



Return to Reimbursement Model for all Downpayment Assistance (DPA) Loans - Effective July 1, 2013

Effective July 1, 2013, Minnesota Housing will return to a reimbursement funding model for all DPA loans.

- **First mortgages with Deferred Payment Loan (DPL) or Monthly Payment Loan (MPL)** require the lender to close the loan in their name and to fund the loan at the closing table. U.S. Bank Home Mortgage-MRBP Division (U.S. Bank MRBP) will reimburse the lender for the second mortgage at the time of first mortgage purchase.
- **First mortgages with a HOME HELP loan** require the lender to close the HOME HELP loan in their name and fund the loan at the closing table. Minnesota Housing will reimburse the lender directly.

All Minnesota Housing DPA loans require the lender to endorse the note and assign the mortgage to "Minnesota Housing Finance Agency" at closing.

For loan closing scheduled through Friday, June 28, 2013:
Minnesota Housing will continue to process wire requests.

For loan closings scheduled on or after July 1, 2013:
Minnesota Housing will not wire DPA loan funds. If a lender has already submitted a *Wire Request form* for closings scheduled for July 1, 2013 or later, Minnesota Housing will not wire funds. Lenders must close the loan in their name and fund the DPA at the closing table.

New FHA Requirements for Government Entity DPA:

For all FHA loans committed with DPA, please follow the below documentation and process changes:

- New required [FHA DPA Commitment Form](#) - Lenders committing any type of Minnesota Housing DPA with an FHA first mortgage are required to print out a copy of the Minnesota Housing *DPA Commitment Form* through the Minnesota Housing Loan Commitment System Forms Generator at the time of commitment. This form outlines Minnesota Housing's legally enforceable obligation to provide DPA funds and a sample of the form can be viewed for information purposes on our website.
- New required [FHA Award Letter](#) - Lenders committing any type of Minnesota Housing DPA with an FHA first mortgage are required to have an Award Letter which is signed by Minnesota Housing and the borrower and co-borrower(s). Lenders must print the

form through the Minnesota Housing Loan Commitment System Forms Generator prior to obtaining the required signature(s).

- Place the following Minnesota Housing forms on the right hand side of the FHA endorsement binder with the Asset Verification documentation:
 - *FHA DPA Commitment Form* (new form - original version)
 - *FHA Award Letter* (new form - original version)
 - *DPA Note* (copy)
 - *DPA Mortgage* (copy)

Note: If the DPA loan amount changes, include the updated forms in the endorsement binder

Minnesota Housing updated the [Start Up Loan Process Chart](#), [Step Up Loan Process Chart](#), [MCC \(with First Mortgage\) Process Chart](#), [HOME HELP Guide for Originators and Processors](#) to reflect these changes.

Monthly Payment Loan (MPL) Servicing Information

Pre-Paid Interest and MPL Interim Payments

Beginning July 1, 2013, MPL pre-paid interest and interim monthly principal and interest for loans closed under the Minnesota Housing DPA Wire Process (February 6, 2013-June 28, 2013) must be remitted under the following procedures:

- **MPL pre-paid interest remittance to Minnesota Housing:** Lenders must submit directly to Minnesota Housing the [Pre-Paid Interest Form](#) and pre-paid interest.
- **MPL interim payments remittance to U.S. Bank MRBP:** Lenders must remit all MPL monthly principal and interest payments made to the originating lender, prior to U.S. Bank MRBP's purchase of the first and second mortgage loans, directly to U.S. Bank MRBP using the *Interim Servicing Form*, which will be posted on the Minnesota Housing website this week on the [Manuals, Forms and Resources webpage](#).

For loans closed on or after July 1, 2013, lenders will retain any pre-paid interest, and interim MPL principal and interest payments made to the originating lender prior to U.S. Bank, MRBP purchase of the first and second mortgages.

Servicing Set-Up Fee

Originating lenders will be responsible to pay a \$175 MPL servicing set-up fee (per transaction) to U.S. Bank MRBP, effective for commitments on and after July 1, 2013. Lenders may elect to pass this fee through to borrowers provided proper disclosures are issued. This fee will be deducted by U.S. Bank MRBP at the time of loan purchase from the originating lender.

Increased Deferred Payment Loan (DPL) Maximum Loan Amount

Effective for all commitments on or after July 1, 2013, the maximum loan amount available under the interest-free DPL will be changed to the **lesser** of \$4,500, or 5% of the purchase price (maximum loan amount not to exceed \$4,500).

Mortgage Credit Certificate (MCC) Program Launch - June 24, 2013

Minnesota Housing launched its new MCC Program today. Borrowers have two options under the program:

- **MCC (with First Mortgage):** combines a Minnesota Housing first mortgage with an MCC. Borrowers can also use Minnesota Housing's Monthly Payment Loan (MPL) to cover downpayment and/or closing costs.
- **MCC (Stand-Alone):** combines a non-Minnesota Housing first mortgage with an MCC. A borrower fee and an additional compliance review process apply to this option.

In order to participate in the MCC program, lenders must have a signed Participation Agreement in place and take required MCC training.

Refer to Minnesota Housing's [Mortgage Loan Programs Manuals, Forms, and Resources](#) webpage for program [term sheets](#), the MCC document set and process guides.

New Subsidy Recapture/Tennessee Warning Form

Effective July 1, 2013 lenders are required to use the new [Subsidy Recapture/Tennessee Warning Form](#). The revised form includes a required State of Minnesota data privacy disclosure.

Webinar on Critical Lender Updates

To participate in a Webinar that covers all of these these important changes, please register:

- [Tuesday, June 25, 2:00 - 3:00 p.m.](#)
- [Monday, July 1, 9:00 - 10:00 a.m.](#)

Questions?

Partner Solutions Team
651.296.8215 or 800.710.8871 (toll-free)
7:30 a.m. to 5:00 p.m. (business days)

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