



## Start Up/Step Up Program Updates

### FHA Streamlined Refinance Loans

Minnesota Housing received clarification that FHA Streamlined Refinance Loans may not have a new second mortgage. If the borrower has a previous Minnesota Housing second mortgage, the borrower may subordinate that second and refinance with an FHA Streamlined Refinance through the Step Up program, but may not add a new Monthly Payment Loan to the transaction. At this time, Minnesota Housing does not offer a higher interest rate that allows lender payment of closing costs.

### Updated HFA Preferred™ Term Sheet

The [HFA Preferred™ Term Sheet](#) has been updated to reflect the implementation of the Start Up and Step Up programs and changes by Fannie Mae. This conventional product allows a loan-to-value (LTV) ratio up to 97% and is offered exclusively through state housing finance agencies (HFA). This product is different from Fannie's other product of a similar name, HFA Preferred Risk Sharing™, which does not require mortgage insurance.

### Conventional Loans and Ownership of Existing Residential Dwelling

If your borrower is not selling his or her current home before purchasing a new home with either the HFA Preferred™ or HFA Preferred Risk Sharing™ products, the borrower is not eligible for conventional financing. Fannie Mae requires that borrowers "may not have an ownership interest in any other residential dwelling at the time of closing. (A manufactured home, regardless of the type of property ownership, is considered a residential dwelling for this purpose. Ownership in a time share is not.)"

Lenders are responsible for verifying that the borrower and property meet all underlying product guidelines.

## Questions?

Single Family Division Help Desk

[mnhousing.solution@state.mn.us](mailto:mnhousing.solution@state.mn.us)

651.296.8215 or 800.710.8871 (toll-free)

7:30 a.m. to 5:00 p.m. (business days)

### Previous eNews Announcements

[January 17, 2013](#) - Start Up/Step Up Program Updates

[January 3, 2013](#) - Start Up/Step Up Program Updates

[December 19, 2012](#) – New Minnesota Housing Loan Programs Now Available

[December 17, 2012](#) - Mortgage Loan Program and Step Up Refinance Update

[December 12, 2012](#) - Final Days for MMP and CASA Loan Commitments Before Launch of New Loan Programs