

APPENDIX III

Fannie Mae HFA Preferred Product

Under **Fannie Mae HFA Preferred**, the following requirements will apply to **all FNMA loans delivered to Fannie Mae**:

- 100% of Fannie Mae's Adverse Market Fee applies as applicable.
- No additional Loan-level price adjustment (LLPA).
- Conforming Maximum Loan to Value (LTV) of 97% in all markets (subject to mortgage insurance availability), if utilizing a non-occupant co-signer or non-occupant co-borrower maximum loan to value is 95%.
- MH Advantage manufactured home, Maximum Loan to Value (LTV) 97% in all markets (subject to mortgage insurance availability).
- If manufactured home other than a MH Advantage, Maximum Loan to Value (LTV) 95% in all markets (subject to mortgage insurance availability).
- Jumbo conforming loans in high cost areas are permitted up to 95% LTV on Home Advantage only. Follow agency guidelines.
- Maximum Combined Loan To Value (CLTV) up to 105% with Community Seconds (subject to mortgage insurance availability).
- Maximum allowable total expense ratio is 50.00%, unless further restrictions apply.
- Minimum credit score is 620 for DU underwritten loans, unless further restrictions apply.
- Per Fannie Mae guidelines, Borrowers may own no more than two financed properties, including the subject property. Follow agency guidelines.
- Borrower Paid Monthly MI, Upfront, or Split MI allowed. Seller Paid MI allowed. Financed Single Premium (97% max LTV).

Borrowers with incomes at or below Fannie Mae's 80% AMI
Charter Minimum coverage are as follows:

- 18% - 95.01-97% LTV

- 16% - 90.01- 95% LTV
- 12% - 85.01-90% LTV
- 6% - 80.01 – 85% LTV

Borrowers with incomes greater than Fannie Mae’s 80% AMI up to [Home Advantage](#) income limit of \$145,000 or up to [House Key](#) income limits by county:

Minimum coverage are as follows:

- 35% - 95.01 – 97% LTV
- 30% - 90.01 – 95% LTV
- 25% - 85.01 – 90% LTV
- 12% - 80.01 – 85% LTV

- Please update DU to include HFA Preferred as an option within the Community Lending screen.
- Click **Additional Data** in the navigation bar.
- Locate the **Community Lending Information** section.
- Select **HFA Preferred** (Special Feature Code 782) in the Community Lending Product field.
- If you are using a Community Seconds mortgage, select **Yes** in the Community Seconds field (Special Feature Code 118). Otherwise, select **No**.
- Special Feature Code for manufactured home is 235, if it’s a MH Advantage manufactured home Special Feature Code 859 must also be used.
- If loan amount is a jumbo conforming use Special Feature Code 808.
- If you are using a Community Seconds mortgage, you must select the appropriate options from the **Community Seconds Repayment Structure** drop-down list.
- When you are finished entering the necessary data for HFA Preferred (782) and other required fields on the Additional Data page, click **Submit**.

All loans subject to approval as per Mortgage Insurance guidelines as applicable. Please see Fannie Mae Special Feature Codes in [Section 2](#).

Freddie Mac HFA Advantage Product

Under **Freddie Mac HFA Advantage**, the following requirements will apply to **all Freddie Mac loans delivered to Freddie Mac**:

- Credit fee in yield specific to the HFA community and elimination of credit fees in price for HFAs.
- Conforming Maximum Loan to Value (LTV) of 97% in all markets (subject to mortgage insurance availability).

- Super Conforming loans are not eligible under the program.
- Manufactured homes are not eligible under the program.
- Maximum Combined Loan to Value (CLTV) up to 105% with Affordable Seconds (subject to mortgage insurance availability).
- Maximum allowable total expense ratio is 50.00%, unless other restrictions apply.
- Minimum credit score is 620 for LPA underwritten loans, unless other restrictions apply.
- Non-occupant co-borrowers or co-signers are not permitted.
- Per Freddie Mac guidelines, the occupant Borrowers may not own more than two financed residential real estate properties, including subject property as of the Note date.
- Borrower Paid Monthly MI, Upfront, or Split MI allowed. Seller Paid MI allowed. Financed Single Premium (97% max LTV). Charter Minimum coverage are as follows:
 - 18% - 95.01 – 97% LTV
 - 16% - 90.01 – 95% LTV
 - 12% - 85.01 – 90% LTV
 - 6% - 80.01 – 85% LTV
- The “Offering Identifier” field in Loan Product Advisor (LPA) must show HFA Advantage or Home Possible Advantage for HFA’s.
- If you are using an Affordable Second mortgage, you must select the appropriate options for the Affordable Second that does not require a payment within first 60 months can be entered in the “Total Gift Fund” field.
- When you are finished entering the necessary data for HFA Advantage LPA findings must show “Accept”. If findings other than “Accept”, see Loan Underwriting in Section 2 of the [Home Advantage](#) or [House Key](#) manual.

All loans subject to approval as per Mortgage Insurance guidelines as applicable.