

# MassHousing Closing & Post Closing Training

7.17.24

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**If further clarity is needed, please refer to GSE/FHA guidelines**

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# Pre-Closing Requirements

**Before you close a loan with MassHousing, we would like to remind you to review the following items:**

## ***AUS Findings & Final Submission***

- Ensure all data entered in eMassHousing.com matches the final 1003, 1008, IED, Appraisal, UCD, UCDP and that the AUS is in final status (released to MassHousing)
- Verified Assets
- This information should not differ from that stated on the 1003 and 1008. Lender should
- ensure that any earnest money deposit or gift funds stated on the Assets section of the 1003 is accounted for and appropriately reported on the 1008 and AUS finding
- 1003 Declaration Section IV
- Homebuyer Status: First Time Homebuyer must be checked off under the Declarations Page in Section IV of the 1003 and must match what is entered in eMassHousing.com

# Pre-Closing Requirements

**A list of forms/disclosures required to complete loan package can be found on Form L-102 located at [eMassHousing.com](http://eMassHousing.com)**

- B Series forms are required on select loan products; FTHB,WFA
- First-time Home-buyer Requirements/B-Series Forms – B-001, B-011 etc..
- Documents Signed at Application –The Borrower's Affidavit (B-001) should be fully completed (no blanks allowed) and signed by all First-time buyers

**MassHousing's Policy Regarding E-SIGN - MassHousing accepts E-signatures on initial disclosures provided they meet the requirements set forth under E-SIGN and UETA, which requires in part that:**

- Lender obtains the proper consent from the borrower prior to disclosing on signing any documents electronically
- Borrower properly consents to conduct the transaction electronically
- Lender informs borrower of their right to receive physical copies of documents and how to obtain actual copies

# Pre-Closing Requirements

MassHousing Specific Documents			
Required at:	Form #	Form Name	Executed By
Application	B-001	Borrowers Affidavit and Notice of Recapture	First-time buyers only
	B-008	WFA Repayment Disclosure	First-time buyers only
	4506C	Request for IRS Tax Transcripts (3 Years)	By all borrowers at application (obtained through 3rd party vendor)
	LPMI Disclosure	Lender Paid Mortgage Insurance Disclosure (only on LPMI Loans)	Borrowers at or before commitment when applicable
Closing	B-003	Uniform Mortgage Rider	Borrowers in purchase transactions only
	B-004	Rehabilitation Rider	Rehab loans only
	B-009DPA	WFA 2nd DPA TIL	Borrowers at closing
	B-011	MassHousing Homeowners Questionnaire	<u>All Borrowers (Completion of form optional; signature required)</u>
	SS-89	SSN Verification Request	Lenders must verify SSN prior to closing by using this form or a third-party vendor
	L-103	Notice of Servicing Transfer	Given to Borrower at closing

[Click here to access Forms and Checklists](#)

# Pre-Closing Requirements

## Condo Requirements

- Master Policies evidencing walls-in or basic coverage are required on all condos
- If a master policy does not include walls-in and fixtures, HO-6 coverage is required and must be agreed upon by both the insurer and the insured
- Designated unit number must be included on the note, mortgage, and the AUS loan case file
- Unit number should appear as it does on the deed
- 6D certificates are required on all transactions whether purchase or refinance\*(exceptions may be granted on two-unit condos)

## Arbitration Agreement

- Two-unit condos must have an arbitration agreement in the absence of by-laws

## Plot Plans or Surveys

- A plot plan or survey dated within 120 days of closing is required for both purchase and refinance transactions\*
- A title policy insuring against survey defects may be used in lieu of a survey
- Survey affidavits are not allowed

## Municipal Lien Certificate

- A recorded MLC is required only on purchase transactions (MLCs on refinance transactions don't need to be recorded)

# PMI Disclosure Requirements

***HOEPA does not cover multi-family transactions  
(Refer to 5/18/2018 announcement on AllRegs for more information)***

**If a disclosure is provided on a multi-family, it must show MI is required for the life of the loan, as indicated on the Mortgage Certificate**

- While an Amortization Schedule is not required for multi-families, if it is provided, it must reflect MI for the life of the loan
- Initial PMI disclosures are required on Single Family and Condos with Conventional loans
- MI Cert is found in the Summary of Data page on MassHousing's portal (emasshousing)
- The LE and CD APR calculations are to include MI based on the 360 payments, in accordance with the MI Certificate

## **FHA MIP**

- Initial PMI disclosures are not required, but the Mortgage Insurance Certificate "MIC" is due to MassHousing via MetaSource within 90 days of loan purchase
- Lender must document all MIP payments remitted to HUD with a current pay history prior to loan purchase. If two or more payments have come due at the time MassHousing purchases the loan, all MIP payments should be sent to HUD
- Lender is responsible for all penalties or interest charges incurred due to non-payment, or late payment of the MIP
- It is the lender's responsibility to complete the submission of the loan to FHA for endorsement no later than 60 days from loan closing

# Loan Requirements

## **Prepaid Interest at Closing/Interest Credit**

- MassHousing does not allow interest credits or long pays
- Prepaid interest is calculated on a 365 calendar and is collected through the last day of the month, including the day of disbursement, by the lender
- No prepaid interest is collected on loans disbursed on the first day of the month

## **Power of Attorney may only be used by:**

- A borrower fulfilling a military obligation
- The property seller

## **Title Policy and Title Commitment**

- Both required by MassHousing

# Escrow Requirements

## Purchase and Refinance Transactions

- Purchase transactions must close and fund the same day. MassHousing does not allow loans to be closed in escrow
- Taxes, property insurance, HO-6 policy (where applicable), flood insurance and mortgage insurance are required escrow items
- Add 2 months cushion for all except MI

## Property Insurance

- Proof of property insurance payment is required either via paid-receipt or updated insurance binder showing “paid-in-full” status for the first year. It may be paid at closing

## Real Estate Tax

- New Construction/condo conversion: Borrower should be qualified and escrowed at the higher tax amount (appraised value X tax rate)

## Residential Exemption

- Lenders should underwrite at the full annual tax and not apply current seller’s exemption



# Appraisal and UCDP

## Uniform Collateral Data Portal (UCDP)

- All first mortgage lenders must be registered on the UCDP website in order to electronically submit the required appraisal reports
- The Lender or its agent must upload the appraisal into UCDP and ensure the appraisal's "Successful" submission before closing the loan
- If revisions are made to an appraisal report after it was submitted, the revised appraisal should also be submitted
- A copy of the Submission Summary Report (SSR) for both Freddie and Fannie must be in every loan package submitted to MetaSource for review

# Mortgage Standards

## Mortgage Electronic Registration System (MERS)

- Lenders must be active on MERS
- Lenders are required to submit all loans on MERS as Original Mortgagee (MOM) mortgage documents
- For lender utilizing warehouse lines, MIN registration should reflect lender as Servicer/Investor and the warehouse lender as the Interim Funder
- MERS is required on all DPA product (MassHousing to reimburse fee on 2nd lien)
- MassHousing's MERS # is:1003242

## Riders

- B-003 Uniform Mortgage Rider is required on the First Time Home Buyer Conventional (whether or not DPA is utilized) and the Workforce Advantage
- B-004 Rehabilitation Uniform Mortgage Rider is required on rehab loans
- All applicable standard mortgage riders are required (condo, multi-family)

# Note Standards

## Lender Reconciliation

Send Original note to One Beacon Street, Boston, MA 02108, Attn: HomeOwnership Purchasing Department and a copy to MetaSource

Lenders close in their own name and endorse Note to Massachusetts Housing Finance Agency

Address must match on all documents

<b>Pay to the Order of:</b> <b>Massachusetts Housing Finance Agency</b> <b>Without recourse:</b>	← Use our FORMAL name!
_____ <b>Authorized Agent</b>	Endorsements cannot be signed Attorney-In-Fact by warehouse lenders
_____ <b>Signature</b>	
_____ <b>Company Name</b>	Allonges are acceptable
_____ <b>Date</b>	

## Bailee Agreement & Warehouse Lines require a tri-party Bailee Agreement

- Lenders may only use ONE warehouse line (If you are going to change your warehouse line be sure to contact MassHousing immediately)
- Notes are to be delivered to MassHousing along with the Bailee letters
- Bailee changes can take time-if you are changing warehouse lines, please give adequate notice. Wires will not be sent to any unapproved instructions.

# Lender Notifications

## **Insurance Carrier, Agent and Vendor Notification**

Copies of required notices mailed to insurance carriers/agents and related vendors must be submitted to MetaSource upon funding of the loan. These are considered post-purchase trailing documents

These include initial primary mortgage insurance policies, property insurance, and any applicable unit certificates for condos of the master policy, HO-6 binder, and flood insurance (when required), and life-of-loan flood determination certificate, all properly endorsed

## **Insurance Notifications**

### **Property Insurance - Mortgagee Clause Massachusetts Housing Finance Agency**

Its Successors and/or Assigns, as their interests may appear

PO Box 2111

Carmel, IN 46082

### **Flood Certificate / Insurance -Transfer Letter**

Massachusetts Housing Finance Agency One Beacon Street

Boston, MA 02108 – 3110

Attention: Home Ownership

# Fees

## Standard Fees:

- \$300 Processing Fee \$205 Mortgage Recording Fee \$85 Tax Service Fee and \$89 Hazard Insurance Tracking fee to be disclosed at Application and collected at Closing. Fees on the 2nd DPA Lien is \$205 recording fee. Lender fronts \$11.95 MERS fee which is reimbursed at closing
- Late Delivery/Rate Extension Fees:
- All loans must be closed, disbursed, and received by MassHousing on or before the rate lock expiration date. Loans received by MassHousing after the rate lock expiration dates are subject to our rate lock extension policy.

***MassHousing will complete a review of a loan file prior to MassHousing purchasing the loan. When document errors and omissions are cited a Conditions Notice will be issued to the lender.***

**Lenders will have 7 days from issuance of the Conditions Notice to cure any outstanding items.**

- On day 8 a fee of 0.02pts-per day-will be assessed until the file is cleared for funding.

**Rate Lock Extension Fee Schedule: deducted at time of loan funding from base price.**

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

# Funding Policy

## **Prior to 15th of the month**

- Loans funded prior to the 15th of any month will be funded at the current principal balance and escrow balance MINUS any escrowed items which become due within 30 days after funding.
- The Lender shall be responsible for payment of escrowed items in a timely and accurate manner, except for MI premiums
- MassHousing remits MI premiums to the Mortgage Insurance Fund (MIF) post-purchase

## **On or after 15th of the month**

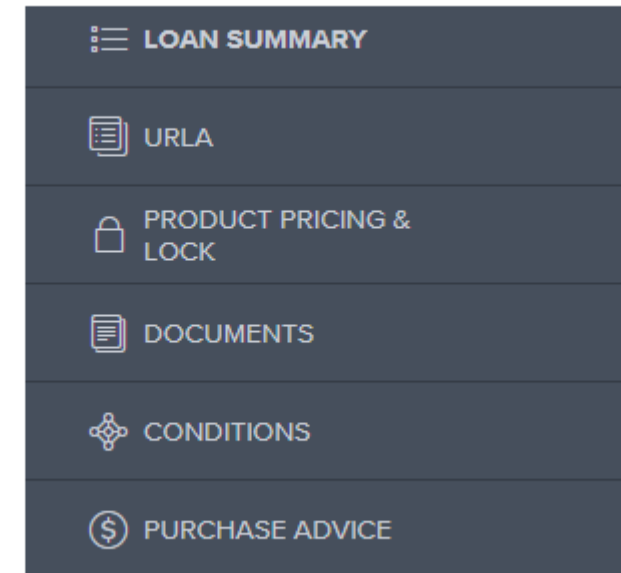
- Loans funded on or after the 15th of the month will be funded at the principal balance after the amortization of the next scheduled payment due.
- Escrow balance will include escrow funds from borrower's payments collected by the Lender.
- We will net back to the lender amounts for any escrowed items which become due within 30 days after funding.
- At time of funding, escrows will be netted from proceeds. There will be a line item for any escrow adjustments. e.g., RETAXADJ for taxes due within 30 days of funding.

# Purchase Advice

**An itemized report of adjustments to the net funding amount is accessible via the Report tab on eMasshousing.com**

## ***Fees Adjusted from Wire:***

- Per Diem Interest (where applicable)
- Purchase Interest (where applicable)
- Loan Premium (where applicable)
- Loan Discount (where applicable)
- Tax Service Fee = \$85
- Insurance Tracking Fee = \$89
- MassHousing Processing Fee = \$300
- Escrows as detailed on the Initial Escrow Disclosure
- Any applicable late delivery and/or extension fees



# Best Practices

- Loans must be closed on [www.emasshousing.com](http://www.emasshousing.com)
- Lenders should check loan package against the L-102 Document checklist (available on [www.emasshousing.com](http://www.emasshousing.com) ) and include the form in the package delivered to MetaSource
- The L-102 should provide the name and email address of contact person to ensure timely receipt of the Discrepancy Report
- There must be full documentation of any changed circumstances that led to re-disclosure of CD and/or LE
- 6D Certificates are required on both purchase and refinance transactions
- Proof of payment for insurance either via paid-receipt or updated insurance binder showing “paid in full” is required
- Only applicants are allowed on MassHousing loans. Names and/or signature on loan documents of anyone not on the application is not acceptable (non- borrowers cannot appear on ANY documents not even the insurance binder)
- Non-borrowing individuals may not hold title



# Sign-up for MassHousing Announcements

Subscribe for MassHousing's Homeownership announcements

For more information on our updated guidelines on Tax Transcripts, Smoke Certifications, Appraisals and much more, please visit [emasshousing.com](https://emasshousing.com)

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Production Emails

MassHousing product news, updates, tips  
and information delivered right to your inbox.

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*Thank You!*