



## WISCONSIN HOUSING AND ECONOMIC DEVELOPMENT AUTHORITY

201 West Washington Avenue, Suite 700  
Madison, Wisconsin 53703-2727

Post Office Box 1728  
Madison, Wisconsin 53701-1728

Telephone: 608.266.7884 ■ 800.334.6873  
Facsimile: 608.267.1099 ■ www.wheda.com

**Lender Update 2017-14**

*June 29, 2017*

---

### **In this Update:**

- **Revised Policy for Trailing Documents**
- **CORRECTION: Closing Interest on the First Mortgage and Easy Close Loan**
- **FTHB and VALOR loans combined pricing begins July 3, 2017**
- **Revised Hazard Insurance Maximum Deductible**

---

### **Revised Policy for Document Deficiencies and Trailing Documents – changes to P&P guide required**

In an effort to proactively reduce post-closing issues and costs for our Lenders, WHEDA has reviewed its post-closing policies and procedures. The result is a reduction in what is considered a “document deficiency” along with a shortened time frame for receipt of Trailing documents.

Beginning August 1, 2017 WHEDA will make the following policy changes:

1. Document Deficiencies
  - Lenders will no longer be assessed any monthly fees for the minor document deficiencies as noted on the monthly Outstanding Document Report (ODR). Lenders will be allowed 120 calendar days to resolve these minor issues before the loan becomes subject to possible repurchase.
2. Trailing Documents
  - Lenders will have 120 calendar days from the Note Date to submit Trailing Documents without any fee assessment. After 120 days, each outstanding document will be assessed a \$50 per month/per document fee for any of the following trailing documents not received or needing correction:
    - Final Title Policy
    - Recorded Mortgage
    - Recorded Assignment
    - Recorded Mortgage – Easy Close
    - Recorded Assignment – Easy Close
    - Recorded Mortgage – Capital Access

In addition, we anticipate being able to utilize WHEDA Connect for Lender upload of document deficiencies and trailing documents to better communicate with our Lenders and provide a tracking system.

Sections 10.02 Policy and Procedures Manual has been updated to reflect this change.

### **Closing Interest on the First Mortgage and Easy Close Loans**

Lender Update 2017-11 dated May 19, 2017, incorrectly informed lender partners of changes being made on how to calculate closing interest on WHEDA Conventional First Mortgage and Easy Close loans. We have revised our policy to make it easier for Lenders to follow their current business model.



## WISCONSIN HOUSING AND ECONOMIC DEVELOPMENT AUTHORITY

201 West Washington Avenue, Suite 700  
Madison, Wisconsin 53703-2727

Post Office Box 1728  
Madison, Wisconsin 53701-1728

Telephone: 608.266.7884 ■ 800.334.6873  
Facsimile: 608.267.1099 ■ www.wheda.com

### Lender Update 2017-14

June 29, 2017

---

Please take note of the following important change to Policy and Procedures Guide, Section 9.11 – Prepaid Closing Interest on the First Mortgage and Easy Close Loans:

- Prepaid closing interest can be calculated on either a 360 or 365-day basis.
- Lenders may use either 4 decimal or 6 decimal places in their calculation

Form 7 – Funding Request has been revised to reflect this flexibility

Section 9.11 of the Policy and Procedures Manual has been updated to reflect this change.

#### **FTHB and VALOR loans combined pricing begins July 3, 2017**

As previously announced in Lender Update 2017-10, beginning Monday, July 3, 2017, the Daily Pricing Grid will combine the current Veterans Affordable Loan Opportunity Rate program (VALOR) with the First-Time Home Buyer program (FTHB) under the price group FTHB/VALOR.

Program guidelines for FTHB and VALOR remain the same.

Section 3.03 of the Conventional Underwriting Guide has been updated to reflect this change.

#### **Revised Hazard Insurance Maximum Deductible**

WHEDA's hazard insurance maximum deductible has been the greater of 1% of the face value of the insurance policy, or \$1,000.

In order to mirror industry standards, we are increasing the maximum deductible requirement to 5% of the face amount of the insurance policy.

If the policy provides for a separate wind-loss deductible, that deductible must be no greater than 5% of the face amount of the policy.

Section 9.07 of the Policy and Procedures Manual has been updated to reflect this change.