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Lender Update 2017-10

May 11, 2017

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VALOR Program

On November 9, 2015, WHEDA announced the allocation of \$10 million in special funding for Wisconsin veterans, or VALOR Program. Under VALOR, qualified veterans were able to obtain a conventional loan at a significantly reduced interest rate.

With your help, we are nearing the limit of the special allocation for discounted VALOR funding.

WHEDA will continue to fund VALOR loans that are REGISTERED or LOCKED through Friday, June 30, 2017.

On Monday, July 3, 2017, the VALOR program will be incorporated into the current First-Time Home Buyer Advantage (FTHB) program where qualified veterans can continue to receive an interest rate benefit.

Conventional Guide Updates

WHEDA will be adopting the following changes announced by Fannie Mae in the Selling Guide Announcement SEL-2017-04. These changes have been updated in the WHEDA Advantage Conventional Underwriting guide and are effective immediately.

The Conventional Overlay Grid and Matrix remain unchanged.

- **Section 8.00 Assets**
Truncated or masked account numbers for bank and portfolio or investment account where at least the last four digits are displayed are permissible on the loan application, DU and on asset documentation.
- **Section 10.10 Student Loans**
For all student loans, whether deferred, in forbearance, or in repayment, a payment must be included as a recurring monthly debt obligation.

If a monthly payment is provided on the credit report, the lender may use that amount as the monthly payment for qualifying purposes.

If the credit report does not provide a monthly payment for the student loan, or if the credit report shows \$0 as the monthly payment, the lender must calculate a qualifying monthly payment using one of the following options:

- 1% of the outstanding balance, or
 - A calculated payment that will fully amortize the loan based on the documented loan repayment terms.
- **Section 10.11 Debt Paid by Others**
If documentation is provided indicating a non-mortgage related monthly obligation is paid by another party for the past 12 months, the debt may be excluded from the debt-to-income ratio. This policy applies regardless of whether the other party is obligated on the debt.

This policy does not apply if:

- the other party is an interested party to the transaction (such as the seller or realtor)
 - the debt involves a non-borrowing spouse.
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Changing the Information of a Locked Loan

Lenders are reminded that per the Policy and Procedures guide, Section 3.10-Changing the Information of a Locked Loan, certain changes to a locked loan may result in worse-case pricing. Lenders are responsible for notifying the Lock Desk of any changes to the original lock confirmation. If one of the following changes occur WHEDA reserves the right to apply worse-case pricing or cancel the commitment:

- Changing loan product/programs, i.e. FTHB preferred Interest rate to standard conventional, Conventional to FHA
- Adding, replacing or removing a borrower(s)

For additional guidance on Rate Locks and Commitments, refer to Sections 3.0 -3.14 of the Policy and Procedures guide.