



## 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	All risk-based LLPAs waived
Eligible Products	Fully-amortizing fixed-rate mortgages (FRMs): Per <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"> <li>• One unit: 97%/105%</li> <li>• 2–4 units: 95%/105%</li> </ul>
Manual Underwriting	Permitted. HFA may manually underwrite an HFA Preferred mortgage even if such mortgage was previously submitted to DU.
Manual Underwriting Criteria	Per the requirements of the <a href="#">Eligibility Matrix</a> 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"> <li>• 1-unit homes: \$0</li> <li>• 2- to 4-unit homes: 3%</li> </ul>
Subordinate Financing	Community Seconds® only
Eligible Property Types	<ul style="list-style-type: none"> <li>• All property types per standard <i>Selling Guide</i> requirements for HomeReady® mortgage.</li> <li>• Manufactured homes that meet standard <i>Selling Guide</i> requirements.</li> </ul>
Income Requirements	The maximum borrower income is the greater of: <ul style="list-style-type: none"> <li>• per <i>Selling Guide</i> (section <a href="#">B5-6-02</a>, HomeReady Mortgage Loan and Borrower Eligibility); or</li> <li>• the limits established by the HFA</li> </ul>



Mortgage Insurance	<ul style="list-style-type: none"> <li>• 18% for LTVs ratios &gt; 95% and &lt;= 97%</li> <li>• 16% for LTVs ratios &gt; 90% and &lt;= 95%</li> <li>• 12% for LTVs ratios &gt; 85% and &lt;= 90%</li> <li>• 6% for LTVs ratios &gt; 80% and &lt;= 85%</li> </ul>
Housing Goals	At least 50% of the mortgages delivered will meet at least one of the current housing goals established for Fannie Mae by its regulator.
Interested Party Contributions	<p>Per the <i>Selling Guide</i>, standard requirements apply:</p> <ul style="list-style-type: none"> <li>• 3% max for LTV/CLTV greater than 90%</li> <li>• 6% max for LTV/CLTV less than or equal to 90%</li> </ul>
Homeownership Education and Housing Counseling	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.
Special Feature Code (SFC)	SFC 741 should be used to identify all HFA Preferred loans; and other SFCs as applicable

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.*