

A man and a woman are embracing each other from behind in a warm, affectionate manner. They are standing in front of a two-story house with a porch. The woman is wearing a red and white plaid shirt, and the man is wearing a blue denim shirt. The house has a dark brown door and white trim. The scene is set outdoors with greenery visible in the background.

# New MassHousing Underwriting Overview

# Disclaimer

*The purpose of this presentation is to acquaint the lender with the various MassHousing programs. These programs typically adhere to FNMA, FHLMC or FHA guidelines. While every effort has been made to ensure the reliability of the session contents, Fannie Mae, Freddie Mac, and FHA Selling Servicing Guides and updates including announcements and release notes are the official statements of Fannie Mae, Freddie Mac, and FHA policies and procedures.*

*We strongly suggest using the resources directly available at:*

[Fanniemae.com](https://www.fanniemae.com)

[Freddiemac.com](https://www.freddiemac.com)

[hud.gov](https://www.hud.gov)

[allregs.com](https://www.allregs.com)

*MassHousing Reminders: Borrowers must owner occupy the subject property, not own any other real property at the time of closing and meet our compliance income limits for the appropriate product*

# PRODUCT OFFERINGS

- **WFA 4.0**
- **WFA FHA 4.0**
- **FTHB**
- **FTHB FHA**
- **FNMA HFA Preferred and FHLMC HFA Advantage Up To 80% AMI**
- **FNMA HFA Preferred and FHLMC HFA Advantage Above 80% AMI**

[Link to Product Matrix](#)



# MassHousing Overlays





# What's Unique

## Borrower Eligibility

- Borrower(s) **must** owner-occupy the subject property
- Borrower **may not own** any other residential real estate at the time of closing
- **All borrowers** must be on the note, mortgage and deed
- We **do not allow** non-occupying co-borrowers or co-signers
- Borrower to **complete homebuyer counseling** “HBC” from a MassHousing approved Agency
  - HBC required for First Time Homebuyer transactions
  - Landlord counseling required on purchase transactions of 2-4 family properties

*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. In the event that there is more than one borrower on a loan with this requirement, each borrower must meet the three-year requirement.*

# What's Unique

## Loan Documentation

- **Three most recent and consecutive tax transcripts for all borrowers**
- **HO-6 Policy-** A HO-6 Policy is required when the master insurance policy is not an “All-in” policy covering the interior of the unit or its improvements, alterations, fixtures and equipment, regardless of ownership. The policy must be presented at closing and paid in full for the first year.
- **B documents for FTHB transactions**
- **Lenders to supply documentation used to determine project eligibility with the closed loan submission.**

# What's Unique

## Property (3.8 Property Assessment)

- **50% owner occupancy** requirement for established condominium projects
- **Current** owner/seller **must** have held title (deed recorded) for at least 30 days prior to application.
- 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.

# What's Unique

## Ineligible Properties (3.4.2 Ineligible Properties)

- 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)
- 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 accessory dwelling units



# What's Unique

## 3.3.7: Power of Attorney

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

## 3.3.8: 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. Lenders 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.

# Acceptable AUS Findings

## 3.5.2: Automated Underwriting Systems (AUS)

MassHousing will purchase mortgage loans that conform to the applicable MassHousing mortgage product and requisite AUS engine, and those detailed in MassHousing product matrix. MassHousing only purchases loans that receive the following AUS recommendation:

- DO<sup>®</sup>/DU<sup>®</sup> Approved/Eligible;
- DO<sup>®</sup>/DU<sup>®</sup> Out of Scope (Please see [Section 3.7.2](#) for additional information on “Out of Scope”);
- LPA<sup>®</sup> Eligible/Accept;
- LPA<sup>®</sup> Ineligible/Incomplete due to reasons outlined in [Section 3.7.2](#) (Out of Scope) and;
- LPA<sup>®</sup> Ineligible/Accept (due to FHA product submission in LPA).

Please note: FHA Total Scorecard must be run on all loans and utilized through DO<sup>®</sup>/DU<sup>®</sup>, LPA<sup>®</sup>

# Credit Assessment

## 1. : Collection Accounts, Charge offs, and Judgements

MassHousing requires lenders to follow the guidance of the AUS and respective selling guide of the GSE, or FHA Handbook 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.



# Condo Projects



3/18/2024



# Condo Projects

## 3.8.10: 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 lenders review of Sales Contracts, or certification from the Developer, Management Agent or Builder. Lenders are responsible for conducting their due diligence, and responsible for the representation and warranty of the sales information.

### **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**

For new construction projects, MassHousing accepts GSE's consolidated review method of the Condominium Project Manager (CPM) or a full review by lender. At least 50% of units must be sold or presold as a principal residence.

# Condo Review

## 3.8.9: 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="#">FannieMae Form 1076/FreddieMac 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>
New Project review	<ul style="list-style-type: none"><li>• * HOA Questionnaire (<a href="#">FannieMae Form 1076/FreddieMac 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>



# Condo Review cont.

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="#">FannieMae 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">https://guide.freddiemac.com/app/guide/content/a_id/1000693</a>	<ul style="list-style-type: none"> <li>• * HOA Questionnaire (<a href="#">FreddieMac 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="#">FannieMae Form 1076</a>/<a href="#">FreddieMac 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> Lenders 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.



# Compliance Income





# Compliance Income

## Borrower Annualized Income

- Income from **all** borrowers on the mortgage, note, and deed, from all sources, annualized forward.

**Seller Guide Section  
(Income Assessment 3.6)**

## Household Annualized Income

- Income from **all** household members to occupy the subject property from all sources, annualized forward.

**Seller Guide Section  
(Compliance Income 3.6.1)**

- ✓ 75% of rental income from the subject property used to qualify must be included in compliance Income.
- ✓ Grossed-up amount of non-taxable income must be included in annualized income.



# Compliance Income

## WFA Reminders

- The [L-106](#) must have all sections completed, signed and dated. This includes household members relationship to borrowers, town/city the property will be located in etc. Then be sure this information matches up to the information in [emasshousing.com](http://emasshousing.com)
- If applicable, review [L-107](#) for all borrowers and household members over the age of 18 earning *ZERO* income.
- When reviewing the recent federal tax return be sure it matches up to corresponding W2's provided. If it does not, then ask for the remaining W2's.
- Confirm the employment section in [emasshousing.com](http://emasshousing.com) matches W2's provided. If they do not, input the information and obtain a verbal VOE to ensure this is a previous and not current employer.

# Compliance Income

There are two ways to determine compliance income

1. Using a [numbered calendar](#) and the pay period ending date, divide the number of weeks the total gross earnings **OR**;
2. Utilize a constant deduction on the paystub, such as Dental, Medical, or Long-Term Disability.

Dental -  $8.81 / 123.34 = 14$  pay periods x  
2 (*bi-weekly*) = 28 weeks  
 $46,090.70$  (gross) / 28 X 52 = 85,597.01

Earnings		rate	salary/hours	this period	year to date
Regular		2769.24	80.00	2,769.24	36,889.44
Wknd Bon				916.52	9,201.26
Gross Pay				\$3,685.76	46,090.70
Deductions		Statutory			
		Federal Income Tax		-244.17	2,535.35
		Social Security Tax		-227.90	2,848.53
		Medicare Tax		-53.30	666.19
		MA State Income Tax		-159.32	1,871.58
		Other			
		Dental Pretax		-8.81*	123.34
		Ee Vol Life		-1.81	
		Ma Fli		-4.05	51.18
		Ma Mli		-7.67	96.74
		Vision Pretax		-7.69*	107.66
		401K Traditiona		-221.15*	2,765.43
Net Pay				\$2,749.89	
Checking 1				-2,499.89	
Savings 1				-250.00	
Net Check				\$0.00	

## Earnings Statement



Period Beginning: 07/02/2023  
Period Ending: 07/15/2023  
Pay Date: 07/14/2023

Other Benefits and Information		this period	total to date
Current Accrual		6.15	
Group Term Life		6.50	84.28
Pto		44.49	
401K Er Match		110.57	

## Important Notes

YOUR COMPANY PHONE NUMBER IS 781-566-5066

BASIS OF PAY: SALARY

## Additional Tax Withholding Information

Taxable Marital Status:  
MA: Single  
Exemptions/Allowances:  
MA: 1(Head of Household)

# Compliance Income

## Recent raise scenario:

**p/p ending 5/13 - 16,427.85/20 wks x 52 = 42,717.44**

**Base - \$810/wk x 52 = 42,120**

**p/p ending 5/13 OT/other - 1,739.33/20 wks x 52 - 4,522.20**

**Total -46,642.20**

## Reminders:

- Compliance income must be the same or higher than qualifying income.
- Provide Compliance income calculations on 1008 or income calculation worksheet.

Earnings				Other Benefits and Information	
	rate	hours	this period	year to date	
Regular	20.2500	40.00	810.00	14,688.52	this period
Overtime	30.3750	9.07	275.50	1,729.33	total to date
BN LKB9				10.00	
				16,427.85	
<b>Gross Pay</b>			<b>\$1,085.50</b>		
<b>Deductions</b>					
<b>Statutory</b>					
Federal Income Tax			-94.06	1,250.13	
Social Security Tax			-67.30	1,018.53	
Medicare Tax			-15.74	238.20	
MA State Income Tax			-50.12	758.56	
MA Paid Family Leave Ins			-1.19	18.07	
MA Paid Medical Leave Ins			-2.26	34.17	
<b>Other</b>					
BasicEELife			-9.19	183.80	
<b>Net Pay</b>			<b>\$845.64</b>		
CHECKING			-845.64		
<b>Net Check</b>			<b>\$0.00</b>		
<b>Important Notes</b>					
COMPANY PHF:1 508 397 6535					
BASIS OF PAY: HOURLY					
<b>Additional Tax Withholding Information</b>					
Taxable Marital Status:					
MA: Single					
Exemptions/Allowances:					
MA: 0					

Your federal taxable wages this period are  
\$1,085.50



# Obtaining Mortgage Insurance





Choose options from selections provided:  
Get Quote or Get Certificate

WELCOME PIPELINE ADD NEW LOAN SCENARIOS QUICK LINKS ▾

**Billy Bob**  
437 Whisky Street, Salem, MA, ...  
03-Test TPO UCT Del

Loan Number: 6003523  
Loan Purpose: Purchase  
Total Loan Amou...: \$275,000.00

Note Rate: 3.250%  
Program: -  
Decision FICO: 680

DTI: 38.288%  
LTV: 96.831%  
CLTV: 96.831%

Started  
C 1st 🔒 📧 👤

**LOAN SUMMARY**

URLA

Additional Informati...  
Additional Inform...  
Lender Loan Inform...  
L1. Property and ...  
L2. Title Informati...  
L3. Mortgage Lo...  
L4. Qualifying the...  
L5. Homeowners...

**MI Plus**

MI Only: Select... ▾  
Coverage %: Select... ▾  
Premium Frequency: Select... ▾  
Premium Source: Select... ▾

Get Quote Get Certificate

## MI Certificates

MI Certificates should be generated after receipt of final loan data and underwriting. The MI certificate is the only guarantee of premium and the amount from an updated and accurate MI certificate is what should be disclosed to the borrower. The MI certificate should be rerun before closing.

**Please note changes to your loan file will affect your MI premium and will require a MI Certificate to be generated. Any changes to the following data will require a Certificate:**

- FICO
- DTI
- LTV
- CLTV
- First Time Homebuyer Status
- Property Location
- Total number of units for property
- Income (AMI Percentage)
- Loan Amount
- MI coverage

# In the Documents section download your Quote or Certificate

The screenshot shows a web application for loan management. A red arrow points to the 'DOCUMENTS' link in the left sidebar, which is also marked with a circled '1'. Another red arrow points to the 'Browse for files' button in the 'MI QUOTE' section of the document list.

**Navigation Bar:** WELCOME | PIPELINE | ADD NEW LOAN | SCENARIOS | QUICK LINKS ▾

**Loan Summary:**

<b>Billy Bo</b> 437 Whisky Street, Salem, MA, 01970 03-Test TPO UCT Del	Loan Number: <b>6003509</b> Loan Purpose: <b>Purchase</b> Total Loan Amount: <b>\$275,000.00</b>	Note Rate: <b>3.250%</b> Program: <b>-</b> Decision FICO: <b>700</b>	DTI: <b>38.288%</b> LTV: <b>96.831%</b> CLTV: <b>96.831%</b>	Started: <b>C</b> <b>1st</b>
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**Left Sidebar:**

- LOAN SUMMARY
- URLA
- PRODUCT PRICING & LOCK
- 1 DOCUMENTS**
- CONDITIONS
- PURCHASE ADVICE
- LOAN ACTIONS

**Documents Section:**

Max attachment size is 200 MB. View Supported Files. [Expand All](#) [Collapse All](#) [+ Add Document](#) [Print Fax Cover Sheet](#)

All Borrowers	
▶ MI DETAILS	<a href="#">Comments</a> <a href="#">Drag &amp; Drop files here or Browse for files</a>
▼ MI QUOTE	<a href="#">Comments</a> <a href="#">Drag &amp; Drop files here or Browse for files</a>

**Document List:**

MI_QUOTE	1.72 MB 02/25/2022 8:46 AM Lisa Flandaca	
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# Exception Requests





# NEW Exceptions Document-effective for loans registered with a product

on or after June 1<sup>st</sup>.

The exceptions document container will fire when an exception can be considered by MassHousing's underwriting team.

The screenshot shows a web application interface for managing loan exceptions. On the left is a dark sidebar with navigation links: 'URLA', 'PRODUCT PRICING & LOCK', 'DOCUMENTS' (highlighted in green), 'CONDITIONS', 'PURCHASE ADVICE', and 'LOAN ACTIONS' (which includes 'Import Additional Data' and 'Withdraw Loan'). The main content area has a light gray header with a note 'Max attachment size is 200 MB. View Supported Files.' and buttons for 'Expand All', 'Collapse All', '+ Add Document', and 'Print Fax Cover Sheet'. Below the header, a white box labeled 'All Borrowers' contains the names 'Benjamin Meneses, Oscar Meneses'. The interface lists three review items: '\*EXCEPTION REVIEW', '\*INCOME CERTIFICATION REVIEW', and '\*SUBORDINATE PREPURCHASE REVIEW'. Each item has a 'Comments' link and a file upload section with the text 'Drag & Drop files here or' and a 'Browse for files' button.

Prior to submission- please ensure the loan is fully underwritten. Your underwriter should send an email to [holoanreview@masshousing.com](mailto:holoanreview@masshousing.com) stating the request for an exception and compensating factors.





Please contact our team for further questions, or email us at  
[holoanreview@masshousing.com](mailto:holoanreview@masshousing.com)

# THANK YOU!

