

# In Case You Missed It

## 2016 Mortgage Loan Program Updates



This chart summarizes policy updates, clarifications, or other supporting communications for our Mortgage Loan Programs.

	DATE	TOPIC	SUMMARY
25	<a href="#">December 5</a>	Modified Deferred Payment Loan (DPL) Plus criteria	<ul style="list-style-type: none"> <li>• Modified: Sole head of household with at least one Eligible Dependent residing in the household (household must include only one adult that is not an Eligible Dependent). An Eligible Dependent is:               <ul style="list-style-type: none"> <li>○ A household member who is under 18 years of age;</li> <li>○ A Disabled household member; or</li> <li>○ A senior (age 62 or older)</li> </ul> </li> <li>• Effective December 7, 2016 for new commitments</li> </ul>
24	<a href="#">December 5</a>	<a href="#">Start Up</a> , <a href="#">MCC</a> and <a href="#">Step Up</a> program manuals	<ul style="list-style-type: none"> <li>• <b>Start Up only</b> <ul style="list-style-type: none"> <li>○ Deferred Payment Loan Principal Write-Down                   <ul style="list-style-type: none"> <li>▪ Now allow with both DPL and DPL Plus</li> </ul> </li> <li>○ DPL Maximum Asset Calculation                   <ul style="list-style-type: none"> <li>▪ Liquid asset test now -includes association fees with principal, interest, taxes, and insurance (PITIA)</li> </ul> </li> </ul> </li> <li>• <b>Start Up and MCC</b> <ul style="list-style-type: none"> <li>○ Excess Property                   <ul style="list-style-type: none"> <li>▪ An appraiser statement is required when:                       <ul style="list-style-type: none"> <li>• a property has more than one parcel or be subdivided and or</li> <li>• the land value exceeds 45% of the total</li> </ul> </li> </ul> </li> <li>○ New Construction Septic Requirements                   <ul style="list-style-type: none"> <li>▪ New construction properties in the 11-county Twin Cities metropolitan area, s are allowed to have a private septic system and do not have to be serviced by a regional waste water treatment center or by a</li> </ul> </li> </ul> </li> </ul>

			<p>treatment system owned and operated by a local unit of government</p> <ul style="list-style-type: none"> <li>• <b>Step Up only</b> <ul style="list-style-type: none"> <li>○ Government Streamline Refinance – we clarified the following in our manual <ul style="list-style-type: none"> <li>▪ New RD Streamline Products is an eligible loan type</li> <li>▪ U.S. Bank accepts all FHA, VA, and RD streamline refinances from any lender, not just for loans currently serviced by U.S. Bank</li> </ul> </li> </ul> </li> </ul>
23	<a href="#">November 9</a>	Updated <a href="#">Start Up Borrower Affidavit</a> and <a href="#">MCC Borrower Affidavit</a>	<ul style="list-style-type: none"> <li>• To meet MRB compliance, a new provision was added to the Borrower Affidavit that certifies that borrower(s) receiving a Minnesota Housing first-time homebuyer program do not have the intent to lease, sell, or assign any portion of the land being financed, including excess land that can be subdivided.</li> <li>• Borrowers closing November 28, 2016 and later must sign the new version.</li> </ul>
22	<a href="#">November 9</a>	Updated <a href="#">Sample Partial Exemption Disclosure</a>	
21	<a href="#">October 18</a>	Rural Development Streamline Refinance option available	<ul style="list-style-type: none"> <li>• Same credit and DTI requirements as RD purchase</li> <li>• Lenders should calculate income according to RD’s Repayment Income calculation (i.e., qualifying income) and include documentation in the loan file. The Repayment Income total must be below the <a href="#">Step Up income limits</a> posted on Minnesota Housing’s website and must match the income entered in Minnesota Housing’s online commitment system for the transaction at the fund approval stage.</li> <li>• Refer to <a href="#">U.S. Bank’s Bulletin 2016-16</a> for additional product information.</li> </ul>
20	<a href="#">September 21</a>	Updated <a href="#">Program Eligibility Income Worksheet</a>	<ul style="list-style-type: none"> <li>• Updates include improved guidance on income calculations and space to document income calculations under each income type <ul style="list-style-type: none"> <li>○ How income is calculated did not change.</li> </ul> </li> <li>• Worksheet remains optional, but lenders are still responsible for following the Eligibility Income guidance stated in the document, in</li> </ul>

			addition to the applicable Program Procedural Manual
19	<a href="#">August 31</a>	Lower FICO minimum on conventional loans with up to 97% LTV	<ul style="list-style-type: none"> <li>U.S. Bank reduced its credit score overlay for Fannie Mae HFA Preferred™ and Freddie Mac HFA Advantage™ loans with an LTV up to 97%. <ul style="list-style-type: none"> <li>640 FICO/45% DTI</li> <li>660 FICO/50% DTI</li> </ul> </li> </ul>
18	<a href="#">August 22</a>	Pricing	<ul style="list-style-type: none"> <li>Launched new pricing; same interest rate for first mortgage only or first mortgage with DPA</li> </ul>
17	<a href="#">August 22</a>	Ownership Interest on conventional loans	<ul style="list-style-type: none"> <li>Fannie Mae eliminated its requirement that borrowers cannot have an ownership interest in another property at the time of closing for its HFA Preferred™ and HFA Preferred Risk Sharing™ loan products.</li> </ul>
16	<a href="#">August 22</a>	Landlord counseling for duplexes with conventional financing	<ul style="list-style-type: none"> <li>HFA Preferred™ loans - landlord counseling for duplex purchase transactions that have an LTV that exceeds the LTV required by the Selling Guide Eligibility Matrix is required.</li> <li>Fannie Mae eliminated this requirement from its HomeReady® underlying product guidelines, but retained the requirement for its exclusive HFA products, including HFA Preferred™.</li> </ul>
15	<a href="#">August 22</a>	Guidance on GSE findings	<ul style="list-style-type: none"> <li>Only include the final GSE findings in the loan file.</li> </ul>
14	<a href="#">July 21</a>	New manual underwriting requirements	<ul style="list-style-type: none"> <li>U.S. Bank's Bulletin 2016-05 announces that all manually underwritten loans have the following requirements: <ul style="list-style-type: none"> <li>The maximum allowable DTI is 36%.</li> <li>Minimum reserves of two months PITIA after closing, or greater if product guidelines require more.</li> </ul> </li> </ul>
13	<a href="#">June 29</a>	New Deferred Payment Loan and Monthly Payment Loan notes and mortgages	
12	<a href="#">June 29</a>	DPA loan limit changes	<ul style="list-style-type: none"> <li>New loan limits: <ul style="list-style-type: none"> <li>Deferred Payment Loan: \$7,500 (was \$5,500)</li> <li>Deferred Payment Loan Plus: \$8,500 (was \$7,500)</li> <li>Monthly Payment Loan: \$10,000 (no change)</li> </ul> </li> <li>No longer required to calculate the amount of DPA based on 5% of the purchase price. Borrower select amount needed in increments of \$100.</li> </ul>
11	<a href="#">June 15</a>	Step Up Lender Credit Refinance	<ul style="list-style-type: none"> <li>"Step Up Lender Credit Refinance" replaces the name "Step Up</li> </ul>

			<p>Premium Pricing Refinance”</p> <ul style="list-style-type: none"> <li>No changes to this refinance option except for the name</li> </ul>
10	<a href="#">June 15</a>	Introduced new 0% Origination Fee option	<ul style="list-style-type: none"> <li>Two pricing options for most programs and products. <ul style="list-style-type: none"> <li>1% Origination Fee option (how lenders have traditionally priced loans with Minnesota Housing) <ul style="list-style-type: none"> <li>Origination fee = 1% of the loan amount</li> <li>1.5% SRP</li> <li>Available with all programs and products</li> </ul> </li> <li>0% Origination Fee option <ul style="list-style-type: none"> <li>Allows borrowers to finance their origination fee, which lowers their closing costs.</li> <li>Customary and reasonable discretionary fees still allowable</li> <li>Lenders receive a higher service release premium (SRP) of 2.5%.</li> <li>Available with Start Up and Step Up 30-year mortgages: <ul style="list-style-type: none"> <li>All government products</li> <li>Fannie Mae's HFA Preferred™ and Freddie Mac's HFA Advantage<sup>SM</sup></li> </ul> </li> </ul> </li> </ul> </li> </ul>
9	<a href="#">May 11</a>	Loan Prospector® (LP®) Allowed with Fannie Mae's HFA Preferred™	Fannie Mae allows HFA Preferred™ loans to be run through LP®, Freddie Mac's automated underwriting service.
8	<a href="#">May 11</a>	QC Tips: Qualifying income used with Step Up loans	<ul style="list-style-type: none"> <li>Industry-standard qualifying income calculation used to determine whether Step Up borrowers meet the program income limits. The qualifying income calculation differs from the eligibility income calculation used with Start Up and MCC program loans.</li> <li>If the borrower receives downpayment assistance, the borrower's qualifying income must be under the Monthly Payment Loan income limits, which are less than the income limits for Step Up.</li> </ul>
7	<a href="#">April 20</a>	Lender search tool launched	
6	<a href="#">April 25</a>	Updated acquisition cost limits	<ul style="list-style-type: none"> <li>11-County Twin Cities Metro: \$307,900 (increased from \$307,300)</li> <li>Balance of State: \$255,500 (decreased from \$258,600)</li> </ul>
5	<a href="#">March 14</a>	TRID disclosure guidance for Deferred Payment Loans	<ul style="list-style-type: none"> <li>Three options available for Deferred Payment Loan disclosure: <ul style="list-style-type: none"> <li>TRID disclosures</li> </ul> </li> </ul>

			<ul style="list-style-type: none"> <li>○ RESPA disclosures</li> <li>○ Company-generated disclosures, including Minnesota Housing sample disclosure</li> </ul>
4	<a href="#">February 24</a>	New homebuyer education options	<ul style="list-style-type: none"> <li>● New approved homebuyer education courses: <ul style="list-style-type: none"> <li>○ A Native Homeownership Guide</li> <li>○ Realizing the American Dream (available through the Minneapolis Urban League)</li> </ul> </li> </ul>
3	<a href="#">February 3</a>	Elimination of U.S. Bank Funding Fee	<ul style="list-style-type: none"> <li>● The \$400 U.S. Bank HFA Division Funding Fee will be incorporated into the borrower's interest rate. Borrowers' closing costs will go down with minimal impact on rate.</li> <li>● Lenders should not charge borrowers this fee.</li> </ul>
2	<a href="#">February 3</a>	DPA loan limit changes	<ul style="list-style-type: none"> <li>● <b>Deferred Payment Loan:</b> \$5,500 maximum (was \$6,000)</li> <li>● <b>Deferred Payment Loan Plus,</b> \$7,500 maximum (no change)</li> <li>● <b>Monthly Payment Loan:</b> \$10,000 maximum (was \$7,500)</li> </ul>
1	<a href="#">December 22, 2015</a>		<ul style="list-style-type: none"> <li>● The Mortgage Credit Certificate (MCC) Program credit rate will be reduced from 35% to 25% to help us serve more borrowers.</li> <li>● Effective for MCC's committed on or after January 4, 2016</li> </ul>