



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"> • One unit: 97%/105% • 2-4 units: 95%/105%
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 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
Eligible Property Types	<ul style="list-style-type: none"> • All property types per standard <i>Selling Guide</i> requirements for HomeReady® mortgage. • Manufactured homes that meet standard <i>Selling Guide</i> requirements.
Income Requirements	The maximum borrower income is the greater of: <ul style="list-style-type: none"> • per <i>Selling Guide</i> (section B5-6-02, HomeReady Mortgage Loan and Borrower Eligibility); or • the limits established by the HFA



Mortgage Insurance	<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%
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"> • 3% max for LTV/CLTV greater than 90% • 6% max for LTV/CLTV less than or equal to 90%
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.*