

**2023**  
**BOSTON**

**HFA1 and Expanding  
Lender Relationships**

## DISCUSSION LEADER

**Susan Semba**, Executive Vice President Homeownership Lending | Idaho Housing and Finance Association

## SPEAKERS

**Deon Spilker**, Vice President, Mortgage Banking | Utah Housing Corporation

**Jeff Payne**, Chief Lending Officer | New Mexico Mortgage Finance Authority

**Amber Lockwood**, Assistant Director, Homeownership Programs | Illinois Housing Development Authority

**Harper Wong**, Senior Account Manager | Mortgage Guaranty Insurance Corporation



# HFast to HFA-1

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*Deon Spilker*

*Vice President of  
Mortgage Banking*



# The Hour Glass

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Symbolizes the Link Between the Past and the Future.

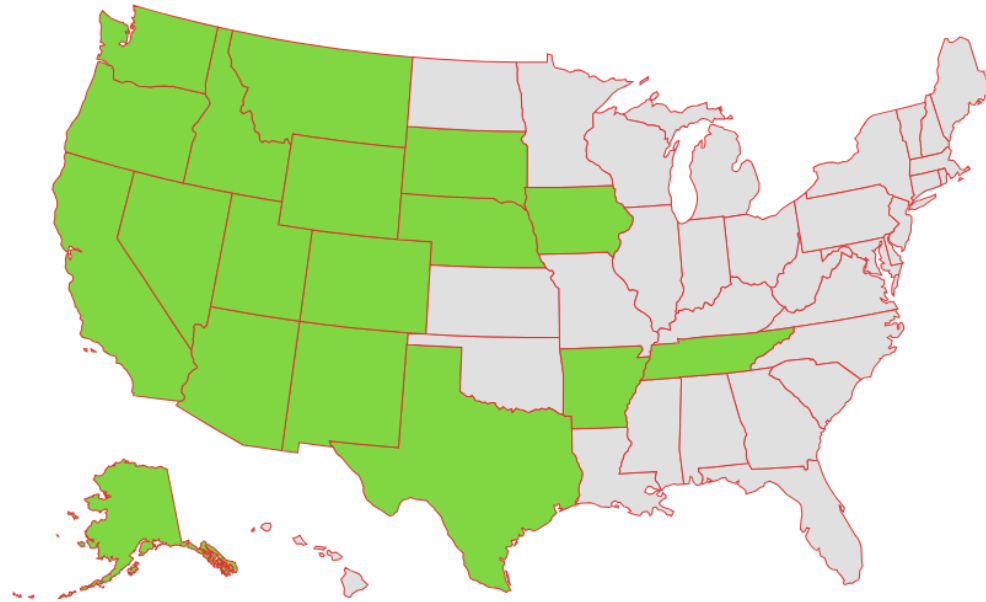


*A reminder to value every moment.*

# STATE HOUSING AGENCIES

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Introducing the new HFA1 Affordable Loan Program



*This is a one stop website to find all the unique loan products offered by the states housing agencies. You can obtain rate sheets, loan documents, lender forms, selling manuals, and education and marketing materials.*

**Statehousingagencies.com**



# Now more than ever, lenders need our help

[Home](#) [States HFAs](#) [DPA Matrix](#) [Videos](#) [About Us](#)

## Lenders Quick Resource Links



Rate Sheets



Loan Product Eligibility Doc



Income and Purchase Price Limits



Lender Forms



Program Update and Bulletins



Homebuyer Education



Lock / Extend / Cancel Loan (Portal)



Document Delivery Info (Portal)



Doc Prep Info (Portal)



Marketing Outreach Material



# Comparing HFAs

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Compare #'s to National Non-Profit First Mortgage & DPA Programs

## If 45 HFA States have:

- **4** loan programs = **180** different programs and names
- **15** different requirements for each loan program = **2,700** additional data fields and requirements for the lender to address

## Park City, Utah:

HFAs will see lenders move away from HFAs

## Western States:

Listen, Understand, Take Action

Technologies, Websites, AUS



# The Light Bulb

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**Delay in providing conditions: HFAs point to lender, but lender points to HFAs.**

- State HFAs have inconsistent conditions
- Duplicate agency requirements
- Technology Systems
- Websites, the amount of time to find
- Down Payment Assistance
- Delivering, Forms, or Document Prep





# Utah Housing before HFA-1

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## FHA/VA MORTGAGE

- Lender Round Table
- Single Family Brain Storm
- Removed reference to FHA Guidelines from our Docs
- Removed Overlays
- Drafted HFA's Uniform Fact Sheet



# Utah Housing before HFA-1

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## FHA/VA MORTGAGE

- 30-year amortizing, fixed rate
- 620 Min Credit Score
- Pricing Adjustments for Credit scores below 660
- Max Income Limits
- \$2,500 Max Insurance Deductible
- 1-2 Units, Owner Occupied
- Manufactured Home approved before Locking
- Water Rights per State Requirements

**FOLLOW FHA GUIDELINES!**



# 7 Month Results

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- Training off the Charts!
- Lender Relations (Listened and Implemented)
- Dozens of National Lenders applied to become a Utah Housing Lender
- TPO and National Wholesalers

FHA/VA Mortgage, compared to the two combined replaced programs:

- **66%** Production Increase (including TPOs)
- **14%** Program Increase (*the increases are only an analysis for our FHA/VA Mortgage*)

# Approved Purchase Results

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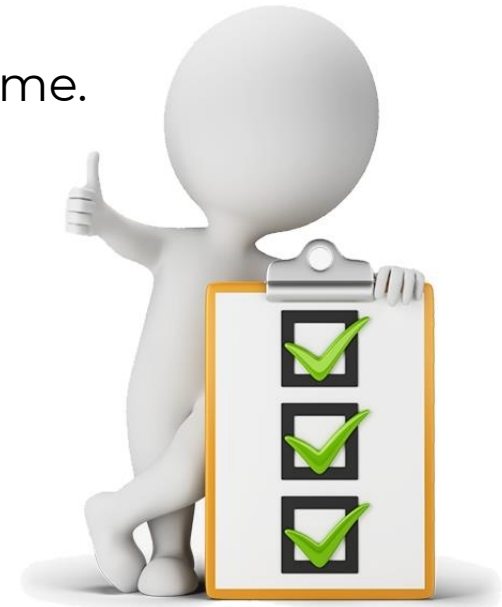
**Utah Housing went from 16 days to 6 days** from the day purchase conditions were posted to approved for purchase

Less overlays mean fewer conditions and faster purchasing time.

- Approximately 20% reduction in conditions

Top three conditions:

- Original, endorsed Promissory Note,
- Copy of recorded Deed of Trust and,
- Final Closing Disclosure



# The Future

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State HFA's are the link between the past and the future. HFA-1 might just be the beginning.



- Bond
- Freddie Mac
- Fannie Mae
- Forms
- Technology
- DPA
- Automated Underwriting Systems
- Interest Rate Locks
- Document Preparation
- ...and more



# The Future

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State HFA's are the link between the past and the future. HFA-1 might just be the beginning

## Inconsistencies

- Tax returns or Credit Reports, verify 3 years of homeownership?
- Calculating Household Income?
- Is a Seller Affidavit needed?
- Debt Ratio limits or AUS?
- Non-owner occupied borrower restrictions (co-signors)?
- Rental Income (yes or no)?
- Interest Rate Lock expiration date of closing or date of delivery?
- DPA calculated from the purchase price or loan amount?
- Etc.



# Questions?

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# 2023 BOSTON

## HFA1 and Expanding Lender Relationships

- New Mexico Mortgage Finance Authority
- Jeff Payne, Chief Lending Officer

# New Mexico Statistics

- Total Population: 2,109,366
- Population Composition:
  - 49% Hispanic
  - 11% Native American
  - 3% Asian
  - 3% African American
  - 36% White, not Hispanic
- Median Household Income: \$74,755
- Median Home Price : \$323,000

# Single Family Program - HFA1

- Alignment began with Western States HFA Group
  - How can we make it more efficient to do business with MFA?
  - More business means more buyers assisted
  - Impact of standardization and alignment will come with large scale participation by HFAs
  
- Reduced overlays where possible
  - Asked the question “Why do we have this requirement”
  - Do our overlays make a material difference?
  
- Annual Lender Forum
  - Honest feedback from lenders
  - Separate forum for rural and metro
  - Inefficiencies in process and product impact buyers' ability to compete for homes

# Single Family Program - HFA1

## “HomeForward”

- MFA used our own branding
- First Mortgage financed through TBA for non-first-time homebuyers
- Optional Down Payment Assistance financed via NM Housing Trust Fund
  - Provides 3% DPA assistance, cannot be used to pay closing cost
  - Amortizing, second mortgage

# Single Family Program - HFA1

- Program launched ahead of HFA1 release
- Program Performance
  - 170 loans totaling \$44,540,581 (FY 2023 – October 6)
  - Added Freddie Mac's HFA Advantage
  - Alignment simplifies process for multistate lenders





# ILLINOIS

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# HFA1

Amber Lockwood

*Assistant Director, Homeownership*







 **Record  
Breaking Year!**





# Current Programs

	<p>A no monthly payment, forgivable down payment assistance loan, no repayment unless sold or refinanced before 5yr. forgiveness period.</p> <table border="1"> <thead> <tr> <th>Assistance Amount</th> <th>Assistance Maximum</th> <th>Term Length</th> <th>Program Type</th> <th>Program Status</th> </tr> </thead> <tbody> <tr> <td>Flat \$6k</td> <td>\$6,000</td> <td>5 years</td> <td>Down Payment/Closing Cost</td> <td>Active</td> </tr> </tbody> </table>	Assistance Amount	Assistance Maximum	Term Length	Program Type	Program Status	Flat \$6k	\$6,000	5 years	Down Payment/Closing Cost	Active
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# Attention to Detail...

## **Listening to everyone in the room:**

Lenders, homebuyers, counseling agencies, realtors, and other HFAs inform the programs we offer and how they are structured.

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## **Listening to our partners:**

Our programs and processes are constantly being reevaluated and streamlined to make HFA lending as easy as possible.

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## **Listening to the market:**

We watch the housing market in Illinois and try to identify the pitfalls for low-to-moderate income buyers.





# HFA1 Related Updates



**April 2023**

IHDA removed requirement for three years of tax returns

**August 2023**

IHDA increased DTI to 50% (with additional requirements)

**August 2022**

IHDA fully implemented the Freddie/Fannie standardized documents

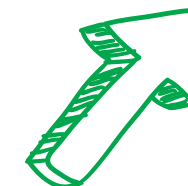
**June 2023**

Illinois HFA1 launched

**September 2023**

With funding exhausted Illinois HFA1 suspended

 **HFA1**  
Aligned



# The Program



Are you ready to become a homeowner?

As a trusted IHDA Lender, we work with you to find the right program, so you can buy the right home.

With up to \$10,000 in assistance available, you might be more ready than you think!

How IHDA Programs Work 

**ILLINOIS HFA 1**

**IHDA MORTGAGE**

Introducing... Illinois HFA 1, a new program from IHDA Mortgage. Offering a flat \$10,000 in down payment and/or closing cost assistance for qualified buyers.<sup>1</sup>

First Name  
Last Name  
Example Bank Incorporated  
MFLIDP: 00000000000000

 (000) 000-0000

 you@email@gmail.com

 bank.com/loanofficer

 12345 Main Street  
STE 2000  
Anytown, IL 00000

 LOGO

ILLINOIS HOUSING DEVELOPMENT AUTHORITY  
<sup>1</sup> Offered as a 30yr deferred 2nd loan mortgage in conjunction with a 30yr fixed rate 1st loan mortgage.  
Any potential borrowers should contact an approved lender for further loan information. In connection with the IHDA Down Payment Assistance programs, IHDA makes no promises, representations, or warranties to any party, including any borrower, about the actual benefits an IHDA loan might provide in specific situations. Each borrower's situation is different, and potential borrowers should seek the advice of a financial advisor, attorney, or housing counselor before entering into any loan.



\$10,000

Deferred 2nd Mortgage

Available Statewide

All eligible homebuyers

# Why Illinois HFA1?



## Flat DPA Amount

- Addresses increased property values further than other programs by offering a larger assistance amount regardless of the purchase price.



## Deferred Repayment

- By not requiring repayment until 30 years (or upon sale / refinance) the borrower is not burdened with an additional monthly cost.

# Why Illinois HFA1?

## Emergency Funds Matter

- Programs like Illinois HFA1 allow borrowers to hold on to more of their own funds.



- Even for the borrowers who already have 20% down, that extra money can be critical.
- If they decide they don't need it, IHDA programs never carry a pre-payment penalty.

# Spreading the Word

## Emails

- 5,122 Lenders
- 982 Community Agencies
- 28,247 Homebuyers



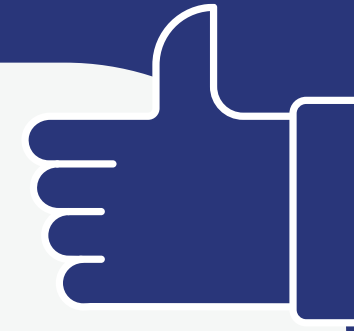
## Site Traffic

- 165,065 Total Sessions
- 60,095 New Visitors
- 14,174 Total Lender Searches
- 97,891 HB Center Visits



## Social

- 9 Campaigns
- Facebook, Instagram, LinkedIn, and Twitter



## Materials

- Hosted five presentations for realtors, lenders, and community agencies
- Created Illinois HFA1 regular and customizable flyers





# Lender Network



**155**  
Participating  
Lenders  
Total

**20**  
Onboarded since  
March 2023

**55%**  
Participation



ILLINOIS  
HFA1

# The Numbers

**1,621**

Reservations

**53%**

FTHB

**\$210,000**

Average Purchase  
Price

**38**

Average Homebuyer  
Age

**\$315M**

Reservation  
Volume

**52%**

Net racial and ethnic  
minority

# Questions?

Feel free to reach out!



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*Assistant Director, Homeownership*  
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**Sheri Hannion**  
*Compliance Manager*  
SHannion@ihda.org



**Tara Pavlik**  
*Managing Director, Homeownership*  
TPavlik@ihda.org



# Thank you!

 [www.ihdamortgage.org](http://www.ihdamortgage.org)

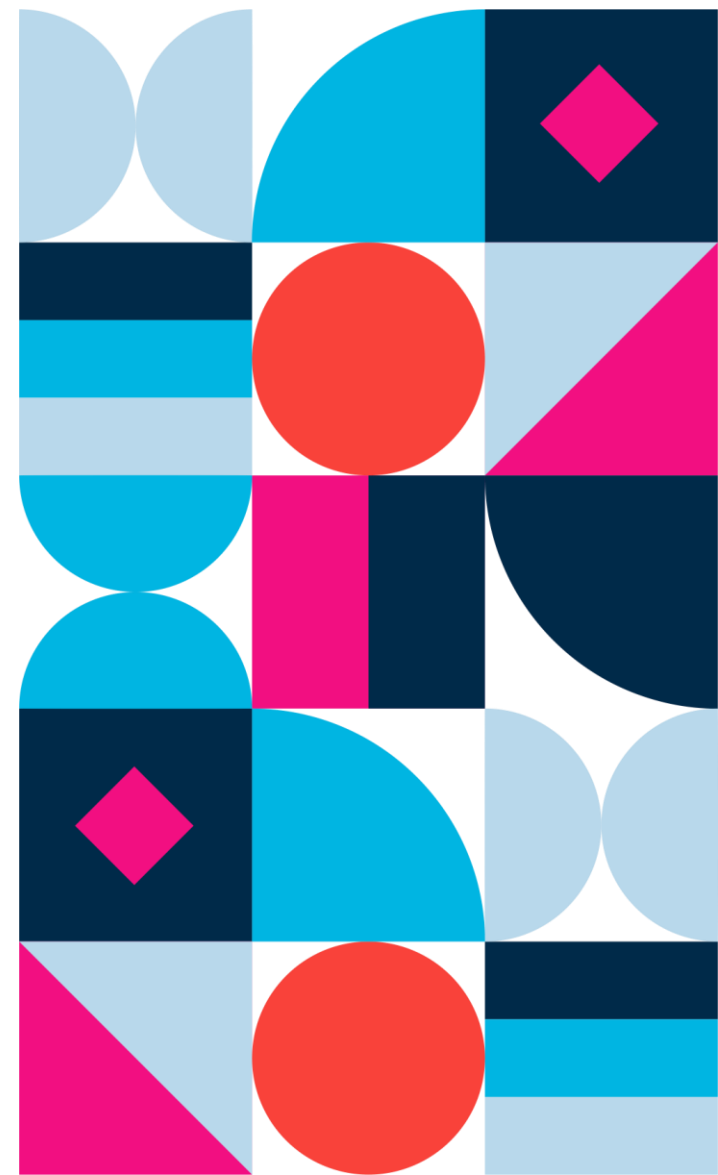




**MGIC**

# **HFA1 and Expanding Lender Relationships**

NCSHA 2023 Annual Conference





## **Disclaimer**

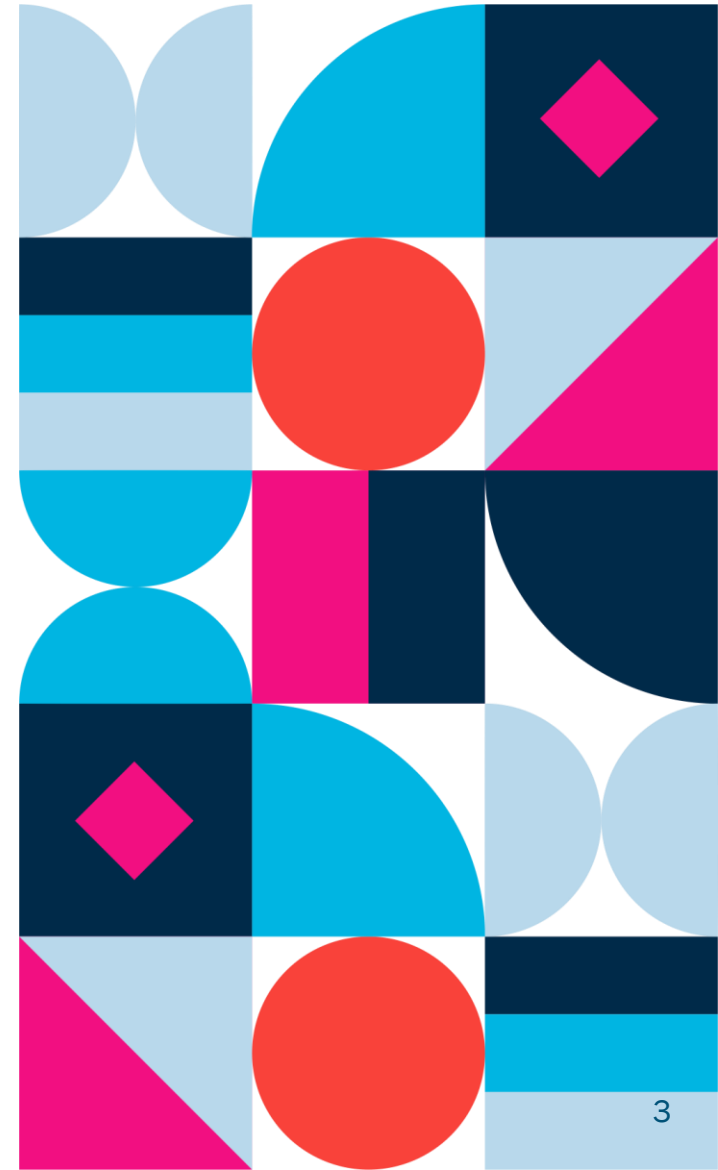
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# MGIC

## MGIC & HFAs

- Founder of modern-day MI (1957)
- Insurer of HFA loans since the 1970s
  - Primary loan-level MI
  - Pool MI
- Today, HFAs represent a growing portion of our business
- Continue to address the #1 barrier to homeownership





## MGIC & HFAs

- Central players in addressing the nation’s housing affordability and equitable homeownership challenges
- Providers of home loan programs focused on sustainability and positive borrower outcomes (in this regard, all things being equal, we’ve generally seen HFA loans outperform non-HFA loans)
- Sources of product innovation (as such, over our history, much of our product development has involved collaboration with HFA partners)





## Broader HFA Footprint

- Aligned with Fannie Mae, Freddie Mac and HFAs to promote affordable homeownership
- Eligible insurer for banks, credit unions and independent mortgage bankers across the country, including Puerto Rico and Guam
- Provide contract services for lenders, creating capacity and a single underwriting source for many investors, including HFAs



## HFA1 Benefits

### HFA1 benefits to lenders include

- Standardized 1<sup>st</sup> mortgage eligibility criteria, with clearly articulated overlays and expansions applicable with certain HFAs
- Standardized 1<sup>st</sup> mortgage and DPA eligibility, closing, and delivery requirements

### HFA1 meaningfully reduces the operational complexity

- Shortens operational ramp up time
- Reduces the likelihood for errors
- Increases internal efficiency
- Opens opportunity in multiple states



## HFA Uniqueness

### HFAs Can Preserve Their Uniqueness and Still Offer HFA1

- Increase participating lenders
- Increase number of HFAs allowed by lenders
- Expand efficiencies
  - Lender eligibility and approval requirements
  - Sellers' agreements
  - An MCC framework



**MGIC**

**Thank you!**



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