



HFA Preferred™

Fact Sheet to be used by state Housing Finance Agencies

HFA Preferred is Fannie Mae’s affordable lending product available exclusively to eligible Housing Finance Agencies (HFAs) to serve low- to moderate-income borrowers. Underwriting flexibilities and features include:

- Loan-to-value (LTV) ratio up to 97% with **no first-time home-buyer requirement**
- Borrower income limits **set by the HFA**
- Reduced mortgage insurance coverage with **no loan-level price adjustment (LLPA)**

	Fannie Mae Requirements
Pricing Terms	No LLPAs are required.
Eligible Products	Fully-amortizing fixed-rate mortgages (FRMs) per the <i>Selling Guide</i> , with terms greater than 15 years up to a maximum of 30 years.
Eligible Occupancy	Owner-occupied principal residence
Eligible Purpose	Purchase; limited cash-out refinance
Desktop Underwriter® (DU®)	HFA Preferred is available through DU using the "Additional Data" screen; select "HFA Preferred." Loans with a DU recommendation of Approve/Eligible are eligible for DU’s Limited Waiver of representations and warranties. Qualifying ratios, reserves, and income requirements are determined by DU.
Maximum LTV/CLTV (DU)	<ul style="list-style-type: none"> • One unit: 97% LTV / 105% CLTV* • 2-4 units: 95% LTV / 105% CLTV* • Manufactured Homes: 95% LTV / 105% CLTV* * See Subordinate Financing section below.
Underwriting	<p>HFA may manually underwrite an HFA Preferred mortgage even if such mortgage was previously submitted to DU.</p> <p>Mortgages secured by manufactured homes must be underwritten by DU as required by the <i>Selling Guide</i>, however, Lender may disregard any DU message that the loan casefile is ineligible because the CLTV exceeds 95%.</p>
Manual Underwriting Criteria	Per the requirements of the Eligibility Matrix and any other terms required in the <i>Selling Guide</i> , including borrowers with nontraditional credit.
Minimum Borrower Contribution	<ul style="list-style-type: none"> • 1-unit homes: \$0 • 2- to 4-unit homes: 3%
Subordinate Financing	Community Seconds® only



<p>Donated Gift and Grant Funds or Community Seconds</p>	<p>Nonprofit organizations or public agencies are acceptable providers of donated gift and grant funds or Community Seconds® used to fund all or a part of the down payment, closing costs, or financial reserves in accordance with Selling Guide Sections Part B3-4.3-06 and B5-5.1-02.</p> <p>When sponsoring a gift, grant, or Community Seconds program or otherwise acting in a lending capacity, Lenders may use premium pricing to fund such assistance provided by unaffiliated correspondent lenders to the borrower. The gift or grant funds or Community Seconds must meet all other Selling Guide requirements.</p>
<p>Eligible Property Types</p>	<ul style="list-style-type: none"> • All property types per standard <i>Selling Guide</i> requirements for HomeReady® mortgages.
<p>Income Requirements</p>	<p>The borrower's total qualifying income must not exceed the greater of:</p> <ul style="list-style-type: none"> • The limits required in the <i>Selling Guide</i> for HomeReady (section B5-6-02, HomeReady Mortgage Loan and Borrower Eligibility); or • the limits established by the HFA
<p>Mortgage Insurance</p>	<ul style="list-style-type: none"> • 18% for LTVs ratios > 95% and <= 97% • 16% for LTVs ratios > 90% and <= 95% • 12% for LTVs ratios > 85% and <= 90% • 6% for LTVs ratios > 80% and <= 85%
<p>Housing Goals</p>	<p>At least 50% of the mortgages delivered must meet at least one of the current housing goals established for Fannie Mae by its regulator.</p>
<p>Interested Party Contributions</p>	<p>Per the <i>Selling Guide</i>, standard requirements apply:</p> <ul style="list-style-type: none"> • 3% max for LTV/CLTV greater than 90% • 6% max for LTV/CLTV less than or equal to 90%
<p>Homeownership Education and Housing Counseling</p>	<p>Required per <i>Selling Guide</i>, with the exception that homebuyer education is only required when all borrowers are first time homebuyers, or per HFA established homebuyer education requirements.</p>
<p>Special Feature Code (SFC)</p>	<p>SFC 741 should be used to identify all HFA Preferred loans; and other SFCs as applicable</p>

Any variance or nonstandard MBS contract may be amended or terminated with notice to the lender in accordance with the provisions of the *Selling Guide*. HFA Preferred products are variances to our [HomeReady](#) product; refer to the HomeReady sections of the *Selling Guide* (see section [B5-6](#)) when reviewing Fannie Mae's eligibility and underwriting requirements.

NOTE: *In some cases, the master servicer(s) and/or mortgage insurance companies may have overlays to the program parameters outlined in this fact sheet.*