NJHMFA

Temporary Credit Changes
Frequently Asked Questions

1. How long will these temporary credit changes be in effect?

NJHMFA will continue to monitor the industry standards related to the COVID-19 National Emergency. We will make the necessary adjustments as the market changes.

2. Will NJHMFA grant exceptions to the credit score requirements?

NJHMFA will not grant any exceptions on the minimum credit score requirement of 650 for loans using the FTHB and Homeward Bound Program with or without the Down Payment Assistance.

3. How is the borrower's credit score calculated?

Lenders should calculate the borrower's credit score following the standard loan level calculations. As a reminder we require the Tri Merge Credit Report.

4. Does the new credit score requirement apply to the PFRS Program?

The increased credit score minimum of 650 only applies to the FTHB or Homeward Bound Program with or without the Down Payment Assistance.

5. Do the temporary credit changes apply to all loans, including existing reservations in my pipeline?

The minimum credit score of 650 and the 3 months reserve requirement apply to new loan reservations made on or after April 29, 2020. All loans fully registered in the ILRS with an HMFA loan number prior to April 29, 2020 will be honored under the old credit score and reserve guidelines. All loans closing after April 29, 2020 should use the new VOE timelines.

6. Can DPA funds be used towards the monthly reserves requirement?

Down Payment Assistance Funds cannot be used towards the 3 months reserves requirement for the FTHB and Homeward Bound Program.

7. Can 401(k) funds be used towards the monthly reserves requirement?

Lenders will follow the first mortgage insurer's guidelines for use of 401(k) or other retirement account funds towards the monthly reserves requirement.

8. Can gift funds be used towards the monthly reserves requirement?

Lenders will follow the first mortgage insurer's guidelines for use of gift funds for the monthly reserves requirement.

9. Can EMD funds reimbursed at closing be used towards the monthly reserves requirement?

Lenders will follow the first mortgage insurer's guidelines for use of EMD funds for the monthly reserves requirement. Lenders will also be required to provide reserve verification when the loan file is submitted to the Agency for purchase.

10. Will NJHMFA grant any exceptions to the required monthly reserves?

NJHMFA will consider an exception to the required monthly reserves if the borrower has at least 2 months of documented reserves in their personal checking or savings accounts, and there are other compensating factors on the loan. At this time, no other exceptions will be considered.

11. If a loan was reserved under the old guidelines needs a rate lock extension, do the new or old guidelines apply?

Loans reserved prior to April 29, 2020 that require a rate lock extension will continue to have the old guidelines apply. Lender will be responsible for any applicable extension fees.