



# Memorandum

**TO:** NIFA Participating Lenders  
**FROM:** Jacki Young, Chief Homeownership Officer  
**DATE:** May 26, 2017  
**SUBJECT:** Memo #17-07, Pre-Closing Homebuyer Education Requirement

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NIFA is sending this Memorandum to remind Participating Lenders of our pre-closing homebuyer education requirement for all government and conventional loans. This requirement has been in place for our program since 2010.

U.S. Bank Home Mortgage released News Reminder #2017-07 addressing issues with closed loan files that do not comply with this requirement. Fannie Mae will no longer grant any exceptions which means loans are not saleable and will be denied for purchase. The reminder is attached for your reference.

## **Change with Compliance Reviews**

NIFA requires all occupying borrowers who execute the Note to complete one of our approved education classes prior to closing. The borrower's name must be printed on the completion certificate and the certificate is valid for 12 months. We currently require completion certificates to be included in the post-closing compliance file that is submitted for review.

*In an effort to ensure this requirement is satisfied prior to closing, NIFA will require all class completion certificates to be included in the pre-closing compliance file for all loan reservations processed in Lender Online on and after June 1, 2017.*

## **Revised Document Checklists**

We have revised the Pre-Closing Document Checklist to include the completion certificate and have removed the completion certificate from the Post-Closing Document Checklist. Both checklists have a revised date of 6/2017 and are available for use in Lender Online immediately. We can provide the checklists in Word format upon request.

## **Approved Homebuyer Education Classes**

NIFA will accept face-to-face or online classes. Attached is a current list of approved homebuyer education providers. Some classes are free and other classes may charge a fee. If a borrower has completed a class that is not included on the list, you must contact our office for approval.

## **Timing of Homebuyer Education**

We recently completed a project including 2016 closed loans focusing on the timing of homebuyer education. We continue to encourage Participating Lenders to refer borrowers to a class as soon in the loan process as possible. Here are some statistics from the project:

- Only 8% completed the class prior to signing a purchase agreement (we would like this to be much higher)
- 1% completed the class the same day as closing (this should never happen)
- 46% completed the class within 30 days of closing
- 42% completed the class between 31-60 days of closing
- 11% completed the class between 61-120+ days of closing
- 92% are online classes and 8% are face-to-face classes

If you have any questions, please don't hesitate to let us know.

## Homebuyer Education and Ineligible Loans

May 22, 2017

Housing Finance Agency Division

News Reminder

U.S. Bank Home Mortgage has had several files come in for purchase where lenders have not required borrowers to take the required **pre-closing homebuyer education course**.

Fannie Mae and Freddie Mac both have guidelines regarding **pre-close homebuyer education** on all of their community lending products, including the Fannie Mae HFA Preferred Product and the Freddie Mac Home Possible Advantage for HFA product. Bulletin 2017-01, addressing this requirement, was issued in January 2017.

When **pre-closing homebuyer education** is required, but not obtained by lenders, loans are not saleable to Fannie Mae or Freddie Mac. Therefore, **U.S. Bank Home Mortgage cannot purchase your loan**. U.S. Bank Home Mortgage will send it back to you and you may be liable for the DPA funds associated with the loan. After several reminders of this GSE requirement, and our obtaining multiple exceptions from the Fannie Mae and Freddie Mac, they are no longer granting exceptions.

### Questions

Please refer to the [HFA Division Lending Guide](http://hfa.usbank.com) (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 HFA Lender Bulletin Update, please contact the HFA Hotline at 800-562-5165, Option 2.

We appreciate your continued partnership.



## APPROVED HOMEBUYER EDUCATION CLASSES

NIFA requires homebuyer education for all NIFA loans. These classes provide the highest benefit when taken early in the home buying process (before searching for a home). While NIFA encourages all first-time homebuyers to take a face-to-face education class, unless otherwise stated, online classes are acceptable.

All occupying borrowers who execute the Note must complete an education class and their name must be printed on the completion certificate and submitted to NIFA with the post-closing package. NIFA approved homebuyer education classes include:

### Face-to-Face Classes:

- Non-profit organizations (REACH Affiliates) are located across the State of Nebraska and are listed on the Nebraska Housing Developers Association website at [www.housingdevelopers.org](http://www.housingdevelopers.org).

### Online Classes:

- eHome America  
[www.ehomeamerica.org](http://www.ehomeamerica.org)
- Framework  
[www.frameworkhomeownership.org](http://www.frameworkhomeownership.org)
- Credit Smart  
[www.freddiemac.com/creditsmart/tutorial.html](http://www.freddiemac.com/creditsmart/tutorial.html)
- Homebuyer Funds  
[www.homebuyerfunds.com](http://www.homebuyerfunds.com)
- Mortgage Guaranty Insurance Corporation  
<http://mgic.com/lender-services/homebuyer-education.html>
- Genworth Financial  
<https://mortgageinsurance.genworth.com/LenderServices/HomebuyerEducation.aspx>
- Essent Guaranty  
<http://financialpaths.org/home-ownership/homeownership-phone-counseling-and-certificate>
- Arch MI  
<https://mi.archcapgroup.com/Training/Homebuyer-Education>
- National MI  
<https://www.hometrek.org/nationalmi>
- Radian Guaranty  
<https://www.hometrek.org/Radian-Registration>

Please note there may be some situations where the provider charges a fee for the class. You can contact the NIFA office at 402-434-3900 with any questions.