



NATIONS DIRECT
MORTGAGE

**FHA & CONVENTIONAL COMPARISON
TRAINING FOR PARTNERS**

YOUR HOSTS



Tascha Bartek
Director of Corporate Training

Tiffany Raynes
SVP of Credit & Underwriting



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 | CONVENTIONAL |
|---|---|
| <ul style="list-style-type: none">• 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 | <ul style="list-style-type: none">• 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 |



For Mortgage Professional Use Only

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

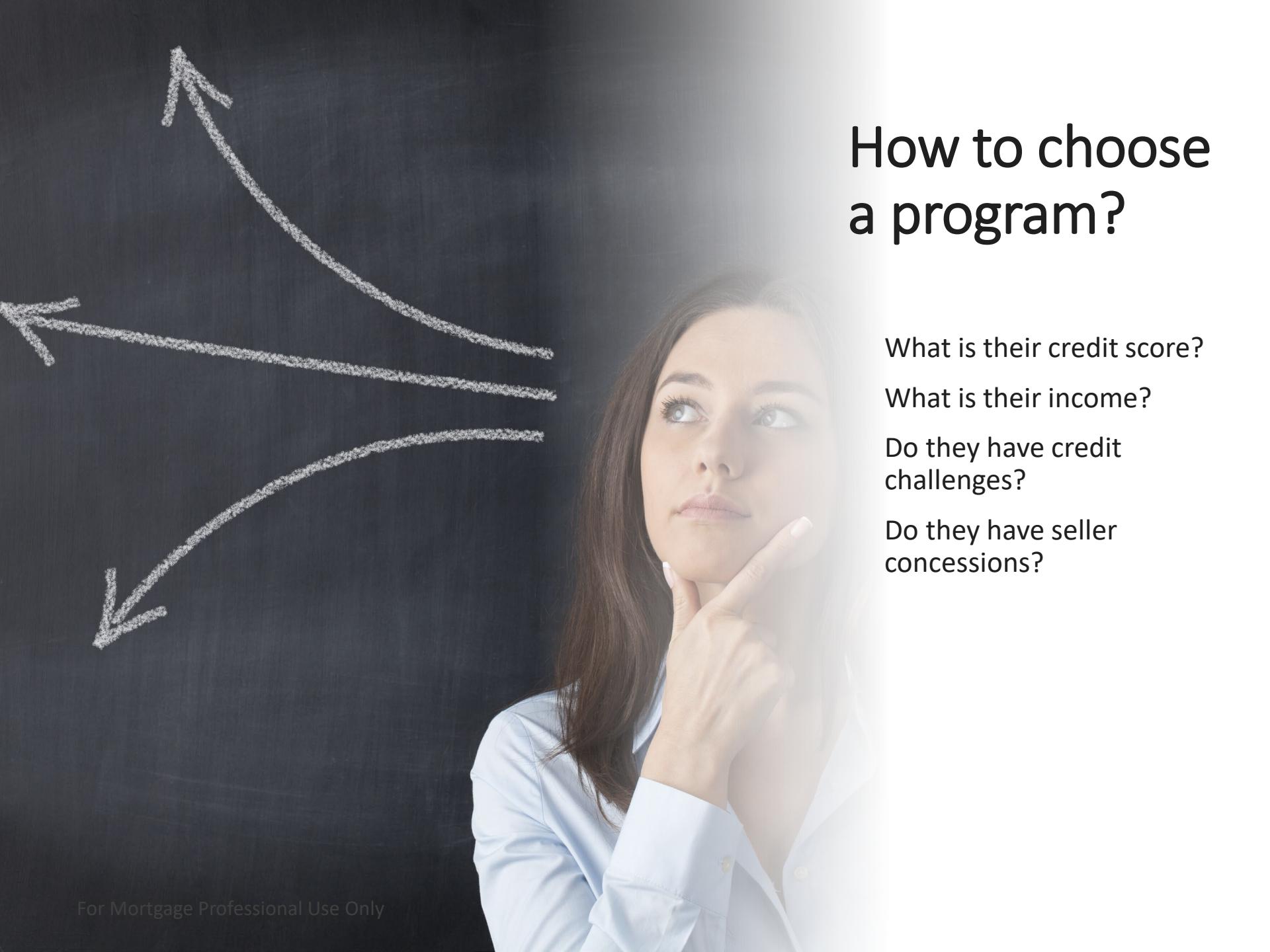
- Principal Residence only
- Borrower Income Limits (*80% of the AMI*)
- Occupant borrower(s) may own one other financed residential property (in addition to the subject property) at the time of closing. Non-occupant borrower(s) are not subject to this restriction
- Boarder income is permitted
- Income 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 |
| FTTB 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*

A woman with long dark hair, wearing a white button-down shirt, is shown in profile, looking upwards and to the right with a thoughtful expression. Her right hand is resting against her chin. The background is a dark chalkboard with several white chalk arrows drawn on it: one pointing upwards and to the right, one pointing downwards and to the left, and two smaller arrows pointing towards the center. The lighting is dramatic, with a bright light source from the right creating a strong glow and shadow on the chalkboard.

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?

Our Website: myndm.com



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Make A Payment

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TPO Partner.

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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 b

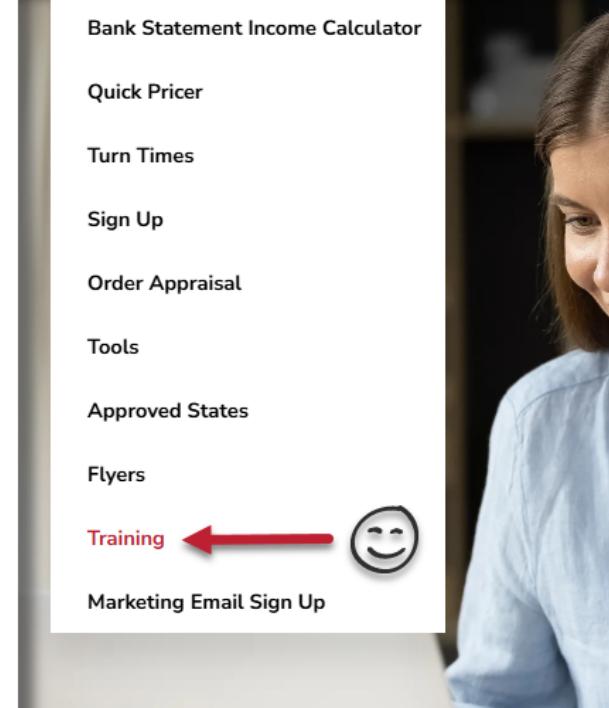
tner, we welcome you to
Nations Direct Mortgage.

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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