



## WISCONSIN HOUSING AND ECONOMIC DEVELOPMENT AUTHORITY

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## Lender Update 2016-04

May 16, 2016

### In this Update:

- **Conventional Program Updates (EFFECTIVE IMMEDIATELY)**
  - **New First Time Home Buyer (FTHB) Purchase Price Limits**
  - **Maximum DTI restriction removed**
  - **Reminder: 2-4 Unit minimum borrower contribution**
- **Easy Close Update (EFFECTIVE IMMEDIATELY)**
  - **Liquid Asset test restriction removed**
- **FHA Program Updates**
  - **Tax Service Fee**
  - **Student Loan Debt**
- **COMING SOON: NEW 2016 HOUSEHOLD INCOME LIMITS**

### **Conventional Program Updates (EFFECTIVE IMMEDIATELY)**

- 1) FTHB Purchase Price Limits have been updated!
  - Revised limits are available on [wheda.com](http://wheda.com) under the [Lender Toolkit](#)
- 2) Maximum 45% DTI restriction has been removed subject to a validated "Approve/Eligible" DU recommendation.
- 3) REMINDER: 2-4 Unit purchase
  - A 5% down payment is required.
  - Lenders are required to document a minimum of 3% of the borrower's own funds into the transaction.
  - The remaining 2% can come from an acceptable gift donor or acceptable Community Second down payment assistance (DPA) program.

### **Easy Close Update (EFFECTIVE IMMEDIATELY)**

- 1) The Easy Close "asset test" has been removed.
  - Lenders will no longer be required to document that borrower funds do not exceed \$15,000.

### **FHA Program Updates**

- 1) A Tax Service Fee of \$65 will be charged on all FHA loans registered on or after June 1, 2016.
  - The Tax Service Fee should be disclosed on the Loan Estimate (LE).
- 2) Student Loan Debt
  - Income Based Repayment (IBR) plans will no longer be acceptable on FHA loans with Case Numbers assigned on or after June 30, 2016 in accordance with the HUD Mortgagee Letter 2016-08.
  - Student loans must be included as a liability regardless of the payment type or status of payments.



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\*\*Changes to the "Guides" and "Matrices" will be updated and posted to [wheda.com](http://wheda.com) no later than June 15, 2016.

### **COMING SOON: NEW 2016 HOUSEHOLD INCOME LIMITS**

The IRS recently approved the use of the 2016 HUD Household Income Limits. WHEDA will be posting the new income limits for all programs as soon as they have been vetted by our legal counsel.

#### **Who to Contact with Questions**

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