



## HFA Advantage<sup>®</sup>: A Competitive Alternative to FHA Mortgages

- **First-time and repeat buyers**
- **Purchase and no cash-out refinance borrowers**
- **Serves low- to moderate-income borrowers**

Freddie Mac HFA Advantage<sup>®</sup> mortgage is a high loan-to-value (LTV) conventional offering that's an excellent alternative to FHA lending requirements and mortgage premiums. This offering adopts the responsible and affordable flexibilities and requirements of Freddie Mac Home Possible Advantage<sup>®</sup> but with added flexibilities for Housing Finance Agencies (HFAs).

### Key Features & Flexibilities

- One-unit primary residence.
- Maximum 97 percent LTV and 105 percent total loan-to-value (TLTV) ratios.
- Income limits established by the HFA.
- Purchase and no cash-out refinancing.
- No reserves required.
- Charter level mortgage insurance (MI) – monthly or single premium.
- Flexible funding options for down payment and closing costs.
- Loan Product Advisor<sup>®</sup>, manual or alternative automated underwriting systems.
- Credit fee in yield specific to the HFA community and elimination of credit fees for HFAs.

### Benefits for HFAs and Lenders

- Minimum private mortgage insurance (PMI) required
- For HFAs interested in becoming a Freddie Mac Seller/Servicer:
  - “White Glove” onboarding process with a dedicated Freddie Mac representative assisting you through the Seller/Servicer application process.
  - No application process fees.

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## HFA Advantage or FHA? Let's look at the numbers.

Example:

\$175,000 purchase price; 700 FICO score; \$400 monthly taxes and insurance; 30-year fixed-rate mortgage; 18% MI coverage; assumes 2% annual appreciation; FHA monthly premium declines about \$2 per month on an annual basis over 5 years, and conventional loans receive 3% of down payment assistance.

	FHA* 96.5% LTV 5.625% ** Upfront \$ monthly MI	HFA Advantage 97% LTV Rate Rate 5.875% Borrower paid monthly MI	HFA Advantage 97% LTV Rate Rate 5.875% Non-refundable single premium (2.25%) paid by the borrower or use HFA down payment or closing cost assistance funds
<b>Down Payment</b>	\$6,125	\$5,250	\$5,250
<b>Down Payment Savings</b>		\$875	\$875
<b>Monthly Payment</b>	\$1,508	\$1,500	\$1,404
<b>Upfront MI</b>	1.75%**	0.00%	2.25%***
<b>Monthly MI Rate</b>	0.85%	0.68%***	0.00%
<b>MI Term</b>	Life of Loan	Cancels at 78% LTV	Life of loan, no other cost
<b>**5 year Est. MI Cost</b>	\$9,855	\$5,760	\$3,819
<b>Monthly Cost Savings (1 Year)</b>		<b>\$8</b>	<b>\$104</b>
<b>**Private MI Cost Savings vs. FHA for 5 years (60 monthly MI payments + any upfront MI premium)</b>		<b>\$4,095</b>	<b>\$6,036</b>

- Lower down payment required with HFA Advantage.
- Conventional monthly mortgage insurance automatically ends when the LTV drops to 78%. Single Premium coverage is Life of Loan with no additional cost.
- Lower monthly payments for HFA Advantage can result in substantial savings over time.
- HFA Advantage is easier to originate.

**Visit our HFA Web page for more information**  
**FreddieMac.com/singlefamily/hfa.html**

\* Note rates are for example purposes only. The conventional note rate differential is based upon prevailing market levels. Rates for HFA down payment assistance (DPA) may carry higher interest rates and vary based upon the level of DPA provided.

\*\* FHA includes an upfront MIP (1.75%) and monthly premium (.85%). Private MI premiums will adjust due to select transaction features (relocation loans, loan terms of < 25 years, ARMs vs. Fixed Rates). Higher FICOs further reduce PMI premium rates.

\*\*\*Private MI premium rates from MGIC, June 2018. Check premium rates with your preferred MI provider(s).

Financing of MI premiums is permitted. Please refer to the Freddie Mac *Single-Family Seller/Service Guide* (Guide) for details.

Scenarios are intended for comparison purposes only and should not be relied on for actual rate quotes, loan estimates or other borrower disclosures. Comparisons are made at the highest LTV ratios allowed for the product. The content presented here is provided for high-level informational purposes only.