

# MINNESOTA HOUSING & USBank

Mortgage Revenue  
Bond Program

Lou Caresani  
2010



# Agenda

- ★ USBank Home Mortgage
- ★ Delivery and Funding
- ★ Top Ten Exceptions
- ★ Lenders / Correspondent Lenders
- ★ Help Desk
- ★ Customer Service
- ★ Underwriting

# U.S. Bank Home Mortgage MRBP AFFORDABLE HOUSING DIVISION

17500 Rockside Road \*\*\* Bedford, OH 44146



MRBP Team  
260 Strong

Loan Review  
Purchase  
Securitize  
Service  
Final Docs

Service  
HFA Programs

# 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, Fannie Mae, Freddie Mac etc..) underwriting guidelines.

# Loan File Delivery Address

**ALL Minnesota Housing Loan Files should be sent to:**

U.S. Bank Home Mortgage – MRBP Division  
17500 Rockside Road  
Bedford, OH 44146  
Attn: **Operations Department**

Loans must be shipped **IMMEDIATELY** after closing  
(Within 10 days)

# Loan File Review Process

- ★ Loan files receive a date stamp and are logged into our system
- ★ Files set up in jeter file, labeled with our USB loan number
- ★ Daily inventory reports are generated
- ★ USBHM will thoroughly review the loan
- ★ Exception free loans (compliance approved) are purchased
- ★ Minnesota Housing Purchase approval via HDS

# Loan File Review Process

- ★ If a loan has exceptions
  - Mortgage file exceptions are communicated by phone / fax / weekly recap report
  - If a conventional or 203k loan, more detailed reviews will occur
- ★ Exceptions that are cleared are removed, and the loan is purchased
  - A loan history showing payments applied may be requested
- ★ Loans are purchased daily, on an amortized basis
- ★ Purchased loan summary / detail is faxed to lenders
- ★ Purchased loans are transferred to U.S. Bank servicing system

# Delivery & Funding

## Program Information

- ★ Review Delivery and Funding Guidelines, Checklists, Forms, and any Updates
- ★ Share information with Originators, Closers & **Shippers**
- ★ USBHM Contact
  - HELP DESK (800-562-5165)
- ★ Access information at: [www.mrbp.usbank.com](http://www.mrbp.usbank.com)
- ★ Click on USBank lender manuals > to allregs

- 
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  - [Mortgage Loan Information](#)
  - [U.S. Bank Lending Manuals](#)
  - [Denihan and Associates Lender Guides](#)
  - [FAQ's About MRBP](#)
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  - [Contact Us](#)

## MRBP

## U.S. Bank Home Mortgage Mortgage Revenue Bond Program Division

This site is exclusively for U.S. Bank Home Mortgage MRBP Participants.

The Mortgage Revenue Bond Program (MRBP) Division partners with various State and Local Housing Finance Agencies throughout the United States to assist them in bringing homeownership opportunities to their local constituents, which includes low to moderate income families and first-time home buyers.

This Division of U.S. Bank Home Mortgage focuses exclusively on the Mortgage Revenue Bond sector of the residential mortgage community and develops customized partnerships based on the needs of each Housing Finance Agency.

The Division offers a full range of services, including Product Development, Program Administration & Facilitation, Loan Administration and various other services to the Housing Agencies and Participating Lender community.

[Access to Bond Programs](#)

[Mortgage Customer Loan Information for Housing Agencies](#)

[U.S. Bank Lending Manuals](#)

[Denihan and Associates Bond Program Lender Guides](#)

[Frequently Asked Questions](#)

[M.O.R.E. \(Mortgage Online Reporting made Easy\)](#)

### For More Information

Please contact our Client Support Center

800-562-5165

17500 Rockside Road

Bedford, Ohio 44146

MRBP

 

- Bond Programs
- Mortgage Loan Information
- U.S. Bank Lending Manuals
- Denihan and Associates  
Lender Guides
- FAQ's About MRBP
- M.O.R.E.
- Contact Us

MRBP

## U.S. Bank Home Mortgage Mortgage Revenue Bond Program Division

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## Mortgage Revenue Bond Program

### Company Announcements

**Title:** Welcome to the new MRBP Library!  
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### Recent Updates

No recent updates.



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## Mortgage Revenue Bond Program

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You are viewing: Minnesota Housing Finance Agency Website

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## Reference

Housing Finance Authority  
Minnesota  
Minnesota Housing Finance Agency  
Minnesota Housing Finance Agency Website

## Minnesota Housing Finance Agency Website



# US Bank Bulletins

## BULLETIN

2009-83



MRBP OPERATIONS  
HOME MORTGAGE

December 3, 2009

### 203KS Updates

Brief description of any regulation or USBank changes.

Link to regulation.

|

As always, please call the Help Desk with any questions at 1-800-562-5165 or email us at [mrbp.helpdesk@usbank.com](mailto:mrbp.helpdesk@usbank.com) with any specific concerns.

\*Current version available on our website at [www.mrbp.usbank.com](http://www.mrbp.usbank.com)

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# Delivery & Funding

- ★ Provide Complete Contact Information and Wiring Instructions
- ★ Advise borrower their loan will be sold to U.S. Bank
- ★ Deliver loan files to:  
**17500 ROCKSIDE ROAD**  
**BEDFORD, OH 44146-2099**
- ★ Loans must be shipped **IMMEDIATELY** after closing

# Lender Contact Information

## US Bank Home Mortgage - MRBP Division

### Lender Contact Information / Authorization

**Bond Program:** \_\_\_\_\_  
**Lender Name:** \_\_\_\_\_  
**Mailing Address:** \_\_\_\_\_  
\_\_\_\_\_  
**Main Phone Number:** \_\_\_\_\_  
**Main Fax Number:** \_\_\_\_\_  
**Website (if applicable)** \_\_\_\_\_  
**MERS ID # (if applicable):** \_\_\_\_\_

	Name	Phone	Fax
<b>Main Contact:</b>	_____	_____	_____
<b>Main Contact E-mail:</b>	_____		
<b>Underwriting Manager:</b>	_____	_____	_____
<b>Underwriting E-mail:</b>	_____		
<b>Shipping Supervisor:</b>	_____	_____	_____
<b>Shipping E-mail:</b>	_____		
<b>Shipping Staff:</b>	_____	_____	_____
<b>Processing Manager:</b>	_____	_____	_____
<b>Processing E-mail:</b>	_____		
<b>Exception Contact:</b>	_____	_____	_____
<b>Exceptions E-mail:</b>	_____		
<b>Final Documents:</b>	_____	_____	_____
<b>Final Docs E-mail:</b>	_____		
<b>Lender Scorecard Recipient:</b>	_____	_____	_____
<b>Scorecard E-mail:</b>	_____		

**Wire Instructions:**  
**Bank Name:** \_\_\_\_\_  
**ABA Number:** \_\_\_\_\_ **Account Number:** \_\_\_\_\_  
**Account Name:** \_\_\_\_\_  
**Purchase Advice Attn:** \_\_\_\_\_ **Phone:** \_\_\_\_\_  
**Fax # for Purchase Advice:** \_\_\_\_\_  
**E-Mail address:** \_\_\_\_\_

**Authorized Signature:** \_\_\_\_\_

Fax this completed authorization form to: 866-350-1570 - Attn: Karla Gomez -OR-  
Scan and email this completed authorization form to: [mrbp.helpdesk@usbank.com](mailto:mrbp.helpdesk@usbank.com)

Updated - 11-24-08



# Process Overview

## Originating Lenders

- ★ Pre-Qualify Homebuyer
  - Minnesota Housing and Agency Guidelines
  - 1<sup>st</sup> Time Homebuyer, Income, Sales Price, Property
- ★ Reserve Loan
  - Minnesota Housing with HDS on-line application
- ★ Send complete UW file to USBank (if applicable)
- ★ Close / Fund Loan
  - Must have Minnesota Housing / HDS approval to close
- ★ Send complete Minnesota Housing closed mortgage loan file to USBank within 10 days of closing
- ★ USBank will review & purchase, if no exceptions
  - Exceptions will be communicated to lenders
- ★ Final Documents must be delivered within 120 days of purchase

# Delivery and Funding

- ★ Loans purchased daily
- ★ Purchase Schedule faxed
- ★ Net Funding: (no checks)
  - Pay loan amount / interest
  - Service Release Premium
  - Net determined escrow
  - Reimburse assistance / 2<sup>nd</sup> mortgages
  - Net USBank fees
  - Net extension or hold fees

# Delivery and Funding

## Lender Compensation

Origination	1.00
Commitment Fee	0.00
Discount	0.00
Servicer Pays	
SRP	+ 1.00
Lender Net	+ 2.00
	

## USBank / Program Fees

Transfer	\$ 150.00
Tax Service	85.00
Total	\$ 235.00

## Conventional Loan Fees

LLPA and Adverse Market Fees  
are built into the interest rate.

### NOTE:

Lenders are permitted to collect normal and customary fees. Follow MHFA guidelines.  
If USBank services (UW, TF etc.) are requested, there are additional fees for those services.



# Top 10 Documents Exceptions

## 1. TIL or MDIA Issues

- Early T-I-L not in file on 1<sup>st</sup> mortgage  
or 2<sup>nd</sup> mortgage (if applicable)
- Early T-I-L missing required verbiage
- Final T-I-L not in file
- Corrective Final T-I-L, if applicable not in file
- Initial application 1003 not in file & was not signed and dated by interviewer

**Note:** Lender is required to follow federal guidelines. If loan is not in compliance, it cannot be purchased by USBHM. The file will be cancelled and returned!

# RESPA - Real Estate Settlement Procedures Act

## Highlights

HUD is requiring that loan originators provide borrowers with a standard Good Faith Estimate that clearly discloses key loan terms and closing costs and that closing agents provide borrowers with a new HUD-1 settlement statement. New RESPA regulations were published November 17, 2008 and are scheduled to take full effect on January 1, 2010. The "New RESPA Rule FAQs" were comprised from industry questions and are posted to facilitate implementation of these new requirements.

 [Information by State](#)  
 [Print version](#)



**January 1, 2010**  
New Good Faith Estimate (GFE) and modification of the HUD-1 and HUD-1A Settlement Statement

- ▶ [HUD's new settlement cost booklet](#)
- ▶ [New RESPA Rule FAQs \(updated 4/2/2010\)](#)
- ▶ [RESPA Final Rule](#)
- ▶ [Good Faith Estimate](#)
- ▶ [Good Faith Estimate Instructions](#)
- ▶ [Fillable Good Faith Estimate](#)
- ▶ [HUD-1](#)
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- ▶ [Fillable Hud-1](#)
- ▶ [HUD 1-A](#)
- ▶ [Regulatory Impact Analysis](#)
- ▶ [Withdrawal of Revised Definition of "Required Use"](#)

## Watch the Webcast

- ▶ Watch the webcast from March 18, 2010 clarifying the new RESPA rule. [Watch the Webcast](#)
- ▶ [March 18, 2010 - RESPA Webcast Material](#)
- ▶ [RESPA Implementation Briefing](#)

## View the Presentation

- ▶ [RESPA in Plain English](#)

## Warning: Foreclosure Scams

- ▶ [Loan Servicing Scams](#)

# Top Ten Document Exceptions

## 2. Mortgage / Deed of Trust

- Missing Riders - **Tax Exempt**  
(Mortgage Deed Amendment)
- Need to record with the 1st Mtg
- Condo, Pud, Mfg Homes riders if applies
- Missing pages of the mortgage and/or legal description
- Notary Section left blank or incorrectly completed
- Property Address differs from other documentation

# Top Ten Document Exceptions

## 3. Note

- Missing original / incorrect endorsement
- 1<sup>st</sup> Note endorsement

*“U.S. Bank National Association”*

- 2<sup>nd</sup> HAF Note endorsement

*“Minnesota Housing Finance Agency”*

- Incorrect payment terms / must be = 360 or 180

## 4. Hazard & Flood Policies

- Names & address not matching other documents
- Proof of payment not in the file

# Top Ten Document Exceptions

## 5. Homebuyers Education Certificate & or Referral

- Missing despite being required per DU or bond program

## 6. Underwriting

- Loans are incorrectly put through DU
- Missing Loan Underwriting Transmittal Summary

## 7. Assignment

- Not included in loan file / not assigned correctly  
**1<sup>st</sup> Mortgage assignment**  
*“U.S. Bank National Association”*
- HAF Second Mortgages must be closed in the lenders name  
**2<sup>nd</sup> HAF Mortgage assignment**  
*“Minnesota Housing Finance Agency”*

# Top Ten Document Exceptions

## 8. Appraisal

- Not included or missing pages

## 9. HUD-I

- Calculations and amounts are incorrect
- DPA assistance is not properly identified
- Missing signed copy of the final Hud
- Monthly escrows not collected

## 10. Title Commitment

- Title commitment missing, or incorrect date of policy

# Loans With Exceptions

- ★ USBank will communicate all loan exceptions to a designated person via fax, phone, weekly recap report. Must clear within 3 weeks from posting
- ★ Exceptions received are reviewed for accuracy. Call the help desk for status on exceptions
- ★ Once all outstanding deficiencies have been resolved, USB will then purchase the loan. Loans are purchased every day
- ★ Provide separate cover letter/sheet for each loan to include U. S. Bank loan number
- ★ Identify loans / exception with your submission

# Reference

## Endorsements / Assignments “U.S. Bank National Association”

### Borrower Payment Address and Website:

**U.S. Bank Home Mortgage**

P.O. Box 468002  
Bedford, OH 44146-8002

[www.usbankhomemortgage.com](http://www.usbankhomemortgage.com)

### Hazard Insurance / Loss Payee Clause:

**U.S. BANK N.A.**

its successors and or assigns as their interest  
may appear.

c/o U.S. Bank Home Mortgage  
P.O. Box 7298  
Springfield, OH 45501-7298

Correspondents > MERS: \* Mers ID # 1000212



# Final Documents

- ★ Organize documents according to checklist
- ★ All lenders are responsible for delivery of documents to USBank Home Mortgage
- ★ Due in 120 days from purchase
- ★ A late fee of \$50 will be assessed after 120 days
- ★ Deliver to:

## **Document Control**

17500 Rockside Road  
Bedford, Ohio 44146-2099

## **Final Doc Supervisor**

Darlene Kreigh – [darlene.kreigh@usbank.com](mailto:darlene.kreigh@usbank.com)  
(216) 475-7739

# Correspondent Lenders

## ★ Process is as follows:

Request and complete an application, return it with all required documentation to USBank Help Desk.

- Review Documentation sent by USB / Complete a training
- Submit credit file to Underwriting Department with fee (\$300)
- Have a “clear to close” prior to requesting funds
- Submit table funding request with required docs to U.S. Bank
- Provide closing instructions to the closing agent/attorney
- Loans close in your company name
- Questions: Ph: 800 562 5165 / Fax: 866 404 8094

# Correspondent Lenders

## Table Funding Requests

★ **Help Desk**

– 800-562-5165

★ **Robin Nicolosi**

– 216-475-8325

★ **April Seighman**

– 216-475-7480

★ **Ellen Hart**

– 216-475-8324

★ **Email:** [mrbp.tablefund@usbank.com](mailto:mrbp.tablefund@usbank.com)

★ **Fax:** 216 475-8699

# Lender Help Desk

★ Help Desk Line:  
– **1-800-562-5165**

★ E-Mail the Help Desk  
– [mrbp.helpdesk@usbank.com](mailto:mrbp.helpdesk@usbank.com)

- ★ Status of loans
- ★ Status of documents received
- ★ Loan Deficiencies / Exceptions
- ★ Program guidelines
- ★ General information

# Lender Scorecard

- ★ Quarterly analysis is completed based on loans received for purchase and their performance
- ★ Loans placed on exception, not cleared or purchased within required timeframes
- ★ YTD deficiencies, delinquency, foreclosure & bankruptcy statistics
- ★ Final recorded documents over 240 days outstanding
- ★ Lenders and MHFA are advised in writing of any issues

# Customer Service

**U.S. Bank**

**Commitment  
To  
Customer Service**

# Customer Service

## MRBP Servicing Location

17500 Rockside Road  
Bedford, OH 44146

**All MRBP Bond loans serviced  
from this facility!**

## Borrower Payment Address and website:

U.S. Bank Home Mortgage  
P.O. Box 468002  
Bedford, OH 44146-8002  
[www.usbankhomemortgage.com](http://www.usbankhomemortgage.com)

## Customer Service Toll Free Number

800-240-7890

Hours: Monday – Friday

7:00 am – 8:00 pm EST

[www.usbankhomemortgage.com](http://www.usbankhomemortgage.com)



# Customer Service

- ★ Specialized Support teams for HFA and Lenders expediting process to purchase loans, service borrowers quicker, minimal confusion for borrowers
- ★ Borrowers receive **monthly billing** statements
- ★ Hispanic Speaking Customer Service & Default Representatives
- ★ Interactive Voice Response System (24 hours a day)
- ★ Mortgagor Website Access (24 / 7)  
[www.usbankhomemortgage.com](http://www.usbankhomemortgage.com)
- ★ Call Center Operations M-F (7:00am – 8:00pm est.) **800-240-7890**
- ★ Default Servicing Call Center Operations (8:00am – 8:00pm est.)
- ★ Flexible Payment Methods: **ACH**, USBank Branch, Mail, Website, Phone

# Home Retention – Maintain Home Ownership

- ★ US Bank's mission is to minimize the number of delinquent loans through customer contact, education and awareness. Early contact and counseling are keys to successful loss mitigation.
- ★ Our goal is to offer any attempt to initiate a repayment plan or a loss mitigation workout option.
- ★ Loans active in foreclosure are not eliminated from receiving assistance. All foreclosure loans are solicited for loss mitigation efforts until the foreclosure sale date.

# Home Retention – Maintain Home Ownership

- ★ As a **HUD Tier 1**, and **Freddie Mac Tier 1** Servicer, U.S. Bank Home Mortgage is dedicated to collectively working in both Default Counseling and Loss Mitigation towards keeping borrowers in their homes.
- ★ USBank interviews borrowers obtaining their reason for default and provides options that are available to help.  
\*Borrowers have the ability to establish **repayment plans online** for their situation.
- ★ DVD video “**We’d like to help**”, mailed to borrowers. Available in English/Spanish. Pamphlet also mailed to borrowers offering assistance

# MINNESOTA HOUSING

&

# USBank

## Mortgage Revenue Bond Program

Lou Caresani  
2010



# Disclaimer

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

# Underwriting Guidelines

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

# Underwriting Guidelines

- ★ Credit Underwriting is the responsibility of the originating lender, U.S. Bank Home Mortgage (Master Servicer) will not re-underwrite your loans.
- ★ Correspondent Lenders (Lenders that USBank underwrites / table funds) will have to follow USBank guidelines as well.
- ★ All loans are subject to both internal and agency audits.
- ★ Underwriters should make...
  - Sound credit decisions
  - Assure data integrity
  - Include all necessary documents
  - Provide supporting documentation for the UW decision

# Underwriting Systems

★ The following automated systems are approved for use with loans in the bond programs

– Fannie Mae (DU) as MCM

Exception = Community Land Trust > must be manual UW

– Freddie Mac (LP) as HP > “NO” manual uw

– FHA & VA loans (DU or LP)

– RD Loans (GUS)

★ If manual underwriting is necessary, full documentation is required

★ Other lender customized automated underwriting systems are not acceptable at this time

# Eligible Loan Products

**30 & 15 Year Fixed Rate ONLY**

- ★ FHA
- ★ VA
- ★ RD/USDA/RHS
- ★ Conventional

**Fannie Mae > My Community Mortgage Products**

**Exception = Community Land Trust**

**or**

**Freddie Mac > Home Possible**

- ★ Refer to USBank product guidelines for eligible products as well

# FHA Products

## ★ Eligible Products = 30 / 15 Year Fixed Rate ONLY

- 203B FHA
- 234C Condo, Puds, Townhomes
- 203K Streamline
- FHA Loan for Veterans
- FHA Homeownership Incentive (HUD REO)
- Existing or New Homes
- Manufactured Housing

## ★ Underwriting References

- FHA Guide – 4155.1 rev 5
- FHA website [www.hud.gov](http://www.hud.gov)
- Allregs [www.allregs.com](http://www.allregs.com)

# Streamlined 203(k)

- ★ **Contact USBank Help Desk for guidelines !!!**
- ★ Lenders must review the 203k/203k(s) manual on USB website.

**\*\*\* USBank will hold and disburse rehab escrow \*\*\***

- ★ The Streamlined 203(k) program is 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 \$15,000 for a maximum repair/rehabilitation amount.
- ★ The Lender is responsible for follow-up of all FHA required Documentation to HUD and US Bank.

# Streamlined 203(k) cont.

The Streamlined 203(k) program includes the discretionary improvements and/or repairs shown below:

- ★ Repair/Replacement of roofs, gutters and downspouts
- ★ Repair/Replacement/upgrade of existing HVAC systems
- ★ Repair/Replacement/upgrade of plumbing and electrical systems
- ★ Repair/Replacement of flooring
- ★ Minor remodeling, such as kitchens, which does not involve structural repairs
- ★ Painting, both exterior and interior

# Streamlined 203(k) cont.

The Streamlined 203(k) program includes the discretionary improvements and/or repairs shown below:

- ★ Weatherization, including storm windows, doors, insulation, weather stripping, etc.
- ★ Accessibility improvements for persons with disabilities
- ★ Lead-based paint stabilization or abatement of lead-based paint hazards
- ★ Repair/replace/add exterior decks, patios, porches
- ★ Basement finishing and remodeling, which does not involve structural repairs

# Streamlined 203(k) cont.

The Streamlined 203(k) program includes the discretionary improvements and/or repairs shown below:

- ★ Basement waterproofing
- ★ Window and door replacements and exterior wall re-siding
- ★ Septic system and/or well repair or replacement
- ★ Purchase and installation of appliances, including free-standing ranges, refrigerators, washers/dryers, dishwashers and microwave ovens

# Streamlined 203(k) cont.

- ★ Loan Delivery & Review – please use the 203Ks Draw Package Checklist to create a separate package in order of the checklist provided.
- ★ Deliver the required rehabilitation documentation along with the mortgage loan file.
- ★ Review process will additionally include all rehab documents.
- ★ Loan Purchase – All funds escrowed for repairs as well and other related items will be deducted when USBHM purchases the loan. USBHM holds all funds not disbursed at time of purchase.
- ★ Obtaining FHA insurance – All loans must be submitted for insurance immediately.
- ★ Upfront MIP - The 203(k-s) program UFMIP structure is same as the 203b and calculated according to FHA guidelines.
- ★ Case File Closeout - Closeout of loan must be completed by lender on FHA connection.
- ★ USBHM will send a final accounting report to lender showing all transactions disbursed by us.

# Top 203KS Exceptions

- ★ Completed Contractor Profiles are not included
- ★ Bids have not been executed by both the borrower and the contractor
- ★ As-Is values missing from the appraisal or underwriter certification of value
- ★ Appraisers not listing all required repairs
- ★ Incomplete Homeowner / Contractor Agreements
- ★ HUD 92564-CN not signed by the borrower or other proof of receipt
- ★ HUD 92700-A not signed with the interest option indicated
- ★ Borrower Identity of Interest form is not checked to indicate owner occupancy
- ★ HUD Case # results are missing
- ★ Licenses and or Liability Insurance proof for contractors missing

# 203k-s Reference

**U. S. Bank 203k(s) Manual and Forms**

**[www.mrbp.usbank.com](http://www.mrbp.usbank.com)**

**MRBP 203K/KS Administration**

**1-800-562-5165**

**[mrbp.203k@usbank.com](mailto:mrbp.203k@usbank.com)**

**FHA**

**<http://www.hud.gov/offices/hsg/sfh/203k/203kmenu.cfm>**

# 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.

# Manufactured Housing

## ★ Government Loans

- Manufactured Homes are **ONLY** permitted in the program using FHA, VA, and Rural Housing Program Guidelines
- Manufactured homes must meet specific size and structural requirements, remain permanently affixed to a foundation, and be taxed as real estate. Must be double-wide

## ★ Conventional Loans

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

# Resources

## FHA Underwriting Guidelines

- ★ **Guide** – 4155.1 rev 5
- ★ **FHA website** [www.hud.gov](http://www.hud.gov)
- ★ **Allregs** [www.allregs.com](http://www.allregs.com)
- ★ **Search** [answers.hud.gov](http://answers.hud.gov)
- ★ **Email** [hud@custhelp.com](mailto:hud@custhelp.com)
- ★ **Phone** Monday-Friday, 8 am to 8 pm ET
  - (800) CALLFHA = (800) 225-5342
- ★ [info@fhaoutreach.com](mailto:info@fhaoutreach.com)

# Conventional Loans

**Fannie Mae: DU as MCM** = Must be run as MCM  
**My Community Mortgage**

Fannie Mae website: [www.efanniemae.com](http://www.efanniemae.com)

**Freddie Mac: LP as HP** = Must be run as HP  
**Home Possible**

Freddie Mac website: [www.freddiemac.com](http://www.freddiemac.com)

# Conventional Loans

- ★ **Description:** Fannie Mae MCM - Freddie Mac HP > Fixed-Rate  
30/15 Year Amortization/Purchase Only
- ★ **Delivery Fees:** -0- Loan Level Price Adjustment all conventional loans \*  
-0-Adverse Market Delivery Charge \*  
\* built into interest rate
- ★ **Maximum LTV/CLTV:** 97%/105% 1-2 units (subject to MI)
- ★ **Fannie Mae Loans:** Approved Eligible  
EA1 Eligible (CASA Only)  
Approved Ineligible (due to income). Manual UW permitted with further criteria.
- ★ **Freddie Mac Home Possible Loans:** Risk Class of “Accept” / 660 minimum score  
No manual underwriting
- ★ **MI = MCM and Home Possible Loans:**  
80.01-85% LTV: 6%  
85.01-90% LTV: 12%  
90.01-95% LTV: 16%  
95.01-97% LTV: 18%
- ★ **Review USB product description**

# Manual Underwriting

- ★ Manual Underwriting MCM loans guidelines for loans not approved in DU:
  - Maximum LTV / CLTV & Minimum Credit Scores
    - 97% / 105%  $\geq$  660 FICO
    - 100% / 105%  $\geq$  680 FICO
    - 95% / 105% = Non-traditional credit
- ★ Max CLTV remains at 105% as long as the secondary financing is an approved Community Second Loan
- ★ Manual underwriting will be required to override
- ★ DU messages when LTV exceeds 97%

# Homebuyer Education

- ★ Conventional Mortgage Loans – At least one borrower who signs the note must attend an approved homebuyer education course, per agency guidelines.
- ★ 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 USBank.

# MI Coverage

## Fannie Mae MCM & Freddie Mac HP

### Lower Mortgage Insurance Coverage

LTV	New Minimum Coverage
97.01%-100%	20% With Involuntary Insurance 28% Without
95.01%-97%	18%
90.01%-95%	16%
85.01%-90%	12%
80.01%-85%	6%

Minnesota Housing does not permit standard Fannie Mae or Freddie Mac products. Loans must be run through as MCM or HP.

Code loans when ordering MI certificate!

# Special Conventional Product

**AFFORDABLE ADVANTAGE**

**100% LTV**

**NO MI**

**\*REVIEW\***

Minnesota Housing Term Sheets & USBank product description



# Affordable Advantage

## AFFORDABLE ADVANTAGE

- ★ **Conventional** > 30 - Year Fixed Rate ONLY  
100% LTV  
NO MI
- ★ **Fannie Mae** > Underwritten through DU **Affordable Advantage**  
May be manually underwritten  
Approved Eligible
- ★ **Freddie Mac** > Underwritten through LP (**HP**)  
May NOT manually underwrite  
Risk Class = Accept

# DU Version 8.0 Update

- ★ Affordable Advantage has its own DU screen
- ★ Option in the “Community Lending Product” dropdown box in the Additional Data Section

## Community Lending Information

Community Lending Product	HFA Affordable Advantage
Community Seconds	No
Community Seconds Repayment Structure	
Metropolitan Statistical Area or County	

- ★ Area Median Income (AMI) – loan will not receive an Ineligible Recommendation due to income limits when submitted as HFA Affordable Advantage. Verify that the qualified income for the loan complies with the maximum allowable income limit per Minnesota Housing
- ★ Community Seconds risk assessment will be based on LTV (vs. CLTV) for all HFA Affordable Advantage loans

# Affordable Advantage

- ★ **Terms:** Fixed Rate / 30 Year Amortization / MHFA Rate
- ★ **Maximum LTV/CLTV:** 100% / 105%
- ★ **Mortgage Insurance:** Not required
- ★ **Units:** One unit / owner occupied
- ★ **Fannie Mae Loans:** Approved Eligible
- ★ **Freddie Mac Loans:** Risk Class Accept
- ★ **Credit Score:** Minimum  $\geq 680$
- ★ You may receive an Approved Eligible/Accept with credit scores below 680. This is NOT eligible. Must have 680!
- ★ **Delivery Fees:** -0- Loan Level Price Adjustment conventional loans  
-0- Adverse Market Delivery Charge  
\* built into interest rate
- ★ **Homebuyer Education:** At least one borrower who signs the note must attend an approved homebuyer education course

# Affordable Advantage

- ★ Max CLTV is 105% as long as the secondary financing is an approved Community Second Loan
- ★ Manual underwriting will be required to override
- ★ 45% DTI on manual underwriting & Freddie Mac
- ★ Non traditional credit acceptable
- ★ Borrowers must invest \$1,000 of their money
- ★ Manufactured homes = NOT permitted
- ★ 3<sup>rd</sup> Party Contributions = max 3% for LTV > 90%
- ★ No Assumptions / No buydowns

# Q & A

- ★ Q: Is homebuyer counseling required on FHA loans?  
A: Homebuyer counseling is required per Minnesota Housing guidelines on conventional and CASA loans.
- ★ Q: Are temporary buydowns permitted on the 1st Mortgages in the program?  
A: Buydowns are NOT permitted.
- ★ Q: Is the 1-4 family rider still required on FHA loans  
A: This is not a requirement by FHA, or USBank.
- ★ Q: Can lenders give the tax proration as cash back to the borrowers?  
A: This is not permitted under MRB programs.
- ★ Q: Do we allow Section 8 subsidy to come directly from the borrower?  
A: The Section 8 subsidy should NOT be sent directly from the borrower.

# Q & A

- ★ Q: Are co-signers permitted?  
A: Not permitted. All borrowers must occupy the property.
- ★ Q: Can we accept land lease on FHA loans?  
A: Follow FHA guidelines on land lease. Program requirements are as long as the lease is greater than the life of the loan (30 years).
- ★ Q: Are Section 8 Loans permitted?  
A: Yes Section 8 Loans are permitted, contact USBank Help Desk for more information.
- ★ Q: Are Condos permitted?  
A: Condos are permitted, lenders must follow current FHA or Fannie Mae guidelines.
- ★ Q: Does USBank allow spot approvals on condos?  
A: USBank does not underwrite loans with spot approvals.
- ★ Q: What percentage of a house can be used for business?  
A: Per IRS requirements, only 15% of the property can be used for business.

# Q & A

★ Q: Do we gross up social security dollars?

A: Handle the same as non-taxable income, so yes it should be grossed up.

★ Q: Can the Welcome Home Funds Grant be used with the HFA product?

A: Welcome Home Funds can be used if they will take a 3rd position.

★ Q: Can USBank qualify a lender to originate loans, if lender is not FHA approved to originate?

A: Lenders must be able to originate FHA loans and have an FHA ID number to originate. If lenders do not have a DE on staff and need underwriting services, USBank can provide this service for you.

# Q & A

★ Q: If borrower only has 1 credit score, do we use that one score, or non traditional credit?

A: If any borrower has a credit score it must be used. If no credit score is available, follow non traditional UW guidelines.

★ Q: Can Home Funds be used in conjunction with the FHA First Mortgage Program?

A: Home Funds can be used on FHA Loans under MRB Programs.

★ Q: Are UW ratios only on loans that are manually underwritten? If a loan has higher ratios, but DU supplies approval, is this permitted?

A: As long as you have DU approval this is permitted.

# Q & A

★ Q: Who is responsible for HMDA reporting?

A: Participating lenders are responsible for HMDA Reporting on all loans they underwrite. USBank will be responsible for HMDA reporting for correspondents lenders which USBank will be underwriting those loans.

★ Q: Is Cash Back permitted?

A: Generally Cash Back at closing is not permitted, but may be granted under certain exceptions.

★ Q: Do government loans have to be insured by the time of funding by USBank?

A: Lenders have 120 days following Purchase to deliver the Insurance/Guaranty certificate.

# Help Desk



## ★ Lenders

- call toll free 1-800-562-5165
- Email: [mrbp.helpdesk@usbank.com](mailto:mrbp.helpdesk@usbank.com)

## ★ Underwriters email:

[bedford-bondunderwriting@usbank.com](mailto:bedford-bondunderwriting@usbank.com)

# THANK YOU

For your participation  
in the

**MINNESOTA HOUSING**

programs!



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