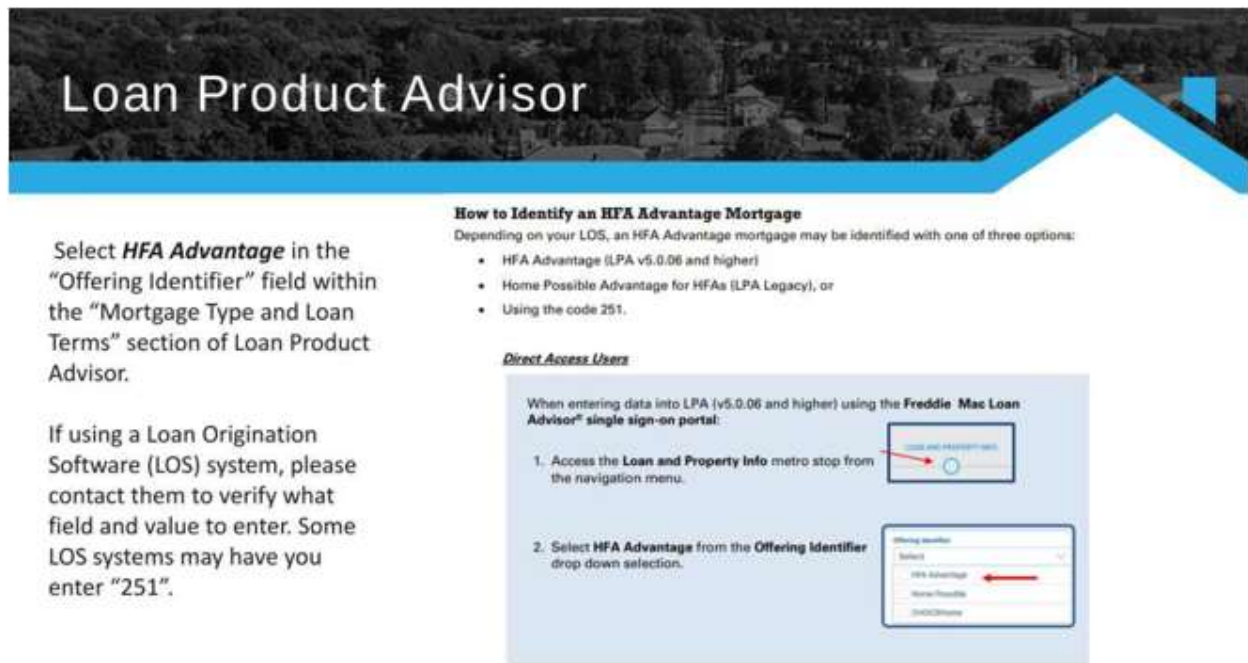


The Freddie Mac HFA Advantage mortgage is a conventional mortgage product available exclusively to Housing Finance Agencies (HFAs).

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

Select **HFA Advantage** in the “Offering Identifier” field within the “Mortgage Type and Loan Terms” section of Loan Product Advisor.

If using a Loan Origination Software (LOS) system, please contact them to verify what field and value to enter. Some LOS systems may have you enter “251”.

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	
BORROWER NAME PATRICIA E. MMHXKDPW	
Assessment Summary	
PURCHASE ELIGIBILITY	RISK CLASS
ELIGIBLE	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.

Loan Product Advisor Feedback Certificate

Verify the loan was submitted correctly by ensuring the value entered in the "Offering Identifier" field is showing HFA Advantage. This is found in the "Mortgage Information" section of the Loan Product Advisor feedback.

Mortgage Details				
OFFERING TYPE 30 Year Fixed Rate	APPROVAL TYPE Fixed	APPROVAL RATING 999	LOAN AMOUNT \$158,450.00	APPROVAL DATE 5/3/2019
LOAN PURPOSE Purchase	TRACED VALUE \$115,000.00	OFFERING IDENTIFIER VALUE \$115,000.00	APPROVAL IDENTIFIER VALUE N/A	NUMBER OF OFFERS 1
PROPERTY TYPE One-Built	PROPERTY Primary Residence	APPROVAL TYPE N/A	LOAN-TO-VALUE RATIO N/A	NEW CONSTRUCTION N/A
OFFERING OVERLAY HFA Advantage	APPROVAL DATE N/A	TRACED VALUE \$115,000.00	LOAN-TO-VALUE RATIO N/A	LOAN-TO-VALUE RATIO N/A
OFFERING VALUE \$115,000.00	OFFERING DATE \$115,000.00	TRACED VALUE \$115,000.00	LOAN-TO-VALUE RATIO N/A	LOAN-TO-VALUE RATIO \$115,000.00

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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.

Loan Product Advisor Feedback Certificate

The messages specific to Affordable Lending display in the **Message Summary** section in the **Affordable Lending And Access To Credit Messages** section. This is a dynamic section that will only appear if it applies. Review the messages returned.

Affordable Lending And Access To Credit Messages	
CODE	MESSAGE
FAL002	Based on the annual qualifying income (\$37,600.00) and the Area Median Income (AMI) (\$45,600.00) 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 (\$36,480.00).
FAL011	The Area Median Income (AMI) is (\$45,600.00) for the address submitted.
FAL025	Affordable Second: Document the mortgage file with a Note or other evidence of terms, settlement/closing disclosure statement or alternative required by law that evidences the fees and costs paid by the borrower at closing in connection with a new Affordable Second, and evidence of subordination of an existing Affordable Second for a refinance.
FAL006	At least 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 FALU-approved counseling agency of a Mortgage insurer, or complete Freddie Mac's CreditSmart® Homebuyer U prior to the Note Date. Retain the Homeownership Education Certificate or comparable document in the Mortgage file.
FAL008	Only Freddie Mac seller/servicers with a negotiated commitment may deliver HFA Advantage mortgages. Ensure the annual qualifying income (\$37,600.00) falls within the maximum HFA-established income limits.
FAL026	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(a)(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.

Loan Product Advisor- Mortgage Details

The **Mortgage Details** section of the LPA Feedback Certificate displays HFA Advantage in the **Offering Identifier** field, the Affordable Second loan amount in the **Affordable Second** field and the total subordinate financing amount in the **Secondary Financing** field. Confirm the information is displayed accurately.

Mortgage Details			
PRODUCT TYPE 30 Year Fixed Rate	AMORTIZATION TYPE Fixed	AMORTIZATION MONTHS 360	
LOAN PURPOSE Purchase	PURCHASE PRICE \$200,000.00	ESTIMATED PROPERTY VALUE N/A	
PROPERTY TYPE Site Built	OCCUPANCY Primary Residence	REFINANCE TYPE N/A	
OFFERING IDENTIFIER HFA Advantage	INTEREST RATE BUYDOWN No	SALES CONCESSIONS N/A	
AFFORDABLE SECOND \$10,000.00	SECONDARY FINANCING \$10,000.00	HELLOC BALANCE N/A	
		HELLOC LIMIT AMOUNT N/A	
			LENDER SUBMITTED RESERVES \$16,753.00

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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



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

Example: ☐ Business ☐ Individual

Loan Amount / Amount Drawn: ☐ Yes ☒ No

HELOC: ☐ Yes ☒ No

Funds Source Type: ☐ Yes ☒ No

Lien Type: ☐ Yes ☒ No

Monthly Payment: ☐ Yes ☒ No

Is the Other New Mortgage an Affordable Second? ☒ Yes ☐ No

Is the Affordable Second Payment Deferred? ☐ Yes ☒ No

Select the source of the Affordable Second from the drop-down selection

Reminder: If the Affordable Second requires a payment before the due date of the 61st 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	≤ 80% AMI	> 80% 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](#)