WHEDA Advantage
Policies and Procedures Manual

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1.00 Overview: Doing Business with WHEDA

The Wisconsin Housing and Economic Development Authority ("WHEDA") is Wisconsin's affordable home loan wholesale lender. Based in Madison, Wisconsin, WHEDA purchases first lien residential mortgages and junior lien down payment assistance ("DPA") second mortgages from approved Participating Lenders ("Lenders") on a servicing-released basis (i.e.: servicing rights released to WHEDA). We lend to qualified borrowers who are buying properties located in the State of Wisconsin.

A Lender may choose to sell loans to WHEDA in the Broker Channel (Chapter 5.00), also referred to as the Table-Funded Channel, whereby WHEDA funds the first mortgage in a table-funded transaction. Another option is for a Lender to sell loans to WHEDA in the Correspondent Channel, also referred to as the Closed-Loan Channel (Chapter 6.00), after closing the loans in their own name and funding them with their own funds or a warehouse financing facility. We also offer the Mini-Correspondent Channel ("Mini-Corr"), which enables Lenders to fund and close loans in their own name, but benefit from the reduced risk of having WHEDA underwrite and approve loans prior to closing (Chapter 7.00). Lenders have the option of varying their delivery channel – Broker, Correspondent or Mini-Corr – on a loan by loan basis provided they are approved prior to participating in the channels they select.

Channel	Closes in …	Funded by …	Underwritten by …
Broker	Lender's name *(Note: FHA Sponsored Originator loans close in WHEDA's name)*	WHEDA, wire or ACH	WHEDA
Correspondent	Lender's name	Lender	Lender, as per delegated authority status
Mini-Corr	Lender's name, if conventional WHEDA's name, if FHA	Lender	WHEDA

WHEDA only purchases loans that meet all applicable eligibility criteria as set forth in this Policies and Procedures Manual (a/k/a Origination Guide, a/k/a Origination Manual, a/k/a Lenders Manual), and its chapters, appendices, attachments, and hyperlinks (collectively, the "Manual".) Lenders and the loans they sell to WHEDA must comply with all applicable requirements of the WHEDA Advantage Loan Origination Agreement (the "Agreement", a/k/a Loan Purchase Agreement, a/k/a Purchase and Service Agreement), entered into by and between Lender and WHEDA, and this Manual. This Manual provides our lending partners with the information needed to carry out their responsibilities as an approved WHEDA Lender.

WHEDA offers both Conventional and Federal Housing Administration ("FHA") loan programs and administers the WHEDA Tax Advantage, a Mortgage Credit Certificate ("MCC") Program. WHEDA also offers down payment assistance programs in the form of a second mortgage, as well as a home improvement loan program for existing homeowners.

WHEDA does not directly originate any of its WHEDA Advantage loan products. All WHEDA Advantage loans begin with the Lender taking a loan application from an applicant. If a Lender wishes to sell loans to WHEDA for which the loan applications are taken by a third-party originator (a "TPO" who is not an employee or wholly owned affiliate of the Lender), the Lender and the TPO must jointly execute and submit to WHEDA a TPO Authorization Form (Form 27).

The Lender and any TPOs must comply with all aspects of all applicable consumer protection laws, rules, and regulations, as set forth in Chapter 8.00 and in the Lender's Warranty (Section 12.06.)

1.01 Who is WHEDA? (04/01/14)

WHEDA was created in 1972 by the Wisconsin Legislature as an independent authority, not a state agency. WHEDA is financially self-supported. No federal or state tax dollars are received by WHEDA for the funding of its single family residential mortgage lending programs. Proceeds from the sale of taxable and tax-exempt mortgage revenue bonds ("MRBs") may be used from time to time to fund our first mortgage loans. Tax-exempt MRB volume cap is allocated to WHEDA under the Internal Revenue Code (the "IRC") administered by the Internal Revenue Service ("IRS"). When tax-exempt MRBs are used, WHEDA often is able to provide fixed-rate mortgages ("FRMs") with below-market interest rates to low- and moderate-income ("LMI") home buyers. WHEDA also sells loans and mortgage-backed securities ("MBS") to investors and issues MBS guaranteed by agencies, such as Fannie Mae, Freddie Mac and Ginnie Mae.

WHEDA is a "public body corporate and politic" as established in Wisconsin Statutes 234.01 – 234.98. Its Executive Director is appointed by the Governor, confirmed by the Legislature, and serves a renewable term of two (2) years. The Executive Director reports directly to the Governor.

1.02 WHEDA's Role in Single Family Residential Lending (04/01/14)

WHEDA's mission is to be Wisconsin's affordable home loan wholesale lender. This entails table funding or purchasing single family residential loans from Wisconsin lenders while balancing risk, return, and the goal of helping creditworthy families attain and maintain homeownership with prudently underwritten mortgage products. Our vision is to be a recognized leader by working together to:

- Provide fair, prudent and timely underwriting;
- Continuously improve programs, products, and processes;
- Build and expand our expertise;
- Provide top-notch customer service and innovative solutions;
- Service mortgage loans to maximize loan performance and home ownership retention; and
- Maintain a high level of professionalism in all that we do.

1.03 Key Contacts/Resources (02/28/2022)

An up to date list of WHEDA's Single Family Department staff can be found in Appendix P. Below is information for Single Family departments and resources frequently contacted by Lenders:

Corporate Website

www.wheda.com

e-Mail Subscription List

Go to http://apps.wheda.com/subservice/ to sign up to receive WHEDA Advantage announcements.

Lock Desk

Phone:	1 (800) 334-6873
Fax (Attn: Lock Desk):	608-819-4732
E-Mail:	lockdesk@wheda.com
Hours of Phone Availability:	8:00 am to 5:00 pm Central Time (“CT”)
Rate Lock Hours:	8:30 am to 5:30 pm CT

Post-Closing

Phone:	1 (800) 334-6873
Fax (Attn: Post-Closing):	608-819-4732
E-Mail:	postclosing@wheda.com
Hours of Phone Availability:	8:00 am to 5:00 pm Central Time (“CT”)

Renovation Escrow Accounts

Phone:	1 (800)334-6873
Fax (Attn: Reno Escrow):	608-819-4732
E-Mail:	capitalmarkets@wheda.com
Hours of Phone Availability:	8:00 am to 5:00 pm Central Time (“CT”)

Quality Control

Phone:	1 (800) 334-6873
Fax (Attn: QC):	608-819-4733
E-Mail:	qualitycontrol@wheda.com
Hours of Phone Availability:	8:00 am to 5:00 pm Central Time (“CT”)

Training

E-Mail:	sf.sales@wheda.com

Underwriting

Phone:	1 (800) 334-6873
Fax (Attn: Underwriting):	608-819-4733
E-Mail:	underwriting@wheda.com
Hours of Phone Availability:	8:00 am to 5:00 pm CT

WHEDA-Connect.com

Phone:	1 (800) 334-6873

Fax (Attn: WHEDA-Connect): 608-819-4733
E-Mail: WHEDA-Connect@wheda.com
Hours of Phone Availability: 8:00 am to 5:00 pm CT

1.04 Business Hours/Business Days (1/2/22)

With the exception of most Federally-Recognized Holidays (those denoted below with an asterisk), Friday following Thanksgiving Day, Christmas Eve and New Year's Eve, WHEDA is open for business every weekday from 8:00 am to 5:00 pm CT (these are "Business Days"). Under Section 6103(a) of Title 5 of the United States Code, Federally-Recognized Holidays are:

- New Year's Day*
- Martin Luther King, Jr. Day*
- Washington's Birthday
- Memorial Day*
- Independence Day*
- Labor Day*
- Columbus Day
- Veterans Day*
- Thanksgiving Day*
- Christmas Day*

In the event any deadline such as a Rate Lock Expiration Date, Final Package Due Date or other such date identified by WHEDA falls on a Non-Business Day, the deadline is automatically extended to the close of business on the next Business Day unless otherwise specified in this Manual.

1.05 Program Announcements (04/01/14)

From time to time, WHEDA issues Lender Update letters as needed to communicate program changes to its Lenders. The Lender Updates are distributed via email to individuals who have subscribed to WHEDA's email distribution list, and the Lender Updates are also posted on our website. To subscribe to WHEDA's email distribution list for Lender Updates, Price Grids and other WHEDA announcements, go to our website.

1.06 Program Training (04/01/14)

WHEDA offers program training that can be delivered in a variety of different ways. WHEDA routinely hosts web-based training sessions. If preferred, your Account Manager can host a web-based training session or travel anywhere in the state to conduct an onsite training. We will tailor our training program to fit the Lender's preferences. To schedule a training session, contact your Single Family Account Manager. We also offer on-demand training on our website.

1.07 Gramm-Leach Bliley Act/Privacy Rule Statement (04/01/14)

To respect the privacy of our respective customers and to protect the security and confidentiality of those customers' nonpublic personal information, WHEDA shall comply with the applicable requirements of the Gramm-Leach Bliley Act (15 USC 6801-6809, Disclosure of Nonpublic Personal Information).

1.08 Fair Lending Statement/Declaration of Non-Discrimination (04/01/14)

WHEDA will not discriminate against any credit applicants or borrowers, discourage any application for credit, nor delay a decision on any application for credit on the basis of race, color, religion, national origin, sex, sexual preference, marital status, familial status, physical condition, developmental disability, age (provided the applicant has the capacity to contract) or any other prohibited basis; or because all or part of the applicant's income derives from any public assistance program; or because the applicant has in good faith exercised any right under the Consumer Credit Protection Act or any other applicable consumer credit protection law. WHEDA is an Equal Housing Lender.

1.09 Vendor Management Requests (04/01/14)

Information requests for vendor management should be forwarded to WHEDA's Single Family Quality Control Department. The subject line of the email should read, "Vendor Management Request."

1.10 HMDA LAR Reporting (04/01/14)

In order for a Lender to include a loan in their Home Mortgage Disclosure Act ("HMDA") Loan Application Register ("LAR"), Lender must have made the final underwriting decision. In the Broker and Mini-Corr Channels, WHEDA is considered to have made the final underwriting decision and the Lender should not include the loan in their HMDA reporting. Lenders may, however, continue to receive credit toward meeting their Community Reinvestment Act ("CRA") requirements.

2.00 Becoming a WHEDA Lender

This Chapter explains the process a lender must follow in order to become a Lender in WHEDA's single family residential mortgage lending programs. In addition to covering the information a Lender will need to submit to WHEDA for review, this Chapter also addresses the On-Boarding Process WHEDA will use to assure a new Lender is successful in using WHEDA's loan programs.

2.01 Types of WHEDA Participating Lenders (03/08/2019)

A lender (.i.e. bank, savings bank, savings and loan association, credit union or mortgage banker licensed to do business in Wisconsin) must be approved to do business with WHEDA. A lender may participate in the following ways with WHEDA:

- As a Direct Lender operating as a retail lender that sells loans directly to WHEDA in the Broker, Mini-Corr, or Correspondent Channel; or
- As a Wholesale Lender that buys loans from other lenders and sells them to WHEDA through either the Mini-Corr or Correspondent Channel; or
- As a third-party originator ("TPO") that originates loans that are funded by a Wholesale Lender and subsequently sold to WHEDA through the Mini-Corr or Correspondent Channels.

The method in which a lender applies for and is eligible to originate and sell loans to WHEDA determines their Lender Type[1].

Lender Type	Channel	Tangible Net Worth Requirement	Origination Type
Direct Lender	Broker, Mini-Corr, and Correspondent	$1,000,000	Retail only
Wholesale Lender	Broker, Mini-Corr, and Correspondent	$3,000,000	Retail or Wholesale
TPO	Mini-Corr and Correspondent	None; must be authorized as TPO through Wholesale Lender	Through WHEDA-approved Wholesale Lender only

[1]Effective 07/01/19

2.02 The Application Process (10/27/21)

The Lender Application and Lender Application Checklist may be obtained by contact our Single Family Sales team.

Applicants will need to complete all information requested on the Lender Application and submit all documents required, as specified on the checklist. An application will not be processed by WHEDA until it is complete. This includes a signed copy of the Loan Origination Agreement (the "Agreement") and a completed ACH Authorization Form (Form 17) signed by an authorized signatory of the applicant. The applicant must accept the Agreement in its full form and, in executing the Agreement, the Lender acknowledges that the Agreement, this Manual, and any forms or other WHEDA program documents may not be edited or amended by the Lender.

All applications are reviewed by WHEDA's Quality Control Department. A quality assurance analyst will work with the applicant to assure a complete application is presented to the Lender Review Committee. Each application is reviewed by the Lender Review Committee ("LRC"). In the event of a denial by the LRC, the applicant will be notified of the deficiencies that caused denial of its application.

Upon approval by the LRC, the Agreement will be countersigned and a copy of the executed Agreement will be sent to the Lender. Upon receipt of the fully executed Agreement, a Lender is now approved to participate in WHEDA's single family residential mortgage lending programs but is required to work with a WHEDA Account Manager to obtain all required training prior to submitting loans for review/purchase. The entire application and review process typically takes four (4) weeks once a complete application has been received.

2.03 Lender Identification Number (03/16/16)

WHEDA assigns a unique lender identification number ("Lender ID No.") to each approved lender. In addition, Wholesale Lenders will receive an identification number for each TPO ("TPO ID No.").

2.04 Eligibility Criteria (08/16/16)

WHEDA determines an applicant's qualifications and eligibility by reviewing the applicant's financial condition, organization, staffing, and other relevant factors. Lender must continue to meet these criteria in order to maintain eligibility as a WHEDA Lender.

To be approved as a Direct Lender or Wholesale Lender, and maintain that approval, an applicant must, at a minimum:

- Must have a physical brick and mortar location in Wisconsin;
- Meet the minimum net worth requirement set forth in Section 2.01;
- Have as its principal business purpose, the origination and selling of single family residential mortgages;
- Have demonstrated the ability to originate and sell the types of single family residential mortgages for which approval is being requested;
- Have adequate facilities and staff experiences in originating and selling single family residential mortgages for which approval is being requested;
- Be duly organized, validly existing, properly licensed (in good standing) or otherwise authorized to conduct business in the State of Wisconsin to originate and sell single family residential mortgages;
- May not have any regulatory orders or cease and desist orders in effect or pending that relate directly to its ability to originate single family residential loans in Wisconsin;
- Have internal audit and management control systems to evaluate and monitor the overall quality of its loan production;

- Ensure mortgages are originated and sold to WHEDA meeting applicable investor and guarantor requirements;
- Implement and maintain a comprehensive quality control plan that monitors mortgage loan quality through pre-funding and post-closing audits, management reporting, verifying the existence and accuracy of legal documents, credit documentation and property appraisals and a plan that monitors early payment defaults;
- Have written procedures for the approval and management of vendors and other third-party service providers;
- Have written procedures to assure appraiser independence;
- Have a fidelity bond and an errors and omissions policy in effect and agree to modify them as necessary to meet WHEDA's requirements;
- Have the ability to repurchase any mortgage loan sold to WHEDA that fails to meet the standards as defined in the Agreement and this Manual;
- Have a disaster recovery/business continuity plan in effect; and
- Have a Corporate Resolution of Signatory Authority listing any and all staff authorized to act on behalf of the Lender in matters relating to WHEDA. A revised Corporate Resolution of Signatory Authority must be submitted to WHEDA's Quality Control Department whenever staff authorized to act on behalf of the Lender has changed.

2.05 Lender Responsibilities (09/19/14)

The Lender's operating policies and procedures must reflect prudent, sound and responsible business practices in its marketing and origination of residential mortgage loans.

The lender must comply with:

- All federal, state and local laws and regulations that are applicable to fair housing, fair lending, equal credit opportunity, truth-in-lending, wrongful discrimination, appraisals, real estate settlement procedures, borrower privacy, data security, escrow account administration, credit reporting, electronic signatures or transactions, predatory lending or terrorist activity, etc.
- Appraiser Independence Requirements ("AIR").
- The Department of Treasury's Office of Foreign Assets Control ("OFAC") as it applies to Lender's key principals.
- The Secure and Fair Enforcement Mortgage Licensing Act ("SAFE Act").
- All IRS and regulatory requirements pertaining to certain real estate transactions
- Any company or individual involved in the origination, underwriting, or servicing of the mortgage are not listed on the System for Award Management ("SAM") List, HUD Limited Denial of Participation ("LDP") or Suspended Counterparty Program ("SCP") List.

2.06 Third-Party Originators (09/19/14)

WHEDA does not review and approve TPOs. Rather, it relies on the representation and warranty of the Wholesale Lender that it has reviewed and approved the TPO in accordance with its own lender review procedures.

WHEDA will, however, assign each TPO a Lender ID No. and monitor the performance of a TPO's loans sold to WHEDA through Wholesale Lenders.

To be approved to participate in WHEDA's single family residential mortgage programs, a TPO will need to execute the TPO Authorization Form (Form 27). Execution of this form by both the Wholesale Lender and the TPO is required before the TPO can originate a WHEDA loan through that specific Wholesale Lender. In counter-signing this form, the Wholesale Lender accepts responsibility for:

- Loans submitted to WHEDA by the TPO pursuant to the Agreement;
- Working directly with each of its TPOs to assure compliance with all applicable lending laws;
- Processing each TPOs' applications, underwriting its loans, and submitting its loans to WHEDA for review/purchase;
- Assuming all liability on each TPOs' loans as if it originated those loans itself;
- Ensuring that each TPO has access to this Manual and all of its chapters, appendices, attachments, and hyperlinks; as well as Lender Updates, and all required WHEDA forms and documents;
- Diligently monitoring to ensure each TPO does not use the HUD or FHA logo or HUD seal in any promotion or advertisement;
- Ensuring that each TPO is not named on the LDP List, SAM or SCP List; and
- Notifying WHEDA immediately upon termination of a TPO or a change in a TPO's eligibility to access WHEDA programs through the Wholesale Lender.

A TPO seeking to do WHEDA loans with more than one (1) Wholesale Lender will need to execute a TPO Authorization Form (Form 27) jointly with each Wholesale Lender. Once the TPO has received its Lender ID No. and received training by its Wholesale Lender it is eligible to originate WHEDA loans.

2.07 Recertification (10/27/21)

All currently approved WHEDA Lenders will be recertified annually to determine continued eligibility.

During recertification, Lenders will be required to submit the following to Quality Control:

- A completed Annual Recertification Attestation signed by an individual authorized by the Lender's Board to execute such documents on behalf of the Lender;
- An updated Corporate Resolution of Signatory Authority;
- Any additional documentation required by Quality Control;
- Complete necessary training, if applicable; and
- Wholesale Lenders will be required to re-verify their TPOs for continued eligibility.

WHEDA will periodically review each Lender's financial condition, organization and staffing, origination activity and volume, the performance and mix-of-business of its loans previously funded by WHEDA, and any other factors WHEDA deems relevant. Approval or rejection of a Lender's recertification is at

WHEDA's sole discretion and is based on WHEDA's business judgment with respect to the totality of the Lender's circumstances.

2.08 Reporting Material Changes to WHEDA (04/01/14)

Once approved to do business with WHEDA, Lenders have a responsibility to report to WHEDA material changes in its business that could result in the Lender no longer meeting WHEDA's Eligibility Criteria (Section 2.04.)

These changes include, but are not limited to:

- Changes in financial condition;
- A decrease of tangible net worth;
- Regulatory orders, including cease and desist orders;
- Lawsuit settlements or judgments;
- Act of God impacting the ability to operate;
- Mergers and acquisitions;
- Changes in insurance coverage;
- A substantial change in ownership
- A change in signatory authority; and
- Any change in the corporate name.

Material changes should be reported using Form 16 and forwarded to WHEDA's Quality Control Department.

2.09 Fidelity Bond and Errors and Omissions Coverage (07/09/15)

Each Lender must have a blanket fidelity bond and an errors and omissions insurance policy in effect at all times. If they cannot be covered by the fidelity bond, Lender must obtain a direct surety bond to cover any officers, including its principal owner. WHEDA reserves the right to request a copy of this insurance policy.

A Lender which is a subsidiary of another institution may use the parent company's fidelity bond and errors and omissions insurance policy as long as it is named as a joint insured under the bond or policy. If the parent organization's deductible amount exceeds the maximum deductible allowable for the Lender's total servicing portfolio, the Lender must obtain a fidelity bond in its own name. The fidelity bond must be for an amount that is at least equal to the amount of the parent's deductible, with a separate deductible amount no higher than the maximum amount WHEDA allows for the Lender's coverage.

For corporate lenders, coverage under the Mortgage Banker's Blanket Bond Policy, the Savings and Loan Blanket Bond Policy or the Banker's Blanket Bond Policy is acceptable. Individual coverage is required if the Lender is owned as a sole proprietorship or as a partnership. Coverage underwritten by an insurer affiliated with Lloyd's of London is acceptable.

The insurer must agree to notify WHEDA at least thirty (30) days before it cancels, reduces, declines to renew, or imposes restrictive modifications to the Lender's coverage for any reason other than a partial or full exhaustion of the insurer's limit of liability under the policy. The insurer must also agree to notify WHEDA within ten (10) days after it receives a Lender's request to cancel or reduce any coverage.

The Lender is required to report certain events to WHEDA within ten (10) days after they occur. Specific events which must be reported include:

- The occurrence of a single fidelity bond or errors and omissions policy loss that exceeds $100,000, even when no claim will be filed or when WHEDA's interest will not be affected.
- The receipt of a notice from the insurer regarding the intended cancellation, reduction, non-renewal, or restrictive modification of the Lender's fidelity bond or errors and omissions policy. The Lender must send WHEDA a copy of the insurer's notice, describe in detail the reason for the insurer's action if it is not stated in the notice, and explain the efforts made to obtain replacement coverage or to otherwise satisfy the insurance requirements.

In addition, even if WHEDA funds are not involved, the Lender must promptly advise WHEDA of all cases of embezzlement or fraud in its organization even if no loss has been incurred. The Lender's report should indicate the total amount of any loss regardless of whether a claim was filed with an insurer.

Fidelity Bond Coverage

The fidelity bond coverage must be equal to a percentage of the total servicing portfolio (all residential and commercial mortgages). The minimum amount of coverage is as follows:

Coverage Required	Servicing Volume
$300,000	$100,000,000 or less
+ 0.150% of the next	$400,000,000
+ 0.125% of the next	$500,000,000
+ 0.100% of the next	$1,000,000,000

The policy's deductible clause may be for any amount up to the greater of $100,000 or 5% of the bonds face amount. Lenders must get WHEDA's permission for higher deductible amounts.

Errors and Omissions

The errors and omissions policy must protect the Lender against negligence, errors and omissions in:

- Obtaining the required hazard and flood insurance coverage at loan closing,
- Determining whether properties are located in special flood hazard areas,
- Paying any delinquent real estate taxes and any special assessments, and collect sufficient funds for real estate taxes and insurance to the date of the first payment,
- Obtaining a commitment for conventional private mortgage insurance, and activating that commitment and notifying the provider of the transfer of loan servicing to WHEDA at the time of loan closing, if applicable, and

- Notifying the life-of-loan flood hazard certification coverage of the transfer of loan servicing to WHEDA at the time of loan closing.

The errors and omissions coverage must equal the amount of the required fidelity bond coverage.

The policy's deductible clause may be for any amount up to the greater of $100,000 or 5% of the policies face amount if the policy provides for coverage per aggregate loss. If the policy provides for coverage per mortgage, the maximum deductible amount for each mortgage cannot be more than 5% of the insurer's liability per mortgage. If a policy provided $100,000 liability per mortgage, the deductible amount for each mortgage would be $5,000 regardless of the actual principal balance of the mortgage.

A mortgage impairment policy is an acceptable substitute for an errors and omissions policy.

2.10 Responsible Advertising (04/01/14)

A Lender may not engage in misrepresentative advertising of the WHEDA brand. If a Lender internally determines a branch or employee or TPO has engaged in misrepresentative WHEDA advertising, immediate action must be taken to ensure this does not happen again.

If WHEDA discovers a Lender has engaged in misrepresentative advertising of the WHEDA brand, action will be taken up to and including termination of a Lender’s WHEDA approval.

Examples of misrepresentative advertising may include:

- Improper use of the WHEDA logo or name to imply an advertisement is from or endorsed by WHEDA;
- Improper use of the WHEDA logo or name to imply content is from or endorsed by WHEDA;
- Improper use of the official FHA logo or HUD seal in a promotion or advertisement;
- Improper use of a government or state form to imply endorsement or representation of such an agency; and
- Improper creation of a website with WHEDA listed in the URL.

2.11 The On-Boarding Process (03/16/16)

Once a Lender is approved to do business with WHEDA, they will be contacted by their WHEDA Account Manager to complete the On-Boarding Process. The purpose of the On-Boarding Process is to assure the Lender has a successful rollout of the WHEDA programs it chooses to offer and continues to enjoy success in using WHEDA’s programs.

Specifically, a thorough and complete On-Boarding Process will result in:

- Better trained and prepared staff;
- Quicker loan approvals;
- Higher loan approval rate (lower denial and suspense rates);
- Reduced likelihood of repurchases;
- Reduced likelihood of curative actions;

- Fewer loan documentation issues;
- Better lock desk performance;
- Higher pull-through rate;
- Greater awareness of program and procedure changes; and
- Overall greater comfort with the WHEDA Advantage suite of mortgage products.

By taking steps up front to assure a smooth program rollout, we believe a Lender will experience greater satisfaction in its partnership with WHEDA.

The On-Boarding Process is set forth in *Your Path to Closing WHEDA Loans* (Exhibit 11), a brochure designed to walk a Lender through the steps to becoming an active participant in WHEDA Advantage programs. Your Account Manager will meet periodically with you to assure the steps set forth in the brochure are being taken in a timely fashion. During the On-Boarding Process your staff will be connected with key WHEDA staff in Quality Control, Underwriting, and Post-Closing. Your Account Manager will work with you to tailor program training to meet your needs both in terms of content and mode of delivery.

2.12 Minimum Loan Volume Requirement (10/27/21)

A Lender must complete at least five (5) transactions under the WHEDA Advantage program in a 12-month period to maintain "approved" status. Lenders that are unable to meet the minimum volume requirement in a given year will be required to complete training prior to receiving confirmation of annual recertification. (See Section 2.07 for complete details on annual recertification requirements.)

3.00 Rate Locks/Commitments

This Chapter provides an overview of procedures and policies governing the commitment of a loan to WHEDA by a Lender. It is important to note that the Lender is responsible at all times for communicating any changes in loan details and status that may affect an existing commitment. For any circumstances not covered in this Chapter contact the Lock Desk. The Lock Desk phone availability hours are Business Days 8:00 am to 5:00 pm CT.

3.01 Rate Locks/Commitments (03/16/16)

A Rate Lock or Commitment is the legal agreement which binds the Lender to sell and WHEDA to purchase a specific loan under a specified interest rate and price. A commitment provides price protection for the Lender and provides WHEDA the commitment necessary to manage its pipeline.

A commitment is valid through 5:30 pm CT on the Rate Lock Expiration Date. This date appears on the Rate Lock Confirmation that the Lender receives from WHEDA, confirming the commitment. If the Rate Lock Expiration Date falls on a Non-Business Day, the commitment expires on the following Business Day at 5:30 pm CT. The terms "Rate Lock" and "Commitment" are used interchangeably by WHEDA.

A loan may be locked any time after the Lender holds a completed loan application and a copy of the accepted Offer to Purchase ("OTP").

The total loan amount must be rounded down to the nearest dollar.

3.02 Lock Window Availability (03/16/16)

Rate locks may be entered into, modified, or cancelled between 8:30 am CT (after the morning Price Grids are posted) and 5:30 pm CT on Business Days (see Section 1.04.) Any change requests for loans already locked should be emailed to lockdesk@wheda.com.

3.03 A Best Efforts Commitment (03/16/16)

A Lender's commitment and subsequent delivery of a loan to WHEDA is done under the Lender's Best Efforts:

- Loans are committed on a single loan flow basis and the interest rate and price are locked in through 5:30 pm CT on the Rate Lock Expiration Date.
- Lenders receive a Confirmation of Rate Lock for each loan locked and this document states the Rate Lock Expiration Date.
- The Rate Lock Expiration Date may be extended up to thirty (30) calendar days. Extension requests should be emailed to lockdesk@wheda.com.
- Delivery of the loan within the specified time frame is mandatory if the loan closes and is eligible for the WHEDA product under which it was locked.

- If the loan does not close or is not eligible for the WHEDA product under which it was locked, there is no obligation on the part of the Lender to deliver the loan to WHEDA.
- If a committed loan that is eligible for delivery to WHEDA is withdrawn by the Lender, WHEDA reserves the right to perform a review to verify that the borrower has withdrawn the loan.
- If a commitment expires, the Lender will be subject to Worse Case Pricing (Section 4.04) if the same loan is relocked within thirty (30) days of expiration of the initial commitment.

3.04 Lock Process (03/16/16)

To initiate the Rate lock process:

- Log into www.wheda-connect.com to request a rate lock. For more detail regarding WHEDA-Connect, please refer to the WHEDA-Connect User's Manual.
- The Lock Desk will review the request, upload the Rate Lock Confirmation to WHEDA-Connect, and send an email to the contact person stating the confirmation is available. WHEDA's Lock Desk will contact the Lender with any questions.
- A loan must be locked no less than four (4) to seven (7) Business Days prior to closing.

3.05 Lock Confirmation (04/01/14)

WHEDA will provide a Confirmation of Rate Lock the same day if a rate lock request is received before 5:00 pm. Otherwise, the Confirmation of Rate Lock will be provided in the morning of the next Business Day. Lender should not assume a rate lock has been received and processed unless they have received a Confirmation of Rate Lock from the Lock Desk.

3.06 Lock Expiration Policy (04/01/14)

All confirmed Commitments end at 5:30 pm CT on the Rate Lock Expiration Date specified on the Confirmation of Rate Lock unless WHEDA has been notified that the loan has closed and will be presented to WHEDA for purchase within the next ten (10) calendar days. If the expiration date falls on a Non-Business Day, the commitment expires on the following Business Day at 5:30 pm CT. Any request to extend a Rate Lock must be received before 5:30 pm CT on the Rate Lock Expiration Date. Any loan that closes after the expiration of the Rate Lock will be subject to a relock at Worse Case Pricing (Section 4.04.)

3.07 Cancelled Locks (04/01/14)

Lenders must notify the Lock Desk when a lock is to be cancelled or fallen out. Cancelled locks may be reinstated with no penalty within forty-eight (48) hours of being cancelled, provided the Rate Lock Expiration Date has not passed. After forty-eight (48) hours, cancelled locks that are reinstated are subject to the Relock Policy.

3.08 Lock Policy with WHEDA-Underwriter Denied Loans (04/01/14)

Loans denied by WHEDA Underwriting will have the lock remain in effect until the Rate Lock Expiration Date. If a Lender wishes to cancel the commitment upon WHEDA's underwriting denial, they will need to notify the Lock Desk.

3.09 Lock Extension Policy (06/05/18)

A Rate Lock may be extended for up to thirty (30) days.

- The Rate Lock Extension Fee is 0.02% of the delivered loan amount for each 1-day extension.
- Requests for extension received after the Rate Lock Expiration Date may be subject to Worse Case Pricing, or may be denied, depending on WHEDA's position with end investors. Every attempt will be made by WHEDA to provide the most favorable option to the Lender but not to the detriment of WHEDA's secondary marketing position.
- If the last day of a lock extension falls on a Non-Business Day, WHEDA will automatically extend the lock to 5:30 pm CT the next Business Day at no cost to the Lender.
- Lenders are reminded that they must be in full compliance with applicable consumer disclosure laws and regulations as it pertains to passing on the cost of Extension Fees to the Borrower.
- The fee assessed for each extension will be debited from the Lender's Automated Clearing House ("ACH") Account on record with WHEDA the day after the extension request is approved.

3.10 Changing the Information of a Locked Loan (09/05/19)

Certain changes to a locked loan may result in a change in price. It is the Lender's responsibility to notify the Lock Desk of any changes to the original lock confirmation. If changes to the locked loan are discovered that impact the loans salability or marketability under the terms agreed to between WHEDA and its end investor, WHEDA reserves the right to apply Worse Case Pricing or cancel the commitment.

Type of Change	Pricing Hit
Loan Program	Between Conventional and FHA or FHA and Conventional - Worse case pricing applies
Loan Product	Between FTHB and Conventional - Worse Case Pricing applies
Adding, Replacing or Removing a Borrower(s)	The lock must be cancelled and the loan must be relocked in accordance with the Relock Policy.
Type of Change	**Pricing Hit**
Property Address	No price hit if it is a modification to the current property address. If it is a new property, the lock must be cancelled and a new lock submitted.
Delivery Channel	No price hit; channel pricing on date of original commitment applies.
Interest Rate	No need to cancel the lock, but change will result in Worse Case Pricing.
Other	Notify the Lock Desk

3.11 Changing the Delivery Channel after Commitment (04/01/14)

A Lender may change the channel of delivery after committing a loan and prior to the Rate Lock Expiration Date. The Lender must be set up to do business in the newly selected channel.

- Lender must notify the Lock Desk of the delivery channel change.

- Pricing will be the lesser of the original channel and the newly selected channel as of the date of rate lock.
- The Rate Lock Expiration Date will remain the same.
- Lender is reminded that Regulation Z, as amended April 1, 2011, prohibits dual compensation in table-funded (i.e.: brokered) loans. That is, an originator cannot collect and retain fees from the borrower while also being paid for the loan by the creditor. This is important especially in the instance of a loan changing from the Correspondent to the Broker Channel.
- Lender is reminded that a change of delivery channel is not a change of circumstance. WHEDA reviews all loans for compliance with Regulation Z, which implements the Truth in Lending Act ("TILA") and Home Ownership and Equity Protection Act ("HOEPA"), and Regulation X, which implements the Real Estate Settlement Procedures Act ("RESPA".)

3.12 Relock Policy (04/01/14)

Relocks can be requested only after a rate lock has expired or been cancelled (i.e.: "fallen out").

- A loan is considered a relock if it involves the same borrower(s) and the same property.
- For relocks within thirty (30) days after the earlier of expiration or cancellation, Lender must contact the Lock Desk and obtain a Worse Case Price.

Relocks are allowed without penalty under any program and at any rate available on the currently effective Price Grids thirty-one (31) or more days after the date in which the prior commitment expired or was cancelled.

3.13 Locking an Easy Close Down Payment Assistance Loan (03/16/16)

A WHEDA Easy Close ("DPA") Second Mortgage can only be provided in conjunction with a WHEDA-funded first mortgage.

Check the DPA Product Matrix (Appendix K) for eligibility, terms and conditions.

A separate Confirmation of Rate Lock will be provided. The confirmation will reflect the WHEDA Loan Number and the interest rate. The Rate Lock Expiration Date will match the Rate Lock Expiration Date for the related first mortgage. Pricing will be par (no premium paid by WHEDA) and the Lender may not charge and retain any fees. The WHEDA Loan Number will match the WHEDA Loan Number for the related first, but will have a unique suffix that identifies it as a second mortgage (e.g.: 000081234-2nd-STX.)

The Easy Close should be treated as a separate transaction from the related first mortgage. As such, the Lender must provide a separate Mortgage, Note, Assignment of Mortgage, Closing Disclosure, and all required consumer disclosures within required timeframes.

Easy Close loans are funded with the related first mortgage.

Additional guidance on funding, disclosure, and settlement of DPA Second Mortgages is provided in:

- Section 5.09 – Easy Close DPA in the Broker Channel
- Section 6.14 – Easy Close DPA in the Correspondent Channel
- Section 7.10 – Easy Close DPA in the Mini-Corr Channel
- Section 9.03 – Preparing the Easy Close DPA Mortgage Documents
- Section 9.12 – Closing Interest on the Easy Close DPA

3.14 Locking a Capital Access Advantage Down Payment Assistance Loan (03/01/17)

A Capital Access Advantage Down Payment Assistance ("DPA") Second Mortgage can only be provided in conjunction with a WHEDA-funded first mortgage.

Check the DPA Product Matrix (Appendix K) for eligibility, terms and conditions.

To reserve funds, the Capital Access Advantage DPA loan and corresponding first mortgage must be locked in WHEDA-Connect.

A separate Confirmation of Rate Lock will be provided. The confirmation will reflect the WHEDA Loan Number. The Rate Lock Expiration Date will match the Rate Lock Expiration Date for the related first mortgage. Pricing will be par (no premium paid by WHEDA) and the Lender may not charge and retain any fees. The WHEDA Loan Number will match the WHEDA Loan Number for the related first, but will have a unique suffix that identifies it as a second mortgage (e.g.: 000081234-2nd-STX.)

Capital Access Advantage DPA should be treated as a separate transaction from the related first mortgage. As such, the Lender must provide a separate Mortgage and a Capital Access Advantage Promissory Note. The deferred loan must be executed in the name of Wisconsin Housing and Economic Development Authority.

Capital Access Advantage DPA loans are funded with the related first mortgage.

Additional guidance on funding, disclosure, and settlement of DPA Second Mortgages is provided in:

- Section 5.10 – Capital Access Advantage DPA in the Broker Channel
- Section 6.15 – Capital Access Advantage DPA in the Correspondent Channel
- Section 7.11 – Capital Access Advantage DPA in the Mini-Corr Channel
- Section 9.04 – Preparing the Capital Access Advantage DPA Mortgage Documents

4.00 Rates and Compensation

This Chapter provides an overview of procedures and policies relating to loan pricing. Each Business Day in which the Lock Desk is open, WHEDA emails a link to access the Price Grids to Lenders signed up for the email subscription service. Rates and pricing are subject to change without advance notice. Lenders are responsible for assuring the correct rates and prices for the WHEDA Product(s) it offers are accurately communicated to its staff.

4.01 Daily Rates and Pricing (04/01/14)

WHEDA posts interest rates and corresponding pricing for each Loan Program by 8:30 am CT on each Business Day. Pricing remains in effect from 8:30 am to 5:30 pm CT each Business Day unless otherwise noted. Rate Lock requests received afterhours or on Non-Business Days will be locked at the price established for the WHEDA Product and rate specified on the Rate Lock request once the Lock Desk reopens.

WHEDA's pricing is reflected on the following documents:

- **Broker Channel Price Grid –** This grid reflects loan pricing to Lenders selling loans to WHEDA in the Broker Channel. Pricing reflects the applicable WHEDA-Paid Compensation Plan (Section 5.02). It lists all the interest rates and corresponding prices for all WHEDA programs available to the Lender in the Broker Channel for the duration of the Price Grid (i.e.: until it expires or is replaced.) Pricing adjustments, if applicable, must be applied.

- **Correspondent Channel Price Grid –** This grid reflects loan pricing to Lenders selling loans to WHEDA in the Correspondent Channel. No compensation structure is assumed. WHEDA considers its purchase of loans in the Correspondent Channel to be *bona fide* secondary market transactions. The grid lists all the interest rates and corresponding prices for all WHEDA programs available to the Lender in the Correspondent Channel for the duration of the Price Grid (i.e.: until it expires or is replaced.) Pricing adjustments, if applicable, must be applied.

- **Mini-Corr Channel Price Grid –** This grid reflects loan pricing to Lenders selling loans to WHEDA in the Mini-Corr Channel. No compensation structure is assumed. WHEDA considers its purchase of loans in the Mini-Corr Channel to be *bona fide* secondary market transactions. The grid lists all the interest rates and corresponding prices for all WHEDA programs available to the Lender in the Mini-Corr Channel for the duration of the Price Grid (i.e.: until it expires or is replaced.) Pricing adjustments, if applicable, must be applied.

The price grids specify which rates and prices shown are available to Lenders for new commitments. Rates and prices listed on the grids, but not available to Lenders for new commitments, are provided for indicative purposes only and will be used by WHEDA's Lock Desk for Worse Case Pricing and spot pricing requests.

Lenders can request current or past price grids by contacting the Lock Desk.

4.02 In-Day Rate Changes (04/01/14)

WHEDA reserves the right to change pricing at any time, without prior notification, based on market conditions. WHEDA will post its revised Price Grids on its website and email links to them to the subscription service.

- Lock requests received prior to any In-Day Rate Change will be honored at the price in effect prior to the change.
- Lock requests received after the price change will be honored at the new price.
- WHEDA does not assume any responsibility for Lenders that do not obtain updated Price Grids.

4.03 Spot Pricing (04/01/14)

Lenders may request spot pricing for loans based on lock durations or rates not offered on that day's posted Price Grids. To request a spot price Lenders should contact the Lock Desk.

4.04 Worse Case Pricing Policy (04/01/14)

Worse Case Pricing is the lower of the price on the Commitment Date and the date on which the relock is requested for the corresponding loan program and interest rate, plus any applicable Extension Fees. For interest rates no longer on the applicable Price Grid, WHEDA may have corresponding off-grid rates and pricing ("Off-Grid Pricing") available. Contact the Lock Desk.

4.05 Higher Priced Mortgage Loans (04/01/14)

Lenders should be aware that WHEDA has policies that prohibit it from funding or purchase most Higher Priced Mortgage Loans (Section 8.07) and High-Cost Loans (Section 8.08).

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5.00 Broker Channel

This Chapter provides instruction as to how to deliver conventional and FHA loans to WHEDA in the Broker Channel, also called the "Table Funding Channel." WHEDA uses these terms interchangeably. A Lender originating first mortgage loans that WHEDA funds at the closing table is considered a "broker" for that transaction, regardless of the Lender's Institution Type (i.e.: bank, credit union, mortgage banking company, etc.) Conventional loans in the Broker Channel close in the Lender's name, and FHA loans in the Broker Channel close in WHEDA's name.

5.01 Overview (04/01/14)

A Lender must declare at the time it enters a Rate Lock whether the committed loan will be delivered to WHEDA in the Broker Channel, Correspondent Channel (Chapter 6.00), or Mini-Corr Channel (Chapter 7.00.)

5.02 WHEDA-Paid Compensation Plan (04/01/14)

All Broker Channel loans are subject to a WHEDA-Paid Compensation Plan. WHEDA currently offers the following WHEDA-Paid Compensation Plans in the Broker Channel:

- Plan A – 1.75% of Original Principal Balance ("OPB")

The Lender will receive the amount of compensation identified by the applicable WHEDA-Paid Compensation Plan regardless of any pricing adjustments applied to the loan, with the exception of a loan subject to Worse Case Pricing. In the instance of Worse Case Pricing, the Lender may receive compensation in an amount less than the applicable WHEDA-Paid Compensation Plan.

Any premium paid by WHEDA in excess of the amount set forth in the applicable WHEDA-Paid Compensation Plan must be credited to the borrower. The amount of the credit cannot exceed closing costs (i.e.: it cannot cover the down payment.) The credit must show as "WHEDA Paid."

Lender should consult the Broker Channel Price Grid (Section 4.01) for the applicable WHEDA-Paid Compensation Plan to determine rates and pricing currently available.

5.03 Loan Registration/Float (09/19/14)

A loan must be registered prior to WHEDA underwriting. Registration is also referred to as a "float" because the Lender has registered the loan with WHEDA and is, presumably, waiting for more favorable interest rates before entering a commitment.

- Registration occurs when the Lender submits an Applications Package Checklist (Form 6) and indicates that the loan is being registered (i.e.: the loan has not been previously rate locked and no WHEDA Loan No. has been assigned.)

- WHEDA registers the loan, assigning a unique WHEDA Loan No. and establishing the Registration Date.
- The registration is valid as long as loan documentation has not become stale dated, meaning that a Lender must lock the loan within that timeframe or the registration expires ("Registration Expiration Date").
- WHEDA will underwrite the loan and place the loan in one (1) of the three (3) statuses identified in Section 5.06.
- Documentation submitted may not be dated more than thirty (30) days prior to the Registration Date.
- If the loan is locked and proceeds to closing, Lender is responsible for assuring documentation is not stale on the Note Date.
- If documentation on which WHEDA based an approval becomes stale dated prior to the Closing Date, funding could be delayed.

5.04 Ordering Appraisals in the Broker Channel (08/01/2022)

Effective for all loans originated in the Broker Channel on or after August 1, 2022, all appraisals must be ordered by WHEDA to comply with Appraisal Independence Requirements (AIR). At a minimum, a loan must be in registered status to request an appraisal.

To submit a request for WHEDA's staff to order an appraisal, the lender must:

- Comply with any and all applicable rules and regulations, including AIR and TRID, as appropriate;
- Collect payment from the borrower to cover the cost of the appraisal;
- Upload all required documentation as listed on Form 48 Appraisal Order Request Form into WHEDA Connect; and
- Email a completed Form 48 Appraisal Order Request Form to underwriting@wheda.com.

Upon receipt of the necessary documentation, WHEDA will send a confirmation email to the lender and submit the order to our third-party vendor. Lenders will receive status update emails to track the appraisal progress. Any delays will be communicated with the lender to ensure a timely closing.

Following review of a completed appraisal, a WHEDA underwriter will update the conditions list and send out an updated approval certificate, notifying the lender that the appraisal is ready to be sent to the borrower. The Appraisal will be in e-Docs within WHEDA Connect and can be sent to the borrower using the lender's method of delivery. Lender's will be required to ensure the appraisal is delivered to the borrower in accordance with all applicable rules and regulations. WHEDA will net the cost of the appraisal at the time the loan if funded. (If a loan does not close, WHEDA will work directly with the lender partner to collect the borrower's payment from the lender.)

In the event a re-inspection or completion certificate is required, the lender must notify the WHEDA underwriter when all required repairs have been completed (including sending in any required documents such as lien waivers). WHEDA will then coordinate internally to submit an order for a 1004D as needed. Lenders will be notified via email as the order progresses. Any delays will be communicated with the lender to ensure a timely closing.

WHEDA will make every effort to ensure that appraisals are ordered and obtained to meet estimated closing dates; however, from time-to-time delays may occur that will impact a closing date. WHEDA will communicate with our lending partner as appropriate to mitigate the impacts to mutual borrower.

5.05 Conventional Loan Programs (04/01/14)

In the Broker Channel, WHEDA's conventional loan products must close in the Lender's name even though WHEDA will provide funds prior to or at closing. Lenders must:

- Refer to the WHEDA Advantage Conventional Underwriting Guide (Appendix A.) It is WHEDA's expectation that the Lender will perform a preliminary underwrite prior to submission to WHEDA for the final underwrite.
- Obtain private mortgage insurance ("PMI"), if applicable (see Section 9.04.) PMI is obtained under the Lender's Master Policy and transferred to WHEDA at closing.
- Refer to the Schedule of Fees for guidance relating to WHEDA-specific fees that should be considered when preparing consumer disclosures. Reminder: Lender may not retain any fees in the Broker Channel. All compensation is WHEDA-paid.

5.06 FHA Sponsored Originators (04/01/14)

In order to sell FHA-insured loans to WHEDA in the Broker Channel, a Lender will need to have established a Sponsored Originator/Authorized Agent relationship with WHEDA. Under this arrangement, WHEDA is the Authorized Agent and is sponsoring the Lender (the "Sponsored Originator") into the FHA endorsement program.

The Sponsored Originator process is slightly different than the Broker Channel processes that apply to conventional loans:

- To become a Sponsored Originator approved for WHEDA FHA Advantage, a Lender must complete and submit the Sponsored Originator Application (Form 34c) and complete required program training provided by WHEDA (Contact your Account Manager.)
- Any WHEDA-approved Lender, including a Lender with Direct Endorsement ("DE") status with the FHA, may participate with WHEDA as a Sponsored Originator.
- Lender must execute all loan documents in the name of "Wisconsin Housing and Economic Development Authority" and WHEDA will provide funds prior to closing.
- Lender should refer to the Schedule of Fees for guidance relating to WHEDA-specific fees that should be considered when preparing consumer disclosures. Reminder: Lender may not retain any fees in the Broker Channel. All compensation is WHEDA-paid.
- Lender should refer to the WHEDA Advantage FHA Underwriting Guide (Appendix D.) It is WHEDA's expectation that the Lender will perform a preliminary underwrite prior to submission to WHEDA for the final underwrite.

- Lender should document in the loan file that the following parties to the transaction are not listed on the SAM or the LPD list:
    - All loan applicants
    - Loan Originator
    - Seller
    - Listing Agent
    - Selling Agent
- WHEDA will remit the Up-Front Mortgage Insurance Premium ("UFMIP") to FHA and submit the HUD Case Binder to the Denver Home Ownership Center ("HOC").
- Lender will be notified if the HOC returns the Case Binder with a Notice of Return ("NOR"). Lender is required to assist WHEDA in resolving any issues in a timely manner to assure the Mortgage Insurance Certificate ("MIC") is issued within sixty (60) days of closing.

5.07 Submitting Loan Applications (03/01/17)

To submit a loan for underwriting, Lender must upload a complete Application Package in WHEDA-Connect, using the Application Package Checklist (Form 6). WHEDA will underwrite the loan file and render one of the following decisions:

- Approved – The Approval Certificate will specify any conditions and documentation required for final loan approval.
- Suspended – Lender will receive a Suspense Notice detailing the items necessary to decision the application.
- Denied – If the application does not meet underwriting or regulatory compliance requirements, Lender will be notified and a Notice of Adverse Action will be mailed to the borrower and Lender.

5.08 Desktop Originator/WHEDA Sponsorship Requirement (04/01/14)

In order for a loan to be eligible for funding by WHEDA in the Broker Channel, the Lender must submit the loan to Fannie Mae's Desktop Originator® (DO®) under WHEDA's sponsorship. The Lender then must transfer access of the DO findings to WHEDA by completing a final submission once it has submitted a complete Application Package to WHEDA for underwriting.

5.09 Funding First Mortgages (8/9/19)

Lender must submit a Funding Certificate (Form 7) at least two (2) Business Days before closing, including documentation necessary to satisfy all outstanding funding conditions.

- WHEDA will issue the Funding Confirmation prior to closing. The Funding Confirmation (see sample in Appendix R) will be calculated as follows (example):

	+/-	$ Amount
UPB	+	$100,000.00
Price, including adjustments	+	$1,750.00 *(UPB x 101.750) x 0.01 – UPB*
Tax Service Fee	-	$65.00
Purchase Review Fee	-	$500.00
Wire Fee	-	$35.00
Closing Interest	-	$50.00
Total		**$101,100.00**

- WHEDA will transfer funds to the Lender on the Closing Date in accordance with the Funding Confirmation.
- Interest per diem should be calculated using 4 decimal places.
- Principal reductions and Cash Back at closing are allowable for the refund of overpayment of fees, as long as any minimum borrower contributions have been verified.

  Overpayment of fees and costs may include:
    - Borrower fees and costs paid outside of closing
        - Earnest Money
        - Home Buyer Education, if fee based
        - Homeowners Insurance
        - Inspections
    - Allowable prorated costs
    - Pass-through costs on 2-4 unit properties
        - Deposits from current tenants

Minimum Borrower Contribution	1 Unit	2-4 Unit
Conventional	n/a	3%*
FHA	n/a	n/a

*5% if using HomeStyle Renovation.

- WHEDA strongly encourages lenders to consider the following alternatives to principal reductions:
    - Reducing the loan amount of any existing secondary financing, such as the Easy Close, or
    - Reducing the loan amount of the first mortgage
- All principal reductions noted on the final Closing Disclosure will be netted from funding.
- Funding requests on Broker Channel loans that are received after the Closing Date will be assessed a Late Funding Fee. The fee will be netted from proceeds.
- WHEDA will not purchase a Broker Channel loan if the funds are requested five (5) days or more after the Closing Date.

5.10 Easy Close DPA in the Broker Channel (10/13/17)

Lenders may use WHEDA's Easy Close DPA product in the Broker Channel. Please refer to the DPA Product Matrix (Appendix K) for eligibility, terms and conditions.

The Easy Close should be treated as a separate transaction from the related first mortgage. As such, the Lender must provide a separate Mortgage, Note, Assignment of Mortgage, Closing Disclosure, and all required consumer disclosures within required timeframes. The Easy Close should be written in the Lender's name, except for loans submitted through the FHA Broker Channel.

The Easy Close and the related first mortgage will be funded simultaneously, but will receive separate Funding Confirmations. To assure simultaneous funding Lender must include the Easy Close loan amount on the Funding Certificate (Form 7.)

Easy Close documentation required by WHEDA should be submitted as part of the first mortgage package. For documentation requirements, see Section 9.03.

5.11 Capital Access Advantage DPA in the Broker Channel (10/13/17)

Lenders may use WHEDA's Capital Access Advantage DPA product in the Broker Channel. Please refer to the DPA Product Matrix (Appendix K) for eligibility, terms and conditions.

The Capital Access Advantage DPA should be treated as a separate transaction from the related first mortgage. As such, the Lender must provide a separate Mortgage, Capital Access Advantage Promissory Note, and all required consumer disclosures within required timeframes. The Capital Access Advantage DPA should be executed in Wisconsin Housing and Economic Development Authority's name.

The Capital Access Advantage DPA and the related first mortgage will be funded simultaneously, but will receive separate Funding Confirmations. To assure simultaneous funding Lender must include the Capital Access Advantage DPA loan amount on the Funding Certificate (Form 7.)

Capital Access Advantage DPA documentation required by WHEDA should be submitted as part of the first mortgage package. For documentation requirements, see Section 9.04.

5.12 Changes to the Funding Confirmation (04/01/14)

Notify WHEDA of any changes to the Funding Confirmation prior to or at closing. Fax a revised Funding Certificate (Form 7) with the changes and a revised Funding Confirmation will be faxed to the Lender. Failure to notify WHEDA of any change to the Funding Confirmation may result in a Funding Error Fee that will be debited from the Lender's ACH account.

5.13 Delayed or Cancelled Funding (04/01/14)

In the event WHEDA remits proceeds for a loan funding and the funding does not occur on the day it is scheduled, Lender is required to immediately notify Post Closing and return the proceeds to WHEDA within forty eight (48) hours of receipt. An Unfunding Fee will be assessed. If the Lender fails to notify Post Closing and promptly unfund the loan, the Lender will be required to pay the Unfunding Fee, as well as a Failed Funding Fee of 0.125% of the committed loan amount, and interest charges for the days the funds were not held by WHEDA.

5.14 Final Package Submission (10/13/17)

Lender must upload the complete Final Package to WHEDA-Connect by no later than the Final Package Due Date, which is the 10th calendar day after the Closing Date. If the 10th day falls on a Non-Business Day, the Final Package Due Date is automatically extended to the next Business Day.

The Original Note must be submitted overnight express mail.

In order to be deemed complete, the Final Package must include two separate uploads into WHEDA-Connect, including:

- **Closing Documents** Package – This package will include all documents listed on the Closing Package Checklist (Form 12), except the recorded Mortgage, recorded Assignment and Final Title Policy.
- **Trailing Documents** Package –This includes the recorded Mortgage, recorded Assignment, and Final Title Policy. A recorded Mortgage and recorded Assignment should also be included for the WHEDA DPA loan, if applicable.

Lender will be assessed a Late Delivery Fee if the required documentation is not received by the Final Package Due Date and any documents not received will be handled as a Document Deficiency (Section 5.14.) Failure to submit the original WHEDA second mortgage DPA Note within 10 days will result in a Late Document Fee.

5.15 Addressing Deficiencies in Post-Closing Documents (04/01/14)

In the Broker Channel, WHEDA has already funded the loan and owns the loan. WHEDA relies on the Lender to act promptly to address any Document Deficiencies that arise upon WHEDA's inspection of the Final Package.

WHEDA defines a Document Deficiency as:

- A required document that it has received but which needs to be corrected to assure salability and enforceability; and
- A required document that it has not yet received from the Lender.

WHEDA recognizes two types of document deficiencies:

- Deficiencies impacting salability; and
- Deficiencies not impacting salability.

Failure to promptly address Document Deficiencies impacting salability could result in Marketing Loss Fees. See Chapter 10.00 for further guidance on addressing Document Deficiencies in a timely fashion so that penalties can be avoided.

6.00 Correspondent Channel

This Chapter provides instruction on how to deliver conventional and FHA loans to WHEDA in the Correspondent Channel, also called the "Closed-Loan Channel." WHEDA uses these terms interchangeably. A Lender originating first mortgage loans that close in the Lender's name, are funded by the Lender, and subsequently delivered to WHEDA by the Lender is considered a "correspondent" for that transaction, regardless of the Lender's institution type (i.e.: bank, credit union, mortgage banking company, etc.)

6.01 Overview (04/01/14)

A Lender must declare at the time it enters a Rate Lock whether the committed loan will be delivered to WHEDA in the Broker Channel (Chapter 5.00), Correspondent Channel, or Mini-Corr Channel (Chapter 7.00.)

6.02 Rates and Compensation (04/01/14)

In the Correspondent Channel, the Lender has the ability to deliver a loan to WHEDA at any rate and corresponding price specified on the Correspondent Channel Price Grid in effect when the loan was locked.

WHEDA-Paid Compensation Plans do not apply to Correspondent Channel loans, as the compensation structure – either borrower-paid or lender-paid – is determined by the Lender along with the compensation amount. In the Correspondent Channel, WHEDA allows Lenders to charge and retain normal and customary fees. Lender retained fees including any origination fees shall be limited to 2% of the loan amount. Lenders are responsible for assuring their compensation structure and plans comply with federal law.

6.03 Standard Delegated Underwriting Authority (07/01/2021)

Standard delegated authority grants the lender authority to approve all loans that meet the underwriting criteria set forth in the conventional underwriting guide (appendix A) and the FHA underwriting guide (appendix D).

Loans delivered in the Correspondent Channel must meet the following criteria:

Loan Program	AUS Recommendation	Overlays
HFA Preferred	• Fannie Mae Desktop Underwriter® (DU®) Approve/Eligible	See WHEDA Conventional Advantage Eligibility Matrix
FHA	• DU Total Scorecard Approve/Eligible • Freddie Mac Loan Prospector® (LP®) Total Scorecard Accept/Eligible	See WHEDA FHA Advantage Eligibility Matrix

6.04 Select Delegated Underwriting Authority (Removed 08/16/16)

6.05 Non-Delegated Status (08/16/16)

Lenders in the Correspondent Channel which fail to meet minimum benchmarks (Section 6.07) for Standard Delegated Authority are considered to have Non-Delegated Status. Upon notice of Non-Delegated Status, a Lender must submit all loans to WHEDA in the Broker Channel (Chapter 5.00) or Mini-Corr Channel (Chapter 7.00) until Standard Delegated minimum benchmarks are achieved.

6.06 Changes in Delegated Authority Status (04/01/14)

WHEDA reviews Lenders' loan performance each month. Based on loan volume and performance, WHEDA reserves the right to change a Lender's delegated authority status. WHEDA will notify Lender in writing and provide a Delegated Status Change Date. The change will be effective with rate lock requests received on or after the Delegated Status Change Date.

6.07 Delegated Authority Loan Performance Benchmarks (08/16/16)

The chart below provides the general loan performance parameters applicable to delegated underwriting authority statuses. WHEDA reserves the right to change a Lender's delegated authority status at any time for any reason.

Status	Loan Volume	Loan Performance
Standard Delegated	No minimum volume	• EPD Rate of no greater than 10% • Serious audit findings do not exceed 20% • Less than 5 curative action requests in the last 12 months
Non-Delegated	No minimum volume	• Fail to qualify for Standard Delegated Authority • Must use Broker or Mini-Corr Channel until further notice

6.08 AUS Requirement in the Correspondent Channel (04/01/14)

All loans to be presented for sale to WHEDA in the Correspondent Channel must be submitted through an eligible Automated Underwriting System ("AUS"):

- In order for a conventional loan to be eligible for sale to WHEDA in the Correspondent Channel, a Lender must have submitted the loan for approval through its own Fannie Mae DU logon/ID.

- In order for an FHA loan to be eligible for sale to WHEDA in the Correspondent Channel, a Lender must have submitted the loan for approval through either its own Fannie Mae DU or Freddie Mac LP logon/ID.
- Loans submitted to Fannie Mae DO under WHEDA sponsorship are not eligible for purchase in the Correspondent Channel.

6.09 Compliance Income-Only Review (03/01/17)

Lenders are encouraged to make use of WHEDA's compliance income-only underwriting service. Provided at no additional cost, a Lender can gain comfort that their loan meets the eligibility criteria WHEDA has established for its loan program. Lenders should submit the Compliance Income Evaluation (Form 29) and all documentation specified on the form. WHEDA will review the information provided and render one of the following decisions:

- Accepted and certified as meeting the Compliance Income qualifications;
- Exceeds the Compliance Income qualifications and is not eligible;
- Additional information is needed to make a decision.

A compliance income-only approval expires thirty (30) days from issuance.

6.10 Compliance Income/Property Eligibility Review (03/01/17)

Lenders are encouraged to make use of WHEDA's compliance income and property eligibility review for Capital Access Advantage down payment assistance program. Provided at no additional cost, a Lender can gain comfort that their loan meets the eligibility criteria WHEDA has established for this loan program. Lenders should submit the Compliance Income/Property Eligibility Request (Form 29) and all documentation specified on the form. WHEDA will review the information provided and render one of the following decisions:

- Accepted and certified as meeting the Compliance Income qualifications and property eligibility parameters for Capital Access Advantage;
- Exceeds the Compliance Income qualifications and/or property is not located in an eligible high housing needs area and therefore is not eligible;
- Additional information is needed to make a decision.

A compliance income/property eligibility approval expires 120 days from oldest credit document date. A compliance income/property eligibility approval does not constitute a reservation of funds for Capital Access Advantage.

6.11 Conventional Loan Programs (06/01/21)

Prior to closing and submitting loans to WHEDA for purchase, the Lender must:

- Refer to the WHEDA Advantage Conventional Eligibility Matrix (Appendix B), the WHEDA Advantage Conventional Guide (Appendix A), and the Fannie Mae Selling Guide for applicable guidelines. Please note that for WHEDA Advantage Conventional loan programs, Fannie Mae's

HomeReady® guidelines supersede standard Selling Guide criteria. It is WHEDA's expectation that the Lender will underwrite a loan and make a sound credit decision.

- Obtain PMI, if applicable (Section 9.04) PMI is obtained under the Lender's Master Policy and transferred to WHEDA at purchase.
- Refer to the Schedule of Fees for guidance in preparing consumer disclosures.

6.12 FHA Direct Endorsement Lender Responsibilities (04/01/14)

Lenders with DE authority which are selling FHA loans to WHEDA in the Correspondent Channel are responsible for handling all aspects of insuring:

- The Lender is responsible for ensuring the final MIC is issued and forwarded to WHEDA within sixty (60) days of closing.
- If a Lender is unable to obtain a final MIC, the loan will be subject to repurchase.
- Lender must notify WHEDA prior to requesting a late endorsement. Upon approval, the Lender will be provided with a loan payment history.
- In FHA Connection, Lender is required to transfer the servicing of the loan to WHEDA and indicate WHEDA as the holder of the loan.

6.13 Closing Correspondent Loans (06/01/21)

Lender will close Correspondent Channel first mortgage loans in its own name and with its own funds (or a warehouse line of credit) on or before the Rate Lock Expiration Date.

- Principal reductions and Cash Back at closing are allowable for the refund of overpayment of fees, as long as any minimum borrower contributions have been verified.

  Overpayment of fees and costs may include:
  - Borrower fees and costs paid outside of closing
    - Earnest Money
    - Home Buyer Education, if fee based
    - Homeowners Insurance
    - Inspections
  - Allowable prorated costs
  - Pass-through costs on 2-4 unit properties
    - Deposits from current tenants

Minimum Borrower Contribution	1 Unit	2-4 Unit
Conventional	n/a	3%
FHA	n/a	n/a

- WHEDA strongly encourages lenders to consider the following alternatives to principal reductions:
  - Reducing the loan amount of any existing secondary financing, such as the Easy Close, or
  - Reducing the loan amount of the first mortgage.

- All principal reductions noted on the final Closing Disclosure will be netted from funding.

6.14 Submitting Loans for Purchase (10/13/17)

After a loan has been locked, the Lender must:

- Close the loan on or before the Rate Lock Expiration Date;
- Upload the complete Final Package to WHEDA-Connect by no later than the Final Package Due Date, which is the 10th calendar day after the Closing Date. If the 10th day falls on a Non-Business Day, the Final Package Due Date is automatically extended to the next Business Day.

The Original Note must be submitted overnight express mail.

In order to be deemed complete, the Final Package must include three separate uploads into WHEDA-Connect, including:

- **Application Package** – All documents listed on the Application Package Checklist (Form 6).
- **Closing Documents Package** – This package will include all documents listed on the Closing Package Checklist (Form 12), except the recorded Mortgage, recorded Assignment and Final Title Policy.
- **Trailing Documents Package** –This includes the recorded Mortgage, recorded Assignment, and Final Title Policy. A recorded Mortgage and recorded Assignment should also be included for the WHEDA DPA loan, if applicable.

Failure to notify WHEDA of the Closing Date in advance of commitment expiration will result in the expiration of the commitment. If this occurs, and the Lender has a loan it wishes to sell to WHEDA, the loan will be subject to Worse Case Pricing. It is the responsibility of the Lender selling loans to WHEDA in the Correspondent Channel to notify the Lock Desk of changes in a loan's status.

Lender will be assessed a Late Delivery Fee if the required documentation is not received by the Final Package Due Date, and any documents not received will be handled as a Document Deficiency (Section 6.15.) Failure to submit the original WHEDA second mortgage DPA Note to WHEDA within 10 days will result in a Late Document Fee.

6.15 Easy Close DPA in the Correspondent Channel (10/13/17)

Lenders may use WHEDA's Easy Close DPA product in the Correspondent Channel. Please refer to the DPA Product Matrix (Appendix K) for eligibility, terms and conditions.

The Easy Close should be treated as a separate transaction from the related first mortgage. As such, the Lender must provide a separate Mortgage, Note, Assignment of Mortgage, Closing Disclosure, and all required consumer disclosures within required timeframes.

The Easy Close and the related first mortgage will be funded simultaneously, but will receive separate Funding Confirmations. To assure simultaneous funding Lender must include the Easy Close loan amount on the Funding Certificate (Form 7.)

For FHA loans, "the originating FHA-approved mortgagee must document that all funds for the borrower's required Minimum Cash Investment necessary to close the FHA-insured mortgage belong to the borrower or were provided by a permissible source in accordance with FHA requirements." As a Section 115 entity, WHEDA is a permissible source of funds for the borrower's required Minimum Cash Investment (see Mortgagee Letter 2012-24, "Secondary Financing Eligibility Requirements for Internal Revenue Code Section 115 Entities").

To expedite issuance of the MIC by HUD's HOC, the Lender must include the Easy Close Rate Confirmation and corresponding email notification in the case binder. The email confirmation includes the language necessary to evidence to the FHA that WHEDA funded the DPA Second Mortgage at closing and that WHEDA is a Section 115 entity and, therefore, a permissible source of funds.

Easy Close documentation required by WHEDA, including the original Note, should be submitted as part of the first mortgage package. For documentation requirements, see Section 9.03.

6.16 Capital Access Advantage DPA in the Correspondent Channel (10/13/17)

Lenders may use WHEDA's Capital Access Advantage DPA product in the Correspondent Channel. Please refer to the DPA Product Matrix (Appendix K) for eligibility, terms and conditions.

The Capital Access Advantage DPA should be treated as a separate transaction from the related first mortgage. As such, the Lender must provide a separate Mortgage, Capital Access Advantage Promissory Note, and all required consumer disclosures within required timeframes. The Capital Access Advantage DPA should be executed in Wisconsin Housing and Economic Development Authority's name.

The Capital Access Advantage DPA and the related first mortgage will be funded simultaneously, but will receive separate Funding Confirmations. To assure simultaneous funding Lender must include the Capital Access Advantage DPA loan amount on the Funding Certificate (Form 7.)

Lenders are strongly encouraged to submit the Compliance Income/Property Eligibility Request (Form 29) to WHEDA, prior to loan consummation, to verify borrower and property eligibility. Form 29 does not, however, constitute a reservation of funds, see Section 3.14.

For FHA loans, "the originating FHA-approved mortgagee must document that all funds for the borrower's required Minimum Cash Investment necessary to close the FHA-insured mortgage belong to the borrower or were provided by a permissible source in accordance with FHA requirements." As a Section 115 entity, WHEDA is a permissible source of funds for the borrower's required Minimum Cash Investment (see Mortgagee Letter 2012-24, "Secondary Financing Eligibility Requirements for Internal Revenue Code Section 115 Entities").

To expedite issuance of the MIC by HUD's HOC, the Lender must include the Capital Access Advantage DPA Rate Confirmation and corresponding email notification in the case binder. The email confirmation includes the language necessary to evidence to the FHA that WHEDA funded the DPA Second Mortgage at closing and that WHEDA is a Section 115 entity and, therefore, a permissible source of funds.

Capital Access Advantage DPA documentation required by WHEDA, including the original Capital Access Advantage Promissory Note, should be submitted as part of the first mortgage package. For documentation requirements, see Section 9.04.

6.17 Post-Close Purchase Review (8/9/19)

WHEDA will perform a purchase review upon receiving the Final Package which, in the Correspondent Channel, includes both a complete Application Package and Closing Package. WHEDA will not purchase loans with incomplete documentation.

WHEDA will perform a program compliance review on 100% of all loans received, and a full audit and a regulatory compliance review on 10% of all loan files received.

A program compliance review consists of the following:

- Determining the total household income does not exceed the program income limit for the household size and property location;
- Determining the purchase price limit does not exceed the program purchase price limit based on the property location;
- Determine the annualized qualifying income does not exceed the applicable Area Median Income (AMI) limit for Conventional loans;
- Under the definition of a First Time Buyer, determining if a borrower and a non-applicant spouse, if applicable, are eligible for the First Time Home Buyer (FTHB) program with preferred interest rates;
- Under the definition of a First Time Buyer, determining if there is an exception;
- Determining that the borrowers are legal citizens of the United States of America;
- Determining that a borrower(s) is not in arrears for child support, maintenance, birthing expenses, etc. by checking the State of Wisconsin Support Lien Docket.

A full audit review consists of a re-underwrite of the loan file for investor credit, capacity, collateral and regulatory compliance requirements.

As part of its review, WHEDA performs a validation of the Automated Underwriting System ("AUS") findings:

- Loan file information, the AUS, and loan delivery information must be consistent.
- The last AUS recommendation is the official record of the terms of the loan.

- WHEDA may request the Lender to resubmit the loan to the AUS to validate the AUS and loan file information. The following requirements apply:
    - Resubmitted loan must have an acceptable AUS recommendation to be eligible for purchase; and
    - The original credit report must be used.

WHEDA reserves the right to deny the purchase of any loan that does not comply with program criteria or applicable lending laws or which has Document Deficiencies.

WHEDA will render one of the following decisions:

- Approved – Upon approval, Lender will receive a Purchase Advice. Funds will be transferred to the Lender.
- Suspended – Lender will be notified of Document Deficiencies that must be addressed in order to advance the loan's status to "Approved" (Section 6.16.)
- Denied (Non-Purchase) – WHEDA has determined the loan fails to comply with program criteria and/or is not eligible for delivery to the end investor. Lender will be notified in writing and all documents received by WHEDA will be returned to the Lender. If applicable, the Lender will be required to repurchase the corresponding WHEDA second mortgage DPA loan.

Under its Seasoned Loan Policy (Section 6.19), WHEDA will not purchase a loan that is seasoned more than thirty (30) days past its Note Date.

6.18 Addressing Deficiencies in Post-Closing Documents (07/09/15)

WHEDA's Correspondent Channel pre-purchase review involves an inspection of the documents submitted. WHEDA will not purchase a loan in the Correspondent Channel until it is satisfied that serious Document Deficiencies have been satisfactorily addressed.

From time to time, however, WHEDA will purchase a loan and document issues will later be identified in a post-purchase audit, during loan setup, or by the document custodian once a loan has been shipped. While WHEDA has purchased the loan and now owns it, the Lender is expected to respond with urgency to requests for assistance to resolve any Document Deficiencies.

WHEDA defines a Document Deficiency as:

- A required document that it has received but which needs to be corrected to assure salability and enforceability; and
- A required document that it has not yet received from the Lender.

WHEDA recognizes two types of document deficiencies:

- Deficiencies impacting salability; and
- Deficiencies not impacting salability.

Failure to promptly address Document Deficiencies impacting salability could result in Marketing Loss Fees. See Chapter 10.00 for further guidance on addressing Document Deficiencies in a timely fashion so that penalties can be avoided.

6.19 Seasoned Loan Policy (04/01/14)

WHEDA will not purchase loans with a Note Date greater than thirty (30) days in the past (a “Seasoned Loan”). WHEDA reserves the right to extend this deadline on specific loans under review/consideration by WHEDA, without waiving its right to enforce this policy in the future. For Example: A loan with a Note date of April 15 is eligible for purchase only until May 13 (exactly 30 days). Loans that are not cured and purchased by WHEDA within thirty (30) calendar days of the Note Date are not eligible for purchase by WHEDA and will be returned to the Lender.

6.20 Funding Correspondent Channel Loans (04/01/14)

After the loan has been approved for purchase, WHEDA will send a Purchase Advice to the Lender. The Purchase Advice will itemize the amount of funds transferred. Lender should review the Purchase Advice for accuracy.

7.00 Mini-Correspondent Channel

This Section provides instruction on how to deliver conventional loans to WHEDA in the Mini-Correspondent ("Mini-Corr") Channel. A Lender originating first mortgage loans that close in the Lender's name, are funded by the Lender, and subsequently delivered to WHEDA by the Lender is considered a "correspondent" for that transaction, regardless of the Lender's institution type (i.e.: bank, credit union, mortgage banking company, etc.) The Mini-Corr Channel, however, differs from the Correspondent Channel in that WHEDA underwrites all loans and Lenders must be cleared to close by WHEDA before closing and funding the loan.

7.01 Overview (04/01/14)

A Lender must declare at the time it enters a Rate Lock whether the committed loan will be delivered to WHEDA in the Broker Channel (Chapter 5.00), Correspondent Channel (Section 6.00), or Mini-Corr Channel.

7.02 Rates and Compensation (10/15/20)

The Mini-Corr Channel combines the pricing and delivery flexibility of the Correspondent Channel with the reduced exposure to underwriting negligence of the Broker Channel. A Lender selects rates and pricing as reflected on the Mini-Corr Channel Price Grid; closes the loan in their own name for conventional or WHEDA's name for FHA; and funds the loan with their own funds. All loan files require WHEDA underwriting and the Lender may not close the loan until being cleared to close by WHEDA.

WHEDA-Paid Compensation Plans do not apply to Mini-Corr Channel loans, as the compensation structure – either borrower-paid or lender-paid – is determined by the Lender along with the compensation amount. In the Mini-Corr Channel, as in the Correspondent Channel, WHEDA allows Lenders to charge and retain normal and customary fees. Lender retained fees including any origination fees shall be limited to 2% of the loan amount. Lenders are responsible for assuring their compensation structure and plans comply with federal law.

7.03 Loan Registration/Float (09/19/14)

A loan must be registered prior to WHEDA underwriting. Registration is also referred to as a "float" because the Lender has registered the loan with WHEDA and is, presumably, waiting for more favorable interest rates before entering a commitment.

- Registration occurs when the Lender submits an Applications Package Checklist (Form 6) and indicates that the loan is being registered (i.e.: the loan has not been previously rate locked and no WHEDA Loan No. has been assigned.)
- WHEDA registers the loan, assigning a unique WHEDA Loan No. and establishing the Registration Date.

- The registration is valid as long as loan documentation has not become stale dated, meaning that a Lender must lock the loan within that timeframe or the registration expires ("Registration Expiration Date").
- WHEDA will underwrite the loan and place the loan in one (1) of the three (3) statuses identified in Section 7.04.
- Documentation submitted may not be dated more than thirty (30) days prior to the Registration Date.
- If the loan is locked and proceeds to closing, Lender is responsible for assuring documentation is not stale on the Note Date.
- If documentation on which WHEDA based an approval becomes stale dated prior to the Closing Date, funding could be delayed.

7.04 Submitting a Loan Application (03/01/17)

To submit a loan for underwriting, Lender must upload a complete Application Package in WHEDA-Connect, using the Application Package Checklist (Form 6). WHEDA will underwrite the loan file and render one of the following decisions:

- Approved – The Approval Certificate will specify any conditions and documentation required for final loan approval.
- Suspended – Lender will receive a Suspense Notice detailing the items necessary to decision the application.
- Denied – If the application does not meet underwriting or regulatory compliance requirements, Lender will be notified and a Notice of Adverse Action will be mailed to the borrower and Lender.

7.05 Desktop Originator/WHEDA Sponsorship Requirement (04/01/14)

In order for a loan to be eligible for funding by WHEDA in the Mini-Corr Channel, the Lender must submit the loan to Fannie Mae's DO under WHEDA's sponsorship. The Lender then must transfer access of the DO findings to WHEDA by completing a final submission once it has submitted a complete Application Package to WHEDA for underwriting.

7.06 Conventional Loan Programs (04/01/14)

Prior to closing and submitting loans to WHEDA for purchase, the Lender must:

- Refer to the WHEDA Advantage Conventional Underwriting Guide (Appendix A.) It is WHEDA's expectation that the Lender will perform a preliminary underwrite prior to submission to WHEDA for the final underwrite.
- Obtain PMI, if applicable (see Section 9.04.) PMI is obtained under the Lender's Master Policy and transferred to WHEDA at purchase.
- Refer to the Schedule of Fees for guidance in preparing consumer disclosures.

7.07 FHA Loan Program (02/22/23)

In order to close and sell FHA-insured loans to WHEDA in the Mini-Correspondent Channel, a Lender must:

- Possess unconditional Direct Endorsement ("DE") Authority through HUD and have established a Principal/Authorized Agent relationship with WHEDA, or
- Be an active WHEDA approved sponsored Third-Party Originator (TPO).

Additional requirements for processing loans through the mini-correspondent channel are:

- Lender must obtain an FHA Case File number from WHEDA using WHEDA FHA Loan Registration Form, (Form 1a).
- Lender should refer to the Schedule of Fees for guidance relating to WHEDA-specific fees that should be considered when preparing consumer disclosures.
- Lender should refer to the HUD Handbook 4000.1 and the WHEDA Advantage FHA Underwriting Guide (Appendix D.) It is WHEDA's expectation that the Lender will perform a preliminary underwrite prior to submission to WHEDA for the final underwrite.
- Lender should document in the loan file that all interested parties to the transaction are not listed on the SAM or the LPD list.
- Lender must not close until WHEDA has provided a clear to close.
- Lender must execute all loan documents in the name of **"Wisconsin Housing and Economic Development Authority".**
    - Exception: Lenders with unconditional DE authority may close their name.
- The lender must fund the loan with their own funds.
- WHEDA will remit the Up-Front Mortgage Insurance Premium ("UFMIP") to FHA and submit the HUD Case Binder to the Denver Home Ownership Center ("HOC").
- Lender will be notified if the HOC returns the Case Binder with a Notice of Return ("NOR"). Lender is required to assist WHEDA in resolving any issues in a timely manner to assure the Mortgage Insurance Certificate ("MIC") is issued within sixty (60) days of closing.

7.08 Closing Mini-Corr Loans (02/22/23)

Lender will close Mini-Corr Channel first mortgages with its own funds (or a warehouse line of credit) on or before the Rate Lock Expiration Date.

- Conventional first mortgage loans should close in the lender's name.
- FHA first mortgage loans must close in the name of Wisconsin Housing and Economic Development Authority.
    - Exception: Lenders with unconditional DE authority may close their name.

Principal reductions and Cash Back at closing are allowable for the refund of overpayment of fees, as long as any minimum borrower contributions have been verified.

Overpayment of fees and costs may include:

- Borrower fees and costs paid outside of closing
    - Earnest Money
    - Home Buyer Education, if fee based
    - Homeowners Insurance
    - Inspections
- Allowable prorated costs
- Pass-through costs on 2-4 unit properties
    - Deposits from current tenants

Minimum Borrower Contribution	1 Unit	2-4 Unit
Conventional	n/a	3%*
FHA	n/a	n/a

*5% if using HomeStyle Renovation.

- WHEDA strongly encourages lenders to consider the following alternatives to principal reductions:
    - Reducing the loan amount of any existing secondary financing, such as the Easy Close, or
    - Reducing the loan amount of the first mortgage
- All principal reductions noted on the final Closing Disclosure will be netted from funding.

7.09 Submitting Loans for Purchase (03/08/19)

After a loan has been registered and/or locked, the Lender must upload the loan to WHEDA-Connect for underwriting (Section 7.04). Once the loan is approved, and WHEDA has issued a ***"Cleared to Close"***, the Lender must:

- Close the loan on or before the Rate Lock Expiration Date;
- Notify the Lock Desk of the Closing Date on or before the Rate Lock Expiration Date; and
- Submit the complete Final Package to WHEDA by no later than the Final Package Due Date, which is the 10th calendar day after the Closing Date. If the 10th day falls on a Non-Business Day, the Final Package Due Date is automatically extended to the next Business Day.

The Original Note must be submitted overnight express mail.

In order to be deemed complete, the Final Package must include two separate uploads into WHEDA-Connect, including:

- **Closing Documents** Package – This package will include all documents listed on the Closing Package Checklist (Form 12), except the recorded Mortgage, recorded Assignment and Final Title Policy.
- **Trailing Documents** Package –This includes the recorded Mortgage, recorded Assignment, and Final Title Policy. A recorded Mortgage and recorded Assignment should also be included for the WHEDA DPA loan, if applicable.

Failure to notify WHEDA of the Closing Date in advance of loan closing will result in the expiration of the commitment. If this occurs, and the Lender has a loan it wishes to sell to WHEDA, the loan will be subject to Worse Case Pricing. It is the responsibility of the Lender selling loans to WHEDA in the Mini-Corr Channel to notify the Lock Desk of changes in a loan's status.

Lender will be assessed a Late Delivery Fee if the required documentation is not received by the Final Package Due Date, and any documents not received will be handled as a Document Deficiency (Section 7.13.) Failure to submit the original WHEDA second mortgage DPA Note to WHEDA within 10 days will result in a Late Document Fee.

7.10 Easy Close DPA in the Mini-Corr Channel (10/13/17)

Lenders may use WHEDA's Easy Close DPA product in the Mini-Corr Channel. Please refer to the DPA Product Matrix (Appendix K) for eligibility, terms and conditions.

The Easy Close should be treated as a separate transaction from the related first mortgage. As such, the Lender must provide a separate Mortgage, Note, Assignment of Mortgage, Closing Disclosure, and all required consumer disclosures within required timeframes. The Easy Close should be written in the Lender's name or Wisconsin Housing and Economic Development Authority's name when utilized in conjunction with a WHEDA FHA first mortgage.

The Easy Close and the related first mortgage will be funded simultaneously, but will receive separate Funding Confirmations. To assure simultaneous funding Lender must include the Easy Close loan amount on the Funding Certificate (Form 7.)

Easy Close documentation required by WHEDA should be submitted as part of the first mortgage package. For documentation requirements, see Section 9.03.

7.11 Capital Access Advantage DPA in the Mini-Corr Channel (10/13/17)

Lenders may use WHEDA's Capital Access Advantage DPA product in the Mini-Corr Channel. Please refer to the DPA Product Matrix (Appendix K) for eligibility, terms and conditions.

The Capital Access Advantage DPA should be treated as a separate transaction from the related first mortgage. As such, the Lender must provide a separate Mortgage, Capital Access Advantage Promissory Note, and all required consumer disclosures within required timeframes. The Capital Access Advantage DPA should be executed in Wisconsin Housing and Economic Development Authority's name.

The Capital Access Advantage DPA and the related first mortgage will be funded simultaneously, but will receive separate Funding Confirmations. To assure simultaneous funding Lender must include the Capital Access Advantage DPA loan amount on the Funding Certificate (Form 7.)

Lenders are strongly encouraged to submit the Compliance Income/Property Eligibility Request (Form 29a) to WHEDA, prior to loan consummation, to verify borrower and property eligibility. Form 29a does not, however, constitute a reservation of funds, see Section 3.14.

Capital Access Advantage DPA documentation required by WHEDA, including the original Capital Access Advantage Promissory Note, should be submitted as part of the first mortgage package. For documentation requirements, see Section 9.04.

7.12 Post-Close Purchase Review (03/01/17)

WHEDA will perform a purchase review within two (2) Business Days of receiving a complete Final Package. WHEDA will not purchase loans with incomplete documentation. WHEDA will review the documentation and reserves the right to deny the purchase of any loan that does not comply with program criteria or applicable lending laws or which has documentation deficiencies.

WHEDA will render one of the following decisions:

- Approved – Upon approval, Lender will receive a Purchase Advice. Funds will be transferred to the Lender.
- Suspended – Lender will be notified of Document Deficiencies that must be addressed in order to advance the loan's status to "Approved" (Section 7.12.)
- Denied (Non-Purchase) – WHEDA has determined the loan fails to comply with program criteria and/or is not eligible for delivery to the end investor. Lender will be notified in writing and all documents received by WHEDA will be returned to the Lender. If applicable, the Lender will be required to repurchase the corresponding WHEDA second mortgage DPA loan.

Under its Seasoned Loan Policy (Section 6.17), WHEDA will not purchase a loan that is seasoned more than thirty (30) days past its Note Date.

7.13 Addressing Deficiencies in Post-Closing Documents (04/01/14)

WHEDA's Mini-Corr Channel pre-purchase review involves an inspection of the documents submitted. WHEDA will not purchase a loan in the Mini-Corr Channel until it is satisfied that document deficiencies have been satisfactorily addressed.

From time to time, however, WHEDA will purchase a loan and document issues will later be identified in a post-purchase audit, during loan setup, or by the document custodian once a loan has been shipped. While WHEDA has purchased the loan and now owns it, the Lender is expected to respond with urgency to requests for assistance from Post-Closing to resolve any document deficiencies.

WHEDA defines a Document Deficiency as:

- A required document that it has received but which needs to be corrected to assure salability and enforceability; and
- A required document that it has not yet received from the Lender.

WHEDA recognizes two types of document deficiencies:

- Deficiencies impacting salability/marketability; and
- Deficiencies not impacting salability/marketability.

Failure to promptly address Document Deficiencies impacting salability could result in Marketing Loss Fees. See Chapter 10.00 for further guidance on addressing document deficiencies in a timely fashion so that penalties can be avoided.

7.14 Funding Mini-Corr Channel Loans (04/01/14)

After the loan has been approved for purchase, WHEDA will send a Purchase Advice to the Lender. The Purchase Advice will itemize the amount of funds transferred. Lender should review the Purchase Advice for accuracy.

8.00 Disclosures and Regulatory Compliance

This Chapter sets forth guidance from WHEDA to its Lenders regarding the origination of mortgage loans that comply with all applicable laws. Lenders are expected to fully comply with all applicable federal, state, local and municipal laws, ordinances, rules and regulations including, without limitation, real estate settlement procedures, truth-in-lending, usury, consumer credit protection, equal credit opportunity, fair housing and disclosure laws.

8.01 Applicable Laws, Ordinances, Rules and Regulations (04/01/14)

Lender is responsible for originating each mortgage loan in strict compliance with the applicable Program guidelines and all applicable statutes and regulations, as amended, and in effect at the time the loan was made including, but not limited to, the following:

- Real Estate Settlement Procedures Act ("RESPA"), also known as Regulation X
- Truth-in-Lending Act ("TILA"), also known as Regulation Z
- Fair Credit Reporting Act ("FCRA")
- Equal Credit Opportunity Act ("ECOA"), also known as Regulation B
- Home Ownership and Equity Protection Act ("HOEPA")
- Secure and Fair Enforcement for Mortgage Licensing Act ("SAFE Act")
- Home Mortgage Disclosure Act ("HMDA"), also known as Regulation C
- Appraiser Independence Requirements ("AIR") and Home Valuation Code of Conduct ("HVCC")
- Customer Identification Program ("CIP") under the USA Patriot Act
- Regulations issued by the Financial Crimes Enforcement Network ("FinCEN") and the Office of Federal Asset Control ("OFAC")
- Bank Secrecy Act
- Fair Housing Act
- Federal Trade Commission ("FTC") Unfair and Deceptive Acts and Practices ("UDAP")
- Electronic Signatures in Global and National Commerce Act ("ESIGN")
- Uniform Electronic Transactions Act ("UETA")

8.02 Disclaimer Regarding Regulatory Compliance Guidance (04/01/14)

From time to time WHEDA will provide Lenders guidance on important legal and regulatory compliance issues. However, Lenders may not rely upon WHEDA to inform them of the regulatory and legal requirements applicable to the origination of mortgage loans. Each Lender is required to comply with all applicable federal, state, local and municipal laws, ordinances, rules and regulations whether or not specific guidance is provided by WHEDA. WHEDA's provision of, or failure to provide, such guidance does not alter or constitute a waiver of any right WHEDA has under the Agreement.

8.03 Electronic/Stamped Signatures (04/01/14)

An Electronic Signature is one generated by a computer. A Stamped Signature is one produced by a rubber stamp. An indication of the Electronic Signature and date must be clearly visible when an electronically signed document is viewed electronically and when it is printed and viewed on paper.

Electronic or Stamped Signatures are eligible as follows:

- Electronic Signatures are acceptable on Third-Party Documents, defined as those originated and signed outside the Lender's control (e.g.: Sales Contract, Amendatory Clause, etc.)
- Electronic Signatures are also acceptable on the initial disclosures and the initial 1003, including addenda.
- Stamped Signatures on the Sales Contract and its addendums by the property seller are acceptable only when the property seller is Fannie Mae and Freddie Mac, such as in a Real Estate Owned ("REO") sale.
- Important: WHEDA requires that all closing documents bear a Live Signature ("Wet Signature") of each borrower and the property sellers.

When Lender utilizes or relies on Electronic Signatures, Lender represents and warrants to WHEDA that all such Electronic Signatures are enforceable and comply with all applicable laws and requirements, including, without limitation, the requirements of ESIGN, UETA as promulgated by each applicable state, and the requirements of Fannie Mae (for Conventional loans) and the FHA (for FHA loans.)

8.04 WHEDA Exempt from HMDA (04/01/14)

WHEDA is not required to report applications it receives under HMDA. However, Lenders selling loans to WHEDA in the Correspondent Channel are responsible for meeting HMDA reporting requirements (Section 1.09).

8.05 Lender and Loan Originator NMLSR ID Required (07/09/15)

To comply with the requirements of the Truth in Lending Act and Regulation Z (12 C.F.R 1026.36(g)), Lenders must provide the Lender's name and Nationwide Mortgage License System and Registry Identification No. ("NMLSR ID") and the name of the individual loan originator, as the name appears in the NMLSR registry, and their NMLSR ID on the following documents:

- The credit application,
- Last page of the Note, and
- Last page of the Mortgage.

This information must be placed below the borrower signature lines and any notary section, if applicable. This information is required to facilitate electronic tracking and uniform identification of loan originators and public access to the employment history of, and the publicly adjudicated disciplinary and enforcement actions against, loan originators.

8.06 WHEDA Loans Exempt from ATR/QM (04/01/14)

The Consumer Finance Protection Bureau ("CFPB") on May 29, 2013, issued the Final Rule amending Regulation Z, which implements the Ability to Repay ("ATR") and Qualified Mortgage ("QM") standards under TILA.

All loans made under a WHEDA single family residential loan program are, in fact, exempt from the ATR/QM rule because WHEDA is a Housing Finance Agency ("HFA"). Section 1026.43(a)(3)(iv) states that extensions of credit "made pursuant to a program administered by a Housing Finance Agency" are exempt from the ATR/QM requirements.

This means such transactions made pursuant to WHEDA's programs are exempt from paragraphs (c) through (f) of Subpart E. Specifically, it is WHEDA's opinion that when a loan it funds or purchases is made pursuant to a program it administers, that the following is true:

- There is no need to determine whether or not the loan is a Qualified Mortgage.
- The loan is effectively under a "safe harbor" regardless of whether or not it is a Qualified Mortgage under Section 1026.43(e) or whether or not it is an HPML.
- The 3% limit on points and fees under Section 1026.43(e)(3) does not apply, however, WHEDA has established a 5% limit on points and fees.

8.07 Higher Priced Mortgage Loans (03/01/17)

On July 14, 2008, the Board of Governors of the Federal Reserve System issued amendments to Regulation Z that provided additional consumer protections for mortgages. The new rules cover what are categorized as Higher Priced Mortgage Loans ("HPML"), which are separate from and should not be confused with High-Cost Loans. WHEDA will not fund or purchase a conventional, home improvement, or WHEDA second mortgage DPA loan mortgage that is an HPML. Lenders should use the calculator provided at this website, www.ffiec.gov/ratespread/newcalc.aspx, to determine if a loan is an HPML.

8.08 Home Owners Equity Protection Act (03/01/17)

Effective July 1, 2013, the Bureau of Consumer Finance Protection issued amendments to Regulation Z that sets forth rules to address abusive practices in refinancing and home-equity mortgage loans with high interest rates or high fees ("High-Cost Loans"). WHEDA will not fund or purchase a conventional, home improvement or WHEDA second mortgage DPA loan subject to the fees and/or points triggers under HOEPA.

8.09 "Safe at Home" Address Confidentially Program (09/01/2022)

Effective 9/1/2022, borrower(s) enrolled in this program can provide the "Safe at Home" application with the alternative mailing address. WHEDA will update the mailing address to comply with this program. When applicable, Lending Partners should provide this documentation with the Application or Closing Package upload.

9.00 Loan Settlement

This chapter provides guidance that Lenders should follow to assure collateral documents are correct, that the required insurance policies are in force and with the correct payee language, and that PMI, if applicable, has been activated and properly transferred to WHEDA. The chapter provides specific instruction to Lenders relative to preparing the Note and Mortgage for settlement of both the WHEDA-funded first and WHEDA second mortgage DPA second mortgages. Failure to follow the guidance specified in this chapter could result in non-purchase of a loan by WHEDA or repurchase of a loan from WHEDA in the event a deficiency is not cured within the required timeframes.

9.01 Preparing the First Mortgage Note (02/17/25)

The Note should be prepared as follows:

- For conventional loans use FNMA/FHLMC Form 3250.
- For FHA loans, the Note must be in an acceptable FHA format (refer to the HUD Handbook 4155.2.6.)
- All monthly installment payments will be due on the first day of each month
- The first payment will be due based on the closing date (see examples below)

    - Example #1: Closing on July 15, first payment date will be September 1.
    - Example #2: Closing on September 1st (30-day month), first payment date will be October 1.
    - Example #3: Closing on December 1st or 2nd (31-day month), first payment date will be January 1.

- Interest is charged in arrears
- WHEDA will allow an interest credit within the first 7 days of the month
- For late charges, use a 15-day grace period
- Late Charges are 5% for Conventional loans and 4% for FHA
- Insert the Lender and loan originator's NMLSR ID (Section 8.05)
- When Lender is closing a loan in its own name, Lender must execute the Note and endorse it to WHEDA with the following Required Endorsement Language:

> **"Pay to the Order of Wisconsin Housing and Economic Development Authority without recourse"**
>
> ______________________________________
>
> **Officer Name and Title**
> **Lending Institution**

9.02 Preparing the First Mortgage Documents (10/02/18)

Execute and record the following:

- Mortgage:
  - For conventional, use FNMA/FHLMC Form 3050
  - For FHA, use FNMA/FHLMC Form 3050 or mortgage in an acceptable FHA format
    - Refer to the HUD Handbook 4000.1
- Insert the borrower name as listed on the approval letter
  - A non-applicant spouse is required to sign the mortgage
- Insert the Lender and loan originator's NMLSR ID (Section 8.05)
- Assignment of Mortgage to WHEDA, if applicable
- 1-4 Family Rider - FNMA/FHLMC Form 3170, if applicable
    - 2-4 unit properties only
- Condominium Rider - FNMA/FHLMC Form 3140, if applicable
- Renovation Loan Rider, if applicable

WHEDA is a non-MERS member, refer to Section 9.14.

9.03 Preparing the Easy Close DPA Mortgage Documents (06/28/19)

All Easy Close loans will be funded by WHEDA with the related first mortgage.

FHA loans with a related Easy Close loan **must** close in the name of ***"Wisconsin Housing and Economic Development Authority",*** regardless of loan delivery channel.

Lenders may use the loan documentation provided on our web site. The following guidance is provided to assure accurate documentation and disclosures for all WHEDA-funded Easy Close loans:

- Execute the Note using FNMA/FHLMC Form 3250 or comparable first mortgage note
  - Refer to Section 9.01 to determine the first payment date
  - Late charges are 5% with a 15-day grace period
- Prepare the Mortgage using FNMA/FHLMC Form 3050 or a comparable mortgage form
- Prepare the FHA DPA Mortgage Rider, if applicable
- The only borrower paid fees allowed are recording fees
- The Easy Close loan must be in second-lien position subordinate to the WHEDA first mortgage
- Any non-WHEDA DPA grants and loans must be subordinate to WHEDA mortgages
- The Easy Close loan cannot be in tandem with a Capital Access DPA loan
- Insert the Lender and loan originator's NMLSR ID on applicable documents (Section 8.05)
- Provide a copy of the Loan Estimate ("LE")
- Provide a copy of the Closing Disclosure ("CD")

WHEDA is a non-MERS member, refer to Section 9.14.

9.04 Preparing the Capital Access Advantage DPA Mortgage Documents (08/28/17)

All Capital Access DPA loans will be funded by WHEDA with the related first mortgage.

Lenders may use the loan documentation provided on our web site. The following guidance is provided to assure accurate documentation and disclosures for all WHEDA-funded Capital Access Advantage DPA loans:

- Execute the Capital Access Advantage Promissory Note
- Prepare the Mortgage using FNMA/FHLMC Form 3250 or a comparable mortgage form
- The only borrower paid fees allowed is a $30 recording fee
- The Capital Access loan must be in second-lien position subordinate to the WHEDA first mortgage
- Any non-WHEDA DPA grants and loans must be subordinate to WHEDA mortgages
- The Capital Access DPA loan cannot be in tandem with an Easy Close DPA loan

WHEDA is a non-MERS member, refer to Section 9.14.

9.05 Private Mortgage Insurance (04/01/14)

If the loan application requires PMI, Lender should obtain a Commitment Certificate ("CC") through an eligible PMI provider. The PMI rate plan may be monthly or single. Any premium due at closing must be paid by the borrower at closing and may not be financed into the loan amount.

Lender may obtain the CC through delegated PMI underwriting, however Lender represents and warrants that the loan complies with applicable PMI underwriting guidelines. WHEDA's underwrite will focus solely on compliance, credit risk, and eligibility for its own program, and our underwriters will not apply PMI overlays.

When submitting the application to the PMI provider, Lender should identify the application as a WHEDA loan to ensure the PMI provider uses the correct underwriting guidelines and applies the correct pricing. WHEDA loans may be subject to special premiums and guidelines depending on which PMI provider is used. Please see the Conventional Product Matrix (Appendix B) for PMI coverage requirements.

Lenders must comply with all PMI provider requirements and not take any action which may prevent WHEDA from recovering the full amount due under any PMI contracts.

9.06 Title Insurance (02/03/20)

The Title Insurance Commitment must meet the following requirements:

- The WHEDA mortgage must be the first and paramount lien position
- No exceptions or liens

- Building restrictions, easements, restrictive covenants and other exceptions do not affect the priority of the WHEDA mortgage
- American Land Title Association ("ALTA") long or short forms are acceptable (Note: When a transaction involves a subordination a long-form title policy is required.)
- The minimum amount of coverage must be equal to the first mortgage
- Issued by an insurer licensed in the state of Wisconsin
- The "Insured" should only be in the name of the borrower, however it is acceptable for a non-applicant spouse can take title, if applicable.
- Contains the following endorsements
  - All properties (1-4 Units; Condominiums & Manufactured Housing)
    - An environment protection lien, ALTA endorsement 8.1-06
    - Restrictions. Encroachment, Minerals, ALTA endorsement 9-06
    - Locations, ALTA endorsement 22-06
  - Condominiums
    - ALTA Endorsement 4-06 or 4-06.1
  - Manufactured Housing
    - ALTA Endorsement 7, 7.1 or 7.2
- Property cannot be subject to a Private Transfer Fee Covenant

For Conventional loans, the mortgagee clause should read:

> *The Lender's name, their successors and/or assigns as their interests may appear.*

For FHA Correspondent Loan Channel loans, the mortgagee clause should read:

> *The Lender's name, and/or The Secretary of Housing and Urban Development, their successors and/or assigns as their interests may appear.*

For FHA Broker Channel (Sponsored Originator) loans and FHA Mini-Corr Channel, the mortgagee clause should read:

> *Wisconsin Housing and Economic Development Authority, and/or The Secretary of Housing and Urban Development, their successors and/or assigns as their interests may appear.*

9.07 Hazard Insurance (2/20/24)

Hazard insurance is required on all loans. The hazard insurance policy must provide for claims to be settled on a replacement cost basis. Hazard insurance policies that provide for claims to be settled on an actual cash value basis are not acceptable.

Coverage Requirements for 1-4 unit properties and manufactured housing:

- 100% of the replacement cost value of the improvements, as established by the property insurer; or

- The unpaid principal balance (“UPB”) of the mortgage as long as it equals a minimum of 80% of the replacement cost value of the improvements.

Coverage Requirements for Condominiums:

- Master condo insurance requirements:
  - Coverage amount is at least equal to 100% of the replacement cost value.
  - Claims must be settled on a replacement cost basis.
  - At a minimum, the coverage must include the perils covered by a commercial "Broad" coverage form.
  - If the master or blanket policy does not cover interior walls, fixtures, and equipment inside the individual units, the borrower must obtain an individual HO-6 policy. (The total coverage must be sufficient to return the condominium unit to its pre-loss condition, as determined by the insurer)
- HO-6 Coverage requirements to meet one of the following:
  - 100% of the replacement cost value of the improvements, as established by the property insurer; or
  - the unpaid principal balance (“UPB”) of the mortgage as long as it equals a minimum of 80% of the replacement cost value of the improvements; or
  - Signed letter from the insurer stating coverage is sufficient to return the unit to its pre-loss condition.

Maximum Deductible Amount:

- 5% of the face value 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 value amount of the insurance policy.

Mortgagee clause should read:

> Wisconsin Housing and Economic Development Authority, its successors and/or assigns
> PO Box 1728
> Madison, WI 53701-1728

Provide receipt for first year premium. Lender must notify the hazard insurer of the WHEDA Loan No. and instruct the insurer to send annual renewal premium notices to WHEDA.

9.08 Flood Insurance (08/03/23)

Flood insurance is required if the property is located within a 100-year flood plain and must meet National Flood Insurance Program (“NFIP”) guidelines. WHEDA will not approve or purchase loans for communities not participating in the NFIP.

If the property requires flood insurance, provide evidence the borrower received the “Notice of Special Flood Hazards and Availability of Federal Disaster Relief Assistance” form.

A flood insurance policy must be in force prior to the loan closing. A receipt for the first year premium must be obtained prior to the loan closing and included in the Closing Package.

Replacement Value Coverage Requirements are the lesser of:

- The 100% replacement cost value of the improvements; or
- The outstanding principal balance of all loans secured by the property; or
- The maximum amount of insurance available under the principal flood insurance program.

Minimum Annual Deductible Amount:

- Post Firm Building, which is a building for which construction or substantial improvement occurred after December 31, 1974, or on or after the effective date of an initial Flood Insurance Rate Map, whichever is later.
  - $1,000 if the property is insured for less than $100,000.
  - $1,250 if the property is insured for $100,000 or more.
- Pre Firm Building, which is a building for which construction or substantial improvement occurred on or before December 31, 1974, or before the effective date of an initial Flood Insurance Rate Map, whichever is later.
  - $1,500 if the property is insured for less than $100,000.
  - $2,000 if the property is insured for $100,000 or more.

Maximum Annual Deductible Amount:

- The maximum allowable deductible for a first-lien mortgage loan is $5,000.

Mortgagee clause should read:

Wisconsin Housing and Economic Development Authority, its successors and/or assigns
PO Box 1728
Madison, WI 53701-1728

Lender must notify the flood insurer of the WHEDA Loan No. and instruct the insurer to send annual renewal premium notices to WHEDA.

9.09 Escrow (04/01/14)

WHEDA requires a one (1) month escrow cushion. WHEDA will recast escrow and re-disclose to the borrower if escrow has been calculated incorrectly.

Escrow is required for the following:

- Real estate taxes (based on full-year tax disbursement)

- Hazard insurance (including condo contents, if applicable)
- Monthly FHA or PMI premium, if applicable
- Flood insurance, if applicable

At closing, Lender should collect borrower's prepaid escrow per HUD's aggregate accounting method. Lender should round the total monthly principal, interest, taxes and insurance ("PITI") payment up to the nearest dollar by adjusting the escrow payment.

If the borrower has elected a PMI premium plan requiring an initial payment, Lender should collect the premium at closing and forward it directly to the PMI provider.

9.10 Closing Interest on the First Mortgage and Easy Close loans (02/17/25)

Prepaid Closing Interest may be calculated on a 365-day or a 360-day basis using 2, 4 or 6 decimal places. Collect interest from the date of closing through the end of the month. If the loan closes on the first of any month, or the first or second day of a 31 day month, no closing interest should be collected. WHEDA will allow an interest credit within the first 7 days of the month.

- Example: If loan funds are disbursed on July 15, Lender should collect 17 days of interest at the closing, counting the day of closing as day #1. The first payment date will be September 1.
- Example: If loan funds are disbursed on December 1st or 2nd, Lender should not collect any interest at closing and no credit is provided. The first payment date will be January 1.

WHEDA will report the closing interest per IRC guidelines in the Broker Channel.

The Lender is responsible for meeting the interest reporting requirements under the IRC:

- Example: Loan closes on April 15. The Lender will collect 16 days of prepaid interest from the borrower and is responsible for meeting the IRS reporting requirements. WHEDA purchases the loan on May 3. The Lender will receive 2 days of interest from WHEDA.
- Example: Loan closes on April 2. The Lender will collect 29 days of prepaid interest from the borrower and is responsible for meeting the IRS reporting requirements. WHEDA purchases the loan on April 28. WHEDA will net out 3 days of interest from the funds transferred.

9.11 Loan Servicing Transfer and Disclosure (04/01/14)

All loans are to be serviced by WHEDA. Lender must meet RESPA requirements regarding servicing disclosures.

Lender must provide the following contact information to the borrower:

- Servicing phone number: 1-800-562-5546
- Hours of operation: 8:00 am to 5:00 pm
- Address: Wisconsin Housing and Economic Development Authority

Attn: Loan Servicing
PO Box 1728
Madison, WI 53701-1728

9.12 MI Activation, Transfer and Disclosure (02/03/20)

For Conventional financing, after loan closing the Lender must activate the PMI Commitment. Change the servicer to WHEDA and provide confirmation of activation and transfer in the Final Package.

For FHA financing in the Broker (Sponsored Originator) Channel and Mini-Corr Channel, WHEDA will pay the UFMIP after closing.

For FHA financing in the Correspondent Channel, Lender must pay the premium prior to loan purchase. A confirmation of payment must be included in the Final Package.

9.13 Mortgage Electronic Registration (MERS) (08/28/17)

WHEDA is a non-MERS member and lender partners should take the appropriate steps to insure that a loan closed in the name of MERS as nominee for the lender partner has been properly assigned from MERS to Wisconsin Housing and Economic Development Authority.

10.00 Post-Purchase Requirements

This Section provides Lenders guidance on WHEDA's post-purchase expectations and requirements relating to addressing document deficiencies, trailing documents, funding adjustments, borrower payment issues, interest reporting, early payment defaults, early payoffs, repurchases, evidence of repairs completion, file retention, and escrow issues. The Lender's obligation regarding the delivered mortgage loan does not terminate with delivery. It is WHEDA's expectation the Lender will work expediently with WHEDA to address any issues that arise following WHEDA's funding/purchase of a mortgage loan.

10.01 Document Deficiencies Impacting Salability/Marketability (04/01/14)

When an error is detected that impacts WHEDA's ability to deliver a loan to an end investor free of defect, WHEDA Post-Closing staff will notify the Lender by telephone and e-mail. Lender must submit corrected document(s) within ten (10) calendar days of notification to avoid Marketing Loss Fees. If the 10^{th} day falls on a Non-Business Day, Lender will be given until the end of the next Business Day. The determination of salability/marketability is made solely by WHEDA, and Lender is required to respond immediately to WHEDA's request to cure Document Deficiencies.

- If Document Deficiencies persist on the 11^{th} day after notification, a Marketing Loss Fee will be assessed.
- If Document Deficiencies persist on the 21st day after notification, an additional Marketing Loss Fee will be assessed.
- If Document Deficiencies persist on the 31st day after notification, WHEDA will require Lender to repurchase the loan.

10.02 Document Deficiencies and Trailing Documents Not Impacting Salability/Marketability (06/28/17)

Document Deficiencies and Trailing Documents not impacting WHEDA's ability to deliver a loan to an end investor free of defect will be noted on the Outstanding Document Report sent monthly to each Lender.

Document Deficiencies: Lender must submit these documents and/or corrected documentation within one-hundred and twenty (120) calendar days of the Closing Date before the loan becomes subject to possible repurchase.

Trailing Documents: Lenders will have one-hundred and twenty (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

10.03 Correcting Documents (04/01/14)

The Lender should check with WHEDA Post-Closing staff as to a remedy that will be acceptable to clear a Document Deficiency. When submitting corrected documents to WHEDA, Lender must note that they are submitting an "amended" or "corrected" copy of the document in order to assure Document Deficiencies are properly handled and cleared by WHEDA Post-Closing.

10.04 Name Affidavit (04/01/14)

A Name Affidavit will be required in situations where the borrower did not sign the Note or Mortgage exactly as typed, or when the borrower is on title differently than they are on the Note or Mortgage.

10.05 Adjustments after Purchase/Funding (04/01/14)

Requests for adjustments to funding/purchase amounts must be received within thirty (30) days of purchase/funding by Post-Closing. WHEDA has no obligation to consider adjustment requests received after this time frame. WHEDA will reject any adjustment request in which the borrower is in default or in bankruptcy; the loan has a Known Defect that has been identified by or reported to the end investor; the loan has an unresolved Document Deficiency; or the loan is paid off.

In requesting an adjustment, Lender must provide the following:

- detailed explanation of the reason for the adjustment;
- specific amount of the adjustment requested;
- the applicable WHEDA Loan No. and purchase/funding date; and
- a copy of the original Funding Confirmation/Purchase Advice received from WHEDA.

WHEDA will research the requested post-funding adjustment and respond within ten (10) Business Days. Lender will be informed in advance of the expiration of the 10-Business Day period if more time will be needed to research and resolve the funding issue.

10.06 Escrow Issues (04/01/14)

WHEDA will perform an escrow analysis on all loans it has purchased. This analysis is to corroborate that the Lender properly established the escrow amount, and disclosed such amount correctly, to the borrower. For escrow requirements, see Section 9.09.

From time to time WHEDA must make adjustments to the escrow amount and send a corrected Escrow Analysis Statement to the borrower. In such instances, WHEDA will contact the Lender to assure future escrow amounts are determined and disclosed in accordance with WHEDA's expectations.

The most common reasons for escrow issues are:

- Lender used other than a one (1) month cushion
- Lender failed to collect the correct number of months of taxes, insurance, or PMI
- Lender failed to include monthly FHA/PMI premium in the cushion calculation

10.07 Collecting Payments from the Borrower (04/01/14)

WHEDA's policy is to not purchase Seasoned Loans (Section 6.15). However, from time to time and at WHEDA's discretion, and without waiver of its right to enforce the Seasoned Loan Policy in the future, WHEDA may purchase a Seasoned Loan in which one (1) or more monthly payments have been made by the borrower.

In these instances, Lender is responsible for collecting the mortgage payment(s) due prior to purchase of the loan by WHEDA and keeping payments to all counterparties, insurers, and taxing authorities' current during this interim servicing period. Lender's failure to keep insurance coverage in force (e.g.: hazard, flood, PMI) and property taxes current during the interim servicing period will result in WHEDA denying the purchase of a loan; or, if discovery of this failure occurs after purchase, WHEDA will require the Lender to repurchase the loan. Any penalties assessed for late payment of taxes during the interim servicing period are the responsibility of the Lender.

10.08 Reimbursement if the Borrower Pays Ahead (04/01/14)

In the event WHEDA has made an accommodation to purchase a Seasoned Loan, and the purchase of that loan will occur after the 15th of the month, WHEDA will purchase the loan at a balance that assumes the next payment has been applied to the loan. This provides adequate time under RESPA for the borrower notification of the change in servicers.

There are times, however, when a borrower may forward their next payment to WHEDA after being informed of the servicing change. In this scenario, WHEDA has essentially collected payment twice for the next month – once from the Lender at the time of loan purchase, and then directly from the borrower. In the event that this has occurred, WHEDA will reimburse Lender for the full amount of the duplicate payment.

10.09 Documentation Evidencing Completion of Repairs (10/02/18)

WHEDA's policy is to allow a Lender to establish a repair escrow to address items that can be completed promptly after closing and which do not affect a property's structural integrity or ability to be occupied at closing. (Note: this does not apply to HomeStyle Renovation loans. See section 10.10) Within thirty (30) days of the Note Date the Lender is required to provide to WHEDA documentation evidencing the following:

- Satisfactory completion of repairs;
- That no mechanics liens have been placed;
- Closure of the escrow account, and that any remaining amount is applied to reduce the mortgage loan's outstanding principal balance; and

- Re-certification of the “subject to” valuation by the original appraiser, if necessary.

Repair escrows that do affect the property’s structural integrity or ability to be occupied must be completed within fifteen (15) days of the Note Date.

10.10 HomeStyle® Renovation Escrow Process (07/01/21)

WHEDA will establish and maintain a renovation escrow account for each HomeStyle® Renovation loan purchased or funded. The renovation escrow account will be an interest-bearing account.

- Maximum of 4 draws allowed for the project.
- All renovations must be completed within 6 (six) months from the Note date.
- The Originating Lender may be responsible for ensuring that a completion certificate from the original appraiser is obtained within the required timeframe.

Initial Draw at Closing:

At Closing, a draw is allowed for up to 50% of planned materials. Funds from this draw may be used to pay for the costs of permits, design fees, architect fees or planning expenses incurred during the initial part of the project. The check(s) must be made out to the borrower(s) and the contractor(s).

Subsequent Draws:

To initiate subsequent draws from the renovation escrow account, the contractor must submit a draw request to the title company. The contractor may use the Multi-Disbursement Request (Form 40), or a similar form.

The draw request must include:

- The borrower’s signature acknowledging their approval of the request, and
- All required lien waivers from the previous draw.

Upon receipt of the draw request, the title company will perform any necessary inspections of work completed and verify the draw request was executed by the borrower and contractor. The cost for inspections will be paid in advance and the number of inspections needed should be based on the scope of work and number of draws required. Following inspection, the title company will submit the draw request, lien waivers and inspection reports to WHEDA.

WHEDA will review the submitted documentation along with the original scope of work and expected draw schedule. The requested draw should align with the draw schedule and allow for the remaining funds in the escrow account to fund the completion of the project. Upon approval, escrowed funds will be wired to the title company to be disbursed according to the draw request. A 10% holdback will be retained by WHEDA in the renovation escrow account, as applicable, from each subsequent draw request. This 10% holdback will then be paid as part of the final draw after all renovation work has been completed. All communication on the status of an existing draw request will be made between WHEDA and the Title Company. Should a draw request be denied, the Title Company (and/or WHEDA) will communicate with the borrower, 203K Consultant and contractor to find a resolution and re-submit the request to WHEDA with appropriate supporting documentation.

The title company will be responsible to collect lien waivers from all contractors as disbursements are made. Upon completion of the renovation period, the title company will collect a final contractor's lien waiver to cover the contractor's and any subcontractor's labor and materials. In addition, the title company must provide a title update ensuring first lien priority concurrent with the last disbursement of funds.

Prior to approval of the final draw:

WHEDA will disburse the final draw upon receipt and satisfactory review of the following items:

- **Title Update (Letter Report):** A title update from the title company showing no outstanding liens have been filed against the property. The cost for this update must be collected at closing. This requirement is not applicable to home improvement loans.
- **Appraisal Completion Certificate (1004D):** A completion certificate (1004D) from the original appraiser. The completion certificate must verify that all renovations were completed in accordance with the original scope of work. This requirement is not applicable to home improvement loans.
- **Hazard Insurance:** Verification that hazard insurance is sufficient, based on the renovations completed. If current coverage is insufficient, an updated policy increasing the dwelling coverage must be obtained.
- **Flood Insurance, if applicable:** Verification that flood insurance is sufficient, based on the renovations completed. If current coverage is insufficient, an updated policy increasing the dwelling coverage must be obtained.

In the event the borrower requests a change to the original scope of work, a Change Order Request must be submitted to WHEDA on FNMA Form 1200 HomeStyle Change Order Request for review. Change requests will be evaluated on a case-by-case basis. Work should not commence on the items listed on the change order request until WHEDA has approved the request.

Any remaining funds in the escrow account following the final draw:

- May be used for additional repairs or improvements to the home.
- Will be applied to the loan as a principal balance reduction, if reserve contingency was financed into the loan.
- May be returned to the borrower, if reserve contingency was funded by the borrower's own funds.

10.12 Interest Reporting (04/01/14)

Lender is responsible for reporting the interest to the IRS that is paid by lender he borrower during the time that the Lender owns the mortgage loan. Lender must also produce and send to the borrower an IRS Form 1098 reflecting this interest paid amount.

10.13 Early Payment Default Policy (04/01/14)

WHEDA defines an Early Payment Default ("EPD") as any loan that becomes ninety (90) or more days past due in which the period of delinquency began on or before the Payment Due Date of the twelfth payment. WHEDA currently does not have a policy relating to EPDs.

10.14 Early Payoff Policy (04/01/14)

WHEDA defines an Early Payoff as any loan that is paid in full within one-hundred eighty (180) days of the Note Date. WHEDA currently does not have a policy relating to Early Payoff.

10.15 File Retention Requirements (04/01/14)

Lender is required to maintain an individual loan file for each loan submitted to WHEDA for funding/purchase for the duration of the time frame required to fully comply with applicable federal and state laws. Each loan file must indicate the applicable WHEDA Loan No. Lender is responsible to ensure that any electronic documents it uses meet all legal requirements and that the Lender has appropriate storage, retrieval and back-up systems for such documents.

10.16 Post-Purchase Audits (04/01/14)

WHEDA may, at any time, conduct an audit of the Lender's premises during normal business hours. Lender agrees that WHEDA must be given access to all records and loan files pertaining to loans submitted to WHEDA for funding/purchase. During any WHEDA site audit, Lender agrees to provide WHEDA the assistance of a knowledgeable and responsible employee.

WHEDA may, at any time, request Lender to provide loan files pertaining to loans submitted to WHEDA for funding/purchase. Requests for such records must be satisfied within ten (10) calendar days of receipt of the request.

10.17 Lender Right of Defense (04/01/14)

From time to time, an end investor or guarantor will provide WHEDA with a repurchase or rescission notice. Typically, the notice provides WHEDA with a timeframe in which it must respond, or defend, against the request. In instances in which WHEDA has determined that the Lender's failure to perform is the sole cause for the request, WHEDA will provide the repurchase or rescission notice to the Lender and provide ten (10) calendar days for the Lender to provide a response, including any documentation necessary to substantiate the response. Failure to respond within the required timeframe could result in a repurchase of the loan.

10.18 Loan Repurchase (04/01/14)

Article IX of the Agreement sets forth WHEDA's policy regarding the repurchase of a loan. It is restated herein:

- (9.1 of the Agreement) If in the sole judgment of the Authority, Lender has made a misrepresentation of material fact, or has breached representations made in the Lender's Warranty (Section 12.06), or has otherwise breached the terms of this Agreement or the Manual with respect to any loan originated by Lender, the Authority may tender, and Lender shall repurchase within ten (10) days of the Authority's written tender, the loan for an amount equal to the unpaid principal balance, plus accrued interest and any reasonable expense, including legal expenses, incurred by the Authority on the loan.

- (9.2 of the Agreement) If a Lender does not obtain mortgage insurance as required by the Manual the Lender shall repurchase or obtain the required mortgage insurance within ten (10) days of the Authority's written tender. The loans shall be repurchased for an amount equal to the unpaid principal balance, plus accrued interest and any reasonable expenses incurred by the Authority on the loan. In addition, the Lender shall pay all expenses, costs or damages incurred by the Authority resulting from the Lender failing to obtain mortgage insurance as required by the Manual.

- (9.3 of the Agreement) If a Lender does not timely submit documents to the Authority upon the closing of a loan according to the Manual, the Lender at the sole discretion of the Authority shall repurchase the loan within ten (10) days of the Authority's written tender of the loan for an amount equal to the unpaid principal balance, plus accrued interest and any reasonable expenses incurred by the Authority on the loan.

The provision, or lack thereof, of policies in this Manual that address alternative processes for resolving deficiencies in a mortgage loan in no way alter or constitute a waiver of any right of WHEDA to strictly enforce Article IX of the Agreement.

The total amount, solely determined by WHEDA, the Lender must pay to take back a mortgage loan from WHEDA is defined as the Repurchase Price.

10.19 Payment of Repurchase Price (04/01/14)

The Repurchase Price for a mortgage loan shall be paid by Lender by wire transfer or ACH sweep, whichever method has been established and agreed upon. The repurchase process will be managed by WHEDA’s Quality Control Department and all questions relating to repurchases should be directed to Quality Control. The Repurchase Price will include a Document Return Fee.

10.20 WHEDA’s Limited Right of Set-Off (04/01/14)

In addition to any rights and remedies available to WHEDA under the Agreement or this Manual, if the Lender has failed to pay, or cause to be paid, any amount due WHEDA, whether repurchase proceeds or other fees assessed, WHEDA reserves the right to a Set-Off Claim. WHEDA will exercise a Set-Off Claim if any amount due by Lender to WHEDA is not paid in full within thirty (30) calendar days of the payment due date established by WHEDA, by netting the amount due from future loan purchases until all past due amounts are collected and the Lender is no longer past due on any financial obligation to WHEDA.

10.21 Return of Original Documents (04/01/14)

From time to time a Lender may request that WHEDA return original documents. In these instances, WHEDA will assess a Document Return Fee.

11.00 Home Improvement Loans

This Chapter provides instruction as to how to deliver Home Improvement Loans (HILP) to WHEDA in the Broker Channel. A Lender originating first or second mortgage loans that WHEDA funds at the closing table is considered a "broker" for that transaction, regardless of the Lender's Institution Type (i.e.: bank, credit union, mortgage banking company, etc.) Home Improvement loans in the Broker Channel must close in the Lender's name.

11.01 Overview (1/2/23)

Home Improvement loans must be submitted in WHEDA's Broker Channel. Please refer to the Home Improvement Eligibility Matrix, Home Improvement Underwriting Guide, and Home Improvement Income Limits for full eligibility and qualifying terms.

11.02 WHEDA-Paid Compensation Plan for HILP (1/2/23)

Home Improvement loans are subject to a WHEDA-Paid Compensation Plan. WHEDA currently offers the following WHEDA-Paid Compensation plan for Home Improvement loans originated in the Broker Channel:

- Home Improvement Loan – Compensation Plan is $1,000

WHEDA will also provide up to a $500 Closing Cost Credit for the benefit of the borrower on all HILP loans. This Closing Cost Credit must be reflected on the final disclosures.

Lender should consult the Broker Channel Price Grid (Section 4.01) for the applicable rates.

11.03 Home Improvement Loan Registration and Locking (1/2/23)

A Home Improvement loan must be registered and locked prior to submitting for WHEDA underwriting.

- Registration occurs when the Lender submits the Home Improvement Registration and Lock Request (Form 1a).
- Upon receipt of the Home Improvement Registration and Lock Request (Form 1a) WHEDA will register the loan, assign a unique WHEDA Loan No. and establish the Registration Date. The interest rate will also be locked at this time. Following registration and lock, WHEDA will send a confirmation email to the Lender. The loan will now be viewable in WHEDA Connect.

11.04 Scope of Work review (1/2/23)

Lenders are required to submit a Scope of Work Review (HI Form 6) for all home improvement loans prior to submitting a complete application. A Scope of Work Review will provide Lenders with a decision from WHEDA Underwriting on the whether a HUD Consultant will be required to assist during the renovation process. Lenders must submit the Scope of Work Review (HI Form 6) and all documentation specified on the form. WHEDA will review the information provided and render one of the following decisions:

- Based on the Scope of Work, A HUD Consultant is required;
- Based on the Scope of Work, a HUD Consultant is not required.

In cases when it is determined that a HUD Consultant is required, the borrower must locate a HUD Consultant. HUD Consultants will assist the borrower with developing the scope of work, selecting an appropriate contractor, and/or determining if the project is indeed feasible. After closing, the HUD Consultant will help to ensure that necessary permits were obtained and complete inspection reviews prior to approving draws. The Lender must ensure the any applicable fees for the HUD Consultant are disclosed to the borrower according to applicable regulations.

11.05 Submitting Home Improvement Applications (1/2/23)

To submit a home improvement loan for underwriting, Lender must upload a complete Application Package in WHEDA-Connect, using the Home Improvement Application Package Checklist (HI Form 1). WHEDA will underwrite the loan file according to the Home Improvement Underwriting Guide and render one of the following decisions:

- Approved – The Approval Certificate will specify any conditions and documentation required for final loan approval.
- Suspended – Lender will receive a Suspense Notice detailing the items necessary to decision the application.
- Denied – If the application does not meet underwriting or regulatory compliance requirements, Lender will be notified and a Notice of Adverse Action will be mailed to the borrower and Lender.

Documentation submitted may not be dated more than thirty (30) days prior to the Registration Date. If the loan is locked and proceeds to closing, Lender is responsible for assuring documentation is not stale on the Note Date. If documentation on which WHEDA based an approval becomes stale dated prior to the Closing Date, funding could be delayed.

11.06 Preparing the Note on a Home Improvement Loan (1/2/23)

Lender may use any Note that is legal to use in Wisconsin for home improvement loans. After Closing, the Lender must execute the Note and endorse it to WHEDA with the following required Endorsement Language:

> **"Pay to the Order of Wisconsin Housing and Economic Development Authority without recourse"**
>
> **____________________________________**
>
> **Officer Name and Title**
> **Lending Institution**

- The first payment is due 30 days following closing. All subsequent payments will be due on that same day each month. (i.e.. A Home Improvement loan closed on January 10. The first payment will be due February 10 and all subsequent payments will be due on the 10th of each month.)
- A late fee of 5% or $10, whichever is less, of the unpaid amount will be assessed for any payment received on or before the 10th day after the due date.
- Ensure that the Lender and Loan originator's NMLSR IDs are reflected on the Note.

The minimum loan amount is $10,000 and the maximum is $50,000.

11.07 Preparing the Home Improvement Loan Mortgage Documents (1/2/23)

Lender may use any Mortgage, and Assignment of Mortgage, that is legal to use in Wisconsin for home improvement loans. The mortgage must be assigned to Wisconsin Housing and Economic Development Authority. Record the Mortgage and Assignment upon the expiration of the three-day rescission period. Include the legal description as it appears on the title search or letter report.

WHEDA is a non-MERS member, refer to Section 9.14.

11.08 Notice of Right of Rescission (1/2/23)

All persons listed on title must sign the Notice of Right of Rescission. A three-day rescission period begins the next business day after signing the Mortgage.

11.09 Funding Home Improvement Loans (1/2/23)

Lender must submit a Home Improvement Funding Certificate (HI Form 3) at least two (2) Business Days prior to the disbursement date, including documentation necessary to satisfy all outstanding funding conditions.

Loan proceeds must be placed in an escrow account managed by the title company. The title company will be responsible to process all renovation draws, including but not limited to: progress inspection reports, collection of lien waivers and disbursement of funds according to their standard operating procedures to ensure lien position.

11.10 Changes to the Funding Confirmation (1/2/23)

Notify WHEDA of any changes to the Funding Confirmation prior to or at closing. Upload into WHEDA-Connect a revised Home Improvement Funding Certificate (HI Form 3) and email underwriting@wheda.com with the changes. Failure to notify WHEDA of any change to the Funding Confirmation may result in a Funding Error Fee that will be debited from the Lender's ACH account.

11.11 Final Package Submission (1/2/23)

Lender must upload the complete Final Package to WHEDA-Connect by no later than the Final Package Due Date, which is the 10th calendar day after the Closing Date. If the 10th day falls on a Non-Business Day, the Final Package Due Date is automatically extended to the next Business Day.

The Original Note must be submitted overnight express mail.

In order to be deemed complete, the Final Package must include two separate uploads into WHEDA-Connect, including:

- **Closing Documents** Package – This package will include all documents listed on the Home Improvement Closing Package Checklist (HI Form 4), except the recorded Mortgage and recorded Assignment.
- **Trailing Documents** Package –This includes the recorded Mortgage, recorded Assignment and final Title Policy.

Lender may be assessed a Late Delivery Fee if the required documentation is not received by the Final Package Due Date and any documents not received will be handled as a Document Deficiency (Section 5.14.)

11.12 Home Improvement Renovation Escrow (1/2/23)

All renovation proceeds, including the required 15% contingency reserve, must be held in an escrow account managed by the title company. The title company will be responsible to handle all draws, including but not limited to: completing progress inspections of completed work, collecting lien waivers, and disbursing proceeds. Any change order requests must be submitted to WHEDA for approval prior to work being initiated. Following completion of all renovation work, the title company must submit all renovation documentation to WHEDA including documentation supporting completion of renovation work and lien waivers. Any funds remaining in the renovation account will be returned to WHEDA to be applied as a principal reduction to the borrower's loan.

During the Renovation period, a WHEDA Escrow Officer will remain in contact with the title company and borrower to ensure work will be completed within 6 months of closing.

12.00 Lender Performance Monitoring

This Chapter discusses the audit activities that WHEDA will perform, or have performed by a third party, on the loans it purchases. It also covers WHEDA's Lender Scorecard process and provides Lenders an overview of the metrics WHEDA will review on a periodic basis as it assesses Lender performance.

Audits are performed as a means to:

- monitor the Lender's performance, and the performance of the Lender's third party originators, if applicable;
- guard against errors and omissions, and dishonest, fraudulent, or negligent acts;
- monitor the performance of WHEDA's Underwriting staff; and
- ensure the regulatory compliance and credit quality of loans that WHEDA purchases.

12.01 Pre-Funding Internal Audit (04/01/14)

WHEDA's Quality Control Department will audit at least 10% of all loan application files that are submitted to WHEDA for an underwriting decision. Files are randomly selected at the time they are received. In addition, 10% of High-Risk Loans and WHEDA Tax Advantage applications will be selected for a pre-funding internal audit. Audits will be performed prior to informing the Lender of the loan decision.

Each loan submitted through the Correspondent Channel will be reviewed to ensure the loan is not in violation of WHEDA's policy regarding HPMLs.

12.02 Post-Purchase Internal Audit (12/01/15)

WHEDA's Quality Control Department will perform the following types of audits:

- Regulatory Compliance Review: All loans submitted through the Broker Channel will be audited for compliance with TILA and RESPA.
- Correspondent Channel TIL Review: A percentage of loans will be selected for TILA compliance.
- EPD Review: A full credit risk underwrite will be performed on every Early Payment Default.

The Lender will be notified if curative action is required due to errors involving the Loan Estimate or Closing Disclosure. Curative action issues must be resolved within 7 days of notification.

As part of its review, WHEDA calculates the Annual Percentage Rate ("APR") to assure the APR was properly disclosed and is within tolerance. Lenders should refer to Exhibit 9 for a list of all charges WHEDA considers prepaid finance charges for purposes of calculating the APR.

12.03 Post-Purchase External Audit (04/01/14)

A 10% random sampling of all loans purchased by WHEDA will be selected for external audit for investor quality and regulatory compliance. The Lender will be notified if the results of the external audit warrant concerns or curative action.

12.04 Lender Scorecard (08/16/16)

WHEDA has developed the Lender Scorecard ("Scorecard") to measure the quality and quantity of loans submitted for WHEDA financing for our lenders who have submitted and funded a minimum threshold of loans on a rolling twelve (12) month basis. Results of the Scorecard will be periodically reviewed by the WHEDA Lender Review Committee (LRC) and at Lender Recertification.

13.00 Lender Representations and Warranties

This Chapter sets forth the representations and warranties ("Reps and Warrants") made by the Lender upon the funding/purchase of a loan by WHEDA that was originated by the Lender. The Lender makes such representations and warranties in order to induce WHEDA to fund/purchase the related mortgage loan. WHEDA only purchases loans that meet all applicable eligibility criteria as set forth in this Policies and Procedures Manual (a/k/a Origination Guide, a/k/a Origination Manual, a/k/a Lenders Manual), and its chapters, appendices, attachments, and hyperlinks (collectively, the "Manual".) Lenders and the loans they sell to WHEDA must comply with all applicable requirements of the WHEDA Advantage Loan Origination Agreement (the "Agreement", a/k/a Loan Purchase Agreement, a/k/a Purchase and Service Agreement), entered into by and between the Lender and WHEDA, and this Manual. Lender must accept all Reps and Warrants in its full form and the Lender acknowledges that no Reps and Warrants may be edited or amended by the Lender.

13.01 Reliance of WHEDA (04/01/14)

The Lender acknowledges that, with respect to each mortgage loan funded/purchased by WHEDA, the mortgage loan was funded/purchased in good faith and in reliance on the Lender's compliance with each of the Reps and Warrants made by the Lender pursuant to the Agreement and Manual.

13.02 Survival of Reps and Warrants (04/01/14)

All Reps and Warrants on the part of the Lender contained in the Agreement and Manual, or given pursuant hereto, shall survive any termination of the Agreement and the closing of the loan purchase transactions herein contemplated and shall remain in full force and effect, regardless of such termination or the closing dates of the transactions.

13.03 The Agreement (04/01/14)

By sale of the mortgage loan to WHEDA, the Lender represents and warrants that each loan meets all requirements as set forth in the Agreement and that Lender meets all of the requirements to be a WHEDA Lender as set forth in the Agreement.

13.04 The Manual (04/01/14)

By sale of the mortgage loan to WHEDA, the Lender represents and warrants that each loan meets all requirements as set forth in this Manual.

13.05 Representation of Salability/ Marketability (04/01/14)

By sale of the mortgage loan to WHEDA, the Lender represents and warrants that the loan is fully saleable, marketable and free of deficiencies. If, after purchase, it is discovered that a loan is not saleable, marketable or is deficient, the Lender is expected to cooperate fully and timely to correct the loan to make it fully saleable/marketable to WHEDA's end investor. If the Lender does not cure a deficiency within the prescribed timeframe, WHEDA reserves the right to request repurchase of the loan.

13.06 Lender's Warranty (09/19/14)

For reliance by WHEDA, pursuant to the Agreement entered between WHEDA and Lender as such may be amended from time to time, and is made as of the closing date of each Loan, Lender represents and warrants:

1. The promissory installment mortgage note evidencing the loan names Lender as payee and has been properly executed and properly endorsed by Lender to "Wisconsin Housing and Economic Development Authority."
2. The mortgage and assignment of mortgage have been duly executed and delivered, and have been recorded in all places where they must be recorded to protect a first lien security interest in the property in favor of WHEDA, and a junior lien interest in favor of WHEDA, when applicable.
3. All Lender requirements under the Federal Consumer Protection Act, the Real Estate Settlement Procedures Act of 1974, the Fair Credit Reporting Act, the Wisconsin Consumer Act, and all other applicable federal, state and local laws (e.g., statues, regulations, ordinances, administrative rules, and orders that have the effect of law, and judicial rulings and opinions) have been complied with.
4. The mortgage is a valid first lien on the mortgaged property, and Lender is unaware of any fact or circumstance which would affect the enforceability of the mortgage or mortgage note or give rise to any right of set-off, counterclaim or other claim or defense. No part of the mortgaged property has been released from the mortgage lien and the terms of the mortgage and the mortgage note have not been modified, amended or in any way waived or changed.
5. All companies or individuals involved in the origination, underwriting, or servicing of the mortgage are not listed on the System for Award Management ("SAM") List, HUD Limited Denial of Participation ("LDP") List or Suspended Counterparty Program ("SCP") List.
6. Lender has obtained a fully paid American Land Title Association ("ALTA") mortgage title insurance policy issued by a title insurer qualified to do business in the State of Wisconsin, in an amount at least equal to the principal balance of the mortgage note, naming Lender and Wisconsin Housing and Economic Development Authority as insured.
7. The mortgaged property is free and clear of all construction and materialman's liens.
8. The property is insured against loss due to fire, casualty, and flood (if applicable) by insurance policies authorized by a company licensed to do business in the State of Wisconsin in an amount at least equal to the outstanding principal balance of the mortgage note. Wisconsin Housing and Economic Development Authority listed as an insured party.
9. The borrower has been given the opportunity to choose the carrier of the required fire and casualty insurance, subject to approval by Lender, which approval has not been unreasonably withheld. Wisconsin Housing and Economic Development Authority listed as an insured party.
10. The appraisal was obtained in compliance with Appraiser Independence Requirements and the Lender has examined the appraisal and other loan documents and to the best of Lender's

knowledge, information and belief, the mortgaged property is in compliance with all applicable laws, rules, zoning ordinances and regulations existing as of the date of closing.

11. On the basis of Lender's own examination of the loan documents, the Lender is satisfied that each loan meets the requirements of the Manual. Nothing has come to the Lender's attention which can reasonably be expected to lead the Lender to believe that any information furnished by any party is false or misleading.
12. Lender has reviewed the Borrower’s Affidavit for consistency and completeness and has taken such steps prudently necessary to verify facts set forth in the required affidavit in accordance with the rules and procedures of the Manual.
13. Lender has examined all loan documents relating to the purchase price of the property and is satisfied that the purchase price indicated is accurate and that the property is in compliance with the requirements of the Manual.
14. The full principal amount of the mortgage note has been advanced to borrower or in accordance with borrower's directions. To the best of Lender's knowledge, information and belief, borrower has incurred no other debts in acquiring the property, and has no option to borrow additional money from Lender relating to the property.
15. No interest or participation in the loan has been assigned by Lender to any third party, nor the first lien of the mortgage subordinated by Lender to any third party, nor any portion of the property released from the first lien of the mortgage, nor has any instrument of release, cancellation or satisfaction been executed by Lender relating to the loan.
16. Lender has no knowledge of any circumstances or conditions with respect to the property or the borrower's credit standing, up to the date of closing and Lender’s reliance on borrower’s statements, which can reasonably be expected to cause the mortgage and the mortgage note to become delinquent, or adversely affect the value or marketability of the loan.
17. Lender has no knowledge of a Marital Property Agreement, Unilateral Statement of Income from individual property, or Court Decree of Interspousal Remedy affecting the borrower's credit standing, except any such document which is included in the original loan application package.
18. Lender warrants that the Lender will notify WHEDA in the event that borrower requests that a third person assume the mortgage and mortgage note. Lender will not approve such request without written authority from WHEDA.
19. Lender warrants, at the time of delivery of the loan to WHEDA, they have no knowledge of or reason to believe, nor is there a reasonable likelihood, that there exists a default or delinquency under the mortgage or the mortgage note.
20. Lender certifies that the loan originator has a valid license, if applicable, and NMLSR ID and that the loan originator is authorized to represent the lending institution.
21. Lender certifies they have a process for an annual review of an appraiser’s state licensing or certification status. Procedures have been developed for suspending or terminating business with individual appraisers, and referrals of appraisers to the applicable state appraiser licensing and regulatory board.

22. Lender acknowledges and agrees that if any representation or warranty made herein shall prove to be materially incorrect, or if Lender defaults on the observance of any condition of the Agreement and/or the Manual, and if in the sole reasonable judgment of WHEDA either:

    a. Substantial impairment of the security for the loan results therefrom, or
    b. Tax-exempt status of the bonds, if applicable, is imperiled thereby,

    Lender shall repurchase the loan in accordance with WHEDA repurchase requirements at the Repurchase Price determined by WHEDA.

14.00 Glossary

This Chapter provides definitions for selected acronyms, phrases, and words found throughout the Loan Origination Agreement, this Policies and Procedures Manual, and other materials used by WHEDA to communicate information pertaining to its WHEDA Advantage loan programs. For purposes of greater clarity and common understanding, some terms commonly used in residential real estate lending are also defined herein.

14.01 A - C

ACH – See Automated Clearing House

Act of God – An Act of God is an event outside human control, such as weather incidents or other natural disasters, for which no one can reasonably be held responsible.

Agreement – See Loan Origination Agreement

AIR – See Appraiser Independence Requirements, Appendix S.

Allonge – An Allonge is a separate piece of paper which contains written endorsements to a promissory note. An Allonge is usually completed when the original document was not endorsed. The Allonge must be securely attached to the instrument being endorsed.

ALTA – See American Land Title Association

Amendatory Clause – The Amendatory Clause is required with FHA loan transactions. The Amendatory Clause states that if the buyer has not received the proper information about the appraisal of the subject property, then they are by law no longer obligated to buy the home.

American Land Title Association ("ALTA") – A national association of title insurance companies, abstractors, and attorneys, specializing in real property law. The association represents the title insurance and abstracting industry and establishes standard procedures and title policy forms.

Amortization Schedule – A table listing the amounts of principal and interest due at regular intervals and the unpaid mortgage balance after each payment is made.

Annual Percentage Rate ("APR") – The actual cost of borrowing money expressed in the form of an annual rate to ease the comparison of costs between lenders. The rate includes such items as the base interest rate, origination fees, commitment fees, prepaid interest, and any other credit costs that may be paid by the borrower to obtain the loan.

Application Package – Refers to the Application Package Checklist (Form 6) and all documentation WHEDA requires prior to its underwriting of a loan application.

Appraiser Independence Requirements ("AIR") – Enacted July 21, 2010, as Section 129E of the Truth in Lending Act ("TILA"), the Appraiser Independence Requirements fulfill Section 1472 of the Dodd-Frank Wall Street Reform and Consumer Protection Act. TILA Section 129E establishes new requirements for appraisal independence for consumer credit transactions secured by the consumer's principal dwelling. The amendments are intended to ensure that real estate appraisals used to support creditors' underwriting decisions are based on the appraiser's independent professional judgment, free of any influence or pressure that may be exerted by parties that have an interest in the transaction. See Appraiser Independence Requirements.

APR – See Annual Percentage Rate

Arm's Length Transaction – A transaction between a buyer and a seller where there is no degree of relationship. The parties involved are entirely independent of each other, deal with each other as strangers, and have no reason for collusion. Also, see Non-Arm's Length Transaction.

Assignment of Mortgage – A written agreement that transfers the ownership of a mortgage from one party to another.

Assumption of Mortgage – An assumption by the purchaser of the primary liability for payment of an existing mortgage. The property seller remains secondarily liable unless specifically released by the borrower.

ATR – See Ability to Repay

AUS – See Automated Underwriting System

Authorized Agent – A lender that is a party to a Fannie Mae Mortgage Selling and Servicing Contract ("MSSC") and which authorizes another lender, who may or may not be a party to their own Fannie Mae MSSC, to use Fannie Mae's Desktop Originator ("DO") system under their sponsorship.

Automated Clearing House ("ACH") – A nationwide batch-oriented electronic funds transfer system governed by the NACHA operating rules that provide for the interbank clearing of electronic payments for participating depository financial institutions. The Federal Reserve and Electronic Payments Network act as ACH operators, central clearing facilities through which financial institutions transmit or receive ACH entries.

Automated Underwriting System ("AUS") – An AUS is designed to be an easy to use application that allows lenders to obtain a preliminary or full underwriting decision, credit grade determination, and/or purchase eligibility recommendation in minutes. Common AUS systems include Fannie Mae's Desktop Underwriter ("DU") and Freddie Mac's Loan Prospector ("LP").

Bailee Letter/Bailee Agreement – A Bailee Letter is a letter from a warehouse bank that releases collateral documents in exchange for purchase proceeds. The Bailee Letter includes written instructions on where to wire the funds. Also see Wire Instructions.

Bank Secrecy Act – The Bank Secrecy Act ("BSA"), originally enacted in 1970 as the Currency and Foreign Transactions Reporting Act and amended several times since, is sometimes referred to as the anti-money laundering law. BSA requires financial institutions in the United States to assist U.S. government agencies to perform certain actions, such as reporting suspicious activity as it relates to the movement of currency, toward the goal of detecting and preventing money laundering.

Bankruptcy – A proceeding in federal court in which a person, who owes more than his /her assets, can relieve the debts by transferring his/her assets to a trustee. This affects the borrower's personal liability for a mortgage debt but not the lien of the mortgage. The three most likely types encountered are:

- Chapter 7 – Straight or liquidation bankruptcy for those who do not have the ability to repay their debt.
- Chapter 11 – Designed for businesses and deals with reorganization of the business debt.
- Chapter 13 – A debt adjustment or wage earner plan used for those who have the ability to repay their creditors or who cannot discharge their debts through Chapter 7.

Base Price – The single loan base price for a loan product at a specific rate is published on the Price Grids posted at WHEDA's website.

Basis Point – A basis point is equal to 1/100th of 1%. For example, seven (7) basis points equal .07% or .0007. Basis points describe the yield of a debt instrument including mortgages and mortgage-backed securities.

Best Efforts – A term used to describe a lender's responsibility of closing and delivering an eligible loan to an investor to whom it has a Best Efforts Commitment.

Best Effort Commitment – A commitment made by a lender to deliver to an investor a loan made to a specific borrower for the purchase or refinancing of a specific property under agreed-upon terms. A Best Efforts Commitment is nullified without penalty if the loan does not close or if the loan closes but does not meet the agreed-upon terms.

Binder – The written evidence of temporary hazard or title insurance coverage that runs for a limited time and must be replaced by a permanent policy. A binder may also be called a commitment or guarantee to insure.

Borrower-Paid Mortgage Insurance ("BPMI") – Private mortgage insurance in which the borrower pays a specific single and/or annualized amount of premium at closing and/or through escrow to the private mortgage insurer. BPMI is subject to automatic cancellation under federal law and may be refundable.

Borrower's Affidavit – WHEDA's Form 2, this document is used to establish household income and the number of household occupants, figures which are used to determine Compliance Income. The affidavit is signed by the Borrower and Co-Borrower at application and Live Signatures are required.

BPMI – See Borrower-Paid Mortgage Insurance

Broker – A type of WHEDA Participating Lender. A lender, regardless of institution type, that is approved to sell loans it originates through its own retail origination capability to WHEDA exclusively in the Broker Channel.

Broker Channel – The delivery channel through which WHEDA table funds first mortgage loans originated by Participating Lenders. Loans in this channel are considered to be "brokered" to WHEDA.

BSA – See Bank Secrecy Act

Business Day – The days which WHEDA is open and can operate its single family mortgage lending business. Specifically, this includes weekdays, except for most Federally-Recognized Holidays, Christmas Eve, and New Year's Eve. Depending on access to the Secondary Mortgage Market, WHEDA's Lock Desk may be closed for part or all of some Business Days.

CAIVRS – See Credit Alert Interactive Voice Response System.

CAIVRS Number – The authorization number provided by the Credit Alert Interactive Voice Response System ("CAIVRS") that identifies if the borrower has been delinquent or is currently delinquent on any government loan.

Calendar Day – A Calendar Day is a day without regard to whether or not it is a Business Day or Non-Business Day. When a timeline is expressed in "days," as opposed to Business Days, it is assumed to be Calendar Days.

Case Binder – The Case Binder contains the original processing documents necessary to obtain endorsement for an FHA loan. The documents are assembled in a pre-printed FHA Case Binder file folder.

CFPB – See Consumer Finance Protection Bureau

Chain of Title – History of all documents transferring a title to a parcel of real property, starting with the earliest existing document and ending with the most recent.

Clear Title – Title not encumbered or burdened with defects.

Closed-Loan Channel – A delivery channel through which WHEDA purchases first mortgage loans originated by Participating Lenders that the lenders closed in their own name and with their own funds or a warehouse facility. WHEDA has two (2) Closed-Loan Channels – the Correspondent Channel and the Mini-Corr Channel.

Closing Costs – The money paid by borrower and property sellers to affect the closing of a mortgage loan. Closing costs may include an origination fee, discount points, title insurance, survey, attorney's fees, and such prepaid items as taxes and insurance escrow payments.

Closing Date – The date on which the Seller delivers the deed and the Borrower pays for the property. Also referred to as the Settlement Date, this is the date that title to the property transfers from the Seller to the Buyer.

Closing Disclosure –The Closing Disclosure is a document that federal law requires lenders to provide to loan applicants which discloses all the costs associated with making and closing a mortgage loan. These costs include the APR, finance charges, amount financed and total payments the borrower will make over the term of the loan. The lender must provide the Closing Disclosure to the borrower three (3) business days prior to the loan closing.

Closing Package – Refers to the Closing Package Checklist (Form 12) and all documentation WHEDA requires to take assignment of the Mortgage and Note and the transfer of the title, mortgage servicing rights, and all required insurance policies.

Closing Statement – A financial disclosure giving an account of all funds received and expected at closing, including escrow deposits to taxes, hazard insurance, and mortgage insurance.

Cloud on Title – A Cloud on Title is any outstanding claim or encumbrance which, if valid, would affect or impair the title. It can be removed by a quitclaim deed, release, or court action.

Combined Loan-To-Value ("CLTV") Ratio – Expressed as a percentage, this is the relationship between the unpaid principal balances of all the mortgages on a property and the lesser of the property's appraised value or sales price.

Commitment – A Commitment is an agreement between a Lender and investor for the sale and purchase of a loan under specific terms and delivery requirements. Also see Rate Lock.

Commitment Date – The date on which a lender and investor enter an agreement under which the lender promises to deliver to the investor a mortgage loan under agreed-upon terms and conditions.

Community Reinvestment Act – Enacted in 1977, the Community Reinvestment Act is a federal law designed to encourage regulated financial institutions to help meet the needs of borrowers in all segments of their communities, including low- and moderate-income neighborhoods.

Compare Ratio – Applicable only to FHA loan programs, the Compare Ratio measures the percentage of a lender's FHA default rate relative to the FHA default rate of all lenders in the specified market area for a specific time period. Compare Ratios can be viewed at https://entp.hud.gov/sfnw/public/ which is HUD's Neighborhood Watch website.

Compliance Income – This is the amount of total household income of an applicant for a WHEDA Loan Program. Compliance Income is different from qualifying income. Compliance Income may not exceed the WHEDA Loan Program Income Limit applicable to the county location of the subject property.

Conforming Loan – A mortgage loan that meets the underwriting guidelines, loan amount limits, and regulatory parameters set by Freddie Mac and Fannie Mae.

Consumer Credit Counseling – A consumer program that provides education, counseling, debt management, and debt repayment plan services to debtors.

Conventional Mortgage – A mortgage that is not insured or guaranteed by the federal. The terms of the loan adhere to conventional standards within legal limit, by mutual consent of the Lender and borrower. Although it is not mandatory and even if the loan amounts are more than conforming guidelines, most conventional loans are made to conform to Fannie Mae and Freddie Mac guidelines.

Conveyance – The document, such as deed, lease or mortgage that is used to affect a transfer of ownership.

Correspondent – A lender that originates a loan, closes it in its name, with its own funds (or a warehouse facility) and presents it for sale to a wholesale lender.

Correspondent Channel – The delivery channel through which WHEDA grants delegated underwriting authority to Participating Lenders which subsequently close loans in their own name and with their own funds or a warehouse facility.

CRA – See Community Reinvestment Act

Credit Alert Interactive Voice Response System ("CAIVRS") – The system checks the Social Security Number of all borrowers for FHA insured loans (except for Streamline refinances) for delinquent federal debts. Additionally, it checks for suspension or debarment from HUD's Limited Denial of Participation ("LDP") list and the government-wide General Services Administration List of Parties Excluded from Federal Procurement or Non-Procurement Programs.

Customer Identification Program – Under the Patriot Act enacted in 2003, all financial institutions must verify the identity of individuals wishing to conduct financial transactions. The law requires financial institutions to develop a Customer Identification Program ("CIP") which must be incorporated into the institution's Bank Secrecy Act/anti-money laundering compliance program.

14.02 D – H

DE – See Direct Endorsement

Debt-to-Income Ratio ("DTI") – A borrower's monthly payment obligation on long-term debts divided by gross monthly income, expressed as a percentage. The DTI ratio consists of two separate calculations: a monthly housing expense-to-income ratio and a total obligations-to-income ratio.

Deed – A written instrument by which title to real property is transferred or conveyed from one party to another.

Deed of Trust – A type of security instrument in which the borrower conveys title to real property to a third party (referred to as trustee) to be held in trust as security for the lender, with the provision that the trustee shall re-convey the title upon the payment of the debt, and conversely, will sell the land and pay the debt in the event of a default by the borrower. Also see Mortgage.

Deed Restriction – A limitation placed in a deed limiting or restricting the use of the real property.

Default – Breach or nonperformance of the terms of a Note or the covenants of a mortgage.

Deficiency Judgment – Court order to pay the balance owed on a loan if the proceeds from the sale of the security are insufficient to pay off the loan.

Delegated Status Change Date – The data on which a change in a lender's delegated underwriting authority status is changed by WHEDA.

Delinquency Rate – The percentage of a set of loans that are thirty (30) to ninety (90) days past due.

Department of Housing and Urban Development ("HUD") – Established by Congress in 1965 and is responsible for the implementation and administration of government housing and urban development programs. These programs include community planning and development, housing production and mortgage insurance, secondary mortgage market activities and equal opportunity in housing.

Department of Veterans Affairs "(VA") – The Servicemen's Readjustment Act of 1944 authorized this federal government agency to administer a variety of benefit programs designed to facilitate adjustment of returning veterans to civilian life. Among the benefit programs is the VA Home Loan Guaranty Program, which encourages mortgage lenders to offer long-term, low-down payment financing to eligible veterans by partially guaranteeing the lender against loss upon foreclosure.

Desktop Originator – Desktop Originator® and DO® are registered trademarks of Fannie Mae. DO is a proprietary technology application that provides lenders access to Fannie Mae's Desktop Underwriter through another lender's sponsorship. The lender sponsoring the access is called the Authorized Agent and must be a party to a Fannie Mae Mortgage Selling and Servicing Contract.

Desktop Underwriter – Desktop Underwriter® and DU® are registered trademarks of Fannie Mae. DU is a proprietary Automated Underwriting System ("AUS") which lenders, who are party to a Fannie Mae Mortgage Selling and Servicing Contract, access directly to obtain credit risk and purchase eligibility determinations.

Direct Endorsement ("DE") – Lenders authorized by FHA to underwrite loans on behalf of HUD. Lenders certify that the loan has been closed according to HUD's regulations and policies.

Direct Lender – A type of WHEDA Participating Lender. A Direct Lender is approved to sell loans it originates through its own retail origination capability directly to WHEDA in any of WHEDA's delivery channels.

Discount Points – Sometimes just referred to as "points," Discount Points are a form of pre-paid interest. One (1) point equals 1% of the loan amount. By charging a borrower points, a lender effectively increases the yield on the loan above the amount of the stated interest rate. Borrowers can offer to pay a lender points as a method to reduce the interest rate on the loan, thus obtaining a lower monthly payment in exchange for this up-front payment.

DO – See Desktop Originator

Document Deficiency – WHEDA defines a Document Deficiency as a) a required document that it has received but which needs to be corrected to assure salability and enforceability; and b) a required document that it has not yet received from the Lender.

Document Return Fee – A fee WHEDA charges when a lender requests the return of original documents.

Down Payment Assistance – Assistance in the form of a loan or a grant that covers all or part of the down payment, and sometimes all or part of closing costs, and reduces or eliminates the amount of their own funds a borrower needs to close a mortgage loan.

DPA – See Down Payment Assistance

DQ Rate – See Delinquency Rate

DTI – See Debt-to-Income Ratio

DU – See Desktop Underwriter

Due-on-Sale – Clause in a mortgage stating if the mortgagor sells, transfers, or in any way encumbers the property, the mortgagee has the right to implement the acceleration clause making the balance of the obligation due.

Duplex – Single structure designed with two (2) separate housing units.

Early Payment Default – A loan that is ninety (90) days or more past due in which the period of delinquency began before the Payment Due Date of the twelfth payment.

Early Payoff – An Early Payoff occurs when a loan is paid in full within one-hundred eighty (180) days of the Note Date.

Easement – The right, privilege, or interest to the limited use or enjoyment of land held by another. It is created by grant or agreement for a specific purpose, such as enabling sewer lines or utility lines to be laid.

ECOA – See Equal Credit Opportunity Act

Electronic Signature – An Electronic Signature is any electronic means indicating that a person accepts and adopts the contents of an electronic message, and that the person is whom they represent to be.

Electronic Signatures in Global and National Commerce Act ("ESIGN") – Enacted in 2000, the ESIGN Act is a federal law that governs and establishes standards pertaining to the use of electronic records and Electronic Signatures in interstate and foreign commerce. The Act establishes that Electronic Signatures and documents are just as good as their paper equivalents, and therefore subject to the same legal scrutiny of authenticity that applies to paper documents.

Encumbrance – Anything that affects or limits the fee simple title to property, such as mortgages, easements, or restrictions of any kind. Liens are special encumbrances that make the property security for the payment of a debt.

EPD – See Early Payment Default

Equal Credit Opportunity Act ("ECOA") – A federal law enacted in 1975, ECOA requires lenders and other creditors to make credit equally available regardless of race, sex, color, religion, national origin, marital status, age or receipt of public assistance or the exercise of rights under the Consumer Credit Protection Act. ECOA is also referred to as Regulation B.

Escrow Account – A trust account established to hold funds allocated for the payment of real estate taxes, hazard or mortgage insurance premiums, and so on as they are received each month and until such time as they are disbursed to pay related bills. Also referred to as an impound account.

Escrow Holdback – Any portion of a loan held until some additional requirement, such as completion of or an improvement project is attained. Escrow holdbacks are a borrower accommodation that allows the loan to close and the borrower to occupy the property while incidental work is in progress. WHEDA allows escrow holdbacks for property repairs that cannot be completed within thirty (30) days due to inclement weather. If the repairs cannot be completed within the specified time, an extension may be allowed. Also see Holdback.

Escrow Payment – A portion of a mortgagor's monthly payments held by the lender or servicer to pay for taxes, hazard insurance, mortgage insurance, lease payments, and other items as they become due.

ESIGN – See Electronic Signatures in Global and National Commerce Act

Extension Fee – A fee WHEDA charges to extend a Commitment.

Extenuating Circumstance – An event over which the borrower had no control (such as an extended illness, an extended period of unemployment resulting from corporate downsizing or layoffs, the death of a spouse or co- borrower, and so on), has been resolved, and is not likely to recur.

Failed Funding Fee – A fee WHEDA charges when funds it has transmitted to consummate the funding of a loan on a specific scheduled closing date are not used to fund the loan on that date and which are not returned to WHEDA within forty eight (48) hours of that date.

Fair Credit Reporting Act ("FCRA") – The act is designed to regulate the consumer reporting industry; place disclosure obligation on users of consumer reports; and ensure fair, timely, and accurate reporting of credit information. The act does not apply to commercial transactions.

Fair Housing Act – Enacted in 1968, the Fair Housing Act is a federal law that protects prospective borrowers and renters, as well as rental tenants, against housing discrimination based on race, color, religion, national origin, sex, familial status and disability.

Fannie Mae – See Federal National Mortgage Association

FASB – See Financial Accounting Standards Board

FCRA – Fair Credit Reporting Act

Federal Housing Administration ("FHA") – A division of the Department of Housing and Urban Development ("HUD") that was established in 1934 to increase home ownership by providing an insurance program to safeguard lenders against borrower default. The FHA sets standards for property construction and credit underwriting, but it does not lend money, plan or build housing.

Federal National Mortgage Association – Also referred to as Fannie Mae. A government-sponsored private corporation created by Congress to support the secondary mortgage market. It is the largest purchaser and seller of conventional residential mortgages, as well as mortgages insured by the FHA or guaranteed by the VA.

Federal Trade Commission ("FTC") – Established in 1914 after passage of the Federal Trade Commission Act, the FTC is tasked with the promotion of consumer protection and the elimination and prevention of anticompetitive business practices, such as coercive monopoly.

Federally-Recognized Holidays – Under Section 6103(a) of Title 5 of the United States Code, Federally-Recognized Holidays are New Year's Day, Martin Luther King, Jr. Day, Washington's Birthday, Memorial Day, Independence Day, Labor Day, Columbus Day, Veterans Day, Thanksgiving Day, and Christmas Day.

Fee Simple –This is the highest form of ownership a person can have in real estate, including the right to occupy, dispose of, and bequeath the property.

FHA – See Federal Housing Administration

FHA Case Number – A 13-digit number used to identify the case on FHA's records during processing and, if insured, through the life of the loan. The number consists of:

- The 3-digit prefix that identifies the state and the HUD/FHA field office where the loan was accepted for processing.
- The 7-digit case serial number.
- The 3-digit suffix that identifies the loan as an ARM or fixed rate.

FHA Connection – FHA Connection is a technology application that provides FHA-approved lenders and business partners with direct, secure, online access to HUD computer systems. FHA Connection is utilized in the FHA insuring process, and lenders use the system to maintain their account profile with FHA.

FHA Mortgage – A mortgage insured by the Federal Housing Administration; referred to as a government mortgage.

FHA Mortgagee Number – The 10-digit number assigned to a mortgage lender's branch office when approved to do business with HUD/FHA.

FHA Prefix Number – This prefix is a 3-digit code identifying the state and the HUD/FHA field office where the loan was accepted for processing.

FHA Suffix Number – This suffix is a 3-digit code identifying the type of FHA loan involved and what insuring section the loan is insured under.

FHLMC – Federal Home Loan Mortgage Corporation

Fidelity Bond Coverage – A bond that covers financial losses by fraudulent acts of a managing agent's employee(s) or a board of directors' employee(s).

Final Package – Refers to the complete package of documentation WHEDA requires it receives from Lenders within ten (10) calendar days of the Closing Date. The required contents of the Final Package differ by delivery channel.

Final Package Due Date – The date, ten (10) calendar days after the Closing Date, by which WHEDA must receive the Final Package.

First Mortgage – The First Mortgage is the mortgage that is the primary lien against a property.

First Payment Due Date – The date on which the first scheduled payment on a mortgage loan is due.

Fiscal Year – Any 12-month period used for financial reporting and preparation of balance sheets, profits and loss statements, and other financial summations.

Fixed Rate Mortgage ("FRM") – An FRM is a mortgage that provides for one interest rate for the entire term of the mortgage. If the interest rate changes because of enforcement of the due-on-sale provision, the mortgage is still considered a fixed rate mortgage.

Float – The practice of registering a loan but waiting for more favorable interest rates and/or loan pricing to enter a Commitment.

Flood Certificate – A flood certification issued by an independent flood service company is required by WHEDA for all loans. This certification must identify the current flood zone in which the subject property resides. Flood insurance is only required for properties located in special flood hazard areas or flood zones.

Flood Insurance – Insurance that compensates the property owner for physical property damage resulting from flooding. Flood insurance is required if the property improvements are located in federally designated Special Flood Hazard Areas. If the land is in the flood hazard area, but the improvements are not, flood insurance is not required.

Foreclosure – A legal procedure in which a mortgaged property is sold by the trustee to pay the outstanding debt following default. The proceeds of the sale are applied to the mortgage debt. A foreclosure may also be referred to as a Sheriff's Sale.

Foreign National – A citizen of another country who visits the United States periodically and is purchasing a property to reside in during visits to the U.S. A foreign national is not a permanent or non-permanent resident alien, and does not have full or partial diplomatic immunity.

Freddie Mac – See Federal Home Loan Mortgage Corporation

FRM – See Fixed Rate Mortgage

FTC – See Federal Trade Commission

Funding Date –The date when payment is disbursed to the Lender by WHEDA for a mortgage purchased.

Gift Funds – Funds that do not have to be repaid which are given to the borrower by a non-profit entity, relative, domestic partner, church or municipality. Gift funds may be applied towards the down payment, closing costs and/or reserves.

Ginnie Mae – See Government National Mortgage Association

GLBA – See Gramm-Leach Bliley Act

GNMA – See Government National Mortgage Association

Government Loans – Loans insured or guaranteed by the FHA, USDA or VA.

Government National Mortgage Association – Also known as Ginnie Mae, it was created in 1968 by an amendment to Title Ill of the National Housing Act. This governmental corporation guarantees securities backed by mortgages that are insured or guaranteed by other government agencies, such as FHA and VA.

Government Sponsored Enterprise ("GSE") – A privatized institution that is backed by the federal government (a "quasi-governmental" agency). Fannie Mae (formally the Federal National Mortgage Association) and Freddie Mac (formally the Federal Home Loan Mortgage Corporation) were chartered by Congress to create a secondary mortgage market to assure the available of mortgage credit throughout America. Both GSEs are profit-making, shareholder-owned corporations. The GSE Charter Acts and the Federal Housing Enterprises Financial Safety and Soundness Act of 1992 require the GSEs to extend the benefits of secondary mortgage market to a broad range of Americans, including those traditionally underserved by the credit markets.

Gramm-Leach Bliley Act ("GLBA") – Enacted as part of the Financial Modernization Act of 1999, GLBA is a federal law that governs how financial institutions must handle the private information of individuals. GLBA consists of three sections: The Financial Privacy Rule, which regulates the collection and disclosure of private financial information; the Safeguards Rule, which stipulates that financial institutions must implement security programs to protect such information; and the Pretexting provisions, which prohibit the practice of accessing private information using false pretenses.

Ground Lease – A long-term agreement made between the owner of the land on which the project is located and the cooperative corporation.

Ground Rent – The monthly or annual fee paid for the use of the land in accordance with the terms of the ground lease.

Hazard Insurance – Insurance coverage that compensates the property owner for physical damage to the dwelling caused by wind, fire, or other natural disasters. Hazard Insurance generally does not over damage caused by flood, earthquake and/or other types of hazards that typically require special coverage or separate endorsements.

HFA – See Housing Finance Agency

High-Cost Loan – Under HOEPA, a High-Cost Loan is a mortgage loan secured by the borrower's principal dwelling that meets one of two measurements: a) the APR at consummation will exceed by more than ten (10) percentage points the yield on Treasury securities having comparable periods of maturity to the loan maturity; or, b) the total points and fees payable by the consumer at or before loan closing will exceed the greater of 8% of the loan amount or $400. See Section 32 Loan.

High-Risk Loan – WHEDA defines a High-Risk Loan as a mortgage loan that has Layered Risk. Specifically, in the context of measuring and monitoring the credit risk of its portfolio and secondary market deliveries, WHEDA defines a High-Risk Loan as one in which the indicator credit score is less than 680, the DTI exceeds 40%, and the CLTV exceeds 97%.

Higher Priced Mortgage Loan ("HPML") – An HPML is a consumer credit transaction secured by the consumer's principal dwelling with an annual percentage rate that exceeds the average prime offer rate for a comparable transaction as of the date the interest rate is set by 1.5% or more for loans secured by a first lien on a dwelling, or by 3.5% or more for loans secured by a subordinate lien on a dwelling.

HMDA – See Home Mortgage Disclosure Act

HOEPA— See Home Ownership and Equity Protection Act

Holdback – In construction or interim lending, a percentage of the contractor's draw is held back to provide additional protection for the interim lender, often an amount equal to the contractor's profit, given over when the interim loan is closed. The term also applies to the portion of a loan not funded until some additional requirement, such as completion or an improvement project, is attained. Also, see Escrow Holdback.

Home Mortgage Disclosure Act ("HMDA") – HMDA is a federal law that requires lenders to compile and disclose data on where their mortgage and home improvement loans are made to assist the federal government in determining if the lender refuses to make loans in certain urban areas (known as redlining). HMDA is also known as Regulation C.

Home Ownership and Equity Protection Act ("HOEPA") — HOEPA is a federal law designed to notify consumers when their loan is classified as a high-rate or high-fee mortgage. These loans are called either HOEPA loans or Section 32 loans because HOEPA was implemented by Section 32 of Regulation Z. If a loan falls under HOEPA, an additional disclosure is required and must be given to and acknowledged by the borrower and any other party (spouse or other) that signs the mortgage or Deed of Trust and has an interest in the property at least three (3) Business Days prior to the borrower's signing final loan documents.

HomeStyle® Renovation – HomeStyle® Renovation is a registered trademark of Fannie Mae. HomeStyle Renovation mortgages enable a borrower to purchase a property or refinance an existing loan and include funds in the loan amount to cover the costs of repairs, remodeling, renovations or energy improvements to the property.

Housing Finance Agency ("HFA") – A state or local governmental or quasi-governmental entity established to increase the supply of affordable rental housing and broaden access to single family residential financing for low- and moderate-income families. In most cases, an HFA can issue tax-exempt MRBs and/or administer a Mortgage Credit Certificate ("MCC") program.

HPML – See Higher Priced Mortgage Loan

HUD – See Department of Housing and Urban Development

14.03 I – M

Improvements – Additions to raw land that normally increase its value, such as buildings, streets, and sewers.

Incidence Rate – The Incidence Rate is the percentage of an original set of loans that ended in foreclosure or an alternative to foreclosure that produced a loss for the end investor or its guarantors.

Interested Party – A person or entity that benefits from the completion of the property sales transaction and may be the property seller, builder, developer, real estate agent, or lender.

Internal Revenue Code ("IRC") – The basis of federal tax law enacted by Congress in Title 26 of the United States Code.

Internal Revenue Service ("IRS") – The division of the U.S. Department of the Treasury that collects internal revenue, including income taxes and excise taxes, and enforces revenue laws.

IRC – See Internal Revenue Code

IRS – See Internal Revenue Service

Known Defect – A Known Defect is a flaw in a mortgage loan that makes that loan ineligible for a specific program and/or impacts its general marketability and enforceability.

Land Contract of Sale – An agreement between buyer and property seller in which-the property seller retains title to the property until all or a specified part of the sales price has been paid to the property seller. If recorded, the buyer will show on title as having an interest in the property. This also is known as Installment Land Contract or Contract for Deed.

Late Charge – An additional charge that a borrower is required to pay as a penalty for failing to pay a regular installment when it is due.

Late Delivery Fee – A fee WHEDA charges when it receives the complete Final Package after the Final Package Due Date.

Late Document Fee – A fee WHEDA charges on a loan by loan basis for each document it has not received within two-hundred seventy (270) days of the Closing Date.

Layered Risk – The presence of more than one risk factor on a loan that may change the overall risk of a mortgage due to the overlap (or layering) of factors.

LDP – See Limited Denial of Participation

Lease – A written agreement between the property owner and a tenant that stipulates the conditions under which the tenant may possess the real estate for a specified period of time and rent.

Lender ID No. – A unique identification number assigned by WHEDA to a Participating Lender.

Lender Review Committee ("LRC") – LRC is a WHEDA committee that meets monthly, or more often if needed, to review new lender applications, lender recertifications, and lender performance reports.

Lender Scorecard – A lender performance monitoring tool, the Lender Scorecard is used by WHEDA to measure the quality and quantity of loans submitted for WHEDA financing for lenders who have submitted and funded a minimum threshold of loans on a rolling twelve (12) month basis. Lender Scorecard results are periodically reviewed by the LRC and used during lender recertification process.

Lender Updates – WHEDA's primary tool for communicating policy, procedure, and product changes to its Participating Lenders.

Lender – A WHEDA Participating Lender

Lender-Paid Mortgage Insurance ("LPMI") – Private mortgage insurance in which the lender pays a specific single and/or annualized amount of premium to the private mortgage insurer and increases the interest rate to the borrower to cover the additional cost of credit enhancement. LPMI is not subject to automatic cancellation under federal law and is nonrefundable.

Limited Denial of Participation ("LDP") – The LDP List includes all parties that are excluded from further participation in a specific HUD program.

Live Signature – A signature made by a real person on a paper form.

Loan Origination Agreement – A contract that establishes the general terms and conditions and representations and warranties by and between WHEDA and a Participating Lender pertaining to the Lender's sale of mortgage loans to WHEDA.

Loan Prospector – Loan Prospector® is a registered trademark of Freddie Mac. LP is a proprietary Automated Underwriting System ("AUS") which lenders, who are party to a Freddie Mac mortgage selling agreement, access directly to obtain credit risk and purchase eligibility determinations.

Loan-To-Value ("LTV") Ratio –Expressed as a percentage, the LTV is the relationship between the unpaid principal balance of the mortgage and the lesser of the appraised value or sales price of the subject property.

LP – See Loan Prospector

LPMI – See Lender-Paid Mortgage Insurance

LRC – See Lender Review Committee

LTV – See Loan-to-Value Ratio

Mandatory Commitment – A Mandatory Commitment is a commitment by a lender to deliver to an investor a specific dollar amount of a specific mortgage loan type within a specific time frame.

Manual – See Policies and Procedures Manual

Market Approach to Value – An approach method where the value of a property is based on an analysis of comparable sales, contract offerings, and listings of properties that are the most comparable to the property that is being appraised.

Market Value – The highest price that a homebuyer would pay and the lowest price that a property seller would accept, neither one being compelled to buy or sell.

Marketable Title – A title that is free and clear of objectionable liens or encumbrances.

Marketing Loss Fees – Marketing Loss Fees are fees charged of a Lender by WHEDA when WHEDA's secondary market position is in jeopardy and/or becoming more expensive to maintain due to the Lender's failure to perform according to expectations.

MBS – See Mortgage-Backed Security

MCC – See Mortgage Credit Certificate

Mechanic's Lien – A lien to protect and secure the payment for labor or materials. A right by a contractor, subcontractor, or material supplier to place a lien on a borrower's property for payment of work performed or material delivered on the property.

MERS – See Mortgage Electronic Registration System

MIC – See Mortgage Insurance Certificate

MIP – See Mortgage Insurance Premium

MLO – See Mortgage Loan Originator

Mortgage – A conveyance of an interest in real property given as security for payment of a debt.

Mortgage Backed Security ("MBS") – Securities or investments that represent an undivided interest in a pool of loans secured by mortgages or deeds of trust. Principal reductions from the underlying mortgages are used to pay off the bond or securities.

Mortgage Credit Certificate ("MCC") – A non-refundable tax credit bearing from 10% to 50% of the interest paid on a home mortgage loan. There are qualifying restrictions such as limiting the program to first-time homebuyers with restricted income limits and sales prices.

Mortgage Electronic Registration System ("MERS") – MERS is an electronic registration system that tracks the mortgage rights of a loan. When a loan is registered with MERS, there is no longer a need for an assignment of the security instrument as changes in servicing and beneficial ownership rights are tracked by MERS over the life of the loan.

Mortgage Insurance Certificate ("MIC") – Issued by the FHA, the MIC evidences that a mortgage loan is insured under an FHA guaranty program.

Mortgage Insurance Premium "(MIP") – For FHA loans only, a fee paid by the borrower (mortgagor) that insures an FHA lender (mortgagee) against loss.

Mortgage Loan Originator – A mortgage loan originator is an individual who for compensation or gain or in the expectation of compensation or gain a) takes a residential mortgage loan application or b) offers or negotiates terms of a residential mortgage loan.

Mortgage Note – Also referred to as a Promissory Note or simply a Note, a Mortgage Note is a written promise to pay a specified sum of money at a stated interest rate during a specified term.

Mortgage Revenue Bond ("MRB") – Issued by HFAs, MRBs are a funding source for home mortgages to households that meet certain income restrictions and are first-time homebuyers or are buying a home in a federally designated targeted area. MRBs may be taxable or tax-exempt. Tax-exempt MRBs are a form of tax-free municipal bond that can result in an HFA making below-market interest rates available to qualified households.

Mortgage Selling and Servicing Contract ("MSSC") – A contract that establishes the general terms and conditions and representations and warranties by and between Fannie Mae and a lender pertaining to the lender's sale of mortgage loans to Fannie Mae and servicing of those loans on behalf of Fannie Mae.

Mortgagee – The lender in a mortgage transaction.

Mortgagor – The borrower in a mortgage transaction who pledges property as a security for a debt.

MRB – See Mortgage Revenue Bond

MSSC – See Mortgage Selling and Servicing Contract

Multiple Listing Service ("MLS") – A joint effort by real estate brokers to pool their listings so that all members of the multiple listing services will have an opportunity to sell the listing. A multiple listing is an exclusive right to sell with an additional obligation of listing the property in a multiple listing service.

14.04 N – O

National Flood Insurance Program ("NFIP") – A program created as a result of the National Flood Insurance Act of 1968, NFIP enables property owners to purchase insurance protection from the government against losses from flooding.

Nationwide Mortgage Licensing System and Registry ("NMLSR") – An online technology application created at the direction of federal banking regulators to fulfill the registration requirement of federally chartered or insured institutions and their mortgage loan originators in compliance with the Consumer

Financial Protection Bureau's rules and the SAFE Act. NMLSER is operated jointly by the Conference of State Bank Supervisors and the American Association of Residential Mortgage Regulators.

Net Worth – Net Worth is the value of all of a company's (or an individual's) assets, including cash, less its total liabilities. It is used to indicate financial strength.

NFIP – See National Flood Insurance Program

NMLSR – See Nationwide Mortgage Licensing System and Registry

NMLSR ID – Issued through the Nationwide Mortgage Licensing System and Registry, the NMLSR ID is a unique identification number for a company or individual.

Non-Conforming – A mortgage loan that does not meet the loan amount limits and credit characteristics set by Freddie Mac and Fannie Mae.

Non-Conforming Loan – A mortgage loan in which the loan amount, the LTV ratio, term, or some other aspect of the loan exceeds permissible limits as specified in agency (GSEs) regulations. These loans must meet or exceed the guidelines as set forth in the Lender Guide and meet the underwriting standards as set forth in this technical manual. Non-conforming loan guidelines may follow GSE underwriting guidelines or be a blend of various investor guidelines.

NOR – See Notice of Return.

Note – Also referred to as a Promissory Note or Mortgage Note, a Note is a written promise to pay a specified sum of money at a stated interest rate during a specified term.

Note Date – The effective date of the Note.

Note Rate – The interest rate paid by the borrower, as stated on the note.

Notice of Return ("NOR") – Sent by the FHA to a lender, the NOR indicates that a loan is uninsurable by the FHA and that the Binder is being returned to the lender.

OFAC – See Office of Foreign Assets Control

Off-Grid Pricing – Loan prices that are available but not visible on the Price Grids published by WHEDA.

Office of Foreign Assets Control ("OFAC") – An agency of the United States Department of the Treasury, OFAC administers and enforces economic and trade sanctions based on U.S. foreign policy and national security goals against targeted foreign states, organizations, and individuals.

On-Boarding Process – WHEDA's process for assisting new lenders to become familiar with WHEDA policies, procedures, and programs such that they can successfully sell loans to WHEDA.

OPB – See Original Principal Balance

Original Principal Balance ("OPB") – The OPB is the face value of the mortgage; the original mortgage amount; and the amount used to establish the amortization schedule of the mortgage.

Overlays Grids – The WHEDA Overlays Grids were incorporated into the applicable WHEDA Product Eligibility Matrices. The Eligibility Matrices include WHEDA underwriting criteria that "overlay" investor or guarantor guidelines and must be adhered to on all loans.

14.05 P – R

Participating Lender – A Lender that has executed a Loan Origination Agreement and is eligible to sell loans to WHEDA.

Patriot Act – Enacted in 2001, the Patriot Act is a federal law that effectuates policies and federal agencies toward the goal of deterring and punishing terrorist acts in the United States and around the world. Also called the USA PATRIOT Act, an acronym for the full name of the law, which is The Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001.

Payoff – Payment-in-full of a loan at or before maturity.

Permanent Buydown – The payment of discount in order to lower the interest rate, and thereby the monthly payment amount, of a mortgage loan for the life of the loan.

Pipeline – Loan applications that are in process but have not been closed or delivered.

P&I – Principal and interest

PITI – Principal, Interest, Taxes and Insurance

Point – Amount equal to 1% of the principal amount or Note. Loan discount points are a one-time charge assessed at closing by the lender to increase the yield on the mortgage loan to a competitive position with other types of investments.

PMI – See Private Mortgage Insurance

Policies and Procedures Manual – This Manual, an extension of the Loan Origination Agreement, which incorporates the Lender's Warranty and establishes any and all policies and procedures specific to WHEDA to which Lenders must adhere in originating and selling loans to WHEDA.

Preliminary Title Report – A report generated by a title search company for the purpose of determining if a real property has clear title or if there are recorded encumbrances, judgments, labor liens, and so on, that would affect the salability of the property.

Prepayment – Paying off a loan prematurely.

Price – In mortgage banking, price refers to the amount paid relative to the face value of the instrument.

Price Adjustments – Adjustments made to the loan's base price depending on the type of loan and certain associated factors.

Price Grid – The Price Grid is WHEDA's document for communicating loan rates and pricing. Price Grids are posted by 8:30 am CT each Business Day in which the Lock Desk is open. WHEDA posts separate grids for each delivery channel, and the grids can be found at WHEDA's website.

Private Mortgage Insurance ("PMI") – Mortgage insurance written by a private company that protects the lender or investor against loss caused by default. Conventional loans with an LTV ratio greater than 80% generally must have PMI.

Product Matrix – A document published by WHEDA that provides a general overview of a product or set of products offered by WHEDA.

Promissory Note – Also referred to as a Mortgage Note or simply a Note, a Promissory Note is a written promise to pay a specified sum of money at a stated interest rate during a specified term.

Pull-Through – Pull-Through occurs when a loan that is committed to WHEDA is eventually funded or purchased by WHEDA.

Pull-Through Rate – The percentage of loans delivered by a Lender relative to the number of commitments entered into by the Lender.

Purchase Agreement – A written proposal by a buyer to purchase real estate that becomes binding upon the acceptance of the property seller. Also see Sales Contract.

Purchase Price – The Purchase Price is the Purchase Proceeds divided by the Loan Amount, multiplied by 100. (e.g.: Purchase Price of $102,000, divided by a Loan Amount of $100,000, equals 1.02, or 102.000 once multiplied by 100.)

Purchase Proceeds – The Purchase Proceeds is the amount of the final proceeds paid to the Lender for the loan after all fees, interest, impounds and pricing adjustments have been applied.

QM – See Qualified Mortgage

Qualified Mortgage ("QM") – A Qualified Mortgage is a mortgage loan that meets certain standards set forth by the federal government relating to a borrower's ability to repay the loan, the points and fees collected by the lender on the loan, and absence of features within the loan instrument that would typically be considered adverse to the borrower.

Rate Lock – A Rate Lock is an agreement between a Lender and investor for the sale and purchase of a loan under specific terms and delivery requirements. Also see Commitment.

Rate Lock Expiration Date – The date on which a Rate Lock or Commitment expires.

Real Estate Owned ("REO") – Property a lender acquires as the result of foreclosure.

Real Estate Settlement Procedures Act ("RESPA") – Provides property buyers and sellers with closing cost information so that they fully understand the settlement procedures.

Regulation B, Equal Credit Opportunity Act ("ECOA") – A Federal Reserve regulation enacted in 1979 prohibiting discrimination against consumer credit applicants on the basis of race, color, religion, national origin, sex, marital status, age or dependency to public assistance. The regulation also established guidelines for collecting and evaluating credit information.

Regulation C, Home Mortgage Disclosure Act ("HMDA") — See Home Mortgage Disclosure Act.

Regulation Z, Truth in Lending Act ("TILA") – A federal regulation that requires borrowers be provided in advance with a full disclosure of all costs included in securing a loan, including the calculation of an annual percentage rate.

Renegotiation – See Float

REO – See Real Estate Owned

Repurchase Price – The price established by WHEDA at which a Lender must buy back a loan it had sold to WHEDA.

Required Endorsement Language – The exact language WHEDA requires a Lender to use when endorsing a Note to WHEDA.

14.06 S – T

SAFE Act – See Secure and Fair Enforcement Mortgage Licensing Act

Sales Comparison Approach to Value – A method of measuring the value of a property based on an analysis of comparable sales, contract offerings, and listings of properties that are the most comparable to the property that is being appraised.

Sales Contract – A written proposal by a buyer to purchase real estate that becomes binding upon the acceptance of the property seller. Also see Purchase Agreement.

SAM – See System for Award Management List

Seasoned Loan – A seasoned loan is a loan with a Note Date thirty (30) or more days in the past.

Second Mortgage – A mortgage that is subordinate to the first mortgage.

Secondary Mortgage Market – This is the marketplace where existing mortgages are bought and sold to investors, such as, Fannie Mae, Freddie Mac or Ginnie Mae. The Secondary Mortgage Market's primary function is to free-up funds for continual lending while facilitating the distribution of mortgage funds on a national level from money-rich to money-poor areas. This also is referred to as the Secondary Market.

Section 32 Loan – As defined under Section 32 of Regulation Z, any high rate or high fee consumer loan secured by the borrower's primary residence. Loans subject to Section 32 requirements are refinances of primary residences and non-purchase money subordinated liens on primary residences with the exception of equity lines of credit. See High-Cost Loan.

Secure and Fair Enforcement Mortgage Licensing Act ("SAFE Act") – Enacted in 2008, the federal law required all states to implement a Mortgage Loan Originator ("MLO") licensing and registration system by August 1, 2009. The SAFE Act was intended to provide uniform licensing standards nationwide and create a comprehensive licensing database so that all relevant information on MLOs would be centralized and publicly available.

Secured Party – Also known as the Mortgagee, this is the party holding a security interest or lien.

Self-Employed Borrower – A borrower who has an ownership interest of 25% or more in a business is considered a Self-Employed Borrower. The business may be a sole-proprietorship, a general or limited partnership, or a corporation.

Seriously Delinquent – A loan that is past due ninety (90) days or more or in foreclosure.

Set-Off Claim – A claim made by one party (the "Claimant") against another party's assets which under the control of the Claimant for the purpose of recovering amounts owed.

Settlement Costs – Money paid by borrowers and property sellers to effect the closing of a mortgage loan. Examples of settlement costs may include an origination fee, discount points, title insurance, appraisal, survey, attorney's fee, and such prepaid items as taxes and insurance escrow payments.

Sponsored Originator – Under the FHA program, a lender that originates loans on behalf of an FHA-approved Direct Endorsement lender in whose name the loans must close and with whose proceeds the loan must be funded. A Sponsored Originator may be a DE lender but it is typically a lender that is not approved by the FHA and, therefore, can only originate FHA loans under the sponsorship of a DE lender.

Spot Pricing – Refers to the practice of obtaining an off-grid price for future delivery of a loan based on that loan's interest rate and commitment duration.

Subordinate Financing / Subordinate Lien – Also referred to as a Junior Lien, this is any mortgage or other lien that has priority lower than that of the first mortgage.

Subordination – Act of a party acknowledging, by written recorded instrument, that a debt is inferior to the interest of another in the same property. Subordination may apply not only to mortgages, but to leases, real estate rights, and any other types of debt instruments.

Suspended Counterparty Program ("SCP") – Includes all parties that are excluded from participation in Fannie Mae and other FHFA-regulated entities.

System for Award Management ("SAM") List – A central repository that contains information on any entity authorized to do business with the federal government, including vendors, subcontractors, grantees, and grant seekers. These entities are able to manage their information in SAM, and the public is able to perform searches in SAM to determine if an entity is barred from doing business with the federal government.

Table Funding Channel – This is a delivery channel through which WHEDA directly funds first mortgage loans originated by Participating Lenders. WHEDA's Broker Channel is a Table Funding Channel.

Third-Party Documents – Documents reviewed as part of the mortgage approval process that are outside of the lender's control, such as real estate contracts.

Third Party Originator ("TPO") – A TPO is an entity that originates a loan and sells it to WHEDA through a WHEDA-approved Wholesale Lender. A TPO may be a WHEDA-approved Direct Lender if they are selling the loan to WHEDA through another lender's representations and warranties to WHEDA.

TILA – See Truth in Lending Act

Title – The evidence of the right to or ownership in the property. In the case of real estate, the documentary evidence of ownership is the title deed that specifies in whom the legal estate is vested and the history of ownership and transfers. Title may be acquired through purchase, inheritance, devise, gift, or through foreclosure of a mortgage.

Title Defect – Any legal right held by others to claim property or to make demands upon an owner.

Title Insurance – Title Insurance is a type of insurance that insures against defects in the title that were not listed in the title report or abstract.

Title Insurance Policy – A contract by which the insurer agrees to pay the insured a specific amount for any loss caused by defects of title to a parcel of real estate (wherein the insured has an interest as purchaser, mortgagee or otherwise), other than encumbrances, defects and matters specifically excluded by the policy.

Total Scorecard – The Total Scorecard is mortgage credit risk scoring model developed by HUD to evaluate the credit risk of FHA loans that are submitted through Automated Underwriting Systems, such as Fannie Mae's DU and Freddie Mac's LP.

TPO – See Third Party Originator

Truth in Lending Act ("TILA") – The Truth in Lending Act is also referred to as the National Consumer Credit Protection Act. It requires that all costs involved in securing a loan be disclosed to the borrower in advance with an effective annual percentage rate clearly specified.

14.07 U – Z

UETA – See Uniform Electronic Transactions Act

UFMIP – See Upfront Mortgage Insurance Premium

Unfund – The process of simply undoing a loan funding or purchase.

Unfunding Fee – An administrative fee WHEDA charges to complete an Unfunding.

Uniform Electronic Transactions Act ("UETA") – The Uniform Electronic Transactions Act is a uniform law promulgated in 1999 and subsequently adopted individually by the states. UETA applies only to transactions in which each party has agreed by some means to conduct them by electronically.

Unpaid Principal Balance – The remaining principal amount of a mortgage loan at any given point in time. The unpaid principal balance equals the original principal balance before any payments are applied.

UPB – See Unpaid Principal Balance

Upfront Mortgage Insurance Premium (UFMIP) – One-time fee on FHA loans for a mortgage insurance premium that goes to fund the FHA guaranty program. The UFMIP may be paid by either the borrower or the property seller, and it may be financed into the mortgage amount. The borrower must also pay an annualized fee for the ongoing mortgage insurance premium.

VA – See Veterans Administration

Verification of Employment (VOE) – Documentation of a mortgage applicant's work history and/or occupation that is intended to assist with the Lender's credit investigation and decision process. See also Verbal VOE.

Veterans Administration (VA) — An independent agency of the federal government that is authorized to administer a variety of benefit programs for veterans. The VA home loan guaranty program is designed to encourage lenders to offer long-term, low down payment mortgages to eligible veterans by guaranteeing the lender against loss.

VOE – See Verification of Employment

Warehouse Line – A revolving line of credit used by a lender to fund loans.

Warehousing –The holding of real estate mortgages for later re-sale in the secondary market.

Wet Signature – See Live Signature

WHEDA – The Wisconsin Housing and Economic Development Authority, a state HFA established in 1972. WHEDA is a "public body corporate and politic" as established in Wisconsin Statutes 234.01 – 234.98.

WHEDA Loan No. – A unique number assigned by WHEDA to a loan upon its registration with WHEDA or when the Lender enters a Commitment, whichever occurs first.

Wholesale – Wholesale lending is the business of aggregating loans from multiple non-affiliated mortgage lenders and either retains the loans or passes them through to the Secondary Market or another investor.

Wholesale Lender – A Wholesale Lender is a lender that aggregates mortgages from multiple non-affiliated mortgage lenders and either retains the loans or passes them through to the Secondary Market or another investor.

Wire Instructions – Instructions provided by the Lender to WHEDA as to where funds are to be wired once the purchase of the loan is complete. Also see Bailee Letter.

Wire Transfer— A Wire Transfer is the electronic transfer of funds from one bank account to another.

Worse Case Pricing – Worse Case Pricing is derived by comparing the current market base price to the originally committed base price for the same lock period and applying the lower (worse case) price to the loan.

Zero Lot Line – Positioning of a structure on a lot so that one side rests directly on the lot's boundary line. Although such construction is usually prohibited by setback ordinances, it can be part of a special space- conserving project.

Appendix A: Conventional Underwriting Guide

The Conventional Underwriting Guide may be accessed in the Toolkit section of the website at the link below:

Conventional Underwriting Guide

The Guide is currently under revision and will be incorporated into the Manual later this year. In the event of conflicts in policy or guidance between the Manual and the Guide, the Manual supersedes.

Appendix B: Conventional Product Matrix

The Conventional Product Matrix may be accessed in the Toolkit section of the website at the link below:

Conventional Eligibility Matrix

Appendix C: Conventional Overlays Grid

The Conventional Overlays Grid have been removed. Overlays can now be found in WHEDA Conventional Product Eligibility Matrix, which may be accessed in the Toolkit section of the website at the link below:

Conventional Eligibility Matrix

Appendix D: FHA Underwriting Guide

The FHA Underwriting Guide may be accessed in the Toolkit section of the website at the link below:

FHA Underwriting Guide

The Guide is currently under revision and will be incorporated into the Manual later this year. In the event of conflicts in policy or guidance between the Manual and the Guide, the Manual supersedes.

Appendix E: FHA Product Matrix

The FHA Product Matrix may be accessed in the Toolkit section of the website at the link below:

FHA Eligibility Matrix

Appendix F: FHA Overlays Grid

The FHA Overlays Grid have been removed. Overlays can now be found in the WHEDA FHA Product Eligibility Matrix, which may be accessed in the Toolkit section of the website at the link below:

FHA Eligibility Matrix

Appendix G: Conventional and FHA Income/Loan Limits

The Conventional and FHA Income and Loan Limits may be accessed in the Toolkit section of the website at the link below:

WHEDA Income and Purchase Price Limits

Appendix H: Home Improvement Program Guide

The Home Improvement Program Guide may be accessed in the Toolkit section of the website at the link below:

Program temporarily unavailable: Changes Coming.

Appendix I: Home Improvement Income Limits

The Home Improvement Program Income Limits may be accessed in the Toolkit section of the website at the link below:

Program temporarily unavailable: Changes Coming.

Appendix J: Home Improvement Product Matrix

The Home Improvement Product Matrix may be accessed in the Toolkit section of the website at the link below:

Program temporarily unavailable: Changes Coming.

Appendix K: DPA Product Matrices

The Easy Close DPA Product Matrix may be accessed in the Toolkit section of the website at the link below:

Easy Close DPA Matrix

The Capital Access Advantage DPA Product Matrix may be accessed in the Toolkit section of the website at the link below:

Capital Access Advantage DPA Matrix

Appendix L: WHEDA Tax Advantage Guide

The WHEDA Tax Advantage Guide may be accessed in the Toolkit section of the website at the link below:

WHEDA Tax Advantage (MCC) Guide

The Guide is currently under revision and will be incorporated into the Manual later this year. In the event of conflicts in policy or guidance between the Manual and the Guide, the Manual supersedes.

Appendix M: WHEDA Tax Advantage Program Limits

The WHEDA Tax Advantage Program Limits may be accessed in the Toolkit section of the website at the link below:

WHEDA Income and Purchase Price Limits

Appendix N: Federal Recapture Tax Guaranty

To access information on the Federal Recapture Tax Guaranty:

https://www.wheda.com/Homeowners/Tax-Info/

Appendix O: Exhibits and Forms

- To access exhibits and forms pertaining to **WHEDA Conventional Advantage** loan program:

  https://wheda.com/lending-partnerships/mortgage-lending/lender-toolkit/forms

- To access exhibits and forms pertaining to **WHEDA FHA Advantage** loan program:

  https://wheda.com/lending-partnerships/mortgage-lending/lender-toolkit/forms

- To access exhibits and forms pertaining to **WHEDA Home Improvement Advantage** loan program:

Error! Hyperlink reference not valid. To access exhibits and forms pertaining to **WHEDA Tax Advantage**, an MCC program:

https://wheda.com/lending-partnerships/mortgage-lending/lender-toolkit/forms

Appendix P: WHEDA Staff Contacts

The WHEDA Staff Roster may be accessed at the Toolkit section of the website at the link below:

WHEDA Single Family Staff Roster

Appendix R: Job Aids

WHEDA Job Aids may be accessed in the Mortgage Lending – Getting Started section of the website at the link below:

https://www.wheda.com/Mortgage-Lenders/Getting-Started/

Appendix S: Appraiser Independence Requirements

Appraiser Independence Requirements may be accessed in the Mortgage Lending – Getting Started section of the website at the link below:

https://www.wheda.com/Mortgage-Lenders/Getting-Started/

WHEDA Thanks You For Your Business!