

Minnesota Housing Loan Programs eNews

HOMEOWNERSHIP



April 3, 2013

Servicing of Monthly Payment Loans ahead of purchase of first mortgage by U.S. Bank Home Mortgage, MRBP Division

Minnesota Housing's Participation Agreement and Procedural Manuals require lenders to service Monthly Payment Loans, including the collection of principal and interest payments, along with the first mortgage prior to purchase and subsequent servicing transfer to U.S. Bank Home Mortgage, MRBP Division. Borrowers should make payments to the interim servicer of the loan (i.e., the originating lender). As a reminder, RESPA requires issuance of a "good-bye" letter that must be issued no less than 15 days before the effective date of the servicing transfer.

Minnesota Housing is working with U.S. Bank, MRBP to resolve unexpected servicing setup issues with Monthly Payment Loans. We will update you via eNews upon resolution and appreciate your patience as we work to resolve these issues with this new program option.

In the interim, please service the loans, retain the payments from the borrowers, and await further instruction from Minnesota Housing on how to remit the payments to Minnesota Housing.

Reminder: Second Mortgage Application and Loan Disclosure Procedures

Minnesota Housing reminds lenders to follow mortgage industry compliance requirements for Minnesota Housing downpayment and closing cost loans, which include the Monthly Payment Loan, the Deferred Payment Loan and the HOME HELP Loan. As indicated in Participation Agreement with Minnesota Housing and U.S. Bank Home Mortgage, MRBP Division, lenders are required to follow the appropriate regulatory law(s) including, but not limited to:

- Following the disclosure requirements in accordance with applicable laws and regulations (MDIA, RESPA, Regulation Z, etc.), for every Minnesota Housing first and second mortgage;

- Generating a separate Truth in Lending (TIL) and Good Faith Estimate (GFE) for all downpayment and closing cost loan options;

- Following industry standard requirements regarding GFE and TIL disclosure procedures; and,

- Including the downpayment and closing cost loans either on the first mortgage HUD1 or a separate HUD1.

Your Input Needed: Lender Satisfaction Survey

Minnesota Housing surveys its homeownership program lending partners annually to evaluate program effectiveness. By completing an anonymous survey, you can provide us with valuable feedback. If you work in the lending industry, please take 10 minutes to complete this [survey](#) and provide us with your comments and opinions by **Thursday, April 11**.

For questions, please contact Kirsten Partenheimer at kirsten.partenheimer@state.mn.us or Devon Pohlman at devon.pohlman@state.mn.us.

General Questions?

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