WHEDA Advantage Conventional Eligibility Matrix

HFA Preferred ™ (MI) Product
Includes HomeStyle® Renovation

***WHEDA Advantage Compliance requirements supersede Fannie Mae's Standard, HomeReady®, and HomeStyle® Renovation Guidelines.**

Underwriting

	HFA Preferred™	
	Total annual qualifying income ≤ 80% AMI*:	**Total annual qualifying income >80%AMI*:**
Community Lending Programs and Mortgage Insurance	Charter lever Mortgage Insurance** Coverage applies: ○ 95.01 - 97% LTV = 18% coverage ○ 90.01 - 95% LTV = 16% coverage ○ 85.01 - 90% LTV = 12% coverage ○ 80.01 - 85% LTV = 6% coverage ○ 80% LTV and lower = Not required	• Subject to interest rate adjustment, and • Standard Mortgage Insurance** Coverage applies: ○ 95.01% - 97.00% = 35% coverage ○ 90.01% - 95.00% = 30% coverage ○ 85.01% - 90.00% = 25% coverage ○ 80.01% - 85.00% = 12% coverage ○ 80% LTV and lower = Not required
	Total **Household Compliance Income must also meet the WHEDA Income Limits for the appropriate program.* *** Mortgage Insurance Company overlays apply for loan amounts > 80% LTV*	
Desktop Originator® Desktop Underwriter®	• Desktop Originator® (DO®)/Desktop Underwriter® (DU®) submission is mandatory. • There may be exceptions to the requirements for certain transactions. Refer to the Notes section under each grid. • When combining HFA Preferred (HomeReady) and HomeStyle® Renovation, the more restrictive guideline must be applied.	

Approve/Eligible Recommendation

			Maximum DTI as determined by DU/DO	
Transaction Type	Number of Units	Maximum LTV /CLTV /HCLTV	Credit Score[9]	Minimum Reserves
Purchase Limited Cash-Out Refinance (LCOR) [2]	1 Unit[4] Condominiums[4]	FRM 97/105/105 [1]	Average Median Score of 620	As determined by DU/DO
	2 - 4 Units[4] 2 Units[3][4] 3-4 Units[3][4]	FRM 95/105/105 FRM 85/85/85 FRM 75/75/75	Average Median Score of 620	6
	Manufactured[4] (Doublewide)	FRM 95/105/105	Average Median Score of 620	As determined by DU/DO
		FRM 90/105/105[2] (LCOR)	Average Median Score of 620	As determined by DU/DO

[1]No credit score, Maximum LTV/CLTV/HCLTV FRM 95/105/105, Maximum DTI and Reserves determined by DU/DO

[2]Maximum LTV/CLTV/HCLTV FRM 95/95/95 with a non-Community Second; FRM 90/90/90 if manufactured housing;

[3] When combining HFA Preferred (HomeReady) and HomeStyle® Renovation, the more restrictive requirements and LTV's apply.

- Not Eligible for community Lending 2nd Mortgages
- A minimum 5% contribution of borrower's own funds is required.
- Property must be ≥ 5 years old.

[4] Minimum Borrower contribution.

- 2-4 units purchase transaction: a minimum 3% contribution of borrower's own funds is required; property must be ≥ 5 years old

When combining HFA Preferred (HomeReady) and a grant, Borrower(s) minimum contribution of their own funds.

- Institutional Funded Grant (i.e. FHLB DPP)
  - 2 – 4 units purchase transaction: a minimum 3% borrower's contribution is required; property must be ≥ 5 years old
- Lender Funded Grant
  - SFR purchase transaction: a minimum 3% borrower's contribution is required.
  - 2 – 4 units purchase transaction: a minimum 3% borrower contribution is required; property must be ≥ 5 years old

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WHEDA Manual Underwrite [5]			Maximum DTI ≤ 36%		Maximum DTI ≤ 45%	
Transaction Type	Number of Units	Maximum LTV/CLTV/HCLTV	Credit Score[9] LTV	Minimum Reserves	Credit Score[9] LTV	Minimum Reserves
Purchase Limited Cash-Out Refinance (LCOR) [7]	1 Unit[10][11] Condominiums[10]	FRM 95/105/105 [6]	680 if > 75% 640 if ≤ 75%	0	720 if > 75% 680 if ≤ 75%	0
			620 if ≤ 75%	2	700 if > 75%	6
			660 if > 75%	6	660 if ≤ 75%	
	2 Unit[10] 2- Unit [8][10]	FRM 95/105/105 FRM 85/85/85	680 if > 75% 640 if ≤ 75%	6	700 if > 75% 680 if ≤ 75%	6
	3-4 Units[10] 3-4 Units[8][10]	FRM 95/105/105 FRM 75/75/75	660	6	680	6

[5]Loan must be submitted through the Broker or Mini-Corr channel.

[6]No credit score, Maximum LTV/CLTV/HCLTV FRM 95/105/105, Maximum DTI < 36%, Minimum reserves per Fannie Mae Selling Guide B3-5.4-01 Eligibility requirements for loans with non-traditional credit.

[7]Maximum LTV/CLTV/HCLTV FRM 95/95/95 with non-Community Seconds subordinate financing.

[8] When combining HFA Preferred (HomeReady) and HomeStyle® Renovation, the more restrictive requirements and LTV's apply.

- Not Eligible for community Lending 2nd Mortgages
- A minimum 5% contribution of borrower's own funds is required.
- Property must be ≥ 5 years old.

[9] Average Median Score

[10]) Minimum Borrower contribution

- 2-4 unit purchase transaction: a minimum 3% contribution of borrower's own funds is required; property must be ≥ 5 years old

When combining HFA Preferred (HomeReady) and a grant, Borrower(s) minimum contribution of their own funds.

- Institutional Funded Grant (i.e. FHLB DPP)
  - 2 – 4 unit purchase transaction: a minimum 3% borrower's contribution is required; property must be ≥ 5 years old
- Lender Funded Grant
  - SFR purchase transaction: a minimum 3% borrower's contribution is required.
  - 2 – 4 unit purchase transaction: a minimum 3% borrower contribution is required; property must be ≥ 5 years old

(11) Manufactured housing is ineligible for manual underwrites.

WHEDA Advantage Conventional Eligibility Matrix

Category		WHEDA Compliance Requirement	
COMPLIANCE INCOME	Income and Purchase Limits	Must meet WHEDA Income and Purchase Price Limits *Refer to the Advantage Conventional Underwriting Guide, Section 6.0 Calculating Compliance Income for additional guidance*	

	Household Compliance Income	Anticipated income from all Household Occupants, age 18 or older.
		• Certification of Zero Income (Form 35)
		  ○ Required for all Household Occupants age 18 or older, not receiving any income
		• Compliance Income Evaluation (Form 29)
		  ○ Lenders may submit to WHEDA to have household income certified	

	Household Occupants	All individuals who intend to occupy property as their primary residence, regardless of their relationship to the borrower or whether they are an applicant for the loan or not. • Borrower's Affidavit (Form 2) ○ Borrower required to complete this form disclosing all household occupants, etc	
	Required Income Documentation	All Borrowers	All Additional Household Occupants, 18 years or older
		2 years tax transcripts **Additional requirements as applicable:** • Paystubs, or Verification of Employment, with year-to-date earnings and a minimum of 30 days of income • 2 years W-2s & 1099's for all income reflected on transcripts • If self-employed, 2 years complete returns with all schedules • Child Support • Pension • Disability • Social Security Award Letter • Certification of Zero Income (Form 35), if applicable	**1 year complete 1040s with all required schedules** **Additional requirements as applicable:** • Paystubs, or Verification of Employment, with year-to-date earnings and a minimum of 30 days of income • 1 year W-2s & 1099's for all income reflected on returns • Child Support • Pension • Disability • Social Security Award Letter • Certification of Zero Income (Form 35), if applicable
	Inclusions	Compliance Income Inclusions	
		• Earned income for all occupants over the age of 18 • Unearned income for all occupants under the age of 18 • Social Security • Child Support • Alimony • Pension/Retirement • Disability Income • Public Assistance	• Interest and Dividend Income on funds retained after closing • Self-employment income • Rental income from the subject property being used for qualifying on a 2-4 unit purchase • Rental income from other Real Estate owned • Mortgage Credit Certificate income being used for qualifying income
	Exclusions	Compliance Income Exclusions	
		• Earned income for all occupants under the age of 18 • Foster care income • Food Share Wisconsin • One-time signing bonus	Non-recurring payments from: • Inheritance • Lottery winning • Insurance settlements • Capital gains • Gambling winning • Settlements for personal loss

WHEDA
SINGLE FAMILY

WHEDA Advantage Conventional Eligibility Matrix

Category		WHEDA Compliance Requirements Cont'd
GENERAL	Loan Term & Amortization	30 year, fully amortized fixed rate mortgage (FRM)
	Occupancy	Owner-occupied, primary residence for the life of the loan
	Borrower	• Cannot be listed on the Wisconsin Child Support Lien Docket • Must be legal U.S. resident with a valid Social Security Number
	Servicing	All loans sold servicing-released to WHEDA
	Sweat Equity	Ineligible
	Subordinate Financing	WHEDA-funded subordinate financing is eligible in transactions involving a WHEDA-owned property
	HPML	Ineligible
QUALIFYING INCOME	Rental Income	Borrowers having less than one-year history of receiving rental income or documented property management experience, must have a minimum of a 6-month housing payment or expense history for rental income to be considered. Non subject property rental income borrower must have a 12 month history of property management.
QUALIFYING INCOME	Self Employed	Borrowers must provide 2 years complete tax returns with all schedules to determine qualifying income. Borrowers must have a complete 2 year history of Self Employment.
CREDIT	Non-Applicant Spouse	Non-applicant spouse's credit history is required • All outstanding debts must be included in the total debt-to-income ratio • Any outstanding judgments incurred in the interest of the marriage must be paid-in-full
	Co-Signor, Guarantor, Non-Occupant Co-Borrower	• Co-signors, Guarantors and Non-Occupant Co-Borrowers are not allowed
ASSETS	Deposits	• Re-occurring non-payroll deposits should be explained and/or sourced to determine if there are other sources of income.
COLLATERAL	Property	Must be located in Wisconsin
	Title	Only borrowers approved for the loan can take title, or a non-applicant spouse. Only borrower(s) and a Non-applicant spouse, can be listed on the Offer to purchase, Mortgage, final title and Note
	Manufactured Housing	An Approve/Ineligible recommendation is permitted on a Manufactured Home when the sole reason for ineligibility is due to the CLTV exceeding 95%.
OTHER	Home Buyer Education	Pre-Purchase Home Buyer Education (HBE) is required for: • First Time Home Buyer(s)[(1)] utilizing any WHEDA Advantage Conventional loan program. ○ Waived if one borrower is NOT a First Time Home Buyer • When all borrowers are relying solely on nontraditional credit to qualify, ALL borrowers must complete the education. DU/DO findings will disclose the requirement based on the declarations from the loan application. *Costs set by the Home Buyer Education provider must be included in disclosures* See the WHEDA Advantage Conventional Underwriting Guide, Section 4.05 for acceptable education sources.
		[(1)]A First- Time Home Buyer is defined as a person who has not had an ownership interest in a principal place of residence in the last three years.
	Landlord Training	• 2-unit property, LTV/CLTV/HCLTV greater than 85% • 3-4 unit property, LTV/CLTV/HCLTV greater than 75%
	Rates and Pricing	• See WHEDA Rate Sheet for current Conventional and FTHB HFA Preferred (MI) rates and pricing • HomeStyle Renovation does not have separate pricing.

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	Lender Compensation	• Broker Channel – WHEDA-paid compensation only. Borrower-paid compensation is prohibited. • Mini-Corr and Correspondent Channel – Lender-paid or Borrower-paid compensation plans eligible, determined by WHEDA Participating Lender.
	Fees	• $350 WHEDA Compliance Review Fee - Correspondent • $500 WHEDA Purchase Review Fee – For Broker/Mini-Corr • $70 Tax Service Fee • $35 Wire Fee, if applicable (Note: No fee for funds transferred via ACH) • $50 Subordination Fee, Refinance Only

First Time Home Buyer (FTHB) and VALOR General Product Information		
FTHB VALOR	Income and Purchase Price Limits	FTHB/VALOR Income and Purchase Price Limits
	Federal Recapture Tax	Borrowers who finance their home using FTHB/VALOR pricing may be subject to a federal tax upon the sale of the property. WHEDA provides a reimbursement guaranty. • Acknowledgement of Federal Recapture Tax Requirements (Form 4). ○ Signed by Borrower(s) to inform them of tax and WHEDA guaranty.
	Exclusions	Borrowers who qualify for FTHB or VALOR program are not eligible to receive both the benefit of the preferred interest rate and the Mortgage Credit Certificate (MCC) program.
FTHB	Borrower	• Borrowers must qualify for a WHEDA Advantage Conventional loan. • Be a First time Home Buyer defined as an individual who has not owned principal residence in the last 3 years. ALL borrowers and non-applicant spouses must meet definition. ○ This requirement is waived if a borrower is a qualified military veteran (see VALOR loan guidelines), as defined in the Conventional Underwriting Guide or is purchasing a home in a federally designated Target Area.
VALOR	VALOR Eligibility requirements	• Borrowers must qualify for a WHEDA Advantage Conventional loan. • Be a Qualified Veteran, defined as a military veteran who served in active duty as evidenced by Form DD-214 indicating honorable discharge or release in the Charter of Service*. Only one Applicant must meet this definition. ○ *NOTE: VA Certificate of Eligibility does not replace form DD-214.* • First-time home buyer requirement is waived .
HomeStyle Renovation		
HOMESTYLE RENOVATION	FTHB/VALOR/MCC	Purchase Price + Total Renovation Costs CANNOT exceed the purchase price limit.
	Lender Delivery Channel	Available only in the Broker or Mini-Correspondent Channel.
	General Requirements	See the WHEDA Advantage Conventional Guide, Section 3.04 and WHEDA Policy and Procedure Guide, Section 10.10,for details.
	Certified HUD Consultant	Required on all HomeStyle Renovation loans.
	Contractor Requirements	• Dwelling Contractor (if used) must be licensed by the State of WI. • Non-dwelling contractors and/or individuals must be licensed by the State of WI. • Renovation Contract (Form 38) Executed and signed by each Contractor and the Borrower. • "Do It Yourself" option is not allowable – No exceptions.
	Refinance	• WHEDA to WHEDA only. • At least one borrower on the existing WHEDA first mortgage must be a borrower on the new refinance transaction
	Renovation Period	Proposed work must be completed within 6 months of the closing date.

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	Contingency Reserve	15% of the total renovation costs must be funded by: • Adding to the renovation costs, • Additional funds from the borrower, or • Gift from an eligible donor	
	Renovation Escrow	Renovation funds to be held by WHEDA.	
	Inspections and Draws	• The use of a Title Company for Inspections and Draws is required. • Draw requests to be submitted to WHEDA by Title Company along with copies of satisfactory inspections.	
	Appraisal	Must be completed "subject to" the proposed scope of work.	
	Ineligible Improvements	• Swimming pools • Hot Tubs • Structural changes to manufactured homes such as garages or additions	• Appliances that are not a part of a substantial change or upgrade to the room in which the appliance would otherwise be placed.

Limited Cash out Refinance (LCOR)		
REFINANCE	Transaction Type	• WHEDA to WHEDA only • At least one borrower on the existing WHEDA first mortgage must be a borrower on the new refinance transaction
	Closing Costs	Closing costs and payoff of mortgages used solely for the acquisition of the property
	Subordination	• Existing Community Seconds used in the original purchase transaction may be subordinated up to 105% CLTV • Approve/Ineligible is permitted when the loan purpose is "LCOR" and the sole reason for ineligibility is due to a Non-Community Second, subject to a maximum 95% LTV/CLTV/HCLTV
Required Forms		
ALL LOANS	At application	• Borrower's Affidavit (Form 2) • Residential Loan Application Addendum (Form 3) • Certification of Zero Income (form 35) – If applicable
FTHB/VALOR	At application	• Acknowledgement of Federal Recapture Tax Requirements (Form 4)
HOMESTYLE RENOVATION	At application	• Renovation Contract (Form 38) • Renovation Maximum Mortgage Worksheet PURCHASE (Form 41)
	At Closing	• Renovation Loan Agreement (Form 39) • Closing Instructions
	During Renovation period	• Renovation Multi Disbursement (Form 40)

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