



# Critical Lender Update: Conventional and Program Changes

Effective for loans locked 3.1.2020

# Our Mission

**Housing is the foundation for success, so we collaborate with individuals, communities and partners to create, preserve and finance housing that is affordable.**



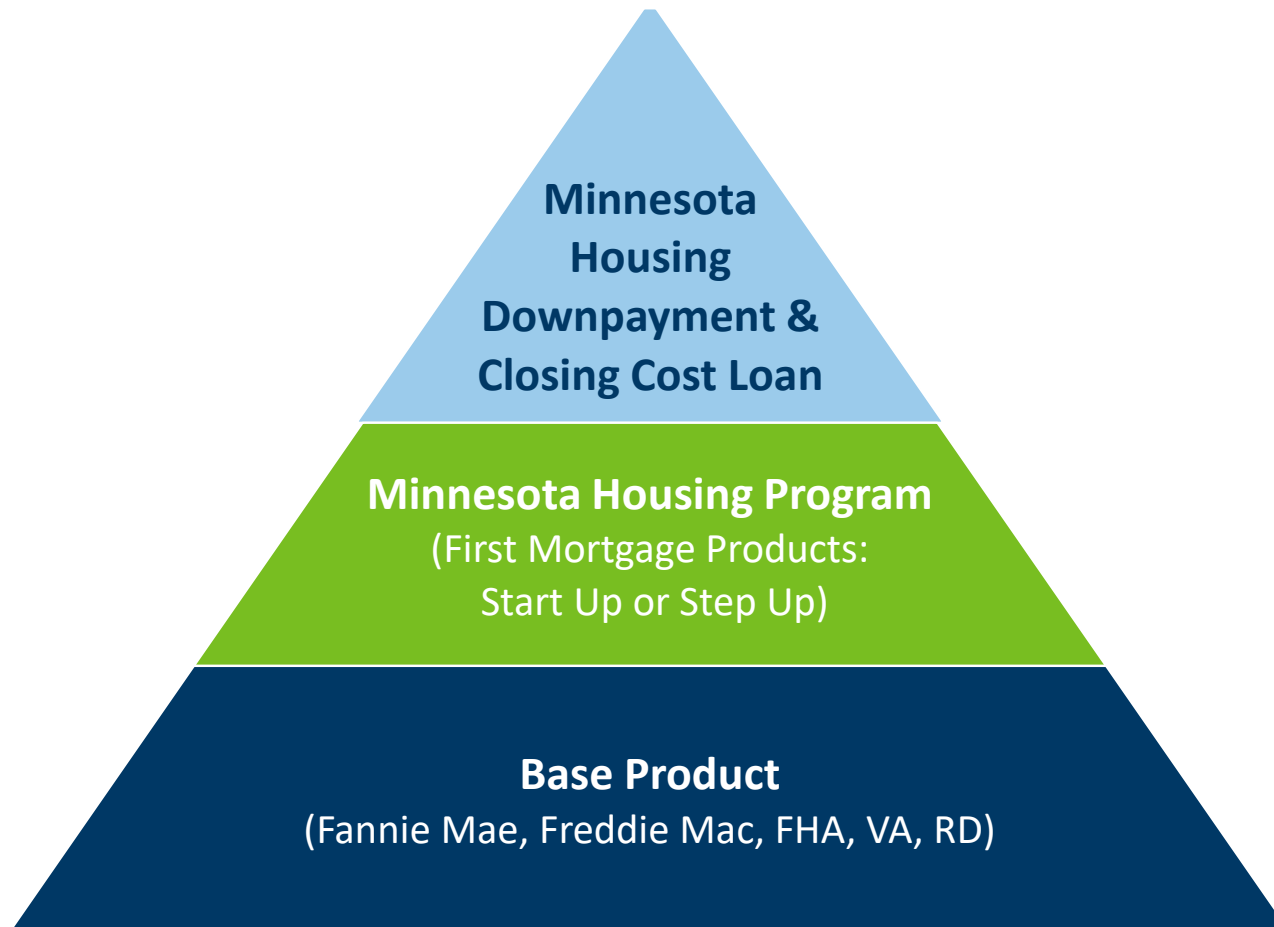


# Today's Agenda

1. Conventional Pricing
2. Program Changes
3. Online Resources
4. Q and A



# Layering our programs



# Conventional Changes

**Exclusive  
Minnesota Housing  
Conventional  
Products**

Minnesota Housing Program  
(First Mortgage Products:  
Start Up or Step Up)



**Fannie Mae®**

# Conventional Changes Based on Area Median Income (AMI)

## 80% AMI based on:

- Borrower's **qualifying income**
- The **property's county**
- DU/LPA results should indicate if borrower is **above** or **below 80% AMI**

**Fact:** 86% of our loans are already at or below 80% AMI



# Timing and Eligibility

	Timing	Eligibility
<b>Fannie Mae HFA Preferred™</b>	Initial DU run date <i>before</i> 9.5.2019	Eligible for charter-rate MI and lower interest rate
	Initial DU run date <i>on or after</i> 9.5.2019	New Pricing & MI Structure (based on borrower %AMI)
<b>Freddie Mac HFA Advantage®</b>	Loans locked <i>before</i> 3.1.2020	Eligible for charter-rate MI and lower interest rate
	Loans locked <i>on or after</i> 3.1.2020	New Pricing & MI Structure (based on borrower %AMI)

# Freddie Mac Clarification

- Effective for loans locked in the Minnesota Housing loan commitment system on or after **3.1.2020**.
- **You can disregard U.S. Bank's announced loan purchase deadline of 3.31.2020 for loans locked under the old Freddie Mac pricing structure.**
- Freddie Mac HFA Advantage loans should use IFI code 251.



# Income Reminder

## Qualifying (Underwriting) Income

- Used to determine repayment of mortgage based on underlying ***product guidelines***

## Program Eligibility Income

- Used to determine income eligibility for Minnesota Housing program
- Based off the Eligibility Income Calculation Worksheet

# Origination System

## Products And Pricing Wizard

### Borrower Information - Homeownership

#### Wizard Navigation

- Client Selection
- Borrower Information - Homeownership**
- Demographic Information
- Property & Loan Information - Home
- Product Validation
- Pricing
- Rate Lock
- Product Selection

Marital Status	Married
First Time Home Buyer	<input checked="" type="radio"/> Yes <input type="radio"/> No
Will Occupy Subject Property	<input checked="" type="radio"/> Yes <input type="radio"/> No
Date of Birth	6/28/1990
Homebuyer Education Date	mm/dd/yyyy
TransUnion	648
Experian	650
Equifax	661
Borrower Credit Score	650
No Credit Score	<input type="checkbox"/>

Credit Score (All Borrowers)

650

Marital Status	Married
First Time Home Buyer	<input checked="" type="radio"/> Yes <input type="radio"/> No
Will Occupy Subject Property	<input checked="" type="radio"/> Yes <input type="radio"/> No
Date of Birth	7/25/1985
Homebuyer Education Date	12/8/2019
TransUnion	630
Experian	675
Equifax	661
Borrower Credit Score	661
No Credit Score	<input type="checkbox"/>

Check this box if there are more than two borrowers. Add an application for those additional borrowers from the loan summary screen. ☐

Are There Cosigners For This Loan? ☐

If using this system to generate Mortgage documents: click here to enter additional interested parties. ☐

#### Household Information

Calculated Annual Minnesota Housing Eligibility Income

62,273.00

Monthly Qualifying (1003) Income

5,189.00

Household Size

02

Number of Minors

Other Dependents

Disabled Homeowner Resident ☐

Qualifying Debt Ratio (DTI)

31.5%

Housing Ratio

19.7%

AUS

DU

# Conventional Rates



	At or below 80% AMI	Above 80% AMI
<b>Fannie Mae HFA Preferred™</b> Initial DU Run Date on or after 9.5.19	Lower rate	Still available, at a higher rate
<b>Freddie Mac HFA Advantage®</b> Lock Date on or after 3.1.20		

# Mortgage Insurance (MI) Coverage





	At or below 80% AMI	Above 80% AMI
<b>Fannie Mae HFA Preferred™</b>	<b>Eligible</b> for charter-rate MI 18% coverage for 95.01-97% LTV	<b>No longer</b> eligible for charter-rate MI 35% coverage for 95.01-97% LTV
<b>Freddie Mac HFA Advantage®</b>		



# Conventional Options with Upfront Paid Mortgage Insurance (UPMI)

	At or below 80% AMI	Above 80% AMI
Fannie Mae HFA Preferred™		
Freddie Mac HFA Advantage™		

# Fannie Mae Product Availability

	At or below 80% AMI	Above 80% AMI
<b>Fannie Mae HFA Preferred™</b>  Initial DU Run Date on or after 9.5.19		
<b>Fannie Mae HFA Preferred Risk Sharing™</b>  Initial DU Run Date on or after 9.5.19		* 

\*If Initial DU run date is before 9.5.19, call Partner Solutions to manually lock Preferred Risk Sharing loan.

# Fannie Mae Special Feature Codes

Guidance	HFA Preferred	HFA Preferred Risk Sharing
<b>For loans with initial DU run dates before 9.5.19</b>	SFC 741	SFC 001 and SFC 820
<b>For loans with initial DU run dates <i>on or after</i> 9.5.19</b>	<p>≤ 50% AMI: SFC 782, 741 767</p> <p>≤ 80% AMI: SFC 782, 741, 766</p> <p>&gt;80% AMI SFC 782, 741, 745</p>	<b>No change</b>

# Fannie Mae Common Mistakes

- Locked and closed loan with incorrect interest rate
- Loan closed with incorrect MI coverage
- HFA Preferred Risk Sharing™ not available over 80% AMI

How to avoid these critical errors:

- **Review your initial DU Run Date!**
- **Remember to update Qualifying income**
- **Questions? Contact Partner Solutions**



# Questions? Conventional Changes

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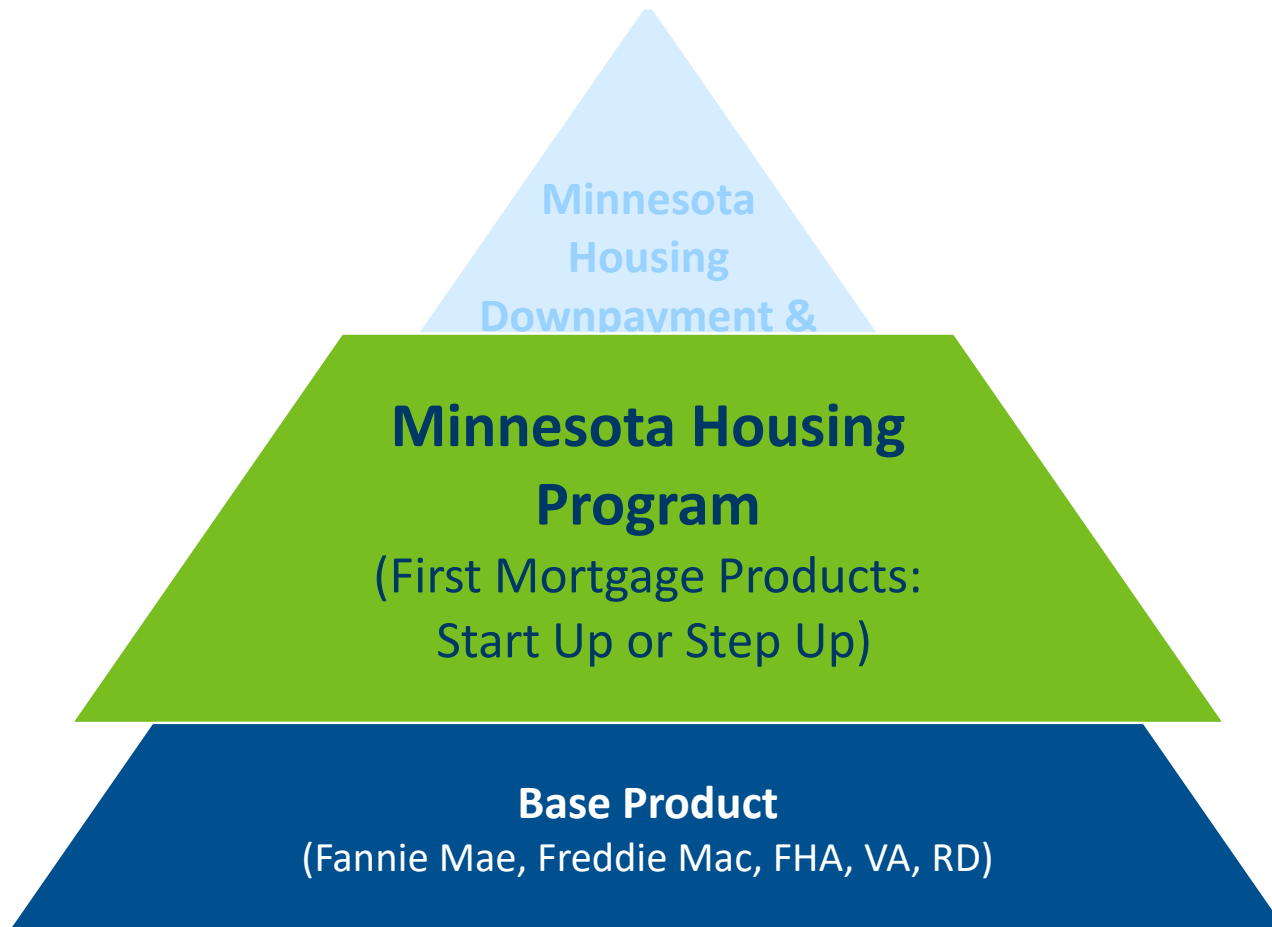
**Fannie Mae®**



# Program Changes

Effective for loans locked 3.1.2020

# Layering our programs



# Step Up Program

## Increased Purchase Price/Refinance Loan Limits

Property	11-County Metro Area	All Other Counties
One Unit	\$382,950	\$331,760
Duplex	\$490,250	\$424,800



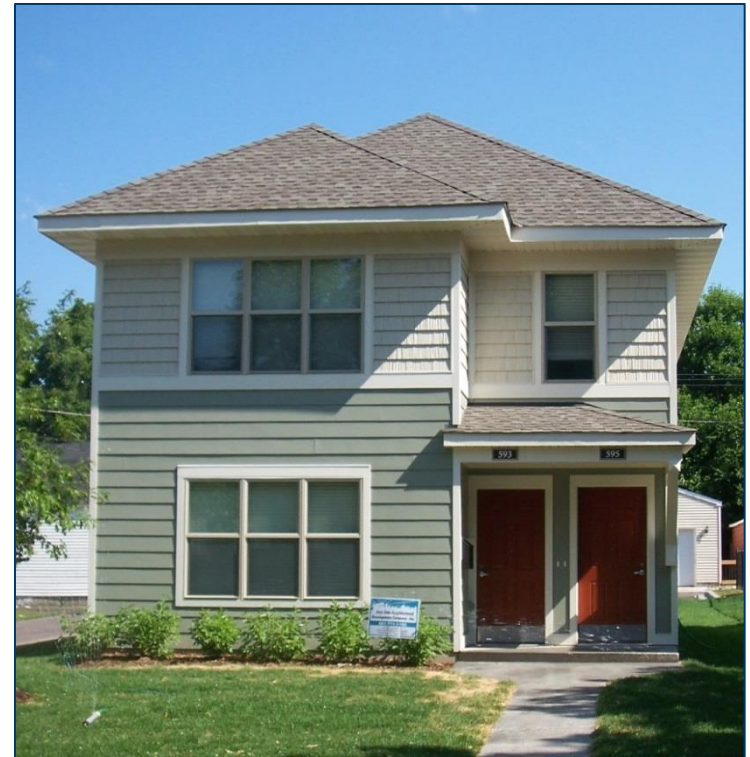
# Start Up Program Acquisition Cost limits

**\$328,200**

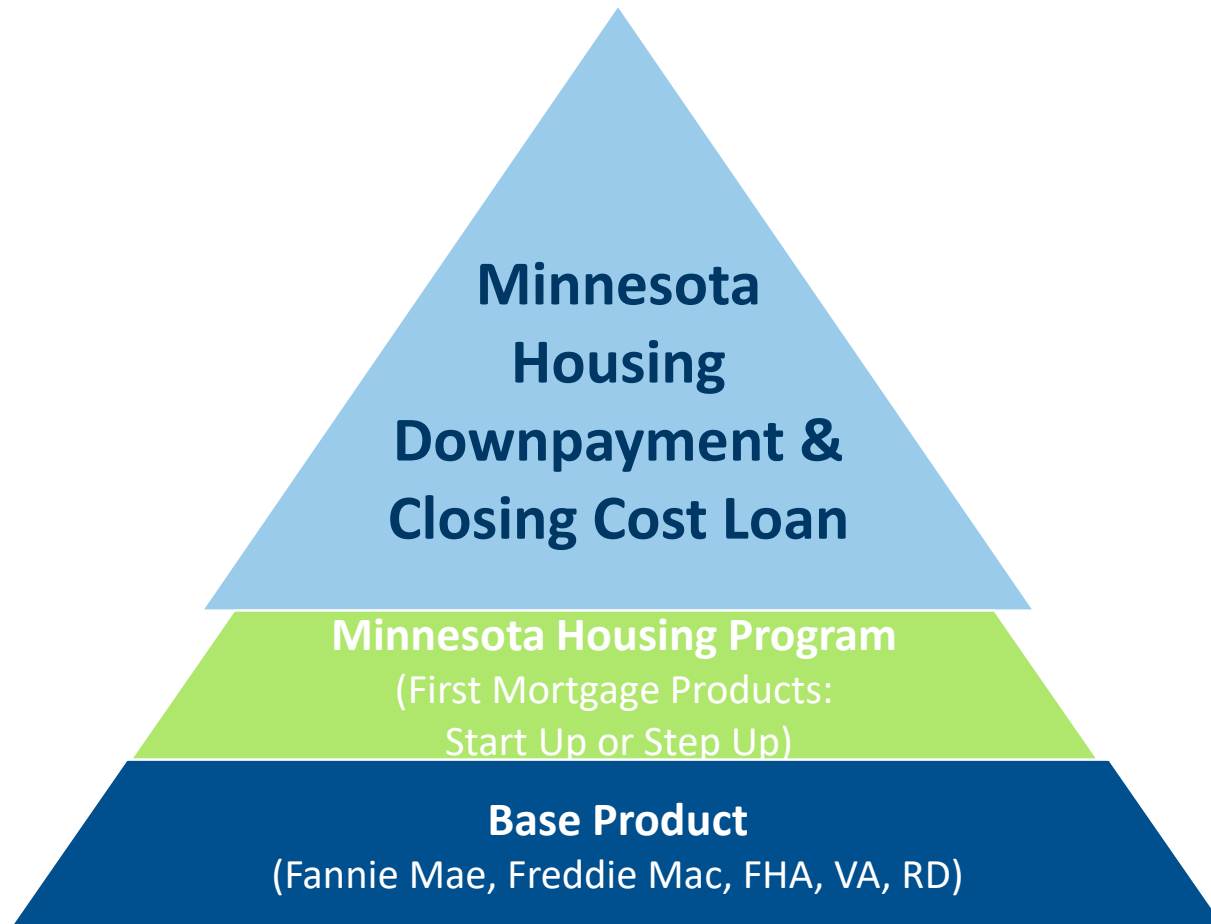
11-County Metro Area

**\$271,100**

Greater Minnesota



# Layering our programs



# Increased Downpayment Loan Amounts

## Deferred Payment Loan

- Was \$8,000
- **Now \$10,000!**

## DPL Plus

- Was \$10,000
- **Now \$13,000!**

## Monthly Payment Loan

- Was \$15,000
- **Now \$17,000!**

# Downpayment Loans

	Monthly Payment Loan	Deferred Payment Loan	Deferred Payment Loan Plus
Loan Amount	Up to \$17,000	Up to \$10,000	Up to \$13,000
Interest Rate	Same as the first mortgage	0%	0%
Eligible First Mortgage Program	Start Up Step Up	Start Up	Start Up
Targeted Borrower Criteria	None	None	Must meet 2 of 4 criteria (see website)



# Deferred Payment Loan Balloon

**IMPORTANT:**

Deferred Payment  
Loan is a balloon  
loan.

- ✓ Disclose  
balloon on  
LE and CD

# Downpayment Loans

- One Less Requirement:
  - No need to round loans to \$100 increments.
  - Still round to the nearest dollar.
  - Choose the amount the borrower needs.



# E-signed Documents Acceptable!

- We can now accept eSignatures on most documents!

➤ Must comply with requirements:

- U.S. Bank
  - Need eSignature approval
  - See Allregs 900.C
- GSEs
- FHA/VA/RD
- State and Federal

➤ Not accepted on recorded docs

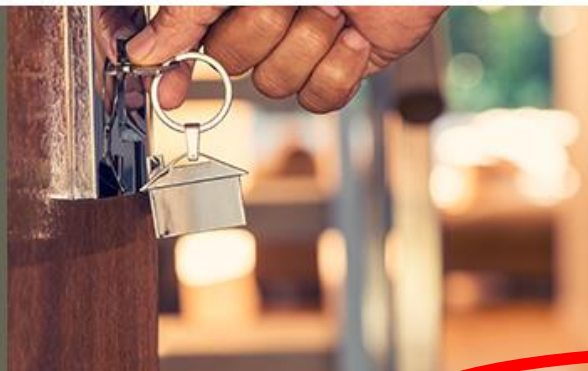


# Online Resources

## Mnhousing.gov



[HOME](#) [ABOUT US](#) [JOBS](#) [NEWS](#) [POLICY & RESEARCH](#) [PARTNER LOGIN](#) [INVESTORS](#)



## Homeownership is within your reach.

Minnesota Housing is a trusted state agency that works with lenders in your area to provide affordable home loans. Click here to learn how you can become a homeowner!

1 2 3 4



### Homebuyers & Homeowners



- Buy or Refinance a Home
- Downpayments
- Improve Your Home
- Interest Rates
- Find a Lender
- Foreclosure Prevention

### Help with Housing & Rent Assistance



- Need help finding or paying for rental housing?

### Lenders & Homeownership Partners



- Homeownership
- Home Improvement
- Real Estate Agents
- Community Development
- Interest Rates
- Commitments

### Multifamily Rental Partners



- Apply for Funding
- Post-Selection
- Management, Compliance & Servicing
- Grant Programs
- Ending Homelessness
- Section 8

# Questions? Contact the Partner Solutions Team



[mnhousing.solution@state.mn.us](mailto:mnhousing.solution@state.mn.us)  
651.296.8215 or 800.710.8871

8:00 a.m. and 5:00 p.m.  
on business days