

Lender Appreciation &
Learning Event

It's All About You!

Welcome!

We appreciate You!

Today's Agenda

Introductions

Home Advantage Updates

House Key Opportunity

Marketing Updates

Introducing: 

ENERGY SPARK

HOME LOAN

So What Can You Do To Help?



- Reserve late in the process
- Submit files early!
- Submit clean files.
- Make sure your DU findings, Final 1003, and signed underwriting transmittal match

HFA Preferred



-
- \$97,000 Income Limit
 - No Loan Level Pricing Adjustments
 - Does not need to be a first time homebuyer
 - Cannot own another property at the time of loan closing

Did You Know?



-
- Home Advantage DPA – Option 2
 - Up to \$10,000
 - 1% Interest Payment Deferred
 - Needs Based
 - Veteran Exception



Future Ideas?

House Key Opportunity

It's coming back!

- New Construction (with or without dpa assistance)
- Land Trusts
- DPA Programs

Seattle

ARCH

Tacoma

HomeChoice

Veterans

Opportunity



Opportunity DPA

- Up to \$10,000
- 1% Interest Payment Deferred
- Needs Based – Qualifying Income
- Veteran Exception
- Income Limits:

County	1-2 persons	3 or more persons
King/Snohomish	\$53,650	\$65,800
Clark	\$47,050	\$58,800
All Other Counties	\$41,300	\$51,600



HOMEBUYER



Homebuyer Education

Online Option: One Year In

- **2,701 families** served through March
- **\$50.00 per person:** Each person on the loan needs a certificate
- **Our online course only:** MI certificates no longer accepted

Link from: wshfc.org/buyers/education

- **Takes 5-6 hours** on average – start and stop at will

HOMEBUYER



Homebuyer Education

Coming Soon:

Class Registration through Eventbrite!

- **No more paper!**
Online registration, instructor confirms attendance,
Commission emails certificate
- **Watch for it this summer**
Input welcome: We'll work with you to develop

We are here to help you!

Marketing WSHFC programs

WSHFC
Marketing
Materials

WSHFC
Multi-Cultural
Initiative

WSHFC Homeownership Marketing Materials

Do you know how to find them?

Have you used our “fillable” co-branded
Home Advantage Flyer?

Did you know you can now add your company’s logo?



Information for Mortgage Lending and Real Estate Professionals



- Home Advantage Homebuyer Education Instructor Training
- HomeChoice and Downpayment Assistance Training
- Back Office Training - Processors/Closers/Underwriters only
- Program Manual & Forms
- Loan Reservation - Loan Officers only
- Homebuyer Education Seminar Set-Up for Instructors
- Homebuyer Education PowerPoint Presentations for Instructors
- Home Advantage Origination Agreement & Lender Questionnaire
- Mortgage Credit Certificate Participant Lender Agreement (PDF)
- Genworth Training Event – February 20, 2014 (PDF)
- Change of Employment Notice

Go to:

wshfc.org/SF

INFORMATION FOR SINGLE-FAMILY MORTGAGE LENDING AND REAL ESTATE PROFESSIONALS



- News and Information
- Downloads
- Training
- Seminar Set-Up
- References
- Mitas Loan Reservation

HOMEOWNERSHIP BROCHURES AND FLYERS

- Home Advantage
- Home Advantage (Spanish)
- Home Advantage Built New
- HomeChoice
- House Key Plus ARCH East King Co
- House Key Schools
- House Key Veterans
- Tacoma Downpayment Assistance
- Mortgage Credit Certificate
- DFI Homebuyer Resources
- Post-Homeownership Guide
- Home Advantage Flyers (*Fillable: Insert your contact information & photo for 1 Instructor | for 2 Instructors*)

Home Advantage Fillable Flyer:

Add your
photo and
contact info!



HOME ADVANTAGE

Opening doors to homeownership

- For low- and moderate-income homebuyers
- Help with downpayment & closing costs
- Free homebuyer education

Working together:
Home Advantage can help
qualified households in
Washington state realize the
dream of homeownership!

Contact me to find out more
about Home Advantage!



Lisa Debrock

WSHFC

lisa.debrock@wshfc.org

3 Simple Steps:



- 1 Attend a FREE Homebuyer Education class.
- 2 Contact a Home Advantage-trained loan officer.
- 3 House-hunt with confidence!

Q: Who is eligible for Home Advantage?

A: Households who earn no more than \$97,000 per year, with a minimum credit score of 620. (And you must complete a free homebuyer education seminar.)

Q: What about help with the downpayment?

A: Every borrower who qualifies for a Home Advantage mortgage loan is eligible for help with the down-payment and closing costs.

Ask about the Commission's specialty down-payment assistance programs, or find out more at wshfc.org/homebuyers.

Q: How do I find out more?

A: Call us or visit our website!

(800) 767-4663

wshfc.org/homebuyers



WASHINGTON STATE
HOUSING FINANCE
COMMISSION

Opening doors to a better life

(206) 464-7139

1-800-767-HOME

wshfc.org/homebuyers

@WSHFC_HomeLoans

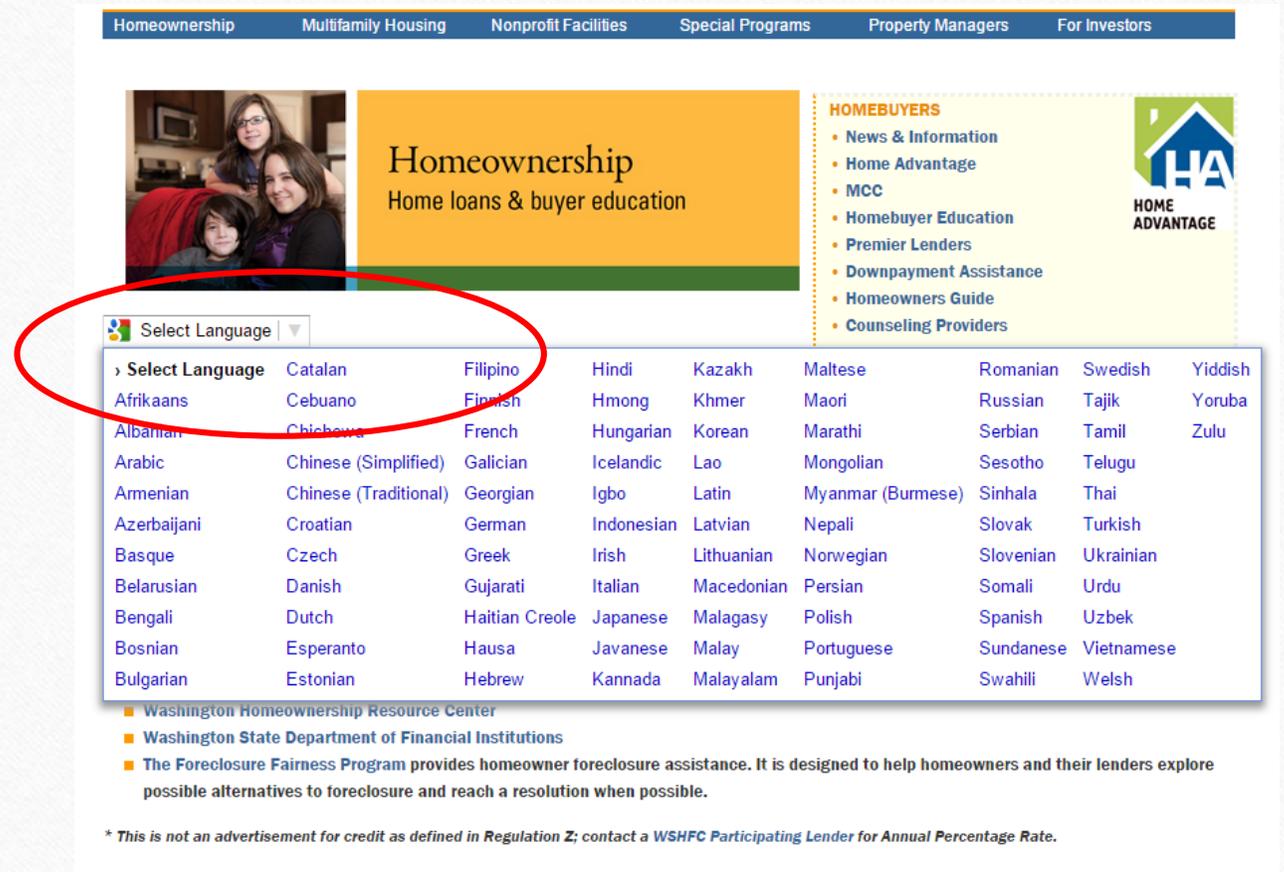
/WSHFC

How Can We Help You?

Suggestions?

Multicultural Initiative

- Do you speak another language? Let us know!
- **Language translator on our website**
- Online homebuyer ed in Spanish:
ehomeamerica.org/wshfc



The screenshot shows the website's navigation bar with links for Homeownership, Multifamily Housing, Nonprofit Facilities, Special Programs, Property Managers, and For Investors. Below the navigation bar is a banner for Homeownership (Home loans & buyer education) featuring a photo of a family. To the right of the banner is a 'HOMEBUYERS' section with a list of resources and a logo for HOME ADVANTAGE. A 'Select Language' dropdown menu is open, showing a grid of languages. The word 'Spanish' is circled in red. Below the language list are three bullet points: Washington Homeownership Resource Center, Washington State Department of Financial Institutions, and The Foreclosure Fairness Program. A disclaimer at the bottom states: '* This is not an advertisement for credit as defined in Regulation Z; contact a WSHFC Participating Lender for Annual Percentage Rate.'

Homeownership Multifamily Housing Nonprofit Facilities Special Programs Property Managers For Investors

Homeownership
Home loans & buyer education

HOMEBUYERS

- News & Information
- Home Advantage
- MCC
- Homebuyer Education
- Premier Lenders
- Downpayment Assistance
- Homeowners Guide
- Counseling Providers

HOME ADVANTAGE

Select Language

› Select Language	Catalan	Filipino	Hindi	Kazakh	Maltese	Romanian	Swedish	Yiddish
Afrikaans	Cebuano	Finnish	Hmong	Khmer	Maori	Russian	Tajik	Yoruba
Albanian	Chichewa	French	Hungarian	Korean	Marathi	Serbian	Tamil	Zulu
Arabic	Chinese (Simplified)	Galician	Icelandic	Lao	Mongolian	Sesotho	Telugu	
Armenian	Chinese (Traditional)	Georgian	Igbo	Latin	Myanmar (Burmese)	Sinhala	Thai	
Azerbaijani	Croatian	German	Indonesian	Latvian	Nepali	Slovak	Turkish	
Basque	Czech	Greek	Irish	Lithuanian	Norwegian	Slovenian	Ukrainian	
Belarusian	Danish	Gujarati	Italian	Macedonian	Persian	Somali	Urdu	
Bengali	Dutch	Haitian Creole	Japanese	Malagasy	Polish	Spanish	Uzbek	
Bosnian	Esperanto	Hausa	Javanese	Malay	Portuguese	Sundanese	Vietnamese	
Bulgarian	Estonian	Hebrew	Kannada	Malayalam	Punjabi	Swahili	Welsh	

- Washington Homeownership Resource Center
- Washington State Department of Financial Institutions
- The Foreclosure Fairness Program provides homeowner foreclosure assistance. It is designed to help homeowners and their lenders explore possible alternatives to foreclosure and reach a resolution when possible.

* This is not an advertisement for credit as defined in Regulation Z; contact a WSHFC Participating Lender for Annual Percentage Rate.

Multicultural Initiative

- Upcoming outreach to Latinos for Homeownership Month!
- Partnering with Univision & El Rey Radio
- Bilingual in Spanish?

Contact us!
Simona.Álvarez@wshfc.org



Time for a Break



**Pilot
Program**

INTRODUCING:

ENERGY  **SPARK**

HOME LOAN

*Encourage homebuyers using the
Home Advantage program:*

*To make modest energy improvements at the
time of purchase*

OR

*Purchase a newly constructed home that
exceeds current Washington State energy
efficiency building standards*

How will this be accomplished?

- Offer homebuyers a reduction on their *Home Advantage* first mortgage rate
- Offer Lenders extra time to close and deliver loan
- Allow borrowers to use financing models that already exist to make improvements
- Encourage home builders to make extra improvements over current standards
- Require a Pre & Post Energy Assessment (audit)

Existing Homes

First Mortgage Loan Products that can be used at the time of purchase

with the *Home Advantage* Program:

- F.H.A. 203k Streamline / Limited (*up to \$35,000*)
- F.H.A./ V.A. Energy Efficient Mortgage (EEM)
- Fannie Mae Energy Improvement Feature (*up to 10% of appraisal*)



Using the 203k Streamline (Limited)

- Note: New HUD Handbook 4000.1 extended to September 14th 2015
- All FHA 203k Streamline guidelines apply
- WSHFC allows Downpayment Assistance
- WSHFC additional overlays: (Section 4.1 of Home Advantage Manual)
 - Borrowers' requirement is 1% of the purchase price or \$1,000, whichever is greater (no gift)
 - No manufactured homes
 - Lender initial & final certifications
 - Allow lender fee: Greater of 1.5% of the rehab portion of the loan, or \$350

F.H.A. 203k Streamline (Limited)

HUD Handbook 4000.1

Effective September 14 2015

203k covered on Pages 311-345

203k Streamline (Limited) page 320



Limited 203(k) Compared to Standard 203(k) Resource

Limited 203(k) Compared to Standard 203(k)		
PROGRAM GUIDELINE	203(K) LIMITED REPAIR	203(K) STANDARD
DOWN PAYMENT AND CREDIT UNDERWRITING	SAME AS 203(B)	SAME AS 203(B)
BORROWER	OWNER-OCCUPANT BORROWERS, HUD APPROVED NON-PROFITS, GOVERNMENTAL AGENCIES	SAME AS LIMITED
ELIGIBLE IMPROVEMENTS	NO MINIMUM REPAIR REQUIREMENT Up to \$35,000 Rehabilitation costs. Cannot be used for structural repairs or major remodeling or repairs. No Luxury items.	A minimum \$5,000 requirement for improvements. Any repair is acceptable. No luxury items.
203(K) CONSULTANT	203(K) CONSULTANT IS NOT REQUIRED	A 203(K) CONSULTANT IS USED
CONTINGENCY RESERVES	A contingency reserve is not required. Mortgagees may have the option to establish a reserve up to 20% of the Financeable Repair and Improvement Costs.	A contingency reserve is required when; the property is 30 years or older; and/or the utilities are not operable; and/or evidence of termite damage; and/or at the discretion of the Mortgagee.





Maximum Mortgage Calculation: Limited 203(k) Purchase

MAXIMUM MORTGAGE CALCULATION LIMITED 203(k) PROGRAM-PURCHASE TRANSACTION		
Step 1:	Establishing Value	
Adjusted As-Is Value		
	Adjusted As-Is Value	\$
Appraised Value		
	After-Improved Value	\$
Step 2:	Establishing Financeable Repairs and Improvement Costs	
	Cost of Construction, Repairs and Rehabilitation (Work Plan /Cost Estimates)	\$
+	Contingency Reserve (____ % of Cost of Repairs) up to 20%	\$
+	Inspection Fees# ____ of Inspections x \$ ____ per Inspection	\$
+	Title Update Fee	\$
=	Rehabilitation Escrow Account Total	\$
+	Cost of Permit(s)*	\$
+	Other Fees* (Explain)	\$
=	Sub-Total of Repair Costs & Fees	\$
+	Origination Fee (Greater of \$350 or 1.5% of Sub-total of Repair Costs & Fees)*	\$
+	Discount Points (____ % of Subtotal Repair Costs and Fees)*	\$



Energy Efficient Mortgage

- All FHA / VA E.E.M. requirements apply
- WSHFC allows Downpayment Assistance
- WSHFC overlays:
 - Manual downgrade allowed - if ONLY for the EEM (Accept/Ineligible)

HUD Handbook 4000.1
Effective September 14 2015
Energy Efficient Mortgage Page 349-354

F.H.A. Energy Efficient Mortgage

HUD Handbook 4000.1

Effective September 14 2015

Energy Efficient Mortgage Page 349-354



EEM: Energy Package

- The energy package is the set of improvements agreed to by the Borrower based on recommendations and analysis performed by the qualified home energy rater.
- The improvements can include:
 - Materials, labor, inspections, and the home energy assessment by a qualified energy rater;
 - If the Borrower desires, labor may include the cost of an EEM Facilitator (general contractor); and
 - Borrower labor (Sweat Equity) is **not permitted** to be included in the loan amount.



EEM: Cost-Effective Test Example

Annual Savings: \$164

Useful Life: 7 Years

Total Savings Over Useful Life: $\$164 \times 7 = \$1,148$

Water Heater Cost: \$1,000

Maintenance and/or Repairs (within 7 Years): \$100

- Is it okay to finance this item?
- YES – Savings over 7 years is greater than the cost of the item plus the cost of maintenance and/or repairs.
- $\$1,148 - \$1,100 = \$48$



EEM: Maximum Financeable Energy Package

- The maximum amount of the energy package that can be added to the Base Loan Amount is the lesser of:
 - The dollar amount of a cost-effective energy package as determined by the home energy audit; **or**
 - The lesser of 5 percent of:
 - The Adjusted Value;
 - 115 percent of the median area price of a Single Family dwelling; **or**
 - 150 percent of the national conforming mortgage limit.



EEM: TOTAL Mortgage Scorecard (cont.)

- If the Mortgagee obtains an Accept or Approve on a mortgage application that does not include the financeable energy package:
 - FHA will recognize the risk rating from TOTAL Mortgage Scorecard; **and**
 - Permit the increase to the Mortgage Payment without re-underwriting or rescoring.

Fannie Mae

Energy Improvement Feature

- All Fannie Mae guidelines apply
- Can be used with the WSHFC *HFA Preferred* program
- WSHFC allows Downpayment Assistance
- WSHFC overlays (same as 203 Streamline / Limited)



Highlights of the Fannie Mae Energy Improvement Feature

- Link to Fact Sheet https://www.fanniemae.com/content/fact_sheet/energy-improvement-feature-factsheet.pdf
- Up to 10% of the “as-completed” value
- HERS Audit required – also need to provide appraiser energy audit
- Appraisal based on the “as-completed” value
- Manage the escrow account & monitor completion of the work
- Ensure that the improvements are completed and loan purchased within 75 days
- Can include energy audit cost in improvements

Common Energy Upgrades

- Whole house air sealing, duct sealing
- Replacing a furnace/cooling system
- Upgrading a water heating system
- Fixing or replacing a chimney
- Insulating an attic, crawl space, and/or pipes and air ducts
- Replacing doors or windows
- Installing active and passive solar technologies
- ***Improvements subject to approval by originating lender and must be completed shortly after closing*

What you need to know

- Reserve funds (lock) near as possible to the closing date
- Your company is responsible for draws, escrow agreement and completion
- Any residual funds must be applied to principle on first mortgage
- Lender fees for rehab are not included in \$1500 cap
- **WE WILL GIVE YOU AN EXTRA 15 DAYS** on reservation if improvements improve efficiency by 10% as shown on energy audit.

Energy Rating Audits



HERS RESNET

EPS

New Construction



Newly Constructed homes exceeding current WA State standards by 15%

- Northwest Energy Star Homes ®, LEED ® for Home Silver, Gold or Platinum, Department of Energy Zero Energy Ready Home, Passive House, and Built Green ® 3, 4, or 5 Star

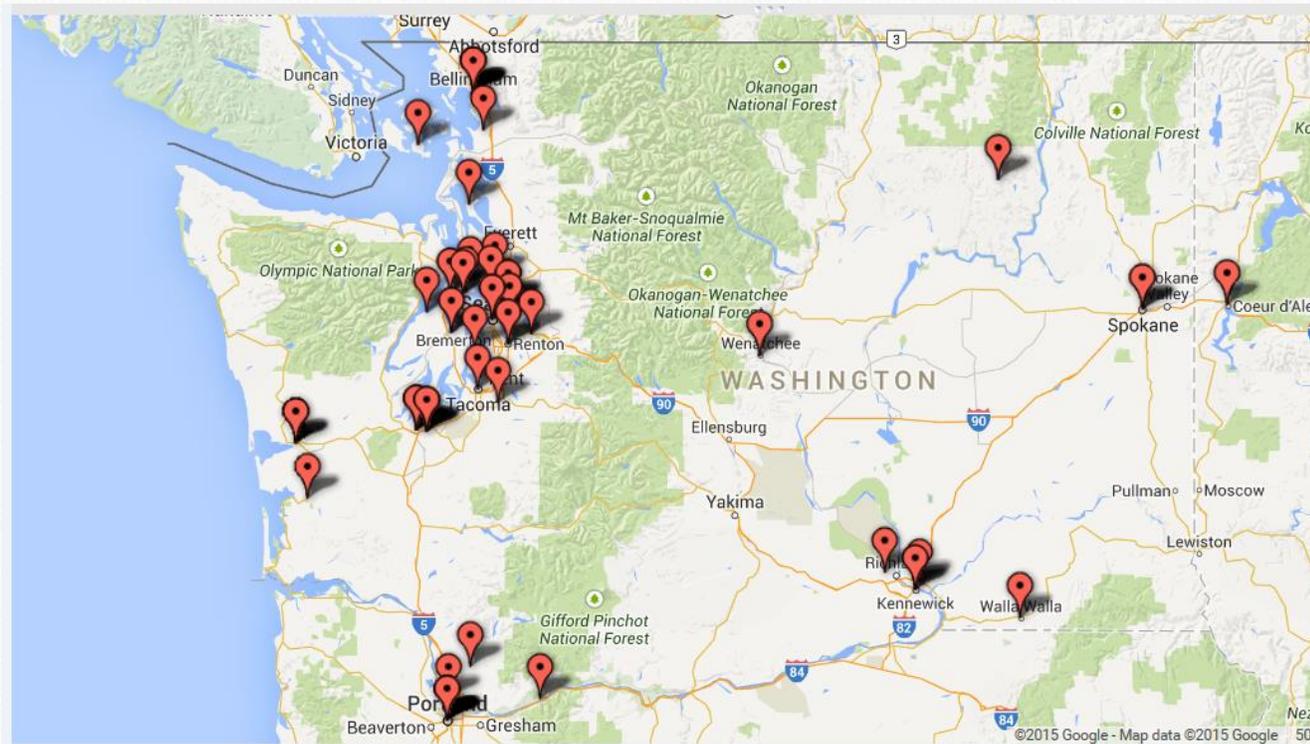
OR

- Energy Assessment (RESNET HERS) documenting equivalence to a Northwest Energy Star Home

Existing homes must have improved efficiency by at least 10% after improvements

- Pre- closing energy assessment documenting home energy performance
- Homebuyer has improvements done at closing per recommendations
- Post Closing energy assessment documenting improvement of at least 10% over the preliminary energy assessment

Resources: Energy Auditor Coverage



Resources

- On the website www.wshfc.org/EnergySpark
- Finding Auditors
 - Earth Advantage – Energy Performance Score – list of auditors
 - RESNET HERS- National Organization –WSU maintained list of auditors
- Building Certification Examples
- Contact me! Ainsley Close Ainsley.close@wshfc.org or 206-254-5359

Homebuyer Attends Homebuyer Education



Pre-approved for mortgage with participating lender



Offer accepted by seller



Energy Assessment Performed



Works with Lender to determine upgrades to be performed



Lender approves upgrades per underlying mortgage type



Lender submits pre-closing compliance package to WSHFC



*Loan officer
reserves funds in
Mitas*

(Including pre-closing energy assessment documenting home's current energy rating)



Loan is closed & escrow holdback account set up for upgrades



Homebuyer moves into new energy efficient home!

Happy Homebuyers are in their home



Upgrades are completed & lender verifies



Energy auditor performs follow up assessment



Lender approves escrow to disburse funds to contractor for upgrades



Lender submits post-closing compliance package to WSHFC
(Including post closing energy audit showing new energy rating)



Lender submits bank package to ServiSolutions for purchase
Within 75 days from date of Reservation

With the incentives we hope to...

- Raise Awareness
- Increase demand from the public
- Drop the barriers
- Offer training
- Save our homeowners money
- Save our valuable resources





ENERGY *SPARK*

HOME LOAN



THANK YOU!