



WISCONSIN HOUSING AND ECONOMIC DEVELOPMENT AUTHORITY

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Lender Update 2014-04

May 28, 2014

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Revised Income Limits

As a result of changes implemented recently by the Internal Revenue Service (IRS), WHEDA has revised the WHEDA Tax Advantage income and purchase price limits, effective with applications dated on or after June 1, 2014. The revised income and purchase price limits can be accessed [here](#).

Policies and Procedures Manual Revisions

Revisions have been made in the following sections of the [Policies and Procedures Manual](#):

- 6.04 – The minimum funded loan volume requirement for a lender to qualify for Select Delegated underwriting authority has been reduced to 50 loans within a rolling 12-month period. Changes have also been made to the loan performance benchmarks a lender is required to meet in order to be eligible for Select Delegated.
- 9.05 – The property cannot be subject to a Private Transfer Fee Covenant.
- 10.09 – Repair escrows that affect the structural integrity must be completed within 15 days of the Note date.

Loan Application Submission

In Lender Update [2014-03](#), WHEDA announced a number of changes to its policy and procedures. One significant change was the elimination of the Preapproval Application Package checklist.

This change caused a great deal of confusion among our Broker and Mini-Corr Conventional lending partners, and our WHEDA Sponsored FHA lending partners, and rightly so. We were not clear in communicating the new process.

In response to numerous inquiries, we have revised the Application Package Checklist (Form 6) to better assist you in assembling a loan package.

There are now three ways to submit your loan files to WHEDA for an underwriting decision:

- You can lock the interest rate by submitting the Rate Lock Management, [Form 1](#) and then submit the applicable Application Package Checklist (Form 6) along with all applicable items listed, or
- You can register the loan and float the interest rate by submitting Form 6 along with all applicable items listed, or
- You can obtain a “pre-approval” by submitting, at minimum items 1-8 listed on Form 6 for Conventional Advantage loans or 1-10 for FHA Advantage loans

Any remaining items that were not initially provided at the time of the initial registration/float, registration/lock or preapproval will be reflected on your Approval Certificate. Upon receipt of the requested documentation a final underwriting decision will be rendered.

If you chose to float the interest rate, the loan must be rate locked within 60 days of the approval date.

Consumer Debt Management Services

Effective immediately, WHEDA will no longer require a borrower who elected to engage a Consumer Debt Management Company to have completed their participation in the debt management plan and to have demonstrated a satisfactory 12- month payment history from the completion of the plan. WHEDA has adopted Fannie Mae's underwriting philosophy pertaining to Assessing Borrower Credit Management Skills ([Selling Guide B3-5.2-01](#)). We will analyze and assess the borrower's credit history to determine the borrower's ability to management their debt.

Forms Revisions

WHEDA has revised several forms to provide clarification and incorporate our new logo. Please review the Forms and Exhibits sections in the Toolkit on our website to view the revisions. Substantial changes have been made to the following forms:

- Form 6 – Revised to provide clearer guidance on minimum documentation required for reviewing applications submitted under the “Registration” process.
- [Form 7b](#) – New Funding Request form to be used in the Correspondent and Mini-Corr Channel. Submit this request with the Closing Package Checklist.
- [Form 12](#) – Revised to add new [Form 7b](#)

Who to Contact – Your WHEDA Team

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