



Urgent Information pertaining to Minnesota Housing loans with downpayment assistance

Minnesota Housing Downpayment Assistance Loans in Process

In an eNews earlier this week, Minnesota Housing announced implementation of a new table funding procedure for downpayment and closing cost (DPA) loans incident to recent directives from the US Department of Housing and Urban Development. The wire request process is described below, and a careful review of the process is appreciated.

Minnesota Housing continues to work toward an agreement with US Bank MRBP to purchase FHA-insured mortgage loans originated with DPA loans that have closed or will be closed prior to February 6, 2013. Please be assured that Minnesota Housing will purchase existing loans closed within this timeframe that meet Minnesota Housing program terms and conditions.

Minnesota Housing Downpayment Assistance Loan Table Funding Procedures Effective for Loan Closings February, 6, 2013

Minnesota Housing announces new wire transfer requirements for DPA loans used with first mortgage programs. This table funding process is mandated by an interpretive rule regarding housing finance agency DPA loans issued in conjunction with FHA-insured loans. Please note that Minnesota Housing will require this process for *all* DPA loans—not just first mortgage loans using FHA. Affected downpayment and closing cost loans include Monthly Payment Loans, Deferred Payment Loans, HOME HELP Loans, and HAF loans.

Effective Date

Any loan closing on or after February 6, 2013 is required to use the table funding process. Lenders may use the table funding process beginning Monday, January 28.

Wire Request Process

To request funds, lenders must complete the Downpayment and Closing Cost Loan Request Form www.mnhousing.gov/idc/groups/homes/documents/webcontent/mhfa_013611.pdf or accessible in HDS under "Loan Forms" and attach a copy of the first page of the unexecuted DPA mortgage note for which DPA funds are requested. Incomplete or inaccurate submissions may cause a processing delay that could place scheduled loan closings at risk, so please verify the accuracy and completeness of submissions.

The Downpayment and Closing Cost Loan Request Form and accompanying documentation must be received by Minnesota Housing by 11:00 am three business days in advance of the loan closing to ensure timely processing. This material must be faxed to Minnesota Housing at (651) 296-8215 for data privacy reasons.

Post-Closing Requirements

A copy of the Downpayment and Closing Cost Loan Request Form must be included in the delivery package to US Bank MRBP for all FHA-insured mortgage loans with DPA.

Lenders are required to collect scheduled monthly principal and interest payments for

Monthly Payment Loans until the first mortgage is purchased by US Bank MRBP.

HOME HELP Program Requirements

As a result of the table funding process change, all HOME HELP loans will be table funded according to the effective date parameters outlined above. Lenders will be required to re-execute the HOME HELP Homebuyer Agreement for loans subject to the new table funding requirements. This agreement contains language disclosing to the homebuyer that DPA funds will be wired to the title company they select prior to loan closing. The new HOME HELP Homebuyer Agreement is found here:

www.mnhousing.gov/idc/groups/homes/documents/document/mhfa_013476.pdf.

Any new HOME HELP commitments should begin to use the new HOME HELP Homebuyer Agreement effective immediately.

Coming Soon

Updates to the current program Procedural Manuals and current program Process Charts will be available soon.

Minnesota Housing is committed to timely processing of Downpayment and Closing Cost Request Forms and appreciates your attention to these new requirements. Again, we appreciate your patience and support during this rapid transition!

Questions?

Devon Pohlman, 651-296-8255

Kirsten Partenheimer, 651-297-3656

Emily Strong, 651-296-3631 (HOME HELP specific questions)

Minnesota Housing | 400 Sibley Street, Suite 300 | Saint Paul, MN 55101

