

## 19 – FREQUENTLY ASKED QUESTIONS

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### ***TERMS & CONDITIONS***

***Q. What is the Total Debt To Income ratio allowed under the Program?***

***A.*** The Total Debt To Income ratio cannot exceed 45.00%. There are no exceptions to this policy.

***Q. With the Total Debt To Income ratio guideline, can the Borrower consider paying off revolving debt accounts to get within the DTI guidelines?***

***A.*** Please check with your underwriter to see what will be acceptable under standard underwriting guidelines for the loan type (FHA, VA, USDA, Conventional).

***Q. What is the credit score requirement under the program?***

***A.*** The minimum required credit score for the primary wage earner is 620. The representative credit score will be the middle of three scores or the lesser of two scores. A primary wage earner with only one credit score or no credit score is not an eligible borrower under the Program. There is no credit score requirement for the *non-primary* wage earner when the DU underwriting recommendation is Approve/Eligible.

***Q. My Borrower owns another property. Can they still utilize the Commission's Home Advantage program?***

***A.*** Yes. The Borrower can still use the Home Advantage program if they are going to occupy the new home and if the Borrower meets the underwriting guidelines per the first mortgage type.

***Q. My DU findings require a manual downgrade. Is that okay?***

***A.*** No. ServiSolutions will not purchase a loan with a manual downgrade.

***Q. My DU findings show as an Approve/Ineligible due to a repair escrow. Is that acceptable?***

***A.*** Yes. ServiSolutions will purchase this loan if the "ineligible" is due to a repair escrow.

***Q. Does the Commission still allow for 97% LTV financing on Conventional loans?***

***A.*** Yes. Fannie Mae allows housing finance agencies to originate conventional loans under the HFA Preferred product at 97%/105% CLTV. Please follow Appendix III of the manual and use the special feature codes in Section 2, page 2.1.

***Q. What Mortgage Insurance Companies approve loans under the HFA Preferred program?***

**A.** Most Mortgage Insurance Companies offer special guidelines for housing finance agencies. Please check directly with them for terms and conditions.

***Q. My Borrower wants to purchase a home in Whatcom County and use the HFA Preferred product. In the open market, the income limit is lower. What is the income limit?***

**A.** Fannie Mae allows the housing finance agency to set the income limit for the HFA Preferred product. So, the Borrower can make up to \$97,000 regardless of the county and still receive approval for the HFA Preferred product.

***Q. At Loan Closing, can the Lender charge additional points?***

**A.** No. The Lender can only charge up to the maximum origination and points as indicated on your MITAS loan approval.

***Q. What about loan level pricing adjustments on Home Advantage loans?***

**A.** On all **Conventional** mortgages, the Adverse Market Fees applies. Please see Appendix III of the Home Advantage manual for further information on the HFA Preferred program. If using a Standard Fannie Mae execution, all loan level pricing adjustments per Fannie Mae's matrix apply. It is the lender's responsibility to make sure the loan is priced according to Fannie Mae's matrix. ServiSolutions will net out these fees upon loan purchase as applicable.

***Q. As a Loan Originator, how much money will I make on a Home Advantage Loan?***

**A.** The Mortgage Lender will make 2 points per loan plus other allowable fees if such fees are usual and customary up to a maximum of \$1,500. Since loans are sold service release to the Master Servicer, no additional SRP is paid. Additionally, each Lending Institution will have different compensation splits for their Loan Originators.

***Q. What if our Lending Institution accidentally charges a non-allowable fee on a Home Advantage loan at loan closing?***

**A.** If a non-allowable fee is charged, the fee must be refunded to the appropriate party prior to purchase of the loan.

***Q. Can our Lending Institution close a Home Advantage loan with a Single Premium MI Program?***

**A.** Yes. The pricing adjustment must be added to the fees in terms of points (not the rate) and disclosed on the Closing Disclosure at closing. The Lender will then pay the mortgage insurance company.

***Q. Are there any additional disclosures to the Home Advantage loan with a Single Premium MI Program?***

**A.** The Mortgage Insurance Company will require a disclosure for the Borrower's signature. Since the language usually refers to a rate adjustment instead of a fee adjustment, the Lender can add language to the disclosure to say that the loan level pricing adjustment will be added as a fee in the form of points on the Closing Disclosure Statement. The Commission, however, does not have any additional forms that need to be signed by the Borrower for compliance purposes.

***Q. Is it acceptable to close a Home Advantage first mortgage and with a community second program from a local nonprofit?***

**A.** Yes, if the downpayment assistance program meets community second guidelines per the first mortgage type. It is the Mortgage Lender's responsibility to review the Program Description, Note and Deed of Trust for community seconds compliance. The underwriter must show the name of the community second program and verify the program is an approved community second program on the 1008 or HUD 92900-LT.

## ***ELIGIBLE BORROWERS***

***Q. Which incomes are included for compliance purposes on the Home Advantage program?***

**A.** We look to your underwriter's loan approval to determine income.

***Q. Do you "gross up" Social Security, child support, and other sources of non-taxable income for the Home Advantage program?***

**A.** We look to your underwriter's loan approval to determine income.

***Q. My Borrowers are not first time homebuyers. Are they eligible for the Home Advantage program?***

**A.** Yes. Unlike programs using tax exempt financing or the MCC program, this program assists both first time and non-first time homebuyers within Washington State as long as the home is the principal residence. Further restrictions apply when using some of the specialty downpayment assistance programs.

## **PROPERTY**

***Q. Can you finance a manufactured home using the Home Advantage program?***

**A.** You can finance a manufactured home if the first mortgage is an FHA, VA, or USDA Rural Development Loan. You cannot finance a manufactured home using any Fannie Mae Conventional financing option. The borrowers must have a minimum 620 credit score. The borrower must also contribute the greater of \$1,000 or 1% of their own funds (no gifts) into the transaction as verified on the final Closing Disclosure.

***Q. Can you finance properties greater than 2 acres or with mother in law quarters within the single family residence using the Home Advantage program?***

**A.** Yes. Unlike programs financed through tax exempt financing or the MCC program, you can finance excess acreage and homes that may have additional features if allowed by the underlying FHA, VA, USDA Rural Development or Conventional loan.

***Q. My Borrower is purchasing a Homepath Home. Is this allowed and can the Borrower use an underlying Homepath loan?***

**A.** The Borrower can purchase a Homepath home. However, Homepath is not part of the Commission's contract with Fannie Mae so please use one of the underlying mortgage types as indicated in Section 2, page 2.1 of the Home Advantage manual.

## **HOMEBUYER EDUCATION**

***Q. Can the Borrower take an online homebuyer education seminar? Do I need an exception request or any type of pre-approval from the Commission?***

**A.** If the Borrower cannot attend an in-person class, they can attend an online class following the procedures in Section 6, page 6.5 of the Home Advantage manual:

<http://www.wshfc.org/sf/00HAtableofcontents.htm>

Prior approval from the Commission is not required.

***Q. My Borrower attended a homebuyer education seminar and received a certificate of completion from the lending institution. Is this sufficient to meet the homebuyer education requirements in order to reserve funds for the Home Advantage program?***

**A.** No. The Borrower must attend a homebuyer education seminar sponsored by the Washington State Housing Finance Commission prior to reservation of funds. All eligible seminars are listed on our Website and [www.wshfc.org](http://www.wshfc.org). Participants receive a certificate with an official seminar control number.

## **RESERVATION PROCESS**

***Q. I tried to reserve Home Advantage Funds over the weekend and Mitas gave me an error message. Are you out of funds?***

**A.** Home Advantage accesses the open mark and is not dependent bond proceeds. Please reserve funds Monday – Friday (excluding holidays) from 9:00 am – 4:00 pm PST.

***Q. I have a Borrower whose property fell through because of the inspection. He found another property. Does the original loan need to be cancelled? Rates have gone up and I am afraid this Borrower will lose out if we have to cancel.***

**A.** If you can fund and deliver the loan within the timeframes from the old reservation, you will need to update the reservation and do not need to cancel and re-reserve. If the reservation has expired, you will receive the higher of the two rates at the time.

***Q. I am unable to meet the mandatory deadline for closing. Rates have gone up and I am afraid this Borrower will lose out if we have to cancel.***

**A.** We can extend the reservation; however, it requires approval from the Commission and will be subject to market conditions. Please complete the Rate Lock Extension Form: <http://www.wshfc.org/sf/HAforms.html> If the reservation has expired, you will receive the higher of the two rates at the time.

***Q. How do I cancel a loan?***

**A.** You can cancel funds for the first and second mortgage on-line at any time up until receipt of the pre-closing file in our office. Once the loan status has been changed, all cancellations must be completed by our office. Please email any cancellation requests to [homedocs@wshfc.org](mailto:homedocs@wshfc.org).

***Q. Can I add a second mortgage later if the Borrower's parents can't gift them the full amount for closing?***

**A.** Yes. You can add a second mortgage at any time on-line on the MITAS system.

***Q. Can I combine the Home Advantage Program, a downpayment assistance program, and a Mortgage Credit Certificate?***

**A.** Yes. You will need a separate reservation for the MCC and it is recommended that the MCC is approved to close by the Commission prior to locking the rate for the Home Advantage Program to avoid extension fees. The Borrower also needs to meet all guidelines for the MCC, the specific downpayment assistance program and the Home Advantage program. The most restrictive of the guidelines apply.

## ***PRE-CLOSING COMPLIANCE***

### ***Q. How will the Lender know when my file has been approved by the Commission?***

**A.** Lenders can view the status of their pipeline including conditions for closing and purchase any time on the MITAS system. Staff usually will send an e-mail to let the Mortgage Lender know the file has been reviewed.

### ***Q. How long will it take the Commission to review pre-closing files?***

**A.** Staff makes every attempt to review **COMPLETE** files in a timely manner within two business days of receipt or sooner. Files and conditions can be electronically uploaded to Mitas or emailed to [homedocs@wshfc.org](mailto:homedocs@wshfc.org) or faxed to 206-287-4456.

## ***LOAN CLOSING***

### ***Q. My company charges a \$75.00 tax service fee. Can I charge this fee?***

**A.** You will need to charge \$65.00 for the tax service fee payable to ServiSolutions. You cannot charge an additional \$75.00 tax service fee.

### ***Q. On my Closing Disclosure, the 1% origination fee and all other fees are lumped together. Is that okay?***

**A.** When you send the Post-Closing Compliance file, the origination charges should be listed individually in Section A of the Closing Disclosure.

### ***Q. What needs to happen before the Lender can close a Home Advantage Loan? Is there anything special that the Lender needs to do?***

**A.** Before closing a Home Advantage loan, the loan needs to be approved for the first mortgage type by the underwriter and also needs to be approved to close for compliance by the Commission. Once both approvals are in place, the loan closes like any other loan in the Lending Institution's pipeline. Please be sure to have the Borrowers sign the appropriate forms in Section 15 of the Program Manual at loan closing.

### ***Q. The Borrower wants to receive their earnest money deposit back at closing in the amount of \$1,000.00. Is that possible?***

**A.** If the Borrower is receiving a Home Advantage first mortgage, the Borrower can receive the full amount of their earnest money deposit back if they have met their minimum deposit for the first mortgage type. If the Borrower is also receiving a specialty down payment assistance program from the Commission with exception of the Home Advantage dpa program, they can receive their earnest money deposit back if the total refund plus their current liquid assets in the bank will result **in less than** 3 months PITI or \$5,000 whichever is greater in reserves.

## **LOAN PURCHASE & DELIVERY**

***Q. How soon after loan closing should I deliver the file for loan purchase to avoid penalties?***

**A.** The loan must be received and purchased by ServiSolutions within 10 days of loan closing and prior to the lock expiration. **The 10-day period includes the day of closing, weekends, and holidays.**

***Q. What is Master Servicer's turnaround time for reviewing and funding purchase files?***

**A.** The Master Servicer will review files within 1-2 business days of receipt. **Complete** loan files received by close of business on Tuesday will fund on Friday of the same week.

***Q. How should Lenders identify files when sending files to ServiSolutions?***

**A.** First, use the Submission of Loan for Funding & Delivery Form that is located in the Forms Download Section of the manual and place the completed form on top of the file stacking order. Next, be sure to write "WSHFC Home Advantage Loan", the Borrower's name and the Commission's loan number on the front of the file.

***Q. How can Lenders access a suspension (curative) report?***

**A.** ServiSolutions will email conditions to the Lender after the review of the loan file.

## **DOWNPAYMENT ASSISTANCE**

***Q. Is a separate Closing Disclosure or HUD-1 Settlement Statement & TIL(as applicable) Required for downpayment assistance loans?***

**A.** Yes. A Separate Closing Disclosure or HUD-1 Settlement Statement & TIL(as applicable) is required for all downpayment assistance loans. There are no exceptions to this policy.

***Q. My Borrower has cash in the bank and wishes to keep this money for future emergencies. Can they still use the Commission's downpayment assistance programs?***

**A.** The Borrower can use the Home Advantage downpayment assistance program as there is no assessment of need. Some of the specialty downpayment assistance programs that assess need will require the Borrower to use some of their own liquid checking and savings prior to accessing the Commission funds. Please refer to Section 13, page 13.6 for reserve requirements on specialty dpa programs.

***Q. My Borrower is putting their own funds into the transaction and also wants to access the Commission's downpayment assistance programs. Is that possible?***

**A.** Yes. For the Home Advantage program, there is no assessment of need. If the Borrower wants the downpayment assistance, they can get it. If using one of the special downpayment

assistance programs, the Borrower can put cash into the transaction and must also meet the front end ratio test on the Mortgage Subsidy Worksheet.

***Q. Is a GFE or TIL required on the Commission's downpayment assistance programs?***

**A.** Please follow the guidelines for your own company's compliance. ServiSolutions does not require a TIL for a single payment non-interest bearing lien. Please feel free to use the TILS made available as a courtesy on the Commission's website or those provided by your Lending Institution.

***Q. What fees are collected on the second mortgage?***

**A.** The Lender may charge a document recording fee and interest as applicable. A Program Application Fee is charged on all second mortgages. This amount will be subtracted from the amount reimbursed to the Mortgage Lender. This fee must be disclosed on the second mortgage closing documents. No other loan origination fees or processing fees may be charged.

***OTHER***

***Q. How does QM affect the Commission's loans?***

**A.** CFPB's final rule includes an exemption from the rule's requirements for HFA loans including an exemption from the ability-to-repay. HFA loans will not have to comply with the three-percent cap on upfront points and fees, nor will the degree of legal protection an HFA loan receive vary by its APR.

***Q. Will ServiSolutions purchase HPML loans?***

**A.** Yes. ServiSolutions will purchase HPML loans. The Lender needs to make sure the loan meets the waiver requirements per Regulation Z.