



## WISCONSIN HOUSING AND ECONOMIC DEVELOPMENT AUTHORITY

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Lender Update 2017-21

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### **Debt-to-Income Ratio Update-Conventional**

Effective for casefiles submitted to DU®/DO® Version 10.1 on or after July 29, 2017, WHEDA will accept loans with debt-to-income ratios between 45%-50% that receive an Approve / Eligible recommendation.

WHEDA will monitor the performance of these loans and their effect on WHEDA's portfolio.

### **WHEDA Advantage Conventional Guide Updates - Effective immediately**

The following guide revisions are in response to Fannie Mae's recent Selling Guide announcement and their offering of flexibility to Interested Party Contributions.

#### **Employment Offers or Contracts**

Prior to beginning new employment, borrowers can close on a loan under the following parameters:

- One-unit, principal residence, purchase transactions only;
- Not employed by family member or interested party to the transaction;
- Qualifies using only fixed base income;
- Start date is within 90 days of closing
- Additional requirements as stated in Fannie Mae Selling Guide B3-3.1.

#### **Interested Party Contributions up to 4%**

Interested parties may now contribute up to 4% of purchase price for closing costs and pre-pays, for loans greater than 90%CLTV.

#### **Disputed Tradelines on DU®/DO® Version 10.1**

DU/DO will specify the necessary steps to document and resolve the accounts.

## Timeshare Accounts

Will be treated as installment loans, even if they are identified as a mortgage debt on the credit report.

## Alimony Paid by Borrower Update

Two options for the treatment of Alimony paid by the borrower:

- Reduction of the borrower's monthly qualifying income by the amount of the monthly alimony payment; or
- Include the monthly alimony payment as a monthly liability

## Student Loans Reflecting \$0 Payment Clarification

For student loans reflecting a \$0 payment on the credit report:

- Borrowers can qualify with the \$0 payment as long as there is supporting documentation that the payment is associated with an income-based or income-driven repayment plan.

## Mortgages Paid by Others

When a borrower is obligated on a mortgage debt, but is not the party making the payments, the lender may exclude the monthly mortgage payment from the DTI provided:

- The mortgage was awarded to a former spouse via court related documents and 12 months of on-time payments have occurred; or
- The party making the payments is obligated on the mortgage debt; and documentation is provided showing the party made the most recent 12-months of payments.

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