



# Memorandum

**TO:** NIFA Participating Lenders  
**FROM:** Jacki Young, Chief Homeownership Officer  
**DATE:** September 15, 2017  
**SUBJECT:** Memo #17-11, Interested Party Contributions for Conventional Loans

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NIFA is pleased to collaborate with Fannie Mae and U.S. Bank to offer an increased limit for interested party contributions (IPCs) of up to 4% on HFA Preferred conventional loans with an LTV above 90%. We hope this will help more borrowers obtain a conventional loan by allowing additional IPC funds to be used for closing cost assistance.

This benefit is available immediately and for a limited time. ***Please note U.S. Bank must purchase all loans originated with 4% IPCs no later than May 10, 2018. Therefore, Participating Lenders should close and deliver loans 30-45 days before the purchase deadline.***

Attached is U.S. Bank's Lender Bulletin #2017-13 explaining requirements for 4% IPC loans. DU underwriting is required. Manual underwriting is not allowed. Participating Lenders may disregard DU messages indicating the loan casefile is ineligible because the IPCs exceed the maximum allowable contributions as long as the IPCs did not exceed 4%. A special feature code 849 must be added to the 1008.

For more information, refer to [U.S. Bank's HFA Division Lending Guide](#) or contact their HFA Customer Care Team at 800-562-5165, option 1.

Thanks for your continued support of our Homeownership Program!

#### Summary

We heard you! We received feedback indicating that you are limited on the number of conventional loans you are able to originate due to the limited interested party contribution (IPC) amounts.

This Lender Operations Update announces an increased limit for IPC of up to **4%** on HFA Preferred™ loans with an LTV above 90% **in certain HFA programs for a limited time**. This will help more borrowers obtain a conventional loan by allowing additional IPC funds to be used for closing cost assistance.

This increased limit is being made available in the **Nebraska Investment Finance Authority** program. Unless you receive communication from U.S. Bank regarding this availability in additional HFA programs, all other HFA Conventional loans will continue to be limited to the 3% in IPC funds that Fannie Mae traditionally allows on loans with an LTV above 90%. If a loan is received with an IPC above 3% in any program in which the increase was not made available, it will not be eligible for purchase.

#### Time Frame

This benefit became available as of September 1, 2017. Mortgages originated with the 4% IPC must be purchased by U.S. Bank no later than May 10, 2018.

#### Other Requirements

Other requirements include:

- The loan product must be FNMA HFA Preferred
- **DU underwriting is required** (LPA accepts and manual underwriting are not allowed).
- The lender may disregard DU messages indicating that the loan casefile is ineligible because the IPCs exceed the maximum allowable contributions as long as the IPCs did not exceed 4%.
- Special Feature Code 849 must be added to the 1008.

#### Questions

Please refer to the [HFA Division Lending Guide](#) for information regarding the delivery and funding of loans through the HFA Division. From the home page, select **U.S. Bank Lending Manuals**, and 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 our HFA Customer Care Team at 800.562.5165, and then press 1 for a customer care specialist.

We appreciate your continued partnership.

