

The following product description sheet outlines both the HFA Preferred™ and the HFA Preferred Risk Sharing™ conventional products offered by Fannie Mae and summarizes Minnesota Housing guidelines, and Fannie Mae and U.S. Bank overlays required for loan eligibility. Lenders are also responsible for meeting all program guidelines ([Start Up](#) or [Step Up](#)), underlying product guidelines (Fannie Mae HomeReady™) and U.S. Bank overlays.

PARAMETERS	HFA PREFERRED™		HFA PREFERRED RISK SHARING™	
<b>Product Description</b>	97% loan-to-value (LTV) ratios with low mortgage insurance coverage requirements for income eligible borrowers; must be layered with a Minnesota Housing Mortgage Loan Program		97% loan-to-value (LTV) ratios with <b>no mortgage insurance</b> coverage requirements; must be layered with a Minnesota Housing Mortgage Loan Program	
<b>Borrower Eligibility</b>			Only available to borrowers ≤80% AMI, based on Qualifying Income & Property County	
<b>LTV &amp; Mortgage Insurance (MI) Coverage</b> <i>For loans &gt; 80% &amp; ≤ 95%, Contact <a href="#">Minnesota Housing</a></i>	For loans with initial DU® run date <b>prior to 9.5.2019:</b>			
	> 95% & ≤ 97%		> 90% & ≤ 95%	
	18%		16%	
	For loans with initial DU® run date <b>on or after 9.5.2019:</b>			
	<b>At or below 80% AMI</b>		<b>Above 80% AMI</b>	
	> 95% & ≤ 97%	> 90% & ≤ 95%	> 95% & ≤ 97%	> 90% & ≤ 95%
	18%	16%	35%	30%
<b>Community Land Trusts (CLT)</b>	Eligible		Ineligible	
<b>Minimum LTV  CLTV</b>	Not Applicable		Greater than 80%	
<b>Desktop Underwriter® (DU®)</b>	<ul style="list-style-type: none"> <li>On the "Additional Data" screen; select "HFA Preferred."</li> <li>"Approve/Eligible" acceptable.</li> <li>"Refer Eligible" or "Refer with Caution" requires manual underwriting.</li> </ul>		<ul style="list-style-type: none"> <li>On the "Additional Data" screen, select "HFA Preferred Risk Sharing."</li> <li>"Approve/Eligible" required</li> <li>"Refer Eligible" or "Refer with Caution" not eligible</li> </ul>	
<b>Manual Underwriting</b>	<b>LTV ≤ 95%:</b>		Not allowed	
	<ul style="list-style-type: none"> <li>Lender may manually underwrite even if mortgage previously submitted to DU®</li> <li>Maximum 36% DTI</li> <li>Minimum 2 months PITI (and association dues, if applicable) reserves after closing (or per Fannie Mae HomeReady™ guidelines, if greater)</li> <li>See Fannie Mae's HomeReady™ Product Matrix for manual underwriting</li> <li>Maximum CLTV remains at 105% as long as the secondary financing is an approved Community Seconds® loan</li> <li>Manual underwriting not allowed on Manufactured Homes</li> <li><a href="#">Credit and DTI Matrix</a></li> </ul>			
	<b>LTV &gt; 95 up to ≤ 97% : Not allowed</b>			
<b>Non-Traditional Credit</b>	Defer to Fannie Mae HomeReady™ guidelines		Follow findings if applicable	
<b>Reserves</b>	<ul style="list-style-type: none"> <li>DU®-underwrite: Defer to Fannie Mae HomeReady™ guidelines.</li> <li>Manual underwrite: See "Manual Underwriting" above</li> </ul>		Defer to DU® requirements	
<b>Special Feature Codes (SFC)</b>	<b>≤ 50% AMI</b>	<b>≤ 80% AMI</b>	<b>&gt;80% AMI</b>	
	SFC 782, 741 767	SFC 782, 741, 766	SFC 782, 741, 745	

PARAMETERS		HFA PREFERRED™	HFA PREFERRED RISK SHARING™
PROGRAM SIMILARITIES	Eligible Minnesota Housing Programs	HFA Preferred™ & HFA Preferred Risk Sharing™ can only be accessed through <a href="#">Start Up</a> or <a href="#">Step Up</a> .	
	Loan Terms	<ul style="list-style-type: none"> <li>Fully-amortizing</li> <li>30-year term</li> </ul>	<ul style="list-style-type: none"> <li>Fixed Rate</li> <li>Purchase</li> <li>Refinance option with Step Up</li> </ul>
	Eligible Property Types	<ul style="list-style-type: none"> <li>One unit, single-family</li> <li>Duplex</li> </ul>	<ul style="list-style-type: none"> <li>Condo   Townhouse   Unit within a Planned unit development (PUD)</li> <li>Modular home</li> <li>Manufactured home taxed as real property</li> </ul>
	Ineligible Property Types	Co-ops, Triplexes, Fourplexes	
	Eligible Occupancy	Owner-occupied	
	Manufactured Housing	See page 2 of <a href="#">Credit and DTI Matrix</a> ; Manual underwriting not allowed	
	Program Income Requirements	Minnesota Housing's <a href="#">Start Up / Step Up income limits</a>	
	Product Income Requirements	<a href="#">Conventional Income Limits – NEW!</a>	
	Minimum Credit   Maximum DTI	<a href="#">Credit and DTI Matrix</a>	
	Underwriting Product Guidelines	<ul style="list-style-type: none"> <li>Unless otherwise stated in this product description, refer to Fannie Mae's HomeReady™ guidelines.</li> <li>Lenders must also follow U.S. Bank overlays.</li> <li>Where product guidelines conflict with HomeReady™ guidelines, follow the guidelines in this product description.</li> </ul>	
	Maximum LTV/CLTV	<ul style="list-style-type: none"> <li>One-unit: 97% / 105%</li> <li>Two-unit: 95% / 105%</li> </ul>	<ul style="list-style-type: none"> <li>Manufactured housing: 95% / 105%</li> <li>Manufactured housing Advantage: 97% / 105%</li> </ul>
	Minimum Borrower Contribution	<ul style="list-style-type: none"> <li>One-unit: \$1,000 or 1% of the purchase price, whichever is less, if receiving Minnesota Housing downpayment and closing cost loan</li> </ul>	<ul style="list-style-type: none"> <li>Two-unit: 3% of the purchase price (per HomeReady™ guidelines)</li> </ul>
	Homebuyer Education	If all borrowers are first-time homebuyers, at least one borrower must complete an <a href="#">approved homebuyer education course</a> prior to closing.	
	Downpayment and Closing Cost Loans	<ul style="list-style-type: none"> <li>Varies based on Start Up   Step Up</li> <li>Refer to <a href="#">Downpayment and Closing Cost Loans Comparison</a></li> </ul>	
	Landlord Education	Landlord education is required for duplex purchase transactions that exceed the LTV required by the Fannie Mae Selling Guide Eligibility Matrix.	
	Interested Party Contributions	Defer to Fannie Mae HomeReady™ guidelines	
Fannie Mae Delivery Fee	Zero		
LLPA	Zero LLPA (Loan Level Price Adjustment)		

PARAMETERS	HFA Preferred™ UPFRONT PAID MORTGAGE INSURANCE (UPMI) REQUIREMENTS
Qualifying Income Limits	Not allowed for borrowers over 80% AMI. See <a href="#">Conventional Income Limits</a> .
Product Guidelines	Refer to the HFA Preferred™ product guidelines above
Minimum Credit Score	<a href="#">Credit and DTI Matrix</a>
Eligible & Ineligible Properties	See above
Special Feature Codes (SFC)	See above
Service Release Premium (SRP)	Unused UPMI SRP must be credited to the borrower for closing costs. <a href="#">See Examples</a>