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## **Fitch Ratings Updates U.S. Housing Finance Agency Loan Program Rating Criteria.**

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Fitch Ratings-New York-19 August 2020: Fitch Ratings has published an updated criteria report titled “U.S. Housing Finance Agency (HFA) Loan Program Rating Criteria.” The report replaces the existing criteria dated June 27, 2019.

The criteria report sets out broad attributes for each key rating driver that is part of Fitch’s general methodology for assigning ratings for HFA affordable housing loan securitization programs. The three appendices more fully define the key attributes and provide indicative metrics and stress levels for the following HFA loan programs: (1) single-family loan programs; (2) pooled multifamily loan programs; and (3) mortgage backed security (MBS) pass-through programs.

The updates to the criteria include the use of additional stress scenario analysis with revised assumptions to allow for a timely response to unforeseen macroeconomic or industry developments including catastrophic events and pandemics. Only affected key rating assumptions will be adjusted while all other elements of the criteria, including what are the key rating drivers and the mechanisms for how the criteria is applied, will remain unchanged.

The updates to the criteria also clarify Fitch’s analytical approach to evaluating loan loss assumptions for second lien loans that are included in Fitch-rated single family loan programs. The criteria also provide more explicit methodology for Fitch’s evaluation of projects with Low Income Housing Tax Credit (LIHTC) equity in the debt service coverage benchmarking approach for subsidized verses unsubsidized pooled multifamily transactions.

The unforeseen circumstances stress scenario analysis in the criteria report replaces the stresses outlined in “Fitch Ratings: USPF Housing Defines Coronavirus Scenarios for Loan Program Models” dated April 30, 2020.

No changes to the ratings of existing transactions are anticipated as a result of the application of the consolidated rating criteria.

The full report is available at [www.fitchratings.com](http://www.fitchratings.com).

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