HFA Preferred Risk Sharing™ Product

Frequently Asked Questions

Did my corporate office receive the paperwork for this product?
Three copies of the HFA Preferred Risk Sharing™ Supplement to Participation Agreement were sent to the Main Contact and Web Administrator listed for your company.

Corporate didn't receive the Supplement. How do I get a copy to forward to them?
The HFA Preferred Risk Sharing™ Supplement to Participation Agreement is posted on our website: http://www.mnhousing.gov/resources/training/sf-assistance/MHFA_011674.aspx.

How many copies should we execute?
Please sign and return three original ink copies.

How can I verify if our institution has signed and returned the HFA Preferred Risk Sharing™ Supplement to Participation Agreement?
Please contact Maggie Hoeg, Office and Administrative Specialist, at maggie.hoeg@state.mn.us.

Is every Minnesota Housing lender eligible to offer the HFA Preferred Risk Sharing™ product?
The HFA Preferred Risk Sharing™ product is available to lenders who participate in the Minnesota Mortgage Program (MMP). Lenders will need to sign the HFA Preferred Risk Sharing™ Supplement to Participation Agreement in order to commit HFA Preferred Risk Sharing™ loans.

Besides the Supplement, are other Minnesota Housing documents required for this product?
The HFA Preferred Risk Sharing™ Supplement to Participation Agreement is the only document your company is required to sign for this product.

What competitive advantage does HFA Risk Sharing™ have over FHA?
The product offers an affordable interest rate with 97% loan-to-value (LTV) financing and requires no mortgage insurance. Other factors, such as the number of years the borrower plans to own the home, may affect which product or program is in a borrower's best financial interest.

What is the difference between HFA Preferred™ and HFA Preferred Risk Sharing™?
These Fannie Mae products are available exclusively through housing finance agencies (HFA) and offer a 97% loan to value (LTV) ratio. The HFA Preferred Risk Sharing™ has a slightly higher interest rate, but does not require mortgage insurance.

Why is the loan called Risk Sharing? Is this loan "riskier" to my company than HFA Preferred™?
We understand that the name of this product is confusing. However, lenders and buyers bear no more risk with this product than with a regular conventional loan. The risk-sharing the name refers to is the risk that Fannie Mae and Minnesota Housing share in offering a product with no required mortgage insurance.

What is the interest rate?
Current interest rates for all products and programs are posted on our website: http://www.mnhousing.gov/consumers/rates/index.htm.

Do borrowers have to be in a targeted neighborhood?
No demographic or geographic targeting applies to this product.

To whom do we generate our mortgage assignments for HFA Preferred Risk Sharing™ loans?
Endorse the note and assign the mortgage to U.S. Bank Home Mortgage, MRBP Division.

Can we use HAF assistance?
Minnesota Housing entry cost assistance programs (HAF and HOME HELP) are not available with this product. However, Fannie Mae allows the use of approved Community Seconds®.

What are the income limits and purchase price limits?
The MMP income and purchase price limits apply and are available on our website: http://www.mnhousing.gov/resources/resources/limits/MHFA_004718.aspx.

How do we get a copy of the webinar presentation?
All the presentation and training materials are on the Minnesota Housing website at: http://www.mnhousing.gov/resources/training/sf-assistance/MHFA_011674.aspx.

Is this product restricted to first-time homebuyers?
Yes. First-time homebuyers are defined as those who have not had ownership interest in their principal residence for three years.

Are these loans subject to the Federal Subsidy Recapture Tax?
Yes. The federal subsidy recapture provision applies for the first nine years, but borrowers need to meet three criteria to be affected. For more information, please review the Federal Subsidy Recapture Tax Overview on our website: http://www.mnhousing.gov/idc/groups/homes/documents/webcontent/mhfa_008434.pdf

Do you allow non-occupying co-signers like parents?
No. All borrowers must occupy the property as their principal residence.

What is the loan commitment process?
Reserve HFA Preferred Risk Sharing™ loans on the Single Family HDS Online System. The product is only available under MMP. Select the highest available interest rate, uninsured conventional loan product, and in the optional tab, mark "Y" for HFA Preferred Risk Sharing. Instructions on how to reserve a loan are included in the PowerPoint presentation available on the Training and Technical Assistance page.

Will you accept non-traditional credit?
No. A borrower must have a credit score of 680. Manual underwriting for non-traditional credit is unavailable for HFA Preferred Risk Sharing™ loans.

What are the maximum seller concessions?
- 3% for CLTV greater than 90%
- 6% for CLTV less than or equal to 90%

May a borrower make a down payment larger than three percent?
Borrowers may put more than three percent down, but if they have the cash available for a larger down payment, they may be better served with another loan product.