

Freddie Mac’s HFA Advantage® conventional product allows 97% loan-to-value (LTV) ratios with low mortgage insurance coverage requirements. This product description summarizes Minnesota Housing guidelines, and Freddie Mac 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 (**Freddie Mac Home Possible®**) and U.S. Bank—HFA Division overlays on [Allregs](#).

PARAMETERS	HFA ADVANTAGE® REQUIREMENTS			
<b>Eligible Minnesota Housing Programs</b>	HFA Advantage® can only be accessed through <a href="#">Start Up</a> or <a href="#">Step Up</a> .			
<b>Loan Terms</b>	<ul style="list-style-type: none"> <li>Fully-amortizing</li> <li>30-year term</li> <li>Fixed Rate</li> </ul>		<ul style="list-style-type: none"> <li>Purchase</li> <li>Refinance option with Step Up</li> </ul>	
<b>Eligible Occupancy</b>	Owner-occupied			
<b>Mortgage Insurance (MI) Coverage</b>	<b>At or below 80% AMI</b>			
	> 95% & ≤ 97%	> 90% & ≤ 95%	> 85% & ≤ 90%	> 80% & ≤ 85%
	18%	16%	12%	6%
	<b>Above 80% AMI</b>			
	> 95% & ≤ 97%	> 90% & ≤ 95%	> 85% & ≤ 90%	> 80% & ≤ 85%
	35%	30%	25%	12%
<b>Eligible Property Types</b>	<ul style="list-style-type: none"> <li>One unit, single-family</li> <li>Modular Home</li> <li>Manufactured Housing</li> </ul>		<ul style="list-style-type: none"> <li>Condo / Townhome</li> <li>A unit within a Planned Unit Development (PUD)</li> <li>1-2 unit primary residences</li> </ul>	
<b>Ineligible Property Types</b>	<ul style="list-style-type: none"> <li>3-4 Unit</li> </ul>		<ul style="list-style-type: none"> <li>Co-ops</li> <li>Community Land Trusts (CLT)</li> </ul>	
<b>Manufactured Housing</b>	See page 2 of <a href="#">Credit and DTI Matrix</a> . Manual underwriting not allowed. Single wides ineligible. 95% CLTV max. See <a href="#">U.S. Bank Allregs</a> <sup>1,2</sup>			
<b>Income</b>	<ul style="list-style-type: none"> <li>Program Income Limits – refer to Minnesota Housing’s <a href="#">Start Up / Step Up income limits</a> <ul style="list-style-type: none"> <li>Start Up: Do not include non-occupant co-signer income in Program Eligibility Income. See <a href="#">Program Eligibility Income Worksheet</a> for guidance.</li> <li>Step Up: Use qualifying income.</li> </ul> </li> <li>Qualifying Income Limits -- The loan qualifying income (above or below 80% Area Median Income) determines MI requirements.                             <ul style="list-style-type: none"> <li>See <a href="#">Conventional Income Limits</a></li> <li>See MI Coverage section above for the required coverage by borrower income level.</li> <li>Include <b>non-occupant co-signer income</b> in the qualifying income used to determine whether the borrower is above or below 80% AMI.</li> </ul> </li> </ul>			
<b>Boarder Income</b>	May be allowed. Defer to Freddie Mac Home Possible® guidelines.			
<b>Minimum Credit /Maximum DTI</b>	<a href="#">Credit and DTI Matrix</a>			
<b>Maximum LTV/ CLTV</b>	97% /105%			
<b>Downpayment and Closing Cost Loans</b>	<b>START UP</b>		<b>STEP UP</b>	
	<ul style="list-style-type: none"> <li><a href="#">Deferred Payment Loan (DPL)/DPL Plus</a></li> <li><a href="#">Monthly Payment Loan</a></li> <li>Community Seconds®</li> </ul>		<ul style="list-style-type: none"> <li><a href="#">Monthly Payment Loan</a></li> <li>Community Seconds®</li> </ul>	
<b>Reserves</b>	<ul style="list-style-type: none"> <li>LPA-underwrite: Defer to Freddie Mac Home Possible® guidelines.</li> <li>Manual underwrite: See “Manual Underwriting” section on page 2.</li> </ul>			
<b>Interested Party Contributions</b>	Defer to Freddie Mac Home Possible® guidelines			

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<b>Minimum Borrower Contribution</b>	<ul style="list-style-type: none"> <li>For a single family home, the minimum contribution is \$1,000 or 1% of the purchase price, whichever is less, if receiving Minnesota Housing downpayment and closing cost loan</li> <li>For a duplex, the minimum borrower contribution is 3% of the purchase price</li> </ul>
<b>Homebuyer Education</b>	<ul style="list-style-type: none"> <li>For a single family home if all borrowers are first-time homebuyers, at least one borrower must complete an <a href="#">approved homebuyer education course</a> prior to closing.</li> <li>For a duplex at least one of the borrowers must also attend an approved landlord education course prior to closing</li> </ul>
<b>Loan Product Advisor®</b>	<ul style="list-style-type: none"> <li>You must receive an LPA® recommendation of “Risk Class Accept”</li> <li>You may underwrite to Minnesota Housing income limits</li> </ul>
<b>Underwriting Guidelines</b>	<ul style="list-style-type: none"> <li>Unless otherwise stated in this product description, refer to Freddie Mac Home Possible® guidelines.</li> <li>Lenders must also follow U.S. Bank overlays (<a href="#">see U.S. Bank AllRegs</a>).</li> <li>Where the HFA Advantage® guidelines conflict with Home Possible® guidelines, follow the guidelines in this product description.</li> </ul>
<b>Manual Underwriting</b>	<p><b>LTV ≤ 97%</b></p> <p>Required Reserves/ FICO/ DTI vary. See HFA Conventional Product Guide located on the <a href="#">U.S. Bank AllRegs Website<sup>1</sup></a></p>
<b>Non-Traditional Credit</b>	Defer to Freddie Mac Home Possible® guidelines. Max 95% LTV if no borrowers have credit score.
<b>Freddie Mac Delivery Fee</b>	Zero
<b>Investor Feature Identifier (IFI)</b>	LPA® Offering Identifier 251 or choose “Home Possible Advantage for HFAs” (eligible users only)” from drop-down menu
<b>LLPA</b>	Zero LLPA (Loan Level Price Adjustment)

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

<sup>1</sup> See [Allregs](#) file path: HFA Division Lending Guide> 500: Housing Finance Agency> Minnesota> Minnesota HFA> Product Guides >HFA Conventional

<sup>2</sup> See [Allregs](#) file path: HFA Division Lending Guide> 1400.02: Overlay Matrix> Delegated HFA Agency Overlays