



Date: August 30, 2019

Update No.: 2019-04 (Amended)

Fannie Mae HFA Preferred Update

Summary

Fannie Mae is making significant changes to the HFA Preferred program effective September 5, 2019. Lenders are responsible for following all Fannie Mae guidelines and Home At Last™ guidelines. Please review the updates listed below and the [Lender Letter](#) issued by Fannie Mae on June 5, 2019.

New HFA Preferred Benefits

- Income limits will increase to \$135,000 (same as for Freddie Mac HFA Advantage)
- Assistance options for borrowers with income \leq 80% AMI will include 0%, 1%, 2%, 3%, 4% and 5%
- Assistance options for borrowers with income $>$ 80% AMI will include 0%, 1%, 2%, 3% and 4%

Unchanged HFA Preferred Benefits

- Charter-level MI available only on loans with borrower income \leq 80% AMI
- 2-4 unit properties allowed up to 95% LTV
- Manufactured Home financing allowed up to 105% CLTV
- [HAL University](#) homebuyer education course and in-person workshops hosted by Home At Last™ satisfy the Fannie Mae homeownership education requirement
- LPA underwritten loans that meet Fannie Mae guidelines are acceptable
- No loan-level price adjustments (LLPAs)

Temporary DU Workaround

- Loans with borrower income $>$ 80% AMI do not receive the charter-level MI benefits.
- Fannie Mae has scheduled an update to DU AUS on September 21, 2019. Until that update has occurred, DU will still generate a message in the findings that charter minimum mortgage insurance is acceptable for loans above 80% AMI, **THIS IS NOT THE CASE**. Standard mortgage insurance will be required beginning on September 5, 2019 even though DU findings will indicate otherwise. Please pay close attention to your DU findings regarding mortgage insurance. **Lenders are responsible for editing the mortgage insurance in DU until the update resolves this issue.** U.S. Bank and Fannie Mae will not accept any $>$ 80% AMI loans without the required DU edits. Failure to correct DU is a non-curable deficiency.

Further reading on HFA Preferred

- [HFA Preferred Fact Sheet 08.27.2019](#)
- [Why Choose an HFA Preferred Mortgage Flyer 08.27.2019?](#)

Questions

Please contact our office at (775) 283-0173 or email for more information about this update.

