

THE HFA INSTITUTE 2024

Expanding Your Tools to Reach New Borrowers



National Council of State Housing Agencies



MRBs and Other Federal Homeownership Programs
JANUARY 10 – 12



Housing Credit
JANUARY 9 – 11



Section 8 and Other Federal Multifamily Programs
JANUARY 10 – 12



HOME and Housing Trust Fund
JANUARY 7 – 9



DISCUSSION LEADER

Peter Pagonis

Director of Homeownership | Rhode Island Housing

SPEAKERS

Sarah Edelman

Deputy Assistant Secretary for Single-Family Housing | U.S. Department of Housing and Urban Development

Cathy Glover

Deputy Administrator, Single-Family Housing | U.S. Department of Agriculture

Brooke Smith

Senior Manager, Loan Sourcing Digital Solutions | Fannie Mae

THE HFA INSTITUTE 2024

USDA – Rural Housing Service

Single Family Housing Programs



National Council of
State Housing Agencies



**MRBs and
Other Federal
Homeownership
Programs**
JANUARY 10 – 12



Housing Credit
JANUARY 9 – 11



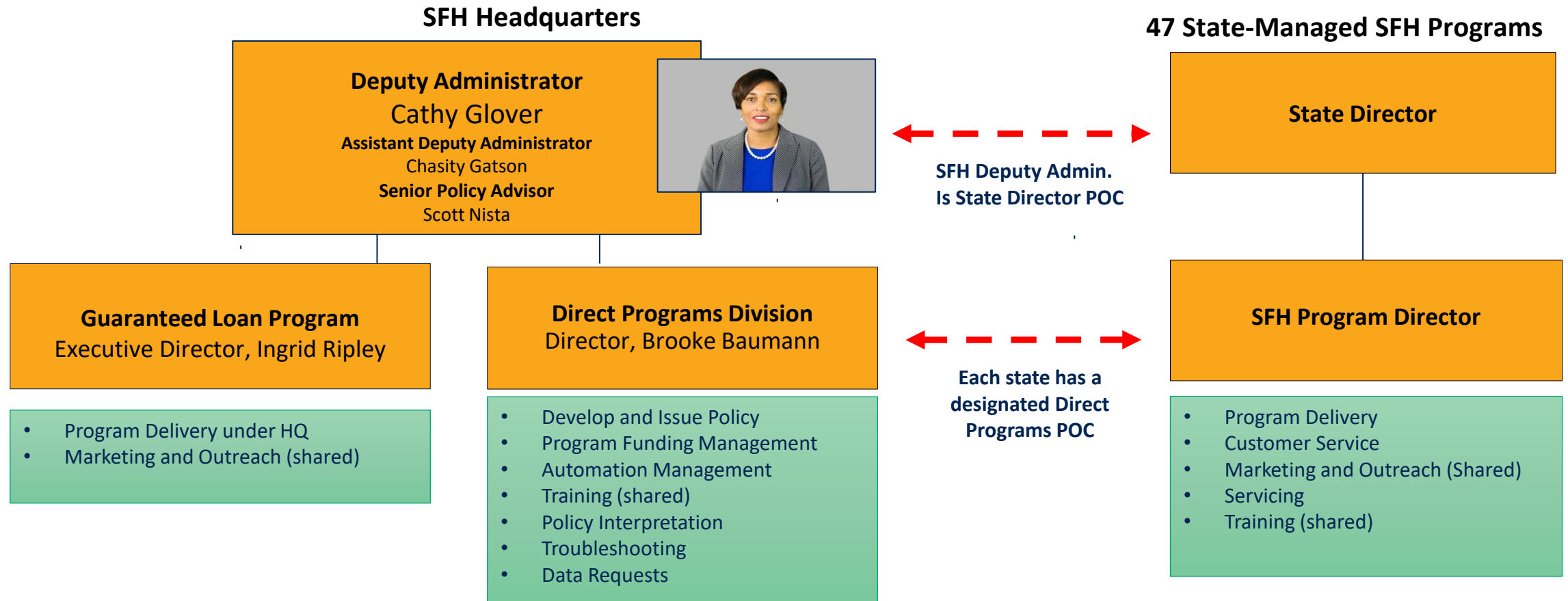
**Section 8 and
Other Federal
Multifamily
Programs**
JANUARY 10 – 12



**HOME and
Housing Trust
Fund**
JANUARY 7 – 9



SFH Structure



USDA Homeownership

Guaranteed Loan Program

- Approved lenders originate and service loans
- 100% financing 90% Loan Guarantee
- 1% Upfront fee & annual fee 35bps
- Upfront fee & closing cost can be included
- Loan amount based on repayment ability
- 30 year term
- Purchase and Refinance
- Income limits apply – 115% of area median

Direct Loan & Grant Programs

- USDA originate and service
- Intermediaries and application packagers also originate
- 100% financing
- Loan are subsidized
- Income limits 80% of area median Home
- Area loan limits apply
- Rehabilitation Loan and Grants available for homeowners earning less than 50% of area median (> 62 years can receive a grant)

Rural areas only – generally population \leq 20,000

Who Do We Serve?

504 Repair Programs:



Single female, age 72,
income:\$15K/yr.

38.6% of assistance to people of color

502 Direct Loan:



Single female w/2 Dependents, age 36,
income:\$41K/yr.
92% first-time homebuyers

46.7% of assistance to people of color

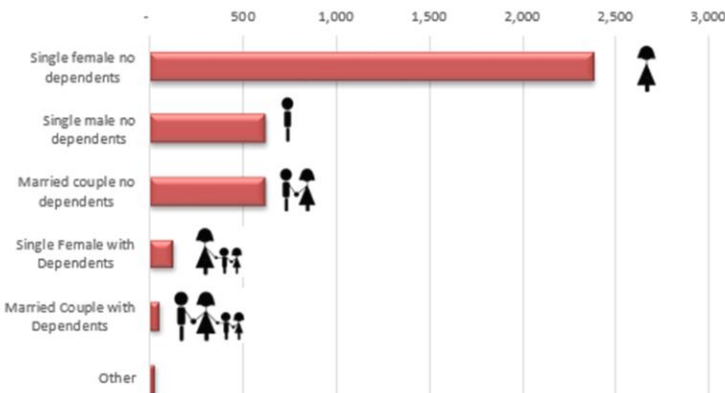
502 Guaranteed Loan:



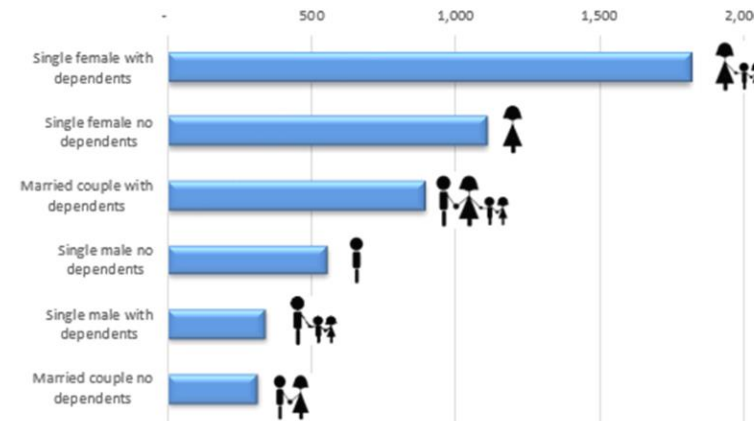
Single male, age 31
income:\$66K/yr.
88% first-time homebuyers

18.7% of assistance to people of color

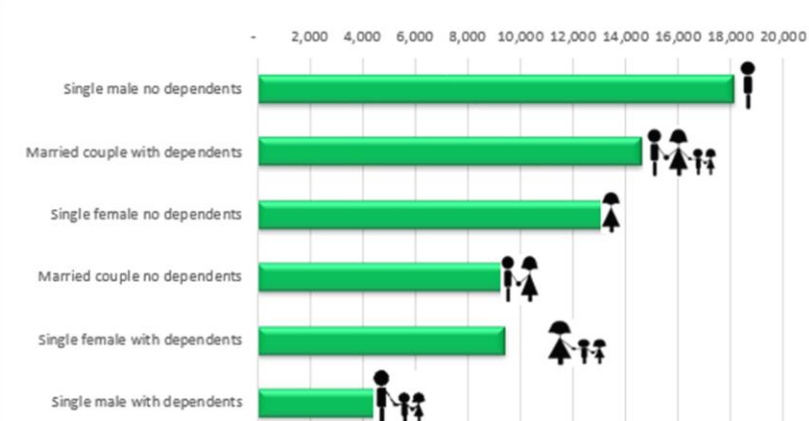
Household Composition	Loan/Grant Obligations	Average Dependents	Average Income	Average Age	% of Total
Single female no dependents	2,390	0.0	\$15,752	72	61.31%
Single male no dependents	630	0.0	\$15,826	69	16.16%
Married couple no dependents	628	0.0	\$21,298	71	16.11%
Single Female with Dependents	135	1.8	\$20,115	57	3.46%
Married Couple with Dependents	58	2.1	\$26,751	57	1.49%
Other	38	0.0	\$17,025	67	0.97%
Single male with dependents	19	2.0	\$20,592	61	0.49%
Total	3,898	0.1	\$17,008	70	



Household Composition	Obligations	Dependents	Average Income	Average Age	% of Total
Single female with dependents	1,819	2.0	\$41,062	36	35.79%
Single female no dependents	1,108	0.0	\$37,719	49	21.80%
Married couple with dependents	897	2.5	\$52,431	36	17.65%
Single male no dependents	553	0.0	\$40,024	39	10.88%
Single male with dependents	344	1.9	\$47,914	34	6.77%
Married couple no dependents	312	0.0	\$44,239	50	6.14%
Other	50	1.3	\$44,415	45	0.98%
Total	5,083	1.3	\$42,918	40	



Household Composition	count	Dependents	Average Income	Average Age	% of Total
Single male no dependents	18,114	0.0	\$66,347	31	25.22%
Married couple with dependents	14,646	2.2	\$79,869	35	20.39%
Single female no dependents	13,282	0.0	\$63,087	37	18.49%
Married couple no dependents	9,503	0.0	\$75,629	37	13.23%
Single female with dependents	9,453	1.7	\$63,615	36	13.16%
Single male with dependents	5,753	1.7	\$70,040	34	8.01%
Other composition types	1,081	0.5	\$67,505	35	1.50%
Total	71,832	0.8	\$69,683	35	



----- Very-Low Income (504 Repair, 502 Direct Home Loan) ----

----- Low-Income (502 Direct & Guaranteed Home Loans) -----

----- Moderate Income (502 Guaranteed Loan) -----



Community Land Trust (CLT) Pilot



Disaster Repair Programs



502 Native CDFI re-lending Demonstration



Interagency Collaboration

- Federal Home Loan Bank & Ginnie Mae



RD- Direct Pro under contract, work started



Updated Rural Area Designations



Streamlining and Improvement of SFH Direct



Surge Team Support (states)



ARPA Closeout



Special Servicing Options for non-performing loans



RD-Direct Pro Development



Enhanced Surge Team Support (states)



More Training for Customers and Stakeholders



Increased Demand for Direct Programs



Expand SFH-financing in tribal communities and underserved areas.



Prepare for Delegated Authority



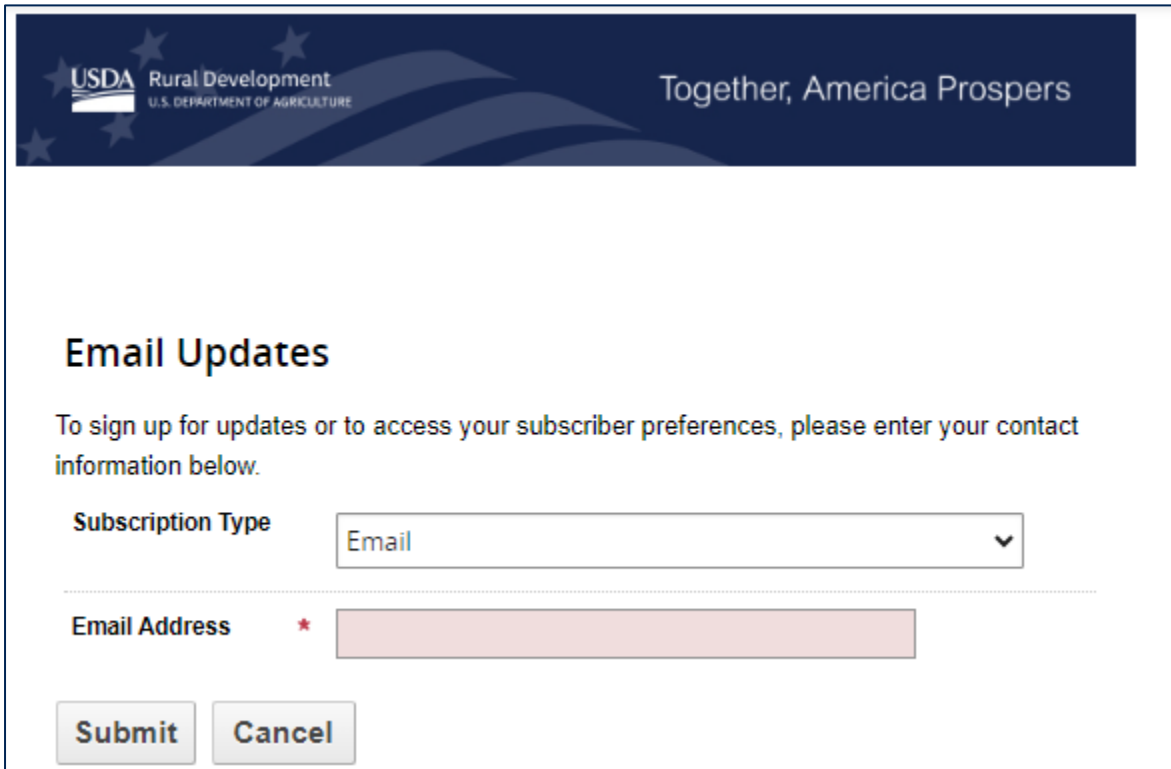
Manufactured Housing



More home repairs

GovDelivery – sign up for SFH updates

https://public.govdelivery.com/accounts/USDARD/subscriber/new?qsp=USDARD_25



The screenshot shows the top of a web form. At the top left is the USDA Rural Development logo with the text 'U.S. DEPARTMENT OF AGRICULTURE'. To the right is the slogan 'Together, America Prospers'. Below this is the heading 'Email Updates'. A sub-heading reads: 'To sign up for updates or to access your subscriber preferences, please enter your contact information below.' There are two input fields: 'Subscription Type' with a dropdown menu currently showing 'Email', and 'Email Address' with a red asterisk indicating it is required. At the bottom are two buttons: 'Submit' and 'Cancel'.

Through **GovDelivery** you can stay updated on our Single Family Programs.

GovDelivery is used to communicate with our stakeholders on a variety of SFH topics including:

- Policy Updates
- Packager Newsletters
- Training Opportunities
- Funding information



Fannie Mae®

Brooke Smith

Sr. Manager, Single-Family

Loan Sourcing Digital Solutions

Create opportunities to reach more borrowers

Amidst rising interest rates, increased home prices, and limited supply of affordable housing, we are dedicated to reduce homeownership barriers for underserved communities.

We can reach more borrowers through innovations that simplify and create more certainty.

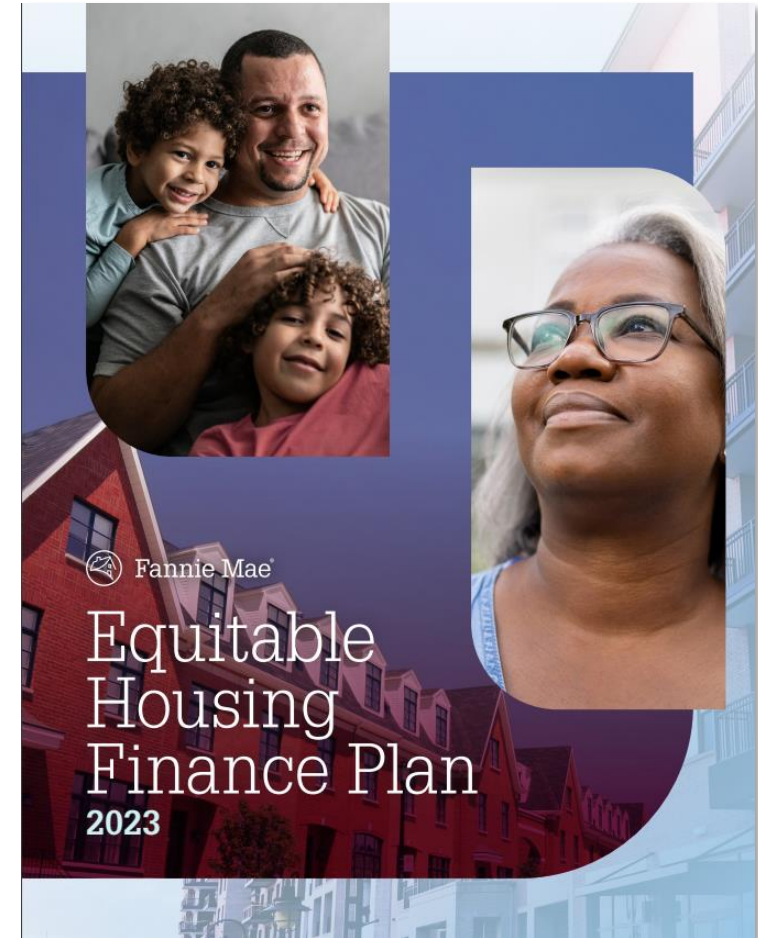


Solutions rooted in the housing experience

Released in 2022, Fannie Mae's three-year Equitable Housing Finance Plan, is an adaptive, long-term undertaking to address the needs of renters and homeowners.

In 2023, we advanced our goals to include additional actions we are pursuing:

- A new **Latino Housing Journey** that informs our actions, building on the insights from the Black Housing Journey
- An **innovation portfolio** to support 5 new projects will support community-based approaches to sustainable housing focusing on Black people in communities of opportunity
- Additional plans to **improve equitable access** to afford rental housing and **empower renters to improve financed**



Source: Fannie Mae Equitable Housing Finance Plan, 2023



Positive rent payment | No credit score

In September 2021, we enabled lenders to incorporate a borrower's positive rent payment history in the mortgage credit evaluation process.

In December 2022, we introduced the process for loans where borrowers do not have a credit score.



Desktop Underwriter uses data from a **12-month asset report** ordered by a lender with borrower permission to observe financial transactions



Recurring transactions, when identified as **rent payments and observed over 12 months**, are incorporated in the borrower's credit assessment



The goal is to **increase the likelihood** of a homebuyers qualifying for a loan

With a 12-month **Asset Verification Report**, DU assesses a borrower's cash flow by reviewing transaction patterns, balance trends, and other observations over time in their checking and savings accounts and investment accounts.

5,300

As of Q3 2023, loan applications benefitted from positive rent payment history.

40%

Identified as Black or Latino/Hispanic

Source: Fannie Mae supplied data



New innovations & policies are reducing barriers to reach more borrowers

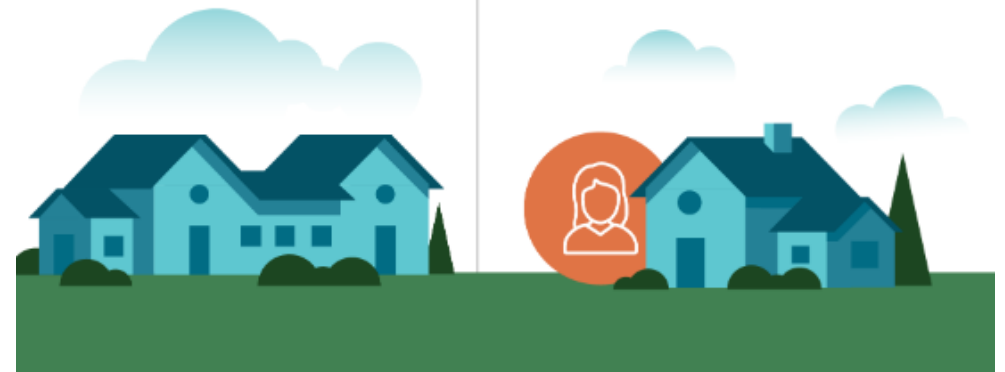
Self-employed borrowers represent ~10% of the US workforce and ~9% of Fannie Mae deliveries.

Income calculator

- Maximizes a borrower's income to determine qualifying monthly income before submitting to the casefile.
- Offers **lower DTI & better pricing** that utilizes allowable add-backs not found in 4506-C tax return transcript data.

2023 Policy updates

- DU increases LTV ratios for loans on multi-unit residences in an effort to help lenders reduce down payment costs and create more opportunities for renters.
- DU removes the number of borrowers on a loan as part of the risk assessment. This is intended to help increase mortgage access for a growing number of single heads of households.



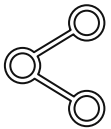
Early assessment

Early assessment provides lenders a DU-based conditional eligibility recommendation as part of their pre-qualification process for retail originations. To provide an early assessment, the enhancement uses:



Soft credit pull

Accepts a single soft credit report, which doesn't impact the consumer's credit score.



Reduced dataset with option to default and auto-populate data fields

Accepts a minimal dataset, which can help lenders with process efficiencies.

Note: DU early assessment can also accept dual or tri-bureau soft credit reports



DISCUSSION LEADER

Peter Pagonis

Director of Homeownership | Rhode Island Housing

SPEAKERS

Sarah Edelman

Deputy Assistant Secretary for Single-Family Housing | U.S. Department of Housing and Urban Development

Cathy Glover

Deputy Administrator, Single-Family Housing | U.S. Department of Agriculture

Brooke Smith

Senior Manager, Loan Sourcing Digital Solutions | Fannie Mae