



# Critical Lender Update

## Conventional Product Changes

Wednesday, October 16, 2019

# Today's Agenda

1. Fannie Mae Pricing Changes
2. Available Options
3. Issues
4. Scenarios
5. Website tour
6. Q and A

# Fannie Mae Changes

- Effective for loans with initial DU run date **on or after 9.5.19**
- Based on Area Median Income (AMI)
- 80% AMI based on:
  - Borrower's **qualifying income**
  - The **property's county**
  - DU results should indicate if borrower is **above or below 80% AMI**

## 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 loans
- 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

First Time Home Buyer  Yes  No

Will Occupy Subject Property  Yes  No

Date of Birth

Homebuyer Education Date

TransUnion

Experian

Equifax

Borrower Credit Score

No Credit Score

Marital Status

First Time Home Buyer  Yes  No

Will Occupy Subject Property  Yes  No

Date of Birth

Homebuyer Education Date

TransUnion

Experian

Equifax

Borrower Credit Score

No Credit Score

Credit Score (All Borrowers)

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

Annual Program Eligibility (Minnesota Housing) Income

Monthly Qualifying (1003) Income

Household Size  Number of Minors  Other Dependents  Disabled Household Resident

Qualifying Debt Ratio (DTI)  Housing Ratio  AUS

Back





Next

Save

# Mortgage Insurance (MI) Coverage and Rates

	At or below 80% AMI	Above 80% AMI	
Fannie Mae HFA Preferred™	<i>Any initial DU run date.</i>	<i>Initial DU run date prior 9.5.19</i>	<i>Initial DU run date on or after 9.5.19</i>
	<ul style="list-style-type: none"> <li>• <b>Eligible</b> for charter-rate MI</li> <li>• Lower rate</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Eligible</b> for charter-rate MI</li> <li>• Lower rate</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Not eligible</b> for charter-rate MI</li> <li>• Higher rate</li> </ul>
Freddie Mac HFA Advantage®	<b>Eligible for charter-rate MI</b>		
	<b>18% coverage for 95.01-97% LTV</b>		
	Lower rate - Priced with Fannie Mae Preferred loans at or below 80% AMI		

# Product Availability

	At or below 80% AMI	Above 80% AMI
Fannie Mae HFA Preferred™		
Fannie Mae HFA Preferred Risk Sharing™		* 

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

**Freddie Mac HFA Advantage: STILL AVAILABLE  
regardless of AMI!**

# Effective for loans with initial DU run date on or after 9.5.19

## Recommendation

**Approve/Eligible**

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**Submission Number** 10

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**Submission Date** 09/26/2019 03:08PM

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**First Submission Date** 07/16/2019 11:41AM

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# Common Mistakes

- Not realizing you locked with incorrect interest rate
  - **Review your initial DU Run Date!**
- Risk share not available over 80% AMI
- Update Qualifying income – it may affect eligibility
  - **Contact Partner Solutions**

# Scenario 1

## Information:

- Married couple with Qualifying Income above 80% AMI.
- Initial DU run in Aug 2019.
- They found property last week.

You will submit for underwriting today and lock in Minnesota Housing's system today.

What is the key information that drives the rate?

**Answer: Initial DU run in Aug 2019.  
Borrower should get lower rate,  
contact Partner Solutions!**



# Scenario 1

## Action Steps

- Upload most current DU findings that show initial run date prior to 9.5.19.
- Email Partner Solutions Team:
  - ✓ Borrowers name
  - ✓ Last four digits of Minnesota Housing's loan number
  - ✓ Attached DU finding to the loan



# Scenario 2

## Information:

- Borrower wants to use Risk Sharing product.
- Over 80% AMI.
- Initial DU decision: March 2019.
- Just found house this week.

You want to lock loan in Minnesota Housing's commitment system today.

Can borrower use the Risk Sharing Product?

**Answer: YES, because of initial DU run date being prior to 9.5.19**



# Scenario 2

## Action Steps

- Upload most current DU findings that show initial run date prior to 9.5.19.
- Email Partner Solutions Team:
  - ✓ Borrowers name
  - ✓ Last four digits of Minnesota Housing's loan number
  - ✓ Attached DU finding to the loan



# Scenario 3

## Information:

- You met with borrowers yesterday.
- They are over 80% AMI
- Ran through DU for the first time this morning.

Can they use Fannie Mae HFA Preferred?

**Answer: Yes!**

## Considerations:

- Higher rate
- Higher MI
- Is Freddie Mac an option?



# Website Tour Mnhousing.gov



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

# Partner Solutions Team



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