

APPENDIX III –HFA Preferred Product

Under **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%.
- If manufactured home, 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%.
- Minimum credit score is 620 for DU underwritten loans.
- Per Fannie Mae guidelines, the occupant Borrowers may own other residential real estate properties at the time of loan closing.
- 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

- 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** in the Community Lending Product field.
 - If you are using a Community Seconds mortgage, select **Yes** in the Community Seconds field. Otherwise, select **No**.

- 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 (741) 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, page 2.1.