



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 2019-10

August 9, 2019

In this Update:

- **WHEDA Advantage Conventional Updates**
 - HFA Preferred™ and HFA Preferred Risk Sharing™ - Area Median Income (AMI), Definitions & New MI requirements
 - Combining WHEDA Advantage Conventional with HomeStyle® Renovation
 - **New Application Package Checklist and Closing Package Checklist**
 - **Updated Resources**
-

WHEDA Advantage Conventional Updates

Advantage Conventional HFA Preferred™ and HFA Preferred Risk Sharing™ - Area Median Income (AMI), Definitions & New MI Requirements

The following changes to WHEDA's Advantage Conventional HFA Preferred™ and HFA Preferred Risk Sharing™ programs will be effective for all **new DU/DO® Case Files scored on or after September 5, 2019:**

HFA Preferred™

Annual Qualifying Income will be used to determine pricing on the HFA Preferred™ program for all **new DU/DO® Case Files scored on or after September 5, 2019** – see *Chart A below*.

- Loans with Borrower Annual qualifying income \leq 80% AMI can use Charter MI coverage – see *chart B below*.
- Loans with Borrower Annual qualifying income exceeding 80% AMI will be required to use standard MI coverage – see *chart B below*.
- This change does not eliminate the requirement for Total Household Compliance Income to meet WHEDA limits for the appropriate program.
- This new investor pricing requirement will be reflected on WHEDA rate sheets beginning September 5th, 2019.

HFA Preferred Risk Sharing™

Annual Qualifying income must be \leq 80% AMI – see *Chart A below*.

- Loans with Borrower Annual qualifying income exceeding 80% AMI are not allowed.
- This change does not eliminate the requirement for Total Household Compliance Income to meet WHEDA limits for the appropriate program.

CHART A – Summary of Advantage Conventional changes effective for all new DU/DO® Case Files scored on or after September 5, 2019:

HFA Preferred™	HFA Preferred Risk Sharing™
<ul style="list-style-type: none"> • Total annual qualifying income: <ul style="list-style-type: none"> ▪ ≤ 80% AMI* may use Charter Level MI coverage ▪ > 80% AMI*: <ul style="list-style-type: none"> ❖ May be subject to higher interest rate ❖ Loan amounts exceeding 80% LTV require the use of standard MI coverage 	<ul style="list-style-type: none"> • Total annual qualifying income must be ≤ 80% AMI* • Loan amount must exceed 80% LTV • Mortgage Insurance is not required
<p><i>*Total Household Compliance Income must still meet the WHEDA Income Limits for the appropriate program.</i></p>	

CHART B - New MI Requirements effective for all new DU/DO® Case Files scored on or after September 5, 2019:

HFA Preferred Only: Loan amounts exceeding 80% LTV; MI Company overlays apply	
Total annual qualifying income is ≤ 80% AMI* = Charter Level Coverage	Total annual qualifying income is > 80% AMI* = Standard Coverage
<ul style="list-style-type: none"> • 95.01 - 97% LTV = 18% coverage • 90.01 - 95% LTV = 16% coverage • 85.01 - 90% LTV = 12% coverage • 80.01 - 85% LTV = 6% coverage • 80% LTV and lower = Not required 	<ul style="list-style-type: none"> • 95.01% - 97.00% = 35% coverage • 90.01% - 95.00% = 30% coverage • 85.01% - 90.00% = 25% coverage • 80.01% - 85.00% = 12% coverage • 80% LTV and lower = Not required

Definitions:

Total Annual Qualifying Income

- The income used to qualify the borrower(s) for the purposes of determining acceptable debt-to-income ratios. AMI limits are established by FNMA & reflected in the DU/DO® Findings.

Total Household Compliance Income

- The anticipated income of anyone age 18 or older who intends to occupy the property, regardless of their relationship to the borrower(s).

Combining WHEDA Advantage Conventional with HomeStyle® Renovation

This is to clarify when utilizing the WHEDA Advantage Conventional program with its HomeStyle® Renovation, Fannie Mae’s more restrictive underwriting criteria applies as follows:

- 5% minimum borrower contribution.
- Accessory Unit income and Boarder Income are not allowed.
- Borrower(s) may only have one additional financed residential property.

New Application Package Checklist and Closing Package Checklist

In an effort to help simplify the process of submitting loans to WHEDA, we have created new combined, more inclusive checklists. Lenders may begin using the new forms immediately. Mandatory use will be required for new loan submissions on or after September 5, 2019.

[Application Package Checklist \(Form 6\)](#)

[Closing Package Checklist \(Form 12\)](#)

Updated Resources:

The following resources have been revised to reflect the above referenced changes:

[FNMA AMI and WHEDA Compliance Income Limits](#)

[Advantage Conventional Eligibility Matrix](#)

[Sections 3.01, 3.02, 7.06, 7.18, 7.19 of the Advantage Conventional Underwriting Guide](#)

[First Mortgage Comparison Chart](#)

[Policy and Procedures Manual](#)

*Desktop Originator (DO), Desktop Underwriter (DU), HomeReady, and HomeStyle are registered trademarks of Fannie Mae.
™HFA Preferred and HFA Preferred Risk Sharing are trademarks of Fannie Mae.

Lender Update Archive

