

## Frequently Asked Questions

### **NEW MASTER SERVICER RELATION AND TRANSITION TO MORTGAGE BACKED SECURITIES**

Friday, October 4, 2024

#### **What is the change?**

Montana Board of Housing (Board or MBOH) has engaged the services of Idaho Finance Association (IHFA) as Master Servicer. IHFA will pool eligible loans into Mortgage Backed Securities for delivery to Ginnie Mae (government insured loans). Some loan types may also be eligible for delivery to Fannie Mae and/or Freddie Mac.

#### **What does this mean?**

- MBOH will continue to establish loan program parameters, set daily interest rates, lock extensions, and confirm Reservations.
- The receipt, review and approval of documentation for Compliance Approval will reside with MBOH.
- IHFA will receive closed loan files in accordance with its requirements, and will be responsible for review, suspension of files, and - upon approval - will purchase loans on a Service Released Fee basis.
- Veterans' Home Loan Program (VHLP) and Habitat for Humanity program loans will remain with MBOH.
- For all loan programs delivered to IHFA, MBOH will no longer service loans prior to purchase. Participants will receive all payments for loans on an interim basis.
- To adapt to this change, MBOH has issued a NEW Single-Family Lock Guidelines.

#### **What is the effective date of this change?**

November 1, 2024 for all loans reserved on or after November 1, 2024.

### **Does this change impact all MBOH loan programs?**

No. The VHLP and Habitat for Humanity loans will still be purchased and serviced from the date of closing by MBOH. However, all VHLP and Habitat loans will follow MBOH's new Single-Family Lock Guidelines. Participants will not service these loans on an interim basis.

### **How are loan reservation and lock policies changing?**

- MBOH will continue to establish interest rates, lock periods, and publish this information through its existing process.
- Participants will request a Reservation through the MBOH Lender Online system.
- MBOH will continue to confirm loan Reservations and work with Participants on all pricing, program and lock extension requests.
- MBOH will now require loans to be closed, delivered, and purchased by the lock expiration date.
  - This includes all processes for loan delivery, file review, and resolution of suspend conditions to reach both the Compliance Approval by MBOH, as well as the time period for loan delivery, file review, and resolution of suspend conditions by IHFA.
  - Pricing adjustments for lock extensions will now start if the loan is not purchased by the lock expiration date.
  - Further information regarding the Single-Family Lock Guidelines is attached and will be available on the Board's Website:  
<https://commerce.mt.gov/Housing/Lenders-Realtors/>

### **How is the loan delivery process changing?**

- Participants will now operate under two different delivery models.
- Participants will continue to deliver all documentation to MBOH that is required for Compliance Approval of the loans.
  - MBOH will status the approval or resolve questions directly with the Participants.

- MBOH will advise IHFA when the loan has received Compliance Approval. IHFA may review loan files prior to receiving MBOH Compliance Approval, depending on availability of loan file documents.
- Participants will deliver all other documentation to IHFA in accordance with IHFA processes.
  - IHFA will review all loan documentation to ensure the loan is eligible for purchase in accordance with the MBOH loan program requirements, as well as all applicable investor/insurer requirements, including Ginnie Mae, Fannie Mae, Freddie Mac, FHA, HUD 184, RD, and VA.
  - IHFA will either suspend or approve the loan for purchase.
    - Participants can access status of their loans through IHFA's Lender Online System.
    - IHFA will e-mail the Participant's contact listed on IHFA's Loan Delivery Checklist to inform conditions can be viewed on Lender Connection.
  - MBOH will not be updating its Lender Online System to include suspension or approval status information published by IHFA.
  - The maximum size of the loan package that can be uploaded through IHFA's Lender Online System is 225MB.

## **MERS**

- First-lien Mortgage Loans require the use of MERS.
- Current MBOH processes for Second Mortgage Loan assignments will remain the same.
- While MERS offers a feature for Second Mortgage Loans, MBOH and IHFA will not utilize this feature at this time.

## **What is the purchase process with IHFA?**

- IHFA will purchase loans daily.
- Participants can access individual loan Purchase Statements via IHFA's Lender Connection Loan Delivery Portal.

- IHFA will issue a Purchase Advice that includes the value paid by IHFA for the loan servicing rights, however, IHFA will deduct the following charges:
  - Tax service fee at \$85.00
  - Loan acquisition fee at \$200.00
  - Flood determination fee at \$10.00 (if flood determination is not provided by Lereta)

### **How are loan servicing processes changing?**

- Can Borrowers make payments online or set up automatic payments from their account?
  - Yes, for loans serviced by MBOH, the Borrower can set up ACH payments, make online payments or phone payments (fees may apply).
  - Yes, for loans serviced by IHFA, Borrowers can set up automatic payments and one-time payments by signing up at HomeLoanServ.com. Payment submission option instructions will be included in the Welcome Packet.
- Will Borrowers receive a Welcome Packet?
  - Yes, for loans purchased by MBOH, the Borrower will receive a Welcome Packet from MBOH Loan Servicing.
  - Yes, for loans purchased by IHFA, the Welcome Packet will be sent from HomeLoanServ to the Borrower upon purchase of the loan file. HomeLoanServ is the servicing arm of IHFA.
- Will the Borrower make payments for the Second Mortgage Loans (DPA loans) to IHFA or MBOH?
  - For loans purchased by MBOH, the Borrower will make payments to MBOH.
  - For loans purchased by IHFA, payments for both the 1<sup>st</sup> and 2<sup>nd</sup> mortgages will be to IHFA. Borrowers can make payments online via HomeLoanServ.

### **Does IHFA allow a Participant to submit trailing documents after IHFA purchases the loan?**

- Yes, examples are the recorded Deed of Trust and Final Title Policy. Evidence of insurance such as the MIC or Guaranty Certificate will be required for IHFA to purchase the loan.

**Does IHFA charge penalty fees if trailing documents are not received within a specific time period after their purchase?**

- Presently, IHFA has not implemented a late document fee, however, they may do so in the future. Participants should ensure timely submission of trailing documents. It reduces the time and effort your firm, and IHFA, will spend managing this activity. Please refer to IHFA requirements on an ongoing basis for additional information.