



Memorandum

TO: NIFA Participating Lenders
FROM: Jacki Young, Chief Homeownership Officer
DATE: January 9, 2017
SUBJECT: Memo #17-01, U.S. Bank 90 Day Return Policy

We are sending this Memorandum to notify all Participating Lenders of upcoming changes announced by U.S. Bank's HFA Division for closed loan deliveries. The procedural changes are being made to accomplish an objective to clear deficiencies and purchase loans in a timelier manner. Attached is U.S. Bank's Lender Operations Update #2016-031 for your reference.

Effective February 5, 2017, U.S. Bank will send notifications to Participating Lenders and NIFA for all loans delivered for purchase that are aged 60 days or more. This notification will give lenders an additional 30 calendar days to clear outstanding deficiencies. If the outstanding deficiencies are not cleared within 30 calendar days from the notification date, both the first and second (if applicable) mortgage loans may be subject to cancellation and returned to the Participating Lender.

As you know, NIFA's homeownership team is actively involved with the management of our pipeline. We will continue to assist Participating Lenders with delivering loans in a timely manner (10 calendar days or less from closing) and clearing deficiencies before loan files are aged 60 days.

We ask all Participating Lenders to make any necessary changes as soon as possible to reduce the risk of loans being cancelled and returned. Please note NIFA will not allow cancelled loans to be relocked in Lender Online as mentioned in the last bullet on page two of U.S. Bank's Update.

NIFA is reviewing our existing Lender Compensation Schedule and expects to announce changes in the near future to better align the schedule with the secondary market and U.S. Bank's procedural changes.

If you have any questions, please let us know.

Attn: HFA Lenders

L-2016-031

Important 90 Day Return Procedure Changes

January 5, 2017

Housing Finance Agency Division

Alert

Purpose

The U.S. Bank Home Mortgage HFA Division remains focused on improving our service delivery and cycle times for our lending partners. To accomplish this objective, we continually identify our collective challenges and work with our lenders to overcome them together. This Lender Operations Update serves to notify lenders of important upcoming process change and recommendations to have your loans fund more efficiently in 2017.

Effective Date

These changes are effective February 5, 2017 for all loans in the pipeline with outstanding deficiencies that have aged 60 calendar days.

Summary

The average time from receipt to purchase on a delivered file was a year-to-date low of 28 days in November; our 2017 target for receipt to purchase is an aggressive 25 calendar days.

On February 5, the HFA Division will send notifications via e-mail to lenders and HFAs for **all** loans in the pipeline that are aged 60 days or more. This notification will give lenders an additional 30 calendar days to clear, discuss and resolve any remaining deficiencies so that we may accomplish our mutual objective to clear and purchase in a more timely manner. Should the lender be unable to resolve issues within the required timeframe the loan file may be subject to cancellation and returned.

While our HFA lending partners clear most loans for purchase before the deficiencies age to 60 days we need to work together to resolve the small subset of aged loan deficiencies that affect the Lender, HFA and the U.S. Bank HFA division

Procedural Changes

To collectively accomplish our target of 25 calendar days from receipt to purchase on a continual basis, the HFA Division will be implementing the following pipeline procedure changes:

- When a loan becomes aged 60 calendar days from the date of receipt, the lender and the HFA will be notified by email that all outstanding conditions must be submitted and cleared within 30 calendar days.
 - If the outstanding deficiencies have not been submitted and cleared within 30 calendar days from the date of the notification, *both the first and second mortgages may be cancelled.*
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Tips and
Recommendations
to Consider

To assist us in achieving our goal and to purchase loans within 25 calendar days, please do the following:

- Confirm the loan meets regulatory requirements, product underwriting guidelines, HFA program-product requirements and USB HFA division overlays prior to closing the loan. For more information, please access the U.S. Bank HFA Division Lending Guide at www.hfa.usbank.com.
- Use the Loan Delivery Checklists and verify all documents on the checklist are uploaded with the loan package submission.
- Provide all requested conditions as soon as possible when the initial deficiency notice is received. Deficiency notices will be provided within eight calendar days of receipt. Refer to Lender Operations Update L-2016-003 for details.
- Respond promptly to requests you receive from the HFA Division through email or DocVelocity.
- Stay in contact with us regularly to inquire on the status of a loan or if there is uncertainty regarding any deficiencies.
- Reach out to your dedicated deficiency specialist. Their contact information can be found on the deficiency notice. You may also reach them by:
 - Email at hfacustomer@usbank.com
 - Phone at 800.562.5165, prompt 1
- After the loan is returned to you and corrected, you may have the option to reregister the loan with the HFA and resubmit the loan to US Bank for purchase review.

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 the HFA Hotline at 800-562-5165, option 1.

As always, we appreciate your continued partnership.

