

MassHousing New Product FAQ's

Please see the following questions raised by MassHousing Lenders and our responses. If you have further questions after review of this document, please send inquiries to:

c6@masshousing.com

Down Payment Assistance Second Mortgage (DPA)

1. What are the parameters of the DPA?

- A. 1% fixed interest rate, 15 year fully amortizing loan with up to 3% of the purchase price or \$12,000, whichever is less.
- B. No additional fees are associated with this loan other than the recording fee of \$175 and the MERS Fee of \$11.95.
- C. DPA is due upon sale or refinance. Subordinations are not allowed.
- D. No prepayment penalty
- E. For first time homebuyers ONLY except in *ACED Areas

2. Does the borrower have to contribute any of their own funds to the down payment?

- A. No.

3. Can the DPA be used for closing costs and prepaids?

- A. Yes

4. Does the DPA require an asset needs test?

- A. No

5. Do lenders need to submit two separate locks for loans that utilize the DPA?

- A. No, only one reservation number is needed. DPA will be entered within reservation.

6. Do we use a MERS Mortgage for the DPA? **NEW**

- A. Even though the DPA Mortgage has MassHousing on the title, it includes MERS language and will close in the Lender's name. It will have its own MERS number.

Products

1. Have there been any changes to the Rehabilitation program?

A. Yes, MassHousing will now accept 4 unit properties. Rehabilitation is no longer its own program but rather a feature.

2. Has there been any updates to Operation Welcome Home?

A. Yes, we will now finance 4 unit properties and offer a rehabilitation feature. Secondly, the second mortgage associated with this loan will now be a 1% interest rate, 15 year fixed-rate DPA up to 3% of the purchase price or \$12,000 whichever is less.

3. Is the first mortgage associated with the DPA an FHA product or Conventional?

A. Both FHA and Conventional options are available.

4. Is the PMI factor based on the LTV of the first mortgage or the combined LTV?

A. It is based on the LTV of the first mortgage.

5. Are there any exceptions to the FTHB requirement for MassHousing Mortgage 100 and or MassHousing Mortgage FHA 100?

A. Yes, if you are not a FTHB and do not exceed the DPA income limits, but are purchasing in an *ACED Area you are still potentially eligible for DPA.

6. Is LPMI option Still available?

A. Yes, LPMI is still an available option. Our new pricing structure will allow you to price monthly or LPMI.

Forms and Documentation

1. Are there any special forms or disclosures for the DPA? If so how will we be able to retrieve them?

A. Yes, a DPA Mortgage, and note are available on emasshousing.com

2. With the Operation Welcome Home product, will MassHousing require a LE and CD with 1% interest, and will the lender now be passing along recording fees to borrower?

A. Yes. (Any MassHousing loan utilizing our DPA will require the corresponding LE and CD)

3. Are 3 years tax transcripts still needed on all loan programs?

A. 3 years tax transcripts will be required on all programs.

4. Will this alleviate paperwork, and will electronic signature be accepted?

A. MassHousing documents B-001 (now combined with B-002) and B-003 (B-004 for rehab only) will be required for DPA. We will now be accepting electronic signature on the Borrower's Affidavit (B-001). [Documents Library](#).

5. What program documents have changed? NEW

A. Click [HERE](#) for an explanation of MassHousing's revised forms.

6. Is the L-103 required on the DPA loans? NEW

A. Yes, L-103 Notice of Assignment, Sale or Transfer will also be required on the DPA loans, see Form [L-102 Document Checklist](#).

Lender Eligibility

1. What do I have to do to be approved for MassHousing Mortgage FHA?

A. Please reference section [2.5.3](#) in our seller guide for FHA Lender Eligibility requirements. Contact your Relationship Manager for next steps on how to apply.

Policy

1. Understanding that MassHousing is not accepting locks until 3/12, can files be underwritten prior to then or can the borrower enter an offer or P&S prior to 3/12?

A. This is the decision of the lenders processing and underwriting department, Lenders can underwrite loans to our new program guidelines prior to **3/12**, although locks on emasshousing.com will not be accepted until **3/12**.

2. How does the use of DO[®]/DU[®] and LPA[®] affect UCDP and UCD?

A. MassHousing requires that the UCDP and UCD match the corresponding GSE automated underwriting system used, though it is recommended that lenders use both GSE's for UCDP and UCD.

Compliance

1. **Are you requiring lenders to have a separate LE/CD for the DPA or can the fees for the mortgage recording and MERS be included on the 1st mortgage LE/CD? **NEW****
 - A. The LE and CD for the DPA second loan should include the recording fee and the MERS fee for DPA second loan.
 - B. The DPA second loan is its own and separate loan. Thus, the fees attributable to the DPA second loan should appear on the LE and CD for the DPA second loan.

*ACED Areas

1. **What are ACED Areas?**
 - A. Federal Designated Areas of Economic Distress (**ACED**) and consist of:
Boston, Cambridge, Chelsea, Everett, Fall River, Lawrence, Lynn, North Adams, and Somerville.
 - B. First time homebuyer requirement for DPA waived in these areas.