

FNMA 97% HFA Preferred

All of **us** serving you®

Underwriting, Processing & Loan Submission
Overview

Rev. 07.13.15



Welcome!

This training presentation is specific to Conventional loans with LTVs from 95.01% to 97% only. For guidelines on Conventional loans with an LTV at or below 95% please refer to the U.S. Bank Lender guide at mrbp.usbank.com

- All 95.01% to 97% Conventional LTV loans will be underwritten by U.S. Bank, unless prior approval was given to Lender for delegated underwriting authority
- ALL Conventional loans with an LTV from 95.01% to 97% are subject to the guidelines covered in this presentation, whether underwritten by U.S. Bank or by lenders with delegated underwriting authority
- Lenders can obtain these guidelines as well as the 97% Loan Underwriting Submission Checklist from the HFA Division website at mrbp.usbank.com

Submission & Registration

- Lender reserves loans as they normally do with the appropriate HFA/ HFA's Program Administrator or eHousing
 - **NOTE: Loan packages sent to HFA Division Underwriting Department will not be processed or underwritten until properly registered with the HFA**
- Once loan file data is transmitted from the HFA or HFA Administrator and received by U.S. Bank, a U.S. Bank HFA Division loan number will be available for the lender
- Lender prepares the complete loan credit package and runs the loan through DU
- Lender should follow the 97% Loan Underwriting Submission Checklist for file delivery to HFA Underwriting Department. USBHM is charging an underwriting fee of **\$300.00** on loans registered on or after 01.15.2015.
 - If registered prior to 2/1/15 a check must accompany the loan file.
 - For loans registered on or after 2/1/15, the \$300 underwriting fee will be netted out at funding
 - Lenders will receive a quarterly billing statement for loans that do not close
- Ship file to:

U.S. Bank Home Mortgage
Attn: Underwriting Department*
17500 Rockside Road
Bedford, Ohio 44146
Mail Code: CN-OH-R2FR


**it is extremely important that you send underwriting files to the attention of the Underwriting Department*

Underwriting Submission

- Upon receipt of a complete loan package, the loan is logged into our system for tracking purposes
- A review of RESPA/MDIA is performed by USBHM to determine that the loan submission is in compliance with Reg. Z:
 - If the loan is compliant, the registered loan is assigned to an underwriter
 - If registered loan is not compliant, lender is notified of the deficiency and requested to correct and briefly explain what caused the error
- Upon receipt of the corrected disclosure documentation:
 - A determination is made whether the loan may proceed to underwriting or if compliance issues require further attention

Automated Underwriting

- Loans are required to be run through Desktop Underwriter (DU), utilizing the “HFA Preferred” loan product ONLY
- Lenders that currently utilize FNMA DU will continue to assign loans in their own names
- Those that are not currently Seller/Servicers of FNMA will run DU with U.S. Bank Home Mortgage, MRBP Division as sponsor and final assign
- Please contact the HFA Division Help Desk at 800.562.5165 or hfa.programs@usbank.com if you need assistance with sponsorship
- Loan Prospector (LP) **is not acceptable**
- Manual Underwriting **is not permitted**
- Only **Approve/Eligible** findings are permitted, no exceptions
- The underwriter will seek to satisfy all applicable findings noted on your DU response. These findings will translate into required conditions that are noted on your Underwriting Disposition Notice.



bedfordmrb@usbank.com

U.S. Bank Home Mortgage
MRBP Division
17500 Rockside Road
Bedford, OH 44146-2099

Underwriting Disposition Notice

Currently, underwriting turnaround times are ____ business days for new files and ____ business days for resubmissions. Please allow this amount of time to pass prior to checking status.

Date: _____ Loan Number: _____
Source: _____ Borrower(s): _____

Appraisal Requirements

- Lenders that currently utilize U.S. Bank underwriting services will continue to order their appraisals utilizing the current process in place
- Lenders that are only utilizing U.S. Bank underwriting services for this product will continue to order appraisals as they currently do
- All appraisals must be full interior and exterior reports and are subject to underwriter review and acceptance
 - Send original/ full color PDF appraisal to bedfordunderwriting@usbank.com

Underwriting Standards

- Max LTV/CLTV – 97%/105%
 - Eligible Products – Purchases and No Cash-out Refinances
 - Eligible Properties – Single-Family Residences (includes Attached PUD's/Townhomes)
 - Ineligible Properties – Condominiums and Manufactured Homes
 - Minimum FICO Score - 680
 - Maximum DTI – 45%
 - Maximum Loan Term – 30 year
 - Primary MI – 97% @ 680 FICO = Charter Minimum
 - NO Manual Underwrites
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- **NOTE: These underwriting standards apply regardless of DU Response and are subject to HFA overlays**

Underwriting Procedures

- After a complete review of all required documentation, a loan decision is rendered
- One of three decisions will be made (Refer to Underwriting Disposition Notice for decision)
- **Approved with conditions** – Loan terms are outlined and the conditions required to obtain final loan approval are communicated to the lender
- **Declined** – An Adverse Action Worksheet is prepared for the originating lender outlining the reasons for the declination
 - Comments are often included to further clarify the underwriter’s justification for the declination
 - As U.S. Bank is not the Originating lender, the Lender is required to issue a formal “Adverse Action” notification per Federal Guidelines
- **Suspended** – This action is taken in limited cases where insufficient information has been provided by the Lender in order to render a decision
 - The underwriter will notify the Lender as to what is required to continue the review
 - Loan files that are suspended for 10 days or longer with no response from the Lender will be declined due to “incomplete loan application”

**For those in Nevada or Arizona, if U.S. Bank underwrites the loan, the underwriter will issue the underwriter cert with eHousing

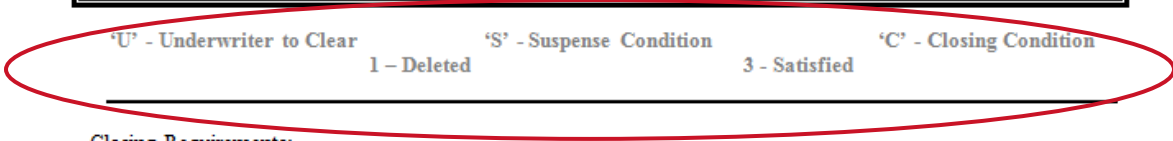
Underwriting Procedures (cont.)

- Approvals will contain all required conditions needed to satisfy the loan decision
- As conditions are received on each respective loan file in process, conditions are satisfied by utilizing the Underwriting Disposition Notice
- Conditions will be cleared or waived using numbers, as detailed on page 1 of the Disposition Notice

not receive a response until ALL conditions submitted have been reviewed. To avoid this delay, please submit all 'U' conditions at one time.

'U' - Underwriter to Clear	'S' - Suspense Condition	'C' - Closing Condition
1 - Deleted	3 - Satisfied	

Closing Requirements:



- If all conditions cannot be satisfied with the initial condition review, the “unsatisfied conditions” are left blank and the Lender is notified of the remaining outstanding conditions
 - Additional comments may be made by the underwriter on any given condition to assist the Lender in understanding what specifically is being requested
 - Please review the Underwriting Disposition Notice carefully and **make every attempt to satisfy ALL conditions requested during the first review of the file**
- **NOTE:** Underwriting conditions and status requests should be sent to our shared underwriting email box that is monitored throughout the business day: bedfordunderwriting@usbank.com

Underwriting Procedures (cont.)

- Once all conditions have been satisfied, a final loan approval will be granted and a “Clear to Close Authorization” is given (see Underwriting Disposition Notice, bottom of page #2)

<hr/> Clear to Close Authorization	
<hr/> Underwriter's Signature	<hr/> Date
Page 2 of 2	Rev. 11/20/13

- If outstanding loan conditions cannot be met to the underwriter's satisfaction, a corresponding “Adverse Action Worksheet” will be prepared and sent to the Lender, in accordance with the guidelines previously outlined under “Declined”
- All underwriting decisions are faxed to the Lender's designated fax number
 - This is why it is important to complete and submit the submission checklist – located on U.S. Bank's website

Underwriting Procedures (cont.)

- Underwriting contacts can be located on the second page of the Underwriting Disposition Notice sent to each Lender
- Underwriters may be contacted directly regarding file specific questions
- Please email ALL underwriting conditions and status requests to the Underwriting shared email: bedfordunderwriting@usbank.com
 - **NOTE: This shared email is for underwriting related items ONLY**
- We endeavor to return all calls and emails within 24 hours, however this is subject to change and any changes in turn times or response times will be made available

Mortgage Insurance

- The Lender will have the opportunity to select one of the following MI companies for their coverage:
 - MGIC
 - Genworth
 - Essent
 - United Guaranty
 - Radian
 - Arch
 - National Mortgage Insurance Company
 - NOTE: USBHM will obtain the appropriate MI coverage from the source selected by the Lender provided the applicant meets the selected MI Company guidelines; It may be necessary for the MI coverage to be moved to another MI provider in order to qualify the applicant, in which case, the Lender will be notified of these changes.
- At present, all the MI companies listed above have guidelines that specifically match the FNMA 97% product (as of 12.5.14) Please check with the MI provider of your choice for detailed guidelines.
 - An MGIC Underwriter will be on-site at our underwriting facility in order to decrease turn time and increase efficiency of the MI underwriting process. This will also aid both underwriting units in exchanging and sharing documentation required for underwriting purposes
 - Please see the MGIC website – mgic.com for pricing and features offered exclusively for HFA's
 - #2881 – State HFAs
 - #3881 – Local Hfa's
- 18% coverage is required (Charter Minimum) with four payment options available:
 - Borrower Paid, Monthly w/Annual Renewal
 - Split Premium
 - Single Premium – w/ Financed MI is permitted – Maximum LTV (Gross LTV w/Financed MI Included) 97%
 - Lender Paid MI (Please check with your local HFA to ensure that LPMI is available)
 - NOTE: 16% Coverage is available with base loan amount equal to 95% LTV but base loan plus financed MI cannot exceed -97% - **All loans with LTV's between 95.01% - 97.00% MUST be underwritten by USBHM** unless lender has been approved to underwrite their own loans