



HomeOwnership Announcement

October 6, 2022

Updated MassDREAMS Guidelines & Approval and Funding Process

MassHousing has updated the MassDREAMS grant program guidelines and modified the approval and funding process in respect to the following areas:

Contents

Eligible uses of Funds	1
Tax Implications.....	1
Assignment of Rights to Unused Proceeds including MI Refund.....	2
Updates to the MassDREAMS Registration Process	2
Updates to the MassDREAMS funding request process.....	2
MassDREAMS Reminders for Lenders.....	3

Eligible uses of Funds

- **The Down Payment has been changed to “equal to 5% of purchase price or appraised value, whichever is less”.**
- **The MI Premium has been changed to “Prepayment of borrower paid Single MI premium” (refundable) or FHA’s Upfront MIP.**

Tax Implications

The IRS has posted a clarification on taxability and reporting on payments from the coronavirus fiscal recovery funds. MassDREAMS Grant is not considered taxable income for both state and federal income taxes. We have removed the language regarding the 1099 from all MassDREAMS materials.

ANN 2022.10



Assignment of Rights to Unused Proceeds including MI Refund

Assignment of Rights to Unused Proceeds of the Grant, including MI refund, has been added to MassDREAMS Program Disclosure and Grant Agreement.

Borrower acknowledges and understands that the MassDREAMS grant proceeds may be applied by the Lender to pay certain costs upfront on the Closing Date that may otherwise be due over the term of the loan, including, but not limited to, prepaid mortgage insurance premiums. To the extent any applicable law or regulation may deem such payments as refundable to Borrower, Borrower hereby assigns any and all rights to such unused proceeds to MassHousing.

Updates to the MassDREAMS Registration Process

Please complete the following additional fields when completing the registration for the MassDREAMS grant:

- Add “Y” to MassDREAMS field
- Add Estimated Grant Amount
- Add Estimated Close Date

INSTRUCTIONS ON HOW TO REACH THE MassDREAMS SCREEN
LOAN SUMMARY
URLA
CLICK ADDITIONAL INFORMATION

JOE BORROWER 1 Road Street, Nahant, MA, 01908 03-Test TPO UCT Del	Loan Number: 6011465 Loan Purpose: Purchase Total Loan Amount: \$10,000.00	Note Rate: 0.000% Program: WFA 3.0 DPA Deferred 30 Year Fixed Decision FICO: 700	Total Monthly Income: - LTV: 10.000% CLTV: 100.000%	Started C 2nd
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Additional Information

Select Borrower Pair: Save

Agency Case No	Lender Case No	MER's MN	Alternate Loan Number
Collateral Tracking Number	Application Date MM / DD / YYYY	Estimated Closing Date MM / DD / YYYY	Loan Documentation Type (F) Full Documentation
Universal Loan ID	Closing Type Select an Option	Freddie Mac Offering Identifier Select an Option	

Additional Fields

Apply For MassDREAMS Grant Select an Option	Estimate Amount of MassDREAMS Grant (\$)
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Please note: Lenders and Consumers must submit documents via eMassHousing.com or Consumer Connect respectively. MassHousing is unable to process any MassDREAMS Grant documents that are sent via email.

Updates to the MassDREAMS funding request process

Lender must upload Final CD to emasshousing.com **no later than 12 PM 2 Business Days prior to the closing.** We also require the Lender to complete the following steps to ensure our timely processing of the final grant approval:

- Upload a 3.4 file: If any change affects the lock, the lender must update OB and then upload the 3.4 file

- Once the CD has been uploaded, **Lender must send an email to MassDREAMS@masshousing.com** informing us the CD has been uploaded to emasshousing.com.

MassDREAMS Reminders for Lenders

Lenders must validate the following items when you submit for funding of a MassDREAMS Grant:

- Lender is responsible for the completeness and accuracy of the Closing Disclosure “CD”. An inaccurate CD may result in our inability to process your wire request in time for the closing.
- Please ensure to include the DPA and the MassDREAMS Grant amount on 1st Mortgage CD (Section L).
- Please ensure the terms of your lock is consistent with the terms of the CD. All changes to your lock that effect pricing must be completed in OB. Please contact holockdesk@masshousing.com to remove a DPA no longer part of the transaction.
- MassHousing overlay of total origination charges (Section A of the CD) may not exceed 2% of the loan amount. MassDREAMS grant will allow bona fide points to be excluded from the calculation when the lender provides evidence of a commensurate rate reduction i.e., compliance report, rate sheets.
- The MassDREAMS may not be used for the payment of debt to qualify or otherwise. Lenders must submit proof of payment of all items on the CD and the source of funds at loan submission for purchase.
- Borrowers may not receive cash back at closing except for the verified payment of customary fees or deposits associated with the transaction i.e., EMD or POC.
- For Conventional Loan on a multi-family property, the Lender must ensure the borrower’s minimum contribution of 3% of their own funds into the transaction.

The MassDREAMS Grant **must** be used in conjunction with a MassHousing first mortgage loan. If you have not originated a MassHousing loan recently, please begin with attending one of our daily Live Product [trainings](#). Additional On Demand sessions are available to help you originate, underwrite, and deliver a MassHousing loan.

All MassDREAMS material on emasshousing.com has been updated to reflect these changes. Please email MassDREAMS@masshousing.com if you have any questions regarding the MassDREAMS Grant.