



HomePath®

HomePath® Agent Matters - November 2015

Money Laundering - Be Aware

All Fannie Mae vendors recently took an Anti-Money Laundering (AML) class as part of Fannie Mae's compliance with the Bank Secrecy Act. Money laundering is the process of taking the proceeds of criminal activity and making it appear as though those proceeds were obtained through non-criminal activity, so that those funds can be placed in the financial system and used in the marketplace.

Real estate transactions are a primary method to launder funds derived from illicit activity. The National Association of REALTORS® recognizes the need for members to be aware of the same red flags and provides training videos and information on spotting illicit activities. Red Flags for money laundering activities may include:

- A purchaser - or the owner of the purchasing entity - who is not domiciled in the U.S. or is not a U.S. citizen.
- A purchaser who has no knowledge of the property, has not personally viewed the property, or has no apparent purpose/motive in purchasing the property.
- A purchaser who attempts to have transaction documentation altered.
- Earnest Money and/or the purchase price is all cash (payment in physical dollars), funds are from an institution outside of this country, or the purchaser has an unusual financing arrangement.



Be sure to go to www.realtor.org to learn more. It's vital to recognize potential events that could be suspicious. However, these events may or may not be actual illegal activity so it's important that you don't take on the role of investigator, such as asking for a birth certificate or passport. Your obligation is to **report** suspicious activities as directed by your broker, board, or state requirements.

What the HECK is a HECM?

Many HomePath® Pro agents (Fannie Mae's approved network of agents that work with HomePath REO properties) now receive assignments of HECM REO properties directly from Fannie Mae. What is a HECM property and how does its management and marketing differ from a traditional REO property?

A Home Equity Conversion Mortgage (HECM) is HUD's reverse mortgage program that enables a home owner age 62 or older to withdraw some of the equity in their home. They may choose how to withdraw the funds-in a fixed monthly amount, a line of credit, or a combination of both. The loan becomes due upon certain life events and failure to pay off the loan or keep the taxes and insurance current can lead to default and ultimately to foreclosure.

At Fannie Mae, HECM REO properties are managed by a dedicated sales team familiar with the intricacies of working with HUD Guidelines. During the initial marketing phase, Fannie Mae must



follow HUD Guidelines 24 CFR 206.125 in its management and marketing of the property and must sell the property "as-is". When the property is not sold while HUD guidelines prevail, the property transitions to the standard Fannie Mae REO process of marketing and selling.



In addition, unlike our traditional HomePath properties, these properties are not displayed on HomePath.com and the Online Offer System is not used when making an offer. Offers for HECM properties are delivered through the customary methods in your community, such as email or personal delivery. The listing agent can only submit those offers that contain a buyer signed contract, Fannie Mae Real Estate Purchase Addendum, and other applicable addenda. Use these [Offer Preparation Tips For Selling Agents](#) or you can always find it located on HomePath.com under the Real Estate Professionals tab to assist with submission questions for these and all Fannie Mae owned properties.

For information on becoming an approved Fannie Mae HomePath Pro (listing agent), Click [HERE](#) for a registration information sheet and [HERE](#) for details on how to register and apply. Keep in mind that Fannie Mae does not source agents specifically for HECM properties, therefore, when a need arises, sourcing would occur for both traditional and HECM assignments.

New Monthly Index Is All about Housing

Initiated in September, a new monthly housing index from Fannie Mae's Economic & Strategic Research (ESR) Group gives industry professionals a good indication of the direction of the housing market, and it's based on the views of consumers.

"The Home Purchase Sentiment Index™ (HPSI) delivers statistically meaningful insights into the next 12 months for key housing market indicators, including house prices, home sales volume, total single-family housing starts, and the volume of purchase mortgage originations," says Steve Deggendorf, who leads survey research for ESR.

Unlike indexes such as those from the University of Michigan and the Conference Board, HPSI is "devoted entirely to housing," Deggendorf adds. And it is easy to follow because it boils down consumers' views on housing markets and their own finances into a single number of housing's current performance and how it's likely to behave in the future.

The HPSI is based on data from Fannie Mae's National Housing Survey™ (NHS), which was started in mid-2010 when the economy was still under the shadow of the Great Recession and many in the industry had unanswered questions about the underpinnings of the recovering housing market, such as how people regarded homeownership in the aftermath of surprisingly large declines in home prices and increases in mortgage delinquencies and defaults.

Month after month, for more than five years, ESR has asked 1,000 consumers a list of about 100 questions, gathering 100,000 data points each month in the process. The ESR team eventually saw an opportunity to distill the large amount of NHS data into a single monthly housing indicator, which would become HPSI.

The challenge for the two individuals working on HPSI - ESR statistician Qiang Cai and James Wilcox, a professor at Berkeley's Haas School of Business - was to identify the NHS data that would best suit this purpose. The two winnowed the long list of NHS questions down to six: asking if it's a good time to buy a home, a good time to sell, the expected direction of house prices over the next 12 months, the expected direction of mortgage rates in the next 12 months, concerns over job security in the coming year, and a comparison of current monthly household income with income a year earlier.

The creators of HPSI are pleased with the results, which have provided statistically meaningful insights into housing activity over the past few years as it has slowly gained ground.

Fannie Mae's Home Purchase Sentiment Index September 2015



The index has drawn attention from the media and the housing industry. It also recently received recognition from The National Association for Business Economics (NABE), which gave Wilcox its Edmund A. Mennis Award for his paper on HPSI. (Fannie Mae Chief Economist Doug Duncan and the ESR forecast team won NABE's Outlook Award for the most accurate forecast of the year.)

The HPSI is released early each month, and you can find it [HERE](#).

HomeReady™: Homeownership for the Way We Live Today

Real estate professionals working hard every day to help clients find homes just right for the way they want to live probably were among the first to notice the trend: Multigenerational households are on the rise. Whether by necessity or preference, more and more families of multiple generations are choosing to live together.

In 2014, "13 percent of all buyers purchased a multi-generational home," according to the National Association of Realtors (NAR) [Home Buyer and Seller Generational Trends Report](#). In some cases, adult children are living with parents and, in other cases, grandparents are living with children and grandchildren. According to a recent [report](#) from the Pew Research Center, "improvements in the labor market have not led to more Millennials living apart from their families." In fact, Pew's findings indicate that the share of 18- to 34-year-olds living independently has gone down from 69 percent in 2010 to 67 percent at the beginning of 2015. In addition, Fannie Mae research indicates that extended-income households are more common among underserved populations.

So, who makes up multigenerational households, and what are their advantages when it comes to affording a home? Here are some possible scenarios:

- Your client is looking to buy a larger house – he wants his aging parents to live with him, so he can help them with daily activities. Although the client will need to stretch to make the transition, his parents have sufficient income to help with expenses.
- Your clients would like to live in a multigenerational household because that's how they were raised, and they want the same for their children. Even better, the older generation has income they can contribute in a pinch.
- Your clients are searching for a home where they can live with their millennial children. Both kids have stable jobs, but they plan to continue living with their parents for a few years to build up savings, and they are ready to pitch in on household expenses if needed.

These potential borrowers are different, but what they have in common is available household income beyond the borrower's income. In other words, these are extended-income households in which household members are willing to pull together when the need arises.

Shouldn't that count for something? With the HomeReady™ mortgage, it does.

HomeReady, Fannie Mae's enhanced affordable lending product, is designed for creditworthy, low- to moderate-income borrowers, with expanded eligibility for financing homes in designated low-income, minority, and disaster-impacted communities. Although non-borrower household income isn't used for qualifying the borrower, it is taken into consideration when determining how much debt-to-income borrowers may have.

HomeReady has no first-time homebuyer requirement and offers financing up to a 97% loan-to-value (LTV) ratio for a home purchase. In addition to the non-borrower household income feature, HomeReady offers borrower income flexibilities, including income from boarders or renters living in accessory units.

Find out how HomeReady can help your clients living in extended-income households; visit the [HomeReady web page](#) to learn more.

New HOME by Fannie Mae Mobile App Resources Page

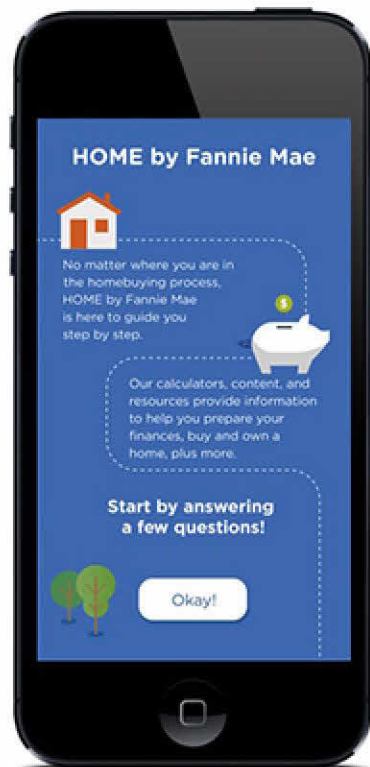
Materials are now available to help you promote the HOME by Fannie Mae™ mobile app to buyers. The app launched in July and is designed to help buyers learn about the responsibilities of

Fannie Mae Listing Agents Needed in Select Areas!

Fannie Mae Listing Agents needed in many markets nationwide. We are looking for new agents to list our HomePath® properties in the following areas:

homeownership, estimate affordability, get tips on maintaining their home, and calculate potential savings on future mortgage payments.

Visit the [HOME by Fannie Mae Outreach Materials page](#) to access flyers, FAQs, logos, screenshots, online ads, and a promotional video. We encourage you to use the app as a complementary resource to your existing home buying information tools. Don't forget to share with your customers and partners.



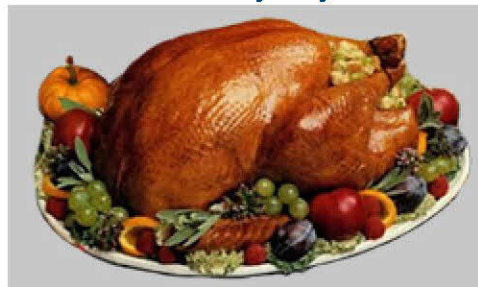
Peoria, IL
 Maine
 Rochester, MN
 St. Cloud, MN
 New Jersey
 Taos, NM
 Albany, NY
 Poughkeepsie, NY
 Watertown, NY
 Lincoln City, OR
 Scranton, PA
 Vermont
 West Virginia
 Laramie, WY
 ...and more!

Click [HERE](#) for a registration information sheet and [HERE](#) for details on how to register and apply.

Shop Smarter, Eat Better!

With the holidays around the corner, check out our interview with chef Fabio Viviani on www.thehomestory.com or click [HERE](#).

Happy Thanksgiving from our Fannie Mae family to yours!



Help Prevent Fraud

Fannie Mae is committed to preventing fraud perpetrated by any party or parties involved in transactions associated with a Fannie Mae REO property. Fannie Mae expects agents to consistently and accurately follow both the letter and spirit of all Fannie Mae policies, procedures, functions, guidelines and philosophies, and to comply with all applicable laws and regulations.

If you are aware of or suspect inappropriate activity in connection with a Fannie Mae property, please immediately report it either by e-mail to Mortgagefraud_tips@fanniemae.com or to our Fraud Tips Hotline: **1-800-7FANNIE (1-800-732-6643)**.

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