



WISCONSIN HOUSING AND ECONOMIC DEVELOPMENT AUTHORITY

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Lender Update 2014-06

December 1, 2014

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PREFERRED INTEREST RATES FOR FIRST TIME HOME BUYERS

WHEDA is excited to announce a preferred interest rate for First-Time Home Buyers (FTHB). The FTHB Advantage offers a fixed rate mortgage priced below our standard Conventional Advantage market rates.

Beginning December 15, 2014, lenders will be able to view the FTHB Advantage interest rate on the Daily Pricing Grid, but will be prohibited from locking into the FTHB Advantage rate until **January 2, 2015**.

To lock your borrower in at the preferred FTHB Advantage rate, simply mark the appropriate FTHB box on the Rate Lock Management [Form 1](#).

Eligibility Requirements

A first-time home buyer must meet the following FTHB Advantage eligibility requirements:

- Qualify for a WHEDA Advantage Conventional Loan.
- Be a first-time home buyer, defined as an individual who has not owned a principal place of residence in the last three years.
(This requirement is waived if a borrower is a qualified military veteran, as defined in the Conventional Underwriting Guide or is purchasing a home in a federally designated [Target Area](#).)
- Qualify under the FTHB [income](#) and [purchase price](#) limits.

Exclusions

- A borrower obtaining a FTHB Advantage is not eligible to receive a WHEDA Tax Advantage (MCC) benefit.
- FTHB preferred interest rates are not available in conjunction with a WHEDA FHA Advantage loan.

Federal Recapture Tax Guaranty

A qualified FTHB is subject to Federal Recapture Tax, however, WHEDA provides a [Recapture Tax Guaranty](#).

Coming Soon: Lower Easy Close Advantage Interest Rate

Effective January 2, 2015, the Easy Close interest rate will no longer be priced 1% higher than the WHEDA first mortgage loan interest rate. WHEDA will begin to post only one interest rate for the Easy Close Advantage.

Beginning December 15, 2014, lenders will be able to view the new Easy Close Advantage interest rate on the Daily Pricing Grid, but will be prohibited from locking into the Easy Close rate until **January 2, 2015**.

The Easy Close rate is subject to change so lenders are advised to check the Daily Price Grid.

Lenders are reminded of the following:

- The Easy Close interest rate must be locked at the same time a WHEDA Advantage loan is locked.
- No closing interest should be disclosed or collected from the borrower.
- The first payment date is 30 days from the date of the Note.
- The Easy Close Note must be closed in the name of *Wisconsin Housing and Economic Development Authority*.

Coming Soon: New WHEDA Advantage Conventional Underwriting Guide, Revised Matrix and Overlay Grid

In conjunction with posting the FTHB Advantage preferred interest rates and the new Easy Close interest rate on the Daily Pricing Grid, the new WHEDA Advantage Conventional Underwriting Guide, revised Conventional Matrix and Overlay Grid will be posted on the website December 15, 2014.

All policies and procedures previously announced in Lender Updates have been incorporated into the new Guide. Lenders are reminded that the WHEDA Advantage Conventional Underwriting Guide, Matrix and Overlay Grid take precedence over Fannie Mae's MCM® and standard underwriting requirements.

Lenders are highly encouraged to review the new Guide in its entirety. Numerous changes have been made to provide more clarity to our underwriting standards. When the WHEDA Advantage Conventional Underwriting Guide is silent, refer first to Fannie Mae's MCM® requirements, and then to their standard underwriting requirements.

Revisions: Forms and Exhibits (Effective January 2, 2015)

- Rate Lock Management Form ([Form 1](#)) – updated to reflect the FTHB Conventional MI and FTHB Conventional No MI options.
- Acknowledgment of Federal Recapture Tax ([Form 4](#)) – A new form which applies only to FTHB
- Advantage Conventional Application Package Checklist ([Form 6](#)) – updated to reflect the FTHB Conventional MI and FTHB Conventional No MI options.
- [Exhibit 4](#) – updated to reflect a Subordination Fee that is required on a WHEDA Advantage Conventional Refinance in which a WHEDA second mortgage is being subordinated.

Questions: Call 1-800-334-6873 or email underwriting@wheda.com

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