

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™	
Product Description	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 no mortgage insurance coverage requirements; must be layered with a Minnesota Housing Mortgage Loan Program	
Borrower Eligibility		Only available to borrowers ≤80% AMI, based on Qualifying Income & Property County	
Mortgage Insurance (MI) Coverage <i>For loans ≤ 90% LTV, contact Minnesota Housing</i>	For loans with initial DU® run date prior to 9.5.2019:		
	> 95% & ≤ 97% LTV	> 90% & ≤ 95% LTV	
	18%	16%	
	For loans with initial DU® run date on or after 9.5.2019:		
	At or below 80% AMI	Above 80% AMI	
	> 95% & ≤ 97% 18%	> 90% & ≤ 95% 16%	> 95% & ≤ 97% 35%
	> 90% & ≤ 95% 30%	Not required	
Community Land Trusts (CLT)	Eligible	Ineligible	
Minimum LTV CLTV	Not Applicable	Greater than 80%	
Desktop Underwriter® (DU®)	<ul style="list-style-type: none"> On the "Additional Data" screen; select "HFA Preferred." "Approve/Eligible" acceptable. "Refer Eligible" or "Refer with Caution" requires manual underwriting. 	<ul style="list-style-type: none"> On the "Additional Data" screen, select "HFA Preferred Risk Sharing." "Approve/Eligible" required "Refer Eligible" or "Refer with Caution" not eligible 	
Manual Underwriting	LTV ≤ 95%:	Not allowed	
	<ul style="list-style-type: none"> See Fannie Mae's HomeReady™ manual underwriting guidelines Lender may manually underwrite even if mortgage previously submitted to DU® Required Reserves/ FICO/ DTI vary. See HFA Conventional Product Guide located the on U.S. Bank Allregs website HFA Division Lending Guide, Section 500: Housing Finance Agency Programs / Minnesota Housing / Product Guides. Maximum CLTV of 105% as long as the secondary financing is an approved Community Seconds® loan Manual underwriting not allowed on Manufactured Homes 		
	LTV > 95 up to ≤ 97% : Not allowed		
Non-Traditional Credit	Defer to Fannie Mae HomeReady™ guidelines	Follow findings if applicable	
Reserves	<ul style="list-style-type: none"> DU®-underwrite: Defer to Fannie Mae HomeReady™ guidelines. Manual underwrite: Required. See "Manual Underwriting" above 	Defer to DU® requirements	
Special Feature Codes (SFC)	≤ 50% AMI	≤ 80% AMI	SFC 001 and SFC 820
	>80% AMI		
	SFC 782, 741, 767	SFC 782, 741, 766	SFC 782, 741, 745

PROGRAM DIFFERENCES

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