



MEMORANDUM

TO: NIFA Participating Lenders
FROM: Jacki Young, Chief Homeownership Officer
DATE: April 2, 2018
SUBJECT: Memo #18-09, Credit Underwriting Overlay Reminder

As the weather and home buying season warms up, we would like to take this opportunity to remind Participating Lenders of credit underwriting overlays that apply to all NIFA loans. It should be noted our compliance review team does not verify that all credit underwriting overlays are satisfied during the pre-closing review process. The final underwriting documents are submitted with our post-closing package.

We have received inquiries about recent changes announced by some of our PMI Company partners in regards to debt-to-income (DTI) ratios on conventional insured loans. Please note the recent PMI Company changes do apply to NIFA loans. Participating Lenders must always use the most restrictive loan underwriting guidelines.

Attached is our current Summary of Credit Underwriting Overlays for your reference. This is only a summary of NIFA overlays and is not inclusive of all program, agency and secondary market guidelines. In addition, the summary is available in the program documents section of Lender Online.

If you have any questions, please let us know.



Single Family Program Summary of Credit Underwriting Overlays

GOVERNMENT LOANS – FHA, USDA RURAL DEVELOPMENT & VA

Criteria	Minimum Credit Score	Maximum DTI Ratios
Loans approved by DU, LP or GUS	640-659	45% total DTI
Loans approved by DU, LP or GUS	660 & above	50% total DTI
Loans not approved by DU, LP or GUS (underwriter downgrade to manual)	660 & above	31% housing ratio & 43% total DTI
Non-traditional credit	No credit score	31% housing ratio & 43% total DTI

*Manufactured housing not allowed.

CONVENTIONAL LOANS – MAXIMUM 97% LTV

Criteria	Minimum Credit Score	Maximum DTI Ratios
Loans approved by DU	640-659	45% total DTI
Loans approved by DU	660 & above	50% total DTI
Loans not approved by DU (underwriter downgrade to manual)	660 & above	31% housing ratio & 43% total DTI
Non-traditional credit	No credit score	31% housing ratio & 43% total DTI

*Condominium projects with a 95.01-97% LTV allowed if approved by U.S. Bank Home Mortgage and meets Fannie Mae guidelines. Participating Lenders with delegated project approval authority can approve condominium projects with a 95% LTV or less subject to Fannie Mae guidelines. Manufactured housing not allowed.

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.