



# HFA Preferred Risk Sharing™ Webinar Q & A

April 17&19, 2012

## **Do you offer company-specific training?**

Please contact project managers Stephanie Oyen at [stephanie.oyen@state.mn.us](mailto:stephanie.oyen@state.mn.us) or Kirsten Partenheimer at [kirsten.partenheimer@state.mn.us](mailto:kirsten.partenheimer@state.mn.us) to discuss customized training for your company.

## **What is the difference between the HFA Preferred™ and the HFA Preferred Risk Sharing™ products?**

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.

## **When would we use HFA Preferred™ versus HFA Preferred Risk Sharing™?**

Because HFA Preferred Risk Sharing™ does not require mortgage insurance, the monthly payment for the borrower may be lower than with other products. However, 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 overall financial interest.

## **What happens if the loan goes in to default after 6 months? Who carries the risk and the repurchase responsibility?**

Lenders and buyers bear no more risk with this product than with a regular conventional loan. Minnesota Housing has agreed to buy back any loans that reach four months delinquency within six months and do not cure. Fannie Mae bears the responsibility for delinquent loans after this time frame.

## **Can you use a Minnesota Housing entry cost assistance (ECA) program with HFA Preferred Risk Sharing™?**

No, Minnesota Housing assistance (HAF and HOME HELP) is not available with HFA Preferred Risk Sharing™. Other Fannie Mae Community Seconds are allowed.

## **What is a Community Second?**

Community Seconds® is the name Fannie Mae applies to approved entry cost assistance programs.

## **Can we use NSP funds from Hennepin County for the downpayment assistance? Or, if we are approved for Federal Home Loan Bank downpayment assistance funds, can we use this? We do have to file a deed restriction with the assistance funds (five-year maturity, then considered a grant).**

To determine whether a second mortgage program is eligible, please consult Fannie Mae's most recent Selling Guide, <https://www.efanniemae.com/sf/guides/ssg/sgpdf.jsp>, particularly sections B5-5.1-01, (Community Seconds Mortgages) B5-5.1-02, (Community Seconds Loan Eligibility) and B5-5.1-03 (Community Seconds Delivery Considerations).

You may also use the Community Second Checklist to determine whether a subordinate mortgage program complies with Fannie Mae's guidelines for Community Seconds:

<https://www.efanniemae.com/sf/mortgageproducts/pdf/cschecklist.pdf>

**Is there really no borrower contribution requirement?**

Correct. There is no minimum borrower contribution for this product.

**Is the downpayment allowed to be a gift?**

Gift funds may fund all or part of the downpayment, closing costs, or financial reserves. For more clarification, please consult Fannie Mae's most recent Selling Guide, <https://www.efanniemae.com/sf/guides/ssg/sgpdf.jsp>, particularly section B3-4.3-04 (Personal Gifts).

**Do we have the option to send the file directly to US Bank to underwrite these loans if our underwriter is not familiar/comfortable with underwriting it?**

Yes, contact the US Bank Help Desk at 1-800-562-5165 or [mrbp.helpdesk@usbank.com](mailto:mrbp.helpdesk@usbank.com) for more information.

**Can we use Freddie's LP? How would this work?**

You can run the loan through Freddie Mac LP or Fannie Mae DO as Home Possible.

- Loan must adhere to 700 credit score and 95% TLTV for first-time home buyers
- Risk Class of "Accept" only
- No manual underwriting allowed
- Careful attention must be paid to the Special Feature Codes (SFC) for delivery to Fannie Mae

**Where do we find the US Bank overlays?**

US Bank overlays are already incorporated into the Term Sheet. However, if you choose to have US Bank underwrite your HFA Preferred Risk Sharing™ loans, additional overlays may apply and US Bank can supply you with a list of overlays.

**Will there be a written manual on this product?**

Since manual underwriting is not allowed, the product is quite simple. Minnesota Housing has posted a Term sheet on its website at [http://www.mnhousing.gov/resources/training/sf-assistance/MHFA\\_011674.aspx](http://www.mnhousing.gov/resources/training/sf-assistance/MHFA_011674.aspx). If you have questions that are not addressed on this Term Sheet, please contact US Bank at 1-800-562-5165 for more information.

**Does the MN Housing website work with browsers other than Internet Explorer? Like Firefox?**

HDS is compatible with Internet Explorer versions 6&7. For more information on compatibility, please see our website:

[http://www.mnhousing.gov/idc/groups/homes/documents/webcontent/mhfa\\_012067.pdf](http://www.mnhousing.gov/idc/groups/homes/documents/webcontent/mhfa_012067.pdf)

**Are we allowed to make more than 2pt on this program? Are these paid the same SRP as other MHFA programs of 100 bps?**

Compensation for these loans is the same for all other Minnesota Housing loans.

**Is there a funding fee for this program?**

There is no upfront or monthly mortgage insurance required for this product.

**How will pricing be decided?**

The HFA Preferred Risk Sharing™ interest rate will be ¼ percent higher than our conventional product and will be available on our website at <http://www.mnhousing.gov/consumers/rates/index.aspx>.

**Will the PowerPoint be sent to everyone?**

You can access the PowerPoint on our website: [http://www.mnhousing.gov/resources/training/sf-assistance/MHFA\\_011674.aspx](http://www.mnhousing.gov/resources/training/sf-assistance/MHFA_011674.aspx)

**Condos must be Fannie Mae-approved. Does that mean they have to be 1028 approved or does the lender have to warrant the condo following the different Fannie Mae condo processes? If the project is HUD approved, is this an eligible condo?**

The condominium project must be on the Fannie Mae approved list or the lender must put the project through the Fannie Mae "Project Manager" approval process.

**If a credit report has only one score, is that sufficient to meet the requirement so long as DU gives an approve/eligible?**

As long as you receive an approve/eligible response in DU, this would be fine.

**How does HFA handle property flips? Any overlays? What appraisal guidelines do we go by?**

HFA Preferred Risk Sharing™ would follow standard Fannie Mae guidelines regarding property flips.

**Is there a limitation of fund available under this program?**

Minnesota Housing has an initial allocation of \$75 million and the option to allocate additional funds. However, we do not expect to run out of funds in the near future.

**Do you subtract non-reimbursed expenses from W2 income for the income to qualify for this program?**

You would follow standard Fannie Mae guidelines for calculating qualifying income. You can call Minnesota Housing with specific questions on how to calculate eligibility income.

**What additional program specific closing documents are required for this program?**

There are no additional closing documents required for this product. Follow standard Fannie Mae guidelines and Minnesota Housing requirements for MMP loans.