

Freddie Mac's HFA Advantage® conventional product allows 97% loan-to-value (LTV) ratios with low mortgage insurance coverage requirements. This guide summarizes Minnesota Housing guidelines, and Freddie Mac and U.S. Bank—HFA Division overlays required for loan eligibility. Lenders are also responsible for meeting all program guidelines ([Start Up](#) or [Step Up](#)), underlying product guidelines (**Freddie Mac Home Possible®**) and U.S. Bank—HFA Division overlays.^{1, 2}

PARAMETERS	HFA ADVANTAGE® REQUIREMENTS			
Eligible Minnesota Housing Programs	HFA Advantage® can only be accessed through Start Up or Step Up .			
Loan Terms	<ul style="list-style-type: none">Fully-amortizing30-year termFixed Rate		<ul style="list-style-type: none">PurchaseRefinance option with Step Up	
Eligible Occupancy	Owner-occupied			
Mortgage Insurance (MI) Coverage	At or below 80% AMI			
	> 95% & ≤ 97%	> 90% & ≤ 95%	> 85% & ≤ 90%	> 80% & ≤ 85%
	18%	16%	12%	6%
	Above 80% AMI			
	> 95% & ≤97%	> 90% & ≤95%	>85% & ≤90%	> 80% & ≤85%
	35%	30%	25%	12%
Eligible Property Types	<ul style="list-style-type: none">One unit, single-familyModular HomeCondo³ / Townhome / Unit within a Planned Unit Development (PUD) <ul style="list-style-type: none">DuplexManufactured home taxed as real property			
Ineligible Property Types	Co-ops, Triplexes, Fourplexes			
Eligible Forms of Ownership	<ul style="list-style-type: none">Fee simple interestTenancy in commonSole Ownership		<ul style="list-style-type: none">Joint tenancyTenants by entiretyCommunity Land Trust (CLT)	
Manufactured Housing	See page 2 of Credit and DTI Matrix . Manual underwriting not allowed. Single wide ineligible.			
Income	<ul style="list-style-type: none">Program Income Limits – refer to Minnesota Housing’s Start Up / Step Up income limits<ul style="list-style-type: none">Start Up: Do not include non-occupant co-signer income in Program Eligibility Income. See Program Eligibility Income Worksheet for guidance.Step Up: Use qualifying income.Qualifying Income Limits -- The loan qualifying income (above or below 80% Area Median Income) determines MI requirements.<ul style="list-style-type: none">See Conventional Income LimitsSee MI Coverage section above for the required coverage by borrower income level.Include non-occupant co-signer income in the qualifying income used to determine whether the borrower is above or below 80% AMI.			
Boarder Income	May be allowed. Defer to Freddie Mac Home Possible® guidelines.			
Minimum Credit /Maximum DTI	Credit and DTI Matrix			
Maximum LTV/ CLTV	<ul style="list-style-type: none">One-Unit: 97% /105%Two-Unit: 95%/105%		<ul style="list-style-type: none">Manufactured Housing: 95%/105%	
Downpayment and Closing Cost Loans	START UP		STEP UP	
	<ul style="list-style-type: none">Deferred Payment Loan (DPL)/DPL PlusMonthly Payment LoanCommunity Seconds®		<ul style="list-style-type: none">Monthly Payment LoanCommunity Seconds®	

PARAMETERS	HFA ADVANTAGE® REQUIREMENTS
Reserves	<ul style="list-style-type: none"> LPA-underwrite: Defer to Freddie Mac Home Possible® guidelines. Manual underwrite: See “Manual Underwriting” section on page 2.
Interested Party Contributions	Defer to Freddie Mac Home Possible® guidelines
Minimum Borrower Contribution	<ul style="list-style-type: none"> For a single family home, the minimum contribution is \$1,000 or 1% of the purchase price, whichever is less, if receiving Minnesota Housing downpayment and closing cost loan For a duplex, the minimum borrower contribution is 3% of the purchase price
Homebuyer Education	<ul style="list-style-type: none"> For a single family home if all borrowers are first-time homebuyers, at least one borrower must complete an approved homebuyer education course prior to closing. For a duplex at least one of the borrowers must also attend an approved landlord education course prior to closing
Loan Product Advisor®	<ul style="list-style-type: none"> You must receive an LPA® recommendation of “Risk Class Accept” You may underwrite to Minnesota Housing income limits
Underwriting Guidelines	<ul style="list-style-type: none"> Unless otherwise stated in this product description, refer to Freddie Mac Home Possible® guidelines. Lenders must also follow U.S. Bank overlays (see U.S. Bank—HFA Division AllRegs).^{1, 2} Where the HFA Advantage® guidelines conflict with Home Possible® guidelines, follow the guidelines in this product description.
Manual Underwriting	LTV ≤ 97%
	Required Reserves/ FICO/ DTI vary. See HFA Conventional Product Guide located on the U.S. Bank HFA—Division AllRegs Website ²
Non-Traditional Credit	Defer to Freddie Mac Home Possible® guidelines. Max 95% LTV if no borrowers have credit score.
Freddie Mac Delivery Fee	Zero
Investor Feature Identifier (IFI)	LPA® Offering Identifier 251 or choose “Home Possible Advantage for HFAs” (eligible users only)” from drop-down menu
LLPA	Zero LLPA (Loan Level Price Adjustment)

PARAMETERS	UPFRONT PAID MORTGAGE INSURANCE (UPMI) REQUIREMENTS
Product Guidelines	Refer to the HFA Advantage® product guidelines above
Minimum Credit Score	See Credit and DTI Matrix
Service Release Premium (SRP)	Unused UPMI SRP must be credited to the borrower for closing costs. See Examples.

¹ See [Allregs](#) file path: HFA Division Lending Guide> 1400.02: Overlay Matrix> Delegated HFA Agency Overlays

² See [Allregs](#) file path: HFA Division Lending Guide> 500: Housing Finance Agency> Minnesota> Minnesota HFA> Product Guides >HFA Conventional

³Lenders with delegated underwriting authority do not need to submit condo approval to U.S. Bank – HFA Division