



UHM Production Bulletin

December, 2017

Bulletin U17-0012
Issued 12/21/17

TOPICS IMPACTED IN THIS BULLETIN

FNMA and FHLMC Products	✓	FHA/VA	✓
Mortgage Insurance	✓	USDA	✓
Other	✓	Underwriting Guidelines	✓

FHA

FHA 2018 Loan Limits, [Mortgagee Letter 2017-16](#)

Effective 12/7/17, FHA has announced they will follow the FHFA loan limits including the date of release. [Maximum Mortgage Limits](#)

FHA Property Assessed Clean Energy Program (PACE) Eligibility

Per [Mortgagee Letter 2017-18](#) issued 12/27/17, properties encumbered with PACE obligations will no longer be eligible for FHA-insured forward mortgages.

FNMA/FHLMC:

FHFA Announces Maximum Conforming Loan Limits for 2018

The Federal Housing Finance Agency (FHFA) today announced the maximum conforming loan limits for mortgages to be acquired by Fannie Mae and Freddie Mac in 2018. In most of the U.S., the 2018 maximum conforming loan limit for one-unit properties will be \$453,100, an increase from \$424,100 in 2017.

Baseline limit:

The Housing and Economic Recovery Act (HERA) requires that the baseline conforming loan limit be adjusted each year for Fannie Mae and Freddie Mac to reflect the change in the average U.S. home price. FHFA published its third quarter 2017 House Price Index (HPI) report, which includes estimates for the increase in the average U.S. home value over the last four quarters. According to FHFA's seasonally adjusted, expanded-data HPI, and home prices increased 6.8 percent, on average, between the third quarters of 2016 and 2017. Therefore, the baseline maximum conforming loan limit in 2018 will increase by the same percentage.

High-cost area limits:

For areas in which 115% of the local median home value exceeds the baseline conforming loan limit the maximum loan limit will be higher than the baseline loan limit. HERA establishes the maximum loan limit in those areas as a multiple of the area median home value, while setting a "ceiling" on that limit of 150 percent of the baseline loan limit. Median home values generally increased in high-cost areas in 2017, driving up the maximum loan limits in many areas. The new ceiling loan limit for one-unit properties in most high-cost areas will be \$679,650 — or 150 percent of \$453,100.

Special statutory provisions establish different loan limit calculations for Alaska, Hawaii, Guam, and the U.S. Virgin Islands. In these areas, the baseline loan limit will be \$679,650 for one-unit properties, but loan limits may be higher in some specific locations.



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As a result of generally rising home values, the increase in the baseline loan limit, and the increase in the ceiling loan limit, the maximum conforming loan limit will be higher in 2018 in all but 71 counties or county equivalents in the U.S.

Standard Loan Limits

Number of Units	2017 Maximum Limits	New 2018 Maximum Limits
1	424,100	453,100
2	543,000	580,150
3	656,350	701,250
4	815,650	871,450

High Balance/Super Conforming Loan Limits

Number of Units	2017 Maximum Limits	New 2018 Maximum Limits
1	636,150	679,650
2	814,500	870,225
3	984,525	1,051,875
4	1,223,475	1,307,175

For a list of the 2018 maximum loan limits for all counties and county-equivalent areas in the U.S. click [here](#).

For a map showing the 2018 maximum loan limits across the U.S. click [here](#).

Fannie Mae Announces Confirmation of Conventional Loan Limits

Fannie Mae has confirmed the FHFA announcement increasing loan limits for conventional first mortgage loans. The new limits are effective for whole loans delivered, and mortgage loans delivered into MBS with pool issue dates, on or after 1/1/18.

Whole loans delivered up through 12/31/17, must comply with the 2017 limits. MBS pools with 12/1/17 pool issue dates must comply with the 2017 limits, and MBS pools with 1/1/18 pool issue dates must comply with the 2018 limits (even if delivered in December). Lenders must ensure the appropriate identification of high-balance loans at delivery using Special Feature Code 808.

URLA Implementation and Guidance Update, Demographic Information Addendum

On 10/25/17, Fannie Mae and Freddie Mac updated the joint [Uniform Residential Loan Application \(URLA\), Uniform Loan Application Dataset \(ULAD\) FAQ's](#) with updated information regarding the collection of demographic information needed to meet new HMDA regulations which are effective with loan applications taken on or after 1/1/18.



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Until the new URLA Form can be used, Lenders have the option to use the Demographic Information Addendum with the current URLA dated 7/05 (revised 6/09) as a replacement for the existing Section X, Information for Government Monitoring Purposes. If the Demographic Information Addendum is used with the current URLA, Section X (of the URLA) may be left blank, crossed or grayed out or otherwise deleted.

Fannie Mae will permit Lenders to begin using the Demographic Information Addendum (rev 9/2017) immediately.

- Demographic Information Addendum per [Fannie Mae](#)
- Demographic Information Addendum per [Freddie Mac](#)

DU/DO Release Notes, DU Version 10.1 Update

On 12/9/17, Fannie Mae updated DU Version 10.1 with the following message changes, which will apply to DU 10.1 casefiles submitted or resubmitted to DU on or after 12/9/17. Refer to the [DU Version 10.1 December Update](#) for complete information.

- A message will be issued for transactions with 2-4 unit properties, second homes, investment properties and refinance transactions when the years and months on the job entered in DU is zero or left blank. The message will be a reminder that a paystub must be obtained.
- Multiple financed property updates
- Lot ownership verification messages
- Homebuyer education message update
- Lender contribution message updates

Freddie Mac [Guide Bulletin 2017-26](#)

This Guide Bulletin announces the following updates:

Credit underwriting and Mortgage eligibility

- Expanded requirements to make 5/5 ARMs eligible for additional Mortgage products (In development review)
- Removal of the requirement that all income reported on the application must be verified for Freddie Mac Home Possible® Mortgages

Texas Equity Section 50(a)(6) Mortgages

- Updated requirements for Texas Equity Section 50(a)(6) Mortgages to allow ARMs

Loan Product Advisor

- Enhancements to Loan Product Advisor® relating to reserves requirements effective 11/13/17

Loan Selling AdvisorSM

- Updates related to rebranding the Selling System® to Loan Selling AdvisorSM, effective 12/11/17



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Non-discrimination policy

- Guide language prohibiting Seller/Serviceicers from engaging in discriminatory business activities to be released 3/15/18

Freddie Mac [Guide Bulletin 2017-28](#)

This Guide Bulletin announces the following updates:

Selling representation and warranty framework and disaster-related forbearance

- Permitting relief from enforcement of selling representation and warranties for Mortgages that have been subject to a disaster-related forbearance, 8/25/17

Income commencing after the Note Date

- Expansion of Freddie Mac's requirements for qualifying a Borrower for a Mortgage when the Borrower's income commences after the Note Date 3/14/18

Land Trust Mortgages

- Land Trust Mortgages are eligible for sale to Freddie Mac without a negotiated term of business

2018 loan limits

- Updates to the Guide to reflect the increases in the 2018 loan limits for both base conforming and super conforming Mortgages, 1/1/18

Texas Constitutional amendments for home equity lending

- Revised Texas Home Equity Mortgage Uniform Instruments for use with Texas Equity Section 50(a)(6) Mortgages, 1/1/18

VA:

VA Extends [Circular 26-16-3](#)

VA has announced the extension of Circular 26-16-3 "Department of Veterans Affairs Qualified Mortgage Interim Final Rule Frequently Asked Questions" to 1/1/19.

VA 2018 Loan Limits, [Circular 26-17-41](#)

Effective 12/12/17, VA has announced they will follow the FHFA loan limits including the date of release. [Maximum Mortgage Limits](#)

USDA:

USDA Housing Programs, [Eligibility Maps](#)

On 11/30/17, USDA announced changes to eligible area maps for USDA Rural Development Housing Programs in multiple states.

This review, which is done every five years, will utilize the 2015 American Community Survey (ACS) data. Based on the 2015 ACS data and rural area guidance located in [Handbook HB-1-3550, Chapter](#)



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[5](#), the rural eligibility designation is under review for the following areas:
Prior to proceeding with any qualification, please validate the address through the link provided to ensure a property meets eligibility.

USDA Help Desk FAQ

On 11/1/17, USDA published a [Help Desk FAQ](#) providing a list of frequently asked questions that cannot be resolved by calling the RD Help Desk, along with the correct point of contact.

Other:

Potential Government Shut-Down

In the event of a government shut-down, UHM must take the following stance until the government is back to an active status:

IRS Transcripts: Any non-agency loan (EverBank, Chase, US Bank, HFA, etc.) will require a transcript in the file before the investor purchases the loan. As a result, UHM cannot close any non-agency loan without an IRS transcript. Also, any Borrower that maintains multiple properties or is self-employed will follow the same guidance with no exceptions.

Agency loans delivered to Fannie Mae, Freddie Mac and Ginnie Mae will require copies of the Borrower's tax returns for all Borrowers utilizing income to qualify based on the effective date of the shut-down. All Underwriters will condition loans under this guidance. The tax returns will enable UHM to monitor self-employed Borrowers that claim 2106 expense and Borrowers that own multiple properties. Underwriting reserves the right to request transcripts on circumstances deemed necessary.

This guidance will not apply to agency loans that do not utilize income to qualify.

California Wildfires ([DR4344](#))

The Federal Emergency Management Agency (FEMA) announced that federal disaster aid with individual assistance has been made available to the State of California to supplement state and local recovery efforts in the area affected by wildfires beginning on 8/8/17 and continuing through 10/10/17.

Federal funding is also available to state and eligible local governments, certain private nonprofit organizations, individuals and business owners on a cost-sharing basis for emergency work and the repair or replacement of facilities in the following counties:

COUNTIES: Butte, Lake, Mendocino, Napa, Nevada, Orange, Sonoma, Yuba

In reaction to California storms, please refer to the UHM Disaster Policy in the Lending Guide for



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product specific appraisal requirements. FHA Appraisals completed on or before 10/23/17 and all other Appraisals completed on or before 10/31/17 require a re-inspection per UHM's Disaster Policy.

Home Mortgage Disclosure Act (HMDA) Delivery Requirements

The Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act) amended Regulation C of the Home Mortgage Disclosure Act (HMDA) requiring financial institutions to collect, record and report additional information as authorized by the Consumer Financial Protection Bureau (CFPB).

One change has been addressed in the FNMA/FHLMC section of this bulletin in the URLA Borrower Demographic Information notice.

The second change relates to the Universal Loan Identifier (ULI). Under the new rule, the financial institution that makes the credit decision is responsible for creating and reporting the ULI. The ULI is a number that has three components:

1. The ULI must begin with the financial institution's Legal Entity Identifier (LEI). The LEI is a unique, 20-digit alphanumeric identifier issued by a utility endorsed by the LEI Regulatory Oversight Committee or endorsed or otherwise governed by the Global LEI Foundation. An LEI may be obtained by utilizing the [link](#) submitted.
2. Following the LEI, the financial institution must assign 23 additional characters to identify the loan which:
 - o May be letters, numerals or a combination of letters and numerals;
 - o Must be unique within the financial institution;
 - o Must not include any information that could be used to directly identify the Applicant.
3. The ULE ends with a two-character check digit. The formula for creating this check may be referenced in the Appendix C of the 2015 HMDA rule.

The ULI is the financial institution's LEI plus a loan number plus the two-character check digit. In total, the final ULI will consist of a 45-character identification that will follow the loan from initial application through servicing.

For closed loan files on or after 1/1/18, loans must be delivered with the ULI assigned.

Texas (A)(6) Regulatory Changes, SJR-60

Voters in Texas approved a proposed constitutional amendment that impacts Texas Home Equity Loans, also known as Texas (a)(6) loans. The voter approved changes are effective 1/1/18.

From Fannie Mae: *"The amendment will take effect on 1/1/18, and applies to loans made on or after this date. Because Texas is implementing new requirements for Texas 50(a)(6) loans effective 1/1/18, including a revised form of 12-day notice, Fannie Mae not purchase these loans closed during the first*



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12 days of 2018. Fannie Mae will purchase Texas 50(a)(6) loans that meet our requirements that are closed on or after January 13, 2018.”

UHM is in the process of reviewing the impact of SJR-60 on the Texas (a)(6) Product guide and related program requirements and will announce related changes shortly. Until a full review is completed, please note the following:

- UHM will not close Texas Home Equity Loans between 1/1/18 and 1/13/18, dates subject to change.
- UHM will not close any loans in which the current 12-day disclosure was used and the loan does not close on or before 12/31/17. For those loans that qualify, the following is required:
 - The Borrower must receive the new updated 12-day disclosure as of 1/1/18 and close the loan on or after 1/13/18.
 - UHM must confirm that the closing package utilizes the correct fee cap calculation.

If a Borrower receives the new updated 12-day disclosure before 1/1/18 and closes prior to 1/1/18, the loan would not be enforceable under the Texas Constitution as the disclosure is not valid until 1/1/18. In addition, if a loan application is taken during the remainder of 2017, the 12-day disclosure that is currently in effect would be provided to the Borrower. If that loan does not close by 12/31/17, the disclosure is no longer compliant as of 1/1/18.

California Recording Fees

Effective for recordings on refinance transactions in California on or after 1/1/2018, California will charge an additional \$75 for every real estate instrument, paper or notice required or permitted by law to be recorded per each single transaction per parcel of real property. Effective immediately, Broker Partners closing loans in California should include this additional \$75 in all recording charge estimates.

Mortgage Insurance:

Essent Guaranty MI, Updates to Underwriting Guides and Rate Cards

Essent Guaranty has announced the following changes to our Underwriting Guidelines and Rate Cards:

Underwriting Guidelines: Effective Immediately

Essent Guaranty supports the Federal Housing Finance Agency’s (FHFA) increases to the maximum conforming loan limits for loans acquired by Fannie Mae and Freddie Mac in 2018, and have incorporated the changes into our systems effective immediately.

Updated Guideline Summaries and Underwriting Guideline Manual are now available in [Rates & Guidelines](#) at essent.us.

Rate Cards: Effective 12/18/17

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	<p>Essent Guaranty is implementing the following changes to all of the Borrower-Paid (BPMI) and Lender-Paid (LPMI) Rate Cards, effective for all mortgage insurance (MI) commitments issued on or after December 18, subject to regulatory approval:</p> <ul style="list-style-type: none"> • Removing the Loan Size premium adjustments • Pricing loans with temporary buy-downs as a Fixed-Rate Mortgage when the terms of the mortgage meet our Fixed-Rate Mortgage premium criteria <p>Updated Rate Cards and Rate Availability Chart will be available on December 18.</p> <p>National MI Improvement Webinars</p> <p>National MI has announced two free webinars available to Lenders across the country:</p> <ul style="list-style-type: none"> • Strategies to Get Referrals from Millennial Realtors, 1/17/18 • Self-Employed Borrower, 1/18/18
<p>Recent Releases:</p>	<p>December Bulletins:</p> <ul style="list-style-type: none"> ▪ 2018 UHM HMDA Changes, 12/26/17 ▪ Maximum Conforming Loan Limits for 2018, 12/8/17 <p>Communications Policy Group Updates:</p> <ul style="list-style-type: none"> ▪ TPO Lending Guide Update amending section 500.40 (Pest Inspection Requirements), 11/29/17 ▪ TPO Lending Guide Update amending Section 600.40 (Eligibility and Documentation, Large Deposits) for current credit score requirements, 11/29/17 ▪ TPO Lending Guide Update amending Section 601.40 (Large Deposit Requirements), 11/29/17 <p>Compliance Corner:</p> <ul style="list-style-type: none"> ▪ Hazard Insurance Policy Update, 12/6/17
<p>Forthcoming Releases:</p>	<p>1. TBD</p>
<p>Reminder:</p>	<p>All scenarios cannot be addressed, please continually review any and all internal and external updates.</p>