



HomeOwnership Announcement

April 18, 2023

Removal of Underwriting Overlay and Clarification on QM Exempt Loans

MassHousing is updating our Seller Guide effective immediately to include:

- Removal of MassHousing overlay on the payoff of collections accounts.
- Origination of QM Exempt first mortgage in conjunction with MassHousing DPA loan or grant.

Removal of Underwriting Overlay

To simplify our loan requirements and assist more borrowers by reducing the cost of the mortgage transaction, MassHousing has updated Section 3.7.1 (Collections) of our Seller Guide by removing our underwriting overlay that required "Collection accounts more than \$1,000 to be paid off prior to closing." Lenders will continue to follow the guidance of the AUS and respective selling guide of the GSE or FHA Handbook.

Origination of QM Exempt Loans

MassHousing has updated Section 5.4 (QM Requirements) to allow for our QM Exemption to the Regulation Z Ability to Repay Rule **when a MassHousing first mortgage loan is coupled with a MassHousing funded Downpayment Assistance loan ("DPA") or grant.**

MassHousing will purchase QM Exempt Loans if such loans meet all other eligibility and underwriting requirements described in the Seller Guide. However, **MassHousing will NOT purchase High-Cost Mortgage loans, even if combined with a MassHousing funded DPA loan or grant.**

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For QM Exempt loans, MassHousing will permit:

Points and Fees (as calculated under Reg. Z 1026.32)	Up to 5% of the total loan amount
APR-APOR Spread	Maximum APR-APOR spread of 6.5%

Please note that a QM Exempt loan, which is a HPML, must comply with the Regulation Z requirements for higher-priced mortgage loans. Lenders must:

- (1) Escrow for property taxes and insurance and
- (2) Obtain a written appraisal with a physical interior inspection (and, in certain cases, two appraisals when the property financed is acquired from a seller who acquired the property only a short time before for less money).

Please contact us at 888- 843-6432 option 1, 4, email homeownership@masshousing.com or contact your Relationship Manager for assistance.

