

Minnesota Housing & U.S. Bank Home Mortgage- MRBP Division

Product and Underwriting Guidelines

Lou Caresani
2014



Agenda

- ★ **Minnesota Housing vs. US Bank
Roles and Responsibilities**
- ★ **US Bank Home Mortgage- MRBP Division**
- ★ **Delivery and Funding**
- ★ **Top Ten Exceptions**
- ★ **Lenders / Correspondent Lenders**
- ★ **Help Desk**
- ★ **Customer Service**
- ★ **Underwriting**

Overview of Roles

Minnesota Housing Mortgage Loan Program

- Utilize funds to create program
- Affordable fixed-interest rate
- Downpayment and closing cost loans
- Responsible for compliance with bond guidelines

US Bank Home Mortgage –MRBP Division

Master Servicer

- Delivery, Funding, and Product questions refer to US Bank MRBP
- Purchase 1st mtg
- Purchase 2nd mtg (if applicable)
- Service Minnesota Housing loans

Resources

www.mrbp.usbank.com

- Product descriptions
- Checklists for files



U.S. Bank Home Mortgage MRBP AFFORDABLE HOUSING DIVISION

17500 Rockside Road , Bedford, OH 44146



**Service
HFA
Programs**

**MRBP
Team
300
Strong**

**Loan Review
Purchase
Securitize
Service
Final Docs**

US Bank Home Mortgage MRBP

“Master Servicer”

- ★ **Review, purchase, securitize, and service mortgage loans from all participating lenders who are approved to originate in the program.**
- ★ **Loans must meet Minnesota Housing compliance requirements, as well as specific loan product (FHA, VA, RD, Fannie Mae) underwriting guidelines.**

Minnesota Housing & U.S. Bank Home Mortgage- MRBP Division

Underwriting

Lou Caresani
2014



Disclaimer

- ★ **This presentation is for basic informational purposes only. It does not modify or replace the information provided by FHA, VA, RD, Fannie Mae.**
- ★ **It is the lenders responsibility to follow all specific, current product guidelines, mortgagee letters, announcements, or bulletins. This presentation is for general product requirements.**
- ★ **Lenders should also follow U.S. Bank - MRBP product descriptions and any bulletins issued by U. S. Bank – MRBP.**
- ★ **U.S. Bank Home Mortgage- MRBP Division and Minnesota Housing are not liable for loans not meeting product guideline criteria.**

Underwriting Guidelines

- ★ **Credit underwriting is the responsibility of the originating lender**
 - **U.S. Bank Home Mortgage (Master Servicer) will not re-underwrite loans**
- ★ **All loans are subject to both internal and agency audits**
- ★ **Correspondent Lenders (Lenders for which U.S. Bank underwrites)**
 - **Must follow U.S Bank guidelines and overlays**
 - **Must use U.S. Bank appraisal services**

Minnesota Housing Programs

Start Up

- First-time homebuyer purchase loans
- Subject to MRB requirements
- Minnesota Housing downpayment and closing cost loans

Step Up

- Purchase and refinance transactions
- Not subject to MRB requirements
- Minnesota Housing downpayment and closing cost loan

MCC see MHFA guidelines

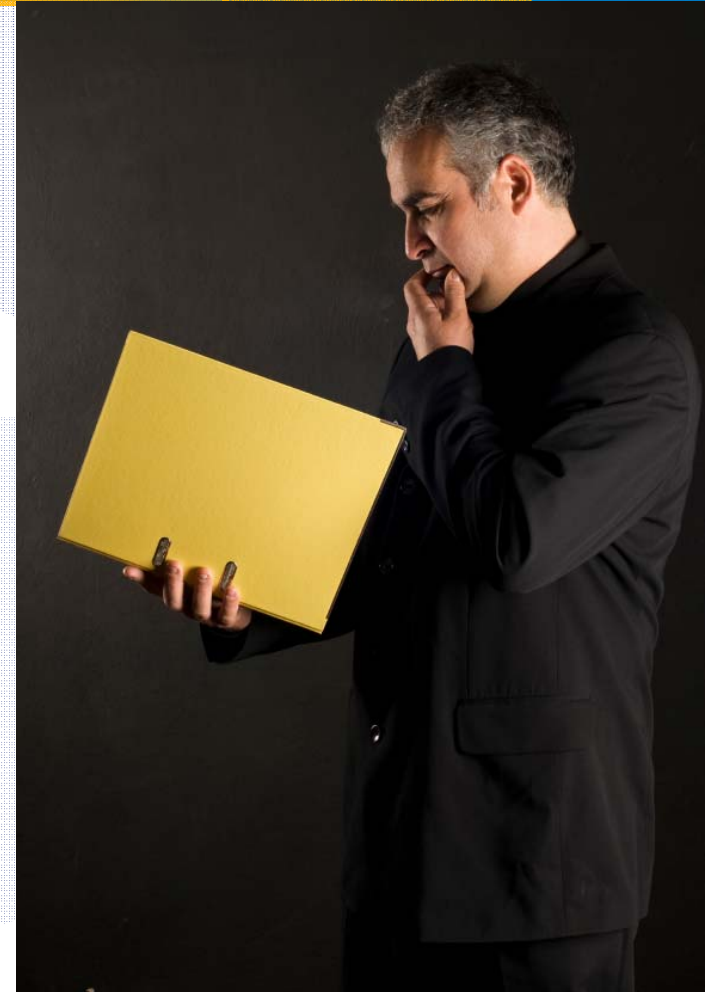
Underwriting Guidelines

- ★ All loans should be underwritten in compliance with the most **current** underwriting guidelines for FHA, VA, RD or Fannie Mae.
- ★ The loan file must also meet Minnesota Housing requirements.
 - Borrower
 - Property
 - Loan
- ★ Follow Minnesota Housing Procedural Manuals for Start Up, Step Up, and MCC.

Underwriting Guidelines

★ Underwriters should make...

- Sound credit decisions
- Assure data integrity
- Include all necessary documents
- Provide supporting documentation for the underwriting decision



Underwriting Systems

★ **Approved automated systems for use with bond program loans:**

— **Desktop Underwriter® (DU®)**

Fannie Mae HFA Preferred™

or

HFA Preferred Risk Sharing™

— **FHA**

— **VA**

— **Guaranteed Underwriting System (GUS)**

— **RD**

Eligible Loan Products

Fixed-rate / 30 year term ONLY

Start Up	Step Up
FHA	FHA
	FHA Refinances
FHA 203(k) Streamlined	FHA 203(k) Streamlined
VA	VA
RD	RD
Conventional <ul style="list-style-type: none">•HFA Preferred™•Conventional HFA Preferred Risk Sharing™•Only 30 year loans	Conventional <ul style="list-style-type: none">•HFA Preferred™•Conventional HFA Preferred Risk Sharing™•Only 30 year loans

FHA Products

Fixed-rate / 30 year term ONLY

★ Eligible Products

- 203(b)
- 234(c) condos, PUDs, townhomes
- 203(k) Streamlined
- Refinance *(Step Up only)
Refinance with full appraisal
- FHA Loan for Veterans
- FHA Homeownership Incentive (HUD REO)

★ Underwriting References

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

FHA 203(k) Streamlined

- ★ **Contact US Bank Help Desk for guidelines and approval!**
- ★ **There is a separate approval process for participation with this product.**

US Bank will hold and disburse rehab escrow

Lenders must review the 203k(s) manual on our website.

www.mrbp.usbank.com

- ★ **Intended for minor or uncomplicated rehabilitation or improvements to a home for which plans, consultants, engineers and/or architects are not required.**
 - **The ceiling for Minnesota Housing is \$35,000 for a maximum repair/rehabilitation amount.**
- ★ **If interested in participating in the program:**
 - **Contact US Bank**
 - **Complete and submit US Bank's Rehabilitation Loan Program Lender Approval Form**



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.**

Section 8 Loans

- ★ **Section 8 loans are permitted.**
- ★ **Lenders may originate loans for borrowers who have obtained a Section 8 Homeownership Voucher.**
- ★ **Lenders must have on file with the Master Servicer, an executed copy of a specific agreement for the purchase of Section 8 servicing rights.**
- ★ **The Subsidy Agent must execute the “Section 8 Homeownership Subsidy Program Agreement” with the Master Servicer.**
- ★ **Follow the most recent FHA and Fannie Mae guidelines as it relates to income credit for the subsidy.**
- ★ **Contact the Help Desk for further information. 800-562-5165**

Manufactured Housing

★ Government Loans

- Size and structural requirements apply
- Must remain permanently affixed to a foundation
- Must be taxed as real estate
- No single-wides
- Cannot combine FHA 203(k) Streamlined
- 660 Minimum Credit Score

★ Conventional Loans

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

FHA Reference

U. S. Bank 203(k) Streamlined Manual and Forms

www.mrbp.usbank.com

MRBP 203(k) Streamlined Administration

1-800-562-5165

mrbp.203k@usbank.com

FHA

www.hud.gov/offices/hsg/sfh/203k/203kmenu.cfm



FHA Resources

FHA Underwriting Guideline Resources

Guide	4155.1 rev 5
FHA website	www.hud.gov
Allregs	www.allregs.com
Search	www.answers.hud.gov
E-mail	hud@custhelp.com
Phone	Mon-Fri, 8am – 8pm ET 800-CALLFHA (800.225.5342)
Online resources	info@fhaoutreach.com

Conventional Products

Fixed-rate / 30 year term ONLY

★ **Eligible Products**

- HFA Preferred™
- HFA Preferred Risk Sharing™

★ **Underwriting References**

- USBank UW guidelines on their website
- MHFA Term Sheet
- Manual UW follow guidelines and Fannie Mae Eligibility Matrix

Fannie Mae HFA Preferred™

Description	<ul style="list-style-type: none"> • 30-year amortization • Purchase available with Start Up and Step Up • Refinance available with Step Up
Delivery Fees	<ul style="list-style-type: none"> • -0- Loan Level Price Adjustment all conventional loans * • -0- Adverse Market Delivery Charge built into interest rate
Maximum LTV/CLTV	<ul style="list-style-type: none"> • 97%/105% 1 unit (subject to MI) • 95%/105% 2 unit (subject to MI)
Fannie Mae Loans	<ul style="list-style-type: none"> • Approve Eligible • Manual UW permitted with further criteria below 95%
MI = HFA Preferred	<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%
Available Minnesota Housing Down-Payment and Closing Cost Loans	<ul style="list-style-type: none"> • Monthly Payment Loan • Deferred Payment Loan • HOME HELP • Layered financing allowed with other approved Community Seconds

Fannie Mae HFA Preferred

Risk Sharing™

Description	<ul style="list-style-type: none"> • 30-year amortization / 680 Fico • Purchase available with Start Up and Step Up • Refinance available with Step Up
Delivery Fees	<ul style="list-style-type: none"> • 0- Loan Level Price Adjustment all conventional loans * • 0- Adverse Market Delivery Charge built into interest rate
Maximum LTV/CLTV	<ul style="list-style-type: none"> • 97%/105% 1 unit - no mortgage insurance required • 95%/105% 2 unit – no mortgage insurance required
Fannie Mae Loans	<ul style="list-style-type: none"> • Approve Eligible
Available Minnesota Housing Downpayment and Closing Cost Loans	<ul style="list-style-type: none"> • Monthly Payment Loan • Layered financing allowed with other approved Community Seconds

Review USB product description

HFA Preferred Risk Sharing™

- ★ **Required Supplement to Participation Agreement must be in place with Minnesota Housing before originating these loans.**
- ★ **Purchase and refinances only**
- ★ **30-year loans**
- ★ **Required 680 FICO**
- ★ **1 - unit only**
- ★ **NO manual underwrites**
- ★ **Must be run as HFA PRS**

Homebuyer Education

- ★ **At least one borrower who signs the note must attend an approved homebuyer education course if receiving as part of the Start Up program:**
 - Conventional Mortgage Loans
 - Minnesota Downpayment and Closing Cost loans
- ★ **Qualified courses:**
 - Homestretch (in-person)
 - Framework (online)
- ★ **Early Delinquency Counseling is provided by U.S. Bank Home Mortgage & acknowledged by the borrowers in the Authorization for Counseling notice.**
- ★ **Lenders must include a signed “Fannie Mae’s Borrower’s Authorization for Counseling” form in the mortgage file sent U.S. Bank.**

Help Desk



— **Toll-free:**

1 – 800 – 562 – 5165

— **Email:**

mrbp.helpdesk@usbank.com



Thank You

**Thank you
for participating in
Minnesota Housing
programs!**



02/2008 20808135525

