

MINNESOTA HOUSING

Mortgage Revenue Bond Program

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2009



Disclaimer

- ★ This presentation is for basic informational purposes only. It does not modify or replace the information provided by FHA, VA, RD, Fannie Mae, or Freddie Mac.
- ★ It is the lenders responsibility to follow all specific Agency guidelines. This presentation is for general products requirements.
- ★ USBank and Minnesota Housing are not liable for loans not meeting product guideline criteria.

Agency Bulletins

- ★ U S Bank is requiring that lenders adhere to all terms and conditions of Agency mortgagee letters, announcements, or bulletins.
- ★ Lenders should also follow USB Product descriptions and any bulletins issued by U S Bank – MRBP.

Underwriting Guidelines

- ★ All loans should be underwritten in compliance with the most current underwriting guidelines for FHA, VA, RD, Fannie Mae, or Freddie Mac.
- ★ The loan file must also meet Minnesota Housing compliance and eligibility requirements.
 - Borrower
 - Property
 - Loan
 - Follow Minnesota Housing Procedural Manual

Underwriting Guidelines

- ★ Credit Underwriting is the responsibility of the originating lender, U.S. Bank Home Mortgage (Master Servicer) will not re-underwrite your loans.
- ★ Correspondent Lenders (Lenders that USBank underwrites/ table funds) will have to follow USBank guidelines as well.
- ★ All loans are subject to both internal and agency audits.
- ★ Underwriters should make...
 - Sound credit decisions
 - Assure data integrity
 - Include all necessary documents / support the underwriting decision

Underwriting Systems

- ★ The following automated systems are approved for use with loans in the bond programs
 - Fannie Mae (DU) as MCM
 - Freddie Mac (LP) as HP (no manual uw)
 - FHA & VA loans (DU or LP)
 - RD Loans (GUS)
- ★ If manual underwriting is necessary, full documentation is required
- ★ Other lender customized automated underwriting systems are not acceptable at this time

Eligible Loan Products

30 & 15 Year Fixed Rate ONLY

- ★ FHA
- ★ VA
- ★ RD/USDA/RHS
- ★ Conventional

Fannie Mae > My Community Mortgage Products

or

Freddie Mac > Home Possible

- ★ Refer to USBank product guidelines for eligible products as well



FHA Products

FHA Today

- ★ Get to closing faster, easier to qualify
 - Non-traditional credit is acceptable
 - Borrower investment = 3.5%
 - Expanded qualifying ratios

- ★ Greater protections and advantages
 - No prepayment penalties
 - Fully assumable (if applicable to the HFA program)
 - Default assistance

- ★ FHA's various loan products meet your borrowers' needs
 - Flexible buy and repair with Streamlined 203(k) mortgage
 - Manufactured homes
 - New or Existing homes
 - Works well with state and local housing agency products

FHA Products

★ Eligible Products = 30 Year Fixed Rate ONLY

- 203B FHA
- 234C Condo, Puds, Townhomes
- 203K Streamline
- FHA Loan for Veterans
- FHA Homeownership Incentive (HUD REO)
- Existing or New Homes
- Manufactured Housing

★ Underwriting References

- FHA Guide – 4155.1 rev 5
- FHA website www.hud.gov
- Allregs www.allregs.com

Streamlined 203(k)

- ★ The Streamlined 203(k) program is intended for uncomplicated rehabilitation and/or improvements to a home for which plans, consultants, engineers and/or architects are not required.
- ★ Given the need for homeowners to make minor repairs without exhausting personal savings, the ceiling for Minnesota Housing is \$15,000 for a maximum repair/rehabilitation amount.
- ★ The Lender is responsible for follow-up of all FHA required Documentation to HUD and US Bank.

Streamlined 203(k) cont.

The Streamlined 203(k) program includes the discretionary improvements and/or repairs shown below:

- ★ Repair/Replacement of roofs, gutters and downspouts
- ★ Repair/Replacement/upgrade of existing HVAC systems
- ★ Repair/Replacement/upgrade of plumbing and electrical systems
- ★ Repair/Replacement of flooring
- ★ Minor remodeling, such as kitchens, which does not involve structural repairs
- ★ Painting, both exterior and interior

Streamlined 203(k) cont.

The Streamlined 203(k) program includes the discretionary improvements and/or repairs shown below:

- ★ Weatherization, including storm windows, doors, insulation, weather stripping, etc.
- ★ Accessibility improvements for persons with disabilities
- ★ Lead-based paint stabilization or abatement of lead-based paint hazards
- ★ Repair/replace/add exterior decks, patios, porches
- ★ Basement finishing and remodeling, which does not involve structural repairs

Streamlined 203(k) cont.

The Streamlined 203(k) program includes the discretionary improvements and/or repairs shown below:

- ★ Basement waterproofing
- ★ Window and door replacements and exterior wall re-siding
- ★ Septic system and/or well repair or replacement
- ★ Purchase and installation of appliances, including free-standing ranges, refrigerators, washers/dryers, dishwashers and microwave ovens

FHA Homeownership Incentive

★ HUD Owned Homes

- Purchase a home with little downpayment
- Obtain incentives: sales allowance, closing cost, repairs, pay down principal, paying broker bonus
- Can use other approved FHA DPA
- No cash back to borrower
- List of homes available online

★ Note: Each HUD incentive may vary according to state or individual property sale.

Manufactured Housing

★ Government Loans

- Manufactured Homes are ***ONLY*** permitted in the program using FHA, VA, and Rural Housing Program Guidelines
- Manufactured homes must meet specific size and structural requirements, remain permanently affixed to a foundation, and be taxed as real estate. Must be double-wide

★ Conventional Loans

- Manufactured homes are not currently eligible for Fannie Mae or Freddie Mac financing

Maximum Loan To Value

- ★ The borrower minimum cash investment will be **3.5%** of the appraised value / sales price, whichever is less.
- ★ LTV, Not including the up-front MIP, cannot be greater than 96.5%.
- ★ Closing costs may NOT be used to help meet the minimum 3.5% downpayment requirement and are NOT considered in the mortgage amount / downpayment calculation for purchase money mortgages.
- ★ CLTV - FHA requires that the sum of all liens not exceed 100% of the cost to acquire the property. 1st and 2nd mortgage calculations exclude upfront mortgage insurance (UFMIP).

Maximum Loan To Value cont.

- ★ Manually underwritten mortgages where the Direct Endorsement (DE) underwriter must make the credit decision = qualifying ratios **31%- 43%**
- ★ Borrowers who qualify under FHA's Energy Efficient Homes (EEH), the "stretch ratios" are increased to 33% and 45%
 - [Paragraph 2-19](#) of handbook HUD-4155.1 REV-5
- ★ Treatment of Child Support: properly documented child support may be grossed up under the same terms and conditions as other non-taxable income sources
 - [Paragraph 2-7 Q](#) of handbook HUD-4155.1 REV-5

FHA Property Flipping Policy

- ★ Property flipping 90 days or less following acquisition is ineligible for FHA financing. (There are some exceptions)
- ★ Property flipping between 91 and 180 days following acquisition
 - The lender is required to obtain appraisal made by another appraiser if the resale price is 100% or more over the price paid by the seller when the property was acquired.
- ★ Property flipping between 91 days & 12 months following acquisition
 - FHA reserves the right to require additional documentation from the lender to support the resale value if the resale price is 5% or greater than the lowest sales price of the property during the preceding 12 months.
 - At FHA's discretion, such documentation may include, but is not limited to, an appraisal from another appraiser.
- ★ Refer to ML2006-14 for additional information and requirements for property flipping.

FHA Notices - US Bank Bulletins

★ Per Mortgagee Letter 2008-15

- New HUD form 92900-LT (Form replacing the MCAW)
- FHA Loan Underwriting and Transmittal Summary (LUTS)
- Required with all applications taken after 10/1/08

★ Per Mortgagee Letter 2008-22

- Upfront premium amount equal to mortgage of 1.75%
- Effective for new FHA case number assignments made on or after October 1, 2008 and continue through September 30, 2009

★ Per Mortgagee Letter 2008-23

- Borrower contribution 3.5% effective 1-1-09

Become an FHA Approved Lender

- ★ First Step > go to HUD's website (www.hud.gov)
- ★ Seek out the orange banner heading **“Information For”**
- ★ Click on the box that shows **“Housing Industry”**
- ★ Pull down the menu and click on the word **“Lenders”** then click on **“Go.”** You are now on the Lender page.
- ★ The Lender page has a great deal of information useful to FHA lenders, and is a source of key information regarding loan policies and procedures.

HUD news

- Newsroom
- Priorities
- About HUD

Homes

- Buying
- Owning
- Selling
- Renting
- Homeless
- Home improvements
- HUD homes
- Fair housing
- FHA refunds
- Foreclosure
- Consumer info

Communities

- About communities
- Volunteering
- Organizing
- Economic development

Working with HUD

- Grants
- Programs
- Contracts
- Work online
- HUD jobs
- Complaints

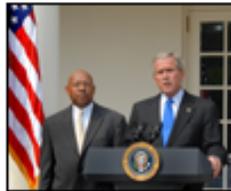
Resources

- Library
- Handbooks/ forms
- Common questions

Tools

- Webcasts
- Mailing lists

Helping Homeowners Keep Their Home



An estimated 240,000 families can avoid foreclosure by refinancing their mortgages using the new *FHASecure* plan. FHA will allow families with strong credit histories who had been making timely mortgage payments before their loans reset-but are now in default-

to qualify for refinancing.

- ▶ [FHASecure](#)
- ▶ [Federal Housing Administration](#)
- ▶ [Home Economics Brochure](#)

HUD Highlights

- ▶ [HUD awards \\$50 million to aid public housing seniors and families](#)
- ▶ [Statement by the U.S. Department of Housing and Urban Development on the redevelopment of public housing in New Orleans](#)
- ▶ [HUD Secretary: FHASecure helps 100,000 Americans stay in their homes](#)
- ▶ [HUD charges Puerto Rico Condo Association with violating the Fair Housing Act](#)
- ▶ [Tax Credits](#)
- ▶ [National Calendar of events](#)

At Your Service

- ▶ Learn how to [buy a HUD home](#)
- ▶ Learn how to [avoid foreclosure](#)
- ▶ Learn how to [apply for public housing and Section 8](#)
- ▶ See if HUD [owes you a refund](#) on your FHA loan
- ▶ Find a [HUD-approved lender](#) in your area
- ▶ Find out if HUD is [holding backwages](#) for you
- ▶ Talk to a [housing counselor](#)
- ▶ File a [housing discrimination complaint](#)
- ▶ Busque [información en español](#)
- ▶ [More services](#)

Important Links

- ▶ [FY2009 Budget and Congressional Justifications](#)
- ▶ [FY2009 Annual Performance Plan](#)
- ▶ [FY 2007 Performance and Accountability Highlights Report](#)
- ▶ [2007 Performance and Accountability Report](#)

Information by State

[Find a local office](#) or information by state

Select a State 

Disaster Recovery Assistance



HUD provides critical housing and community development resources to aid disaster recovery. HUD's Disaster Recovery Teams are

located in offices throughout the country.

- ▶ [HUD's Disaster Recovery page](#)
- ▶ [Rebuilding the Gulf Coast](#)

Homes for Sale



[Homesales.gov](#) has homes for sale from HUD and other federal agencies in one

place. You can find more homes by visiting our [homes for sale](#) page.

Information For...

Citizens 

Housing Industry 

Other Partners 

Now Playing

← Lenders

←

Become an FHA Approved Lender

- ★ Application information: Click on “**How to become an FHA lender**”
- ★ Three key elements
 - **FHA lender approval requirements**
 - List types of FHA approval and the application requirements for each. The HUD Lender Approval handbook (4060.1, Rev. 2) is referenced and can be downloaded easily.
 - **Application Packages**
 - Title 1 loans are concerned with rehabilitation loans and loans on manufactured housing. **Title II** loans are concerned with issues of the purchases of traditional homes or condominiums.
 - **Lender Approval and Recertification Division**
 - The function of lender approval is handled at HUD Headquarters. Lenders should email questions about the application or recertification process directly to the Lender Approval and Recertification Division. Telephone and fax numbers for this Division are also shown.

- HUD News**
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 - HUD jobs
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- Resources**
 - Library
 - Handbooks/ forms

Information for...

Lenders

FHA Resource Center

- ▶ [Search answers.hud.gov](#) - our online knowledge base has answers to most commonly asked questions
- ▶ Email hud@custhelp.com - we're open 24/7
- ▶ **Phone toll free** (Monday-Friday 8am to 8pm ET)
 - ▶ Toll free: **(800) CALLFHA** or **(800) 225-5342**
 - ▶ TDD/TTY: **(877) TDD-2HUD** or **(877) 833-2483**
- ▶ [Chat on-line](#)

- ▶ [Information by State](#)
- ▶ [Esta página en español](#)
- ▶ [Print version](#)
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[How to become a FHA lender](#)

[Annual Renewal of FHA Approval](#)

[FHA insured mortgage programs](#)

[Training/Events](#) - find FHA training and events for mortgage professionals

[FHA Connection](#) - on-line access for originating and servicing FHA loans

[HUD's National Servicing Center](#) - loan servicing guidance

Resources

- ▶ [Housing keyword index](#)
- ▶ [FHA maximum mortgage limits](#)
- ▶ [FHA approved condominiums](#)
- ▶ [FHA approved lenders](#)

What's New

- ▶ [FHA Resource Center](#)
- ▶ [Housing on the Move](#)
- ▶ [Sign up for our email list](#)
- ▶ [FHA marketing campaign, schedule, and materials](#)

Related Information

- ▶ [Fannie Mae](#)
- ▶ [Freddie Mac](#)
- ▶ [Ginnie Mae](#)
- ▶ [Office of Federal Housing Enterprise Oversight \(OFHEO\)](#)
- ▶ [VA lenders homepage](#)

Initial:
 \$1,000 Initial application
 \$300 additional branches

Renewal:
 \$500
 \$100 additional branches

Housing

- About Housing
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- Keywords
- Single Family
 - Audience groups
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 - Events & training
 - FHA insured loans
 - Common questions
 - Housing counseling
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 - Reference guide
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- Hospitals
- Multifamily
- GSE Regulatory Oversight
- OAHP
- Reading room
- Online forums
- Work online

HUD news

Homes

Resources

Communities

Working with HUD

Tools

Webcasts

How to Become a HUD-Approved Lender

HUD's Lender Approval and Recertification Division helps new lenders get started with HUD/FHA insured mortgage products and helps old lenders recertify their approved status. The **FHA lender approval requirements** vary for different levels and types of lender participation.

The first step is to get an application package. Select one of the following:

- [Title I Lender Application Package](#)
- [Title II Lender Application Package](#)

Feel free to eMail the [Lender Approval and Recertification Division](#) or phone 1-202-708-3976 or FAX: 1-202-755-9303.

Please visit HUD's comprehensive [Lenders Page](#) for more links.

[Comments and Questions](#)

[Information by State](#)

[Print version](#)

Types of approval & requirements

Title 2 = purchases / condos

Questions regarding the application process

Content updated August 9, 2004

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Resources

FHA Underwriting Guidelines

- ★ It is essential for FHA loan originators, processors, and underwriters to have access to certain key resources, which include:
 - ★ **HUD Handbook 4155**
 - "Mortgage Credit Analysis for Mortgage Insurance on One-to-Four Family Properties" Handbook [4155.1 Rev-4, Chg-1 (9-28-95)].
 - ★ **HUD Handbooks 4150**
 - "Valuation Analysis" Handbooks [4150.1, Rev-1 and #4150.2].
 - ★ **Homeownership Center Reference Guide**
 - A "Living" document that was created in 2000. It is a supplement to the Handbooks and is a "must" for your office, it represents national guidelines.

Resources Cont.

FHA Underwriting Guidelines

- ★ It is essential for FHA loan originators, processors, and underwriters to have access to certain key resources, which include:
 - ★ **Mortgagee Letters**
 - Memorandum developed by HUD Headquarters in Washington, DC. These informational letters are used to modify or clarify FHA loan program guidelines, such as contained in the above referenced Handbooks and Reference Guide.
 - ★ **HUD/FHA Resource material and answers may be accessed at HUD's website:**
 - <http://www.hudclips.gov>
 - www.hud.gov

Resources Cont.

FHA Underwriting Guidelines

- ★ **Guide** – 4155.1 rev 5
- ★ **FHA website** www.hud.gov
- ★ **Allregs** www.allregs.com
- ★ **Search** answers.hud.gov
- ★ **Email** hud@custhelp.com
- ★ **Phone** Monday-Friday, 8 am to 8 pm ET
 - (800) CALLFHA = (800) 225-5342
- ★ info@fhaoutreach.com

Q & A

★ Q: Is homebuyer counseling required on FHA loans?

A: Homebuyer counseling is required per Minnesota Housing guidelines on conventional and assisted loans.

★ Q: Are temporary buydowns permitted on the 1st Mortgages in the program?

A: Buydowns are NOT permitted.

★ Q: Is the 1-4 family rider still required on FHA loans

A: This is not a requirement by FHA, or USBank.

★ Q: Can lenders give the tax proration as cash back to the borrowers?

A: This is not permitted under MRB programs.

★ Q: Do we allow section 8 subsidy to come directly from the borrower?

A: The section 8 subsidy should NOT be sent directly from the borrower.

Q & A

★ Q: Are co-signers permitted?

A: Not permitted. All borrowers must occupy the property.

★ Q: Can we accept land lease on FHA loans?

A: Follow FHA guidelines on land lease. Program requirements are as long as the lease is greater than the life of the loan (30 years).

★ Q: Are Section 8 Loans permitted?

A: Yes section 8 Loans are permitted, contact USBank Help Desk for more information.

★ Q: Does USBank allow spot approvals on condos?

A: Spot approvals are not permitted.

★ Q: What percentage of a house can be used for business?

A: Per IRS requirements, only 15% of the property can be used for business.

Q & A

- ★ Q: Do we gross up social security dollars?
A: Handle the same as non-taxable income, so yes it should be grossed up.
- ★ Q: Can the Welcome Home Funds Grant be used with the HFA product?
A: Welcome Home Funds can be used if they will take a 3rd position.
- ★ Q: Can USBank qualify a lender to originate loans, if lender is not FHA approved to originate?
A: Lenders must be able to originate FHA loans and have an FHA ID number to originate. If lenders do not have a DE on staff and need underwriting services, USBank can provide this service for you.
- ★ Q: If borrower only has 1 credit score, do we use that one score, or non traditional credit?
A: If any borrower has a credit score it must be used. If no credit score is available, follow non traditional UW guidelines.

Q & A

- ★ Q: Does USBank allow spot approvals on condos?
A: Spot approvals are not permitted.
- ★ Q: What percentage of a house can be used for business?
A: Per IRS requirements, only 15% of the property can be used for business.
- ★ Q: Do we gross up social security dollars?
A: Handle the same as non-taxable income, so it should be grossed up.
- ★ Q: Can the Welcome Home Funds Grant be used with the HFA product?
A: Welcome Home Funds can be used if they will take a 3rd position.

Q & A

★ Q: Can USBank qualify a lender to originate loans, if lender is not FHA approved to originate?

A: Lenders must be able to originate FHA loans and have an FHA ID number to originate. If lenders do not have a DE on staff and need underwriting services, USBank can provide this service for you.

★ Q: If borrower only has 1 credit score, do we use that one score, or non traditional credit?

A: If any borrower has a credit score it must be used. If no credit score is available, follow non traditional UW guidelines.

★ Q: Can Home Funds be used in conjunction with the FHA First Mortgage Program?

A: Home Funds can be used on FHA Loans under MRB Programs.

★ Q: Are UW ratios only on loans that are manually underwritten? If a loan has higher ratios, but DU supplies approval, is this permitted?

A: As long as you have DU approval this is permitted.



Q & A

★ Q: Who is responsible for HMDA reporting?

A: Participating lenders are responsible for HMDA Reporting on all loans they underwrite. USBank will be responsible for HMDA reporting for correspondents lenders which USBank will be underwriting those loans.

★ Q: Is Cash Back permitted?

A: Generally Cash Back at closing is not permitted, but may be granted under certain exceptions.

★ Q: Do government loans have to be insured by the time of funding by USBank?

A: Lenders have 120 days following Purchase to deliver the Insurance/Guaranty certificate.

Conventional Products

★ **Fannie Mae: MCM** = Must be run as MCM

– **My Community Mortgage**

– MCM 97

– MCM100

– Community Solutions

★ **Freddie Mac:** = Must be run as HP

– **Home Possible**

Underwriting References

★ Fannie Mae

- FNMA Selling Guide - Chapter X section 304, Community Lending
 - Fannie Mae Guide to Desktop Underwriting
 - Fannie Mae website www.efanniemae.com

★ Freddie Mac

- Seller Servicer Guide, Chapter A34 (HP only)
 - Learning Center: www.FreddieMac.com/learn
 - Website: www.FreddieMac.com
 - Seller Servicer Guide, Chapter 37: “Underwriting the Borrower”
 - <http://www.freddiemac.com/singlefamily/pdf/pub579.pdf>

Eligible Loans Permitted

★ Fannie Mae

- Approved-Eligible
- EA Level
- Loan Level Price Adjustments are built into the interest rate but you must run loans through DU as MCM
- Adverse market fee is also built into the interest rate but you must run loans through DU as MCM
- USBank/Minnesota Housing will post a list of Fannie Mae waivers Minnesota Housing has received with Fannie Mae which are allowable under the program
- 100% financing permitted, which meet certain minimum credit standards. *Must obtain MI coverage

★ Freddie Mac

- Risk Class must = Accept
- No manual underwriting
- LLPA and adverse fee same as Fannie Mae

Minnesota Housing Finance Agency

Effective Date	05-01-2009
Eligible MCM Loans	Approved Eligible / EAI eligible. Approved Ineligible may appear on loans with an LTV > 97%, which is acceptable through an Minnesota Housing waiver.
LLPAs Loan Level Pricing Adjustments	MCM loans (DU) will have a loan level Price Adjustments (LLPA) of .5625%. However *100% of LLPA will apply on standard (non MCM) products where required, such as Flex 97 & 100, or lender funded seconds, etc.
Adverse Market Delivery Charge	Adverse Market does not apply under the Minnesota Housing Program.
Eligible Products	Fannie Mae 30-year fixed-rate fully amortizing conventional products.
Eligible Occupancy	Owner-occupied primary residences only.
Maximum LTV/CLTV	100% / 105%
Subordinate Financing	Permitted with a maximum combined loan to value (CLTV) ratio of 105% for eligible Community Second mortgages.
Eligible Property Types	1-2 unit detached, condos and planned unit developments.
Income Requirements	➤ HFA Mortgage Revenue Bond Programs established by the Housing Finance Agency.
Mortgage Insurance	<ul style="list-style-type: none"> ➤ 80.01-85% LTV: 6% ➤ 85.01-90% LTV: 12% ➤ 90.01-95% LTV: 16% ➤ 95.01-97% LTV: 18% ➤ 97.01-100% LTV: 20% with involuntary unemployment insurance ➤ 97.01-100% LTV: 28% without involuntary unemployment insurance Single premium financed MI permitted on LTVs ≤ 97%. Total LTV including financed MI may not exceed 100%.
Manual Underwriting	Permitted – Single ratio up to 45% <ul style="list-style-type: none"> ➤ 97% / 105% ≥ 660 FICO ➤ 100% / 105% ≥ 680 FICO ➤ 95% / 100% ≥ 700 FICO (3-4 units)
Non Traditional UW	95% LTV / 105% CLTV
Qualifying Ratios	Per Desktop Underwriter
Interested Party Contributions	Standard MCM limits apply, maximum 3% for LTV greater than 90%
Home Buyer Education	Required for all borrowers per Minnesota Housing guidelines.
Reserves	None required
Additional Variance	Non-occupant co-signers are allowed up to a maximum of 90% LTV and 105% CLTV. Loans may be underwritten manually or in DU. In either case a separate debt to income ratio of 55% based on the occupant borrower's income must also be met

Manual Underwriting

- ★ Manual Underwriting MCM loans guidelines for loans not approved in DU:
 - Maximum LTV / CLTV & Minimum Credit Scores
 - 97% / 105% \geq 660 FICO
 - 100% / 105% \geq 680 FICO
 - 95% / 105% = Non-traditional credit
- ★ Max CLTV remains at 105% as long as the secondary financing is a Community Second Loan.
- ★ Manual underwriting will be required to override
- ★ DU messages when LTV exceeds 97%

Condo Requirements

★ Fannie Mae

- Fannie Mae loans must follow updated guidelines outlined in Fannie Mae Announcement 07-18 dated (11/15/07)

★ Summary of updates:

- Retirement of review process for Condos and PUD's
- Introduction of Conditional Final Project acceptance status
- Changes to limited review process
- Changes to Expedited Review process using (CPM) Condo Project Manager for condo projects; and
- Introduction of Lender Full Review process for Condos and PUD's
 - **Refer to 07-18 for complete guidelines**

Homebuyer Education

- ★ Conventional Mortgage Loans – At least one borrower who signs the note must attend an approved homebuyer education course, per agency guidelines.
- ★ Early Delinquency Counseling is provided by U S Bank Home Mortgage & acknowledged by the borrowers in the Authorization for Counseling notice.
- ★ Borrowers must Sign and Lenders must include in the Mortgage File “Fannie Mae’s Borrower’s Authorization for Counseling” form located in the Fannie Selling Guide or at efanniemae.com.
 - (Reference VIII, Chapter 1, Exhibit 1)

Underwriting Guidelines

★ Appraisals

- Full appraisal reports are required if a manual underwrite has been performed. Manual UW Fannie Mae loans only.
- Correspondent Lenders, sponsored by the Master Servicer, are required to submit full appraisals.
- Form 2055/2075 is permitted with a DU Approve/Eligible recommendation.

Special Feature Codes

★MCM 97 – 1 Unit Property with LTVs \leq 97%	460
★MCM100 – 1 Unit Property with LTVs > 97% up to 100%	480
★MCM Community Solutions (Manual Underwrite)	481
★MCM Community HomeChoice Option (DU Approval)	325
★MCM Community Home Choice Option (Manual Underwrite)	222
★Community Second Mortgages	118
★Bond Loans	088
★Smart Commute	324
★Section 8	445

* Special Feature Codes must be listed on the USBHM
Loan Delivery Checklist



Special Feature Codes

★MCM Financed single-premium MI, LTVs \leq 95%	281
★MCM Financed single-premium MI, LTVs $>$ 95% and \leq 100%	574
★MCM 2 Unit Properties	519
★MCM underwritten with DU 7.0	612
★Mortgages Secured by Community Land Trust	054
★Properties with resale restrictions that do not survive foreclosure	630
★Properties with resale restrictions that survive foreclosure	631

*** Special Feature Codes must be listed on the USBHM
Loan Delivery Checklist**



Special Characteristic Codes (SCC)

Freddie Mac Products

Home Possible 97	G00
Home Possible Neighborhood Solution 97	G01
Home Possible 100	G02
Home Possible Neighborhood Solution 100	G03
Affordable Housing Initiative Mortgage	071
<u>MRB Loans (ALL)</u>	<u>545</u>
Transfer of Servicing – restricted (ALL)	510
Affordable Housing Initiative Mortgage w/TLTV greater than 100%	535
Mortgage with Affordable Seconds	583

MI Coverage

Fannie Mae MCM & Freddie Mac HP

Lower Mortgage Insurance Coverage

LTV	New Minimum Coverage
97.01%-100%	20% With Involuntary Insurance 28% Without
95.01%-97%	18%
90.01%-95%	16%
85.01%-90%	12%
80.01%-85%	6%

Minnesota Housing does not permit standard Fannie Mae or Freddie Mac products. Loans must be run through as MCM or HP.

Code loans when ordering MI certificate





Help Desk

★ Lenders

- call toll free 1-800-562-5165
- Email: mrbp.helpdesk@usbank.com

★ Underwriters email:

- bedford-bondunderwriting@usbank.com