



*Massachusetts Housing Finance Agency*

# **MassHousing Broker Guide**

Updated 12.21.23

# Contents

<b>Section 1: Introduction to MassHousing Wholesale Broker Guide .....</b>	<b>5</b>
Mission Statement.....	5
MassHousing Nondiscrimination Statement .....	5
Scope .....	6
Quick Reference Guide.....	7
Limited English Proficiency Plan .....	9
Update .....	9
Glossary .....	9
<b>Section 2: Broker Eligibility .....</b>	<b>17</b>
Overview .....	17
Broker ID and Loan Number .....	17
Geographic Eligibility .....	17
Participating in the Wholesale Program .....	17
Representations and Warranties .....	18
Records and Reporting.....	18
Comergerence .....	18
State Specific Requirements and Licensing .....	18
Broker Eligibility Requirements .....	18
FHA Eligibility .....	20
Maintaining Eligibility.....	21
Broker Performance.....	22
Quality Assurance Procedures .....	22
<b>Section 3: Credit Compliance and Educational Parameters.....</b>	<b>23</b>
Compliance Guidelines .....	23
First-time Homebuyer Definition .....	23
Borrower's Affidavit and Notice of Federal Subsidy Recapture .....	23
Mortgage Eligibility .....	23
Loan Application .....	24
Borrower Eligibility.....	25
Ineligible Parties to the Mortgage Loan-Exclusionary Lists .....	25
Borrower Identity .....	26
SSN Validations .....	26

Name Affidavit .....	26
Power of Attorney .....	26
Clear Chain of Title .....	26
Occupancy .....	27
Eligible Transactions and Financing Minimum Requirements.....	27
Homebuyer Counseling/Education .....	27
Landlord Counseling Education (Two- to Four-Family Properties).....	27
Property Eligibility.....	28
Underwriting Philosophy .....	28
Automated Underwriting Systems (AUS) .....	28
Income Assessment .....	29
Compliance Income .....	30
Income Limits.....	30
Credit Assessment .....	30
Collection Accounts, Charge offs, and Judgements .....	30
Documenting a loan with “Out of Scope” findings .....	31
Property Assessment & Appraisal Requirements.....	31
Deed Restricted Properties .....	32
<b>Property Valuations .....</b>	<b>32</b>
Condo Project Review.....	33
Condominium Review Types and Documentation Requirements .....	33
Conventional Condominium Project Review Requirements .....	35
FHA Condominium Project Review Requirements .....	36
Properties effected by a Disaster .....	36
Properties with square footage less than 600 square feet of gross living area.....	38
Escrow Holdbacks .....	38
Escrow Holdbacks for FHA Insured Loan Requirements.....	39
Escrow Holdback Documentation .....	40
<b>Section 4: Product Descriptions &amp; Features .....</b>	<b>42</b>
FTHB FNMA HFA Preferred & FTHB FHLMC HFA Advantage .....	42
WFA 3.0 - FNMA HFA Preferred & FHLMC HFA Advantage & FHA .....	45
FNMA HFA Preferred above 80 AMI & FHLMC HFA Advantage above 80 AMI .....	51
FNMA HFA Preferred up to 80 AMI & FHLMC HFA Advantage up to 80 AMI.....	54
FHA .....	57
Down Payment Assistance (DPA) .....	61
Down Payment Assistance (DPA) Reference Guide .....	63
<b>Section 5: Loan Registration and Locks .....</b>	<b>64</b>
Overview .....	64

Loan Registration Procedures .....	64
Fees .....	65
Withdrawals .....	66
Pricing Changes and Other Registration Modifications .....	66
Best Effort Delivery .....	66
Fallout.....	66
Broker Compensation .....	67
File Submission .....	67
Initial Underwriting Review.....	68
Condition Clearing Requirements .....	68
Condo Review Process .....	68
Scenario/Exception Review Process.....	68
<b>Section 6: Regulatory Compliance &amp; Pre-closing Quality Control Review.....</b>	<b>69</b>
Fair Lending Policy .....	69
Anti-predatory Lending Policy.....	69
Anti-Money Laundering .....	70
Qualified Mortgage Requirements.....	70
Fee Policy.....	71
Advertising.....	71
<b>Section 7: Loan Closing &amp; Post Closing .....</b>	<b>71</b>
Imaged Documents.....	71
Loan Closing Instructions .....	71
Post-closing.....	72
<b>Section 8: Mortgage Insurance Fund.....</b>	<b>72</b>
Coverages and Premiums .....	72
MIPlus™.....	74
<b>Section 9: Reference Guides .....</b>	<b>75</b>
<b>Section 10: Forms.....</b>	<b>75</b>

## Section 1: Introduction to MassHousing Wholesale Broker Guide

The Massachusetts Housing Finance Agency, doing business as MassHousing, was created by an act of the Massachusetts legislature in 1966 to ensure the provision of affordable housing in the Commonwealth of Massachusetts. Often described as a "mortgage bank with a public purpose," MassHousing is a self-supporting not-for-profit public agency, providing more than \$13 billion in financing for homebuyers and homeowners, and for developers and owners of affordable rental housing. MassHousing does not use taxpayer dollars but sells bonds to fund its programs. In recent years, MassHousing has also supported the Commonwealth of Massachusetts by contributing funds to offset budget cuts to state housing programs.

MassHousing raises money for its programs through the sale of taxable and tax-exempt bonds to individual and institutional investors and through the loan sales to Fannie Mae and Freddie Mac, and issuance of Ginnie Mae securities. MassHousing is a secondary mortgage market investor, similar to Fannie Mae and Freddie Mac, in that they will purchase eligible mortgage loans which meet the requirements outlined in this Broker Guide.

### Mission Statement

MassHousing will confront the housing challenges facing the Commonwealth to improve the lives of its people.

### MassHousing Nondiscrimination Statement

The Massachusetts Housing Finance Agency does not discriminate on the basis of race, color, religion, sex, national origin, ancestry, sexual orientation, age, familial status, children, marital status, veterans' status, or membership in the armed services, the receiving of public assistance, or physical or mental disability in the access or admission to its programs or employment, or in its programs, activities, functions, or services.

The following persons are responsible for coordinating compliance with applicable nondiscrimination requirements:

- Andrea Laing, Director of Diversity and Inclusion
- Helena Padellaro, 504/ADA Coordinator
- Myra Carmona, Director of Human Capital Management & Organizational Development
- Colin McNiece, General Counsel
- Nichole Mikshenas, Limited English Proficiency Coordinator (LEP)
- MassHousing  
One Beacon Street, Boston, MA 02108  
Phone: 1-888-843-6432  
Mass Relay Number: 711

## Scope

This Massachusetts Housing Finance Agency Broker Guide (hereinafter, the “Broker Guide”) sets forth the general information, policies and procedures, terms and conditions, and loan program requirements which are applicable to all loan transactions between the Massachusetts Housing Finance Agency (hereinafter, “MassHousing”) and its approved brokers.

In the instance that the Broker Guide does not address a particular credit parameter, brokers should refer to the Fannie Mae or Freddie Mac (“GSE”)s Selling Guides or the FHA Single Family Housing Policy [Handbook 4000.1](#) associated with the product selected by the broker. In addition, MassHousing has adopted overlays in some areas that are specific to MassHousing loans. Except as provided in MassHousing’s Broker Guide, all other requirements of the GSE(s) Selling Guide or the FHA Single Family Housing Policy [Handbook 4000.1](#) (as updated) must be followed. Desktop Originator® (“DO”) and Loan Product Advisor® (“LPA”) may be used for all MassHousing products.

## Quick Reference Guide

Quick Reference Guide		
Technical Support	Corporate Office	
Broker Portal: <a href="#">eMassHousing</a>  1-888-843-6432 Option 3 (toll-free within the US)	MassHousing One Beacon Street, 4th Floor Boston, MA 02108	
Pricing And Loan Registration	Broker Training	
<ul style="list-style-type: none"> <li>• <a href="mailto:LockDesk@masshousing.com">LockDesk@masshousing.com</a></li> <li>• Rate Sheets distributed daily, via email to registered contacts, by 10:00 AM Eastern Time</li> <li>• Brokers may add their email address to the rate sheet distribution list on eMassHousing post- Log-in.</li> </ul>	Please see the <a href="#">Broker User Guide</a> and <a href="#">Broker Quick Start Guide</a> for Administrators on eMassHousing Portal.	
Broker Support/Scenarios/Inquiries	Standard Set Wholesale Fees	
<a href="mailto:HHowholesale@masshousing.com">HHowholesale@masshousing.com</a> or 1-888-843-6432 Option 1 then 5  System Admin Changes: <a href="mailto:e-business@masshousing.com">e-business@masshousing.com</a>  Monday – Friday 9:00 AM – 5:00 PM Eastern Time	<b>Fee Type:</b>	<b>CONV 30YR</b>
	<b>Origination Fees</b>	\$995
	<b>3<sup>rd</sup> Party Fees</b>	
	<b>Flood</b>	\$15.50
	<b>Hazard Tracking</b>	\$59
	<b>Verification of Employment</b>	\$61.50 individual and \$123 joint borrowers
	<b>Tax Service</b>	\$85
	<b>Tax Transcripts</b>	\$10 individual and \$20 joint borrowers
	<b>Social Security Verification</b>	\$8.25 individual and \$16.50 Joint borrowers
	<b>FraudGuard</b>	\$18.50
	<b>Appraisal</b>	
	Single	\$555
	Family/PUD/Condo	\$705
	Multi-family	\$705
		\$905

	<b>Inspection or Reinspection</b>  <div> <div>\$150</div> <div>\$230</div> </div> <b>Atty/Closing Fees:</b> <b>Settlement</b> \$750 \$750 <b>Title*</b> \$250 \$250 <b>Recording</b> \$93 \$93 <b>Survey</b> \$50 \$50 <b>MLC</b> \$35 \$35 <i>*Plus cost of Title Policy</i>
<b>Processing/Underwriting Questions</b>	<b>Borrower/Payment Service/Subordination Requests</b> <b>Information/Customer Requests</b>
Alexander Burbine, HO Loan Processor <a href="mailto:ABurbine@masshousing.com">ABurbine@masshousing.com</a> 617-854-1095  Anna Deburgo, Manager of Wholesale Lending Ops <a href="mailto:ADeburgo@masshousing.com">ADeburgo@masshousing.com</a> 617-854-1033	Borrower Payment Remittance Address Only MassHousing P.O. Box 416301 Boston, MA 02241-6301 Mortgage Service Center: 1-888-843-6432 Option 1 then 2
<b>Hazard and Flood Insurance Mortgagee Clause</b>	<b>Servicer</b>
Massachusetts Housing Finance Agency ISAOA/ATIMA PO Box 2229 Coppell, TX 75019	Your servicer will be: MassHousing One Beacon Street, 6th Floor Boston, MA 02108 Servicing Toll Free #: 1-888-843-6432 Option 1 then 2
	<b>Closing/Funding Team</b> <a href="mailto:holendingoperations@masshousing.com">holendingoperations@masshousing.com</a>
	Yolanda Ortega-Velez, HO Loan Acquisition & Closing Analyst <a href="mailto:YOrtega-Velez@masshousing.com">YOrtega-Velez@masshousing.com</a> 617-854-1369  Susan Richard, HO Loan Acquisition & Closing Analyst, <a href="mailto:srichard@masshousing.com">srichard@masshousing.com</a> 617-854-1347
<b>Broker Eligibility</b>	<b>Notification Of Changes In Organization</b>



For Broker Eligibility and Annual Recertification process email <a href="mailto:brokerapproval@masshousing.com">brokerapproval@masshousing.com</a>	<b>Send to:</b> <a href="mailto:brokerapproval@masshousing.com">brokerapproval@masshousing.com</a>
Click here for the steps for: <a href="#">DO Sponsorship</a>	
<b>Homeownership Mortgage Service Center</b>	<b>Documents for AUS Referrals</b>
1-888-843-6432 Option 1 then 2	<b>Send to:</b> <a href="mailto:holoanreview@masshousing.com">holoanreview@masshousing.com</a>

### Limited English Proficiency Plan

The Massachusetts Housing Finance Agency (MassHousing) is committed to ensuring equal access to its programs and services by all residents, regardless of primary language spoken or English proficiency. Title VI and Executive Order 13166 require recipients of federal financial assistance to take reasonable steps to ensure meaningful access to their programs and services by persons with Limited English Proficiency (LEP). Persons who do not speak English as their primary language and who have a limited ability to read, write, speak, or understand English can be considered persons with LEP.

### Update

As new products, policies, or procedures are introduced; or existing policies and procedures are revised, you will receive announcements as initial notification of the change. The contents of these bulletins will be incorporated into the Broker Guide.

### Glossary

#### **Accessory Dwelling Unit**

An ADU , commonly referred to an accessory apartment or secondary suite, is a smaller additional space on the same lot as a single-family home. It must include space for living, sleeping, cooking and bathrooms independent of the primary residence. While the ADU may or may not include access to the primary residence, it must be accessible without going through the primary residence and there must be some expectation of privacy from the home.

#### **Acquisition Cost**

The cost of acquiring a residence from the property seller as a completed residential unit, calculated in accordance with the Broker Guide.

#### **Act**

Chapter 708 of the Acts of 1966 of the Commonwealth of Massachusetts, as amended.

#### **Affordable Deed Rider**

A rider used to restrict property for affordable housing purposes. The rider is attached to the deed and recorded at closing. The Deed Rider contains resale restrictions, recapture provisions and formulas for calculating a maximum sales price.

**AMI**

Area Median Income

**Automated Underwriting Engine (AUS)**

Collectively, Fannie Mae's DO® and Freddie Mac's LPA®

**Bonds**

Any bonds issued by MassHousing to finance the program.

**Borrower(s)**

When used with respect to a mortgage loan, one or more persons who have ownership interest in the property securing such mortgage loan and who are the obligor(s) on such mortgage loan, including an obligor by way of assumption. The term "borrower" does not include a cosigner.

**Broker**

A Broker who meets the requirements listed in the Broker Guide to originate MassHousing mortgage products and who has entered into a Mortgage Broker Agreement.

**Charter Coverage**

Mortgage insurance sufficient to reduce the exposure on a mortgage loan to approximately 80% loan to value.

**Closing Date**

The date documents evidencing a mortgage loan are executed by borrower and the mortgage loan closed by MassHousing.

**CLTV**

Combined Loan to Value.

**Code**

The Internal Revenue Code of 1986, as amended, and all treasury regulations thereunder (final, temporary, or proposed) applicable to the bonds.

**Commonwealth**

The Commonwealth of Massachusetts.

**Conventional Mortgage Loan**

A mortgage loan which is not insured by FHA or guaranteed by VA.

**Cosigner**

An obligor on a mortgage note who does not have an ownership interest in the property and is not a borrower, i.e., whose name appears on the mortgage note but not on the deed; also called a guarantor.

**Delivery Period**

The period of time prescribed for delivery of eligible mortgage loans by a broker to MassHousing, which period will begin and end on the days set forth in MassHousing's notice to the broker.

**Desktop Originator® (DO®)**

A web-based application that gives originators access to Fannie Mae's Desktop Underwriter® (DU®) through MassHousing as your sponsoring lender. [Desktop Originator®](#) helps brokers and correspondents generate more loans, gain a competitive edge in the marketplace, boost profitability, and enhance customer service and satisfaction.

**Disproportionately Impacted Communities (DIC)**

As defined by the Massachusetts Executive Office for Administration and Finance (currently Attleboro, Barnstable, Boston, Brockton, Chelsea, Chicopee, Everett, Fall River, Fitchburg, Framingham, Haverhill, Holyoke, Lawrence, Leominster, Lowell, Lynn, Malden, Methuen, New Bedford, Peabody, Pittsfield, Quincy, Randolph, Revere, Salem, Springfield, Taunton, Westfield and Worcester.

**Eligible Borrowers**

Borrowers who are persons or families of low and moderate income who will owner occupy the property as their primary residence and do not have an ownership interest in any other property. First time homebuyers may be further required to have not owned a principal residence at any time during the last three years.

**Eligible Mortgage Loan**

A mortgage loan to an eligible borrower secured by a mortgage on an eligible owner-occupied residence.

**Eligible Residence**

A residence which meets the requirements of the Broker Guide.

**Escrow Payments**

Payments required to be made under the terms of a mortgage loan by the borrower and to be paid into an escrow account to cover all taxes, special assessments, mortgage insurance premiums, and other deposits specified in the mortgage documentation.

**Extenuating Circumstances**

Nonrecurring events beyond the borrower's control that result in a sudden, significant, and prolonged reduction in income or a catastrophic increase in financial obligations.

**Family Self-Sufficiency Program (FSS)**

A HUD initiative administered by the local housing authority that provides eligible families with appropriate education, job training, and other services to enable participants to obtain employment that pays a living wage.

**FHA**

Federal Housing Administration established in 1934 to advance homeownership opportunities for all Americans and assists homebuyers by providing mortgage insurance to cover most losses that may occur when a borrower defaults. This encourages brokers to make loans to borrowers who might not qualify for conventional mortgages.

**FHA Case Number**

A mortgage loan number assigned by FHA for loan tracking, and insuring purposes.

**FHA Connection**

Provides Federal Housing Administration (FHA)-approved lenders and business partners with direct, secure, online access to computer systems of the U.S. Department of Housing and Urban Development (HUD).

**FHA Mortgage Loan**

A Mortgage Loan that is insured by FHA.

**FHA Total Score Card**

The FHA TOTAL (Technology Open to Approved Lenders) Mortgage Scorecard is a statistically derived algorithm developed by HUD to evaluate borrower credit history and application information. TOTAL is accessed through an Automated Underwriting System (AUS) and is not an AUS itself.

**FHFA**

The Federal Housing Finance Agency.

**FHLB**

The Federal Home Loan Bank.

**FHLMC**

The Federal Home Loan Mortgage Corporation (Freddie Mac).

**First-Time Homebuyer**

An eligible borrower includes any borrower who has not held an ownership interest in a principal residence at any time during the three years preceding the projected closing date of the mortgage loan to be financed by MassHousing.

**FNMA**

The Federal National Mortgage Association (Fannie Mae).

**Gateway Cities**

Attleboro, Barnstable, Brockton, Chelsea, Chicopee, Everett, Fall River, Fitchburg, Haverhill, Holyoke, Lawrence, Leominster, Lowell, Lynn, Malden, Methuen, New Bedford, Peabody, Pittsfield, Quincy, Revere, Salem, Springfield, Taunton, Westfield, and Worcester.

**Gross Annual Borrower Income**

The aggregate annualized gross income of all occupant borrower(s) who will be on the mortgage, note, and deed of the residence to be financed by the mortgage loan, as computed in accordance with the Broker Guide.

**Gross Annual Household Income**

Income from all household members occupying the property (including all borrowers and subject rental).

**Government-sponsored Enterprises (GSE's)**

Collectively, Fannie Mae and Freddie Mac.

**Homebuyer Counseling Agencies**

Local organizations approved by MassHousing to provide counseling to prospective first-time homebuyers and/or landlord counseling for all buyers purchasing multi-family properties.

**Homebuyer or Landlord Counseling Certificate**

Document issued by an agency-approved homebuyer counseling agency to graduates of a first-time homebuyer or landlord counseling course.

**Housing Assistance Payment (HAP)**

A guaranteed monthly subsidy paid to eligible Section 8 recipients and used toward housing related expenses. The amount of the subsidy is determined annually by the local Public Housing Authority (PHA).

**Interest Rate Buydown**

Prepaid contributions made by or on behalf of a borrower to reduce their mortgage payment over a predetermined period.

**Loan Estimate**

Good Faith Estimate or Loan Estimate, as applicable and as described in Regulation Z, 12 C.F.R. § 1026.1 *et seq.*

**Loan File**

A file which contains all mortgage loan documents and information required to be maintained by MassHousing and the originating broker.

**Loan Product Advisor (LPA®)**

Freddie Mac's automated underwriting system, previously known as Loan Prospector (LP).

**Loan Submission Package**

Those documents required by the Broker Guide to be submitted (i) to MassHousing; and (ii) to the Mortgage Insurance Fund and/or a mortgage insurance company, as applicable, before the funding of an eligible mortgage loan.

**Loan-to-Value (LTV)**

Loan-to-Value is the ratio of the amount of the loan to the lesser of appraised value or sale price of real property, expressed as a percentage.

**Local Rehabilitation Agency (LRA)**

A municipal or other local nonprofit agency approved by MassHousing to administer special programs, involving construction or rehabilitation.

**MBS**

Mortgage-Backed Securities.

**MERS**

Mortgage Electronic Registration System (MERS), an industry-owned utility that assists lenders, investors, and others in tracking servicing rights and beneficial interests for mortgages.

**MI Plus**

A no-cost insurance benefit that provides mortgage payments of principal and interest for a borrower who becomes unemployed and meets the requirements under the program.

**Mortgage Insurance Fund**

The MassHousing Mortgage Insurance Fund (MIF) is a special Division of MassHousing. The MIF provides required mortgage insurance for MassHousing loans.

**Mortgage Broker Eligibility**

The guidance contained in Section 2 **Broker Eligibility** of this Broker Guide, defining the requirements for brokers to participate in MassHousing programs.

**Mortgage Loan**

A promissory note secured by a mortgage constituting a first lien upon real property located in the Commonwealth and improved by a residential building not exceeding four living units or a condominium, or unimproved by a residential building if the proceeds of such loan are to be used for the purpose of erecting, acquiring, improving, or rehabilitating a residential building thereon or for the purpose of purchasing a condominium unit thereon.

#### **Mortgage Broker Agreement**

An Agreement between MassHousing and the originating Broker under which MassHousing agrees to process, underwrite, and close eligible mortgage loans in MassHousing's name.

#### **Mortgage Note**

An interest-bearing obligation evidencing amounts payable on a mortgage loan.

#### **Mortgage Payment Reserve**

The amount of mortgage payments (PITI) which can be included in the cost of rehabilitation and deposited in the borrower's rehabilitation escrow account when the property is not occupied during rehabilitation.

#### **New Construction**

A newly constructed dwelling, completed to the extent that occupancy is permitted under local laws in which the borrower will be the first occupant after completion of the construction.

#### **New Mortgage**

A mortgage loan for the purchase of property which has never secured a previous mortgage given by borrower; or a mortgage loan which replaces a construction period mortgage, bridge loan or similar temporary financing having a term of 24 months or less.

#### **Ownership Interest**

Any interest in real property constituting an ownership interest under the code including, without limitation, those interests listed in the Broker Guide.

#### **Principal Residence**

A residence occupied, or intended to be occupied, by a borrower as his or her domicile and not intended as an investment property or a recreational home nor used primarily in a trade or business.

#### **Program**

MassHousing's program of purchasing eligible mortgage loans in accordance with the Broker Guide and in whole or in part with the proceeds of bonds and funding provided by other sources.

#### **Property Flipping**

The process of purchasing existing properties with the intention of immediately reselling the properties for a profit. Individuals that flip properties employ a variety of different approaches to reach this objective.

#### **Public Housing Authority (PHA)**

A local housing agency responsible for the management and operation of the Section 8 Housing Choice Voucher Programs.

**Rate Lock**

Terms and conditions under which broker will be obligated to originate and MassHousing shall be obligated to process, underwrite, and close such mortgage loans.

**Registration Number**

Number assigned to a locked mortgage

**Registration System**

MassHousing procedure for locking mortgage loans for eligible borrowers.

**Section 8 Voucher Program**

A HUD Program that is designed to assist low-income renters move into homeownership.

**SMSA**

Standard Metropolitan Statistical Area.

**Settlement Statement**

The HUD-1 Settlement Statement **or** Closing Disclosure, as described in Regulation Z, 12 C.F.R. § 1026.1 *et seq.*, **and** ALTA Settlement Statement, as applicable.

**The Massachusetts Housing Finance Agency**

The Massachusetts Housing Finance Agency, DBA MassHousing, a body politic and corporate constituting a public instrumentality of the Commonwealth, organized and existing under the Act, as amended, or any body, agency, or instrumentality of the Commonwealth which shall hereafter succeed to the powers, duties, and functions of MassHousing.



## Section 2: Broker Eligibility

### Overview

The Eligibility Section outlines requirements for becoming an approved Broker and for maintaining that eligibility in good standing. All applicants must submit their applications utilizing Comergence and will be provided with a login.

Wholesale lending is the process of lenders providing the credit decision as well as the funding of a mortgage loan that was originated by a mortgage broker. Wholesale lenders have the underwriting authority and funds available to lend. MassHousing's evaluation process includes determining if the brokers can originate high quality loans as well as having the financial ability to repurchase loans when problems arise as outlined in our Mortgage Broker Agreement. MassHousing does not directly originate loans. Approved brokers originate loans for MassHousing and act as a facilitator in obtaining documents and conditions from the borrower. MassHousing utilizes an application process for prospective new brokers to evaluate the potential broker's performance, experience, and financial condition.

MassHousing utilizes Comergence's (comergence.com) exclusive and proprietary platform to handle the intake and processing of our new applicant's documentation. All new broker applicants must first be registered with Comergence before starting the approval process with MassHousing.

### Broker ID and Loan Number

MassHousing will assign a unique Broker ID to each Broker upon approval. This number will be referenced on the registration/submission/rate lock form, any Underwriting Dispositions issued, the Broker's initial approval letter issued, the annual recertification, and any other relevant documents. Please note only one company name (and one corresponding NMLS number) will be approved per broker company.

### Geographic Eligibility

Only Mortgage Loans originated in the Commonwealth of Massachusetts are eligible for review.

### Participating in the Wholesale Program

MassHousing will review the applicant's information and request for approval to determine eligibility. At the discretion of MassHousing, eligibility standards may be waived, modified, or changed; however, any modification or waiver shall not impinge the ability of MassHousing to enforce other provisions of the Guidelines or Agreement nor subsequently enforce a waived or modified provision should circumstances change.

This Eligibility section provides a list of all the documentation MassHousing needs to review for approval. Upon completion of all the items and documents listed below, please upload and submit them via the Comergence portal at [www.comergence.com](http://www.comergence.com).

To become an approved Broker with MassHousing, the applicant must:

- Satisfy all MassHousing's eligibility requirements
- Accurately and fully complete all required applications and provide all necessary documentation
- Execute the applicable Mortgage Broker Agreement (MBA), in addition to other documents, forms or requirements that may be applicable to the approval requested

MassHousing retains the right to approve a Broker with restrictions and may impose additional conditions or requirements for review to maintain Broker approval.

### Representations and Warranties

The representations and warranties made by the Broker are outlined in detail on page 6 of our Mortgage Broker Agreement. By submitting a Loan Package to MassHousing, the Broker agrees to be bound by them.

### Records and Reporting

MassHousing maintains a separate file for each originating broker inclusive of contractual agreements. Please see MassHousing's Mortgage Broker Agreement Section 7 under Miscellaneous for "Books and Records" Policy for our Brokers.

### Comergerence

Comergerence is an online due diligence screening firm utilized by MassHousing. The Comergerence portal makes applying easier and safer using an electronic application to streamline the approval process. Comergerence provides a proprietary combination of background due diligence with ongoing compliance surveillance, all of which makes the entire broker management process easier.

### State Specific Requirements and Licensing

The Broker must meet all licensing/registration requirements for Massachusetts. Furthermore, Brokers must ensure continued compliance and licensing/registration requirements on an ongoing basis.

Brokers must follow all the laws in Massachusetts and are responsible for all required documentation related to state-specific requirements.

### **Third Party Processors**

As part of a Broker's approval, MassHousing will not permit the use of a third-party processor for Loan Packages submitted by the Broker.

### Broker Eligibility Requirements

- Be a duly organized, valid entity in good standing
- Must possess and maintain all required licenses necessary to conduct business in Massachusetts
- Be in compliance with all applicable federal, state, and local ordinances, rule, requirements, regulations and laws
- Must have been actively engaged in residential mortgage lending as a Broker for a minimum of two (2) years
- Owners/key decision makers must have at least three (3) years of residential mortgage lending experience
- Company and Principals must have an acceptable credit history and background
- A minimum net worth of \$25,000
- Maintain the following insurance coverages (where required):
  - o Errors and Omissions (E&O)/Fidelity
  - o Cyber Security

- o D&O
  - o Professional Liability
- Acceptable plans/policies for the following:
  - o Quality Control
  - o Compliance Management System
  - o Completing Government Monitoring Information on Form 1003
  - o Cyber Security
  - o Vendor Management
  - o Anti-Money Laundering o Consumer Complaint
  - o Anti-Steering
  - o Provision of Disclosures
  - o Fair Lending
- Not be listed on any exclusionary lists provided by the GSEs or HUD or under investigation or suspended by any government agency
- Not be listed on any public or non-public commercial watch list or database which reports cases of misrepresentation or failure to honor contractual obligations
- Rates of delinquency and repurchase must be acceptable.
- The Broker's mortgage insurance claim experience must be acceptable to MassHousing.

#### DOCUMENTATION REQUIREMENTS FOR APPROVAL

The following documentation is required for Broker approval:

- Completed Broker Application
- Mortgage Broker Agreement and MIF Loan Loss Agreement

These documents should be sent to:

MassHousing HomeOwnership Dept.  
One Beacon Street, 6th Fl  
Boston, MA 02108

#### **Attn: Broker Approval**

In addition, we also require the following documents:

- Legal entity creation documents including any amendments thereto
- Certificate of Good Standing to conduct business in Massachusetts

- Organization Chart
- Resumes: Broker and any Executive Management
- Last 12 months of QC audit findings and management responses (if applicable)
- Certificates of Insurance for the following coverages (if required and/or maintained by Broker):
  - o E&O/Fidelity Bond
  - o Cyber Security
  - o D&O Insurance (Directors and Officers) o Professional Liability
- Last year's financials along with year-to-date financials. Financials must be signed by either the CFO or a principal
- Completed and signed Request for Taxpayer Identification Number and Certification (IRS Form W-9). If there are any updates to the form made by the IRS or the Department of the Treasury, it must be re-completed and re-submitted to MassHousing

If the Broker is a subsidiary of another company, the financial statements of the parent company must also be provided. Any Audited Financials provided must be accompanied by an unqualified opinion by a firm of independent certified public accountant that indicates the information is an accurate reflection of the Broker's financial condition.

### FHA Eligibility

MassHousing offers an FHA Sponsored Originator (SO) program that permits brokers **without** a "Full" DE to originate FHA loans and submit them to MassHousing for processing, underwriting, insuring, closing, and servicing.

These loans must be closed in the name of MassHousing and are subject to MassHousing's Wholesale pricing and fees.

### **Special Broker FHA Approval Required by MassHousing**

To qualify for MassHousing's FHA Program, Brokers must:

- Have two (2) years' experience in FHA originations

### **Broker FHA Documentation Requirements**

If you are interested in being approved to originate FHA loans to MassHousing, the following additional documents must be uploaded into Comerence:

Brokers, and each loan originator employed by or affiliated with Broker, must obtain and maintain all federal and state government approvals, registrations, permits, and licenses to perform its obligations and conduct origination business.

### Maintaining Eligibility

Once a Broker is approved by MassHousing, it must continue to meet the eligibility requirements herein to maintain its eligibility and approval. All new Brokers must originate and close 5 loans a year with MassHousing to maintain their eligibility status. MassHousing retains the right to conduct periodic audits or inspections at one or more of the Broker's offices with reasonable notice during normal business hours. The scope of the audit would include but not be limited to Loan Packages that have been submitted to MassHousing and the Broker's compliance with the terms of the Agreement and Guidelines. MassHousing may suspend such Broker or terminate its entire relationship with that entity upon any failure by the Broker to meet the Broker's obligations in the Guidelines or the Agreement.

### **NOTIFICATION OF SIGNIFICANT CHANGES**

Broker must provide written notice of any contemplated significant change in its organization, including copies of any filings with, or approvals from its regulators. MassHousing requires written notice immediately, but no later than seven (7) calendar days, after the finalization of significant changes relating to the Broker including, but not limited to:

- Any mergers, consolidations, or reorganizations
- Any direct or indirect material change in ownership; an indirect change in ownership includes any change in the ownership of the Broker's parent, any owner of the parent, or any beneficial owner of the Broker that does not own a direct interest in the Broker. Any change in corporate name
- Any change from a federal charter to a state charter (or vice versa) if the Broker is a Savings and Loans Association or a Bank
- Material Adverse Change in financial condition
- Any change in authority evidenced by the Corporate Resolution
- Any change in Agency approval
- Any change in fiscal year end date
- Any change in management or key personnel or persons who oversee key Broker departments
- Use of a new or different fictitious (DBA) name.
- The commencement of any litigation to which the Broker is a party
- The commencement of any enforcement action by any state or federal regulatory agency
- Any use of a new or different fictitious name (DBA) or change regarding registration or licensure of an existing fictitious (DBA) name
- Any change that could cause a Material Adverse Change to the value of any Mortgages Loans submitted under the Agreement and Guidelines

All approved Brokers must remain in good standing with MassHousing to maintain eligibility to register and submit Loan Packages. Failure to remain in good standing could result in MassHousing's termination of the Agreement with cause.

To remain an approved Broker in good standing the Broker must:

- Actively participate in offering the products and programs described in the Broker Guide
- Maintain an acceptable pull through rate on commitments issued by MassHousing
- Be in full compliance with all terms of the Mortgage Broker Agreement and the Broker Guide
- Complete and submit all requested documents as part of the Annual Recertification. Updated information requirements include, but are not limited to:
  - o Copies of renewed/updated Fidelity Bond and E&O Insurance o Massachusetts state license
  - o Audited Financial Statements with all appropriate schedules and attachments
  - o Current unaudited financial statements no older than four (4) months
  - o Updated/Current Organization Chart
  - o Resumes on any new management position changes since last approval
  - o Copy of two most recent QC reports
  - o Any other additional certifications or information requested by MassHousing.
  - o Annual Broker recertification form

### Broker Performance

MassHousing regularly monitors the performance of loans delivered by Brokers.

Any first mortgage loan, funded by MassHousing and paid in full, within the first 180 days following the funding date of the loan is considered an Early Payoff.

The broker, who originated the loan subject to the EPO, will have 10 days after receipt of notice from MassHousing to pay, the greater of the full premium from the loan purchase or 100 bps. An early payoff fee may not be passed on to the borrower and must be solely assumed by the broker.

### Quality Assurance Procedures

MassHousing applies its Quality Control Policies and Procedures to Mortgage Loans originated by Brokers and reports negative findings as appropriate to Brokers for their use in prevention of similar occurrences. MassHousing will provide this feedback to Brokers regarding compliance failures identified in its quality control reviews. Such feedback will be provided on a periodic basis on all aspects of compliance issues identified. MassHousing requires that Brokers have in place and utilize a Quality Control Plan and perform regular reviews to ensure the quality of Mortgage Loans submitted to MassHousing for processing and underwriting.

If any irregularities or discrepancies are discovered during MassHousing's routine review, MassHousing will expand the scope of the quality control reviews on Broker's Mortgage Loans to ensure all problem areas are identified.

MassHousing provides reports to Brokers regarding their performance. Brokers are required to respond to any findings of moderate risk or greater or to any indications of trends toward risk findings. Brokers must investigate and respond with what corrective actions will be taken. Serious issues with quality and/or material findings trends or failure to respond to the report findings can result in MassHousing taking remedial action, up to and including termination of the Broker's approval with MassHousing.

## Section 3: Credit Compliance and Educational Parameters

### Compliance Guidelines

This section of the Broker Guide describes the requirements for determining whether the borrower and/or property are eligible for financing through MassHousing based on a set of compliance guidelines. These guidelines are over and above MassHousing's underwriting guidelines. Borrowers and properties may, in fact, be eligible for financing under MassHousing's underwriting criteria, but due to noncompliance, the loans would be ineligible for purchase under MassHousing's compliance regulations. The determination of the eligibility of the borrower and the subject property for financing with MassHousing under the compliance guidelines is what sets MassHousing programs apart from conventional loan programs. Brokers must be certain that the borrower(s), the property, and in the case of a loan to be refinanced, the original loan(s) meet the requirements set forth in this section before registering a loan with MassHousing.

### First-time Homebuyer Definition

The definition of first-time homebuyer includes any borrower who has not held an ownership interest in a principal residence at any time during the three years preceding the closing date of the MassHousing mortgage. If there are more than one borrower on a loan only available to first-time homebuyers, each borrower must meet the three-year requirement.

### Borrower's Affidavit and Notice of Federal Subsidy Recapture

The Borrower's Affidavit and Notice of Federal Subsidy Recapture [Form B-001](#) will only be required for First-time Homebuyers. The B-001 (Borrowers Affidavit and Disclosure of Federal Subsidy) and the B-003 (Uniform Mortgage Rider) should always be included together.

MassHousing will obtain [Form B-001](#) Borrower's Affidavit and Disclosure of Federal Subsidy Recapture and Disclosure of Federal Subsidy Recapture on Sale of Home for all First-time Homebuyers.

At the time MassHousing issues all initial disclosures, MassHousing will deliver to the borrower(s), and the borrowers(s) must execute, an acknowledgement of receipt of MassHousing [Form B-001](#). The Subsidy Recapture Provision Tables must be attached to these forms.

Refer to Section 10 for access to borrower and Broker forms.

MassHousing will compare for consistency the information contained in the Borrower's Affidavit with all other documentation related to the mortgage loan. If at any time MassHousing determines that any misrepresentations exist in the Borrower's Affidavit, MassHousing shall immediately notify the broker of such possible misrepresentations.

### Mortgage Eligibility

#### **Eligible Mortgages**

All first mortgages must be a conventional or FHA-insured fixed rate, fully amortizing mortgage with a term of 30 years. All first and second mortgages (DPA) must be to owner-occupant borrowers.

## **Ineligible Mortgages**

The following transactions are ineligible for purchase by MassHousing:

### ***Real Estate Broker's Rebate***

MassHousing will not purchase loans that include a rebate to the buyer from the licensed real estate broker's commission.

### ***Loan Assumptions***

MassHousing does not permit loan assumptions on conventional Mortgage Loans.

### ***Private Transfer Fees***

MassHousing will not purchase mortgages on properties encumbered by private transfer fee covenants if those covenants were created on or after February 8, 2011, unless permitted by the Private Transfer Fee Regulation issued by the Federal Housing Finance Agency on March 16, 2012 and codified at 12 CFR Part 1228.

Further, MassHousing will not otherwise purchase mortgages on properties encumbered by private transfer fee covenants created prior to February 8, 2011. The prohibition excludes a private transfer fee covenant that requires payment of a private transfer fee to a covered association and limits the use of such transfer fees exclusively to purposes which provide a "direct benefit" (as defined in the above Regulation) to the real property encumbered by the private transfer fee covenants.

If a Broker requests that MassHousing funds a loan secured by a property encumbered by a transfer fee covenant permitted by the above referenced Regulation or that broker believes is otherwise permitted, Broker must first obtain approval from MassHousing before loan registration.

## **Loan Application**

Brokers are required to submit loans using the Uniform Residential Loan Application (URLA)/Fannie Mae Form 1003. The loan application must be complete, including a full two-year history of employment and residency and all personal information for each borrower (social security number, date of birth, address, and education). If a borrower's employment history includes unemployment, the application must reflect at least two full years of employment. All declaration questions must be marked and indicating the method of taking the application: face-to-face, by telephone, or by mail.

The final application for closing must adhere to the requirements above, including the borrower's complete and accurate financial information relied upon by the underwriter, and be signed and dated by all borrowers. All debt incurred during the application process and through loan closing must be disclosed on the final application. Please see our [Broker Submission Checklist](#) for additional detail.

All transactions are reviewed for reasonability as part of MassHousing's underwriting process. The feasibility of occupancy claims, and the overall financial picture of the borrowers must be reasonable. Where conflicting information exists between or within documents, an adequate explanation must be provided. A loan application may not be retaken for a borrower where misrepresentations are identified, such as underreported income to the IRS, fraudulent W-2s, paystubs or other financial records. Due diligence must be exercised when determining whether to allow an application to proceed due to a change of borrower and occupancy representation. All documents in the origination file relevant to underwriting are reviewed for signs of alteration or fabrication.



## Borrower Eligibility

### **Eligible Borrowers**

U.S. citizenship is not required for borrower eligibility; however, all borrowers must have lawful residency in the U.S. Non-U.S. citizens without lawful residency in the U.S. are not eligible.

#### **U.S. Citizen**

A citizen of the United States or of a United States Possession or Territory are eligible borrowers.

#### **Non-U.S. Citizen**

Permanent Resident Alien:

A permanent resident is a non-U.S. citizen who is legally eligible to maintain permanent residency in the U.S. and holds a Permanent Resident card.

MassHousing will rely on industry standard documentation as required by the GSEs and FHA for determining the status of non-U.S. citizens. While MassHousing does not specify the precise documentation the broker must obtain to verify that a non-U.S. citizen borrower is legally present in the United States, the broker must make a determination of the non-U.S. citizen's status based on the circumstances of the individual case, using documentation it deems appropriate. By delivering the mortgage to MassHousing, the broker represents and warrants that the non-U.S. citizen borrower is legally present in this country.

### **Ineligible Borrowers**

- LLC's
- Foreign Nationals
- Borrowers with Diplomatic Immunity
- Corporations, General and Limited Partnerships
- Real Estate Syndicates
- Any type of Trust
- Life Estates
- Borrowers without an SSN or ITIN

## Ineligible Parties to the Mortgage Loan-Exclusionary Lists

MassHousing will follow guidance provided in the GSE and FHA/HUD selling guides in using exclusionary lists to screen parties (which may include borrowers) involved in the Mortgage Loan process.

MassHousing will not close the loan if any person directly involved in the transaction is found to be on any such GSE and FHA/HUD exclusionary list at the time of origination. Such lists may include, but are not limited to:

- FHA/HUD Limited Denial Participation (LDP) List - Available through HUD's website.
- Freddie Mac Exclusionary List - Available electronically to Seller/Service providers through the Selling System, the Service Loans application, Loan Prospector®, the Learning Center and MultiSuite.
- GSA EPLS / SAM - Available through GSA's System for Award Management (SAM) website.

The review of GSA EPL must include a search for actions taken across all federal agencies.

- FHFA Suspended Counterparty Program (SCP) - Available on the FHFA website.

Please note that these exclusionary lists may change and MassHousing will not close a loan where a party is listed on any applicable exclusionary even if such list is not identified above.

### Borrower Identity

Broker's must confirm the borrower(s)' identity in accordance with OFAC and the USA Patriot Act.

### SSN Validations

The borrower(s)' identity must be verified by validating that the Social Security number (SSN) reflected on the application was issued to borrower and is consistent on all credit documentation.

If a Broker cannot resolve any Social Security number inconsistencies, brokers must validate the Social Security number with the Social Security Administration (SSA). Direct validation with SSA by a third party is acceptable. SSA Form 89 must be used for this purpose. Broker's must ensure that when utilizing third-party vendors, the vendors are going directly to the SSA to validate the Social Security numbers. It is important to note that most standard vendor reports are not direct SSA validations and do not satisfy Fannie Mae's requirements.

If the Social Security number format is invalid and the borrower cannot provide a valid Social Security number, the loan is not eligible for delivery to MassHousing.

### Name Affidavit

A notarized name affidavit is required when the borrower(s)' name(s) on any documents in the loan file does not match the borrower(s)' signature(s) and printed name(s) exactly as they appear on the original note. A borrower's signature should not contradict the name typed below the signature line. Slight variations are acceptable, i.e., a missing initial, the omission of "Jr." or "Sr.," or an over or undersigning (such as a borrower signing as Aidan Tomas Smith when the typed name is Aidan T Smith, or vice versa).

A Name Affidavit must be completed if the borrower signed under an "also known as" (AKA) name or used a signature that significantly differs from the typed name on the mortgage documents.

### Power of Attorney

The use of Power of Attorney is only allowed if the borrower is fulfilling a military obligation.

### Clear Chain of Title

There must be a clear chain of title on all properties purchased using MassHousing financing. The current owner must have held title (deed recorded) for at least 30 days prior to application. Broker's must confirm that the property seller in a purchase money transaction is the owner of the subject property based on publicly available information. Please refer to the GSE's Selling Guides or the FHA Single Family Housing Policy [Handbook 4000.1](#) on how to confirm and document the current owner.

## Occupancy

MassHousing does not permit a borrower to own additional residential properties, and all loans originated for MassHousing must be on owner-occupied properties.

## Eligible Transactions and Financing Minimum Requirements

Purchase Transactions:

The borrower may not receive any cash back at closing, except under the following scenarios:

- Costs paid by the borrower in advance, such as the appraisal fee or credit report fee
- Reimbursement for overpayment of earnest money or option money. If these funds are returned to the borrower, documentation must be present in the file to verify the original funds were given by the borrower

## Homebuyer Counseling/Education

**WFA 3.0 Products require Homebuyer Counseling be taken with a MH approved Counseling Agency.**

MassHousing has approved a number of qualified counseling agencies and organizations to provide counseling on a statewide basis. A list of approved counseling agencies is listed on our websites at

[www.masshousing.com/education](http://www.masshousing.com/education). If the class registration is completed through an **MH approved Counseling Agency**, MassHousing will also accept the following:

- [Framework Homeownership, LLC-](#)
- [HomeView-](#)
- [CreditSmart-](#)

It is preferable for first-time homebuyers to take face to face homebuyer counseling as it adds value to the overall experience.

**Education must be provided prior to the loan closing.** MassHousing encourages Brokers to work with real estate sales professionals and local nonprofit education providers to make education sessions available as early as possible in the home-buying process.

In originating a loan for MassHousing or securing insurance from MassHousing's Mortgage Insurance Fund, the Broker warrants that the education requirement detailed here has been met. The loan file must include documentation in the form of a formal certificate or letter from the provider.

- **Homebuyer counseling certificate is valid for two years upon completion.**

## Landlord Counseling Education (Two- to Four-Family Properties)

At least one borrower signing the Note must complete landlord counseling when purchasing a 2- to 4 family properties. Landlord counseling must be completed prior to closing with a MassHousing approved counseling agency.

## Property Eligibility

### **Eligible Properties**

An eligible property is any owner-occupied residence consisting of one- to four-unit dwellings.

### **Ineligible Properties**

- Two-, three-, and four-family existing structures must be occupied and have been a residence at least five years prior to the closing date; A parcel of land containing two or more separate residential structures (i.e., a two-family building and a separate one-family building located on the same lot) GSE, or FHA non-warrantable condominiums;
- Manufactured housing (mobile homes);
- Cooperatives;
- Properties agriculturally zoned or acreage that does not support the basic livability of the subject property;
- Mixed use properties; and
- Illegal non-conforming ADU's

## Underwriting Philosophy

MassHousing believes that the borrower's financial capacity in conjunction with their credit history is a determining factor to successful and sustainable Homeownership for low-and moderate-income borrowers in the Commonwealth of Massachusetts.

MassHousing generally follows the guidelines and standards of the applicable GSE, or FHA unless otherwise noted in this guide. MassHousing may have underwriting overlays to support sustainable homeownership e.g., credit score, DTI, and property types. For specific MassHousing guidance, please refer to the published MassHousing Product Description & Features found in Section 4 of this Broker Guide. Brokers are responsible for ensuring that all loans originated for MassHousing have been originated in accordance with MassHousing, state, and federal guidelines and restrictions, satisfy all requirements of the DO® or LPA® underwriting findings, and otherwise comply with all applicable GSE or agency requirements.

### Automated Underwriting Systems (AUS)

MassHousing will fund mortgage loans that conform to the applicable MassHousing mortgage product and requisite AUS engine, and those detailed in MassHousing product matrix.

DO- Our approved Brokers have two ways of releasing final AUS findings to MassHousing. The first is through their LOS. Using Encompass, it is simply changing the submission option drop down to "final" from "preliminary findings".

The other option is for the Broker to release AUS findings when logging into their DO account. Either option should be done **prior to loan file submission to MassHousing for processing.** [Click here for additional information.](#)

LPA- Broker should "Assign" LPA to MassHousing **prior to loan file submission for processing.**

Click here for additional information on [How to Assign Retrieve and Release a loan in Loan Product Advisor \(freddiemac.com\)](#)

MassHousing only purchases loans that receive the following AUS recommendation:

- DO® Approved/Eligible;
- DO® Out of Scope (Please see **Section 3** for additional information on “Out of Scope”);
- LPA® Eligible/Accept and;
- LPA® Ineligible/Incomplete due to reasons outlined in **Section 3** (Out of Scope). Please note: FHA Total Scorecard must be run on all loans and utilized through DO®, LPA®

#### AUS Special Feature and Product Codes:

Product Codes: 1000 series are all FNMA, 2000 Series are all FHLMC, 3000 series are all FHA.

Underwriting Engine/AUS Product	MH Product Code	MH Product Name
DO® – “HFA Preferred”	1001 1002 1005 1004	<b>FNMA</b> HFA Preferred up to 80 AMI FNMA HFA Preferred over 80 AMI WFA 3.0 FNMA HFA Preferred FTHB FNMA HFA Preferred
LPA® - "HFA Advantage”	2001 2002 2005 2004	<b>FHLMC</b> HFA Advantage up to 80 AMI FHLMC HFA Advantage over 80 AMI WFA 3.0 FHLMC HFA Advantage FTHB FHLMC HFA Advantage
LPA® - Single, condo, PUD use "HFA Advantage"	2001 2002 2004	<b>FHLMC</b> HFA Advantage up to 80 AMI FHLMC HFA Advantage over 80 AMI FTHB FHLMC HFA Advantage
DO®/LPA® – Loan Type: FHA	3001 3003	<b>FHA</b> 30Yr Fixed WFA 3.0 30Yr Fixed
N/A	4001 4003	<b>DPA</b> 15Yr Fixed WFA 3.0 DPA Deferred 30Yr Fixed

#### Income Assessment

To be eligible for a MassHousing mortgage loan, the annual income of those occupant borrowers who will be on the mortgage, note, and deed must be calculated to determine that their total annual income falls within the limits for the program selected and the market area of the subject property. Refer to the individual product descriptions for income limits for the MassHousing program. Borrowers must be on all closing documents. A borrower cannot

be on the deed and not on the mortgage, the note, or be added to the deed after closing. Please note that income for compliance can often be very different than income used for underwriting.

### Compliance Income

The compliance income of the occupant borrowers on the mortgage, note, and deed is the gross annual income from all sources annualized forward. Income includes: annualized income from full and part-time employment, taxable and nontaxable income, earnings, overtime, bonuses, dividends, interest annuities, pensions, VA compensation, commissions, deferred income, welfare payments, Social Security benefits, disability payments, alimony, child-support payments, public assistance, sick pay unemployment compensation and income received from trusts, rental income, business activities, investments, and all other sources of income. 75% of rental income from subject property must be included. Nontaxable income must be included at an amount used to qualify (including the grossed-up amount if used in qualifying).

### Income Limits

For all MassHousing mortgage loans, the borrower's gross income shall be computed in accordance with the definition of "Gross Annual Borrower Income" described in this Broker Guide Glossary. Borrower income limits may vary according to the number of people in the household and the area of the Commonwealth in which the property is located or based on the applicable mortgage product (for instance, HFA Conventional and FHA, FTHB Conventional and WFA Conventional products).

### Credit Assessment

**Credit vendor-** Broker must use a credit report with a vendor that does not require a signed agreement by MHFA to reissue AUS findings. The credit report must also contain the industry standard requirement of an OFAC, SS89 and address any alert checks.

**Credit report cost and soft credit fees-** At the time of loan registration, Brokers must supply the credit report and soft credit fees for upfront disclosures. Any subsequent fees or invoices incurred must be provided 10 days prior to the initial CD.

### Collection Accounts, Charge offs, and Judgements

MassHousing requires brokers to follow the guidance of the AUS and respective selling guide of the GSE, or FHA Single Family Housing Policy [Handbook 4000.1](#) regarding collection accounts and charge offs with the following exceptions:

- Open judgements and liens (including tax, mechanics', betterments, or materialmen's), that may or may not have the potential to affect MassHousing's lien position or diminish the borrower's equity must be paid off prior to closing.
- IRS Installment Agreements must be paid off prior to closing.

## Documenting a loan with “Out of Scope” findings

### **DO® Loan Casefiles: No Borrower(s) with Credit Score – Out of Scope Recommendation & LPA® Loan Casefiles: No Borrower(s) with Credit Score Ineligible/Incomplete**

- The property must be a single family/condominium.
- The transaction must be a purchase transaction.
- The borrower(s) must be a first-time homebuyer.
- The maximum debt to income ratio must be less than 45%.
- Eligible on the FTHB FNMA HFA Preferred, FTHB FHLMC HFA Advantage and WFA 3.0 products only.
- A minimum of 3 sources of non-traditional credit references that have been active in the most recent 12 months with a time payment history. See below for documentation.

#### **The following are acceptable non-traditional credit references**

- **Rental housing** – canceled rent checks (front and back) are preferred, verification of rental is acceptable if the landlord is a management company.
- **Utilities** – billing statements, letter from utility company on their letterhead or canceled checks/bank statement showing online bill paying would only be acceptable if the broker/borrower could verify the due date from the utility company.
- **Cellular** – billing statement, letter from carrier on their letterhead, canceled checks or bank statements showing online bill paying would only be acceptable if the broker/borrower can verify the due date.

#### **For each non-traditional credit source, the following requirements must be met:**

- There cannot be any delinquency on rental housing payments within the past 12 months.
- Only one account, excluding rental housing payments, can have a 30-day delinquency in the past 12 months.
- No collections (other than medical collections) or judgments have been filed in the past 24 months.
- Judgments, liens, collections, and charge-offs of non-mortgage accounts must be satisfied

## Property Assessment & Appraisal Requirements

### **APPRAISAL ORDERING**

MassHousing will order the appraisal(s) for the file, once all Mortgagor(s) on a Loan Package have executed the initial disclosures issued by MassHousing. MassHousing will order the appraisal through an approved appraiser by MassHousing and is AIR compliant.

Appraisers will meet all industry standards and be state certified. State licensed appraisers and trainees are not permitted. All real estate appraisals will be performed according to the Uniform Standards of Professional Appraisal Practice (USPAP) and GSE guidelines, including Universal Appraisal Dataset (UAD) requirements. Appraisal assignments must be obtained in a manner that maintains appraiser independence and does not unduly influence the appraiser to meet a predetermined value. MassHousing reserves the right to restrict the use of any specific appraiser at its discretion.

MassHousing reviews the appraisal as part of the underwriting process, including a careful review of the report(s) to ensure that the appraiser(s) has appropriately analyzed property value trends and overall market conditions to arrive at the value(s) provided. A Desk Review or Field Review may be required if value is not sufficiently supported. The appraisal must meet AIR and GSE requirements and be completed by a state certified Appraiser on the standard GSE form which is suitable for its property type.

MassHousing follows the AUS recommendation regarding appraisals.

### Deed Restricted Properties

MassHousing will review affordable deed riders, covenants or restrictions, for our brokers. The review includes:

- **Affordable Deed Riders that match the Universal Deed Rider**, version dated September 9, 2019, which may be found here as [Form B-010](#).
- **Affordable Deed Riders, covenants or restrictions that do not survive a deed in lieu of foreclosure or foreclosure.**

MassHousing will base our review on the requirements of the mortgage type (i.e., Conv, FHA) and AUS type (i.e., DO or LPA) selected to underwrite the loan. MassHousing has an internal process for the review and approval of all affordable deed riders, covenants, or restrictions, and utilizes appraisers with experience in appraising properties with affordable restrictions.

### **Property Valuations**

Properties with affordable deed restrictions, where the restriction survives foreclosure, must be appraised at the deed restricted value and include comparable sales with like restrictions. The deed rider must be in the form of the Universal Deed Rider version 09/09/2019.

Properties with affordable deed restrictions, where the affordable deed restrictions are extinguished at foreclosure, must be appraised at the market value.

On a purchase transaction, the LTV/CLTV will be based on the lesser of the sales price or restricted value or appraised value.

On a refinance transaction, Brokers are reminded to obtain a letter from the Monitoring Agency with their approval of the refinance of the first mortgage, and the re-sale value that will be used in calculating the Loan to Value "LTV". The LTV/CLTV will be based on the lesser of the restricted value or appraised value. If the Monitoring Agency confirms that the deed rider has not been modified since the last transaction, then the recorded deed rider may be used for our review.

### Property Flipping

MassHousing believes the likelihood of fraud or misrepresentation increases when the broker is not able to confirm that the property seller in a purchase money transaction (or the borrower in a refinance transaction) is the owner of the subject property based on publicly available information. Therefore, we require the broker to confirm and document in the mortgage loan file that the property seller in a purchase money transaction (or the



borrower in a refinance transaction) is the owner of the subject property when a new appraisal is required. Any substantial increase or decrease in value from the price paid by the current owner to the sales price the borrower is paying requires MassHousing to conduct a careful review of the appraisal and comparable sales to assure that the current sales price is supported. This review may require documentation of any work that has been done by the current owner to support a substantial increase in value.

It is MassHousing's responsibility to review all supporting documentation including but not limited to the appraisal, title report, and any assignments of contracts to ensure no misrepresentation has occurred.

### Condo Project Review

Brokers that originate mortgage loans secured by units in a condo project are expected to be knowledgeable and qualified to evaluate the specific risks presented by these properties.

As a reminder, in addition to selecting the appropriate warranty type on the [1008](#), Brokers must include all documentation that evidences the project meets condominium eligibility requirements based on the AUS Certificate and GSE/FHA eligibility guidelines. Additionally, It is strongly recommended that the unit owner purchase an HO-6 policy to cover the master policy deductible cost if an "All-in" policy has a deductible > than \$25,000.00.

The below table reflects the basic documents expected to be in the loan submission to uploaded to [eMassHousing](#), based on warranty type for either Conventional or FHA loans:

### Condominium Review Types and Documentation Requirements

Review Type for Conventional Condominium Loans	Documentation
Limited or Streamline	<ul style="list-style-type: none"><li>• * HOA Questionnaire (Fannie Mae Form 1077/Freddie Mac Form 477)</li><li>• Blanket/Master Policy with the HOA as the named insured, in addition to interior coverage, if not included in blanket policy</li><li>• Liability Policy (Freddie Mac only)</li><li>• Fidelity/Crime Policy (Freddie Mac only for projects with 21 or more units)</li></ul>

Full or Established Review	<ul style="list-style-type: none"> <li>• * HOA Questionnaire (<a href="#">Fannie Mae Form 1076/Freddie Mac Form 476</a>)</li> <li>• Blanket/Master Policy with the HOA as the named insured, in addition to interior coverage, if not included in blanket policy</li> <li>• Liability Policy</li> <li>• Fidelity/Crime Policy, for all projects with 21 or more units</li> </ul>
	<ul style="list-style-type: none"> <li>• Budget with 10% reserves</li> </ul>
New Project review	<ul style="list-style-type: none"> <li>• * HOA Questionnaire (<a href="#">Fannie Mae Form 1076/Freddie Mac Form 476</a>)</li> <li>• Blanket/Master Policy with the HOA as the named insured, in addition to interior coverage, if not included in blanket policy</li> <li>• Liability Policy</li> <li>• Fidelity/Crime Policy, for all projects with 21 or more units</li> <li>• Budget with 10% reserves</li> </ul>
CPM or PERS Approval (Fannie Mae only)	<ul style="list-style-type: none"> <li>• Unexpired CPM Certification number or verification of Final PERS approval</li> <li>• * HOA Questionnaire (<a href="#">Fannie Mae Form 1076</a>)</li> <li>• Blanket/Master Policy with the HOA as the named insured, in addition to interior coverage, if not included in blanket policy</li> <li>• Liability Policy</li> <li>• Fidelity/Crime Policy, for all projects with 21 or more units</li> </ul>
Reciprocal Project Review (Freddie Mac only) <a href="https://guide.freddiemac.com/app/guide/content/a_id/1000693">guide.freddiemac.com/app/guide/content/a_id/1000693</a>	<ul style="list-style-type: none"> <li>• * HOA Questionnaire (<a href="#">Freddie Mac Form 476</a>)</li> <li>• Blanket/Master Policy with the HOA as the named insured, in addition to interior coverage, if not included in blanket policy</li> <li>• Liability Policy</li> <li>• Fidelity/Crime Policy, for all projects with 21 or more units</li> </ul>

2-4 Unit (Fannie Mae or Freddie Mac)	<ul style="list-style-type: none"> <li>• * HOA Questionnaire: (<a href="#">Fannie Mae Form 1076/Freddie Mac Form 476</a>)</li> <li>• Blanket/Master Policy with the HOA as the named insured, in addition to interior coverage, if not included in blanket policy</li> <li>• Liability Arbitration Agreement (2-unit project only) - Located in the legal condominium documents- located in the Declaration of Trust</li> </ul>
* HOA Questionnaire - or a "like" Form is acceptable provided it has similar content	
<b>Review type for FHA Approved Condominiums</b>  Unexpired HRAP or DELRAP approval on HUD.GOV and Single-Unit approval	<b>Documentation</b>  Brokers must supply any and all documents used to determine project eligibility as outlined in the FHA Single Family Housing Policy <a href="#">Handbook 4000.1</a> in the loan submission to MassHousing.

## Conventional Condominium Project Review Requirements

### **Presale**

MassHousing defines a presold unit as having a fully executed purchase and sale agreement with earnest money deposit given and evidence that all mortgage contingencies have been met. Acceptable sources of the sales information should include either the brokers review of Sales Contracts, or certification from the Developer, Management Agent or Builder.

### **Exposure Limits**

MassHousing may limit the purchase to no more than 25% of the units in any condominium or newly constructed housing development, where such development consists of 25 or more units.

### **Two- to Four-Unit Condominium Projects**

All but one unit must be owner occupied in existing two- to four-unit projects. Specific requirements are as follows:

- Two units: MassHousing will finance the second unit in; the first unit must be presold/sold. All two-unit condominium loans must have an executed arbitration agreement at time of loan closing.
- Three units: MassHousing will finance the second unit in; the first must be presold/sold and owner occupied.
- Four units: MassHousing will finance the third unit in; the first and second must be presold/sold and all must be owner occupied.

## **Occupancy**

For established condominium projects, 50% of units must be owner occupied and an HOA must have been established.

## **New Construction Condominium Project**

At least 50% of units must be sold or presold as a principal residence.

## **FHA Condominium Project Review Requirements**

MassHousing follows FHA published Condominium Eligibility Guidelines. MassHousing conducts project reviews in accordance with the FHA Single Family Housing Policy [Handbook 4000.1](#).

### **Properties effected by a Disaster**

#### **Disaster Overview**

MassHousing considers a Disaster any event that causes substantial damage. Disasters include but are not limited to:

- Hurricanes/Tropical Storms
- Earthquakes
- Floods
- Landslides
- Tornadoes
- Wildfires
- Volcanic eruptions
- Nuclear accidents
- Terrorist attacks
- Thunderstorms

#### **Disaster Awareness**

Brokers should be aware of and act upon any mortgage loans impacted by disasters prior to submission to MassHousing.

The broker should contact the appropriate source e.g., Massachusetts State Office, Federal Emergency Management Agency (FEMA) offices, etc. to determine whether properties located in its origination footprint are included in the disaster areas.

MassHousing's Disaster Policy applies to any of the following:

- FEMA declared disaster areas eligible for Individual Assistance.
- Areas identified by MassHousing.
- Properties that the Broker has reason to believe sustained damage in a disaster.

## Documentation Requirements

Appraisals completed on or before the incident period end date

Prior to purchase, MassHousing will require a post disaster inspection confirming the property has not been adversely affected by the disaster. MassHousing will be following re-inspection options:

- Property Appropriate Inspection Report
- Appraisal Update and/or Completion Report ([Form 1004D](#))
- Certification from a Licensed Property Inspector
- Post-disaster inspection from an established and reputable service provider, with post-disaster photos that clearly demonstrate the property has not been adversely affected by the disaster.

•  
Post-disaster photos that clearly demonstrate the property has not been adversely affected by the disaster. **Appraisals completed after the incident period end date**

For a period of 90 days from the incident period end date, full appraisals are required on impacted properties. In the report, the appraiser must confirm the property has not been adversely affected by the disaster.

### Properties with square footage less than 600 square feet of gross living area

Properties with less than 600 SF of gross living area must follow these requirements:

- The appraised value must be supported by the appraisal.
- Comparable sales must support market acceptance via similar size and style.
- The property must include a petitioned off bathroom facility including a bathing area and a fully functioning kitchen with basic appliances including a refrigerator, stove or stove hook up (not hot plates, microwaves or toaster ovens) and a sink with running water.

### Escrow Holdbacks

#### **Escrow Holdbacks for Conventional Loans**

Escrow Holdbacks are funds collected at loan closing for property completion and/or repairs that remain incomplete after the closing of the loan. Escrow holdbacks shall be placed in a non-interest-bearing account. MassHousing will escrow for these items prior to the release of the escrow as long as the incomplete items do not affect the safety, soundness or structural integrity of the subject property and the total cost of the repairs do not exceed \$5,000.

#### **Acceptable Scope of work**

##### **Existing properties**

When the appraisal report is completed “as is”, the condition of the property must be reflected in the appraiser’s opinion of value, and MassHousing does not require the work to be complete.

When the appraisal report is completed “subject to”, MassHousing may use an escrow holdback for minor repairs or deferred maintenance items that do not affect the safety, soundness or structural integrity of the property. The escrow holdback items may include, but not limited to:

- Worn floor finishes or carpet
- Exterior painting
- Minor exterior plumbing leaks
- Replacement of window glass and/or screens
- Seeding, grading, landscaping, driveway

MassHousing may use an escrow holdback for private septic repairs on Conventional loan products when the Septic Repair Requirements below are met.

## **New Construction**

MassHousing may use an escrow holdback on newly constructed properties for items that remain incomplete at time of closing. These items may include:

Items that are part of the sales contract;

- Items that are postponed due to inclement weather or a shortage of building materials;
- Items that do not affect the ability to obtain an occupancy permit.

## **Septic Repair Requirements**

A satisfactory septic inspection in accordance with Title 5 of the Massachusetts Environmental Code is required for private sewerage systems. When a property with a private septic system fails to receive a passing septic inspection, MassHousing will allow an escrow holdback for septic repairs when the following requirements are met:

- The inspection of the private septic system by the Board of Health receives a “conditionally passed” determination.
- A Septic repair plan is complete and approved by the Board health guaranteeing that the system, once repaired, will pass inspection. This can also include connecting to an available public sewer system.
- The total cost of repairs cannot exceed \$25,000.

**Note:** Escrow Holdbacks are NOT allowed on Septic Systems that are determined “Failed”. The borrower may finance the repairs under one of our first mortgage products subject to our stated maximum LTV/CLTV requirements.

## Escrow Holdbacks for FHA Insured Loan Requirements

### **Acceptable Scope of work**

MassHousing may establish an Escrow Holdback for incomplete construction, alterations and/or repairs in which the work cannot be completed prior to loan closing, and provided the repairs are not required to meet FHA’s minimum property standards, and the housing is habitable and safe for occupancy at the time of loan closing. The escrow holdback items may include:

- Exterior repairs and/or improvements not completed prior to closing due to weather related delays.
- Repairs not required to meet FHA’s minimum property standards, such as exterior painting or/and landscaping.

Escrow holdbacks are not allowed for structural repairs, foundation work, septic repairs and roofs.

.

## Escrow Holdback Documentation

When MassHousing uses an escrow holdback, we will be responsible for the collection and review of the following documentation:

- Escrow Holdback Agreement signed by all borrower(s);
  - Itemization of the scope of work;
  - Two bids for repairs/improvements/cost to complete repairs;
  - Signed contract by the borrower and contractor;
  - Construction schedule;
- Verification of sufficient funds to complete the required repairs. MassHousing will follow AUS along with standard requirements for documentation of assets/funds to close.

### ***Escrow Instructions for the Holdback Funds***

#### **Management of Escrow Account**

- Escrow holdback must be equal to the greater of 150% of the estimated repair costs or \$500;
- Escrow Funds must be held in a non-interest-bearing account;
- The closing agent must hold the funds. In no event may *any* other party hold the funds to the transaction (i.e., contractor, seller or borrower).
- Payments to the contractor are to be made payable to both the contractor and borrower.

### ***Evidence of Completion***

#### **Conventional Loan Programs**

Repairs must be completed within **60 days** of the Note date.

MassHousing will be responsible for:

- Confirming the repairs are completed in a workmanship manner;
- Confirming receipt of final invoice;
- Release funds/close out Escrow Account and to;
- Upload completion documents to [eMassHousing](#).

MassHousing will obtain a final title report, which must not show any outstanding mechanic's liens, take any exceptions to the postponed improvements, or take any exceptions to the escrow agreement.

MassHousing will obtain a Certificate of Completion FNMA Form 1004D from the appraiser to verify the improvements were completed in accordance with the requirements and conditions of the original appraisal; and be accompanied by photographs of the completed improvements.



- 
- When the escrow holdback is for the repair of a private septic system or connecting to an available public sewer system; o MassHousing will order the final inspection from the local Board of Health and obtain a Completion Certificate;
- The local Board of Health must complete the inspection and issue a passing certificate.

### **FHA Insured Loans**

Repairs must be completed within **60 days** of the Note date. The Borrower must certify on form HUD-92051, *Compliance Inspection Report*, that the incomplete construction, alterations and repairs have been satisfactorily completed.

MassHousing is responsible for:

- Confirming the repairs are complete in a workmanship manner;
- Completing HUD Form 92300, *Mortgagee's Assurance of Completion* (required in all cases).  
Confirming receipt of final invoice;
- Release funds/close out Escrow Account;
- Upload completion documents to [eMassHousing](#) and;
- After the work is complete and repair escrow account is closed out, MassHousing will complete the Escrow Closeout Certification screen in FHAC no later than 30 Days of completion.

MassHousing will obtain a final title report, which must not show any outstanding mechanic's liens, take any exceptions to the postponed improvements, or take any exceptions to the escrow agreement.

## Section 4: Product Descriptions & Features

### FTHB FNMA HFA Preferred & FTHB FHLMC HFA Advantage

#### **Product 1004- FTHB FNMA HFA Preferred**

#### **Product 2004- FTHB FHLMC HFA Advantage**

FTHB FNMA and FHLMC 30 YR Fixed products allow the AUS flexibility of using either DO or LPA. Key features include:

- Conventional financing with no LLPAs
- Affordable mortgage insurance at Charter Level Coverage
- Up to 97% loan-to-value (LTV) financing
- Flexible sources of funds that includes access to DPA from MassHousing

Both products maintain Income limits and Acquisition Cost Limits and require additional MassHousing specific origination documents.

<b>Transaction Type</b>	Purchase
<b>Loan Limit</b>	<a href="#">Conventional Loan Limits</a>
<b>Occupancy</b>	Owner Occupied/Primary Residence for the Life of the Mortgage
<b>Eligible Borrower</b>	First Time Homebuyers ONLY
<b>Borrower Income Limit</b>	<a href="#">Income Limits Apply</a>
<b>Acquisition Cost Limit</b>	<a href="#">Acquisition Limits Apply</a>

Multiple Financed Properties	Borrower(s) may not own any other residential property.					
Property Types	1 Unit/Condo/PUD			2-4 Unit		
Maximum LTV/CLTV	97%/105%			95%/105%		
Underwriting	LTV	Credit	DTI	LTV	Credit	DTI
	≤ 97%	640	45%	≤ 95%	640	45%
AUS Findings	DO			LPA		
	Approve/Eligible			Eligible/Accept		
AUS Feature Codes	DO® – “HFA Preferred”			LPA - "HFA Advantage"		
Borrower Contribution	<ul style="list-style-type: none"><li>• 1-Unit-No required borrower contribution</li><li>• 2-to-4 Units-3% borrower contribution</li></ul>					
Housing Counseling	<ul style="list-style-type: none"><li>• Homebuyer Education must be completed</li><li>• Landlord Counseling required on 2-to-4-unit properties</li></ul>					
Mortgage Insurance	Charter Level Coverage					
Add 'l Product Features	<ul style="list-style-type: none"><li>• Down Payment Assistance “DPA”</li></ul>					
LLPA	N/A					
Operation Welcome Home “OWH” Closing Cost Credit	\$2500 closing cost credit available to First Time Homebuyers who are active-duty military, Veterans who served honorably, Reservists and National Guard, or Gold Star Family. Operation Welcome Home “OWH” Credit must be identified by the broker in the “Additional Fields” section of the URLA in the eMassHousing Portal to reserve the funds.					

**Additional Detail:****Reserves**

DO® and LPA® will calculate the reserve requirements for the subject property based on the overall risk assessment of the loan transaction. Refer to [www.fanniemae.com](http://www.fanniemae.com) and [www.Freddie.mac.com](http://www.Freddie.mac.com) for additional details.

**Projected Rental Income**

- 75% of the projected rents needs to be factored into the compliance income for purchases (Refinance transactions may use filed Sched E)
- DO or LPA can be utilized- However, please note that Fannie Mae only allows the rental income to be used for borrowers with a current housing history payment.

**FTHB**

First-time homebuyers are defined as not holding an ownership interest in a principal residence in the last three years. See Section 10 for specific documentation related to FTHB.

**Homebuyer Counseling**

Homebuyer Counseling is Required for First Time Homebuyers.

Homebuyer counseling programs must comply with Fannie Mae and Freddie Mac requirements. Refer to MassHousing's website at [www.masshousing.com/education](http://www.masshousing.com/education) for a list of approved homebuyer counseling agencies.

**Landlord Counseling**

Landlord Counseling required on multi- family purchases. At least one borrower signing the Note must complete landlord counseling when purchasing a 2- to 4 family properties. Landlord counseling must be completed prior to closing with a MassHousing approved counseling agency.

***Deed Restricted Properties***

See Section 3 for MassHousing's review process, if applicable.

**MH Forms**

Please see Section 10 for MassHousing Forms.

### WFA 3.0 - FNMA HFA Preferred & FHLMC HFA Advantage & FHA

**Product 1005- WFA 3.0 FNMA HFA Preferred**  
**Product 2005- WFA 3.0 FHLMC HFA Advantage**

WFA 3.0 FNMA and FHLMC 30 YR Fixed products allow the AUS flexibility of using either DO or LPA. Key features include:

- Conventional financing with no LLPAs
- No Mortgage insurance cost paid by Borrower
- Up to 95% loan-to-value (LTV) financing
- Deferred DPA loan provided by MassHousing

Both products maintain Income limits and Acquisition Cost Limits and require additional MassHousing specific origination documents. Please see “Certification of Income Eligibility Requirements” under Additional Details below.

<b>Transaction Type</b>	Purchase
<b>Loan Limit</b>	<a href="#">Conventional Loan Limits</a>
<b>Occupancy</b>	Owner Occupied/Primary Residence for the Life of the Mortgage
<b>Eligible Borrower</b>	First Time Homebuyers ONLY
<b>Borrower Income Limit</b>	<a href="#">Household Income Limits Apply</a>
<b>Acquisition Cost Limit</b>	<a href="#">Acquisition Limits Apply</a>
<b>Multiple Financed Properties</b>	Borrower(s) may not own any other residential property.

Property Types	1 Unit/Condo/PUD, 2 Unit		
Maximum LTV/CLTV	95%/105%		
Underwriting	LTV	Credit	DTI
	95%	640	45%
AUS Findings	DO	LPA	
	Approve/Eligible Out of Scope	Eligible/Accept	
AUS Feature Codes	DO® – “HFA Preferred”		LPA - "HFA Advantage"
Borrower Contribution	<ul style="list-style-type: none"><li>• 1-Unit-No required borrower contribution</li><li>• 2-Units-3% borrower contribution</li></ul>		
Housing Counseling	<ul style="list-style-type: none"><li>• Homebuyer Education must be completed with a <a href="#">MassHousing approved Counseling Agency</a>. Please see Section 3 for additional detail.</li><li>• Landlord Counseling on 2 Unit properties by a <a href="#">MassHousing approved Agency</a></li></ul>		
Mortgage Insurance	<ul style="list-style-type: none"><li>• Lender Paid MI (<i>LPMI disclosure required</i>)</li><li>• Charter Level Coverage</li></ul>		
Add'l Product Features	Down Payment Assistance “DPA” Required		
LLPA	N/A		

<b>Operation Welcome Home “OWH” Closing Cost Credit</b>	\$2500 closing cost credit available to First Time Homebuyers who are active-duty military, Veterans who served honorably, Reservists and National Guard, or Gold Star Family members. Operation Welcome Home “OWH” Credit must be identified by the broker in the “Additional Fields” section of the URLA in the eMassHousing Portal to reserve the funds.
<b>Product 3003- WFA 3.0 FHA</b>	
<p>WFA 3.0 FHA 30 YR Fixed product allows the AUS flexibility of using either DO or LPA. Key features include:</p> <ul style="list-style-type: none"> <li>• FHA financing with no LLPAs</li> <li>• No upfront Mortgage insurance cost paid by Borrower</li> <li>• Up to 96.5% loan-to-value (LTV) financing</li> <li>• Deferred DPA loan provided by MassHousing</li> </ul> <p>WFA 3.0 FHA maintains Income limits and Acquisition Cost Limits and require additional MassHousing specific origination documents. Please see “Certification of Income Eligibility Requirements” under Additional Details below.</p>	
<b>Transaction Type</b>	Purchase
<b>Loan Limit</b>	<a href="#">Lessor of FHA</a> or <a href="#">Conventional Loan Limits</a>
<b>Occupancy</b>	Owner Occupied/Primary Residence for the Life of the Mortgage
<b>Eligible Borrower</b>	First Time Homebuyers ONLY
<b>Borrower Income Limit</b>	<a href="#">Household Income Limits Apply</a>
<b>Acquisition Cost Limit</b>	<a href="#">Acquisition Limits Apply</a>
<b>Multiple Financed Properties</b>	Borrower(s) may not own any other residential property.

Property Types	1 Unit/Condo/PUD, 2 Unit		
Maximum LTV/CLTV	96.5%/105%		
Underwriting	LTV	Credit	DTI
	≤ 96.5%	640	45%
AUS Findings	DO	LPA	
	Approve/Eligible	Eligible/Accept	
AUS Feature Codes	DO – Loan Type FHA	LPA – Loan Type FHA	
Borrower Contribution	Follow FHA underwriting guidelines		
Housing Counseling	<ul style="list-style-type: none"><li>• Homebuyer Education must be completed with a <a href="#">MassHousing Approved Counseling Agency</a>. <b>Please see Section 3 for additional detail.</b></li><li>• Landlord Counseling on 2 Unit properties by a <a href="#">MassHousing Approved Agency</a>.</li></ul>		
Add'l Product Features	<ul style="list-style-type: none"><li>• Down Payment Assistance “DPA” Required</li></ul>		
LLPA	N/A		
Operation Welcome Home “OWH” Closing Cost Credit	\$2500 closing cost credit available to First Time Homebuyers who are active-duty military, Veterans who served honorably, Reservists and National Guard, or Gold Star Family members. Operation Welcome Home “OWH” Credit must be identified by the broker in the “Additional Fields” section of the URLA in the eMassHousing Portal to reserve the funds.		



## **Additional Details:**

### **Reserves**

DO<sup>®</sup> or LPA<sup>®</sup> - will calculate the reserve requirements for the subject property based on the overall risk assessment of the loan transaction. Refer to [www.fanniemae.com](http://www.fanniemae.com), [www.Freddiemac.com](http://www.Freddiemac.com) or [SFH Handbook 4000.1](#) for additional details.

### **FTHB**

- First-time homebuyers are defined as not holding an ownership interest in a principal residence in the last three years. See Section 10 for Forms for specific documentation related to FTHB. Homebuyer Counseling is required for all first-time homebuyers purchasing any property.

**WFA 3.0 Products requires Homebuyer Counseling be taken with a MH approved Counseling Agency**

### **Landlord Counseling**

Landlord Counseling is required on multi- family purchases. At least one borrower signing the Note must complete landlord counseling when purchasing a 2- to 4 family property. Landlord counseling must be completed prior to closing with a MassHousing approved counseling agency.

### **Deed Restricted Properties**

See [Section 3](#) for MassHousing's review process, if applicable.

### **Forms**

Please see Section 10 of the Broker Guide for MassHousing Forms.

### **Certification of Income Eligibility Process**

WFA 3.0 loan products (FNMA HFA Preferred WFA 3.0, FHLMC HFA Advantage WFA 3.0 and FHA WFA 3.0) require Certification of Income Eligibility to determine compliance with the household income limit based on family size and property location. The calculation of **Gross Annual Household Income** is solely to establish the Borrower's eligibility for a WFA 3.0 DPA loan.

### **Brokers Responsibilities -**

The first and most critical step in registering a WFA 3.0 loan is having the Gross Annual Household Income certified by MassHousing. It is required that a product be chosen at this point, which is handled by the TPO Lock Desk Persona. Please see the Broker "Quick Start Guide for Administrators" on eMassHousing for additional information on Personas. The broker will be responsible for collecting any additional required documentation per the WFA 3.0 Income Certification. The borrower(s) Gross Annual Household Income must not exceed the WFA 3.0 household income limit. Any additional documentation requested by MassHousing should be uploaded to [eMassHousing](#) via the **Document Submission** tab. Brokers must have the income certified any time after loan registration or lock but no later than loan closing. A DPA loan requires a separate registration or lock from the first and a product **MUST** be selected for the DPA or the income will not be eligible for certification.

## MassHousing Responsibilities -

MassHousing will conduct a program compliance review to determine and certify that the Gross Annual Household Income meets the WFA 3.0 program income limit for the household size and property location. A MassHousing email alert will be sent to the broker providing one of the following statuses upon completion of our review:

- **Certified Eligible:** Accepted and Certified as meeting the Compliance Income qualifications. If Accepted and Certified, MassHousing will issue a Certification of Income Eligibility to the Broker. The WFA 3.0 Compliance Income Certificate reflects a "Close by Date" of 90 days from date of certification. This Compliance Income Certificate may be downloaded by the broker by going to the **View Documents** tab inside of eMassHousing.
- **Pending Conditions\*:** Additional information/documentation is needed to determine eligibility. If the WFA 3.0 loan application does not close by the "Close by Date", brokers will be required to re-upload the documents to the Income Certification application created for the borrower on [eMassHousing](#). The extension will be good for an additional 90 days from the date of certification.
- **Ineligible:** The loan does not meet the qualifications and is not eligible for this program.

**\*Recertification:** MassHousing will require a recertification of the WFA 3.0 income when any material changes exist in the income, household size or property location.

**Please note:** The Certification of Income Eligibility is not for the purpose of calculating qualifying income and does not constitute an approval of the loan.

Since MassHousing financed mortgage loans are considered a Special Credit Program under Regulation B of the Equal Credit Opportunity Act and Section 8 of the Massachusetts Commission Against Discrimination Regulations, Mortgage Brokers are required to seek the income information necessary to determine if the Borrower(s) household income is within MassHousing's income limits ([Form L-101 WFA 3.0](#)).

## FNMA HFA Preferred above 80 AMI & FHLMC HFA Advantage above 80 AMI

### **Product 1002- FNMA HFA Preferred above 80 AMI**

### **Product 2002- FHLMC HFA Advantage above 80 AMI**

FNMA HFA Preferred and FHLMC HFA Advantage 30 YR Fixed products allow the AUS flexibility of using either DO or LPA. Key features include:

- Borrower Income up to 135% of AMI
- Up to 97% loan-to-value (LTV) financing
- Purchase or Limited Cash-out Refinance (LCOR)
- No Acquisition Cost Limits
- Flexible sources of funds that includes access to DPA for FTHB from MassHousing

Brokers to use specific MassHousing origination documents when all borrowers are FTHBs.

<b>Transaction Type</b>	Purchase or Limited Cash-out Refinance (LCOR)	
<b>Loan Limit</b>	<a href="#">Conventional Loan Limits</a>	
<b>Occupancy</b>	Owner Occupied/Primary Residence for the Life of the Mortgage	
<b>Eligible Borrower</b>	No First Time Homebuyer Requirement	
<b>Borrower Income Limit</b>	<a href="#">Income Limits Apply</a>	
<b>Acquisition Cost Limit</b>	N/A	
<b>Multiple Financed Properties</b>	Borrower(s) may not own any other residential property.	
<b>Property Types *</b>	<b>1 Unit/Condo/PUD</b>	<b>2-4 Unit</b>
<b>Maximum LTV/CLTV</b>	97%/105%	95%/105%

Underwriting	LTV	Credit	DTI	LTV	Credit	DTI
	≤ 97%	640	45%	≤ 95%	640	45%
AUS Findings	DO			LPA		
	Approve/Eligible			Eligible/Accept		
AUS Feature Codes	DO – “HFA Preferred”			LPA - "HFA Advantage"		
Borrower Contribution	1-unit-No required borrower contribution 2-4 units- 3% borrower contribution					
Housing Counseling	<ul style="list-style-type: none"><li>• Homebuyer Education must be completed</li><li>• Landlord Counseling required on 2-4 Unit Properties</li></ul>					
Mortgage Insurance	Standard, MI PLUS available					
Add'l Product Features	DPA available					
LLPA	N/A					
Operation Welcome Home “OWH” Closing Cost Credit	\$2500 closing cost credit available to First Time Homebuyers who are active-duty military, Veterans who served honorably, Reservists and National Guard, or Gold Star Family members. Operation Welcome Home “OWH” Credit must be identified by the broker in the “Additional Fields” section of the URLA in the eMassHousing Portal to reserve the funds.					

**Additional Detail:****\* Property Types**

Accessory Unit Dwellings (ADU's). FHLMC allows for one ADU on 2- and 3-unit properties, while FNMA only allows ADU's on 1- unit dwellings.

**Reserves**

DO® or LPA will calculate the reserve requirements for the subject property based on the overall risk assessment of the loan transaction. Refer to [www.fanniemae.com](http://www.fanniemae.com) and [www.freddie.mac.com](http://www.freddie.mac.com) for additional details.

**Projected Rental Income (Two to Four-Family Properties)**

- 75% of the projected rents needs to be factored into the compliance income for purchases (Refinance transactions may use filed Sched E) - (See Section 3)
- ADU rental Income- rental income generated from an ADU on a subject 1-unit Primary Residence to be considered when qualifying a borrower for a purchase or a “no cash-out” refinance, provided the requirements in Freddie Mac’s Selling Guide are met. Fannie Mae requirements however state that a borrower must qualify for the mortgage without considering any rental income from the ADU

**First Time Homebuyers**

Homebuyer Counseling is required for all first-time homebuyers purchasing any property.

**Landlord Counseling**

**Landlord Counseling** is required on multi- family purchases. At least one borrower signing the Note must complete landlord counseling when purchasing a 2- to 4 family properties. Landlord counseling must be completed prior to closing with a MassHousing approved counseling agency.

***Deed Restricted Properties***

*See Section 3 for MassHousing Review Process, if applicable.*

**Forms**

See Chapter 10 MassHousing Forms

## FNMA HFA Preferred up to 80 AMI & FHLMC HFA Advantage up to 80 AMI

### **Product 1001- FNMA HFA Preferred up to 80 AMI**

### **Product 2001- FHLMC HFA Advantage up to 80 AMI**

FNMA HFA Preferred and FHLMC HFA Advantage 30 YR Fixed products allow the AUS flexibility of using either DO or LPA. Key features include:

- Borrower Income less than or equal to 80% of AMI
- Up to 97% loan-to-value (LTV) financing
- Purchase or Limited Cash-out Refinance (LCOR)
- No Acquisition Cost Limits
- Flexible sources of funds that includes access to DPA for FTHB from MassHousing

Brokers to use specific MassHousing origination documents when all borrowers are FTHBs.

<b>Transaction Type</b>	Purchase, Rate and Term Refinance
<b>Loan Limit</b>	<a href="#">Conventional Loan Limits</a>
<b>Occupancy</b>	Owner Occupied/Primary Residence for the Life of the Mortgage
<b>Eligible Borrower</b>	No First Time Homebuyer Requirement
<b>Borrower Income Limit</b>	<a href="#">Income Limits Apply</a>
<b>Acquisition Cost Limit</b>	N/A
<b>Multiple Financed Properties</b>	Borrower(s) may not own any other residential property.

Property Types *	1 Unit/Condo/PUD			2-4 Unit		
Maximum LTV/CLTV	97%/105%			95%/105%		
Underwriting	LTV	Credit	DTI	LTV	Credit	DTI
	≤ 97%	640	45%	≤ 95%	640	45%
AUS Findings	DO			LPA		
	Approve/Eligible			Eligible/Accept		
AUS Feature Codes	DO – “HFA Preferred”			LPA - "HFA Advantage		
Borrower Contribution	1-unit-No required borrower contribution 2-4 units- 3% borrower contribution					
Housing Counseling	<ul style="list-style-type: none"><li>• Homebuyer Education must be completed</li><li>• Landlord Counseling on 2-4 Unit properties</li></ul>					
Mortgage Insurance	Charter Level Coverage, MI PLUS available					
Add 'l Product Features	DPA available					
LLPA	N/A					
Operation Welcome	\$2500 closing cost credit available to First Time Homebuyers who are active-duty military,					

<b>Home “OWH” Closing Cost Credit</b>	Veterans who served honorably, Reservists and National Guard, or Gold Star Family members. Operation Welcome Home “OWH” Credit must be identified by the broker in the “Additional Fields” section of the URLA in the eMassHousing Portal to reserve the funds.
---------------------------------------	---

#### **Additional Detail:**

#### **\* Property Types**

Accessory Unit Dwellings (ADU’s). FHLMC allows for one ADU on 2- and 3-unit properties, while FNMA only allows ADU’s on 1-unit dwellings

#### **Reserves**

DO® or LPA will calculate the reserve requirements for the subject property based on the overall risk assessment of the loan transaction. More often than not, 6 months reserves are required by DO® on all multi-family properties. Refer to [www.fanniemae.com](http://www.fanniemae.com) and [www.freddiemac.com](http://www.freddiemac.com) for additional details.

#### **Projected Rental Income (Two to Four-Family Properties)**

- 75% of the projected rents needs to be factored into the compliance income for purchases (Refinance transactions may use filed Sched E) - ([See Section 3](#))
- ADU rental Income-rental income generated from an ADU on a subject 1-unit Primary Residence to be considered when qualifying a borrower for a purchase or a “no cash-out” refinance, provided the requirements in Freddie Mac’s Selling Guide are met. Fannie Mae requirements however state that a borrower must qualify for the mortgage without considering any rental income from the ADU

#### **First Time Homebuyers**

Homebuyer Counseling is required for all first-time homebuyers purchasing any property

#### **Landlord Counseling**

Landlord Counseling is required on multi- family purchases. At least one borrower signing the Note must complete landlord counseling when purchasing a 2- to 4 family property. Landlord counseling must be completed prior to closing with a MassHousing approved counseling agency.

#### **Deed Restricted Properties**

See Section 3 for MassHousing’s requirements.

#### **Forms**

- See Section 10 for MassHousing Forms



## FHA

<b>Product 3003 - FHA</b>  The FHA 30YR Fixed is an FHA insured loan. Key features include: <ul style="list-style-type: none"><li>• Purchase or limited cash out refinance</li><li>• Households with incomes up to 135% of AMI.</li><li>• No MassHousing specific origination documents</li><li>• No Loan Level Price Adjustments “LLPA’s”</li></ul>	
<b>Transaction Type</b>	Purchase and Rate/Term Refinance (no more than \$500 back at closing). Streamlined Refinances are not allowed.
<b>Loan Limit</b>	<a href="#">Lesser of FHA</a> or <a href="#">Conventional Loan Limits</a>
<b>Occupancy</b>	Owner Occupied/Primary Residence for the Life of the Mortgage
<b>Eligible Borrower</b>	No First Time Homebuyer Requirement
<b>Borrower Income Limit</b>	<a href="#">Income Limits Apply</a>
<b>Acquisition Cost Limit</b>	N/A
<b>Multiple Financed Properties</b>	Borrower(s) may not own any other residential property.
<b>Property Types *</b>	1 Unit/Condo/PUD/ADU, 2-4 Unit

<b>Maximum LTV/CLTV</b>	96.5%/105% 97.75% (No Cash Out Refi)		
<b>Underwriting</b>	<b>LTV</b>	<b>Credit</b>	<b>DTI</b>
	≤ 96.5%	640	45%
<b>AUS Findings</b>	<b>DO</b>		<b>LPA</b>
	Approve/Eligible		Eligible/Accept
<b>AUS Feature Codes</b>	DO® – Loan Type: FHA		LPA® - Loan Type: FHA
<b>Borrower Contribution</b>	N/A		
<b>Housing Counseling</b>	<ul style="list-style-type: none"> <li>• Homebuyer Education must be completed</li> <li>• Landlord Counseling required on 2-4 Unit properties</li> </ul>		
<b>Mortgage Insurance</b>	FHA Insured		
<b>Add 'I Product Features</b>	MI Plus and DPA <b>all unavailable</b>		
<b>LLPA</b>	N/A		
<b>Operation Welcome Home “OWH” Closing Cost Credit</b>	\$2500 closing cost credit available to First Time Homebuyers who are active-duty military, Veterans who served honorably, Reservists and National Guard, or Gold Star Family members. Operation Welcome Home “OWH” Credit must be identified by the broker in the “Additional Fields” section of the URLA in the eMassHousing Portal to reserve the funds.		

**Additional Detail:****Reserves**

3 months PITI required on 3 to 4-Unit properties. Otherwise please follow AUS findings.

**\* Eligible Properties**

- 1-4 family owner occupied
- HUD approved condos/PUD's/ADU's (All must follow guidelines as per FHA Single Family Housing Policy Handbook 4000.1)
- Deed restricted properties

**Underwriting**

FHA Total Scorecard must be run on all loans and utilized through DO® or LPA®  
Manual Underwrites not allowed.

**Homebuyer Counseling**

Homebuyer Counseling is required for all first-time homebuyers purchasing any property.

**Landlord Counseling**

Landlord Counseling is required on multi- family purchases. At least one borrower signing the Note must complete landlord counseling when purchasing a 2- to 4 family properties. Landlord counseling must be completed prior to closing with a MassHousing approved counseling agency.

**Credit**

Regardless of the AUS findings, any liens (including tax, mechanics', betterments or materialmen's), that may or may not have the potential to affect MassHousing's lien position or diminish the borrower's equity—must be paid off at or prior to closing.

Credit inquiry letters are required.

**Student Loans- Calculation of Monthly Obligation for Outstanding Student Loans**

Regardless of payment status, the Mortgagee must use:

- the payment amount reported on the credit report or the actual documented payment, when the payment amount is above zero; or 0.5 percent of the outstanding loan balance, when the monthly payment reported on the Borrower's credit report is zero.

**Appraisals**

MassHousing will order FHA Appraisals in compliance with HUD guidelines.

**Mortgage Insurance**

Required per FHA/HUD premium rate schedule.

**Co-Borrower**

Non-occupant co-borrowers NOT allowed.

**Projected Rental Income (Two to Four-Family Properties)**

\75% of the projected rents needs to be factored into the compliance income for purchases (Refinance transactions may use filed Sched E) - ( See Section 3)

Please see [FHA Handbook](#) for current rental income percentages.

**Forms**

See Section 10 for MassHousing Forms

**Assumability**

FHA-insured mortgages originated before December 1, 1986, generally contain no restrictions on assumability. For mortgages originated after that date, the loan may be assumable under certain conditions. See FHA HUD [Handbook 4000.1](#) (Single-Family Housing Policy) for additional information.

**Ownership Status**

All borrowers must be on all the legal mortgage instruments (mortgage, note, and deed).

Non-borrowers may not be on any legal documents on or after closing.

Borrower cannot own any other property and must owner-occupy subject property within 60 days of closing.

**CAIVRS**

All borrowers must be screened using the Credit Alert Interactive Voice Response System.

FHA will not insure a loan if the borrower is currently delinquent on any unpaid federal debt or has had a claim paid within the previous 3 years.

## Down Payment Assistance (DPA)

<b>Product 4003</b> <b>WFA 3.0 DPA Deferred 30YR Fixed</b>  DPA is offered to FTHB's, purchasing a 1 Unit (SF/Condo/PUD) or 2 Unit located in Massachusetts, Gateway Cities, Disproportionately Impacted Communities, City of Boston, Framingham, or Randolph.	
<b>Transaction Type</b>	<b>Purchase</b>
<b>Eligible Borrower</b>	First Time Homebuyers ONLY
<b>Borrower Income Limit</b>	<u>Must meet Household Income Limit for specific product</u>
<b>Acquisition Cost Limit</b>	<u>Must meet Acquisition Cost Limits for specific product</u>
<b>Property Type</b>	<b>1 Unit/Condo/PUD, 2 Unit</b>
<b>DPA Features</b>	<ul style="list-style-type: none"><li>• <b>Loan Amount: 10% of the lower of the sales price or appraised value or \$50k</b>, whichever is less, in Gateway Cities, Disproportionately Impacted Communities, City of Boston, Framingham, or Randolph.</li><li>• DPA loan amount in the remaining communities of the Commonwealth is 10% of the lower of the sales price or appraised value or \$30k, whichever is less.</li></ul> <p><b>Terms:</b> Second Mortgage which is <b>0% deferred</b> and due upon Sale, Refinance or Payoff of the First Mortgage.</p> <p><b><i>Please note MassHousing will not subordinate the DPA mortgage.</i></b></p>
<b><u>Required</u> 1st Mortgage Product Pairings</b>	<b>Product Codes 1005 or 2005 or 3003</b>

**Products 4001****DPA 15yr Fixed**

DPA is offered to FTHB's, purchasing a 1 Unit (SF/Condo/PUD) or 2-4 Unit in Massachusetts.

<b>Transaction Type</b>	Purchase
<b>Eligible Borrower</b>	First Time Homebuyers ONLY
<b>Borrower Income Limit</b>	<u>Must meet Income Limits for specific product</u>
<b>Property Type</b>	<b>1 Unit/Condo/PUD, 2 – 4 Unit</b>
<b>DPA Features</b>	<p><b><u>Loan Amount:</u></b></p> <p>Statewide – 5% of the lower of the sales price or appraised value or \$15k, whichever is less.</p> <p><b><u>Terms:</u></b></p> <p>Second Mortgage at a 2% interest rate, fully amortized 15 year-fixed rate and is due upon sale or refinance of the property.</p> <p><b><u>Please note <i>MassHousing</i> will not subordinate the DPA mortgage.</u></b></p>
<b><u>Required</u> 1st Mortgage Product Pairings</b>	Product Codes 1001,1002*, 1004, 2001, 2002* or 2004
<b>Notes</b>	<p><b>*Products 1002 and 2002 DPA available:</b></p> <ul style="list-style-type: none"><li>• Gateway Cities, Disproportionately Impacted Communities and City of Boston, Framingham, and Randolph up to 135% AMI</li><li>• Statewide up to DPA Income Limit</li></ul>

**Summary of DPA by Product and Area**

**Down Payment Assistance (DPA) Reference Guide**

First Mortgage Product		DPA Product Code	Statewide DPA	Gateway Cities/DIC/Boston DPA
<a href="#">FTHB FNMA HFA Preferred Product Code 1004</a>	(1,2)	DPA 15Yr Fixed Product Code 4001	✓	✓
<a href="#">FTHB FHLMC HFA Advantage Product Code 2004</a>	(1,2)	DPA 15Yr Fixed Product Code 4001	✓	✓
<a href="#">FHLMC HFA Advantage up to 80 AMI Product Code 2001</a>	(1)	DPA 15Yr Fixed Product Code 4001	✓	✓
<a href="#">FHLMC HFA Advantage over 80 AMI Product Code 2002</a>	(1)	DPA 15Yr Fixed Product Code 4001		✓
<a href="#">FNMA HFA Preferred up to 80 AMI Product Code 1001</a>	(1)	DPA 15Yr Fixed Product Code 4001	✓	✓
<a href="#">FNMA HFA Preferred over 80 AMI Product Code 1002</a>	(1)	DPA 15Yr Fixed Product Code 4001		✓
<a href="#">WFA 3.0 FNMA HFA Preferred Product Code 1005</a>	(1,2)	WFA 3.0 DPA Deferred 30Yr Fixed Product Code 4003	✓	✓
<a href="#">WFA 3.0 FHLMC HFA Advantage Product Code 2005</a>	(1,2)	WFA 3.0 DPA Deferred 30Yr Fixed Product Code 4003	✓	✓

<a href="#">WFA 3.0 FHA Product Code 3003</a>	(1,2)	WFA 3.0 DPA Deferred 30Yr Fixed Product Code 4003	✓	✓
---	-------	--	---	---

*(1) Income limits apply.*

*(2) Acquisition Cost limits apply.*

## Section 5: Loan Registration and Locks

### Overview

All steps/actions in [eMassHousing](#) described in this section depend on whether each individual user within each broker's shop has been given the authorization from their system administrator to make the changes/modification or to view the rates.

The many options described in this section are designed to provide a consistent, flexible, and competitively favorable pricing policy for MassHousing's brokers. These policies apply to all Broker originated loans. In all instances, brokers are required to utilize these guidelines in an ethical and honest manner and under no circumstance can Brokers utilize these procedures in any way to achieve undeserved gain for themselves or customers or cause MassHousing to suffer unnecessary losses.

A loan registration is made on the basis of a loan application and a specific property. In the event a loan application falls through because of the buyer or property, the registration becomes null and void. If a change of applicants or property occurs, the subsequent application would be treated as a new loan application for registration purposes and would have the same options available as any new application to receive registration for specific terms as applicable to the loan type. In addition, a new registration number would be assigned to the new loan.

The Lock Desk hours of operation are from 10:00 am ET to 10:00 pm ET on days MassHousing is open for business.

### Loan Registration Procedures

This section describes in detail the registration system which must be utilized by brokers to originate a MassHousing mortgage loan.

Brokers must obtain a loan registration from MassHousing for any loan the broker intends to originate for MassHousing under this program.

Loan registration may be made through our portal at [eMassHousing](#).

Market conditions may dictate that rates and prices change more than once a day without notice. MassHousing will notify brokers of rate and price changes in advance when possible; however, there are circumstances in the market when the secondary market department must close the ability to lock registrations immediately. All MassHousing current rates are posted via the internet at least once a day. Sign up for rates [Post](#) Log-in on [eMassHousing](#). Rates are released daily at 10:00 AM Eastern Time.



- **Rate Lock Procedures**

Each product has five rate lock periods: 30-, 45-, 60-. Brokers should note that with registrations expiring on a Saturday, Sunday, or legal holiday, the lock expiration will roll forward to the next business day of the registration.

MassHousing's overlay of total origination charges may not exceed 2% of the loan amount under all MassHousing Mortgage Programs. The 2% cap includes points and any application/processing/underwriting fees assessed by the broker or lender. MassHousing will allow bona fide points to be excluded from the calculation when the broker provides evidence of a commensurate rate reduction i.e., compliance report, rate sheets. All charges and fees assessed by the broker or lender to the borrower must be reasonable, usual, and customary.

The Lock Confirmation will be posted to [eMassHousing](#), which may be printed or downloaded. The confirmation will display a Lock Price. Brokers must review the confirmation upon receipt and contact the Lock Desk regarding any discrepancies. All Rate Locks are Mortgagor and property specific.

- MassHousing will only issue the initial LE if the loan is locked. We will not issue an initial LE if the loan is just registered. Locking must occur within 1 business day of the application date listed on the URLA. Upon receipt of complete submission package, MassHousing will generate the LE and other initial disclosures.

In the event of changes to the Loan Package which would drive a pricing change, the Broker must notify the Lock Desk. Additionally, when there is a change in the loan file or fees after the initial submission and disclosure you will need to use the Change of Circumstance action to communicate that to the emasshousing portal team. An updated confirmation will be issued reflecting the change.

Note: Confirmation of a Rate Lock does not constitute underwriting approval and/or exception approval. All Loan Packages must meet MassHousing's Underwriting Guidelines, as determined by MassHousing.

## Fees

### **Extensions**

All Loan Packages must close by the lock expiration date or be subject to extension fees. All rate lock extensions must be completed prior to the current rate lock expiration date. Any loan received by MassHousing after the rate lock expiration date will be automatically subject to MassHousing's extension policy. Extensions up to 30 days are self-serve in [eMassHousing](#) as long as the lock is active/not expired. Changes to a confirmed registration may result in a different price or a fee charged at the time the loan is purchased. Fees may be cumulative. Registrations on loans not received by MassHousing within their lock expiration are subject to worst case pricing, plus the cost of the extension. For a Broker registration on a loan not closed by the lock expiration, a lock out period of 10 days from the previous registration expiration date may be exercised in lieu of worst-case pricing and registered at the current market rate/pricing. Any loan expired by more than 10 days will be relocked at the current market.

Extension fees/penalties will be deducted at the time of loan funding from the base price paid to broker as follows:

- 1-3 days: no charge
- 4-30 days: 0.02pts/day

Extensions beyond 30-days may be made in writing (as follows) via [eMassHousing](#) and will be considered on a case-by-case basis. The new price will be the lower of the current market price or the original market price less fees.

### Withdrawals

Brokers must notify the Lock Desk as soon as possible when a locked loan is canceled. Failure to do so on a regular basis may impact Broker eligibility.

### Pricing Changes and Other Registration Modifications

Brokers may select a different rate/price for their rate lock while keeping the same rate lock term by modifying the loan in [eMassHousing](#).

Should information be entered incorrectly into [eMassHousing](#), the broker may make changes to any allowable data fields.

### Best Effort Delivery

Brokers commit to using their best effort to deliver the loan regardless of the market conditions.

The Broker is not obligated to deliver to MassHousing any mortgage loan for which the broker has obtained a registration if the mortgage loan is not closed on account of the fault of the borrower.

### Fallout

MassHousing's ability to offer competitive pricing is directly affected by our broker's ability to manage their fallout ratio.

Fallout occurs with respect to a best-efforts commitment when:

- Broker cancels a lock
- MassHousing denies a mortgage loan due to failure to meet MassHousing guidelines **Note:** Each best-efforts lock (i.e., lock, and relock, if applicable) counts toward a broker's fallout ratio. MassHousing actively monitors fallout and may suspend or terminate a broker's selling privilege if excessive fallout occurs.

### **Locking Loans**

MassHousing utilizes the eMassHousing portal for all Lock Confirmations.

### **Pricing Validation**

Any Loan Package submitted for review will have pricing re-verified after submission. Any changes discovered that would drive a pricing change will be reflected on an updated confirmation issued to the Broker after submission. It is still the Broker's responsibility to notify the lock desk of any changes to pricing.

## Broker Compensation

### **Broker Compensation**

The amount of Compensation a Broker receives will be based on the most recently executed Mortgage Broker Agreement.

The Broker MAY NOT receive any compensation from any other person or entity, including but not limited to the consumer.

### **Loan Originator Compensation**

In compliance with the federal Truth-in-Lending Act (TILA), including 12 CFR 1026.36(d) and (f), as amended, Broker represents and warrants that, with respect to every Mortgage Loan:

- Neither Broker nor any other party has paid compensation to any loan originator based on a prohibited term (or proxy of a term) of the Mortgage Loan or multiple Mortgage Loans.
- Based upon information obtained from criminal background checks, credit reports and other sources, all Loan Originators meet all qualification requirements **AND**
- All loan originators have demonstrated financial responsibility, character, and general fitness to warrant a determination that they will operate honestly, fairly and have received periodic training covering Federal and State law requirements that apply to their loan origination activities.

## File Submission

The Broker is responsible for locking a Loan Package and for submitting all of the documentation to MassHousing within 1 business day a completed application from the Borrower. For purpose of file submission, a completed application consists of:

1. the consumer's name,
2. the consumer's income,
3. the consumer's social security number to obtain a credit report,
4. the property address,
5. an estimate of the value of the property, and
6. the mortgage loan amount sought.

Once the consumer has provided all six of the above pieces of information to the Broker, the Broker must submit all application information within 1 business day. MassHousing reserves the right to reject any application not in compliance with this requirement.

If the items required to lock a Loan Package are not received within 1 business day of receipt of a completed application from the Borrower, MassHousing may in its discretion reject the Loan Package. The Loan Package will be reviewed for completeness by MassHousing and if complete the file will be put in line for issuance of an initial Loan Estimate and all other disclosures as required by federal, state, and local regulation. If items are missing or the Loan Package is otherwise defective, MassHousing will contact the Broker and request any items needed. If the Broker does not provide ALL missing items within 1 business day of request and within 2 business days of the application date, MassHousing will be forced to reject the Loan Package.

MassHousing will issue the Loan Estimate. (The Broker must not issue a Loan Estimate on MassHousing's behalf).

Once a Loan Package is successfully registered with MassHousing, an individual loan number will be assigned. Please reference that loan number in all correspondence related to the Loan Package.

MassHousing also reserves the right to reject file submissions for poor quality and/or inconsistency with program guidelines.

### Initial Underwriting Review

Once the disclosures have been issued and signed, the file will be moved to processing. During this period, the Broker is responsible for submitting a Loan Package, including all applicable documents from the [Broker Submission Checklist](#) to [eMassHousing](#). Upon receipt of a Loan Package, MassHousing will review the Loan Package. If the Loan Package is complete, it will be moved to the underwriting queue. If not, a documentation request will be issued to the Broker. Once a Loan Package is sufficiently complete, it will then be moved to the underwriting queue. MassHousing will make all possible efforts to issue an initial Underwriting Disposition within its posted turn times. To comply with applicable regulation, MassHousing must issue an Underwriting Disposition on each Loan Package within 30 days of the Mortgage Loan's application date. It may be necessary for the Mortgagor(s) to explain or clarify information provided on the application or for a third party to clarify information provided on a verification request form. The Broker will be expected to provide any additional information requested by MassHousing in a timely manner. Approval of the Mortgage Loan is in MassHousing's sole discretion.

If the Underwriter recommends a Loan Package for a declination, it will be reviewed with a MassHousing Underwriting Manager. If the determination is reached that MassHousing is and will be unable to issue an approval on the Loan Package, the Broker will be notified. MassHousing will also mail to the Borrower the appropriate documentation as required by federal, state and/or local regulation.

### Condition Clearing Requirements

If a Loan Package is either suspended or approved with condition(s), the Underwriting Disposition will indicate what is required for a Clear to Close to be issued. MassHousing encourages its Brokers to provide all conditions in a timely manner to not delay a closing. Conditions should all be uploaded at one time to [eMassHousing](#) to streamline condition review and clearance most effectively. If an updated Underwriting Disposition is issued with additional conditions, the Broker should follow the same process to obtain a Clear to Close. All efforts will be made to keep to posted turn times. Note that MassHousing reserves the right to perform additional Quality Control once all conditions are cleared and prior to issuing a Clear to Close. Additional conditions may be requested at that time.

### Condo Review Process

MassHousing will consider loans secured by units located in condo building. In addition to the Borrower's credit file, all condo buildings are subject to review and approval by MassHousing's underwriting department. Please refer to the applicable Underwriting Guidelines for specific requirements and approval criteria. If a project falls outside of Guidelines, MassHousing may be able to consider an exception. The Broker should contact the Wholesale Lending Department at [HWholesale@masshousing.com](mailto:HWholesale@masshousing.com) to investigate the possibility of an exception.

### Scenario/Exception Review Process

If a Broker has a question related to a Loan Package or a specific guideline(s), either prior to or after submission, they may reach out to the Wholesale Lending Department at [HWholesale@masshousing.com](mailto:HWholesale@masshousing.com) for guidance. The Wholesale Lending Department will take necessary steps to facilitate a response. To the extent necessary, the Broker should include the correspondence including any exception approval(s) with the Loan Package.

## Section 6: Regulatory Compliance & Pre-closing Quality Control Review

MassHousing is committed to complying with all federal, state, and local laws and regulations regarding the processing, underwriting, closing, funding, and servicing of Mortgage Loans as well as any related functions.

The brokers origination of the Loan must be in compliance with, and to the extent that it is within the Broker's control, will continue to be in compliance with:

- All applicable laws, rules, regulations, decrees, pronouncements, directives, orders, and contractual requirements with respect to the origination of each Loan; **AND**
- All other applicable federal, state, county, municipal, or other local laws, including, without limitation, those laws relating to truth-in-lending, real estate settlement procedures act, consumer credit protection, usury limitations, fair housing, equal credit opportunity, collection practices, and real estate appraisals and valuations.
- All applicable anti-money laundering laws and regulations, including but not limited to the Bank Secrecy Act and its subsequent revisions and enhancements, the Customer Identification Program requirements of the USA Patriot Act, Office of Foreign Assets Control requirements (collectively the "Anti-Money Laundering Laws"), and has established an anti-money laundering compliance program as required by the applicable Anti-Money Laundering Laws, and maintains, and will maintain, sufficient information to identify the applicable Mortgagor for purposes of the Anti-Money Laundering Laws.

### Fair Lending Policy

MassHousing abides by the requirements of applicable federal, state, and local fair lending laws, including but not limited to the Equal Credit Opportunity Act ("ECOA") and its implementing regulation, Regulation B and the Fair Housing Act ("FHA") and its implementing regulations, and New York Executive Law §296-a. Accordingly, MassHousing will not engage in the conduct of business upon the pretext of discrimination arising out of race or color, national origin, religion or lack thereof, sex, marital status, familial status, age not relating to capacity to contract, handicap, Borrower receipt of income from a public assistance program, or an Borrower good faith exercise of any right arising under the Consumer

Credit Protection Act of 1968 (Pub.L 90-321, 82 Stat. 146). It is the responsibility of the Broker to follow all applicable federal, state, and local fair lending laws through the origination process.

### Anti-predatory Lending Policy

MassHousing does not fund Mortgage Loans that are subject to the Home Ownership and Equity Protection Act of 1994 (HOEPA), as described in Section 32 of Regulation Z (12 CFR 1026.32). In addition, MassHousing does not fund Mortgage Loans meeting the definition of "residential mortgage transaction", as defined under the Truth-in-Lending Act (a purchase-money loan secured by Mortgagor's principal residence), that have either an annual percentage rate (APR) or total points and fees payable by the Mortgagor that exceed the applicable thresholds under HOEPA.

MassHousing does not fund Mortgage Loans that meet the definition of "high cost," "high risk," "covered," "subprime," or any similar designation under state or local law, regardless of whether any provision of such state law is preempted by federal law with respect to a particular Loan Package.

Predatory lending, of which the following are illustrative and not necessarily limiting, will not be entertained or condoned:

- Collateral or equity “stripping”
- Inadequate disclosure
- Risky loan terms and structures
- Padding or packing
- Flipping
- Single-premium credit insurance

Unfair, abusive, and deceptive acts or practices will not be entertained or condoned.

### Anti-Money Laundering

It is the policy of MassHousing to follow all Anti-Money Laundering laws, including but not limited to the Patriot Act and the Bank Secrecy Act.

### Qualified Mortgage Requirements

MassHousing requires all loans to comply with the Revised General Qualified Mortgage (“QM”) loan definition (12 CFR 1026.43(e)(2)), with exception of QM Exempt Loans as defined below, or otherwise noted in this section.

MassHousing will not fund any loan which is determined to have/be:

- Total origination charges (Section A of the CD) exceeding 2% of the loan amount. The 2% cap includes points and any application/processing/underwriting fees assessed by the broker. MassHousing will allow bona fide discount points to be excluded from the calculation when the broker provides evidence of a commensurate rate reduction.
- A higher-priced mortgage loan (“HPML”), as defined in the Truth in Lending Act (“TILA”), Section 1026.35 of Regulation Z or under state law or regulation, except as noted in this Guide, or
- A high-cost mortgage (“HCM”), as defined in the 1994 Home Ownership and Equity Protection Act (“HOEPA”), Section 1026.32 of Regulation Z or under state law or regulation.

### QM Exempt Loans

Although loan programs administered by MassHousing are exempt from the Regulation Z Ability to Repay Rule (12 C.F.R. § 1026.43), MassHousing will only consider first mortgage loans combined with a MassHousing funded Downpayment Assistance loan (“DPA”) or grant as QM Exempt.

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

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%

A QM Exempt loan that is an HPML must comply with the Regulation Z requirements for higher-priced mortgage loans as provided in 12 C.F.R. § 1026.35.

### Fee Policy

The Broker must provide Borrowers with all required disclosures, except those which are issued by MassHousing. Fees charged must follow all applicable laws and regulations, including those governing permissible fees, maximum fee amounts, timing, and disclosures. In no case may the Broker collect any fee prior to MassHousing issuing a Loan Estimate to the borrower and the borrower indicating their intent to proceed with the transaction.

### Advertising

All participating brokers must ensure that advertising of a MassHousing product is compliant with all state and federal statutes and regulations governing the advertisement of credit including but not limited to the Division of Banks' regulations 209 CMR. 32.00 et seq. and 209 CMR 42.12A(13), the Attorney General's regulation 940 CMR 8.00 et seq. and the Consumer Financial Protection Bureau's Regulation N and Regulation Z.

## **Section 7: Loan Closing & Post Closing**

### Imaged Documents

MassHousing requires brokers to upload loan documents by transmission of electronic image through [eMassHousing](#). In transmitting an electronic image, the broker certifies and warrants to MassHousing that the broker has scanned and electronically provided MassHousing with complete and accurate electronic images.

MassHousing does not require their brokers to conform to any indexing scheme.

Acceptable Image Types include single-page and multi-page TIFs. Additionally, single-page and multi-page PDFs are also acceptable with a minimum PPI (Pixels Per Inch) of 200 however, 300 PPI is preferred.

Brokers will prepare and maintain (for a period of 5 years or such longer period as may be required by applicable laws and regulations) files of the Loan Applications in accordance with applicable guidelines established in the industry and applicable law.

### Loan Closing Instructions

The Broker is responsible to provide any documents necessary to have the CD issued to the Mortgagor by MassHousing (including documentation from third parties) as well as facilitate its signature. MassHousing is responsible to coordinate a signing or closing date for a Mortgage Loan as well as communicate the timing of a closing with all parties to ensure a smooth and timely closing. The Broker will also be responsible to obtain any remaining Prior to Close and/or Prior to Funding conditions left to ensure timely funding within the rate lock

period. MassHousing will use one of our approved Attorney as part of the process. The Attorney will be responsible for all functions necessary to consummate the transaction and disburse funds, including the Broker's fees and the Seller side of the CD.

### Post-closing

The Broker is expected to comply in a timely manner with any post-closing requirements that may arise as part of any post-closing reviews a Loan Package may undergo.

## **Section 8: Mortgage Insurance Fund**

MassHousing's Mortgage Insurance Fund will provide Mortgage Insurance when required to all qualified borrowers.

### Coverages and Premiums

#### **Product MI Coverages and Premiums**

MassHousing MIPlus available on loans insured by MassHousing. The following products carry Charter (Custom) Level MI Coverage:

- FNMA HFA Preferred up to 80 AMI
- WFA 3.0 FNMA HFA Preferred
- FTHB FNMA HFA Preferred
- FHLMC HFA Advantage up to 80 AMI
- WFA 3.0 FHLMC HFA Advantage
- FTHB FHLMC HFA Advantage

The following products carry Standard Level MI Coverage:

- FNMA HFA Preferred over 80 AMI
- FHLMC HFA Advantage over 80 AMI

A wider range of MI Coverages are available for loans not being sold to MassHousing.



**Charter (Custom) Level Coverages**

Applies to the following Products: 1001, 2001, 1005*, 2005*, 1004, 2004	
LTV	Coverage
97% to 95.01%	18%
95% to 90.01%	16%
90% to 85.01%	12%
85% & below	6%
Does not apply to FHA loans	

*\*1005, 2005 WFA 3.0: Provides charter level MI coverage. The MI single premium will be paid directly by MassHousing and does not require remittance from the borrower.*

**Standard Level MI Coverages**

Applies to the following Products: 1002, 2002	
LTV	Coverage
97% to 95.01%	35%
95% to 90.01%	30%

<b>90% to 85.01%</b>	<b>25%</b>
<b>85% &amp; below</b>	<b>12%</b>
<i><b>Does not apply to FHA loans</b></i>	

### MIPlus™

All loans insured by MassHousing since July 2004 feature MIPlus™, a unique borrower protection that helps pay the borrower's mortgage in the event of unemployment.

- Covers 100% of principal and interest payments for up to six months (up to \$2,000/month)
- Comes at no added cost on loans insured by MassHousing
- May be used for any six months during the first 10 years of the loan

The amount of benefit paid is based on the number of borrowers listed on the loan and the share of the unemployed borrower's income used to apply for the mortgage. Eligible borrowers are those who are unemployed, defined as the receipt of unemployment benefits from the Massachusetts Department of Unemployment Assistance (DUA).

Only occupant-borrowers will be eligible for benefits.

Exclusions include a "six month waiting period" from the date of the first mortgage payment due that would need to be satisfied before a borrower would become eligible for benefits. Any borrower receiving more than four weeks of unemployment benefits in the year prior to filing a MIPlus™ claim would be ineligible for benefits. Benefits would be paid in the arrears with borrowers required to produce a full calendar month of unemployment benefit receipts to qualify for a month's payment benefit. As the first month of unemployment benefits usually contains a waiting week, receiving unemployment benefits for the last 3 weeks of the first month will satisfy the requirement for the first month but after that every week during the month is required.

## Section 9: Reference Guides

- Freddie Mac (FHLMC)
- FHLMC Guides [www.freddiemac.com](http://www.freddiemac.com)
  
- Fannie Mae (FNMA) ○
- Fannie Mae Selling Guide [www.fanniemae.com](http://www.fanniemae.com).

## Section 10: Forms

[Please see Broker Resources](#)