



MEMORANDUM

TO: NIFA Participating Lenders
FROM: Jacki Young, Chief Homeownership Officer
DATE: May 1, 2018
SUBJECT: Memo #18-14, Extended Interested Party Contributions for Conventional Loans

In September 2017, NIFA announced a collaboration with Fannie Mae and U.S. Bank Home Mortgage (USBHM) 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 are pleased to inform you the 4% IPCs have been extended.*

Please note all HFA Preferred conventional loans with 4% IPCs must now be purchased by USBHM no later than Friday, August 10, 2018. Loans should be closed at least 30 days prior to the extended purchase deadline. Attached is USBHM Lender Bulletin #2017-13 dated 9/14/17 for your reference.

If you have any questions, please let us know.

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.

