

# NCSHA 2016 Annual Awards Entry Form

(Complete one form for each entry)

**Deadline: Wednesday, June 15, 2016**

Visit [ncsha.org/awards](http://ncsha.org/awards) to view the Annual Awards Call for Entries.

**Instructions:** Type entry information into the form and save it as a PDF. Do not write on or scan the form. If you have any questions contact [awards@ncsha.org](mailto:awards@ncsha.org) or 202-624-7710.

Fill out the entry name *exactly* as you want it listed in the program.

**Entry Name:** \_\_\_\_\_

**HFA:** \_\_\_\_\_

**Submission Contact:** (Must be HFA Staff Member) \_\_\_\_\_ **Email:** \_\_\_\_\_

Please provide a 15-word (maximum) description of your nomination to appear on the NCSHA website.

\_\_\_\_\_

Use this header on the upper right corner of each page:

**HFA:** \_\_\_\_\_

**Entry Name:** \_\_\_\_\_

\_\_\_\_\_

**Select the appropriate subcategory of your entry and indicate if you are providing visual aids.**

Communications	Homeownership	Legislative Advocacy	Management Innovation
Annual Report	Empowering New Buyers	Federal Advocacy	Financial
Creative Media	Encouraging New Production	State Advocacy	Human Resources
Promotional Materials and Newsletters	Home Improvement and Rehabilitation		Operations
			Technology
Rental Housing	Special Needs Housing	Special Achievement	Are you providing visual aids?
Encouraging New Production	Combating Homelessness	Special Achievement	Yes
Multifamily Management	Housing for Persons with Special Needs		No
Preservation and Rehabilitation			

## **Encouraging New Production**

### **Expanding Certified Loan Originator Program to Increase New Business**

#### **Summary Overview**

Idaho Housing and Finance Association (IHFA) recognized there were many financial or lending organizations, primarily Credit Unions and Community Banks that were not participating lenders in IHFA's program. While these lending businesses had many customers in need of mortgage financing, they typically made a portfolio loan or referred their customer to another lender. These financing entities did not have secondary market delegated underwriters on staff and on the whole were not organized to efficiently conduct mortgage lending activities. Yet, most of their customers were in need of mortgage financing and met the criteria for one of IHFA's mortgage products.

IHFA has approached, and continues to do so, many of these financing entities to offer our loan products in a different way other than under the typical participating lender model. These financing entities work with their customers to assess their mortgage financing needs, collect necessary lending documents for the loan approval process, enter appropriate information through IHFA's lending system, and generally interface with the borrower. However, IHFA steps in to provide the delegated loan underwriting for these borrowers and then closes the loan, if approved. The financing entity completes those steps with which they are comfortable and capable of performing, maintains a close customer relationship, and is offering their customers preferred mortgage financing through IHFA.

IHFA refers to these financing entities as Certified Loan Originators, or CLOs. To date, IHFA has increased its production volume by \$55 million, representing 380 loans. While some of these loans may have been made through an alternate participating lender, we believe the large majority of them would not have been made at all, and as a result many borrowers would not have benefited from IHFA's home loan products.

#### **Evolution of Mortgage Broker Business**

IHFA has maintained a Mortgage Broker loan origination channel since 2006, where IHFA underwrites and closes loans similar to how large lenders operate mortgage discount windows. This development occurred with IHFA since a large percentage of Idaho's lending activity takes place through Mortgage Brokers – up to 50 percent of the market at times. To date, IHFA has originated \$927 million of business through this channel, representing 6,700 loans.

However, the new CLO business is evolving the traditional Mortgage Broker channel. Working with small credit unions and community banks is helping to broaden their financial service product offerings and helping them become a more competitive financial institution. These financing entities are more

stable than typical mortgage brokers and have an existing network of customers that generally meet the demographic profile of IHFA's qualified borrowers. Many of these financing entities are located in rural communities giving IHFA an expanded lending reach, including minority populations. In short, IHFA feels this program has helped improve access to mortgage capital in Idaho.

### **Certified Loan Originator, CLO**

There have been many changes in the mortgage lending industry. With the additional liability and expense of disclosure compliance and loan underwriting, some lenders found it difficult to deliver qualified loans to the secondary market. Our broker business evolved into a different model with the addition of community banks and credit unions and our Certified Loan Originator program CLO was created.

With our updated systems they electronically upload all documents from their loan origination systems including their loan application, the 1003 file, and the appraisal upload to the uniform collateral data portal, UCDP. These new electronic processes allowed us to streamline our CLO process and provide electronic data documentation necessary to underwrite loans efficiently for a compliant qualified mortgage loan.

In calendar year 2014 Idaho Housing found that providing our affordable home loan products along with our down payment assistance programs, Idaho Housing had 35 percent of the Idaho real estate sales market. Then in 2015, we saw another increase in business through our CLO program. It began when FHA lowered their mortgage insurance premium and that became the primary motivation for CLO's to get into the FHA market. The difficulty in offering FHA mortgages is that the lender has to have an underwriter on staff that has the Designated Endorsement (DE) certification from FHA. This designation is hard to find because there are so few in the industry and they are in very high demand. In order to get the DE, it takes quite a commitment from the lender as well as another DE underwriter that works for the lender to review the new underwriter's cases for that designation. So Idaho Housing's CLO program gave them the resources needed to provide FHA lending to their customers as well as the HFA Preferred Conventional program, which can only be purchased by HFA's.

Idaho Housing's loan products are a good match with credit union and community bank lending. We provide the underwriting, closing, and funding services for the CLO's and they offer their customers an affordable mortgage program. What they appreciate most is not giving their loans to a competitor. Our CLO program meets their need. We have found that we can better reach minority populations through CLO's and they prefer this to the traditional bankers. Overall we have seen an increase in minority lending by about 10 percent. The CLO program outreach has been a positive addition to our lending partners with great results in loan production, on track for a \$100 million in loan production for 2016, up 50 percent from 2015.



## **Idaho Housing and Finance Association**

**Subcategory Entry:** Homeownership: Encouraging New Production

**Contact:** Susan Semba, Vice President Homeownership Lending  
[susans@ihfa.org](mailto:susans@ihfa.org), 208.331.4726

Currently we are not issuing tax -exempt mortgage revenue bonds and sell direct to Fannie Mae and Freddie Mac and securitizing our government loans with Ginnie Mae. Stepping up Idaho Housing and Finance Association's processes and becoming more like a regular investor in the market has made us a better partner with our lenders. Over the past three years the first-time homebuyer market was the best performing market in real estate sales. Most homebuyers were buying their first or second home and were looking for loans with down payment assistance and low-rates. In our efforts to reach all of that market, our CLO program allowed us to reach out to the community banks and credits unions assisting them by offering easy access to affordable programs.

Idaho Housing services all of its loans in Boise, which is a great benefit to our CLO's. They feel very comfortable sending their customers through our CLO program knowing that high touch customer service will be provided to the customer and the loans will remain in Idaho and serviced with care.