

Freddie Mac’s HFA Advantage® conventional product allows 97% loan-to-value (LTV) ratios with low mortgage insurance coverage requirements. This guide summarizes Minnesota Housing guidelines, and Freddie Mac and U.S. Bank—HFA Division overlays required for loan eligibility. Lenders are also responsible for meeting all program guidelines ([Start Up](#) or [Step Up](#)), underlying product guidelines (**Freddie Mac Home Possible®**) and U.S. Bank—HFA Division overlays.^{1,2}

PARAMETERS	HFA ADVANTAGE® REQUIREMENTS			
Eligible Minnesota Housing Programs	HFA Advantage® can only be accessed through Start Up or Step Up .			
Loan Terms	<ul style="list-style-type: none"> • Fully-amortizing • Start Up: 30-year term • Step Up: 30-, 25-, 20-, and 15-year terms 	<ul style="list-style-type: none"> • Fixed Rate • Purchase • Refinance option with Step Up 		
Eligible Occupancy	Owner-occupied– Reach out to Partner Solutions Team for additional guidance on non-occupant co-signers			
Mortgage Insurance (MI) Coverage	At or below 80% AMI			
	> 95% & ≤ 97%	> 90% & ≤ 95%	> 85% & ≤ 90%	> 80% & ≤ 85%
	18%	16%	12%	6%
	Above 80% AMI			
	> 95% & ≤ 97%	> 90% & ≤ 95%	> 85% & ≤ 90%	> 80% & ≤ 85%
	35%	30%	25%	12%
Eligible Property Types	<ul style="list-style-type: none"> • One unit, single-family • Modular Home • Condo³ / Townhome / Unit within a Planned Unit Development (PUD) 	<ul style="list-style-type: none"> • Duplex • Manufactured home taxed as real property 		
Ineligible Property Types	Co-ops, Triplexes, Fourplexes			
Eligible Forms of Ownership	<ul style="list-style-type: none"> • Fee simple interest • Tenancy in common • Sole Ownership 	<ul style="list-style-type: none"> • Joint tenancy • Tenants by entirety • Community Land Trust (CLT) 		
Manufactured Housing	See page 2 of Credit and DTI Matrix . Manual underwriting not allowed. Single wide ineligible.			
Income	<ul style="list-style-type: none"> • Program Income Limits – refer to Minnesota Housing’s Start Up / Step Up income limits <ul style="list-style-type: none"> ○ Start Up: Do not include non-occupant co-signer income in Program Eligibility Income. See Program Eligibility Income Worksheet for guidance. ○ Step Up: Use qualifying income. • Qualifying Income Limits -- The loan qualifying income (above or below 80% Area Median Income) determines MI requirements. <ul style="list-style-type: none"> ○ See MI Coverage section above for the required coverage by borrower income level. ○ Include non-occupant co-signer income in the qualifying income used to determine whether the borrower is above or below 80% AMI. 			
Boarder Income	May be allowed. Defer to Freddie Mac Home Possible® guidelines.			
Minimum Credit /Maximum DTI	Credit and DTI Matrix			
Maximum LTV/ CLTV	<ul style="list-style-type: none"> • One-Unit: 97% /105% • Two-Unit: 95%/105% 	<ul style="list-style-type: none"> • Manufactured Housing: 95%/105% 		

PARAMETERS	HFA ADVANTAGE® REQUIREMENTS	
	START UP	STEP UP
Downpayment and Closing Cost Loans	<ul style="list-style-type: none"> • Deferred Payment Loan (DPL)/DPL Plus • Monthly Payment Loan • Community Seconds® 	<ul style="list-style-type: none"> • Monthly Payment Loan • Community Seconds®
Reserves	<ul style="list-style-type: none"> • LPA-underwrite: Defer to Freddie Mac Home Possible® guidelines. • Manual underwrite: See “Manual Underwriting” section on page 2. 	
Interested Party Contributions	Defer to Freddie Mac Home Possible® guidelines	
Minimum Borrower Contribution	<ul style="list-style-type: none"> • For a single family home, the minimum contribution is \$1,000 or 1% of the purchase price, whichever is less, if receiving Minnesota Housing downpayment and closing cost loan • For a duplex, the minimum borrower contribution is 3% of the purchase price 	
Homebuyer Education	<ul style="list-style-type: none"> • For a single family home if all borrowers are first-time homebuyers, at least one borrower must complete an approved homebuyer education course prior to closing. • For a duplex at least one of the borrowers must also attend an approved landlord education course prior to closing 	
Loan Product Advisor®	<ul style="list-style-type: none"> • You must receive an LPA® recommendation of “Risk Class Accept” • You may underwrite to Minnesota Housing income limits 	
Underwriting Guidelines	<ul style="list-style-type: none"> • Unless otherwise stated in this product description, refer to Freddie Mac Home Possible® guidelines. • Lenders must also follow U.S. Bank overlays (see U.S. Bank—HFA Division AllRegs).^{1, 2} • Where the HFA Advantage® guidelines conflict with Home Possible® guidelines, follow the guidelines in this product description. 	
Manual Underwriting	<p>LTV ≤ 97%</p> <p>Required Reserves/ FICO/ DTI vary. See HFA Conventional Product Guide located on the U.S. Bank HFA—Division AllRegs Website²</p>	
Non-Traditional Credit	Defer to Freddie Mac Home Possible® guidelines. Max 95% LTV if no borrowers have credit score.	
Freddie Mac Delivery Fee	Zero	
Investor Feature Identifier (IFI)	LPA® Offering Identifier 251 or choose “Home Possible Advantage for HFAs” (eligible users only)” from drop-down menu	
LLPA	Zero LLPA (Loan Level Price Adjustment)	

PARAMETERS	UPFRONT PAID MORTGAGE INSURANCE (UPMI) REQUIREMENTS
Product Guidelines	Refer to the HFA Advantage® product guidelines above
Minimum Credit Score	See Credit and DTI Matrix
Service Release Premium (SRP)	Unused UPMI SRP must be credited to the borrower for closing costs. See Examples.

¹ See [Allregs](#) file path: HFA Division Lending Guide> 1400.02: Overlay Matrix> Delegated HFA Agency Overlays

² See [Allregs](#) file path: HFA Division Lending Guide> 500: Housing Finance Agency> Minnesota> Minnesota HFA> Product Guides >HFA Conventional

³ Lenders with delegated underwriting authority do not need to submit condo approval to U.S. Bank – HFA Division