



HomeOwnership Quarterly Announcement

December 19, 2018

Effective for all loans locked on or after February 1st, 2019 MassHousing will be updating our Seller Guide at that time to include the following changes and requirements:

- Lender Eligibility (Section 2)- Minimum Production Requirement
- Underwriting Changes (Section 3)
 - Maximum Debt to Income Ratio
 - Treatment of Past Due, Collections, and Judgements
- Loan Funding (Section 7)- Calculation of the purchase principal balance and servicing transfer date

Each of these updates is described below.

Lender Eligibility

Participating lenders must sell at least five (5) first mortgage loans annually to maintain lender eligibility. We believe that selling at least 5 loans annually is necessary to remain proficient at processing, underwriting, and delivering loans to MassHousing.

MassHousing will complete an annual assessment of the lender's origination activity on the anniversary date of the lender's approval.

If the Lender has sold:

- Fewer than 5 loans: Lender will be placed on our First Look program and be removed from all consumer-facing material until such time to be found in compliance,
- No loans: MassHousing reserves the right to terminate the Lender's Master Loan Purchase Agreement.

Underwriting Changes

MassHousing believes that the borrower's financial capacity in conjunction with their credit history are a determining factor to successful home ownership for a low- and moderate-income borrower.

Consistent with this philosophy, we will be making the following changes for all loans locked on or after February 1, 2019:

Max DTI: MassHousing will reduce the maximum Debt to Income Ratio "DTI"

- From 50% to 45% on all first mortgage programs when the LTV is greater than 80%, including but not limited to the MassHousing Mortgage 100 and the MassHousing Mortgage FHA 100. The matrix below highlights the changes to our credit overlays;





Conventional

Property Type	1 unit, condo, PUD			2 Unit			3 - 4 Unit		
Maximum LTV/CLTV	97%/105%			95%/105%					
MassHousing Underwriting	LTV	Credit	DTI	LTV	Credit	DTI	LTV	Credit	DTI
	≤ 97%	680	45%	≤ 95%	680	45%	≤ 95%	700	45%
	≤ 95%	660	45%						
≤ 80%	640	50%							

FHA

Property Type	1 unit, condo, PUD			2 Unit			3 - 4 Unit		
Maximum LTV/CLTV	96.5%/105%			96.5%/105%					
MassHousing Underwriting	LTV	Credit	DTI	LTV	Credit	DTI	LTV	Credit	DTI
	≤ 96.5%	640	45%	≤ 96.5%	640	45%	≤ 96.5%	640	45%

Past Due, Collections and Judgements:

Past Due, Collections and Judgements:

MassHousing will require, regardless of AUS finding,

- All past due accounts to be paid current, and collection accounts, which total more than \$1,000, to be paid off at or prior to closing.
- All open judgments and outstanding liens (including tax, mechanics', betterments or materialmen's), which may or may not have the potential to affect MassHousing's lien, to be paid off at or prior to closing.





Loan Funding

MassHousing will calculate the purchase principal balance, interest, and applicable escrows based on the funding date of the mortgage loan.

- Loans funded prior to the 15th of any month will be funded at the current principal and escrow balance.
- Loans funded on or after the 15th of the month will be amortized one additional payment. The Lender shall be responsible for the collection and correct application of all payments due prior to the effective due date at funding.
- Lenders shall pay all property taxes and annual premiums for property and/or flood insurance due within **thirty (30) days of the funding date**.
- Upon receipt of funding proceeds, Lenders must provide the borrower with a Notification of Assignment, Sale or Transfer of Servicing Rights in accordance with RESPA and Reg. X guidelines informing the borrower that the servicing of their loan has been sold to MassHousing.

Miscellaneous Reminders

- DU Refi Plus and MassHousing Mortgage with No MI product will be retired **AS OF DECEMBER 31, 2018**.
- Review our [new loan limits](#) as outlined in [\[Announcement 2018.13\]](#) and effective January 2, 2019 as well as our new income limits outlined in our updated [Form L101](#).
- With the requirement of the new HMDA fields effective with applications beginning January 1st, we will be updating eMassHousing to reflect the new HMDA fields effective with locks on or after January 2nd.

Questions? Lenders who have questions about this Announcement should call 888-843-6432 option 4.

