

Lender Operations Update



Attn:

April 24, 2018

Interested Party Contribution (IPC) Limit Increase – Purchase Date Extension

L-2018-028

Housing Finance Agency Division

Update

Summary

In **HFA Lender Bulletin 2017-12 published on August 31, 2017**, we announced that we increased the limit for IPC up to 4% on HFA Preferred™ loans with an LTV above 90% in **certain HFA programs for a limited time**. This increase has helped more borrowers obtain a conventional loan by allowing additional IPC funds to be used for closing cost assistance.

The purpose of this Lender Operations Update (LOU) is to announce that the purchase date for these loans **has been extended to August 10, 2018**.

Extended Purchase Date

- **Original Purchase Deadline Date:** This benefit originally became available as of August 1, 2017. As stated the HFA Lender Bulletin 2017-12, mortgages originated with the 4% IPC must have been purchased by U.S. Bank Home Mortgage **no later than May 10, 2018**.
- **Extended Purchase Deadline Date:** We are pleased to announce that mortgages originated with the 4% IPC must now be purchased by U.S. Bank Home Mortgage **no later than August 10, 2018**.

Background and Eligibility

This increased limit was made available in the . Unless you received the initial and this subsequent communication from U.S. Bank Home Mortgage regarding this availability in additional HFA programs, all other HFA Conventional loans will continue to be limited to the 3% in IPC funds that Fannie Mae traditionally allows on loans with an LTV above 90%. If a loan is received with an IPC above 3% in any program in which the increase was not made available, it will not be eligible for purchase.

Other Requirements

Other requirements include:

- The loan product must be HFA Preferred.
- **DU underwriting is required** (LPA accepts and manual underwriting are not allowed).
- The lender may disregard DU messages indicating that the loan casefile is ineligible because the IPCs exceed the maximum allowable contributions as long as the IPCs did not exceed 4%.
- Special Feature Code 849 must be added to the 1008.

Questions

If you have questions regarding this Lender Operations Update, please contact our HFA Customer Care Team at 800.562.5165, option 1 for a customer care specialist.

We appreciate your continued partnership.

