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August 28, 2019

HFA Preferred Program Modifications

The Iowa Finance Authority is instituting changes to the HFA Preferred Program, per notification from Fannie Mae (FMNA) that they will begin instituting Loan Level Price Adjustments for certain loans delivered through the program effective for loan casefiles created on or after Sept. 5, 2019.

In essence, FNMA will charge an additional one-time upfront fee for loans delivered to FNMA when the borrower's qualifying income is greater than 80% of the area median income (AMI).



EFFECTIVE SEPT. 5, 2019:

- Charter level mortgage insurance coverage will be discontinued for borrowers with lender's qualifying



EFFECTIVE SEPT. 5, 2019:

- Charter level mortgage insurance coverage will be discontinued for borrowers with lender's qualifying income of greater than 80% of the AMI

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- No LLPA charges on FirstHome regardless of borrower's annual qualifying income.

EFFECTIVE OCT. 1, 2019:

- The HFA Preferred No MI Risk-Sharing product will be discontinued for all borrowers.

EFFECTIVE OCT. 1, 2019:

- The maximum lender's qualifying income of borrowers choosing the HFA Preferred loan product may not exceed 80% AMI.
- The HFA Preferred No MI Risk-Sharing product will be discontinued for all borrowers.

IMPORTANT NOTES

- The maximum 80% AMI limit applicable to HFA Preferred Loans does not apply to Freddie Mac HFA Advantage, FHA, VA or USDA Rural Development loans.
- FNMA relies on the Annual Qualifying Income (for underwriting) to compute the AMI and not on the Annual Household Size Income (for IFA's Income Limit Chart) which IFA maintains in determining bond eligibility. The AMI for HFA Preferred and HomeReady® is identical.
- Please be aware that the Fannie Mae limits are more restrictive than household program limits for every county in Iowa.
- Participating lenders should continue to use IFA's maximum household income limits for government loans.
- If an HFA Preferred loan casefile created on or after September 5 has income that exceeds the 80% AMI limit, then DU will not return an ineligible recommendation for exceeding the income limit, but the lender won't get the HFA pricing.
 - If an HFA Preferred loan casefile created on or after September 5 has income that does not exceed the 80% AMI limit, then DU will issue the following message: *This loan qualifies for specific HFA Preferred pricing for loans where the total qualifying income does not exceed 80% of the AMI for the area in which the property is located.*
- DU and credit report will be required for all transactions. An updated transmittal will be posted soon.

IFA will continue to monitor these changes and look for avenues that will allow us to provide affordable options for all home buyers. Thank you for your understanding and support as we work together to provide affordable homeownership in Iowa.

Please contact the [IFA Single-Family team](#), with any questions: 800.432.7230.

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