



HomeOwnership Announcement

January 7, 2020

Seller Guide Updates

MassHousing's Seller Guide Section 3 has been re-organized and the contents of the Guide has been updated to include the following:

- Reminder of Illegal Accessory Units;
- Reminder of Compliance Income;
- Clarification on the Payment of Derogatory Accounts;
- Expansion of Condominium Project Review Types and Documentation Requirements;
- Clarification on the Calculation for the Monthly Real Estate Tax Payment;
- Community Seconds No Longer Require Prior Approval by MassHousing;
- Reminder of The Tax Payer First Act; and
- Reminder of the remittance of FHA MIP Payments

Reminder of Illegal Accessory Units

Seller Guide Section 3.4.2 titled "Ineligible Property Types" has been updated to include properties containing an accessory unit that does not comply with local zoning. MassHousing requires all properties to meet all applicable zoning requirements, housing codes and similar requirements.

Effective Date

Presently effective

Reminder of Compliance Income

Section 3.6.1 titled "Compliance Income" The occupant borrowers are those individuals who will be on the note, mortgage, and deed. Compliance Income is defined as the gross annual income from all sources annualized forward, which is earned or received by the occupant borrowers. In order to be eligible for a MassHousing mortgage loan, the annual income of the occupant borrowers must be calculated to determine that their total annual income falls within the limits for the program selected and the market area of the subject property.

Income includes: annualized income from full and part-time employment, taxable and nontaxable income, earnings, overtime, bonuses, dividends, interest annuities, pensions, VA



compensation, commissions, deferred income, welfare payments, Social Security benefits, disability payments, alimony, child-support payments, public assistance, sick pay, unemployment compensation, income received from trusts, net rental income from the subject property, business activities, investments, and all other sources of income. Nontaxable income must be included at an amount used to qualify, which includes the grossed up amount, if used to qualify.

Effective Date

Presently effective

Clarification on the Payment of Derogatory Accounts

Seller Guide Section 3.7.1 titled Collections has been updated to clarify MassHousing's Seller requirement to the pay-off of derogatory accounts. The payment of derogatory accounts will now include charge offs.

MassHousing requires, without regard to the AUS finding:

1. Past due and charge off accounts to be paid current prior to closing;
2. Collection accounts in excess of \$1,000 to be paid off prior to closing; and
3. Open judgements and all outstanding liens (including tax, mechanic's, betterments or materialmen's), that may or may not have the potential to affect MassHousing's lien position or diminish the borrower's equity—to be paid off at or prior to closing.

Effective Date

Presently effective

Expansion of Condominium Project Review Types and Documentation Requirements

Section 3.8.8 titled "Condominium Project Review ". We have expanded our Seller Guide to include eligible Conventional and FHA condominium project review types and the required documentation for loan delivery to MetaSource.

Effective Date

Presently effective



Clarification on the Calculation for the Monthly Real Estate Tax Payment

Seller Guide Section 6.1.2 titled “Escrow Requirements “. We are clarifying that lenders are required to use a reasonable estimate of the real estate taxes based on the market value of the land and completed improvements for all purchase and new construction transactions.

Previously, lenders were required to qualify borrowers on taxes based on estimated value, however they were not required to collect escrows sufficient enough to pay estimated tax value. Subsequently, this left borrowers with payment shock when the tax increase occurred post-closing. For all applications, on or after the effective date, Lenders must collect a tax escrow based on an estimated value of the land and improvements as completed.

Effective Date

Applications taken on or after March 1, 2020

Community Seconds No Longer Require Prior Approval by MassHousing

Seller Guide Section 6.18 titled “Community Seconds “. Community seconds no longer require prior approval by a MassHousing underwriter. Lenders are responsible for ensuring that community seconds meet GSE guidelines and that they submit any and all required documents associate with community seconds with the loan file to MetaSource.

Effective Date

January 7, 2020

Reminder of The Taxpayer First Act

As a reminder, and effective with loans closed on or after **December 28, 2019**, MassHousing is requiring all loans to include a consent form meeting the requirements of The Taxpayer First Act, Public Law 116-25. One solution is to use the MISMO prepared sample language – see attached.

Effective Date

Presently effective



Reminder of the Remittance of FHA MIP Payments

Seller Guide Section 6.2.4 titled “FHA MIP”. As a reminder, Lenders are responsible for remitting to HUD the monthly MIP that is scheduled to be collected with any monthly mortgage payments due prior to the loan being purchased by MassHousing; regardless of whether the borrower has made the monthly payment or not.

In addition, if any of the MIP payments are paid to HUD by Lender after the due date of the 10th of each month, Lender is responsible for calculating and remitting the associated penalties or late charges incurred due to the late payment of the MIP; regardless of whether the penalty amounts are posted as due in FHA connection. Please note, the first MIP is due no later than the 10th of the month in which the first monthly payment is due under the Note.

Effective Date

Presently effective

Questions? Please check out our updated FAQ’s on www.emasshousing.com or call 888-843-6432 option 4 and/or your Relationship Manager or email c6@masshousing.com for assistance.





MISMO'S TAXPAYER CONSENT LANGUAGE

I understand, acknowledge, and agree that the Lender and Other Loan Participants can obtain, use and share tax return information for purposes of (i) providing an offer; (ii) originating, maintaining, managing, monitoring, servicing, selling, insuring, and securitizing a loan; (iii) marketing; or (iv) as otherwise permitted by applicable laws, including state and federal privacy and data security laws. The Lender includes the Lender's affiliates, agents, service providers and any of aforementioned parties' successors and assigns. The Other Loan Participants includes any actual or potential owners of a loan resulting from your loan application, or acquirers of any beneficial or other interest in the loan, any mortgage insurer, guarantor, any servicers or service providers for these parties and any of aforementioned parties' successors and assigns.

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