



IMPORTANT LENDER UPDATE

201 West Washington Avenue, Suite 700 | Madison, Wisconsin 53703 | (608) 266-7884 | wheda.com

July 12, 2019

Housing Finance Authorities have always enjoyed variances that identify us as independent from the private sector. The reason is simple: WHEDA is mission-based and provides necessary financing and assistance to moderate to low income borrowers and underserved populations that were not available through conventional private sector programs.

On June 7th, 2019, we sent out an announcement titled [“IMPORTANT LENDER INFORMATION”](#) that identified sweeping changes and another big step Fannie is making towards limiting the small public sector authority programs designed specifically for moderate to low income borrowers and underserved populations.

We would like to update our Lending Partners with a timeline for new information from Fannie regarding their decisions that we will be required to implement and will go into effect on **DU Casefile ID’s issued on or after September 5, 2019.**

July 20th, 2019

- In addition to the [December 2018 release of DU 10.3](#) which impacted the frequency of an Approve/Eligible recommendation, Fannie Mae will be implementing additional [DU eligibility changes](#) based on their intent to “better align the mix of business delivered to Fannie Mae with the composition of business in the overall market.”

What this means:

- **“As a result, certain new loan casefiles submitted to DU on or after July 20, 2019 will receive an Ineligible recommendation when multiple high-risk factors are present.”**
- Fannie has not defined what the “multiple high-risk factors” are, however they have defined the [risk factors evaluated by DU.](#)

September 5th, 2019 - casefiles submitted to DU on or after September 5, 2019.

- **Advantage Conventional Risk Share (No MI).**
- Fannie has restricted the use of this program to Borrowers whose QUALIFYING Income is at or below **80% AMI (attached). These 2018 limits are the subject to change.**
 - No exceptions.
 - No additional changes to pricing, rate etc.
- **Advantage Conventional Preferred Product (with MI).**

- Fannie Mae has restricted the use of Charter Level coverage to Borrowers whose QUALIFYING Income is at or below **80% AMI (attached)**.
 - No exceptions.
 - No additional changes to pricing, rate etc.
- WHEDA will still offer loans thru the Advantage Conventional Preferred (with MI) program to Borrower(s) whose QUALIFYING INCOME greater than **80% AMI (attached)**, however Fannie requires:
 - Lenders use Standard Level coverage and factors.
 - A projected .375% increase in rate.

What this means

- **NEW:** ALL Advantage Conventional loans will be priced based on **QUALIFYING INCOME**
 - *WHEDA household (compliance) income limits, purchase price limits, and credit requirements still apply for the WHEDA first mortgage program.*
- **NEW:** Advantage Conventional Preferred (with MI) will have two pricing models on the rate sheet.
 - Borrowers with QUALIFYING INCOME less than or equal to **80% AMI (attached)**.
 - Borrower's with QUALIFYING INCOME greater than **80% AMI (attached)**.
 - The interest rate to be .375% higher, as projected by Fannie Mae.
- **NEW:** Advantage Conventional Risk Share (No MI).
 - No pricing changes but loans are limited to Borrowers with income at or below **80% AMI (attached)**.

Fannie Mae has provided information related to modifications to their HomeReady program ([Fannie Mae Lender Letter](#)) that will go into effect on July 20, 2019. While we continue to get new information from Fannie; the above changes go into effect on **DU Casefile ID's issued on or after September 5, 2019.**

How is WHEDA Single Family planning to address and implement these changes?

As information has been slow to come in, our staff has been working diligently to be make the changes necessary to have a smooth transition for our Business Partners. This includes, but is not limited to:

- Revising our rate sheet to clearly communicate the changes.
- Modifying our Lender Toolkit and working on providing additional Lender Tools to help as needed
- Adjusting our training modules and presentations.
- Planning new Road Shows to train our Lender Partners and keep them informed.
- Investigating all alternative options to mitigate these changes and continue to provide the programs and service you have come to expect from us.

We are deeply disappointed in Fannie's sweeping changes. They will only serve to reduce our ability to follow our mission and dramatically decrease the number of low to moderate income families and underserved populations that will achieve homeownership through our programs.

In our estimation, these changes seem to contradict Fannie's stated obligation in terms of [access to credit](#) as detailed in their [Duty to Serve](#).

We value our partnerships and work tirelessly to provide the kind of programs our Lending Partners need to facilitate our mission of by providing affordable housing for the residents of the State of Wisconsin.

Thank you for your partnership and look forward to our continued relationship as we navigate these changes.

