



WISCONSIN HOUSING AND ECONOMIC DEVELOPMENT AUTHORITY

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Lender Update 2019-04

April 8, 2019

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New Purchase Price Limits

The IRS recently approved the use of the 2018 Purchase Price Limits. As a result, WHEDA has revised the [Income and Purchase Price Limits chart](#) for the following programs:

- First Time Home-Buyer (FTHB), VALOR Conventional, and Mortgage Credit Certificate (MCC)

First-Time Home Buyer, MCC, VALOR Purchase Price Limits			
Non-Target Area		Target Area	
Effective April 8, 2019		Effective April 8, 2019	
1 Unit	2-4 Unit	1 Unit	2-4 Unit
\$283,348	\$362,818	\$346,315	\$443,445

These revised limits are effective for all new registrations received on or after the date of this announcement and are available on our website under the [Lender Toolkit](#).

WHEDA Advantage Conventional Update

Manually Underwritten Loans

The [WHEDA Advantage Conventional Eligibility Matrix](#) has been revised in response to Fannie Mae’s Selling Guide announcement SEL-2019-02 regarding eligibility requirements for manually underwritten loans.

The new requirements are effective for loans registered on or after June 1, 2019. Loans meeting the prior requirements must close no later than **July 1, 2019**.

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

⁽⁴⁾ Loan must be submitted through the Broker or Mini-Corr channel
⁽⁵⁾ 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
⁽⁶⁾ Maximum LTV/CLTV/HCLTV FRM 95/95/95 with non-Community Seconds subordinate financing;
⁽⁷⁾ 2-4 unit purchase transaction: a minimum 3% borrower contribution is required; property must be ≥ 5 years old

WHEDA Advantage FHA Update

The [WHEDA Advantage FHA Eligibility Matrix](#) has been revised to clarify the maximum allowable debt-to-income rate is 45% for manually underwritten loans, and to refer to the Approvable Ratio Requirement chart for required compensating factors and reserves.

WHEDA Manual Underwrite (Broker Channel Only)					
Transaction Type	Number of Units	Maximum LTV /CLTV /HCLTV	Credit Score	Maximum DTI	Reserves
Purchase	1 Unit 2 Units (5+ years old)	FRM 96.5/105/105	640	45% ¹	Per HUD ¹

¹See HUD Handbook 4001.01 Section II.A.5.d.viii Approvable Ratio Requirement Chart for required compensating factors & reserves

The [WHEDA Advantage FHA Underwriting Guide](#) has been updated to accurately reflect the following:

Gifts

All gift funds must be verified and received by the borrower prior to the closing. Provide the following:

- Completed and signed Gift Affidavit [Form 11](#).
- Verify receipt of the gift funds as follows:
 - If the gift funds have been verified in the Borrower's account, obtain the donor's bank statement showing the withdrawal and evidence of the deposit into the Borrower's account.
 - If the gift funds are not verified in the Borrower's account, obtain the certified check or money order or cashier's check or wire transfer or other official check evidencing payment to the Borrower or settlement agent, and the donor's bank statement evidencing sufficient funds for the amount of the gift.

If the gift funds are being borrowed by the donor and documentation from the bank or other savings account is not available, the donor must provide written evidence the funds were borrowed from an acceptable source, not from a party to the transaction.

Bonus, Overtime and Tip Income requirements

Bonus, overtime and tip income must show a history of at least 24 months with the current employer. Bonus, overtime and tip income that has been received for no less than 12 months may be considered as acceptable income provided the borrower's

loan application demonstrates positive factors that reasonably offset the shorter income history.

The income must be averaged over a two-year period. However, if the income decreases by 20 percent or more from the previous year, the income must be averaged from the current year.

Repair Escrows

Lenders may establish an escrow for required repairs to the subject property, provided the housing is habitable and safe for occupancy at the time of closing.

Revised Staff Roster

After 40 years, Gary Stiemke has retired from WHEDA, effective April 1, 2019. As a result, Samantha Adams has been promoted to Manager of Loan Servicing, and Scott Phillips has been promoted to Manager of Default Management. Please join us in congratulating Samantha and Scott on their promotions.

The [Staff Roster](#) has been updated to reflect this change.

[Lender Update Archive](#)

