



Memorandum

TO: NIFA Participating Lenders
FROM: Jacki Young, Chief Homeownership Officer
DATE: March 17, 2017
SUBJECT: Memo #17-02, Underwriting Changes for Conventional Loans

NIFA and U.S. Bank are pleased to announce underwriting changes for HFA Preferred conventional loans in our program. **The following changes are effective with loan reservations processed in Lender Online beginning March 20, 2017:**

1. The maximum debt-to-income (DTI) ratio has been increased from 45% to 50% for HFA Preferred loans with DU "Approve/Eligible" findings and a minimum qualifying FICO score of 640.
2. All income sources permitted by Fannie Mae guidelines for qualifying, including boarder income, is allowed.
3. Condominiums are allowed up to 97% LTV if the project is approved by U.S. Bank and meets Fannie Mae guidelines. Condominium projects can be approved by Participating Lenders with delegated condominium project approval authority up to 95% LTV and subject to Fannie Mae guidelines. U.S. Bank's approved project list is located in the [HFA Division Lending Guide](#).

Attached you will find U.S. Bank Lender Bulletins #2017-05 and #2017-06 and an updated Summary of Credit Underwriting Overlays for your reference. The summary is not inclusive of all guidelines so please be sure to follow NIFA program guidelines, U.S. Bank guidelines, agency guidelines, PMI guidelines (if applicable) and secondary market guidelines.

If you have any questions, please let us know.

NIFA Single Family Program Summary of Credit Underwriting Overlays

FHA LOANS ONLY*

<i>Loans Approved by DU or LP</i>	
Minimum Borrower Credit Score	660
Maximum Debt-to-Income Ratio (DTI)	45%

*Manual underwriting with no borrower credit score or non-traditional credit use is not allowed.

GOVERNMENT LOANS – USDA Rural Development & VA

<i>Loans Approved by DU, LP or GUS</i>	
Minimum Borrower Credit Score	640
Maximum Debt-to-Income Ratio (DTI)	45%
<i>Manual Underwriting with No Borrower Credit Score or Non-Traditional Credit Use</i>	
Maximum Debt-to-Income Ratio (DTI)	36%
Minimum PITIA Reserves	2 Months

CONVENTIONAL LOANS (95.01-97% LTV)*

<i>Loans Approved by DU</i>	
Minimum Borrower Credit Score	640
Maximum Debt-to-Income Ratio (DTI)	50%
<i>Manual Underwriting – Not Allowed</i>	

*Condominiums are allowed if the project is approved by U.S. Bank Home Mortgage and meets Fannie Mae guidelines. All income sources permitted by Fannie Mae guidelines for qualifying, including boarder income, is allowed.

CONVENTIONAL LOANS (95% LTV or Less)*

<i>Loans Approved by DU</i>	
Minimum Borrower Credit Score	640
Maximum Debt-to-Income Ratio (DTI)	50%
<i>Manual Underwriting with No Borrower Credit Score or Non-Traditional Credit Use</i>	
Maximum Debt-to-Income Ratio (DTI)	36%
Minimum PITIA Reserves	2 Months

*Condominium projects can be approved by Participating Lenders with delegated condominium project approval authority subject to Fannie Mae guidelines. All income sources permitted by Fannie Mae guidelines for qualifying, including boarder income, is allowed.

MANUFACTURED HOUSING (All Loan Types)

Not allowed for FHA, VA, USDA Rural Development and Conventional Loans
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Please note this is only a summary of credit underwriting overlays and is not inclusive of all guidelines. In addition to the above, participating lenders are responsible for all loans satisfying NIFA program guidelines, U.S. Bank guidelines, agency guidelines, PMI guidelines (if applicable) and secondary market guidelines.

Good News on Conventional Underwriting!!

Effective with reservations beginning March 20, 2017, we are pleased to announce the following underwriting updates:

- ✓ U.S. Bank Home Mortgage's HFA Division will begin allowing DU "Approve/Eligible" and LPA Risk Class "Accept" transactions to be approved following Fannie Mae/Freddie Mac guidelines with a minimum qualifying FICO score of 640 and an increased maximum DTI of 50%.
- ✓ U.S. Bank Home Mortgage's HFA Division will also begin allowing all income for qualifying when it meets Fannie Mae/Freddie Mac underwriting guidelines.

Please note, if a stricter policy is required by the GSEs, HFAs, MI Insurers, or U.S. Bank credit policies, they must be adhered to.

Questions

Please refer to the [HFA Division Lending Guide](http://www.hfa.usbank.com) (www.hfa.usbank.com) for information regarding the delivery and funding of loans through the HFA Division. From the home page, select "U.S. Bank Lending Manuals", then "Continue". If you experience problems accessing the guide you may need to temporarily allow pop-ups or add AllRegs as a favorite.

If you have questions regarding this Lender Operations Update, please contact the HFA Hotline at 800-562-5165, Option 2.

We appreciate your continued partnership.



Condominium Guideline Expansion

March 17, 2017

Housing Finance Agency Division

News

Good News on Condominium Guidelines!!

Effective with reservations beginning March 20, 2017, U.S. Bank Home Mortgage's HFA Division is allowing condominiums with LTVs from 95.01% to 97% provided the project is approved by USBHM, in addition to meeting Fannie Mae or Freddie Mac guidelines, as applicable. However, the expanded guidelines do not permit lenders with delegated condominium project approval authority to approve condominiums with loans greater than 95% LTV.

The U.S. Bank approved condominium project list is located in the HFA Division Lending Guide, referenced below, under the subfolder entitled "Condominium Project Review". Please note these guidelines are subject to stricter policies as published by the GSEs, HFAs, MI Insurers, or U.S. Bank credit policies which should be followed.

Questions

Please refer to the [HFA Division Lending Guide](http://www.hfa.usbank.com) (www.hfa.usbank.com) for information regarding the delivery and funding of loans through the HFA Division. From the home page, select "U.S. Bank Lending Manuals", then "Continue". If you experience problems accessing the guide you may need to temporarily allow pop-ups or add AllRegs as a favorite.

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