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**Welcome to WHEDA's New Look!**

“WHEDA Orange” is officially yesterday’s hues. Earlier this week, WHEDA unveiled a new corporate logo and color scheme. [Click here](#) to read a statement announcing the change. The new logo and color scheme now adorn most of the pages at [www.wheda.com](http://www.wheda.com) but it will take some time before all of the forms and exhibits Lenders use when conducting business with WHEDA will change. Please be patient as we make the transition to our new look!

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**Growing Your WHEDA Advantage in 2014**

Coincident with the change in our corporate logo and colors, WHEDA is sharing with Lenders our roadmap for changes that will reshape our wholesale and correspondent mortgage lending business in 2014 and beyond. The changes include:

- Introduction of a new, easy-to-use, Lender-focused website ([click here](#));
- Introduction of a Mini-Correspondent (“Mini-Corr”) delivery channel;
- Our transition to channel-specific price grids featuring rate and price/point options;
- Introduction of a new Policies and Procedures Manual (the “Manual”) featuring several policy enhancements and clarifications ([click here](#));

- Introduction of an online portal, called [WHEDA-Connect](#), through which lenders will be able to lock loans, manage tasks and conditions, and securely upload loan data and documents; and
- A look ahead to new products WHEDA will roll out in the second half of the year.

Lenders are encouraged to attend a web-based presentation titled “Growing Your WHEDA Advantage” that details the changes. To sign up to attend the webinar, [click here](#). To obtain a copy of the presentation used in the webinar, [click here](#). To assist Lenders with these changes, WHEDA has developed a series of Job Aids. Here’s a description of the Job Aids currently posted in the [Toolkit Section](#) of the new Lender website:

- The Manual: An Overview of Policy Changes – This Job Aid lists all of the policy and procedure changes incorporated in the Manual. This 7-page document cites section locations that make it easy for Lenders to refer to the Manual.
- Lender’s Warranty: What’s Different? – This Job Aid is a “redline” comparison showing changes made to Form 13. Effective with loans locked on or after April 1, 2014, Lenders no longer have to sign and submit the Lender’s Warranty (Form 13). Instead, the Lender’s Warranty has been incorporated into the Manual ([Section 12.06](#)) and is effective with every loan delivered to WHEDA.
- Timetable Overview: From Commitment through Post-Closing – This Job Aid provides a visual depiction of key deadlines and timeframes when submitting loans to WHEDA. Failure to meet certain deadlines could result in penalties, expiration of a commitment or possibly repurchase/non-purchase of a loan.

The remainder of this Lender Update highlights the more substantial policy changes incorporated into the Manual. All changes are effective with loans rate locked on or after April 1, 2014, unless otherwise noted.

### **Implementation of a New End-to-End Business Platform**

Many of the changes WHEDA is announcing today are made possible by our migration to a new end-to-end mortgage loan origination system (“LOS”) that will help WHEDA streamline many facets of its business. One enhancement that will come later this summer is an online portal through which Lenders will be able to:

- Register loans;
- Rate lock (commit) loans;
- Check loan status;
- Sort the pipeline;
- Manage loan-level tasks and conditions;
- Assign staff to a loan;
- Submit electronic documents; and
- Import a DU 3.2 or Calyx Point file.

WHEDA’s new LOS platform, which we will begin using with loans registered or locked at some point in April, is LendingQB®, developed by Meridian Link, a Costa Mesa, California-based company best known for its PriceMyLoan® automated underwriting and loan pricing engine. For information about LendingQB, [click here](#) to visit the company’s website.

There are two (2) major phases in WHEDA’s implementation of LendingQB. Phase I begins in April when WHEDA starts entering all new loans in LendingQB. There will be little impact to Lenders during this phase other than the following:

- Forms and notices Lenders receive from WHEDA will look different and may contain somewhat different information than they currently do (e.g.: Rate Lock Confirmation, Approval Certificate, Suspense Notice, Funding Confirmation, etc.); and
- Loan-level communication will occur through email to the contacts the Lender specifies on the Rate Lock Management Form ([Form 1](#)).

Phase II will begin later this summer. Phase II will give Lenders the ability to register and lock loans through WHEDA-Connect, our online portal powered by PriceMyLoan. More information regarding WHEDA-Connect, including a User's Manual, will be provided as we get closer to Phase II implementation.

### **Mini-Corr Delivery Channel Introduced**

WHEDA's new Mini-Corr Channel is a hybrid of our Broker and Correspondent Channels in that:

- WHEDA underwrites all loans; but
- Lenders close loans in their name and with their funds and present them to WHEDA for purchase.

The benefit of this channel is that Lenders are able to eliminate buyback risk due to underwriting negligence while maximizing loan delivery and pricing flexibility. Policies and procedures relating specifically to the Mini-Corr Delivery Channel are in [Chapter 6.00](#) of the Manual. Here's an overview:

- Minimum net worth of \$1,000,000 required to participate.
- Lenders must use Fannie Mae's Desktop Originator® (DO®) under WHEDA's sponsorship.
- Conventional loan programs only (no FHA).
- Available for locks beginning April 1, 2014.
- WHEDA will pay a price of 101.750 in the Mini-Corr Channel.
- To register to participate in the Mini-Corr Channel, send an email to [qualitycontrol@wheda.com](mailto:qualitycontrol@wheda.com).

### **Transition to Channel-Specific Price Grids**

Effective, April 1, 2014, WHEDA will provide delivery channel-specific price grids. These grids will look substantially different from our current presentation of rates and pricing, and are being introduced now to facilitate WHEDA's migration to multiple rate/price options that will become available once WHEDA-Connect is introduced later this summer.

WHEDA will begin publishing the daily price grids immediately upon this announcement so that Lenders can get accustomed to the new format for presenting rates and prices/points. However, WHEDA will continue to send a daily rate e-mail in the current format through March 31. Additionally, under the "Price Grids" heading in the Toolkit Section of the Lender website, WHEDA will maintain a link called "Today's Rates" that Lenders may refer to for rates effective through March 31:



On April 1, the “Today’s Rates” link will be removed, and the channel-specific price grids will become effective. WHEDA will continue to send a daily rate email, but the email will contain links to the price grids effective for each delivery channel that day. Once a price grid has been replaced, it will be placed in the Price Grid Archive where it will remain for sixty (60) days.

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**Reading the New Price Grids**

Each price grid will have a green-shaded rate and price. Lenders must select this green-shaded rate and price when committing a loan via paper-based method (e.g.: Faxing Form 1 to the Lock Desk). Once WHEDA-Connect is available, Lenders who rate lock loans through the portal will have access to the full price grid, including all rate and price options.

Please note that the Correspondent and Mini-Corr Channel price grids reflect a pricing schema where Par equals 100.000; whereas the Broker Channel Price Grid reflects a point schema where Par equals 000.000 and a WHEDA-Paid Compensation Plan of 1.75% is assumed. To view samples of the new price grids as they are posted each day, please refer to the grids posted under the “Price Grids” heading in the Toolkit Section of the Lender website.

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**Compensation Changes**

Effective with loans locked on or after April 1, 2014, the following changes to compensation will take effect:

- Mini-Corr Channel loans will receive a price of 101.750.
- Correspondent Channel loan pricing will increase 000.250 to:
  - 102.000 for Conventional loans, and
  - 102.500 for FHA loans.
- Broker Channel loans will remain under a 1.75% WHEDA-Paid Compensation Plan.
- WHEDA will eliminate its minimum and maximum compensation thresholds of \$1,500 and \$5,250.
- Lower loan amounts will receive the following pricing adjustments in the Correspondent and Mini-Corr Channels:

Loan Amount	Adjuster
\$70,000 or greater	0.000
\$60,000 - \$69,999	+ 0.125
\$50,000 - \$59,000	+ 0.250
\$49,999 or less	+ 0.375

**Please note:** After these changes take effect April 1, 2014, WHEDA will no longer announce changes to loan pricing in Lender Updates. Pricing changes will be communicated through the daily price grids. However, any changes to WHEDA-Paid Compensation Plans (Broker Channel only) will continue to be announced via Lender Updates.

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**Revised Rate Lock Management Form**

WHEDA has replaced its Rate Lock Request Form with a new Rate Lock Management Form ([Form 1](#)). This new form is to be used beginning April 1, 2014, to request rate locks, make changes to existing rate locks

(commitments), request an extension, or cancel a rate lock. Correspondent and Mini-Corr Lenders must also use this form to report that a loan has closed prior to the Rate Lock Expiration Date.

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### **Loan Registration/Float Policy**

Effective with loans locked on or after April 1, 2014, WHEDA is providing Lenders the ability to “float” a loan’s rate. What this means is that WHEDA will underwrite a loan that has not been rate locked, giving the Lender the flexibility to lock the loan at a later date. Here’s how it works:

- WHEDA will register a loan if we receive a Loan Application Package ([Form 6](#)) for a loan that is not rate locked.
- The registration will be valid for sixty (60) days.
- The Lender must lock the loan prior to the Registration Expiration Date or the registration will expire.
- WHEDA requires that documents in the Loan Application Package are dated within thirty (30) days of the Registration Date.
- The Lender will not need to resubmit a Loan Application Package but will be required to update any documents that become stale-dated prior to closing.

This policy, which applies only in Broker and Mini-Corr Channels, replaces WHEDA’s Preapproval Process.

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### **Float Down/Renegotiation Policy**

Effective with loans locked on or after April 1, 2014, Lenders will have the ability to renegotiate the interest rate. This “Float Down” policy is being provided to help Lenders save deals that might otherwise be lost in an improving interest rate environment. Here’s how it works:

- Lender submits Form 1 to request a Float Down.
  - To be eligible, a loan must:
    - Be in “Approved” status;
    - Never have been extended; and
    - Never have previously been renegotiated.
  - WHEDA will assess a one-time Float Down Fee that it nets from the loan price (see [Section 3.15](#) for fee calculation).
  - The Float Down will be valid for the earlier of fifteen (15) days or the original Rate Lock Expiration Date.
  - WHEDA will reissue a new Rate Lock Confirmation reflecting the new rate and, if applicable, the new Rate Lock Expiration Date.
  - The rate lock will expire on the Rate Lock Expiration Date.
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### **Improved Relock Policy**

WHEDA’s Relock Policy has been revised. Effective for all loans April 1, 2014, Lenders can relock a loan without penalty on the 31<sup>st</sup> day after a prior commitment has expired or been cancelled.

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## **Procedures Relating to DPA Seconds**

WHEDA is making several changes to procedures relating to Down Payment Assistance (“DPA”) Second Mortgages (i.e.: Easy Close). With loans locked on or after April 1, 2014, the following changes will apply:

- Lenders will need to identify a DPA loan amount on Form 1 when committing a first mortgage.
- WHEDA will provide a separate Rate Lock Confirmation for the DPA loan that:
  - Reflects par pricing;
  - Includes borrower and property information that is identical to the related first mortgage; and
  - Has the same WHEDA Loan No. as the related first mortgage but includes a suffix identifying it as a Second Mortgage.
- Regardless of the delivery channel of the related first mortgage, DPA Seconds must close in WHEDA’s name and be funded by WHEDA at or before closing.
  - In the Broker Channel, Lenders will continue to submit the Request for Funding ([Form 7](#)) for the first mortgage and specify the dollar amount of the DPA. WHEDA will fund the first mortgage and the DPA simultaneously.
  - In the Correspondent and Mini-Corr Channels, Lenders must submit a DPA Request for Funding ([Form 7a](#)) no later than two (2) days prior to closing. WHEDA will fund the DPA at or before closing. The Lender will then present the related first mortgage to WHEDA for purchase within ten (10) calendar days after closing. In the event WHEDA declines purchase of the first mortgage loan, Lender will be required to repurchase the DPA Second.

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## **Electronic Signature Policy**

Effective with loans locked on or after April 1, 2014, WHEDA will allow electronic signatures on some loan documents. Those documents are:

- Third-Party Documents, defined as documents originated and executed outside of the Lender’s control (e.g.: Sales Contract);
- The initial loan application (1003); and
- Initial consumer disclosures.

Electronic signatures must be dated and clearly readable when presented on screen or on paper, and must conform in all respects to applicable laws, regulations, and Secondary Market requirements.

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## **Revised Timetable for Final Package Delivery**

Effective with loans locked on or after April 1, 2014, the complete Final Package must be received by WHEDA within ten (10) calendar days – as opposed to Business Days – after closing (the “Final Package Due Date”).

- In the Broker and Mini-Corr Channels, the Final Package consists of Form 12 and all required documentation.
- In the Correspondent Channel, the Final Package consists of Form 6, Form 12 and all required documentation.

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### **Expanded Period for Completing Post-Closing Repairs**

Effective with loans locked on or after April 1, 2014, WHEDA will allow thirty (30) days after closing for repairs to be completed. By the 30<sup>th</sup> day after closing, the Lender will need to provide to WHEDA documentation evidencing:

- The satisfactory completion of repairs;
- That no mechanic's liens have been placed;
- That any repair escrow account has been closed, with any remaining amount having been applied to reduce the loan's unpaid principal balance ("UPB"); and
- Re-certification of the "subject to" valuation by the original appraiser, if necessary.

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### **Revised Income Limits for 2014**

On February 28, 2014, as part of [Lender Update 2014-02](#), WHEDA announced it was revising the income limits pertaining to both its WHEDA Advantage loan programs and its Mortgage Credit Certificate (MCC) Program. These revised limits were to take effect March 17, 2014.

With this announcement, WHEDA is again revising the income limits applicable to its WHEDA Advantage loan programs. These revised limits will take effect with loans locked on or after March 17, 2014, and the income limits announced in Lender Update 2014-02 will not apply to WHEDA Advantage mortgage loan programs. To view these newly revised income limits, [click here](#). These newly revised income limits represent an average 4% increase over the limits currently in effect, and an average 9% increase over the limits announced in Lender Update 2014-02. Income limits are increasing in 50 of the state's 72 counties.

The income limits announced in Lender Update 2014-02 pertaining to WHEDA Tax Advantage, our MCC Program, will take effect as planned on March 17, 2014. To view the new MCC Program limits, [click here](#).

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## **WISCONSIN HOUSING AND ECONOMIC DEVELOPMENT AUTHORITY**

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