

BULLETIN

2014- 30



MRBP OPERATIONS
HOME MORTGAGE

April 14, 2014

Reminder Bulletin

Fannie Mae HFA Preferred 97% LTV Loan Product

U.S. Bank Guidelines

As most of you are aware, effective with the release of Desktop Underwriter Version 9.1 in November, 2013, Fannie Mae eliminated all of their 97% LTV loan products from the general markets. However, there was an exemption granted to state housing finance agencies (HFAs). U.S. Bank, as the master servicer for many of the state HFAs, was granted the authority by Fannie Mae to continue delivering the HFA Preferred 97% LTV product to them on behalf of our state HFA clients. On December 19 2013, U.S. Bank issued Bulletin 2013-38 addressing the parameters and credit overlays which make loans with LTVs of 95.01% to 97% eligible for purchase.

All Fannie Mae HFA Preferred loans registered on or after January 15, 2014 with LTVs of 95.01% to 97% (*See **NOTE**) will be underwritten by the U.S. Bank MRBP Division's underwriting department, with the exception of some lending partners who may be exempt from this requirement. The HFA or U.S. Bank's MRBP Division contacted those lenders prior to the effective date to advise them that they were exempt.

For any loan that U.S. Bank underwrites, we will rep and warrant that the loan is compliant with all applicable underwriting guidelines. The lender has no repurchase or early payoff/default indemnification responsibilities for any error resulting from the actual underwriting of the loan.

The lender is responsible for rep and warranting that there is no misrepresentation or fraud. In the event that any repurchase or early payoff/default loss is the result of fraud or misrepresentation, the lender will be responsible and be required to make U.S. Bank Home Mortgage whole for any losses or repurchase demand obligations per the terms of the existing Participating Lender Agreement.

***NOTE:** LTV is the final loan amount compared to the appraised value or sales price, whichever is less.

Example: If the loan includes a financed MI premium and the financing of that MI premium puts the LTV over 95.01%, that loan **MUST** be underwritten by U.S. Bank and all overlays listed in the Lender guide for this product apply.

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This information is not intended to extend consumer credit as defined by section 226.2 of Regulation "Z". Interest rate, program terms and conditions are subject to change without notice. Not all products are available in all states and for all loan amounts. Other restrictions and limitations may apply. Granting of loan is subject to program guidelines. 02/2008

****Please respond by fax if you do not want to continue to receive this information. Fax request to: 800-476-5584**

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The following credit overlays are for ALL HFA Preferred loans with LTVs from 95.01% to 97% (*See **NOTE**). These credit overlays are included in our online Lender Guide along with an additional product detail:

- Minimum Credit Score 680
- Maximum DTI 45%
- 30 year loan terms only
- Single family properties only (1 Unit), no condominiums
- Loan must be run through Desktop Underwriter (DU) and receive an Approve/Eligible
- No manual underwriting
- Freddie Mac Loan Prospector (LP) findings are not acceptable

Unless you have been notified by the HFA that administers the program you are participating or the U.S. Bank MRBP Division, the credit overlays mentioned above will apply to all HFA Preferred loans with LTVs from 95.01% to 97% that are registered on or after January 15, 2014.

Lenders may continue to process, underwrite, and deliver HFA Preferred loans with LTVs of 95% or less per the state HFA, U.S. Bank MRBP Division, and Fannie Mae standard guidelines for an HFA Preferred loan.

***NOTE:** LTV is the final loan amount compared to the appraised value or sales price, whichever is less.

Example: If the loan includes a financed MI premium and the financing of that MI premium puts the LTV over 95.01%, that loan **MUST** be underwritten by U.S. Bank and all overlays listed in the Lender guide for this product apply.

For questions, please contact our underwriting department

Email: bedfordmrb@usbank.com

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