HOME ADVANTAGE MANUAL

Washington State Housing Finance Commission

Updated 09/28/2026

TABLE OF CONTENTS

Click below to jump to a section or page. To search for specific terms, press CTRL+F.

1 - INTRODUCTION 1
Washington State Housing Finance Commission 1
Benefits of the Home Advantage Program 1
Purpose and Scope 2
Process Overview 2
Manual Updates & Revisions 3
Contacts for Questions 4
Eligible Lenders 6
Eligible Loan Originators 6

2 - TERMS AND CONDITIONS 7
Loan Types 7
Loan Underwriting 8
Loan Term for First Mortgage 11
Loan Term for Home Advantage Second Mortgage 11
New Financing 11
Total Debt to Income (DTI) Ratio Restriction 11
Credit Score 12
Credit Report 12
Tax Liens 12
Document Verification 13
IRS Form 4506-C 13
Income/Employment Verification 13
Tax Transcripts 13
Interest Rate 14
Interest Rate Float Down 14
Buydowns (Temporary) 15
Buydowns (Permanent) 15
Property Flipping 16
Homebuyer Education 16
Allowable Fees 16
Non Allowable Fees 17
Mortgage Insurance 18
Title Insurance 18
Flood Insurance Policy 18

Hazard Insurance Policy 19
Power of Attorney 19
Escrow Holdbacks/Repair Escrow 20
Interest Credits 20
Reserve/Escrow Accounts 20
Prepayment Penalty 21
Assumptions 21
Subordinate Financing 21
Servicing 21
Quality Control 21
Repeat Program Users 22

3 - ELIGIBLE BORROWERS 23
Non Discrimination 23
Residency Type Requirements 23
Occupancy Requirement 23
First-Time Homebuyer Requirement 24
Calculation of Credit Underwriting Income 24
Maximum Total Annual Income 24
Co-Signer/Guarantor 24

4 - PROPERTY REQUIREMENTS 25
In General 25
Qualifying Single-Family Residences 25
Appraisals 25
Property(Home) Inspections 26

5 – THIS SECTION INTENTIONALLY LEFT BLANK 27

6 - HOMEBUYER EDUCATION 28
Policy 28
Seminar Instructors 28
Instructors Who No Longer Work for a Participating Lender 29
Seminar Format 29
Seminar Curriculum 30
Interpreters 30
Seminar Workbooks 31
Commission Provided Materials 31
Seminar Arrangements 31

Publicity 32
Online Course Homebuyer Education Policy 32
Disciplinary Action 33
Seminar Checklist 33

7 - RESERVATION PROCESS 35
In General 35
Making a Reservation 35
Mandatory Delivery Dates 35
Extensions to Reservations 36
Changes to a Reservation 36
Expired Reservations and Changes in Property 37
Cancelled Reservations 37
Reservation Transfer 38
Status of Loans 38
On-Line Reservation System 38

8 - LOAN ORIGINATION & PROCESSING 41
Documents Submitted for a Home Advantage Loan 41
Processing a Home Advantage Loan 41

9 - PRE-CLOSING COMPLIANCE REVIEW & APPROVAL 43
Purpose of Pre-Closing Compliance Review 43
Submission of Loan File 43
Where to Submit Files 43
Review Procedure 44
Checking Mortgage Loan Status 44

10 - LOAN CLOSING 45
Compliance Approval 45
Closing Documents 45
Closing Documents (Commission Second Mortgages) 49
Rate Lock Extension Fees 49

11 - POST CLOSING COMPLIANCE REVIEW & APPROVAL 50
Submission of Mortgage Loan File 50
Items Needed at Post Closing Compliance 50
Where to Submit Files 51
Review Procedure 51

Checking Mortgage Loan Status 51

12 - LOAN PURCHASE & DELIVERY 52

In General 52
Amortized Loan Balance 52
Timing and Delivery of Closed Loans 52
Penalties Withheld From Funding 53
Delivery Address 53
Wire/ACH Transfer Instructions 53
Loan Purchase Schedule/Funding 54
Purchase Prices (Lender SRP) 54
Loan Suspensions (Curatives) 55
First Payment/Notice of Assignment 55
Hazard Insurance Premium 56
Flood Insurance 56
FHA Monthly Insurance Premium 56
Conventional Mortgage Insurance Premiums 56
Post-Closing Details of Origination Charges: Items Payable in Connection with Loan 57
Final Documents 57
Common Exceptions that Delay Purchase 58

13 - DOWNPAYMENT PROGRAMS 59

Downpayment Assistance Programs 59
Program Description 59
Maximum Income Limit, Loan Amount & Mortgage Details 59
Program Eligibility 60
Combined Loan to Value (CLTV) and Total Loan to Value (TLTV) 60
Reserves (Not Applicable to the 0% Home Advantage or Covenant DPA Program) 60
Buydowns 61
Reservations 61
Income Calculation 61
Calculating Downpayment Assistance Loan Amount 62
Needs Assessment Form (Not Applicable to Home Advantage Downpayment Assistance Program at 0% Interest) 63
Eligible Uses of Downpayment Assistance Funds 63
Cash Back 65
Closing and Delivering the Loan 65
HUD Commitment Letter for FHA Loans 66

FHA Insurance Award Letter....66
Insurance Requirements....66
Payment Statement....67
Payoff of Second Mortgage....67
TRID Guidance....67

HOME ADVANTAGE 0% DOWNPAYMENT ASSISTANCE....69
Program Eligibility....69
Mortgage Details....69
Income Limits....69
Income Calculation....70

14 - SPECIAL PROGRAMS:....71

15 - FORMS....72
Home Advantage Program Forms....72

16 - PROGRAM ANNOUNCEMENTS....73

18 - APPENDICES....74
APPENDIX III....74
Fannie Mae HFA Preferred Product-3/7/2022....74
Freddie Mac HFA Advantage Product-12/01/2022....75

19 - FREQUENTLY ASKED QUESTIONS....77
Terms & Conditions....77
Eligible Borrowers....79
Property....80
Homebuyer Education....80
Reservation Process....81
Pre-Closing Compliance....81
Loan Closing....82
Loan Purchase & Delivery....83
Downpayment Assistance....83
Other....84

1 - INTRODUCTION

Edited 01/02/2025

Washington State Housing Finance Commission

The Washington State Housing Finance Commission (Commission), established in 1983, is a publicly accountable, self-supporting team dedicated to increasing housing access and affordability and to expanding the availability of quality community services for the people of Washington.

At the Commission, we feel good about what we do. We stabilize families; we ensure that the elderly maintain their dignity; we finance opportunities for people with disabilities; we provide affordable housing and facilities for community and we foster economic development – all at no cost to the citizens of Washington. As a self-supporting agency, everything we do at the Commission is without taxpayer money.

The Commission provides homeownership opportunities for eligible borrowers purchasing homes in the state of Washington through a statewide network of participating lenders.

The Commission performs program administration tasks and has contracted with Idaho Housing and Finance Association (IHFA) to serve in the capacity of Master Servicer.

Benefits of the Home Advantage Program

The Home Advantage program is designed for low and moderate-income households. Advantages include:

- Program *advantages for Borrower*:
  - Qualifies for a larger mortgage.
  - Flexible underwriting criteria.
  - Upfront Mortgage Insurance program available.
  - Up to 97% LTV on Fannie Mae HFA Preferred or Freddie Mac HFA Advantage Conventional Products

- Program *advantages for Loan Originator*:
  - Builds customer loyalty.
  - Stops the rate shoppers.
  - Promotes community awareness and involvement.

- Downpayment assistance programs for downpayment and closing costs:
  - Wraps closing costs into the loan.
  - Combines with other community downpayment assistance programs.
  - Allows higher Combined Loan-to-Value.
  - Serves special populations.

Purpose and Scope

This Program Manual establishes the operating procedures for Mortgage Lenders and provides detailed instructions for the performance of the written agreements between the Commission and the Mortgage Lenders.

Process Overview

Edited 06/30/2023

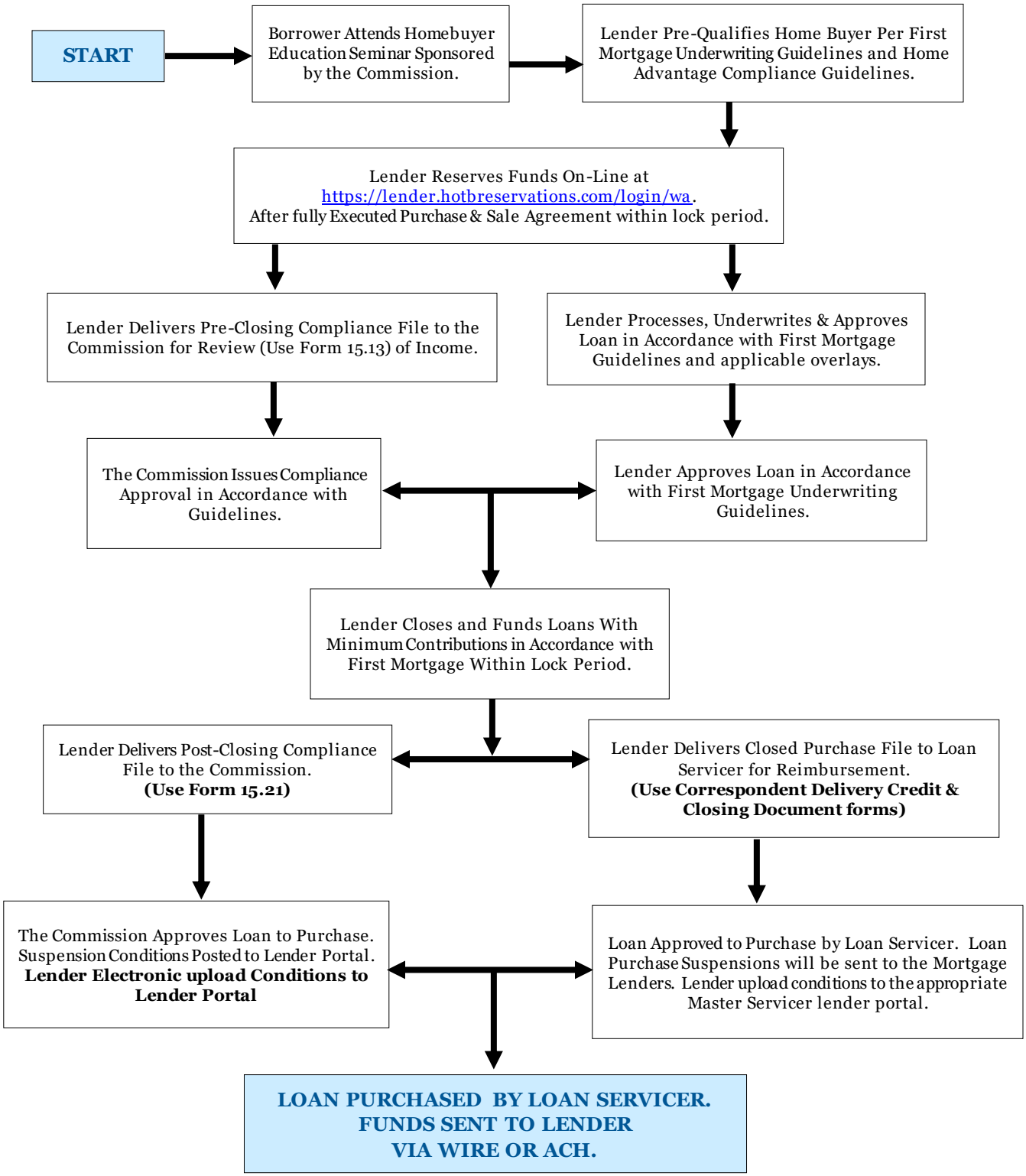
Home Advantage Loans are underwritten by Mortgage Lenders according to the first mortgage product guidelines. The Commission and our Master Servicer do not re-underwrite the loan for credit or property. The Mortgage Lender will also submit a Pre-Closing Compliance Package to the Commission for approval prior to Loan Closing.

After the loan closes, the Mortgage Lender sends a Post-Closing File to the Commission for approval to purchase. The Mortgage Lender also sends a purchase file as follows:

- Send All Home Advantage FHA/VA/USDA and Home Advantage Conventional purchase files to **Idaho Housing and Finance Association (IHFA).**

Once all suspension conditions are cleared and files are complete, the loan servicer purchases loans and funds are sent via Wire or ACH transfer

Home Advantage Loans:
From Origination to Closing to Purchasing by MASTER SERVICER



Revisions of, or supplements to, this Program Manual may be made from time to time. The Commission will update the Home Advantage manual on the Commission's website. Information contained in the Home Advantage Manual is subject to change. All program updates will be posted on the Commission's Website. It is the Mortgage Lender's responsibility to monitor the Website on an ongoing basis for current information.

Contacts for Questions

09/15/2025

Commission Homeownership Division

Toll Free: 1-800-767-4663 www.heretohome.org
Fax: 206-587-5113 homedocs@wshfc.org

Lisa DeBrock	Director	206-287-4461	Lisa.DeBrock@wshfc.org
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Heidi McMahon	Program Compliance Administrator	206-287-4401	Heidi.McMahon@wshfc.org

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Emily Northrup	Grant Program Administrator	206-287-4486	Emily.northrup@wshfc.org
Paula Benson	Loan Servicing Administrator	206-287-4453	Paula.benson@wshfc.org
Kathleen Komin	Homeownership Marketing Manager	206-287-4449	Kathleen.komin@wshfc.org

Commission Address:

The Washington State Housing Finance Commission
1000 Second Avenue, Suite 2700
Seattle, WA 98104-1046

Commission EIN #: 91-1874730

1/2/2025

Loan Servicer for all Home Advantage Fannie Mae and Freddie Mac Conventional Loans AND Home Advantage FHA/VA/USDA Loans.

Idaho Housing and Finance Association (IHFA)

Suspension Questions:
Bond Suspense Phone: 208-331-4870
Upload conditions to https://lender.ihfa.org/LenderConnection/Account/Login.aspx
Rod Zacharias, Loan Acquisition Supervisor, 855-505-4700 Ext 4741 rodz@ihfa.org
Rita Aafedt, Loan Acquisition Manager 208-424-7048 ritaa@ihfa.org

Idaho Housing and Finance Association
565 W Myrtle St.
Boise, ID 83702

Borrower Payments:
HomeLoanServ

P.O. Box 7541
Boise, ID 83707

Correspondence:
HomeLoanServ
PO Box 7899

Boise, ID 83707

Overnight Address:
Idaho Housing and Finance
Association

Attn: Document Center
565 W Myrtle St.
Boise, ID 83702

Servicing Web site: www.homeloanserv.com
Customer Service Telephone Number: (800) 526-7145
Customer Service email: mortgageserv@ihfa.org

Eligible Lenders

Lending Institutions may become participating correspondent lenders by completing the required documentation and submitting it to the Commission.

Only lenders who close a minimum of five Program Loans during a calendar year will be eligible to appear on our Website, brochures and other marketing materials from the Commission.

Eligible Loan Originators

Lending originating staff employed by a Mortgage Lender who have completed the applicable training are eligible to originate Program Loans. To remain eligible to instruct homebuyer education seminars sponsored by the Commission, loan originators must close and have purchased by the Commission one Program Loan during a one-year period.

2 - TERMS AND CONDITIONS

Edited 01/02/2025

Relevant Search Terms: first time homebuyer, FICO, overlay, underwriting guidelines, DTI

All Home Advantage FHA/VA/USDA, Home Advantage Conventional and Covenant loans must be delivered to Idaho Housing and Finance Association.

Each Loan must be eligible for a Ginnie Mae, Fannie Mae or Freddie Mac pool and satisfy the following terms and conditions:

Loan Types

Edited 09/15/2025

Fixed rate FHA 203(b), 234 (c), HUD 184, FHA Limited 203(k), VA, USDA Rural Development, and Conventional loans listed below may be originated under the Program. Qualifying Mortgage Loans must be FHA Insured, or VA or USDA Rural Development and eligible for securitization by Ginnie Mae **or** Conventional Mortgage Loans eligible for purchase by Fannie Mae or Freddie Mac.

Fannie Mae Products	**Special Feature Code(SFC)**
HFA Preferred	782
DU Loan	127
Community Land Trust	054
Community Seconds	118
Manufactured Home	235
MH Advantage (manufactured home)	859
Jumbo Conforming Loans	808

Freddie Mac Product	**Offering Identifier**
HFA Advantage Mortgage	HFA Advantage or Home Possible Advantage for HFA's

For Fannie Mae HFA Preferred or Freddie Mac HFA Advantage:

Borrowers with incomes at or below 80% AMI:

Fannie Mae's conventional and MH Advantage HFA Preferred loans are eligible up to 97% LTV with 18% MI coverage. For Fannie Mae's conventional manufactured home, other than MH Advantage, max 95% LTV with 16% MI coverage. No loan level pricing adjustments.

Freddie Mac's HFA Advantage conforming loans are eligible up to 97% LTV with 18% MI coverage, with credit fee in yield specific to the HFA community and elimination of credit fees in price. For manufactured homes using Freddie Mac HFA Advantage up to 95% LTV/95% CLTV.

Borrowers with incomes greater than 80% AMI, up to Home Advantage program income limit of $215,000:

Higher interest rates apply, see current rate sheet. Standard MI coverage of 35% will apply to 97% LTV/105%CLTV.

See Appendix III for more information on Fannie Mae's HFA Preferred or Freddie Mac's HFA Advantage loans.

High Balance Loans:

FHA/VA/USDA High Balance Loans or Fannie Mae Jumbo Conforming Loans are allowed in high cost areas. Please see current Home Advantage rate sheet for high-balance loan add-on fee. High balance add-on fee is based on the **total** loan amount of the first mortgage and is in addition to the loan origination fee. Follow agency guidelines for LTV/CLTV. Please see Appendix III on Fannie Mae HFA Preferred. Freddie Mac Super Conforming loan amounts for high cost areas are not allowed under the program.

Non-conforming loans are not permitted under the program.

Loan Underwriting

Edited 12/01/2022

Idaho Housing and Finance Association:

For Fannie Mae conventional loans Desktop Underwriter (DU) findings will be allowed showing Approve/Eligible findings or

Manual underwriting is permitted with Fannie Mae Conventional loans in the following cases:

- The loan received an Approve/Eligible findings but requires a downgrade **OR** Refer w/ Caution findings,
- Subject to the following requirements:
    - Using Desktop Underwriter (DU) only. Follow agency guidelines.

Manufactured homes are permitted with Fannie Mae Conventional loans and must be underwritten by DU as required in Fannie Mae's selling guide. Per Fannie Mae, an MH Advantage sticker will be affixed to homes that are designed to meet MH Advantage eligibility criteria. Per agency guidelines, manual underwrite for conventional manufactured homes are not permitted.

LP findings for Fannie Mae loans is not allowed under the program.

For Freddie Mac HFA Advantage loans, Loan Product Advisor (LPA) with Accept recommendations are allowed. LPA findings will need to show "HFA Advantage" or "Home Possible Advantage for HFA's, as offering identifiers. Manufactured homes are permitted under Freddie Mac HFA Advantage, per agency guidelines up to 95% LTV/95% CLTV.

Manual underwrite for Freddie Mac HFA Advantage is not permitted under the program.

DU findings for Freddie Mac loans is not allowed under the program.

Homes in Community Land Trusts (CLTs) are not eligible under the Freddie Mac HFA Advantage conventional product.

Idaho Housing and Finance Association (IHFA):

Edited 07/11/2022

For government loans, Fannie Mae Desktop Underwriter (DU) with Approve/Eligible or Freddie Mac Loan Prospector (LPA) with Accept recommendation or GUS with Accept/Eligible findings is required. Other customized automated underwriting systems are not permitted.

For USDA loans, borrowers in Consumer Credit Counseling, Chapter 12 or Chapter 13 bankruptcies:

- The applicant must obtain written permission from the credit agency or bankruptcy court/trustee, as applicable, to enter into the mortgage transaction. If permission is not obtained, the loan is ineligible for purchase.

Edited 05/25/2025

Manual underwriting is permitted for FHA subject to the following:

- as long as the overall insurability and/or eligibility of the loan is not effected
- the loan receives a refer recommendation
- the loan receives an approve or accept recommendation but it requires a downgrade due to additional information not considered in the AUS decision.
- **All** downgrades and manual underwrites must meet the following requirements:
  - Minimum credit score and AUS approval for DTI maximum ratios, per agency guidelines.

VA and USDA loans manual underwriting is permitted, follow agency guidelines for credit score and maximum DTI ratios.

A manual underwrite using Covenant, lender must provide second signature or written email approval from a supervisor.

FHA and VA manufactured homes are permitted in the following cases:

- Follow agency guidelines for structure age and size.
- Minimum FICO for all borrowers, per agency guidelines.
- Approve/Eligible DU or Accept LP findings.
- Manual underwrite permitted follow agency guidelines for minimum credit score and maximum DTI ratios.

USDA Manufactured Homes are permitted in the following cases:

- Loans must meet USDA manufactured home guidelines.
- Purchase only.
- Minimum FICO, per agency guidelines for all borrowers.
- Age and size of manufactured home must meet USDA guidelines
- Unit must not have had ANY alterations or additions since construction in the factory.
- Leaseholds and Community Land Trusts are not eligible.

  - If New manufactured unit, follow USDA 7 CFR 3555.208 for full program guidelines. Must have AUS Approve/Eligible findings.
  - If Existing manufactured home pilot and in order to qualify as a "pilot" manufactured home the following guidelines apply:
    - Manufactured home must have been constructed on or after January 1, 2006 in conformance with the Federal Manufactured Home Construction and Safety Standards.
    - Manual underwrite required for this program only. Must utilize USDA stacking order checklist for Manual Underwrite and follow all USDA Manual Underwriting guidelines.
    - No Credit exceptions permitted.
    - Debt ratio waivers permitted per USDA guidelines.
    - Unit must have an additional inspection per pilot guidelines.
    - Refer to USDA Existing Manufactured Homes Pilot program at https://www.rd.usda.gov/sites/default/files/RDUL-Sec502-Pilot_0.pdf for more details.

Edited 11/12/2024

FHA Limited 203K loans will be purchased by IHFA prior to the completion of repairs with the following parameters:

- May only be used for minor remodeling and non-structural repairs.
- The total rehabilitation cost must not exceed $75,000. There is no minimum rehabilitation cost.
- All improvements to existing structures must comply with HUD's Minimum Property Requirements and meet or exceed local building codes.
- Time frame for completion of repairs not to exceed nine months.
- Work completed must be on the 203K Limited Eligible Improvement/Repairs list.
- Follow FHA Handbook 4000.1, 203K Limited guidelines regarding reason, type of improvements, time to complete, quality, and post-closing documentation.
- IHFA must handle all disbursements still owing post-purchase.
- Manufactured Homes are not eligible under the program.

Loan Term for First Mortgage

Edited 3/1/2018

30 years/360 months, with amortizing payments.

Loan Term for Home Advantage Second Mortgage

Edited 5/01/2022

Interest Rate – 0% simple interest, payment deferred

Loan Term – 30 years

Maximum Loan Amount – up to 3%, 4% or 5% (5% DPA option conventional or FHA loan only) of 1st mortgage total gross loan amount, rounded down to the nearest dollar.

Repayment – Due at the time of sale, transfer, refinance, no longer occupy the home as primary residence, early payoff of the first mortgage or 30 years, whichever comes first.

-OR-

Borrowers may use other downpayment assistance programs offered at the Commission instead of the Home Advantage Downpayment Assistance Program. Check the manuals on the Website for program availability. Further restrictions apply.

New Financing

Edited 3/1/2018

Home Advantage Loans must be new loans. Payment of costs other than the initial acquisition cost of the property and related closing costs is prohibited. Debt and/or collection payoffs required by the underwriter must take place outside of escrow or be clearly identified in the closing disclosure or settlement statement as coming from funds provided by the Borrower for that specific purpose.

Total Debt to Income (DTI) Ratio Restriction

Edited 7/01/2024

For Home Advantage FHA/VA/USDA , Home Advantage Conventional and all Covenant loans serviced by IHFA, Maximum DTI ratio per AUS approval.

Credit Score

Edited 6/30/2023

All borrowers with a credit score must meet the minimum representative credit score, unless further restrictions apply.

-Minimum credit score per agency guidelines required for Home Advantage FHA/VA/USDA, Home Advantage Conventional and all Covenant loans serviced by IHFA, including manufactured homes and manual underwriting.

For Fannie Mae conventional, a borrower with no credit score may be eligible, subject to AUS and Mortgage Insurance approval, follow agency guidelines. Use of non-traditional credit is permitted, if borrower meets agency guidelines.

For Freddie Mac conventional loans, if a borrower(s) lack credit scores, the loan can be submitted to Loan Product Advisor (LPA) for a decision subject to the following:

- Max LTV 95%
- Findings must show "Accept".
- Manual underwrite is not allowed.

IHFA:

Use of non-traditional credit is permitted, if allowed by agency guidelines, if any or all borrowers do not have a credit score or meet minimum credit guidelines, subject to the following:

- All borrowers with a credit score must meet minimum per agency guidelines.
- AUS approval for DTI maximum ratio.

VA and USDA use of non-traditional credit is not permitted.

Credit Report

Edited 5/25/2025

Credit reports for all borrowers are required, if using Home Advantage 1st Mortgage with any of the following downpayment assistance programs:

HomeChoice, ARCH, Bellingham, Veterans, or Covenant.

Tax Liens

Edited 6/17/2019

Follow specific investor guidelines (Fannie Mae or Freddie Mac Conventional, FHA, VA or USDA).

Document Verification

Edited 3/1/2018

Follow AUS requirements.

IRS Form 4506-C

Edited 02/04/2021

Completed, signed and dated IRS Form 4506-C is required. Follow agency guidelines.

Income/Employment Verification

Edited 05/18/2020

Follow AUS and agency guidelines, additional requirements below:

- All sources of qualifying income must be legal in accordance with all applicable federal, state and local laws, rules and regulations, without conflict.

Tax Transcripts

Edited 1/27/2026

Idaho Housing and Finance Association:

Follow applicable Fannie Mae agency guidelines for Home Advantage or Covenant Conventional loans.

For Freddie Mac loans tax transcripts are required.

For FHA and VA, W2/W9 transcripts will not be required for a borrower when all income for that borrower is derived from W-2 wage earner and/or 1099 fixed income sources. (Specialty Downpayment Assistance programs still require tax returns or 1040 tax transcripts).

Tax transcripts are required in the following circumstances:

- When tax returns are used to qualify a borrower. The number of years provided must be based on the AUS findings. Income verified via tax returns includes, but is not limited to:
  - Self-employment income
  - Rental Income
  - Employment by Family Members
  - Other Income Sources (i.e. Dividend, Interest, Capital Gains, Alimony etc.)
- When a written VOE form 1005 is used as stand-alone income verification.
- When amended tax returns have been filed, tax transcripts are required and must support the amended income. For USDA, the previous two years of IRS 1040 tax transcripts are required for each borrower and adult household members (with the exception of full time students if they are not the applicant, the spouse of the applicant or the head of household).

For USDA, the previous two years of IRS 1040 tax transcripts are required for each borrower and adult household members (with the exception of full time students if they are not the applicant, the spouse of the applicant or the head of household).

Interest Rate

Edited 06/17/2019

The Commission announces the Mortgage Interest Rate on the Commission's Web site. The Interest Rates may vary and are subject to daily changes. Conventional loans may have higher interest rates than loans with an FHA, VA, or USDA Rural Development underlying first mortgage. FHA/VA High Balance Loans or Fannie Mae Jumbo Conforming Loans in high cost areas are subject to different pricing. Please see rate sheet for pricing and here for delivery of high-balance add-on fee. Super conforming loan amounts not allowed with Freddie Mac HFA Advantage.

Non-conforming loans are not permitted under the program.

Interest Rate Float Down

Edited 10/29/2025

Interest rate float down is not permitted under the program.

Buydowns (Temporary)

Edited 09/04/2026

All temporary buydown requests will incur a 0.50% fee. Temporary buydowns are permitted under the Program for loans serviced by Idaho Housing and Finance Association. Lender is required to calculate and collect required funds, document the file as required and notify the Commission at time of reservation via email to lockdesk@wshfc.org, include the borrower(s) full name, reservation number and the applicable temporary buydown type (3-2-1, or 2-1, or 1-1 or 1-0).

The 3-2-1, 2-1, 1-1 or 1-0 temporary buydown types are allowed on conventional and FHA loans.

The 2-1 or 1-0 temporary buydown type is allowed on USDA loans.

Temporary buydowns are not allowed under the program for VA loans.

Buydown funds and buydown fee are netted out at time of loan purchase. Source of buydown funds as allowed per agency guidelines. Commission downpayment assistance funds cannot be used for the buydown funds or buydown fee.

Buydowns (Permanent)

Edited 9/28/2026

Permanent interest rate buydown is permitted under the program. Downpayment assistance funds **cannot** be used for the buydown cost or fee.

Lender must contact the Commission to request a pricing quote or to request a rate buydown, as indicated below, using this form.

- Permanent rate buydown pricing quotes can be made daily from 9:00 am-3:00pm PT Monday through Friday, excluding legal holidays.
- Permanent rate buydown quotes are provided via email to the email address listed within the request form. Read the details in its entirety as each quote provided is time sensitive.
- Permanent rate buydown pricing is based on the date and time in which the loan was reserved/locked with the Commission.
- Permanent rate buydown requests must be made and a permanent buydown selected no later than 2 business days from the date of loan reservation with no additional fee, applicable buydown costs will apply. The lender must respond to the emailed quote (including cc'ing lockdesk@wshfc.org) no later than 4:00pm PT on the 2nd business day.
- Permanent rate buy down requests made after two business days from loan reservation will incur a 1% fee in addition to the applicable buydown costs.
- If you obtained a permanent rate buydown on a loan within the 2 business day window and you need to switch loan programs, submit a program change using the Reservation Change Request form. The Commission's lockdesk staff will email a new permanent

buydown quote for the updated program. The lender must respond to the emailed quote no later than 4:00 pm PT on the 2nd business day after the loan has switched programs.
- Any adjustments to a permanent rate buydown made after the two business days, will incur a 1% fee in addition to the buydown costs.
- If a permanent rate buydown option has been selected and cancelled after 2 business days have passed, the 1% fee will still be assessed.
- All permanent rate buydown quotes are made as a percentage to buydown or a target interest rate(s). We are unable to quote in dollars.

Permanent rate buydown cost and applicable fee will be netted out at time of loan purchase.

Property Flipping

Edited 6/17/2019

Follow specific investor guidelines (Fannie Mae, Freddie Mac, FHA, VA or USDA).

Homebuyer Education

Edited 3/1/2018

All Borrowers to be listed on the Note and Deed of Trust must attend a Homebuyer Education seminar that has been registered through the Commission and meets standards as set in the Homebuyer Education Section of this Program Manual.

Allowable Fees

Edited 1/03/2023

Origination and Discount Fees:

The Borrower may pay the total origination and discount fee permitted by the Program as listed on the Website. The loan fee and discount points together cannot exceed the amount shown on our Website except when using conventional mortgages with loan level pricing adjustments or single premium MI programs. The seller is not obligated by Program guidelines to pay any fees typically charged to the Borrower on any other loan program.

Other Allowable Fees:

The fees charged by the lender for loan processing, underwriting, document preparation, etc. may not exceed **$1,800**. Any fees charged exceeding this amount will need to be refunded to the appropriate party prior to purchase of the loan. Financing costs and other fees allowable by FHA, VA, USDA Rural Development, Fannie Mae or Freddie Mac may be charged if such fees are usual and customary settlement costs.

High Balance Loan Add-On Fee:

As applicable, the borrower may be charged the high balance loan add-on fee for high cost areas. The high balance add-on fee is based on the **total** loan amount of the first mortgage. The high balance add-on fee will need to be ACH Transfer at loan closing to the Commission, this fee will **not** be netted out at time of loan purchase:

ACH Transfer Instructions:

ABA #:	325070760
Bank:	JP Morgan Chase – Washington State
For credit to:	Washington State Housing Finance Commission
Account #:	298792612
Reference:	[Borrowers first and last name and reservation #]
Note:	High balance Add-on Fee

Fees

The appropriate Master Loan Servicer will collect the following fees upon loan purchase:

Tax Service Fee $85.00

Flood Certification Transfer Fee $10.00

Electronic Upload Fee $40.00

Program Application fee for downpayment assistance (if applicable) $40.00.

Applicable Permanent and Temporary buydown costs and fees

Applicable Extension fees.

These fees will be netted out upon loan purchase.

Non Allowable Fees

Edited 3/1/2018

The following fee is not allowable:

Amortization Schedule –available for free. If charged, the Mortgage Lender will be required to provide evidence of a refund for the amount prior to loan purchase. Furthermore, Mortgage Lenders cannot charge additional lender fees on any down payment assistance program offered through the Commission.

Mortgage Insurance

Edited 6/17/2019

All conventional Mortgage Loans with a loan-to-value exceeding 80% must have private mortgage insurance coverage provided a Fannie Mae or Freddie Mac approved mortgage insurer.

Eligible plans include Monthly MI, Financed MI, Split Premium MI or Single Premium MI.

Lender Paid MI not permitted under the program.

The required percentage of MI coverage is determined by the type, term, and LTV of the loan. All loans require standard MI Coverage according to loan type.

Single premium MI programs are acceptable under the Home Advantage Program using the Fannie Mae or Freddie Mac products listed on page 7. The Lender must also verify that the loan meets all of the mortgage insurance companies' underwriting requirements prior to closing. All single premiums must be disclosed on the Closing Disclosure and not reflected as an increase to the rate. When using this option, the lender will pay the Single Premium MI to the mortgage insurance company at closing and obtain the Mortgage Insurance Certificate for inclusion in the loan purchase file to be submitted to the Master Loan Servicer.

Title Insurance

Edited 6/17/2019

The title policy must follow all guidelines for the underlying FHA, VA, Fannie Mae, Freddie Mac HUD, or USDA Rural Development mortgage.

Flood Insurance Policy

Edited 9/23/2019

A flood determination must be completed prior to each loan closing. Flood insurance is required on all properties in a designated flood zone. If flood insurance is required on a loan, the Mortgagor shall obtain the flood insurance. The Mortgagor's property or portion of the property may be located in a designated flood zone; however, the improvements (physical dwelling/home) may be on an elevated site making flooding unlikely. In such cases, the Mortgagor may request a Letter of Map Amendment (LOMA). If Federal Emergency Management Agency (FEMA) issues the requested LOMA, the Mortgagor may terminate its

flood insurance. All Hazard and Flood Insurance policies must follow guidelines in accordance with the underlying first mortgage underwriting guidelines.

A $10 transfer fee will be required.

Hazard Insurance Policy

Edited 01/27/2026

Hazard insurance coverage must equal the lesser of 100% of the insurable value of the improvements as established by the property insurer or the unpaid principal balance of the first and second (if applicable) mortgage loan amount, as long as it equals the minimum amount—80% of the insurable value of the improvements—required to compensate for damage or loss on a replacement cost basis.

The mortgagee clause on **Home Advantage and Covenant FHA/VA/USDA and Fannie Mae or Freddie Mac Conventional** mortgage policies, binders, and certificates of insurance, serviced by IHFA, must show:

HomeLoanServ, ISAOA/ATIMA

PO Box 818009

Cleveland, OH 44181

Fax: 888-218-9257

Email: insdocs8263@oscis.com

Deductibles

The maximum hazard insurance deductible allowed is 5% of the face amount of the policy. For Flood insurance the maximum allowable deductible is the maximum deductible available from the NFIP (currently $10,000).

Power of Attorney

Edited 3/1/2018

A Specific Power of Attorney is acceptable for the Borrower if the Specific Power of Attorney references the property, and authorizes the attorney-in-fact to enter into a real estate transaction and to mortgage the property.

The Power of Attorney must:

- indicate clearly that the mortgagor is appointing an attorney-in-fact;
- precisely identify who is being appointed;
- be signed and dated by the borrower;
- be notarized; and

- be recorded prior to, or concurrent with, the security instrument.

A complete legible copy of the Specific Power of Attorney must accompany the Post Closing Compliance Review Mortgage Loan file.

Escrow Holdbacks/Repair Escrow

Edited 05/18/2020

Escrow repairs are permitted in accordance with all Commission loan program guidelines.

With the exception of VA loans, Escrow holdbacks will be allowed for outstanding minor repairs for incomplete construction or for alterations and repairs that cannot be completed prior to loan closing provided the subject property is habitable and safe for occupancy at the time of closing.

The Master Servicer has no overlays with respect to the timeframe for completion of repairs for weather related non-critical repairs.

"Approve/Eligible" or "Accept" findings are required for a repair escrow.

Follow investor guidelines regarding reason, type of improvements, time to complete, quality, disbursements, and post-closing documentation. The Master Servicer will purchase the loans prior to completion of repairs. Loans with outstanding escrow repairs must not impact the Master Servicer's ability to deliver/sell the loan to Ginnie Mae, Fannie Mae or Freddie Mac.

The lender or designated escrow company will be responsible for managing and disbursing the escrow funds. The lender shall deliver loans that were originated in accordance with the first mortgage investor guidelines. The lender or designated escrow company will retain the escrow funds until all improvements have been completed.

Lender to provide the Master Servicer confirmation of all work completed and that escrow funds have been released.

Interest Credits

Edited 09/15/2025

IHFA:

Interest Credits up to first 7 days are permitted.

Reserve/Escrow Accounts

Edited 3/1/2018

All Mortgage Loans must have a reserve/escrow account for the collection of hazard insurance, taxes, mortgage insurance premiums and/or risk-based premium, regardless of LTV.

Prepayment Penalty

Edited 3/1/2018

Mortgage Loans may be prepaid at any time without a penalty.

Assumptions

Edited 6/17/2019

All first Mortgage Loans originated under the Program may be assumed by a qualified Borrower meeting the income requirements in place at the time of the assumption. Such Mortgage Loans must continue to be insured or guaranteed by FHA, VA, or USDA. Please note that conventional fixed rate mortgages are not assumable per Fannie Mae or Freddie Mac guidelines.

Subordinate Financing

Edited 7/1/2024

All subordinate financing closed in conjunction with a Home Advantage Mortgage Loan or a Covenant Homeownership Loan must meet the underwriting guidelines of the first mortgage type. It is the Mortgage Lender's responsibility to review the Program Description, Note and Deed of Trust for community seconds compliance. The underwriter must show the name of the community second program and verify the program is an approved community second program on the 1008 or HUD 92900-LT.

Maximum CLTV is determined by the first mortgage loan type's underwriting guidelines and is subject to mortgage insurance availability as applicable.

Servicing

Edited 3/1/2018

All Mortgage Loans must be sold servicing released to the Master Loan Servicer.

Quality Control

Edited 3/1/2018

The Commission and the Master Servicer from time to time at their sole discretion may request additional documentation from Mortgage Lenders. The Commission will monitor Mortgage Lenders for timely cancellation of reservations, total production levels, length of time to close

and deliver eligible Mortgage Loans, participation in Homebuyer Education, level of Borrower complaints, compliance with Program Guidelines and other factors the Commission, at its sole discretion, considers necessary to evaluate effective Program participation.

Repeat Program Users

Edited 3/1/2018

Borrowers who have previously benefitted from Commission programs:

If the Borrower wishes to use Commission programs (Home Advantage, Covenant, or House Key) and has an outstanding Home Advantage, Covenant or House Key loan, the Borrower must pay off the first and second mortgage in full prior to using another Commission program loan.

If the Borrower has an outstanding MCC and wishes to use Home Advantage or House Key, the Borrower is no longer eligible for the MCC credit and must sign a notarized affidavit stating the Borrower understands that the Borrower is no longer eligible for the MCC credit and agrees to no longer claim the MCC credit.

If a Borrower's current or prior home was financed through a Commission program loan and is/was subject to a short sale, foreclosure, bankruptcy or deed in lieu, and the Commission suffered or expects to suffer a loss, the Borrower is not eligible to obtain another Home Advantage, Covenant, or House Key Commission program loan until the down payment assistance obligation and any unpaid amount, regardless of whether such amount was discharged, is repaid to the Commission, and all other program requirements have been met.

3 - ELIGIBLE BORROWERS

Edited 03/01/2018

Non Discrimination

Edited 3/1/2018

All applicants must be considered irrespective of age, race, color, religion, national origin, sex, marital status or physical handicap.

Residency Type Requirements

Edited 06/4/2025

Follow applicable agency guidelines for the below:

• **U.S. Citizen:**
The borrower must have a valid social security number and be a citizen of the United States or of a U.S. Possession or Territory. Borrower(s) photo identification documents must also be provided to review and ensure identity and compliance with the US Patriot Act.

• **Permanent Resident:**
A borrower with lawful permanent resident status provided the borrower satisfies the same requirements, terms and conditions as those for U.S. citizens.

• **Non-Permanent Resident:**
Follow applicable agency guidelines.

Lender is responsible to document lawful residence status with the required documentation in post package file to the master loan servicer, per investor guidelines. If documentation is not acceptable loan may be subject to repurchase by the lender.

Occupancy Requirement

Edited 3/1/2018

All Occupant Borrowers must occupy the Single-Family Residence as their personal principal residence within 60 days from the date the Mortgage Loan is closed.

First-Time Homebuyer Requirement

Edited 3/1/2018

The Borrower(s) does not need to be a First-Time Homebuyer unless used in conjunction with a Commission downpayment assistance program that further restricts.

Calculation of Credit Underwriting Income

Edited 3/1/2018

When using credit underwriting income, income is calculated according to the investor's (FNMA, Freddie Mac, FHA, VA or USDA) underwriting guidelines. The lender should then refer to the Maximum Income Limit in the Program Manual to determine if the borrower is at or below the income limit.

A copy of the underwriter's final loan approval reflecting final income figures must be included in the Pre-Closing Compliance Review File.

Maximum Total Annual Income

Edited 9/15/2025

To be eligible for a Program loan, an applicant's Credit Underwriting Income must not exceed the following Program income limits at the time of loan closing:

Statewide:	$215,000

Co-Signer/Guarantor

Edited 9/15/2025

The Commission defines a co-signer as a person who signs the Note, may or may not take title to the property, and is only responsible for payments if the primary Borrower does not make the payments. The Commission **will** accept a non-occupant co-signer or a non-occupant co-borrower, if permitted by the agency and they do not have an outstanding Commission loan. Follow agency guidelines for LTV/CLTV.

4 - PROPERTY REQUIREMENTS

Edited 01/2/2025

In General

Only one-unit or two-unit (duplex) owner-occupied Single-Family Residences located in the state of Washington may be financed under the Home Advantage or Covenant Program.

Qualifying Single-Family Residences

Edited 05/25/2025

One-unit single-family detached, attached, condos, and PUD's that are acceptable to Fannie Mae, Freddie Mac, FHA, VA, or USDA Rural Development requirements and the approved Fannie Mae or Freddie Mac PMI provider, as applicable, are acceptable under the Program.

Duplexes (2-unit) properties that are acceptable to FHA, VA, Fannie Mae or Freddie Mac and approved PMI provider, as applicable, are eligible under the program, follow agency guidelines.

For FHA: Single-unit condo approval is permitted under the program, follow agency guidelines, including the Case Number Assignment process outlined in the FHA handbook 4000.1

Manufactured homes are eligible per agency guidelines.

Homes in Community Land Trusts (CLTs) are not eligible under the Freddie Mac HFA Advantage program.

Triplexes or Fourplexes are not permitted under the program.

Appraisals

Edited 6/17/2019

Appraisals must be in compliance with FHA, VA, Fannie Mae, Freddie Mac or USDA Rural Development guidelines. Appraisals must have interior and exterior inspections.

Property(Home) Inspections

Edited 12/16/2024

All properties must have an inspection unless a 1 year home warranty is provided by the builder. The property must have a property inspection within the most recent 6 months of the date on the fully executed purchase and sale agreement.

The purpose of the inspection is to inform the Borrower of the existing condition of the property so they may properly budget for future possible upgrades and/or replacement of noted deficiencies.

The inspection must be completed by a licensed Washington State Home Inspector. Pest and appraiser inspections cannot be used in lieu of property inspections.

Inspections must cover the entire home and any attached or detached structures on the property which are given value by the appraiser. The full written inspection must itemize all areas inspected and the results of the review.

A paid receipt of the full written inspection or similar documentation referencing the property address, borrower(s) name and date of the inspection must be in the loan Pre-Closing Compliance file. A copy of the full written inspection for the file is not necessary.

Verbal inspections are not acceptable under the program.

5 – THIS SECTION INTENTIONALLY LEFT BLANK

Edited 03/01/2018

6 - HOMEBUYER EDUCATION

Edited 11/15/2021

Policy

Edited 4/19/2019

All Borrowers listed on the Note and Deed of Trust need to complete a Homebuyer Education Seminar registered through the Commission that meets the standards stated in this section. Potential homebuyers must each have their own individual Completion Certificate before reservation of funds for Commission Programs. If a reservation of funds is made before the borrower(s) take a Commission sponsored homebuyer education course, the current reservation will be considered invalid and will be subject to worse case pricing. No Exceptions.

Completion Certificates remain valid for two years and if lost one can be re-issued so long as the Commission's database of seminar participants confirms attendance. Instructors will be limited to teaching no more than 2 classes per week (Sunday-Saturday) and no more than 1 class per day. All instructors are required to stay for the entire class time.

Seminar Instructors

Edited 1/3/2023

All seminar instructors must complete the Commission's Program and Homebuyer Education Instructor training. Additionally, it is recommended that seminar instructors have a minimum of two years residential mortgage lending experience. All seminars must be co-instructed by a lending professional and a real estate professional who have attended the Commission's Home Loan Program and Homebuyer Education Instructor training. Two exceptions exist:

- In outlying areas where there are no real estate professionals, real estate professionals who have not attended training may be invited as guest speakers only. Advanced approval by the Commission is required.
- Nonprofit 501(c) 3 organizations conducting seminars are highly encouraged to include Commission trained real estate professionals, but are not required to include them.

To remain eligible to teach our seminars, real estate professionals and nonprofit 501(c) 3 organizations need to annually co-instruct at least one Commission sponsored seminar. Mortgage loan originators need to annually close and have purchased by the Commission a minimum of one Commission Program loan.

Seminar instructors have the option of teaching an in-person or virtual class. Hybrid classes are not permitted.

Prior to registering your first virtual homebuyer education class, **each** instructor will need to do the following:

- **Virtual Class:** Before you use Zoom (or another virtual classroom platform) the first time for your classes, **each** instructor will need to email Corinna Obar and explain in writing:

    1. How you will gather contact and demographic information for each attendee to be forwarded to us after the class;
    2. How you will ensure that each attendee is present for the full 5 hours;
    3. How you will ensure that each attendee receives their certificate.

Instructors Who No Longer Work for a Participating Lender

Edited 3/1/2018

Previously Commission trained lending instructors who move to Non-Participating Home Advantage lending institutions may temporarily continue to teach homebuyer education until their new company is approved as a participating lender. If new lending institution is not eligible to participate, you cannot teach our seminars. The instructor must receive permission from the Commission in advance and must teach with a Commission trained real estate professional or nonprofit. The Commission may not be able to publicize these seminars on our Website.

Seminar Format

Edited 3/1/2018

The Commission requires all seminars offered contain the following elements:

- free of charge
- open to the public.
- a total minimum seminar time of five hours, plus applicable breaks
- unbiased format
- effective coverage of **ALL** subjects listed under "Seminar Curriculum" located in this section of the Program Manual.

Seminar instructors may coordinate guest speakers to present specific topics such as credit, property (home) inspections, etc. The purpose of the seminars is to present information in an unbiased learning environment.

Instructors may place business cards in a central location, as applicable. **Sales presentations are prohibited**.

Seminar Curriculum

Edited 4/28/2021

The Commission developed and utilizes homebuyer education minimum benchmark standards as outlined in the National Industry Standards for Homeownership Education to ensure all participants receive the necessary information to become informed homeowners. The below standards apply to all Commission-sponsored Homebuyer Education seminars.

1. Advantages/Disadvantages of Owning a Home
2. Steps to Homeownership
3. The Players in the Homebuying Process
4. The Benefits of Getting Loan Pre-Qualified & Pre-Approved Before Searching for a Home
5. Shopping for a Lender
6. How Much Can You Afford? Risk Layering and Compensating Factors
7. Identifying Credit Issues and How to Address Them
8. How Much Money Will You Need?
9. Selecting a Loan Program and How Downpayment and Past Credit Affect Loan Choices
10. Secondary Market Explanation
11. Budgeting/Saving for the Downpayment and Closing Costs
12. How to Shop for a Real Estate Professional – Understanding Agency Representation
13. Selecting a Home and Negotiating a Purchase Price
14. The Importance of a Home Inspection
15. Commission program overview including Home Advantage, downpayment assistance options, House Key program – Recapture Tax, Occupancy and Property Restrictions
16. The Loan Closing – What to Expect, Review Sample Loan Documents
17. Foreclosure Prevention and Early Delinquency Intervention
18. Home Maintenance
19. Consumer Protection Resources
20. Community Resources for Further Counseling or Other Assistance.
21. Fair Housing
22. Predatory Lending
23. How Going Green Saves Money

Interpreters

Edited 3/1/2018

The Commission pays for the use of ASL interpreters if sufficient notice is given (6-8 weeks), subject to cost and availability of funds.

Seminar Workbooks

Edited 5/25/2025

The Department of Financial Institutions (DFI) provides free participant workbooks. DFI no longer provides physical workbooks. Here is the link to download the Guide to Home Loans workbook: https://dfi.wa.gov/publications

Commission Provided Materials

Edited 3/1/2018

The Commission's Participant Registration Forms, evaluation forms, Completion Certificate and brochure are required for use in all approved registered seminars. These documents are provided by the Commission. When the instructors registered seminar is approved, the certificate, registration and evaluation forms will be emailed to the instructors shortly after receiving class approval. The instructor is responsible for providing the required participant registration and evaluation forms and certificate to each attendee. The certificates must be signed by all instructors.

The instructors are responsible for having all required forms from the Commission in advance of the seminar.

Additional handouts on a variety of homebuying topics as well as the Commission's programs are available upon request or on the Web site.

Seminar Arrangements

Edited 11/5/2020

Please see our instructor information page with links to class registration form. Please register each seminar online at the Commission website at least **six** weeks in advance. Instructors are allowed to register classes up to 90 days in advance. It is the instructor's responsibility to register and have their seminar approved in advance with the Commission. The Commission cannot retroactively sponsor a class, no exceptions. It is the instructor's responsibility to check the Commission's Website approximately one week after registration approval to make sure all information is correct.

When a seminar's date or location change, please cancel the first seminar and submit a new online registration with the new information using the links under "Homebuyer Education Seminar Set-Up for Instructors." A new class number will be assigned to the new registration. If the class has a time change or an instructor change, please submit a registration using the "UPDATE" class option.

At the seminar, please make sure all participants **complete** all questions on the Participant Registration Form. If the seminar is an in-person seminar, please make sure all participants write legibly with a ballpoint pen prior to issuing a completion certificate. Blue or black ballpoint ink is recommended. Be sure the class control number and seminar date are correct.

At the end of the seminar, ask participants to complete the evaluation form. Return the routing slip, completed evaluation forms and Participant Registration Forms to the Commission after class via regular mail or email to semsetup@wshfc.org.

Seminar participants are **not** to be contacted after the seminar unless you have written permission from the participant to do so. Instructors should not be interfering with any existing working relationships.

Issue a separate, signed and completed Completion Certificate to each individual participant who completes the Participant Registration Form and finishes the 5 hours of classroom instruction. Discard leftover Completion Certificates and evaluations. Seminar instructors should inform participants of their need to provide a copy of their Completion Certificate to their loan officer for Home Advantage or other Community Homebuyer type loans.

For additional help, please see the Seminar checklist at the end of this section when setting up a homebuyer education seminar.

Publicity

Edited 3/1/2018

The Commission maintains a Homebuyer Education Seminar Schedule and makes it available to the general public. All seminars are posted to the seminar schedule on our Web site within 60 days of the seminar unless special circumstances exist and are pre-approved by the Commission.

Instructors are encouraged to also publicize seminars on their own. **Usage of the Commission's logo is prohibited.** A homebuyer education icon and mandatory disclaimer have been developed for use by instructors. Please contact the Homeownership Manager for further information on name and icon usage. Any advertising using our name and showing the language "seminar sponsored by the Washington State Housing Finance Commission," must be approved by the Homeownership Manager prior to use.

Online Course Homebuyer Education Policy

Edited 9/01/2021

The homebuyer is highly encouraged to take a free virtual or in-person seminar as listed on our Website. If the homebuyer is unable to take a virtual or in-person class, they can also take the online self-study course offered on the Commission's website. The loan officer will direct their homebuyer to the on-line website at www.ehomeamerica.org/wshfc. Each homebuyer will log

into the course individually by creating their own username and password. Upon successful completion of the course, each homebuyer can print out a Certificate of Completion. The cost is $50.00 per person and the course will take approximately 6-8 hours to complete. The loan officer will enter the certificate number(s) into the reservation system. This course linked to our website is an online course accepted by the Commission.

On-line eHomeAmerica Certificate of Completion issued by HomeSight, Community Frameworks, NeighborWorks of Grays Harbor County or Homestead Community Land Trust are acceptable by the Commission, provided each borrower has their own separate certificate with a separate certificate number. These on-line courses may be at a higher cost and additional requirements may be needed. The Commission does not accept any other certificates including those from mortgage insurance companies, Framework and CreditSmart. There are no exceptions to this policy.

Disciplinary Action

Edited 5/25/2025

All Instructors have signed and agreed to the Commission's "Standards of Performance" at training. Instructors not following our "Standards of Performance," ethical standards, policies, and format will not be eligible to teach Commission sponsored homebuyer education seminars. At the Commission's sole discretion, we reserve the right at any time to permanently discontinue sponsorship of a particular instructor's seminar or to deny an instructor access to Commission training programs based on their lack of adherence to our guidelines.

Seminar Checklist

6-8 WEEKS MIMINUM BEFORE SEMINAR

- ☐ Determine Seminar Location
- ☐ Schedule Seminar Date & Time
- ☐ Initiate Marketing Plan to Advertise Seminars.
- ☐ Forward marketing materials to Commission prior to distribution for approval when using our name in advertising
- ☐ Select & Review Curriculum
- ☐ Determine Guest Speakers
- ☐ **Register Seminar with the Commission on-line at** https://hbed-reg.wshfc.org/
- ☐ **Check for Seminar Approval Email**
- ☐ Check Commission Website within one week of registration for accuracy and notify Commission of any changes to seminar
- ☐ **Arrange for ASL Interpreters with Commission (if needed)**

4-5 WEEKS BEFORE SEMINAR

- ☐ Start Your Agenda
- ☐ Practice Your Presentation
- ☐ Set up Internal Procedure to Register Participants

☐ Send Guest Speaker Confirmation Letter

1-3 WEEKS BEFORE SEMINAR

☐ Finish Seminar Agenda
☐ Follow up with Commission if you have not received your Commission provided materials or download materials
☐ Prepare Additional Seminar Materials
☐ Download Your Guide to Home Loans Workbook from DFI https://dfi.wa.gov/publications
☐ Arrange For Refreshments, if applicable
☐ Confirm Guest Speaker
☐ Confirm Room Arrangements, as applicable

THE DAY OF THE SEMINAR

☐ Set up virtual equipment or the room, if applicable
☐ Check Your Audio Visual Aids
☐ Set Up Refreshments, if applicable
☐ Set Out or email Participant Registration Forms
☐ Set Out or email Seminar Materials
☐ Bring "Care Package", if applicable
☐ Set Out Business Cards, if applicable

AT THE SEMINAR

☐ Make Sure All Participants **complete** the Participant Registration Form
☐ Leave Time for Questions
☐ Make Participants Complete Evaluations
☐ Issue Completion Certificates when you receive a complete Participant Registration Form
☐ Have Fun!

AFTER THE SEMINAR

☐ Follow Through with Any Questions or Requests for Information
☐ Send Thank You Notes to Guest Speakers
☐ Review Evaluation Forms and Make Modifications to future class as Needed
☐ **Return completed Evaluation Forms and Participant Registration Forms with Routing Slip to the Commission via email to semsetup@wshfc.org or by mail.**
☐ **Discard Leftover Completion Certificates and Evaluations**
☐ **Originate Home Advantage loans**
☐ Plan Next Seminar.

7 - RESERVATION PROCESS

Edited 03/01/2018

In General

Edited 3/1/2018

Program funds may be reserved using a first-come, first-served reservation system. Funds may be reserved once an individual has a fully executed (signed by both buyer and seller) Purchase and Sale Agreement, all borrowers has demonstrated completion of a Commission sponsored Homebuyer Education seminar, has completed a loan application with a Commission trained Mortgage Lender, and appears to meet Program compliance.

Making a Reservation

Edited 04/20/2026

The Mortgage Lender can reserve funds using the Lender Portal Reservation System described in the following pages of this section. Rate locks on a reservation may be made from 9:00 am – 4:00 pm Prevailing Pacific Time Monday through Friday excluding holidays.

The loan originator reserving funds must match the name of the loan originator on the borrower(s) loan application.

Mandatory Delivery Dates

Edited 1/11/2019

Lenders will have 10 days from the date of loan closing to deliver loan to the master loan servicer. Loans must not be aged more than 45 days from the loan closing date until the time the loan is delivered for purchase. This includes the date the credit and closing file is received and the loan is eligible for purchase. All loans must be delivered to the master loan servicer within 60 days of the note date. If a file is not delivered within 60 days from the date of loan closing, original Notes will be returned to the lender and the loan(s) will not be purchased. Lenders not meeting mandatory delivery dates will pay extension fees as described below. Lenders not meeting mandatory delivery dates on a regular basis are subject to removal from the Program at the sole discretion of the Commission.

Extensions to Reservations

Edited 9/04/2026

An extension (either 7, 15, 22, 30, 45 or 60 days) to a reservation must be made electronically in writing by 4:00 pm, prevailing Pacific Time, **prior** to the expiration of the lock. Lock Extension requests are made via the Lender Portal. Extension fees are netted out at loan purchase.

Extensions will **not** be accepted via telephone, fax, or through an email to an individual employee of the Commission. An extension will require approval by the Commission and will be subject to market conditions. A fee of .09375% of the loan amount will be applied to 7 day extensions. A fee of .18750% of the loan amount will be applied to 15 day extensions. A fee of .28125% of the loan amount will be applied to 22 day extensions. A fee of .37500% of the loan amount will be applied to 30 day extensions. A fee of .56250% of the loan amount will be applied to 45 day extensions. A fee of .7500% of the loan amount will be applied to 60 day extensions. Fees may be higher depending on market conditions. An acknowledgement of the received email and approval will be sent back to the Lender on the same business day for all extensions made prior to 4:00 pm PT and a condition with the appropriate fees will be posted to the reservation system.

If the Lender fails to extend the lock prior to expiration of the reservation, the Commission will automatically extend the lock and fees netted out at time of loan purchase. The Commission is not obligated to purchase the loan if the lender fails to extend the lock prior to expiration of the reservation.

Changes to a Reservation

Edited 9/04/2026

Changes to a loan reservation can be requested via the Lender Portal. Changes can be made for the following reasons:

1. Increasing or decreasing the loan amount
2. Increasing or decreasing the purchase price
3. Adding or deleting Borrower
4. Changing the amount of Downpayment Assistance
5. Switching from Home Advantage Gov't to Home Advantage Conventional, or vice versa.

Expired Reservations and Changes in Property

Edited 7/18/2018

The Commission's loan reservation policy authorizes the Lender to make a reservation for funds on behalf of the borrower(s) for a set period of time (lock period). After completing the reservation, the Lender may not cancel and re-reserve funds to obtain a lower interest rate or transfer to a House Key loan. This policy applies to both existing and expired loan reservations. Extensions to existing or expired reservations are at the sole discretion of the Commission and fees will apply.

Extensions to an expired reservation will be based on:

1. Original rate lock price plus appropriate extension to bring the reservation current. Extension fees will apply.
2. In the event the purchase and sale contract is terminated and **the lock has expired**, if the borrower subsequently enters into a contract for a different property, the Lender must cancel the old reservation and may complete a new reservation for funds at current rates.

In the event the purchase and sale contract is terminated and the Borrower subsequently enters into a contract for a different property **within the lock period**, the Lender must provide to the Commission the new property address and loan amount. The Lender will be expected to deliver the loan within the lock period, or the old reservation may be cancelled and a new reservation made at current rates.

Duplicate reservations are not allowed.

Cancelled Reservations

Edited 9/4/2026

Lenders can cancel their reservation on-line until a file is submitted for pre-closing compliance review and then afterwards by emailing lockdesk@wshfc.org.

If the lender cancels a reservation lender cannot re-reserve for the same property until at least 60 days has lapsed from the day the reservation was cancelled or the original lock will be reinstated and loan must be delivered within the original lock period or extensions fees will apply.

Reservation Transfer

Edited 3/1/2018

At the Borrower's option, a Mortgage Lender may request that a reservation be transferred to the requesting Mortgage Lender from the Mortgage Lender who made the original reservation. The new Lender will be expected to deliver the loan within the lock period and pay extension fees as applicable. This can be done by submitting a letter or email from the Borrower to the Commission. The requesting Mortgage Lender must include a cover letter that outlines the situation and includes a letter or email from the Borrower requesting the transfer. This must be done prior to the original Mortgage Lender canceling the reservation. Only one transfer per Borrower is allowed. A Borrower may not have more than one reservation at any one time.

Status of Loans

Edited 3/1/2018

Mortgage Lenders can review status of loans on-line through the Lender Portal on a regular basis. See the **Loan Tracking Status** section of this chapter for further information and instructions.

On-Line Reservation System

Edited 4/20/2026

To access the On-line Lender Portal Reservation System, type the following Internet address:

https://lender.hotbreservations.com/login/wa

Following are step-by-step instructions for entering data onto each screen of the Lender Portal Reservation system:

Lender Portal Overview

1. **System Access**

   Upon completion of the required loan originator training, WSHFC will send loan originators an invitation to the Lender Portal. This emailed invite will include a link to setup your account, which includes choosing your own password. Once the account is setup, you will be emailed a 2nd email with a verification code to activate your account and chosen password.

2. **Login**
   If all of the information you have entered on the System Login Screen is correct, click the Login button. If you forgot your password click on the Forgot password button, and follow the instructions.

3. Start New Application

On the Dashboard screen displayed, select the **Start New Application.** Start a new application by uploading a Fannie Mae 3.4 file. You can search your machine or Drag and Drop your Fannie Mae 3.4 file to being the application. You may also manually input the information.

1. The system will ask you to validate the property address.
2. There will be a prompt to complete any missing data that is required in order to proceed with a lock.
   This may include:
   Household size
   DTI
   Credit Score
   Once all information is entered, **Save** the application.

Navigate to the **Rate Locks** tab to view available programs based on the data provided in the Fannie Mae 3.4 file. Any values listed in blue are missing from the application and are required in order to proceed. Once all missing data is complete, navigate back to the Rate Locks tab.

Available 1st Mortgage and Downpayment Assistance Options

1) Select a 1st Mortgage by clicking on the radio button of the applicable selection available. There is an option to view details of the program by clicking on "Details" to the right of the program. Programs that do not fit the borrower(s) details will be grayed out as Not Eligible.
2) Once a first mortgage has been selected, select the appropriate Downpayment Assistance program by clicking on the radio button located to the left of the program. Downpayment Assistance programs that do not fit the borrower(s) details will be grayed out as Not Eligible.
3) Once both first and second mortgage programs are selected, the loan is ready to be locked by clicking on **Select Programs and Lock Rates**.

Confirmation of Loan Reservation

After the loans have been locked, you can locate the Reservation Lock Confirmation in the Documents tab under the Lock Desk header. Any communications regarding the lock can be done through the Communications tab.

Checking Loan Status

Loan Originators will have access to their own pipeline. Production or Back office staff will have access to the entire company pipeline.

From the Dashboard, you can check status of your loan by selecting Applications. You can search for your borrower by name or WSHFC loan number.

To enter the loan file, select the borrower's name from the Application column.

-Current Loan Status can be viewed on the Overview tab. The most recent status is located under the Application Status.
-Printing Loan Documents can be done on the Documents tab.
-Uploading pre and post closing files can be done on the Documents tab under the Pre Closing or Post Closing headers.

8 - LOAN ORIGINATION & PROCESSING

Edited 05/25/2025

The documents discussed below must be provided or received from the applicant at loan origination in addition to any documents, forms and disclosures required by state or federal law.

Documents Submitted for a Home Advantage Loan

- ❑ Copy of Residential Loan Application (1003).
- ❑ Copy of Automated Loan Approval.
- ❑ Copy of Signed and Dated Loan Transmittal.
- ❑ Copy of Fully Executed Purchase and Sale Agreement, including all addendums.
- ❑ Copy of the Homebuyer Education Certificate for each borrower that will be on the note and deed of trust.
- ❑ Copy of inspection receipt or 1 year home warranty provided by the builder for new construction

Processing a Home Advantage Loan

Edited 5/25/2025

A Home Advantage loan is processed and underwritten in accordance with standard first mortgage guidelines by the Mortgage Lender. The following sections address compliance items reviewed by the Mortgage Lender during Origination and Processing prior to submitting a pre-closing compliance file. Please review the Home Advantage Program Manual. The following sections are meant as a general guide to processing a Home Advantage loan and may not be all-inclusive. Further requirements apply if Borrower is using an MCC, if applicable or a specialty downpayment assistance program. Commission EIN#: 91-1874730

RESIDENTIAL LOAN APPLICATION (FORM 1003)

- ❑ Verify information including borrower's social security number, family size, income, and assets are consistent with reservation and loan approval.

COPY OF AUTOMATED LOAN APPROVAL.

- ❑ Verify borrower(s) meets agency minimum credit score, unless other restrictions apply.
- ❑ Verify total debt to income (DTI) ratio has AUS approval.
- ❑ Verify income is under the income limits.

COPY OF LOAN TRANSMITTAL

- ❑ Verify that loan transmittal was signed and dated by the underwriter.

APPRAISAL

- ❑ Verify that subject property is a one or two unit(duplex) single family residence.
- ❑ **REAL ESTATE PURCHASE AND SALE AGREEMENT**
- ❑ Verify that the Agreement was signed and dated by Borrower(s) and Seller(s) **prior** to the reservation of funds.
- ❑ Verify all addendums have been included in the pre-closing compliance package.

HOMEBUYER EDUCATION CERTIFICATE

- ❑ Required for all borrowers who will be listed on the Note and Deed of Trust.
- ❑ Verify that the certificate is a WSHFC issued certificate, signed by all instructors.
- ❑ Verify certificate issued within the last two years.
- ❑ Verify seminar completed **prior** to the reservation of funds.

(**Note:** If an applicant indicates they have lost their Certificate, the Commission can re-issue one if attendance can be confirmed).

COPY OF INSPECTION RECEIPT OR 1 YEAR WARRANTY FOR NEW CONSTRUCTION

- ❑ Verify inspection report is less than 6 months old.
- ❑ Verify property address, borrower(s) name and inspection date are on documentation submitted.

HOME ADVANTAGE DOWNPAYMENT ASSISTANCE

- ❑ Verify loan amount does not exceed 3%, 4% or 5% (5% DPA option available for conventional or FHA only) of loan amount, rounded down to nearest dollar.
- ❑ Verify amount of assistance needed matches loan reservation.
- ❑ Verify Borrower does not receive cash back at loan closing.

9 - PRE-CLOSING COMPLIANCE REVIEW & APPROVAL

Edited 03/01/2018

Purpose of Pre-Closing Compliance Review

Edited 3/1/2018

One of the principal reasons for the pre-closing compliance review process is to provide Mortgage Lenders a level of assurance that, given no changes in the basic conditions of the transaction, the Mortgage Loan is qualified for purchase by the Master Servicer.

This pre-closing review process is in place only as a service to Mortgage Lenders and does not automatically guarantee that loans will be purchased. Additionally, if a loan is purchased and is subsequently found not to meet Program requirements, the Commission has the authority to request that the Mortgage Lender repurchase the Mortgage Loan.

Following is the procedure for Mortgage Lenders to use when submitting a Mortgage Loan for approval to close:

Submission of Loan File

Edited 3/1/2018

Once the Mortgage Lender obtains all items as listed on page 15.13.1 of the Pre-Closing Compliance Review Checklist Mortgage, the Mortgage Lender is strongly encouraged to submit the file early in the process to the Commission for review. If using downpayment assistance other than Home Advantage 0% downpayment assistance, all items on page 15.13.2 are needed prior to final compliance approval.

Files must be submitted in the order specified on the Pre-Closing Compliance Review Checklist (Form 15.13). This Checklist is located in the Forms section of this Program Manual.

Where to Submit Files

Edited 4/20/2026

Please upload Mortgage Loan file prior to closing electronically to the Lender Portal.

1) Select the appropriate loan file.
2) Navigate to the **Documents** Tab
3) Under the Pre-Closing Compliance File, you will find the Pre-Closing File Review Checklist of all documents required to be uploaded to perform a pre-closing file review.

4) Navigate to the **Condition List** tab. This tab will generate all items required to be submitted for the Pre-Closing file review, based on the program selected at lock.
5) Push the **Respond** button to upload the corresponding document. Drop and drag the applicable documents. Once all documents are uploaded click the **Save** button. **Please note:** The Commission does not accept electronic "secured" files requiring passwords.

Review Procedure

Edited 4/20/2026

Each Mortgage Loan file will be reviewed approximately within two business days of receipt by Commission staff for compliance with Program requirements. The results of the review will be posted on the Internet Web site at https://lender.hotbreservations.com/login/wa

If a file is suspended, the loan stage will be updated to show as "Pre-Review/Incomplete" and the suspense conditions will be posted on our on-line system. When the file is approved to close the loan stage is updated to "Committed" and the Mortgage Lender can review and print our loan approval and conditions from on-line system. The Commission's on-line system interfaces with the Master Servicer's system eliminating the need for Mortgage Lenders to provide them a copy of the approval.

Following acknowledgment of loan "Committed" authorized on the Pre-Closing Compliance Review File Checklist, Mortgage Lenders may close the Mortgage Loan.

The Commission reserves the right to return any file submitted for approval to close that lacks adequate documentation or does not meet Program requirements.

Checking Mortgage Loan Status

Edited 04/20/2026

Mortgage Lenders can access Mortgage Loan information using the On-line Lender Portal system site 24-hours a day at https://lender.hotbreservations.com/login/wa

The Commission may assign log ins for back office staff to use for viewing and printing file status and conditions.

From the Dashboard, you can check status of your loan by selecting Applications. You can search for your borrower by name or WSHFC loan number.

To enter the loan file, select the borrower's name from the Application column.

Navigate to the Overview tab to check current loan status.

All conditions pertaining to both the first and second mortgage loans will be posted on the first mortgage loan approval.

10 - LOAN CLOSING

Edited 10/01/2020

Compliance Approval

Edited 1/2/2025

Once the Commission approves the Mortgage Loan for compliance, the Mortgage Lender may close the loan.

Home Advantage and Covenant FHA/VA/USDA and conventional loans must be delivered to Idaho Housing and Finance Association.

Each Loan must satisfy the following terms and conditions:

Closing Documents

Edited 6/17/2019

In general, the Mortgage Lender must insure that **all** documents are properly executed and notarized where necessary. To make a correction to a recordable document, the Mortgage Lender must upload a letter to the correct loan servicer stating the correction that is to be made, to which document(s), and the Mortgage Lender's intent to re-record. Lenders will upload to the Master Servicer lender portal.

Additional information is provided below to assist the Mortgage Lender in the proper manner in which to complete documents and forms.

- **NOTES AND SECURITY INSTRUMENTS**

  In General:

  All mortgage loans must be closed using the most recent 1-4 family FHA, VA, Fannie Mae or Freddie Mac instruments at the time of closing. Please review Deed of Trust for completeness and accuracy. If not executed properly, this document will be returned to the Mortgage Lender for re-recording.

  USDA Rural Development Loans:

  USDA Rural Development loans are to be closed using the most current FHA documents with a 4% late charge or the most current conventional documents with a 5% late charge.

Document Endorsement:

Edited 08/01/2026

The original First Mortgage Note for **Home Advantage and Covenant *Freddie Mac and Fannie Mae Conventional*** loans must be endorsed on the back side as shown below allowing space for additional endorsements:

*Pay to the Order of **Washington State Housing Finance Commission***
without recourse
Lender Name (as it appears on the Note)
(Signature of Authorized Person)
Signatory's Typed Name and Title

The original First Mortgage Note for **Home Advantage and Covenant FHA/VA/USDA** must be endorsed on the back side as shown below allowing space for additional endorsements:

*Pay to the Order of **Idaho Housing and Finance Association** without recourse*
Lender Name (as it appears on the Note)
(Signature of Authorized Person)
Signatory's Typed Name and Title

Return of Original Note:

If the original Note needs to be returned for any reason, it will be sent by overnight mail at the Mortgage Lender's expense. After being corrected, it is to be returned by overnight mail to the Loan Servicer.

- **DEED OF TRUST**

The loan file must include a copy of the Deed of Trust. The copy must be certified as a true and correct copy of the original, and must include a copy of any appropriate, completely executed riders. Copies with live signatures or conformed copies are not acceptable. Loans with secondary financing must also include a copy of the Deed of Trust from the subordinate lien.

All corrections, additions, and deletions pertaining to loan items must be initialed by the borrowers. If the Deed of Trust has already been sent for recording, the Mortgage Lender may provide a good faith letter for correction.

- **ASSIGNMENT OF DEED OF TRUST**

  Edited 08/01/2026

  All 1st Mortgage loans must be registered via the Mortgage Electronic Registration.

  For Home Advantage and Covenant ***Freddie Mac and Fannie Mae HFA Advantage*** loans:

  Transfer to MERS using the following MERS org IDs:

  MERS TOS/TOB MERS ID: #1018022 Washington State Housing Finance Commission

  Include as subservicer: MERS ID #1009670 Idaho Housing & Finance Association

  For Home Advantage and Covenant FHA/VA/USDA loans:

  Transfer to MERS using the following MERS org IDs:

  Idaho MERS ID: #1009670

  HUD ID#: 10101-09998 Idaho Housing and Finance Association

  VA ID#: 92770030000

  RD ID#: 82-0302333 Branch 001

- **POWER OF ATTORNEY**

  The Master Servicer will accept a Specific Power of Attorney that references the property, and authorizes the attorney-in-fact to enter into a real estate transaction and to mortgage the property. The Power of Attorney must:

  - indicate clearly that the mortgagor is appointing an attorney-in-fact;
  - precisely identify who is being appointed;
  - be signed and dated by the borrower;
  - be notarized; and
  - be recorded prior to, or concurrent with, the security instrument.

- **CLOSING DISCLOSURE OR SETTLEMENT STATEMENT (HUD-1, IF APPLICABLE)**

  A copy of all Closing Disclosures or HUD-1 Settlement Statements (if applicable) with executed addendums and copy of the final stamped Closing Disclosure or HUD-1 Settlements Statement (if applicable) for both the first and second mortgages must be included with every loan file submitted to the appropriate Master Servicer for purchase

to confirm that the loan has closed. The Closing Disclosure or HUD-1(if applicable) must contain the following:

- The box corresponding to the appropriate loan type should be checked.
- Names of borrowers that match the names on all legal documents.
- Name of property sellers and borrowers, as identified on the Title Policy.
- Property location that matches the Note, Deed of Trust, appraisal, and application.
- Settlement date. This date may or may not be the same as on the Deed of Trust.
- Valid COC's along with proof of receipt of all CD's.

❑ AGGREGATE ESCROW DISCLOSURE STATEMENT

All Mortgage Loans must be closed following the Real Estate Settlement Procedures Act (RESPA) guidelines. RESPA regulates the amounts which Mortgage Lenders may hold in impound/escrow accounts established for the payment of real estate taxes and insurance. RESPA requires impound/escrow accounts to be established using the aggregate analysis method.

With the aggregate analysis method, the total disbursements of all items impounded (such as property insurance, mortgage insurance, and property taxes) is calculated, and then divided into 12 equal installments. The Mortgage Lender must also include an additional 2 month reserve for all escrow items with the exception of MI.

When an escrow account is established at the time of loan closing, the Mortgage Lender must provide the borrowers a disclosure, detailing the anticipated disbursements from the impound/escrow account for the 12 months following the loan closing. The disclosure also states the amount of the monthly impound/escrow payment that will be made by the borrowers. If the exact amounts of the disbursements are not known at the time of loan closing, the statement is to be prepared using the Mortgage Lender's best estimates. Although Mortgage Lenders have the option of analyzing the impound/escrow account at closing or within 45 days of settlement the appropriate Master Servicer requires a copy of the initial escrow account statement.

❑ LOAN APPLICATION (1003)

The Master Servicer require a typed, Final 1003 signed by all borrowers in all purchase files.

- **LOAN DISCLOSURE NOTICES**

  Loan disclosure notices must be provided, as applicable. A Notice of Assignment, Sale or Transfer of Servicing (good-bye letter), and a First Payment Notification are required for all Mortgage Loans. An interest rate disclosure is required for all VA Mortgage Loans.

Closing Documents (Commission Second Mortgages)

Edited 1/11/2019

- **DOCUMENTS REQUIRED ON OF ALL COMMISSION DOWN PAYMENT ASSISTANCE AND SUBSIDY MORTGAGES**

  The Mortgage Lender must submit the following closed loan documents to the appropriate Loan Servicer:

  - Original second mortgage Note closed in the name of the Washington State Housing Finance Commission
  - 2nd Loan Deed of Trust, also in the name of the Washington State Housing Finance Commission
  - Loan Estimate and Closing Disclosure

  MERS is not permitted for Commission second mortgages.

Rate Lock Extension Fees

Edited 3/1/2018

Rate lock extension fees are netted out at time of loan purchase.

11 - POST CLOSING COMPLIANCE REVIEW & APPROVAL

Edited 03/01/2018

Submission of Mortgage Loan File

Edited 4/20/2026

After closing, and within the reservation period, Mortgage Lenders must submit through the Lender Portal the complete Post Closing Compliance Review Mortgage Loan file to the Commission for final review and approval for purchase by the appropriate master loan servicer.

Items Needed at Post Closing Compliance

Edited 09/15/2025

1. **A Copy of the Covenant, Home Advantage Post-Closing Compliance Review File Checklist (15.20.01)**
2. **A Copy of the Final Closing Disclosure for First and Second (as applicable)**
   - ❑ Verify Closing Disclosure(s) is marked as "Final."
   - ❑ Verify borrower did not receive cash back beyond what they have put into the transaction and beyond allowed reserves requirement (if applicable).
   - ❑ Verify loan amounts for first and second match loan reservation system.
   - ❑ Verify appropriate master loan servicer fees have been collected.
   - ❑ Verify Program Application Downpayment Assistance fee is collected on Closing Disclosure for second mortgage (as applicable)
3. **A Copy of the Executed Note for Commission Downpayment Assistance Program, as applicable.**
   - ❑ Verify Correct Commission Downpayment Assistance Program Note used.
   - ❑ Verify signing date and Maturity Date match 1st Mortgage Note
4. **A Copy of the Executed Deed of Trust for Commission Downpayment Assistance Program, as applicable.**
   - ❑ Verify Correct Commission Downpayment Assistance Deed of Trust used.
   - ❑ Verify signing and Maturity Date match
   - ❑ Verify borrower(s), trustee and legal description match 1st Mortgage DOT.
5. **A Copy of the Executed Note for 1st Mortgage.**
6. **Provide MERS Min number**
7. **A Copy of the Final Loan Application(s) signed & dated by borrower(s).**
8. **A Copy of Real Estate Excise Tax Affidavit form**
9. **Copies of Pre-Closing Compliance Approval Conditions, as applicable.**
   - ❑ Copy of ACH for high balance add-on fee to the Commission, as applicable.

- ❑ Copy of ACH for permanent rate buydown fee to the Commission, as applicable.

10. **Original Signature for HOME Recapture Agreement on ARCH and Bellingham, mailed to the Commission.**
11. **EnergySpark**
    - ❑ A copy of the Post-Closing Energy Audit (Documenting 10% Improvement).

Where to Submit Files

Edited 4/20/2026

After closing, electronically upload the Post-Closing Compliance Review Checklist (Form 15.21) and required post-closing documents of the file to Lender Portal.

The Mortgage Lender may simultaneously deliver the Mortgage Loan package for purchase to the Loan Servicer when the Post Closing Compliance Mortgage Loan file is delivered to the Commission.

Review Procedure

Edited 4/20/2026

Each Mortgage Loan file will be reviewed within two business days of receipt by Commission staff for compliance with Program requirements. The results of the review will be posted on the Lender Portal at https://lender.hotbreservations.com/login/wa . The Commission's On-line Loan Tracking System interfaces with the Master Servicer eliminating the need for Mortgage Lenders to provide them a copy of the approval to purchase.

Checking Mortgage Loan Status

Edited 4/20/2026

Mortgage Lenders may log on to the Lender Portal Web site at https://lender.hotbreservations.co/login/wa . The Web site location is available 24 hours a day. Lenders may check the status of a loan. Choose the "Applications" tab from the Dashboard. You may search for the loan by using the WSHFC loan number, Lender Loan number or Borrower name.

To enter the loan file, select the borrower's name from the Application column.

Navigate to the Overview tab to check current loan status.

All conditions pertaining to both the first and second mortgage loans will be posted on the first mortgage loan.

12 - LOAN PURCHASE & DELIVERY

Edited 03/01/2018

Relevant Search Terms: SRP, service release premium, DPA

In General

Edited 3/1/2018

The entire closed Mortgage Loan package should be reviewed for completeness and accuracy before shipping to the appropriate Master Servicer for purchase. The loan must be purchased by the appropriate Master Servicer within 60 days of reservation.

Amortized Loan Balance

Edited 3/1/2018

When Mortgage Loans are purchased, the loan servicer will determine the principal balance and current escrow reserves, based on an amortized balance. The Master Servicer will purchase loans on a non-delinquent, normal payment, normal escrow disbursement status.

Timing and Delivery of Closed Loans

Edited 1/3/2023

The closed mortgage loan package is to be received by the loan servicer within 10 days of loan closing.

1. Lenders must check the closed loan package to confirm all items listed on the Funding Checklist are included in the package. Loans will not be funded if any of the items on the checklist are missing or incorrect.
2. All First Mortgage loans purchased by the Master Servicer will require mandatory registration with MERS. No assignments will be accepted for first or second mortgages. Lenders must transfer all applicable rights in MERS to the Master Servicer immediately after purchase.
3. Utilize the Delivery File Checklist(s) to the Master Servicer as found on the Commission's Website at https://heretohome.org/lender-central/#60-234-ihfa-loan-delivery-checklist-all-home-advantage-conventional-loans

Upon completion of the closed loan file compliance review, the mortgage loan(s) will be funded if the file is complete and is in compliance with all requirements. Closed loan packages will not

be funded until all required fundable documentation has been received and all compliance issues cleared.

Penalties Withheld From Funding

Edited 12/6/2023

Lenders must deliver the complete closed loan package to the Master Servicer as soon as possible after loan closing. A loan is considered to be in a fundable condition when a complete closed loan package is delivered without errors or missing documents. Also, loans with delinquent payments will not be purchased.

All loans must be purchased by the Master Servicer within 60 days of the note date. Original notes will be returned to the lender's warehouse bank as requested by the lender for loans that will not be purchased.

In the event a loan is not purchased or must be repurchased, the lender must prepare an Assignment of Mortgage for the 2nd mortgage (DPA loan) and provide to the loan servicer to execute on behalf of the Commission. The executed AOM will be sent to the lender to record.

Delivery Address

Edited 7/01/2024

For Home Advantage and Covenant Fannie Mae HFA Preferred, Freddie Mac HFA Advantage and FHA/VA/USDA, Loan packages must be electronically delivered to IHFA at https://lender.ihfa.org/LenderConnection/Account/Login.aspx, Seller portal. Please Do Not mail loan packages.

Wire/ACH Transfer Instructions

Edited 08/01/2026

Idaho Housing and Finance Association:

Original Notes for the first and second (if applicable) for **Freddie Mac and Fannie Mae** mortgages must be delivered to the following address by the expiration date:

Idaho Housing and Finance Association
Attn: Document Center-WSHFC Freddie/Fannie
565 W Myrtle St.
Boise, ID 83702

Signature/Name Affidavit Required.

Idaho Housing and Finance Association:

Original Notes for the first and second (if applicable) **FHA/VA/USDA** mortgages must be delivered to the following address by the expiration date:

Idaho Housing and Finance Association
Attn: Document Center
565 W Myrtle St.
Boise, ID 83702

Signature/Name Affidavit Required.

IHFA will wire all funds to the lender's warehouse bank according to the wire instructions provided by the lender. Please use one warehouse bank per lender. If a second warehouse bank is needed, please contact IHFA prior to loan purchase. Accommodations will be considered on a case by case basis.

Loan Purchase Schedule/Funding

Edited 3/1/2018

IHFA:

IHFA will purchase loans every day except on federal holidays. A purchase advice is generated for each loan. Lenders can view the Purchase Advice at https://lender.ihfa.org/LenderConnection/Account/Login.aspx on the day of funding. The Purchase Advice will itemize the payments in the funding wire. Any fees due to IHFA will be netted from the wired funds.

Purchase Prices (Lender SRP)

Edited 7/31/2024

Borrower Points	Loan Sale by Lender to Servicer	Net Compensation to Lender
1.00	101.25%	2.25%
0.00	102.25%	2.25%

Amounts to be deducted from funding will consist of:

1. $85.00 Tax Service Fee
2. $10.00 Flood Certification Transfer Fee

3. $40.00 Electronic Upload Fee
4. $40.00 Program Application Fee for each Commission downpayment assistance mortgage (as applicable)
5. Extension fees assessed (as applicable).
6. Applicable permanent and temporary buydown costs and fees.

Fees may be viewed on the "Fees" tab.

Loan Suspensions (Curatives)

Edited 12/1/2022

After a closed file review is done, suspense conditions are posted via the Master Servicer Lender Portal. The suspense conditions will list any documents needed to complete the file or any corrections that need to be made to documents before the loan may be purchased.

> Conditions required prior to loan purchase or separate follow up documentation must be clearly identified with the appropriate Master Servicer's loan number and the Mortgage Lender loan number.
>
> The most common curatives occur for: a missing note; incorrect endorsement to the note; incomplete copy of the Deed of Trust, missing Closing Disclosures; missing or incomplete hazard policy/declaration page, tax, mortgage insurance, or flood information.

In the event a loan is not purchasable the lender is required to provide an Assignment of Deed of Trust for the second mortgage to the master loan servicer to execute on behalf of the Commission.

First Payment/Notice of Assignment

Edited 2/2/2026

Lenders are responsible for servicing the loan until purchased by the loan servicer to include the payment of all required escrow disbursements for each loan during the period from closing to purchase.

The originating lender retains the loan servicing rights and benefits until the loan servicer purchases the loan. The originating lender will perform all servicing duties until that time.

Servicing and benefits rights transfers to the loan servicer at the time of loan purchase.

The Master Servicer assumes Seller will collect scheduled payments that have already become due.

For Loans purchased from the 1st through the 12th of the month, the loan servicer will receive the next payment due.

For loans purchased on or after the 13th of the month, the lender will retain next payment.

IHFA will onboard the land and send welcome letters the day after the loan file is purchased.

Hazard Insurance Premium

Edited 3/1/2018

A copy of the Declaration Page showing the first annual premium is paid in full should be included with the Loan Closing Package. The appropriate Master Servicer will also accept a copy of the binder with the policy number and paid receipt.

Flood Insurance

Edited 3/1/2018

Please see Section 2 for additional information.

FHA Monthly Insurance Premium

Edited 5/18/2020

Idaho Housing Finance and Association (IHFA) requires the lender to be responsible for all monthly MIP payments for the months the lender is collecting the payment. The appropriate master servicer will be responsible for making the monthly insurance payment for loans purchased when the first payment due date on the Note is also the first payment due to the appropriate master servicer.

Conventional Mortgage Insurance Premiums

Edited 3/1/2018

The first monthly mortgage insurance premium on a conventional loan is due at the time the loan closes. Mortgage Lenders are responsible for the initial monthly premium.

Post-Closing Details of Origination Charges: Items Payable in Connection with Loan

Edited 3/1/2018

The Mortgage Lender must provide a breakout of all items payable by the buyer and seller as shown on the Post Closing Review Checklist (15.20.1) and in the Delivery File Checklist(s) provided by the Master Servicer.

Final Documents

Edited 08/01/2026

Home Advantage and Covenant Freddie Mac and Fannie Mae HFA Preferred Loans deliver to IHFA:

The lender is to submit the final mortgage loan documentation consisting of the original recorded first mortgage, title policy, MIC, etc., to IHFA within 90 days of loan purchase. The Final Title Policy and MIC can be uploaded through Lender Connection at https://lender.ihfa.org/LenderConnection/Account/Login.aspx. The recorded Deed of Trust for the first mortgage and the Down Payment Assistance Program is to be delivered to IHFA also within 90 days of loan purchase. **WSHFC Freddie Mac ID # 214920**. **WSHFC Fannie Mae ID #1000130.**

Send Final Documents to:
Idaho Housing and Finance Association
Attn: Doc Center-WSHFC Freddie/Fannie
565 W. Myrtle Street
Boise, ID 83702

Home Advantage and Covenant FHA/VA/USDA deliver to IHFA:

The lender is to submit the final mortgage loan documentation consisting of the original recorded first mortgage, title policy, MIC, etc., to IHFA within 90 days of loan purchase. The Final Title Policy and MIC can be uploaded through Lender Connection at https://lender.ihfa.org/LenderConnection/Account/Login.aspx. The recorded Deed of Trust for the first mortgage and the Down Payment Assistance Program is to be delivered to IHFA also within 90 days of loan purchase.

Send Final Documents to:
Idaho Housing and Finance Association
Attn: Document Center
565 W. Myrtle Street
Boise, ID 83702

Common Exceptions that Delay Purchase

Edited 08/18/2021

1. The Borrower's name must be typed under their signatures on the Note and Deed of Trust. This includes 2nd mortgages.
2. Incomplete packages are not acceptable. The Master Servicer cannot purchase Mortgage Loans that are incomplete. Please review the applicable checklist and ship a complete file. Incomplete files slow up the purchase process.
3. 1st Mortgage Loans Note must be endorsed and assigned to the Master Servicer as applicable.
4. 2nd Mortgage Loans must be closed in the name of the Washington State Housing Finance Commission. Do not endorse 2nd lien Notes to the Master Servicer. Do not transfer 2nd mortgage Deed of Trust to MERS.
5. When recorded documents require a correction, fax a letter of intent to re-record or upload a letter of intent to re-record to the Master Servicer that includes the correction being made and to which documents. Do not wait for the original document to be returned.
6. Marital status needs to be indicated on the Deed of Trust for both the 1st and 2nd mortgages.
7. Separate Closing Disclosures are required for the 1st and 2nd mortgages.
8. HUD Letter, FHA Award letter and WSHFC legal opinion letter are required in the file.
9. WA Right to Choose Insurance Provider and Borrower Consent to the use of Tax Information must be in the file. Engineer Foundation Report/Structural Certification, as applicable, must be in the file.
10. FHA Appraisal Logging Screen; Case Query, Informed Consumer Choice Disclosure; Notice of Homebuyer; For Your Protection Get a Home Inspection and HUD 92900-LT, must in the file.
11. Appropriate "federal tax classification" box on W-9 checked.
12. AUS Red flag, UCDP SSR report, spouse's credit report; include documentation verifying balances.
13. FHA Clear CAIVRS
14. DPA documentation; 2nd lien notes and award letters. Verify maturity dates, property address are correct including zip codes, all match on the 1st and 2nd Notes and DOTs.
15. Document evidence of down payment.
16. Provide copies of 2nd lien Note and DOT.
17. 2nd lien Note and Deed of Trust not sent to the loan servicer.

13 - DOWNPAYMENT PROGRAMS

Edited 03/01/2018

Relevant Search Terms: down payment assistance, downpayment assistance, DPA

Downpayment Assistance Programs

Edited 3/1/2018

These guidelines apply to all downpayment assistance loans offered at the Commission

Details for Home Advantage 0% Downpayment Assistance Program can be found here.

Program Description

Edited 3/1/2018

All downpayment assistance programs offered at the Washington State Housing Finance Commission are community second mortgages and must be used in conjunction with a Commission first mortgage program. Each Downpayment Assistance program offered at the Commission receives funding from different sources including, but not limited to federal funds (HOME, CDBG), state funds, city funds (housing levy) and the Commission's Program Related Investment.

Additional guidelines per the individual program manuals also apply and are required as per the source of funds for the downpayment assistance program.

Maximum Income Limit, Loan Amount & Mortgage Details

Edited 3/1/2018

Please refer to the individual downpayment assistance manual for terms.

Downpayment assistance program loans are not assumable.

Minimum Loan amount of assistance is $1,000.

When the borrower is required to make payments, the late charge is 4%.

Program Eligibility

Edited 07/1/2024

1. First Mortgage must be a Covenant, Home Advantage or House Key FHA, Fannie Mae HFA Preferred, Freddie Mac HFA Advantage, USDA Rural Development, VA, or HUD 184 Loan.
2. Income levels must meet the downpayment assistance programs' requirements (see limits in each manual); Please note: Income limits for the 1st mortgage can be different. The Borrowers must meet both 1st and 2nd income limit guidelines.
3. With the exception of both options for the Home Advantage DPA program, the Borrowers must be a first time homebuyer (have not owned and occupied in the past 3 years) or purchase in a Targeted area of the state, lender to provide previous 3 years tax returns, Affidavit Addendum to Loan Application and current credit report for all borrowers. If using Covenant program, the homebuyers must be a first-time homebuyer as defined under the program.
4. The Borrowers must demonstrate a need for assistance with the exception of the Home Advantage DPA program at 0% interest.

Combined Loan to Value (CLTV) and Total Loan to Value (TLTV)

Edited 06/17/2019

FHA, HUD 184 – Cannot exceed 100% of FHA's acquisition cost. FHA's acquisition cost does not include 2nd mortgage fees.

Fannie Mae HFA Preferred or Freddie Mac HFA Advantage – CLTV up to 105%, unless other restrictions apply.

VA – Cannot exceed 100% of the lesser of sales price or Notice of Value, plus eligible closing cost.

USDA Rural Development – Maximum LTV as per current USDA guidelines.

Reserves (Not Applicable to the 0% Home Advantage or Covenant DPA *Program)*

Edited 9/11/2024

The Borrower(s) may keep, but are not required to have up to 12 months PITI (including the projected payment on the downpayment assistance loan if applicable) or $20,000 (whichever is greater) in liquid checking and savings account after loan closing.

Buydowns

Edited 3/1/2018

Lenders may not offer rates lower than the ones published on our Website and reserved on the Lender Portal system. Further buydowns are not allowed.

Reservations

Edited 10/10/2022

Reservations for downpayment assistance loans are usually made on the Lender Portal system at the same time as the first mortgage loan reservation. Funds are reserved on a first-come, first-served basis. Loan originators may reserve the maximum allowable amount per the program guidelines for their borrower since cash to close cannot be exactly determined at loan reservation. A reservation for downpayment assistance can be made on-line at any time prior to submission of a pre-closing compliance package. Increases in the reservation amount are subject to the availability of funds. If funds are not available, our Website will indicate if we are taking a wait list.

Reservations for any Needs Based or specialty downpayment assistance programs are **not** permitted on the 3% or 5% Home Advantage first mortgage rate options, use only the 4% Home Advantage first mortgage rate option.

Income Calculation

Edited 7/01/2024

The source of funding determines how income is calculated for the program. Please refer to the correct downpayment assistance manual for the type of income used for the program.

Compliance Income

Please refer to the individual downpayment assistance manual to see if the downpayment assistance program uses compliance income.

Current downpayment assistance programs using compliance income include ARCH, and Bellingham DPA.

The calculation used to determine compliance income is the same as the calculation used to determine compliance income for the House Key first mortgage as shown in Section 3 of the House Key Manual which uses future anticipated income for all household members 18 years of age or over. Please contact the Commission if you need assistance calculating compliance income.

After the applicant's income for the Second Mortgage has been calculated, refer to the Maximum Income Limits chart in the individual downpayment assistance manual to determine if the applicant is at or below the income limit.

Credit Underwriting Income

Please refer to the individual downpayment assistance manual to see if the downpayment assistance program uses credit underwriting income.

Current downpayment assistance programs using credit underwriting income include the Home Advantage DPA, Home Advantage Needs Based DPA, HomeChoice DPA, Veterans DPA, Opportunity DPA, and the Covenant Homeownership DPA.

When using Credit Underwriting Income, the income for the downpayment assistance program is different than the income used to determine income for the House Key program which uses household "Compliance" income as shown in Section 3 of the House Key Manual. For downpayment assistance mortgages using Credit Underwriting Income only, income is calculated according to the investor's (FNMA, Freddie Mac, FHA, VA or USDA) underwriting guidelines. The lender should then refer to the Maximum Income Limit in the manual to determine if the borrower is at or below the income limit.

A copy of the underwriter's signed income worksheet or loan approval reflecting final income figures must be included in the Pre-Closing Compliance Review File.

Calculating Downpayment Assistance Loan Amount

Edited 07/01/2024

For the **Home Advantage 0% downpayment assistance** loan, the loan amount cannot exceed 3%, 4% or 5% (5% DPA option available on Conventional or FHA only) of the total gross loan amount of first mortgage, rounded down to the nearest dollar. No Needs Assessment form is required.

For the **Covenant DPA,** the loan amount is up to 20%, not to exceed $150,000, of the purchase price or appraised value, whichever is less, plus applicable allowable closing costs (per Community Second guidelines) paid by the homebuyer. The underwriter will calculate Need using the Covenant Needs Assessment form. The borrowers assets will not be considered on the Covenant Needs Assessment form.

For all other Commission second mortgage programs including Home Advantage 1% Needs Based Option up to $10,000:

The downpayment assistance loan amount is the lesser of:

1. Amount of need as established by the Needs Assessment Form (based on maximum financing or based on gap financing) calculated by the underwriter; or
2. Maximum loan amount per program.

Needs Assessment Form (Not Applicable to Home Advantage Downpayment Assistance Program at 0% Interest)

Edited 05/25/2025

The underwriter will calculate the Needs Assessment Form located in the Forms section of the Downpayment Assistance Manuals at underwriting approval to determine the exact amount of funds needed. The Needs Assessment Form should be completed using a **current** VOD or bank statements and should be adjusted as the borrower's situation changes.

The underwriter will determine the down payment, closings costs, additional costs, and pre-paids as shown on Needs Assessment Form. These figures should match 1003 and underwriter's loan approval. The underwriter determines the amount of cash required by the Borrower to close the transaction. Stocks, bonds, IRA's, 401(k)s, mutual funds, life insurance policies, annuities liquid assets, and any other type of account causing a penalty in order to access are not included in the calculation.

The Mortgage Lender will then subtract out seller and Mortgage Lender contributions. The Mortgage Lender then determines liquid assets available to borrower in checking/savings accounts. The Mortgage Lender will list out separately gift letters if gift has not already been verified in checking account. The earnest money, lender deposits and paid out of closings should be listed separately if the money has cleared the bank based on VOD or bank statement. These figures should match the 1003 and underwriter's loan approval.

Subtract the allowed liquid reserves from the total amount of verified assets available at underwriting approval. If the amount is less than or equal to 0 enter "0" on Needs Assessment Form.

The underwriter calculates the shortage of cash to close based on the total cash required to close (on Needs Assessment Form) from Total Assets Available to Close minus up to 12 months PITI or $20,000 whichever is greater (on Needs Assessment Form).

For the **Covenant DPA,** The underwriter will calculate Need using the Covenant Needs Assessment form. The borrowers assets will not be considered on the Covenant Needs Assessment form.

Eligible Uses of Downpayment Assistance Funds

Edited 04/09/2026

- Downpayment Assistance funds are used for downpayment, closing costs, and pre-paids. Per GSE guidelines, borrower paid real estate commissions are allowed to be paid only for Fannie Mae and Freddie Mac loans. Real estate commissions are not allowed to be paid for government loans including FHA, VA and USDA.

- Downpayment Assistance funds cannot be used to pay any portion of the real estate commissions when the loan originator is also a licensed real estate agent and serves in both roles of the same transaction – regardless of whether they act as the listing or selling agent.
- Downpayment Assistance funds cannot be used to buy either the first or second loan down.
- Downpayment Assistance funds cannot be used to pay off bills or liens of the borrower. If the borrower is required by underwriting to pay off bills in order to qualify, these items must be paid by the borrower. Please provide a copy of the loan approval with the total of the bills to be paid by the borrower as required by underwriting. This amount must match the amount on the Closing Disclosure.
- Downpayment Assistance funds cannot be used to replenish the Borrower's bank account if they do not have reserves in the bank after closing.
- Downpayment Assistance funds cannot be used to pay for repairs to property. Furthermore, if Borrower chooses to pay for repairs from their own funds, escrow holdbacks must be for an exact bid from contractor. In order to avoid cash back, escrow cannot over collect borrower funds (i.e. 1 ½ times). Please refer to Escrow Holdbacks and Acquisition Cost.
- Downpayment Assistance funds cannot be used to pay the difference between the sales price and the appraised value.
- Downpayment Assistance funds cannot be used to pay for short sale negotiation fees, attorney fees, or any other similar fees.

In order to avoid cash back issues at closing, the Mortgage Lender should re-calculate the Needs Assessment Form where applicable after receiving an estimated closing statement. Adjustments should be made to the loan amount if necessary **prior** to releasing loan documents. If in doubt, it is always a good idea to reduce the loan amount slightly than risk the chance of the borrower receiving cash back.

On the **Needs Assessment and the Covenant Needs Assessment Form**, if the borrower's front-end ratio (PITI/Income) is less than 25% based on the appropriate income for the downpayment assistance program, the underwriter will decrease amount of subsidy to bring up the front-end ratio to acceptable assistance base levels for gap financing. The Borrower must qualify with the 25% ratio test in order to be eligible for gap financing. If the borrower fails to meet the ratio test, then the underwriter must proceed using the appropriate maximum loan-to-value (LTV) allowed by the first mortgage type. In other words, on an FHA loan, the minimum downpayment is 3.5%.

The Needs assessment does not apply to the Home Advantage 0% Downpayment Assistance Program.

Cash Back

Edited 9/11/2024

The intent of the Downpayment Assistance Loan is to provide the funds necessary to close the transaction and not to provide cash back to the borrower.

In no event will downpayment assistance funds result in cash back to the Borrower. Mortgage Lender should advise Borrower upfront that if a check is presented to them at closing when using a downpayment assistance mortgage funds, and the check exceeds the amount(s) that they originally paid in to the transaction via required earnest money and lender deposits, that they should refuse the check. With the exception of the Home Advantage DPA program at 0% Interest, the Borrower should also refuse the check if the amount of the total refund plus their current liquid assets in the bank will result in more than 12 months PITI or $20,000 whichever is greater in reserves

In the event that there is a refund to the borrower at closing and the refund plus the Borrower's remaining liquid assets exceed 12 months PITI or $20,000 whichever is greater, the Lender may apply the *refund* amount towards the principal balance of the 2nd mortgage or lower the amount of assistance and redraw the loan documents. If it is then determined that cash back was given to the Borrower, the refund amount will need to come from the borrower, not the lender. The appropriate master loan servicer will not purchase the Mortgage Loan unless the second mortgage note is lowered accordingly and within the allotted time frames.

If using ARCH, or Bellingham downpayment assistance, the borrower may not receive ANY cash back at closing, including earnest money or funds paid in, as per HOME fund rules, excess funds must be used to pay down the DPA loan.

Closing and Delivering the Loan

Edited 5/18/2020

Program Application Fee

There is a $40.00 program application fee for all downpayment assistance loans. This amount will be subtracted from amount reimbursed to the Mortgage Lender. This fee must be disclosed on the second mortgage documents.

Funding and Delivery

Participating lenders fund the second mortgage at loan closing. The funding and delivery procedures are as follows:

1. Second mortgage Notes and Deeds of Trust are originated under the Commission's name;
2. The appropriate master loan servicer will purchase loans with a copy of the Deed of Trust with the original recorded copies to follow.

3. Interim interest is not collected at closing on the downpayment assistance loans with deferred payments.

HUD Commitment Letter for FHA Loans

Edited 4/24/2019

Per HUD ML #2013-14 dated May 9, 2013, the Washington State Housing Finance Commission has, at or before closing, incurred a legally enforceable obligation to provide the funds for the Borrower's required Minimum Cash Investment. A Commitment Letter can be downloaded from Lender Portal system by the originating Lender in compliance with FHA's insurance requirements applicable to secondary financing transactions. This letter can be downloaded electronically from the Lender Portal system by the Contact Name who reserved the funds in the Lender Portal system after the loan is "Committed".

Per HUD ML #19-06 dated April 18, 2019, required language has been added to the HUD Commitment Letter for an FHA loan. You will find the Commission authorizing legislation here and find the required opinion from the Commission's legal counsel signed and dated within two years of closing the transaction stating they reviewed our downpayment assistance programs and concluded they are consistent with the Mortgagee Letter 19-06.

FHA Insurance Award Letter

Edited 3/1/2018

The Commission has agreed to loan to the Borrower a Second Mortgage Loan on the terms as shown on the Lender Portal system. An Award Letter to satisfy the requirements of HUD Handbook 4000.1 will be issued to the Borrower(s) by the Commission when the loan is "Committed".

Insurance Requirements

Edited 11/28/2018

Hazard Insurance

Hazard insurance is required sufficient to cover both the first and second mortgages, or the maximum insurable value of the property whichever is less. The policy must contain a guaranteed replacement cost endorsement. Binder must indicate the first loan be payable to the appropriate loan servicer using the standard Mortgagee clause as written in Section 2.

Title Insurance

Title insurance coverage is required for the first mortgage only. The second mortgage appears as a lien of record in second position when the policy is issued. As title insurance is not required for the second mortgage, the lender is not allowed to charge a title fee on the second mortgage.

Payment Statement

Edited 3/1/2018

On the second mortgage, the Borrower receives a separate monthly statement from the appropriate master loan servicer.

Payoff of Second Mortgage

Edited 3/1/2018

All second mortgages are due and payable upon sale, refinance, early payoff of the 1st mortgage, no longer occupy the property as primary residence or transfer of the property as shown in the note and deed of trust for the downpayment assistance program.

If the Borrower(s) refinances, the second mortgage must be paid off in full. The Commission will only subordinate our second mortgages in conjunction with a Home Advantage first mortgage if program is available. The downpayment assistance loan is not assumable.

The Borrower(s) should contact the appropriate master loan servicer for payoff information on their first mortgage and second mortgage as applicable.

TRID Guidance

Edited 10/10/2018

Please follow your own company's compliance guidelines for TRID and RESPA. The loan is subject to repurchase if the loan is not eligible for pooling or is audited and found to not be in compliance. As a courtesy to our lenders, we have Loan Estimates and Closing Disclosures if your system is unable to generate them. You are also welcome to use your own forms as applicable.

These forms are made available as a courtesy to our lenders to use at lender's own discretion. Please feel free to use these disclosures or those provided by your Lending Institution. The Commission makes no representation regarding the accuracy or compliance of these forms with regulatory requirements. Please check with your own company's compliance department regarding whether these forms satisfy your compliance requirements.

By using these forms, you are agreeing that the Commission and its employees assume no responsibility for, and that you will hold the Commission and its employees harmless from, any claims or expenses that may be related to or arise from any violation of law arising from your use of these forms.

In most cases, a Loan Estimate and Closing Disclosure will be required on amortizing loans, loans with deferred interest with an interest rate, and loans with deferred payments at 0%, but that is up to your own company's interpretation of TRID. If the Commission is uncertain regarding the documentation presented we may request a letter from your corporate to verify your loan closing documents meets TRID compliance guideline.

HOME ADVANTAGE 0% DOWNPAYMENT ASSISTANCE

Edited 03/01/2018

Relevant Search Terms: downpayment assistance, down payment assistance, DPA

Please see Section 13: Downpayment Programs for all other terms and conditions.

Program Eligibility

Edited 3/1/2018

1. Eligible Borrowers who purchase within the state of Washington and meet the guidelines below
2. No requirement for reserves
3. No Needs Assessment Worksheet required

Mortgage Details

Edited 9/01/2021

- **Interest Rate –** 0% simple interest, payment deferred
- **Loan Term –** 30 years
- **Maximum Loan Amount –** 3%, 4% or 5% (5% DPA option available for Conventional or FHA only) of 1st mortgage total gross loan amount, rounded down to nearest dollar.
- **Repayment –** Due at the time of sale, transfer, refinance, early payoff of 1st mortgage, no longer occupy as primary residence or 30 years (whichever comes first).

Eligible households may qualify for a maximum loan amount of up to 3%, 4% or 5% (5% DPA option available on conventional or FHA Only) of the first mortgage total gross loan amount in all counties towards downpayment and closing costs. Borrower is not required to take the full 3%, 4% or 5% (5% DPA option available on conventional or FHA Only).

Income Limits

Edited 9/15/2025

To be eligible for a Program loan, an applicant's income must not exceed the following Program Income Limits at the time of loan closing:

Statewide: $215,000

Income Calculation

Edited 3/1/2018

This downpayment assistance program uses Credit Underwriting Income for the Home Advantage 2nd mortgage. ***Please see this section of the manual.***

A copy of Automated Underwriting System (AUS) and underwriter's signed & dated 1008/92900-LT/VLA reflecting final income figures must be included in the Pre-Closing Compliance Review File.

14 - SPECIAL PROGRAMS:

Edited 05/25/2025

Home Advantage – Needs Based 1% Option DPA

HomeChoice DPA

Veterans DPA

ARCH (East King County) DPA

Bellingham DPA

Covenant Homeownership DPA

15 - FORMS

Edited 09/25/2026

Home Advantage Program Forms

PRE-CLOSING COMPLIANCE

Name of Form	Date of Form	Page Number
Pre-Closing Compliance Review Checklist	10/01/2026	15.13.1-3

LOAN CLOSING

Name of Form	Date of Form	Page Number
Home Advantage 0% Note	02/01/2022	Pages 1-3
Home Advantage 0% Deed of Trust	02/01/2022	Pages 1-10

POST CLOSING COMPLIANCE

Name of Form	Date of Form	Page Number
Post-Closing Compliance Review Checklist	10/01/2026	15.20.1

PURCHASE & DELIVERY

Idaho Housing and Finance Association

Name of Form	Date of Form
Washington Housing Delivery Checklist	12/14/2022

16 - PROGRAM ANNOUNCEMENTS

Edited 03/01/2019

WSHFC | SF Lender Program Announcement Archive

18 - APPENDICES

Edited 9/15/2025

APPENDIX III

Fannie Mae HFA Preferred Product-3/7/2022

Under **Fannie Mae HFA Preferred**, the following requirements will apply to **all FNMA loans delivered to Fannie Mae**:

- 100% of Fannie Mae's Adverse Market Fee applies as applicable.
- No additional Loan-level price adjustment (LLPA).
- One-unit conforming Maximum Loan to Value (LTV) up to 97% in all markets (subject to mortgage insurance availability).
- MH Advantage manufactured home, Maximum Loan to Value (LTV) up to 97% in all markets (subject to mortgage insurance availability). Follow agency guidelines for MH Advantage.
- A manufactured home, other than MH Advantage, Maximum Loan to Value (LTV) up to 95% in all markets (subject to mortgage insurance availability).
- Non-occupant co-borrowers or co-signors allowed, maximum LTV up to 95%.
- One-unit jumbo conforming loans in high cost areas are permitted up to 95% LTV on Home Advantage only. Follow Agency guidelines. (subject to mortgage insurance availability).
- One-unit maximum Combined Loan to Value (CLTV) up to 105% with Community Seconds (subject to mortgage insurance availability).
- Two-unit (duplex) conforming loan limit loan to value (LTV) up to 95% and CLTV up to 105%. 3% Borrower minimum contribution required and landlord education may be required, follow agency guidelines.
- Maximum allowable total expense ratio per AUS & underwriter loan approval.
- Minimum credit score per agency guidelines for DU underwritten loans, unless other restrictions apply.
- Per Fannie Mae guidelines, Borrowers may own no more than two financed properties, including the subject property. Follow agency guidelines.
- Borrower Paid Monthly MI, Upfront, or Split MI allowed. Seller Paid MI allowed. Financed Single Premium (97% max LTV).

  Borrowers with incomes at or below Fannie Mae's 80% AMI
  Charter Minimum coverage are as follows:
  - 18% - 95.01 – 97% LTV
  - 16% - 90.01 – 95% LTV
  - 12% - 85.01 – 90% LTV
  - 6% - 80.01 – 85% LTV

  Borrowers with incomes greater than Fannie Mae's 80% AMI up to Home Advantage income limit of $215,000:
  Minimum coverage are as follows:

  - 35% - 95.01 – 97% LTV
  - 30% - 90.01 – 95% LTV
  - 25% - 85.01 – 90% LTV
  - 12% - 80.01 – 85% LTV
- Please update DU to include HFA Preferred as an option within the Community Lending screen.
- Click **Additional Data** in the navigation bar.
- Locate the **Community Lending Information** section.
- Select **HFA Preferred** (Special Feature Code (SFC)782) in the Community Lending Product field.
- If you are using a Community Seconds mortgage, select **Yes** in the Community Seconds field (Special Feature Code (SFC)118). Otherwise, select **No**.
- Special Feature code (SFC) for manufactured home is 235, if it's a MH Advantage manufactured home Special Feature code (SFC) 859 must also be used.
- If loan amount is a jumbo conforming, in high cost areas, use Special Feature Code (SFC) 808.
- If you are using a Community Seconds mortgage, you must select the appropriate options from the **Community Seconds Repayment Structure** drop-down list.
- When you are finished entering the necessary data for HFA Preferred (782) and other required fields on the Additional Data page, click **Submit**.

All loans subject to approval as per Mortgage Insurance guidelines as applicable. Please see Fannie Mae Special Feature Codes (SFC) in Section 2.

Freddie Mac HFA Advantage Product-12/01/2022

Under **Freddie Mac HFA Advantage**, the following requirements will apply to **all Freddie Mac loans delivered to Freddie Mac**:

- Credit fee in yield specific to the HFA community and elimination of credit fees in price for HFAs.
- One-unit conforming Maximum Loan to Value (LTV) up to 97% in all markets (subject to mortgage insurance availability).
- Manufactured homes are permitted, up to 95% (LTV) and up to 95% (CLTV).
- Super Conforming loans are not eligible under the program.
- Homes in Community Land Trusts (CLTs) are not eligible under the Freddie Mac HFA Advantage program.
- One-unit maximum Combined Loan to Value (CLTV) up to 105% with Affordable Seconds (subject to mortgage insurance availability).
- Two-unit (duplex) conforming loan limit loan to value (LTV) up to 95% and CLTV up to 105% with affordable seconds. 3% Borrower minimum contribution required and landlord education is required. Follow agency guidelines.
- Maximum allowable total expense ratio per AUS and underwriter loan approval.
- Minimum credit score per agency guidelines for LPA underwritten loans, unless other restrictions apply.
- Non-occupant co-borrowers or co-signers are permitted per agency guidelines.
- Per Freddie Mac guidelines, the occupant Borrowers may not own more than two financed residential real estate properties, including subject property as of the Note date.

- Borrower Paid Monthly MI, Upfront, or Split MI allowed. Seller Paid MI allowed. Financed Single Premium (97% max LTV).

  Borrowers with incomes at or below Freddie Mac's 80% AMI
  Charter Minimum coverage are as follows:
  - 18% - 95.01 – 97% LTV
  - 16% - 90.01 – 95% LTV
  - 12% - 85.01 – 90% LTV
  - 6% - 80.01 – 85% LTV

  Borrowers with incomes greater than Freddie Mac's 80% AMI up to Home Advantage income limit of $215,000:
  Minimum coverage are as follows:
  - 35% - 95.01 – 97% LTV
  - 30% - 90.01 – 95% LTV
  - 25% - 85.01 – 90% LTV
  - 12% - 80.01 – 85% LTV

- The "Offering Identifier" field in Loan Product Advisor (LPA) must show HFA Advantage or Home Possible Advantage for HFA's.
- If you are using an Affordable Second mortgage, you must select the appropriate options for the Affordable Second that does not require a payment within first 60 months can be entered in the "Total Gift Fund" field.
- When you are finished entering the necessary data for HFA Advantage LPA findings must show "Accept".

All loans subject to approval as per Mortgage Insurance guidelines as applicable.

19 - FREQUENTLY ASKED QUESTIONS

Edited 4/8/2024

Terms & Conditions

Q. What is the Total Debt To Income (DTI) ratio allowed under the Program?

A. Follow the Total Debt To Income (DTI) ratio as per AUS approval.

Q. With the Total Debt To Income (DTI) ratio guideline, can the Borrower consider paying off revolving debt accounts to get within the DTI guidelines?

A. Please check with your underwriter to see what will be acceptable under standard underwriting guidelines for the loan type (FHA, VA, USDA, or Conventional).

Q. What is the credit score requirement under the program?

A. All borrowers with a credit score must meet the minimum representative credit score per agency guidelines, unless other restrictions apply. See section 2 credit score for further details. A borrower with no credit score may be eligible, follow investor guidelines. Please note: Non-occupant co-borrowers or co-signers are eligible, if allowed per agency guidelines. See Section 2 for further details.

Q. My Borrower owns another property. Can they still utilize the Commission's Home Advantage program?

A. Yes. The Borrower can still use the Home Advantage program if they are going to occupy the new home and if the Borrower meets the underwriting guidelines per the first mortgage type.

Q. My AUS findings require a manual downgrade. Is that okay?

A. FHA-manual underwriting is permitted please follow agency guidelines. See Section 2 for further details.

Manual underwriting is permitted with Fannie Mae Conventional loans, except manufactured homes, follow agency guidelines. Manual underwriting is not permitted with Freddie Mac loans. See Section 2 for complete details.

Q. What Mortgage Insurance Companies approve loans under the HFA Preferred and HFA Advantage programs?

A. Most Mortgage Insurance Companies offer special guidelines for housing finance agencies. Please check directly with them for terms and conditions.

Q. My Borrower wants to purchase a home in Whatcom County and use the HFA Preferred or HFA Advantage product. In the open market, the income limit is lower. What is the income limit?

A. Fannie Mae and Freddie Mac allows the housing finance agency to set the income limit for the HFA Preferred and HFA Advantage products. So, the Borrower(s) can make up to $215,000 regardless of the county and still receive approval for the HFA Preferred or HFA Advantage product.

Q. At Loan Closing, can the Lender charge additional points?

A. No. The Lender can only charge up to the maximum origination and points as indicated on your Lender Portal loan approval.

Q. As a Loan Originator, how much money will I make on a Home Advantage Loan?

A. The Mortgage Lender will make 2.25 points per loan plus other allowable fees if such fees are usual and customary up to a maximum of $1,800. Since loans are sold service release to the Master Loan Servicer, no additional SRP is paid. Additionally, each Lending Institution will have different compensation splits for their Loan Originators.

Q. What if our Lending Institution accidentally charges a non-allowable fee on a Home Advantage loan at loan closing?

A. If a non-allowable fee is charged, the fee must be refunded to the appropriate party prior to purchase of the loan.

Q. Can our Lending Institution close a Home Advantage loan with a Single Premium MI Program?

A. Yes. The pricing adjustment must be added to the fees in terms of points (not the rate) and disclosed on the Closing Disclosure at closing. The Lender will then pay the mortgage insurance company.

Q. Are there any additional disclosures to the Home Advantage loan with a Single Premium MI Program?

A. The Mortgage Insurance Company will require a disclosure for the Borrower's signature. Since the language usually refers to a rate adjustment instead of a fee adjustment, the Lender can add language to the disclosure to say that the loan level pricing adjustment will be added as a fee in the form of points on the Closing Disclosure Statement. The Commission, however, does not have any additional forms that need to be signed by the Borrower for compliance purposes.

Q. Is it acceptable to close a Home Advantage first mortgage and with a community second program from a local nonprofit?

A. Yes, if the downpayment assistance program meets community second guidelines per the first mortgage type. It is the Mortgage Lender's responsibility to review the Program Description, Note and Deed of Trust for community seconds compliance. The underwriter must show the name of the community second program and verify the program is an approved community second program and lien position on the 1008 or HUD 92900-LT.

Q. What is the Commission's EIN#?

A. 91-1874730

Eligible Borrowers

Q. Which incomes are included for compliance purposes on the Home Advantage program?

A. We look to your underwriter's loan approval to determine income.

Q. Do you "gross up" Social Security, child support, and other sources of non-taxable income for the Home Advantage program?

A. We look to your underwriter's loan approval to determine income.

Q. My Borrowers are not first time homebuyers. Are they eligible for the Home Advantage program?

A. Yes. Unlike programs using tax exempt financing, this program assists both first time and non-first time homebuyers within Washington State as long as the home is the principal residence. Further restrictions apply when using some of the specialty downpayment assistance programs.

Property

Q. Can you finance properties greater than 2 acres or with mother in law quarters within the one-unit single family residence using the Home Advantage program?

A. Yes. Unlike programs financed through tax exempt financing, you can finance excess acreage and homes that may have additional features if allowed by the underlying FHA, VA, USDA Rural Development or Conventional loan. The property on the appraisal must show as a one-unit.

Q. Can you finance a duplex (2-unit) property using the Home Advantage program?

A. Yes. Unlike programs financed through tax exempt financing, you can finance a duplex (2-unit) if allowed by the underlying FHA, VA, or Conventional loan. The property on the appraisal must show as a legal duplex per agency guidelines.

Q. Can you finance manufactured homes under the Home Advantage program?

A. Yes, follow agency guidelines. For USDA loans, units must not have had ANY alterations or additions since construction in the factory.

Homebuyer Education

Q. Can the Borrower take an online homebuyer education seminar? Do I need an exception request or any type of pre-approval from the Commission?

A. If the Borrower cannot attend a Commission sponsored virtual or in-person HBE class, they can attend a self-guided online class following the procedures in Section 6 of the Home Advantage manual.

Prior approval from the Commission is not required.

Q. My Borrower attended a homebuyer education seminar and received a certificate of completion from the lending institution. Is this sufficient to meet the homebuyer education requirements in order to reserve funds for the Home Advantage program?

A. No. The Borrower (s) must attend a homebuyer education seminar sponsored by the Washington State Housing Finance Commission prior to reservation of funds. All eligible seminars are listed on our Website, heretohome.org. Participants receive a certificate with an official seminar control number.

Reservation Process

Q. I tried to reserve Home Advantage Funds over the weekend and Lender Portal gave me an error message. Are you out of funds?

A. Home Advantage accesses the open market and is not dependent on bond proceeds. Please reserve funds Monday – Friday (excluding holidays) between 9:00 am – 4:00 pm Prevailing Pacific Time.

Q. I have a Borrower whose property fell through because of the inspection. He found another property. Does the original loan need to be cancelled? Rates have gone up and I am afraid this Borrower will lose out if we have to cancel.

A. If you can fund, deliver and have loan purchased within the timeframes from the old reservation, you will need to update the reservation and do not need to cancel and re-reserve, OR you may cancel the old reservation and reserve for the new property at current rates.

Q. I am unable to meet the mandatory deadline for closing. Rates have gone up and I am afraid this Borrower will lose out if we have to cancel.

A. We can extend the reservation; however, it requires approval from the Commission and will be subject to market conditions, extension fees will apply. Please complete the Rate Lock Extension Form. If the reservation has expired, you will need to extend the reservation and extension fees will apply.

Q. How do I cancel a loan?

A. You can cancel funds for the first and second mortgage on-line at any time up until receipt of the pre-closing file in our office. Once the loan status has been changed, all cancellations must be completed by our office. Please email any cancellation requests to lockdesk@wshfc.org.

Q. Can I add a second mortgage later if the Borrower's parents can't gift them the full amount for closing?

A. Yes. You can add a second mortgage at any time prior to the loan closing. Complete and submit your request electronically via this form.

Pre-Closing Compliance

Q. How will the Lender know when my file has been approved by the Commission?

A. Lenders can view the stage and status of their pipeline including conditions for closing and purchase any time on the Lender Portal system. Staff usually will send an e-mail to let the Mortgage Lender know the file has been reviewed.

Q. How long will it take the Commission to review pre-closing files?

A. Staff makes every attempt to review **COMPLETE** files in a timely manner within two business days of receipt or sooner. Files and conditions must be electronically uploaded to Lender Portal system.

Loan Closing

Q. My company charges a $95.00 tax service fee. Can I charge this fee?

A. You will need to charge $85.00 for the tax service fee, which will be netted out at purchase by the loan servicer. You cannot charge an additional tax service fee.

Q. On my Closing Disclosure, the 1% origination fee and all other fees are lumped together. Is that okay?

A. When you send the Post-Closing Compliance file, the origination fee and charges should be listed individually in Section A of the Closing Disclosure.

Q. What needs to happen before the Lender can close a Home Advantage Loan? Is there anything special that the Lender needs to do?

A. Before closing a Home Advantage loan, the loan needs to be approved for the first mortgage type by the underwriter and also needs to be approved to close for compliance by the Commission. Once both approvals are in place, the loan closes like any other loan in the Lending Institution's pipeline. Please be sure to have the Borrowers sign the appropriate forms in Section 15 of the Program Manual at loan closing.

Q. The Borrower wants to receive their earnest money deposit back at closing in the amount of $1,000.00. Is that possible?

A. If the Borrower is receiving a Home Advantage first mortgage, the Borrower can receive the full amount of their earnest money deposit back if they have met their minimum deposit for the first mortgage type. If the Borrower is receiving a specialty down payment assistance program from the Commission with exception of the Home Advantage 0% DPA program, other restrictions apply, see Downpayment assistance manual.

Loan Purchase & Delivery

Q. How soon after loan closing should I deliver the file for loan purchase to avoid penalties?

A. The loan must be received and purchased by the master loan servicer within 10 days of loan closing and prior to the lock expiration. **The 10-day period includes the day of closing, weekends, and holidays.**

Q. What is the Loan Servicer's turnaround time for reviewing and funding purchase files?

A. The appropriate master loan servicer will review files within 3-4 business days of receipt. **Complete** loan files are purchased on a daily basis.

Q. How should Lenders identify files when sending files to appropriate loan servicer?

A. Use the appropriate Purchase & Delivery Form.

Q. How can Lenders access a suspension (curative) report?

A. The appropriate Master Servicer posts suspense items electronically via their lender correspondent website.

Downpayment Assistance

Q. Is a separate Closing Disclosure required for downpayment assistance loans?

A. Yes. A Separate Closing Disclosure is required for all downpayment assistance loans. There are no exceptions to this policy.

Q. My Borrower has cash in the bank and wishes to keep this money for future emergencies. Can they still use the Commission's downpayment assistance programs?

A. The Borrower can use the Home Advantage 0% downpayment assistance program as there is no assessment of need. Some of the specialty downpayment assistance programs that assess need will require the Borrower to use some of their own liquid checking and savings funds prior to accessing the Commission funds. Please refer to Section 13 for reserve requirements on specialty DPA programs.

Q. My Borrower is putting their own funds into the transaction and also wants to access the Commission's downpayment assistance programs. Is that possible?

A. Yes. For the Home Advantage 0% DPA program, there is no assessment of need. If the Borrower wants the downpayment assistance, they can get it. If using one of the special downpayment assistance programs, the Borrower can put cash into the transaction and must also meet the front end ratio test on the Needs Assessment worksheet.

Q. Is a LE or TIL required on the Commission's downpayment assistance programs?

A. Yes, please follow the guidelines for your own company's compliance.

Q. What fees are collected on the second mortgage?

A. The Lender may charge a document recording fee and settlement fee as applicable. A Program Application Fee of $40.00 is charged on all second mortgages. This amount will be subtracted from the amount reimbursed to the Mortgage Lender. This fee must be disclosed on the second mortgage closing documents. No other loan origination fees or processing fees may be charged.

Other

Q. How does QM affect the Commission's loans?

A. **IHFA:** HFAs are exempt from QM and the Ability to Repay. However, there could be a limit to the allowable points and fee spread. Please refer to your own company's internal compliance for further guidance.

Q. Are non-occupant co-borrowers or non-occupant co-signors allowed?

A. Yes, if allowed by the agency and you have acceptable findings. You will need to follow agency guidelines.

Q. Will the Master Servicer purchase HPML loans?

A. Yes. The Master Servicer will purchase HPML loans in accordance with CFPB guidelines.