MASSHOUSING PROGRAM FAQs
(Updated October 19, 2021)

Please see the following questions raised by MassHousing Lenders and our responses.

Employment:

Q1: My borrower(s) is employed in the service, entertainment, or other highly impacted industry, how should I qualify my borrower?
A1: The Lender is responsible for ensuring the borrower is accurately qualified. If the borrower’s income has been adversely impacted, then the stability of the income may be in question and may render the income ineligible for qualification.

Q2: Does MassHousing have an overlay for the Verbal Verification of Employment (VVOE)?
A2: Yes; Effective for all loans closed after April 13, 2020, a VVOE must be completed 2 business days preceding the Note Date. Lenders are to verify that self-employed borrowers are operating and generating revenue within 5 business days of closing.

Q3: Is MassHousing aligning with Freddie Mac’s new YTD paystub guideline outlined in Bulletin 2021-29? NEW
A3: Yes; we are requiring that YTD paystubs be dated no more than 30 days before the application received date, in addition to complying with the current guidelines for the age of documentation for all verifications of income, which must be dated no more than 120 days before the Note Date.
Q4: *Is MassHousing aligning with Fannie Mae’s new credit score guideline used by DU in its eligibility assessment outlined in Announcement SEL-2021-08?* **NEW**

A4: No; MassHousing will not be aligning with Fannie Mae’s new credit score guideline. MassHousing is maintaining our minimum credit scores as outlined in Section 3 of our Seller Guide.

Q5: *What is required when employment is scheduled to begin after the loan closes?*

A5: For Borrowers starting new employment or receiving a future salary increase from their current employer, income commencing after the Note Date may be considered a stable source of qualifying income to MassHousing, provided that all requirements are met according to Fannie Mae, Freddie Mac and FHA’s guidelines outlined in Fannie Mae Selling Guide Section B3-3.1-09, Freddie Mac Selling Guide 5302.2 and FHA Single Family Handbook Section II.A.4.

E-notaries and Recordings:

Q6: *Will MassHousing accept e-notaries or remote online notaries (RON) or other distance notarizations?*

A6: Yes; Lender must comply with State and GSE guidelines.

Q7: *What happens if the recorder’s office is closed? Will MassHousing accept title gap insurance?*

A7: MassHousing follows Fannie Mae/Freddie Mac and FHA guidelines. We will accept a loan in which the lender has gap insurance, but we will not fund until the mortgage is on record and verified to be in first lien position (DPA 2\textsuperscript{nd}). Our Reps and Warranties require clear title. Gap insurance is not a substitute for actual recording of the mortgage.
**Appraisals:**

Q8: *Has MassHousing revised the appraisal requirements?*
A8: Yes; MassHousing expired the appraisal flexibilities as announced by the GSEs and FHA for applications dated after May 31, 2021 and June 30, 2021 respectively.

Q9: *Are Property Inspection Waivers allowed – with DPA?*
A9: Yes; MassHousing is aligned with Fannie Mae’s and Freddie Mac’s guidelines on property inspection waivers and appraisal waivers and will accept PIW or appraisal waiver on all eligible transactions.

Q10: On April 27, 2021 Federal Housing Administration (FHA) issued a Temporary Partial Waiver to parts of the *Single Family Housing Policy Handbook* 4000.1 (Handbook 4000.1), Section II.D.4.c.iii.(F)(2).
Will MassHousing be aligning with this temporary waiver (between April 26, 2021 and April 26, 2022) of the requirement for the appraiser to provide two active listings or pending sales?
A10: Yes; however, the appraiser will still have to provide three recently settled (closed) sales.

**Condominiums:**

Q11: Is MassHousing aligning with Fannie Mae’s temporary requirements for condominiums outlined in LL-2021-14? NEW
A11: Yes; MassHousing is aligning with Fannie Mae’s temporary requirements effective for applications dated after November 1, 2021.

**Tax Transcripts:**

Q12: *Has MassHousing expired the temporary flexibilities on tax transcripts?*
A12: Yes; MassHousing expired the flexibility to allow the use of alternative documentation in lieu of tax transcripts (by a lender/3rd Party). Please see Announcement 2021.04 for further detail.
Gifts:

A13: Yes; MassHousing is aligned with Freddie Mac’s Bulletin 2021-25. Freddie Mac expanded their current requirements to also permit a gift donor to pay the Borrower's earnest money deposit (EMD) directly to the builder or real estate agent if the Seller provides evidence of the transfer of funds from the donor's account in a financial institution to the earnest money deposit holder. Fannie Mae will allow the earnest money deposit to be paid from the gift funds directly to the realtor, builder or closing agent as long as the transfer is reflected in the settlement statement and the donor’s check.

MassHousing Mortgage Products:

Q14: *Is MassHousing temporarily expiring their DPA on all products?*  
A14: No; MassHousing has only suspended DPA on the MHM FHA product. However, we continue to offer DPA on our Conventional and WFA 2.0 FHA Products.

Q15: *Is MassHousing still offering an FHA product?*  
A15: Yes; the WFA 2.0 FHA and MHM FHA

Q16: *Are you allowing FHA Streamlined Refinances?*  
A16: No; MassHousing is not allowing for FHA Streamlined Refinances currently.

WFA 2.0 (Conventional and FHA):

Q17: *Can DPA for WFA 2.0 be used for Closing Costs?*  
A17: Yes; The DPA can be used for Closing Costs and/or Down Payment.

Q18: *What Specific Documents will we need to certify Income?*  
A18: See Form L-106 WFA2.0 Income Certification Worksheet and Form L-107WFA2.0. Zero Income Certification for a list of documents needed to certify income.
Q19: **What MI Disclosures are required, if any, for the WFA 2.0 (Conventional product)?**
A19: An LPMI Disclosure is required.

Q20: **Is there an asset test required on the WFA 2.0 DPA loan?**
A20: No; An asset test is not required.

Q21: **What is the term of the DPA?**
A21: This loan is due upon refinance, sale, transfer of property, payoff of 1st mortgage or maturity of the first mortgage (360 months).

Q22: **Who do we contact with WFA 2.0 Product and/or Income Eligibility Certification Questions?**
A22: For questions regarding the WFA 2.0 and/or Income Eligibility Certification, please contact homeownership@masshousing.com.

Q23: **Who do we contact if we have questions on a WFA 2.0 Income Certification that has been submitted?**
A23: For questions regarding WFA 2.0 Income Certification that have been submitted please contact HOincomecert@masshousing.com.

Q24: **Is Income Certification secured to SS# for Borrower or MassHousing Registration #?**
A24: The Certificate ID is associated with the Registration #. Once a Certificate ID has been assigned by MassHousing, you can register the loan in the MassHousing portal.

Q25: **Can the WFA 2.0 be used for rehab?**
A25: No; The WFA 2.0 cannot be used for rehab.
**Q26: How do you enter MassHousing WFA 2.0 DPA (0% Deferred) in LPA?**
A26: Currently, Freddie Mac requires 0% Deferred DPA’s to be entered as Gifts. (Please Refer to the LPA and DU Job Aid for more information).

**Q27: Do I need to certify Household Income prior to lock?**
A27: No; Lenders have the option to submit all eligible applications for certification of Household Income prior to lock but no later than applying for mortgage insurance and/or completing the loan detail. Please see www.emasshousing.com for a **Step-by-Step Total Household Income Certification Instruction**.

**Q28: How should MassHousing’s reimbursement for lender paid Upfront MIP be reflected?**
A28: In our opinion, the lender credit is best disclosed by listing the cost of the UFMIP as a line item in Section B on Page 2 of the CD and including the amount in the “Paid by Others” column.

**Q29: What fees are associated with the WFA 2.0 DPA?**
A29: The only fee allowed to be charged to a borrower is the recording fee. **NO OTHER FEES ARE ALLOWED.**

**Q30: Can we use a LE/CD in place of the TIL?**
A30: Yes; you can use an LE/CD or a Truth in Lending. Regardless of which Disclosure you use, the only fee that is allowed is the recording fee.

**Other Product Questions:**

**Q31: Does the borrower have to be a FTHB under the FTHB Conventional Product if the property is in a Targeted Area?**
A31: No; the borrower does not have to be a FTHB under the FTHB Conventional product if the property is located in a targeted area, [which are specific communities designated by MassHousing including ACEDs and such other areas MassHousing may designate in accordance with the IRS Tax Code including Boston, Cambridge, Chelsea, Everett, Fall River, Lawrence, Lynn, North Adams, and Somerville].
Q32: Is MassHousing aligning with the Fannie Mae Announcement 2021-09 specifically relating to Homeownership education and Counseling providers? **NEW**
A32: No; MassHousing maintains an approved list of qualified third-party providers of homebuyer counseling. A list of approved counseling agencies can be found on our websites at www.masshousing.com and www.emasshousing.com.

MassHousing will also accept the following on-line courses for all products with the exception of WFA 2.0 products:

- CreditSmart - [http://www.freddiemac.com/creditsmart/](http://www.freddiemac.com/creditsmart/)

Unlike our other products, the WFA 2.0 products require borrowers to attend a course conducted by a MassHousing’s approved Agency. Please refer to our Seller Guide Sections 3.3.11 and 3.3.12 for additional guidance.

Q33: The contractor license has expired for my MassHousing Mortgage with Rehab loan. Can I get an exception for that?
A33: Yes; An Executive Order, dated March 18, 2020, has been signed stating that all professional licenses that are in good standing as of the date of the Order and that have expired or will expire during the state of emergency, is hereby extended and shall remain valid until 90 days following the termination of the state of emergency. [https://www.mass.gov/orgs/division-of-professional-licensure](https://www.mass.gov/orgs/division-of-professional-licensure)

Masshousing will allow the Lender to move forward with the Renovation Loan subject to the following conditions:

- Evidence that Contractors State of MA License was in effect and valid as of March 18, 2020
- Appropriate valid Liability Insurance Coverage is in place

**Power of Attorney:**

Q34: Does MassHousing allow for a Power of Attorney?
A34: No; However, a Power of Attorney may be used when a borrower is fulfilling a military obligation. Please see Section 3.3.7 of our Seller Guide.
Forbearance:

Q35: Will MassHousing purchase loans in forbearance or for which forbearance has been requested?
A35: No; Any loan in forbearance or for which forbearance has been requested is not eligible for purchase by MassHousing. Please see Announcement 2020.11 for additional policies around active forbearance plans.

Q36: Does MassHousing require any additional due diligence from lenders to determine whether the mortgage payments are current as of the note date of the transaction?
A36: Yes; MassHousing requires additional due diligence methods to document the loan file which include:

- A loan payment history from the servicer or third-party verification service,
- A payoff statement,
- The latest mortgage account statement from the borrower, and
- A verification of mortgage.

A borrower who is not current and has missed payments on their mortgage loan is eligible for a new mortgage loan if those missed payments were resolved in accordance with the Eligibility Requirements in the table in (Lender Letter LL-2021-03) and (Bulletin 2020-17). Lenders may apply these forbearance plan policies to loans with application dates on or after June 2, 2020.

Q37: Does MassHousing consider a loan in forbearance after loan purchase an Early Payment Default?
A37: No; if the loan satisfies certain requirements. As outlined in Announcement 2020.09, MassHousing will not consider a loan that enters forbearance after loan purchase, in which the borrower states the reason for forbearance is due to COVID-19, as an Early Payment Default when the Lender satisfies the following requirements:
• A verbal verification of employment (VVOE) no later than two days prior to closing in addition to documentation of employment income (e.g., most current pay stub and/or bank statement reflecting income) in accordance with GSE requirements.
• A Borrower(s) attestation signed at loan closing stating that COVID-19 has not impacted the employment status of the borrower(s) and/or the ability to make a mortgage loan payment in accordance with the Note. Lenders should utilize a Borrower COVID-19 Certification developed by the Lender’s legal department that meets the intent noted above.
• A complete loan package uploaded to Metaworx within five (5) business days of the closing date of the mortgage loan; and
• The Lender submits all pre-purchase discrepancies within five (5) business days of the initial discrepancy report issued by MetaSource, which the submission satisfies all noted loan defect(s).

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Q38: Will MassHousing be adjusting their extension policies?
A38: No; MassHousing will maintain its current pricing and extension policies.

Q39: What if a property falls through after locked?
A39: MassHousing requires lenders to withdraw any locks as soon as the lender has knowledge the borrower is not proceeding with the property.

Q40: Outside of CU risk scores of 5.0, what other types of risk characteristics are reasons for locks being referred on emasshousing.com?
A40: Please see our Lender Aid that describes the other reasons for “Refers” as well as required documentation for submission to MassHousing.
Ownership Status:

Q41: Does MassHousing allow for a non-borrower spouse to be on the deed?
A41: No; All borrowers must be on all the legal mortgage instruments (mortgage, note, and deed). Non-borrowers may not be on any legal documents including title.

Servicing:

Q42: Does MassHousing allow curtailments?
A42: Yes; We allow curtailments to loans that are current or in a prepaid status.

Q43: How and where should lenders send borrower payments and/or escrow overages?
A43: Any Lender sending servicing related funds to MassHousing (escrow, borrower payment, principal reduction) is required to complete Form #L-104. If the funds are being sent via wire/ACH, the Lender must use the appropriate instructions noted on the bottom of Form #L-104 to ensure receipt of the funds in the appropriate account. Regardless of how the funds are being sent, electronically or by check, Form #L-104 is required to be completed and either faxed, emailed, or included in the overnight package to MassHousing. The fax number and email address are provided on Form #L-104.

Compliance:

Q44: As a Housing Finance Agency, is MassHousing exempt from the new QM requirements announced by Freddie Mac and Fannie Mae on May 26, 2021?
A44: While MassHousing acknowledges its exemption from QM requirements in general and the GSEs willingness to purchase such QM exempt loans under the conditions outlined in Freddie Mac [Bulletin 2021-19] and Fannie Mae [LL-2021-11], MassHousing will still require its loans to comply with Revised General QM loan definition (12 CFR 1026.43(e)(2)) and reaffirms its prohibition on purchasing any loan which is a Higher Priced Mortgage Loan (Section 5.4 of MassHousing Seller Guide).
Additional FAQ’s:

Fannie Mae-
https://singlefamily.fanniemae.com/search#q=covid-19%20faq&sort=relevancy&f:@tags=[single%20family]

Freddie Mac-
https://sf.freddiemac.com/faqs/covid-19-selling-related-frequently-asked-questions

FHA-
https://www.hud.gov/FHAFaq