Minnesota Housing eNews Alert

December 17, 2009

Minnesota Mortgage Program (MMP) and Community Activity Set Aside (CASA) program - RESPA Compatible

In order to ensure compatibility with the new RESPA requirements effective January 1, 2010, Minnesota Housing has changed the lender compensation language in the Mortgage Loan Program Procedural Manual, MBS section 1.08, to read:

Lender is compensated for each loan purchased by the Master Servicer as follows:

> *Origination fee collected from the Borrower in accordance with RESPA; and,*
> *Service release premium of 1% of the purchase price paid by the Master Servicer*

Minnesota Housing is making this change in recognition of new RESPA requirements pertaining to fees and charges to be included on line 801 of HUD Form 1. Lenders are reminded that Section 4.10 of the Procedural Manual establishes that all closing costs and fees charged on home mortgage loans may not exceed the amount that is usual and customary for the type of loan being provided.

Minnesota Housing and USDA Rural Development – the Perfect Match

USDA Rural Development and Minnesota Housing are joining together to promote a great opportunity for first-time homebuyers that features no down payment, no monthly mortgage insurance and below market interest rates.

USDA Rural Development's Home Loan Guarantee program guarantees home loans made by traditional lenders to borrowers in communities of 20,000 or less. The program features no down payment and no monthly mortgage insurance. Minnesota Housing is historically one of the top secondary market investors of Rural Development loans.

Minnesota Housing recently lowered its interest rates to well below market, which is good news for lenders and potential home buyers in rural Minnesota. The Agency recently began a "We're Back" campaign to increase awareness about the below market rates Minnesota Housing is now offering. Today's interest rate for loans under the statewide Minnesota Mortgage Program (MMP) is 4.5%.***Please note, this is the interest rate at the time this eNews is sent.* *Visit the Interest Rates page for current rates in real-time.*

Lenders can make a home loan using Rural Development's guaranteed program and then sell the loan under Minnesota Housing programs. The result is a low risk lending option for the lender and a home loan with no down payment or mortgage insurance and a below market interest rate for the borrower. In addition, the first-time home buyer tax credit may also be used with these programs.

For more information, please visit www.rurdev.usda.gov/mn or www.mnhousing.gov. More information is also available by calling Rural Development at (651) 602-7800 or Minnesota Housing at 800-710-8871 or 651-296-8215.

Do you need training on FHA programs?

Last year, Minnesota Housing partnered with FHA to provide training to lenders who originate FHA loans, and is considering sponsoring training again if the need is present. Please take a few minutes to complete a survey to tell us what you need and what type of training you prefer.

Questions?

Single Family Division Help Desk
651.296.8215 or 800.710.8871 (toll-free)
7:30 a.m. to 5:00 p.m. (business days)