



# Deep Dive with Freddie Mac 2019 NCSHA HFA Institute

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Single Family Affordable Lending and Access to Credit



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# A **Better** Freddie Mac

...and a **better** housing finance system

## **For families**

...innovating to improve the liquidity, stability and affordability of mortgage markets

## **For customers**

...competing to earn their business

## **For taxpayers**

...reducing their exposure to mortgage risks

# Expanding Homeownership Opportunities Together: HFA Advantage® Updates



Category	Requirement
Ownership of other properties	Effective 10/29/18, permit ownership of other property without restrictions
Student loan debt	Effective 11/1/18, regardless of repayment status: <ul style="list-style-type: none"><li>• If monthly payment amount &gt; \$0, use the monthly payment amount reported on the credit report or other file documentation, or</li><li>• If the monthly payment amount reported on the credit report = \$0, use 0.5% of the outstanding balance indicated on the credit report</li></ul>
Sweat equity	Effective 9/26/18, sweat equity allowed as a source of funds to cover the entire amount of down payment and/or closing costs



# Expanding Homeownership Opportunities Together: Boosting Lender Participation



- Boots on the ground
- Affordable Subsidies
  - » \$1,500 for borrowers earning  $> 50\%$  AMI and  $\leq 80\%$  AMI
  - » \$2,500 for borrowers earning  $\leq 50\%$  AMI
- Standardize and automate the way we convey information about DPA programs and the legal instruments used to record them
- Asset and Income Modeler (AIM)
  - » LPA's automated asset and income verification feature
  - » AIM leverages third-party service providers to:
    - Reduce the burden of traditional documentation
    - Drive efficiency
    - Improve the borrower experience



Through **Duty to Serve**, we're tackling the nation's most persistent housing challenges

Why CHOICEHome? The homebuyer demographic is shifting, with three populations driving the demand for housing:



Millennials looking to buy their first home and wanting new, affordable options.



Baby boomers and empty nesters looking to downsize, retire or manage monthly expenses.



Borrowers who want to experience the American dream but may have limited financial resources.

## We Want to Bring Valuable Financing Options to Market. CHOICEHome



Will be appraised allowing the use of site-built homes as comparable sales when there are no CHOICEHome sales available as comparables.



Will be financed with as little as 3 percent minimum down payment for Freddie Mac Home Possible borrowers and Freddie Mac HomeOne first-time homebuyers.



Must meet HUD requirements for home construction, installation and setup. Lenders must still follow local and state laws for titling manufactured homes as real estate.

# Shared Equity Community Land Trust Mortgages



**Lenders**

**We're giving you guidance so you can be comfortable increasing your participation in the shared equity homeownership field. This means:**

- Simpler requirements to evaluate CLTs.
- Clearer and simpler requirements for appraisal of leasehold interests.
- Specific guidance to collaborate with CLTs on delinquency management.



**Borrowers**

**Additional options for permanently affordable homeownership**



**Community  
Land Trusts**

**Our mortgage offerings will help you:**

- Preserve affordability over time and keep affordable homes in your inventory.
- Require servicers to notify you of a borrower's default so you can intervene. CLT Ground Lease Rider does just that. It requires servicers to notify you of a borrower's default to provide you with more time and choices to prevent foreclosure and to coordinate loss mitigation activities.
- Diversify the mortgage products your homebuyers and homeowners can access for purchase and refinance.



## **HFA Advantage + Sweat Equity**

### **Benefits**

Supports the renovation needs of aging homes

Provides an additional source of down payment

Allows homebuyers to make their down payment with their construction skills instead of cash

Eligible as source of funds for all repairs & improvements per sales contract & appraisal

Can be used for the entire down payment & closing costs

Credit will be given only for work completed after the appraisal inspection



## Finance Energy-Saving Improvements with GreenCHOICE Mortgages

### New Flexibilities

### More Options



#### Homeowners

Can finance energy efficiency improvements through refinance

Can purchase a home and finance future energy improvements through their mortgage



#### Lenders

Finance cost of improvements up to 15% of the “as completed” value of the property

Deliver loans prior to the completion of the improvements

\$500 credit to help offset transactional costs

# Next Job for HFA Advantage Borrowers in Rural High-Needs Areas

Next Job's three-part program ensures a personalized experience with a job search coach who provides the techniques, tools and encouragement the homeowner needs to get back on track and stay in his/her home.



## One-on-One on Demand Job Coaching

Coaches work with homeowners to draft resumes, build social media profiles and interview with confidence.



## Online Job Search Training System

Homeowners learn how to tap into job boards, social media sites and uncover "hidden" jobs.



## Weekly Web Workshops

NextJob's "JobTalk" webinars dive into key topics. Experts teach and demonstrate critical job search techniques.

**NO FEE FOR THE SERVICER OR ELIGIBLE HOMEOWNER TO PARTICIPATE**



**Renovation Mortgage Enhancements**



**Manufactured Housing - Chattel Pilot**

Thank you for your partnership!