



FHA & CONVENTIONAL COMPARISON TRAINING FOR PARTNERS

YOUR HOSTS



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AGENDA

- General FHA vs. Conventional Comparison
- Home Affordable Programs
- Comparison overview of FHA, Conventional, and Home Affordable Programs
- Resources
- How to become an Approved Partner
- Q&A with Tiffany

FHA vs CONVENTIONAL

FHA LOANS

- More Flexible Standards including Lower Credit Score
- Typically Allow for Higher DTI
- Appraisal focuses on safety & soundness along with property's market value
- Manual Underwrites

CONVENTIONAL

- Allows up to 97% LTV and up to 105% CLTV with Community Second Mortgage
- Mortgage Insurance may be little less and is cancelable
- Appraisal focus more on property's market value
- Less requirements for 3–4-unit properties



FHA REQUIREMENTS

- **3-4-UNIT PROPERTIES:**
Must meet the net self-sufficiency rental income
- **RENTAL INCOME FROM CURRENT RESIDENCE:**
If income is being derived from property being vacated, must be relocating to an area more than 100 miles from the current residence

CONVENTIONAL OPTIONS



HOME AFFORDABLE PROGRAMS

- Principal Residence only
- Borrower Income Limits (*80% of the AMI*)
- Occupant borrower(s) may own one other financed residential property (in addition to the subject property) at the time of closing. Non-occupant borrower(s) are not subject to this restriction
- Boarder income is permitted
- Income from an ADU is permitted
- If all borrowers are FTHB, at least one must go through Homeownership Education
- LLPA's are WAIVED
- MI coverage is 25% for LTVs up to 97%

TRADITIONAL CONVENTIONAL

- Principal Residence, Second Home, Investment Properties
- High LTV – at least one borrower must be FTHB
- No limit to the number of properties they own
- Boarder income or income from an ADU is not permitted
- Standard LLPA's apply unless the borrower is a FTHB with income at or below 100% AMI for non-high-cost-areas or 120% for high-cost areas
- Standard MI coverage required

	FHA	Traditional Conventional	HomeReady®	Home Possible®
Credit Score	580	AUS	AUS	AUS
Down Payment	3.5% <i>Unless using DPA</i>	3% <i>Unless using DPA</i>	3% <i>Unless using DPA</i>	3% <i>Unless using DPA</i>
PMI Requirements	1.75% upfront + 0.55% annually	35% coverage for high LTV's	25% coverage for high LTV's	25% coverage for high LTV's
Cancelable MI	No	Yes	Yes	Yes
FTHB Required	No	No	No	No
Seller Concession	Up to 6%	Up to 3%	Up to 3%	Up to 3%
Income Limit	None	None	Varies by location	Varies by location
Student Loans with 0 payment	Must always use 0.5% of Balance	See HomeReady for FNMA / Home Possible for FHLMC	Can use 0 if income driven or 1% of balance	0.5% of Balance if the payment on the credit report is \$0
DPA Program	Yes*	Yes	Yes	Yes

**Loans utilizing Down Payment Assistance require a 600 Credit Score*

How to choose a program?

What is their credit score?

What is their income?

Do they have credit challenges?

Do they have seller concessions?



- [Home Possible® Mortgage FAQ - Freddie Mac Single-Family](#)
- [Home Possible® Income and Property Eligibility Tool - Freddie Mac Single-Family](#)
- [HomeReady Mortgage Comparison with Fannie Mae Standard](#)
- [HomeReady FAQs](#)
- [AMI Lookup Tool](#)

How to Become an Approved Broker?

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Get Approved

STEP 01

Please complete these two forms, so we can create your logins.
Once this is completed, you will be able to start submitting.

Compensation Form

Contact Form

Send Forms once complete to:
ApprovalDesk@myndm.com

If your company wishes to
complete our application by

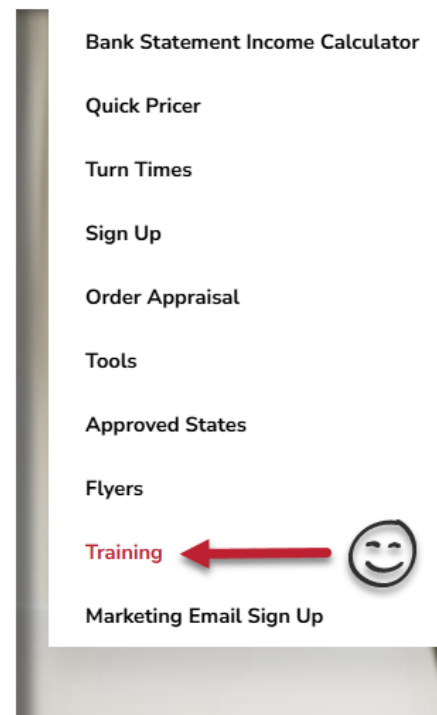
partner, we welcome you to
Nations Direct Mortgage.

Broker Package

Branch Addition Form

Express DSCR Addendum

Annual Recertification
Agreement



You will receive a link to the recording of the training, as well as a link to the presentation deck, tomorrow.

Watch for a follow up email from Zoom! 😊

THANK YOU