualifying income. Verify AMI and annual Qualifying Income Limit by multiplying Total Monthly Income by 12.
- Qualifying Income Limits cannot exceed \$124,000.
- The maximum debt payment-to-income ratio and monthly housing expense-to-income ratio follow Freddie Mac and LPA findings (manual underwriting is not permitted).
- Non-occupant co-borrowers are not permitted



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## Down Payment Assistance (DPA)

- Funds Source Type: Select *Non-Profit Instrumentality of Government*.
- DPA Second is an *Affordable Second Lien*.
- Terms of Utah Housing DPA Second; an amortizing 30-year, fixed-rate second mortgage with an interest rate 1% above the first. If the first mortgage exceeds 8% then the second mortgage will match the rate of the first mortgage.
- The maximum amount of the DPA Second is the *lesser* of \$25,000 or 6% of the first loan amount.



**Table 3: Direct Access Users**

When entering the data into LPA (v5.0.06 and higher) using the Loan Advisor single sign-on portal:

1. Access the **Loan and Property Info** metro stop
2. **Other New Mortgage Loans on the Property You are Buying or Refinancing** section, enter the information as shown.

Other New Mortgage Loans on the Property You are Buying or Refinancing	
Creditor Name *	Example
Creditor Type *	<input checked="" type="radio"/> Business <input type="radio"/> Individual
Lien Type *	Second Lien
Monthly Payment	\$ 300.00
Is the Other New Mortgage an Affordable Second?	
<input type="radio"/> Yes <input checked="" type="radio"/> No	
Loan Amount / Amount Drawn *	\$ 10000.00
HELOC *	<input type="radio"/> Yes <input checked="" type="radio"/> No
Funds Source Type *	Local Agency

**Reminder:** If the Affordable Second **requires** a payment **before** the due date of the 61<sup>st</sup> monthly payment under the first lien mortgage, the Monthly Payment/Initial Principal and Interest Payment Amount **must be** entered.

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## Eligible Properties

Eligible: Primary Residence Single Family, Condominium, Planned Unit Development.

Ineligible: Manufactured Homes, Investment homes, and all other homes not listed above.

- Residence must be OWNER OCCUPIED.
- Follow Freddie Mac's requirements.
- Utah Housing requires a copy of the Collateral Underwriter; all findings should be cleared and or addressed by the underwriter.

Property And Appraisal Messages	
CODE	MESSAGE
FPA0014	Loan is not eligible for collateral representation and warranty relief based on the overall assessment of loan and collateral risk, including appraisal quality, collateral quality and loan characteristics.
FPA0037	The Appraisal Identifier must be provided in order to be eligible for collateral representation and warranty relief.
FPA0072	510,400.00 is the maximum loan limit allowed for a 1-unit property located in BRAZOS County, TX.
FPA0057	Address entered matched to: COLLEGE STATION TX 77845 , Brazos County. Please confirm accuracy.
FPA0035	Uniform Residential Appraisal Report (Form 70) is required.

## Mortgage Insurance (MI)

Required MI coverage will be determined by Freddie Mac and LPA.

- MI Coverage is based on AMI and LTV.
- Currently MGIC is the only MI company that has approved Utah Housing to service their loans, until further notice MGIC is the only Utah Housing approved MI company.

### MORTGAGE INSURANCE

- HFA Advantage MI coverage levels for loans made to borrowers with qualifying incomes less than or equal to 80% AMI and greater than 80% AMI:

LTV Categories	$\leq 80\% \text{ AMI}$	$> 80\% \text{ AMI}$
Greater than 95% up to and including 97% LTV:	18%	35%
Greater than 90% up to and including 95% LTV:	16%	30%
Greater than 85% up to and including 90% LTV:	12%	25%
Greater than 80% up to and including 85% LTV:	6%	12%



## Utah Housing Resources

[Closing, Shipping, Insurance Matrix](#)

## Freddie Mac Resources

[Freddie Mac Fact Sheet and Key Features](#)

[First-Time Homebuyer Definition](#)

[How to Submit HFA Advantage Mortgage Loans to Loan Product Advisor](#)

### Collateral:

[Condition and Quality Ratings and Level of Updating Definitions](#)

[Property Description and Analysis](#)