FAQs

Frequently Asked Questions

	Question:	Answer:
First-Time Homebuyer	What is VHDA's definition of a First-Time Homebuyer?	An individual who has not had an ownership interest in and occupied it as a primary residence in the last 3 years. *Reference: VHDA Origination Guide (Eligibility Requirements; Borrower Eligibility Requirements)*
	Does the borrower have to be a First-Time Homebuyer for purchase transactions?	**DPA Grant, CCA Grant, Plus Second Mortgage, MCC, FHA, VA, and RHS –** Yes, unless purchasing in a Targeted Area. Non-borrowers taking title must also be a First-Time Homebuyer. Fannie Mae No MI and Reduced MI Purchases (without a DPA Grant, Plus Second Mortgage, or MCC) – No. Borrowers can own a maximum of 2 financed properties per Fannie Mae requirements. *Reference: VHDA Origination Guide (Eligibility Requirements; Borrower Eligibility Requirements)*
	Do all household members have to meet the First-Time Homebuyer requirement?	No, only borrowers and non-borrowers taking title need to meet the First-Time Homebuyer requirement.* Other household members that are not a borrower and/or on title do not have to meet the First-Time Homebuyer requirement. *The Fannie Mae programs (without a DPA Grant, Plus Second Mortgage, or MCC) do not require the borrower(s) and non-borrower(s) taking title to be a First-Time Homebuyer. *Reference: VHDA Origination Guide (Eligibility Requirements; Borrower Eligibility Requirements) and Fannie Mae No MI and Reduced MI Program Guidelines*
	Is a borrower or non-borrower taking title that owns a manufactured home considered a First-Time Homebuyer?	An ownership interest in a manufactured home, which is **not permanently attached** to the land, does not constitute present ownership interest for purposes of meeting the First-Time Homebuyer requirement. *Reference: VHDA Origination Guide (Eligibility Requirements; Borrower Eligibility Requirements)*

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Question:		Answer:
First-Time Homebuyer	Is a person considered a First-Time Homebuyer if he/she was on title but not obligated on the mortgage?	An individual that is ***not*** obligated on the mortgage but ***is*** on title is ***not*** considered a First-Time Homebuyer (If this individual resided in the home as a primary residence in the last 3 years). *Reference*: *VHDA Origination Guide* *(Eligibility Requirements; Borrower Eligibility Requirements)*
	Is First-Time Homebuyer a requirement for all VHDA purchase programs?	No. The following first mortgage programs do not require borrower(s) and non-borrower(s) taking title to be a First-Time Homebuyer: • Fannie Mae No MI (without DPA Grant, Plus Second Mortgage, and MCC) • Fannie Mae Reduced MI (without DPA Grant, Plus Second Mortgage, and MCC) • Any first mortgage program where the subject property is in a Targeted Area. The following first mortgage programs do require borrower(s) and non-borrower(s) on title to be a First-Time Homebuyer: • Fannie Mae No MI (with DPA Grant, Plus Second Mortgage, or MCC) • Fannie Mae Reduced MI (with DPA Grant, Plus Second Mortgage, or MCC) • All government programs – FHA / VA / RHS (with or without DPA Grant, CCA Grant, Plus Second Mortgage, or MCC) *Reference*: *Program Guidelines*
	Is a person considered a First-Time Homebuyer if he/she owns an investment property?	Yes, a person that owns an investment property is considered a First-Time Homebuyer as long as he/she has not lived in that residence in the last three years. *The assessed value may need to be taken into consideration for the Net Worth calculation. See “Does the value of real estate owned need to be included in the Net Worth calculation?” *Reference*: VHDA Origination Guide *(Eligibility Requirements; Borrower Eligibility Requirements)*

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Question:		Answer:
First-Time Homebuyer	What documentation is required to evidence a First-Time Homebuyer?	The following is required to evidence the borrower(s) and non-borrower(s) taking title are a First-Time Homebuyer: • The fully executed Single Family Loan and MCC Programs Disclosure and Borrower Affidavit (Exhibit E2) signed by all borrowers and non-borrowing occupants on title, • A completed Uniform Residential Loan Application (Form 1003), and • The credit report. *If unable to confirm from the Exhibit E2, Form 1003, or the credit report the borrower(s) and/or non-borrowing occupant(s) on title are a First-Time Homebuyer, additional documentation may be required, such as: • Three years' federal tax returns • Rent verification(s) • Other reports such as a Lender Data Integrity Report, if available (Examples: Drive Report, FraudGuard, Loansafe). Note: If any of these additional documents are within the loan file, even when not required by VHDA, they should be reviewed for homeownership. *Reference*: *VHDA Origination Guide (Eligibility Requirements; Borrower Eligibility Requirements)*
	Is it acceptable to have more than one name listed on one homebuyer education certificate?	No, when all First-Time Homebuyers are required to take homebuyer education, an individual certificate for each borrower is required. *Reference*: Program Guidelines
	Does a non-borrower taking title have to take homebuyer education?	No, however VHDA strongly encourages all adult household members to take VHDA's free homebuyer education class. *Reference*: Program Guidelines
	How long is the homebuyer education certificate valid?	Two years (between the certificate date and the loan closing date). *Reference*: Program Guidelines

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	Question:	Answer:
Homebuyer Education	Do all borrowers have to take the homebuyer education class?	**DPA Grant, CCA Grant, Plus Second Mortgage, VHDA loans with an MCC, FHA, VA, and RHS –** Yes, homebuyer education is required for all First-Time Homebuyers. If the property is located in a targeted area and all the borrowers are not First-Time Homebuyers they are not required to take the class, however VHDA strongly encourages all adult household members to take VHDA's free homebuyer class. **Fannie Mae No MI and Reduced MI Purchases (without a DPA Grant, Plus Second Mortgage, or MCC) –** Only one of the First-Time Homebuyer is required to take the class, however VHDA strongly encourages all adult household members to take VHDA's free homebuyer class. The following does not require Homebuyer Education: • Non First-Time Homebuyers • Refinance transactions • Non-VHDA loans with an MCC *Reference: VHDA Origination Guide (Homeownership Education) and Program Guidelines*
	Is homebuyer education taken from a Mortgage Insurance (MI) company acceptable?	No. When a First-Time Homebuyer is required to take homebuyer education the following are acceptable: • VHDA's course • HUD Approved Counseling Agency course • Fannie Mae Framework course *Reference: VHDA Origination Guide (Homeownership Education) and Program Guidelines*
Forms	When is the Loan Submission Cover Letter (Exhibit O) required?	**DPA Grant, CCA Grant, Plus Second Mortgage, MCC, FHA, VA, and RHS –** Exhibit O is required. **Fannie Mae No MI and Reduced MI Purchases (without a DPA Grant, Plus Second Mortgage, or MCC), and Refinances –** Exhibit O is not required. *Reference: VHDA Origination Guide (Explanation of VHDA Forms, Exhibits, and Documents) and Program Guidelines*

Question:		Answer:
Forms	When is the Single Family Loan and MCC Programs Disclosure and Borrower Affidavit (Exhibit E2) required?	**DPA Grant, CCA Grant, Plus Second Mortgage, MCC, FHA, VA, and RHS –** Pages 1-4 of the Exhibit E2 required and must be executed by all borrowers and non-borrowers taking title.* **Fannie Mae No MI and Reduced MI Purchases (without a DPA Grant, Plus Second Mortgage, or MCC)* –** Pages 1-2 of the Exhibit E2 is required and must be executed by all borrowers. *Part I (page 1) of the Exhibit E2 related to MCC and DPA Grant interest and eligibility must be completed. The DPA Grant box applies only to the DPA Grant, not the CCA Grant on page 1. *Reference*: VHDA Origination Guide *(Explanation of VHDA Forms, Exhibits, and Documents) and* Program Guidelines
	Is a non-borrower taking title required to execute the Single Family Loan and MCC Programs Disclosure and Borrower Affidavit (Exhibit E2)?	**DPA Grant, CCA Grant, Plus Second Mortgage, MCC, FHA, VA, and RHS –** Yes, the non-borrower(s) on title must execute the Exhibit E2. Income from all borrowers and non-borrowers taking title must be included on page 4. **Fannie Mae No MI and Reduced MI Purchases (without a DPA Grant, Plus Second Mortgage, or MCC) –** No, non-borrower(s) taking title do not need to execute pages 1-2 of the Exhibit E2. *Reference*: VHDA Origination Guide *(Explanation of VHDA Forms, Exhibits, and Documents) and* Program Guidelines
	Can the Exhibit E2 and Exhibit F be executed electronically?	Yes, electronic signatures are acceptable and must be in compliance with all ESIGN Act and state laws. *Reference*: VHDA Origination Guide *(Explanation of VHDA Forms, Exhibits, and Documents) and* Program Guidelines
	Can the Exhibit E2 and Exhibit F be executed via Power of Attorney?	**Exhibit E2 –** Yes. Documentation demonstrating the validity of the power is required and at least one borrower must sign in person. **Exhibit F –** Yes. Documentation demonstrating the validity of the power is required.

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Question:		Answer:
Forms	When is the Seller Affidavit and Acknowledgment (Exhibit F) required?	**DPA Grant, CCA Grant, Plus Second Mortgage, MCC, FHA, VA, and RHS – Exhibit F is required.** **Fannie Mae No MI and Reduced MI Purchases (without a DPA Grant, Plus Second Mortgage, or MCC) – Exhibit F is not required.** *Reference*: VHDA Origination Guide *(Explanation of VHDA Forms, Exhibits, and Documents) and* Program Guidelines
	Why is there a tax service fee mentioned on the Seller Affidavit and Acknowledgment (Exhibit F)?	Most lenders, including VHDA, charge a tax service fee. However some government agencies, including FHA, do not allow the borrower to pay this fee. The seller typically pays this fee in FHA transactions. VHDA does not pay the fee. If the seller does not pay the fee it will be deducted from the Originating Lender's net proceeds. *Reference*: Seller Affidavit and Acknowledgment (Exhibit F)
	Is the seller proposed forwarding address required on page 2 of the Seller Affidavit and Acknowledgment (Exhibit F)?	The seller's forwarding address is not required by VHDA but space is made available for the seller to provide their forwarding address to the benefit of the Originating Lender should they need to obtain additional information, documentation, or corrections from the seller.
	If a property is bank owned does the Seller Affidavit and Acknowledgment (Exhibit F) need to be executed?	Yes, a representative of the seller (bank) must execute the Exhibit F. If the bank has contracted with a third party management company to sell the property, VHDA will allow the signature of the management company as power of attorney for the bank. The same management company representative must execute the Sales Contract, Deed, and Exhibit F. Exceptions for properties sold by FHA, VA, RHS, Fannie Mae, and Freddie Mac must be submitted to VHDA for consideration. The Originating Lender must submit the exception through Mortgage Cadence and include all pertinent documents to validate the acquisition cost is acceptable (copy of the sales contract, appraisal, and anything else that may be needed). *Reference*: VHDA Origination Guide *(Explanation of VHDA Forms, Exhibits, and Documents)*

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Question:		Answer:
Forms	Does VHDA provide Award and Obligation letters for the Plus Second Mortgage, DPA Grant, and CCA Grant?	**Plus Second Mortgage** – Yes, VHDA provides a Plus Second Mortgage Awards Letter and Obligation Letter. These are sent to the Originating Lender with the Plus Second Mortgage Approval (Non-Delegated) or with the Plus Second Mortgage Delegated Approval Confirmation. The Plus Second Mortgage Awards Letter must be signed by the borrower(s) at closing. **DPA Grant** – Yes, VHDA provides a DPA Grant Awards Letter and Obligation Letter. These are generated upon DPA Grant reservation. The Award Letter must be signed by the borrower(s) and included in the closing package submitted to VHDA. **CCA Grant** – VHDA provides a CCA Grant Awards Letter but no Obligation Letter. It is generated upon CCA Grant reservation. The Award Letter must be signed by the borrower(s) and included in the closing package submitted to VHDA. *Reference*: Program Guidelines
Household Income	Whose income must be included in determining the maximum household income?	**Plus Second Mortgage, MCC, FHA, VA, and RHS –** Income of all borrower(s) and all non-borrower(s) taking title. **DPA Grant and CCA Grant –** Income of all household members (not just those taking title). **Fannie Mae No MI and Reduced MI (without a DPA Grant, Plus Second Mortgage, or MCC) –** All borrower(s) eligible qualifying income. *Reference: VHDA Origination Guide (Eligibility Requirements; Borrower Eligibility Requirements), Program Guidelines, and Household Income Matrix*
	Are there higher income limits for properties in a Targeted Area?	Some, but not all, properties located in a Targeted Area have higher income and sales price limits. The higher Targeted Area income limits do not apply to loans originated with the DPA Grant and CCA Grant. *Reference: Federal Targeted Area Limits, Areas of Economic Opportunity, and VHDA Origination Guide (Eligibility Requirements; Underwriting Requirements)*

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	Question:	Answer:
Household Income	Are the income limits for the DPA Grant and CCA Grant different than VHDA's standard limits?	Yes, the DPA Grant and CCA Grant have lower income limits that must be applied. *Note: Targeted Area higher income limits do not apply to loans originated with the DPA Grant and CCA Grant. *Reference*: *Income and Sales Price / Loan Limits*, *DPA Grant Program Guidelines*, *and CCA Grant Program Guidelines*
	Do VHDA's household income requirements apply to RHS loans?	A VHDA RHS loan must meet the VHDA household income requirements, **however**, RHS has its own household income (i.e. annual income) limits, calculation and documentation requirements that may vary from VHDA. The Originating Lender is responsible for ensuring all household income requirements are met for VHDA (eligibility) and RHS (guarantee).
	Are the income limits for the Fannie Mae programs different than VHDA's standard and grant limits?	No. VHDA's Income Limits apply, even using the Fannie Mae No MI and Reduced MI programs. **Fannie Mae No MI –** DU will render a decision of Approve/Ineligible if the borrower's qualifying income exceeds 80% AMI per Fannie Mae (Click here to find Fannie Mae's income limits – under Income Eligibility). It is acceptable to proceed using the Fannie Mae No MI program as long as the ***only reason for the ineligibility is due to income exceeding 80% AMI***. The loan must be within the applicable VHDA Income Limit. **Fannie Mae Reduced MI –** It is acceptable if all borrower's eligible qualifying income exceeds 80% AMI per Fannie Mae (Click here to find Fannie Mae's income limits – under Income Eligibility). LLPAs do not apply at this time if the qualifying income exceeds 80% AMI. The loan must be within the applicable VHDA Income Limit and must receive an Approve/Eligible. *Reference*: *Income and Sales Price / Loan Limits*, *Household Income Matrix*, *and Fannie Mae Program Guidelines*
	Can a household member be included in the household count for household size even if his or her income is excluded?	Yes, a household member can be included in the household count even if his or her income can be excluded. *Reference*: *VHDA Origination Guide (Eligibility Requirements; Borrower Eligibility Requirements)*

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	Question:	Answer:
Household Income	Does VHDA allow future household members (due to pregnancy or other party that will be occupying the property at a future date after closing) to be counted in household size to determine maximum household income?	No.
	Is a child subject to joint custody included in the household size to determine maximum household income?	Children who are subject to a joint custody agreement but who live in the residence at least 50% of the time are included in the household size. The Originating Lender should obtain a copy of the divorce decree or separation agreement and a statement from the borrower confirming the child will reside in the home at least 50% of the time.
	Can a child who is away at college be included in the household size to determine maximum household income?	Children who are away at school but live with the family during school recesses can be included in the household size.
	What documentation is used to confirm household size?	The borrower must accurately complete the household size on page 4 of the Single Family Loan and MCC Programs Disclosure and Borrower Affidavit (Exhibit E2). The Originating Lender must review other documentation included in the file to confirm the household size matches the Exhibit E2 – such as the loan application (1003). However, the 1003 does not always include all household members. When it is not clear or there are discrepancies additional documentation may be required to confirm the household size, such as the most recent federal tax return. This may be critical if the calculated household income exceeds the limit for a household of 2 or fewer, but is within the limit for a household of 3 or more, and it is unclear if it is a 2 or 3-person household.

Question:		Answer:
Household Income	Does income earned by a dependent need to be included in the household income calculation?	**Plus Second Mortgage, MCC, FHA, VA, and RHS –** If a dependent is also a borrower or non-borrower taking title then his or her income needs to be included. Income of a dependent that is not a borrower or non-borrower taking title is excluded. **DPA Grant and CCA Grant –** Income of household members who are dependents will be excluded from maximum income if they are not liable on the loan or taking title. *Examples of dependents are: minors, students, elderly parents. If this information is not disclosed or there are discrepancies noted within the file documentation, then typically dependent(s) can be confirmed on the most recent tax return. *Income received by a borrower or non-borrower on title (or any household member if there is a DPA or CCA Grant) on behalf of a dependent must be included. Examples include, but are not limited to: child support income or SSI being paid as a benefit for a family member of the benefit owner. *Reference: VHDA Origination Guide (Eligibility Requirements; Borrower Eligibility Requirements) and Program Guidelines*
	Can unreimbursed business expenses be used to reduce household income?	No. Unreimbursed business expenses must be counted as zero for household income calculations. *Reference: VHDA Origination Guide (Eligibility Requirements; Borrower Eligibility Requirements)*
	Can an income loss be used to reduce household income (Self-Employment Schedule C/Schedule E loss)?	No. An income loss must be counted as zero for household income calculations. *Reference: VHDA Origination Guide (Eligibility Requirements; Borrower Eligibility Requirements)*

Question:		Answer:
Household Income	Does income of non-borrowing household members need to be disclosed on the Exhibit E2 (Page 4)?	**Plus Second Mortgage, MCC, FHA, VA, and RHS –** Only income of all borrowers (non-qualifying income) and non-borrowers taking title must be included on page 4. Income from a non-borrower not taking title does not have to be included. Any borrower or non-borrower taking title that does not have income must be identified and $0 reflected in the annual income section. **DPA Grant and CCA Grant –** Yes. Income of all borrowers (non-qualifying income) and all household members must be included on page 4 (Originating Lenders may use the space allotted to the DPA Grant on page 4 for household income when using the CCA Grant). Any household member that does not have income must be identified and $0 reflected in the annual income section. **Fannie Mae No MI and Reduced MI Purchases (without a DPA Grant, Plus Second Mortgage, or MCC) –** No, pages 3 – 4 of the Exhibit E2 are not required. *Reference: VHDA Origination Guide (Eligibility Requirements; Borrower Eligibility Requirements) and Program Guidelines*
	What income documentation is required for non-borrowing household members?	**Non-Borrowers on Title –** When income of a non-borrower taking title needs to be included in the household income calculation, his or her income must be disclosed on the Affidavit of Borrower (Exhibit E2, page 4). Income documentation is also required (i.e. current paystub, etc.). Any non-borrower on title that does not have income must be identified and $0 reflected in the annual income section of the Exhibit E2. **Other Household Members (not on title) –** When other household member's income needs to be included in the household income calculation, his or her income must be disclosed on the Affidavit of Borrower (Exhibit E-2, page 4). Income documentation may only be required if there are discrepancies noted with the file documentation. Any household member that does not have income must be identified and $0 reflected in the annual income section of the Exhibit E2. *Reference: VHDA Origination Guide (Eligibility Requirements; Borrower Eligibility Requirements)*

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	Question:	Answer:
MCC	Can the MCC still be used if the standard deduction is taken instead of itemizing when filing federal income tax returns?	Yes. The MCC is a dollar for dollar income tax credit that gets subtracted from the amount of income tax owed whether taking the standard deduction or itemizing deductions. The borrower should consult with a tax advisor for tax advice based on their specific circumstances.
	Can an MCC be obtained when originated with a non-VHDA loan?	Yes, an MCC can be originated with a non-VHDA loan. *There is an additional fee and different procedures to follow for non-VHDA loans. Review the MCC Program Guidelines for details. *Reference*: *MCC Program Guidelines*
	Is a non-borrower taking title required to sign the MCC Application and Fact Sheet?	No, only the borrower(s) and Originating Lender's underwriter are required to sign the MCC Application and Fact Sheet. However, the non-borrower taking title is required to sign and disclose his/her income on the Exhibit E2. *Reference*: *MCC Program Guidelines*
	Will VHDA allow an adjustment to qualifying income when the loan is originated with an MCC?	**VHDA Loans –** No. **Non-VHDA Loans –** The Originating Lender must determine if an adjustment to qualifying income is acceptable when a non-VHDA loan is originated with an MCC. *Reference*: *MCC Program Guidelines*
	Is the MCC still valid if the home is refinanced?	The MCC will not be re-issued if the loan is refinanced or title is transferred. *Reference*: *MCC Program Guidelines*
	Is the MCC resent to the borrower every year after the initial issuance?	No, the MCC is mailed to the borrower once when it is initially issued. If the borrower lost the MCC it is available to the Originating Lender to provide to the borrower in Mortgage Cadence Attachments. The borrower can also request a copy by emailing MCCreprint@vhda.com. *Reference*: Mortgage Credit Certificate Program Guide
	Can the borrower obtain another copy of their MCC if they lost it?	**VHDA Loans –** Originating Lenders can obtain a copy of the MCC in Mortgage Cadence Attachments to provide to their customer. The borrower can also request a copy directly by emailing MCCreprint@vhda.com. **Non-VHDA Loans –** The borrower can request a copy by emailing MCCreprint@vhda.com.

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Question:		Answer:
DPA Grant and CCA Grant	Does the DPA Grant have to be used with a VHDA first mortgage?	Yes. VHDA's Fannie Mae No MI, Reduced MI, and FHA are eligible to be used with the DPA Grant. It is acceptable and Originating Lenders are requested to offer the MCC with the DPA Grant. The minimum LTV is 90% when using the DPA Grant. The DPA Grant is not available with the CCA Grant, Plus Second Mortgage, RHS, VA, or any refinances. *Reference*: DPA Grant Program Guidelines
	Does the CCA Grant have to be used with a VHDA first mortgage?	Yes. VHDA's RHS and VA are eligible to be used with the CCA Grant. It is acceptable and Originating Lenders are requested to offer the MCC with the CCA Grant. The minimum LTV is 90% when using the CCA Grant. The CCA Grant is not available with the DPA Grant, Plus Second Mortgage, Fannie Mae No MI, Fannie Mae Reduced MI, FHA, or any refinances. *Reference*: CCA Grant Program Guidelines
	Is there a minimum LTV when using the DPA or CCA Grant?	Yes, the minimum LTV for the first mortgage is 90% when using the DPA or CCA Grant. Note: Lenders should keep in mind that RHS loans base their LTV on the appraised value. There may be cases where the appraised value is significantly higher than the purchase price, causing the LTV to be below 90%. In this case the borrower would not be eligible for the CCA Grant. *Reference*: CCA Grant Program Guidelines, DPA Grant Program Guidelines, *and* RHS Program Guidelines
	Are there any requirements for DPA Grant or CCA Grant repayment if the home is sold?	No, however the borrower is expected to live in the property as a primary residence for a minimum of one year. *Reference*: Part I of the Single Family Loan and MCC Programs Disclosure and Borrower Affidavit (Exhibit E2)

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Question:		Answer:
DPA Grant and CCA Grant	Is the DPA Grant considered a gift or subordinate financing?	The VHDA DPA Grant is considered a **GIFT** whether it is originated with an FHA or Fannie Mae first mortgage. It must show as a **Gift** (Specifically "FHA-Gift-Government Assistance" for FHA loans) on all documents (including AUS, Transmittal, and 1003). It is not subordinate financing or a credit in the Details of Transaction for qualification purposes. *Originating Lenders must also ensure the DPA Grant is not duplicated for qualification purposes (i.e. Cannot include the DPA Grant as a "Other" Credit in Details of Transaction when it was already included as a Gift. It should only be listed as a Gift to qualify). *Reference*: DPA Grant Program Guidelines
	Is the CCA Grant considered a gift or subordinate financing?	**RHS First Mortgage –** Neither for RHS loans. While this grant is treated much like a gift when originated with an RHS first mortgage, it is considered an OTHER ASSET type. It must show as Other Asset (and titled "VHDA CCA Grant" in the description field) on all documents (including GUS, Transmittal, and 1003). It cannot be entered as "Other" Credit in Details of Transaction or as a lien in "Subordinate Financing." Note: AUS requirements for VA are different for the CCA Grant, see below. **VA First Mortgage –** The VHDA CCA Grant is considered a GIFT when it is originated with a VA first mortgage. It must show as a Gift on all documents (including AUS, Transmittal, and 1003). It cannot be entered as "Other" Credit in Details of Transaction or as a lien in "Subordinate Financing." Note: AUS requirements for RHS are different for CCA Grant, see above. *Originating Lenders must also ensure the CCA Grant is not duplicated for qualification purposes (i.e. Cannot include the CCA Grant as a "Other" Credit in Details of Transaction when it was already included as Other Asset or Gift to qualify). *Reference*: CCA Grant Program Guidelines
	Can the DPA Grant and CCA Grant reservations be extended?	The DPA Grant and CCA Grant funds reservations follows the first mortgage rate lock along with any allowed extension. *Reference*: VHDA Origination Guide *(Origination Procedures; Lock-In Policies and Procedures)*

Question:		Answer:
DPA Grant and CCA Grant	Can the borrower receive funds deposited back at closing (such as Earnest Money Deposit (EMD) and any fees paid outside of closing (POCs)) when using the DPA or CCA Grant?	If the funds deposited are adequately documented and all other requirements of the first mortgage are met (such as the 1% down payment requirement when using the DPA Grant) then the borrower can receive the EMD and/or POC back at closing. *Reference*: *DPA Grant Program Guidelines* and *CCA Grant Program Guidelines*
Plus Second Mortgage	Is the Plus Second Mortgage considered a gift or subordinate financing?	The Plus Second Mortgage is considered a subordinate lien, not a gift or a credit in the Details of Transaction for qualification purposes. *The Plus Second Mortgage must show as a subordinate lien on all documents (including AUS, Transmittal, and 1003). *Reference*: Plus Second Mortgage Program Guidelines
	Does the Plus Second Mortgage have to be used with a VHDA first mortgage?	Yes. VHDA's FHA, Fannie Mae No MI, and Fannie Mae Reduced MI are eligible to be used with the Plus Second Mortgage. It is acceptable and Originating Lenders are requested to offer the MCC with the Plus Second Mortgage. The Plus Second Mortgage is not available with the DPA Grant, CCA Grant, VA, RHS, or any refinances. The minimum LTV is 90% when using the Plus Second Mortgage. *Reference*: Plus Second Mortgage Program Guidelines
	Is there a minimum LTV when using the Plus Second Mortgage?	Yes, the minimum LTV for the first mortgage is 90% when using the Plus Second Mortgage. *Reference*: Plus Second Mortgage Program Guidelines
	Can the borrower receive funds deposited back at closing (such as Earnest Money Deposit (EMD) and any fees paid outside of closing (POCs)) when using the Plus Second Mortgage?	If the funds deposited are adequately documented and all other requirements of the first mortgage are met (minimum investment, etc.) then the borrower can receive the EMD and/or POC back at closing. *Reference*: Plus Second Mortgage Program Guidelines

Question:		Answer:
Plus Second Mortgage	What funds can be considered to meet the 1% Acceptable Funds requirement?	The borrower must have a minimum of 1% of the sales price documented and available to be used toward closing costs/prepaids or to be held in reserves (or a combination of the two). Acceptable documentation to meet the 1% requirement must meet the applicable agency/ insurer requirements. Acceptable sources include, but are not limited to: • Depository asset (checking/savings) • Earnest Money Deposit (EMD) and any fees paid outside of closing (POCs) – fully sourced and documented • Gifts • The amount vested in a retirement account or a 401k loan *Reference*: Plus Second Mortgage Program Guidelines
Refinance	Does VHDA offer any refinance programs?	Yes. VHDA Fannie Mae programs (No MI and Reduced MI) allow a limited cash-out refinance (rate/term refinance). Streamline refinances are acceptable on existing VHDA FHA/VA loans using VHDA's FHA Streamline Refinance or VA IRRRL programs.* *Contact vhdaservicing@vhda.com for current VHDA loan payoff information. *Reference: See the Program Guidelines for these products for more information about refinances.*
	If a homeowner is refinancing a first mortgage is it possible to subordinate the existing Plus Second Mortgage using Virginia's automatic subordination law?	VHDA is a quasi-political subdivision of the Commonwealth of Virginia, therefore it is exempt from the automatic subordination law in place for other lenders. To start the subordination request process, Originating Lenders must complete the Plus Second Mortgage Subordination Form and send it to vhdaservicing@vhda.com. There is no fee to process a "VHDA loan to VHDA loan" subordination agreement, but there is a $300 fee to process a "VHDA loan to Non-VHDA loan" request. This fee is only due if the request is approved. *Contact vhdaservicing@vhda.com for more information.
	Can a borrower be removed on an FHA Streamline Refinance or VA IRRRL?	The Originating Lender must follow FHA and VA requirements respectfully for removing a borrower. *Reference*: FHA Streamline Refinance and VA IRRRL Program Guidelines

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Question:		Answer:
Qualification	Does the borrower have to be a U.S. Citizen to obtain VHDA financing?	All borrowers must be a U.S. Citizen, permanent resident alien, or non-permanent resident alien meeting agency/insurer requirements for all VHDA programs. *Reference*: VHDA Origination Guide *(Eligibility Requirements; Borrower Eligibility Requirements)*
	Does only one borrower have to meet the credit score requirement?	**FHA, VA, and RHS –** • If there are multiple borrowers it is not acceptable for any of the borrowers to have a credit score below 620. • But if a borrower does not have sufficient credit to obtain a credit score then the loan must be manually underwritten and meet all Non-Traditional Credit requirements of the applicable government agency (FHA/VA/RHS). **Fannie Mae No MI and Reduced MI –** • If there are multiple borrowers it is not acceptable for any of the borrowers to have a credit score below 660 (No MI) / 640 (Reduced MI). • But if at least one borrower has no credit score and the other borrower has a credit score (660 / 640), this is acceptable as long as all Fannie Mae requirements are met and DU decision is Approve Eligible. • If no borrower(s) has a credit score then this is not allowed. **Plus Second Mortgage –** • If the LTV of the Plus Second Mortgage is 3% (if used with Fannie Mae) or 3.5% (if used with FHA) then follow the first mortgage requirements. • If the LTV of the Plus Second Mortgage is greater than 3% (Fannie Mae) / 3.5% (FHA) up to 4.5% (Fannie Mae) / 5% (FHA) then all borrowers must have a 680 credit score. It is not acceptable to allow this higher financing of the Plus Second Mortgage when one of multiple borrowers does not have a minimum of 680 or no credit score. **DPA Grant, CCA Grant, and MCC –** Follow first mortgage requirements. *Reference*: Program Guidelines

Question:		Answer:
Qualification	Does VHDA allow any exceptions to the minimum credit score requirement?	No, however manual underwrites as a result of no credit score may be acceptable. See "Are manual underwrites allowed?" below for details. *Reference*: VHDA Origination Guide *(Eligibility Requirements; Borrower Eligibility Requirements) and Program Guidelines*
	Does VHDA have a minimum tradeline requirement?	No. Must follow agency/insurer requirements and the Originating Lender's underwriter must confirm the borrower(s) possesses a credit history that reflects the ability to successfully meet financial obligations and a willingness to repay obligations in accordance with established credit repayment terms. *Reference*: VHDA Origination Guide *(Eligibility Requirements; Underwriting Requirements)*
	Does VHDA require rental verification?	Verification of rent is not required with AUS approval; however, the Originating Lender's underwriter may make it a requirement in order to confirm the borrower(s) possesses a credit history that reflects the ability to successfully meet financial obligations and a willingness to repay obligations in accordance with established credit repayment terms. If the loan is manually underwritten, then the Originating Lender must follow insurer requirements. *Reference*: VHDA Origination Guide *(Eligibility Requirements; Underwriting Requirements)*
	Is a borrower with a previous bankruptcy eligible?	VHDA does not have an overlay related to previous bankruptcies. Follow agency and/or insurer requirements. If a mortgage was included in the bankruptcy and it resulted in a short sale / deed-in-lieu / foreclosure then VHDA does have an overlay. See below. *Reference*: VHDA Origination Guide *(Eligibility Requirements; Underwriting Requirements)*

FAQs

Continued

	Question:	Answer:
Qualification	Is a borrower with a previous foreclosure, deed-in-lieu, or short sale eligible?	**DPA Grant, CCA Grant, and Plus Second Mortgage –** • Event no less than 5 years old from the date of title transfer to application date. • No lates/collections last 3 years and no significant derogatory credit since the event. • Ensure all 1st mortgage and insurer waiting period requirements are met also (they may be more restrictive than 5 years). **FHA (without DPA Grant and Plus Second Mortgage), VA (without CCA Grant), RHS (without CCA Grant), and Fannie Mae No MI / Reduced MI (without DPA Grant and Plus Second Mortgage) –** • Event no less than 3 years old from the date of title transfer to application date. • No lates/collections last 3 years and no significant derogatory credit since the event. • Confirm all insurer requirements are met also. **MCC –** Follow the more restrictive of the first mortgage or DPA Grant/CCA Grant/Plus Second Mortgage requirements (if applicable). *Reference*: VHDA Origination Guide *(Eligibility Requirements; Underwriting Requirements) and* Program Guidelines
	Is a borrower with a previous foreclosure, deed-in-lieu, or short sale eligible?	**DPA Grant, CCA Grant, and Plus Second Mortgage –** • Event no less than 5 years old from the date of title transfer to application date. • No lates/collections last 3 years and no significant derogatory credit since the event. • Ensure all 1st mortgage and insurer waiting period requirements are met also (they may be more restrictive than 5 years). **FHA (without DPA Grant and Plus Second Mortgage), VA (without CCA Grant), RHS (without CCA Grant), and Fannie Mae No MI / Reduced MI (without DPA Grant and Plus Second Mortgage) –** • Event no less than 3 years old from the date of title transfer to application date. • No lates/collections last 3 years and no significant derogatory credit since the event. • Confirm all insurer requirements are met also. **MCC –** Follow the more restrictive of the first mortgage or DPA Grant/CCA Grant/Plus Second Mortgage requirements (if applicable). *Reference*: VHDA Origination Guide *(Eligibility Requirements; Underwriting Requirements) and* Program Guidelines

FAQs

Continued

	Question:	Answer:
Qualification	Is it acceptable for a borrower to start a new job after closing?	A borrower may start a job after closing as long as all requirements of the agency and/or insurer are met. If the agency/insurer requires a paystub, VHDA must be in receipt of the paystub prior to loan purchase (and loan purchase must occur before the first payment date).
	Are tax transcripts required?	**Fannie Mae No MI and Fannie Mae Reduced MI –** Yes, tax transcripts are required. The type of tax transcript required is dependent on the qualifying income. The number of years of tax transcripts required varies based on the number of years' documentation required by DU. Tax transcripts are required in addition to the fully executed 4506-T. *See below for when all income is validated. Examples: • If DU requires a YTD paystub and one W-2 then 1 year W-2 tax transcript is required. • If DU requires a YTD paystub and two W-2s then 2 years W-2 tax transcripts are required. • If DU requires YTD income information and two 1099s/1040s then 2 years 1040 tax transcripts and 2 years 1099 tax transcripts are required. • If DU requires one year personal returns then 1 year 1040 tax transcripts are required. **FHA and VA –** No, tax transcripts are not required. **RHS –** VHDA does not require tax transcripts for this program, however RHS may have its own different tax transcript requirements. See RHS Handbook for more information. **DPA Grant, CCA Grant, Plus Second Mortgage, and MCC –** Follow first mortgage requirements. *Reference*: Fannie Mae No MI and Reduced MI Program Guidelines
	When the income is validated by the DU validation service, are tax transcripts still required for Fannie Mae loans?	When all of the borrower's income is validated by the DU validation service, tax transcripts are not required. However, if there are any data discrepancies then additional documentation or information may be required. Originating Lenders are expected to perform due diligence on every loan.

FAQs
Continued

	Question:	Answer:
Qualification	Are manual underwrites allowed?	**FHA, VA, and RHS –** Yes following agency and/or insurer requirements. Borrowers with no credit score must meet agency/insurer requirements for non-traditional credit. **Fannie Mae No MI –** No, DU Approve/Eligible required. An Approve/Ineligible is acceptable as long as the only reason for the ineligibility is due to income exceeding Fannie Mae's 80% AMI. Loan must be within acceptable VHDA Income Limit. **Fannie Mae Reduced MI –** No, DU Approve/Eligible required. **DPA Grant, CCA Grant, and MCC –** Follow first mortgage requirements. **Plus Second Mortgage –** Follow first mortgage requirements. Note that all borrowers must have a 680 credit score to allow for the higher LTV on the Plus Second Mortgage (4.5% Fannie Mae / 5% FHA). *Reference*: VHDA Origination Guide *(Eligibility Requirements; Borrower Eligibility Requirements) and* Program Guidelines
Automated Underwriting	Is an AUS approval required?	**FHA, VA, and RHS (with or without DPA Grant, CCA Grant, and Plus Second Mortgage) –** AUS is acceptable but manual underwrites are also acceptable following agency and/or insurer requirements in addition to any more restrictive overlays set forth by VHDA. **Fannie Mae No MI (with or without DPA Grant and Plus Second Mortgage) –** Yes, an AUS approval is required with one exception: DU will render a decision of Approve/Ineligible if the borrower's qualifying income exceeds 80% AMI per Fannie Mae (Click here to find Fannie Mae's income limits – under Income Eligibility). It is acceptable to proceed using the Fannie Mae No MI program as long as the only reason for the ineligibility is due to income exceeding 80% AMI. Loan must be within applicable VHDA Income Limit. Manual underwrites are not allowed. **Fannie Mae Reduced MI (with or without DPA Grant and Plus Second Mortgage) –** Yes, an AUS approval is required. Manual underwrites are not allowed. *Reference*: VHDA Origination Guide *(Automated Underwriting) and* Program Guidelines

FAQs
Continued

Question:		Answer:
Automated Underwriting	What automated underwriting systems are acceptable to VHDA?	**FHA (with or without DPA Grant and Plus Second Mortgage) and VA (with or without CCA Grant) –** • Desktop Underwriter (DU). • Loan Prospector (LP). **Fannie Mae No MI and Reduced MI (with or without DPA Grant and Plus Second Mortgage) –** • Desktop Underwriter (DU) only. **RHS (with or without CCA Grant) –** • Guaranteed Underwriting System (GUS). *Reference*: VHDA Origination Guide *(Automated Underwriting) and* Program Guidelines
	For conventional Fannie Mae loans, must AUS be run with a Community Lending Product selected?	**Fannie Mae No MI –** Yes, “HFA Preferred Risk Sharing” must be selected in Desktop Underwriter (DU) as the Community Lending Product. **Fannie Mae Reduced MI –** Yes, “HFA Preferred” must be selected in Desktop Underwriter (DU) as the Community Lending Product. *Do not select HomeReady or leave the Community Lending Program blank. *Reference*: Fannie Mae Program Guidelines
	How should a Plus Second Mortgage be run through AUS?	**Fannie Mae No MI and Fannie Mae Reduced MI First Mortgage –** The Plus Second Mortgage must be entered in Subordinate Financing. Additionally, Community Seconds must be marked as “Yes” in the Community Lending Product section. The Community Seconds Repayment Structure is “Any payment (including interest only, P & I, etc.) required within first 5 years.” **FHA First Mortgage –** The Plus Second Mortgage must be entered in Subordinate Financing. *Reference*: Plus Second Mortgage Program Guidelines

Question:		Answer:
Automated Underwriting	How should a DPA Grant be run through AUS?	**Fannie Mae No MI and Fannie Mae Reduced MI First Mortgage –** The VHDA DPA Grant must be entered as a Gift in Assets. It cannot be entered as "Other" Credit in Details of Transaction or as a lien in "Subordinate Financing." **FHA First Mortgage –** The DPA Grant must show as a Gift in Assets and must also be listed in the Down Payment Information (Labeled specifically "FHA-Gift-Government Assistance"). It cannot be entered as "Other" Credit in Details of Transaction or as a lien in "Subordinate Financing." *Originating Lenders must also ensure the DPA Grant is not duplicated for qualification purposes (i.e. Cannot include the DPA Grant as a "Other" Credit in Details of Transaction when it was already included as a Gift. It should only be listed as a Gift to qualify). *Reference*: DPA Grant Program Guidelines
	How should a CCA Grant be run through AUS?	**RHS First Mortgage –** The CCA Grant must show as Other Asset (and titled "VHDA CCA Grant" in the description field) in GUS. It cannot be entered as "Other" Credit in Details of Transaction or as a lien in "Subordinate Financing." Note: AUS requirements for VA are different for the CCA Grant, see below. **VA First Mortgage –** The CCA Grant must show as a Gift in AUS. It cannot be entered as "Other" Credit in Details of Transaction or as a lien in "Subordinate Financing." Note: AUS requirements for RHS are different for CCA Grant, see above. *Originating Lenders must also ensure the CCA Grant is not duplicated for qualification purposes (i.e. Cannot include the CCA Grant as a "Other" Credit in Details of Transaction when it was already included as Other Asset or Gift to qualify). *Reference*: CCA Grant Program Guidelines

	Question:	Answer:
Mortgage Insurance	Is lender paid mortgage insurance acceptable?	No, however lender credits may be used to offset a borrower paid premium. *Reference*: *Fannie Mae Reduced MI Program Guidelines*
	Is financed mortgage insurance acceptable?	Yes, in accordance with Fannie Mae and Mortgage Insurer requirements. Originating Lender must confirm the acceptance of Financed MI with the Mortgage Insurer. *Reference*: *Fannie Mae Reduced MI Program Guidelines*
	Is delegated MI approval acceptable?	No, the underwriter must submit the file directly to the MI company for MI approval. Delegated MI approval is not acceptable. *Reference*: Fannie Mae Reduced MI Program Guidelines
	When using a conventional VHDA program that requires MI for LTVs greater than 80%, what MI coverage is required?	Reduced mortgage insurance is required using the Fannie Mae Reduced MI program (HFA Preferred). **Required Coverage:** (see table below) Note: These lower limits apply even if the borrower's qualifying income exceeds Fannie Mae's 80% AMI limits. LLPAs for the lower MI coverage do not apply at this time. *Reference*: Fannie Mae Reduced MI Program Guidelines
	When the LTV is 80% or less on a conventional VHDA loan, what loan program should be selected?	The Fannie Mae Reduced MI (HFA Preferred) program must be selected. It may seem appropriate to select the Fannie Mae No MI program given its name, but this program is designed for high LTV (must be greater than 80%) that does not require mortgage insurance. *Reference*: Fannie Mae Reduced MI Program Guidelines

Required Coverage:

LTV	MI Coverage
95.01 – 97.00	18%
90.01 – 95.00	16%
85.01 – 90.00	12%
80.01 – 85.00	6%
< = 80.00	0%

Question:		Answer:
Property	Is there an acreage restriction to all VHDA programs?	**MCC –** Maximum 2 acres. Greater than 2, up to a maximum of 5 acres is considered on an exception basis. **DPA Grant, CCA Grant, Plus Second Mortgage, FHA, VA, and RHS –** Maximum 2 acres. Greater than 2, up to a maximum of 10 acres is considered on an exception basis. Note that the lot cannot exceed 5 acres if loan has an MCC. *The Originating Lender's underwriter may review and render a decision and must acknowledge the acreage exception on the Underwriting Transmittal or a memo to the file. Justification for the exception must be included. Generally a minimum of two comparable properties should support the acreage. **Fannie Mae No MI and Reduced MI (without a DPA Grant, Plus Second Mortgage, or MCC) –** VHDA does not have an acreage overlay restriction. Follow Fannie Mae property requirements. *Reference: VHDA Origination Guide (Eligibility Requirements; Property Eligibility Requirements)*
	What is a Federally Targeted Area?	A Federally Targeted Area, or Area of Economic Opportunity, is an area that meets the definition of a qualified census tract or an area of chronic economic distress defined by the IRS / Department of Treasury. To help stimulate growth within these areas VHDA is permitted to relax certain loan program requirements. The borrower does not have to be a First-Time Homebuyer when this is a requirement of the program. Some, but not all, properties located in a Targeted Area have higher income and sales price limits. The higher Targeted Area income limits do not apply to loans originated with the DPA Grant and CCA Grant. For assistance in determining Targeted Areas, visit Areas of Economic Opportunity on VHDA's website (link below) or call local city/county planning office. *Reference: VHDA Origination Guide (Eligibility Requirements; Property Eligibility Requirements) and VHDA's website – Areas of Economic Opportunity*

	Question:	Answer:
Property	Are Affordable Dwelling Units (ADUs) on properties with Deed Restrictions acceptable property types?	Yes, however VHDA requires re-sale restrictions related to ADUs or other affordable housing programs to meet FHA guidelines. These guidelines require all re-sale restrictions relating to affordable housing programs to terminate upon foreclosure, deed-in-lieu of foreclosure, or assignment of the insured mortgage to HUD. Originating Lenders must discuss this requirement with local governments that have re-sale restrictions to ensure they meet requirements (Compliance with HUD Handbook 4000.1, Nonprofits and Governmental Entities). Note: In the event the re-sale restrictions does not comply with FHA guidelines, and the loan program requested is conventional financing, contact VHDA for exception consideration. *Reference: VHDA Origination Guide (Eligibility Requirements; Property Eligibility Requirements)*
	Can a seller rent back the subject property after closing?	VHDA allows a seller to rent the property back after closing; however, the borrower must occupy the property within 60 days. *Reference: VHDA Origination Guide (Eligibility Requirements; Borrower Eligibility Requirements)*
	Are manufactured homes allowed?	**FHA, VA, and RHS –** Yes. VHDA will allow financing of manufactured homes meeting the applicable insurer requirements and requirements in the Origination Guide. Requirements for title surrender and conversion to real property must comply with Virginia Code Section 46.2-653.1. **Fannie Mae No MI and Reduced MI –** No. **DPA Grant, CCA Grant, Plus Second Mortgage, and MCC –** Follow first mortgage requirements. *Reference: VHDA Origination Guide (Eligibility Requirements; Property Eligibility Requirements) and Announcement: VHDA Policies Regarding Manufactured Homes*
	Does VHDA have any property flipping guidelines?	VHDA does not have any property flipping overlays. The Originating Lender is responsible for confirming any property flipping requirements of the agency and/or insurer are met. *Reference: VHDA Origination Guide (Eligibility Requirements; Property Eligibility Requirements)*

FAQs
Continued

	Question:	Answer:
Property	Are post-closing repairs allowed?	Escrows for post-closing repairs are considered as an exception on a case by case basis. Request for approval must be submitted to VHDA in advance of loan approval. There cannot be any structural or major mechanical repairs. VHDA will allow escrows for minor weather related items (such as landscaping, outdoor painting, etc.). See below for more information regarding HUD REO with Repair Escrows. *Reference: VHDA Origination Guide (VHDA Loan Programs) and Program Guidelines*
	Is a HUD REO with Repair Escrow allowed?	Yes VHDA will consider requests for approval for this program with VA and FHA (but not FHA when originated with the Plus Second Mortgage). Request for approval must be submitted to VHDA in advance of loan approval. Financing is not acceptable when using FHA with the Plus Second Mortgage or any other special allocation programs for which VHDA may place a second mortgage behind the insured first mortgage. *At this time VHDA does not allow FHA 203k loans. *Reference: VHDA Origination Guide (VHDA Loan Programs)*
General	Where is there information about VHDA's systems?	**VHDA LOS –** VHDA uses Mortgage Cadence as its LOS. There are a number of helpful documents including User Guides available to help navigate through the system. An Originating Lender can lock a loan, submit an underwriting exception, submit a non-delegated loan to underwriting, submit a closed loan for purchase, and submit conditions using Mortgage Cadence. If a user needs access to Mortgage Cadence he/she must contact his/her company system administrator. Click on the link below for more information about Mortgage Cadence. **VHDA MCC System –** VHDA has another system for MCCs. All users must complete and send the MCC Systems Access Form to VHDA for access. For additional questions or concerns contact mccinfo@vhda.com or click on the link below. *Reference: VHDA's Loan Origination System Information, Mortgage Cadence, and VHDA MCC Information for Lenders*

FAQs
Continued

	Question:	Answer:
General	When is a loan subject to recapture?	Loans may be subject to recapture only if originated with an MCC (This includes VHDA loans with an MCC and Non-VHDA loans with an MCC). But for most people the financial benefits of homeownership with an MCC far outweigh the possibility of having to pay a modest recapture tax when they sell their home. Click here to learn more about recapture (including a Recapture video and Recapture FAQs). *Reference: Program Guidelines and VHDA's website – Recapture*
	Does VHDA allow a co-signor or non-occupying co-borrower on any programs?	No (including non-VHDA loans with an MCC). *Reference: VHDA Origination Guide (Eligibility Requirements; Borrower Eligibility Requirements) and Program Guidelines*
	What is VHDA's Employee Identification Number (EIN)?	0540921892. FHA requires the EIN for the Plus Second Mortgage and the DPA Grant to be shown on the FHA Transmittal 92900-LT. *Reference: Plus Second Mortgage and DPA Grant Program Guidelines*
	Does VHDA have a maximum asset limitation?	**DPA Grant, CCA Grant, Plus Second Mortgage, MCC, FHA, VA, and RHS –** Eligible borrower(s) cannot have a Net Worth exceeding 50% of the sales price of the dwelling being financed. See "Does the value of real estate owned need to be included in the Net Worth calculation?" below if the borrower owns land or real estate. **Fannie Mae No MI and Reduced MI (without a DPA Grant, Plus Second Mortgage, or MCC) –** There is no asset or Net Worth limitation. *Reference: VHDA Origination Guide (Eligibility Requirements; Borrower Eligibility Requirements) and Program Guidelines*

FAQs

Continued

	Question:	Answer:
General	Does VHDA have a requirement for verifying and documenting asset deposits?	**DPA Grant, CCA Grant, Plus Second Mortgage, MCC, FHA, VA, and RHS –** There is not a set requirement that must be adhered to in any and all scenarios, however the general rule and best practice is to document and explain deposits greater than or equal to $300. Additionally any recurring deposits less than $300 should be documented and explained. The primary reason for this general rule and best practice is for household income purposes. **Fannie Mae No MI and Reduced MI (without a DPA Grant, Plus Second Mortgage, or MCC) –** Follow Fannie Mae requirements for evaluating large deposits.
	Does the value of land or real estate owned need to be included in the Net Worth calculation?	The assessed value of land or real estate owned minus any mortgages needs to be taken into consideration for the Net Worth calculation. If it is jointly owned then a portion is included in the Net Worth calculation (Example: Borrower owns an investment property with his brother with an assessed value of $200,000 and a mortgage of $80,000. The value of the property minus half the mortgage divided by 2 is what is included in the borrower's Net Worth calculation ($60,000). <u>Note</u>: This land or real estate owned is not the borrower's primary residence nor has it been for the last 3 years to meet VHDA's first-time homebuyer requirement.
	Are Higher Priced Mortgage Loans (HPML) acceptable to VHDA?	**All VHDA loans –** HPML occurs when the APR exceeds the APOR (Averaged Price Offer Rate) by 1.5% or more for first mortgages and 3.5% for second mortgages. A Rate Spread Calculator that checks the APOR spread is available at <u>www.ffiec.gov</u>. All HPML loans must comply with the flipping requirements of the TILA HPML Appraisal Rule. If HPML, then per the CFPB an additional appraisal is required if the property is resold 90 – 180 days when there is a price increase of: • More than 10% if acquired in past 90 days. • More than 20% if acquired in the past 91 – 180 days. *There are some exceptions governed by the CFPB which would not require an additional appraisal (property owned by local, state, federal government, nonprofits, inheritance, employee relocation, service member deployment, some <u>rural and underserved areas</u>, etc.). *<u>Reference</u>:* <u>VHDA Origination Guide</u> *(Originating Lender Participation; Origination Responsibilities)*

	Question:	Answer:
General	Is VHDA exempt from Qualified Mortgage (QM) or Ability to Repay (ATR) / Maximum Points and Fees?	**Fannie Mae No MI and Reduced MI –** ATR covered loans may not have total points and fees exceed 3% of the total loan amount. Housing Finance Agencies such as VHDA are exempt from the ATR rule so the 3% does not apply to VHDA loans; however, Fannie Mae loans are limited to 5% in total points and fees. **FHA, VA, RHS –** Housing Finance Agencies are exempt from the government agencies' QM rule. **Plus Second Mortgage –** Limited to 5% in total points and fees on the second mortgage. Follow first mortgage requirements for the first mortgage. **DPA Grant, CCA Grant, and MCC –** Not applicable since neither is a mortgage. But must follow first and second (if applicable) mortgage requirements for the associated mortgage(s). *Reference*: VHDA Origination Guide *(Originating Lender Participation; Origination Responsibilities)*
General	Can the subject property be used for a trade or business?	The financed dwelling may not be used in any manner which would permit more than 15% of the total living area to be used primarily in a trade or business. The borrower(s) and non-borrower(s) taking title must fully execute the Business Use of Home Certification if the borrower has disclosed that a part of the current residence is being used primarily for a trade or business or if there is any other evidence in the file, such as: • The employment business address is the same as the borrower's current residence address on the 1003, or • Federal tax returns are provided and show the "business in home" deduction was taken (Typically this shows on Schedule C, line 30). This certifies that not more than 15% of the total living area of the subject property will be used primarily in a trade or business. If greater than 15% will be used in the subject dwelling, then the borrower is not eligible. Originating Lenders must closely evaluate when the Business Use of Home Certification is executed for the primary residence but more than 15% was taken in the previous year for their current residence if federal tax returns are included in the file. Additional documentation may be required to explain the possible change. Contact VHDA if needed. Reference: VHDA Origination Guide (Eligibility Requirements; Borrower Eligibility Requirements) and Program Guidelines

Question:		Answer:
Lock-In	What is VHDA's maximum lender compensation?	The Originating Lender may not earn in excess of 2.5% compensation (including the service release premium) on each loan. An excess compensation must be applied as a lender credit to the borrower. *Reference*: VHDA Origination Guide *(Originating Lender Participation; Originating Lender Compensation/Fees Responsibilities)*
	What is VHDA's service release premium (SRP)?	Unless otherwise noted, a 1.5% service release premium will be paid to the Originating Lender by VHDA at the time of purchase. The premium will be for both first and second mortgages (if applicable). This will be included in the net price of the loan when purchased by VHDA. *Reference*: VHDA Origination Guide *(Originating Lender Participation; Originating Lender Compensation/Fees Responsibilities)*
	Are rate lock extensions allowed?	The Originating Lender may request extensions in 15 day increments, up to a maximum of 60 days. The cost of each extension is 0.25% of the loan amount. Extensions will not be processed on expired locks. If a full 15 day extension is not needed, a courtesy 5 day lock extension may be granted. *Reference*: VHDA Origination Guide *(Origination Procedures; Lock-In Policies and Procedures)*
	Is it acceptable to change an existing lock to a new property address?	A change in property requires a new lock with current market pricing. The Originating Lender must cancel the original loan prior to locking in the new property. *Note: Upon registering the new loan a "Duplicate" error message will appear in Mortgage Cadence. The Originating Lender must email lockdesk@vhda.com to request the duplicate flag be removed. *Reference*: VHDA Origination Guide *(Origination Procedures; Lock-In Policies and Procedures)*

	Question:	Answer:
Lock-In	Is it acceptable to change a program on an existing lock?	A product change request or lock change request must be made through Mortgage Cadence. The lock will be updated as outlined below: • **Government to Government –** Original lock date pricing and lock period applies for applicable product. • **Fannie Mae to Government and vice versa –** Lock update required at current market and lock period. • **Fannie Mae Reduced MI to Fannie Mae No MI and vice versa –** Original lock date pricing and lock period applies for applicable product. • **Government to FHA with Plus Second Mortgage –** Original lock date pricing and lock period applies for first mortgage but the interest rate will be adjusted by 0.25%. The Originating Lender may request Plus Second Mortgage term and period to mirror first mortgage or lock at current market with a lock period of 30, 45, or 60 days. **Fannie Mae to Fannie Mae with Plus Second Mortgage –** Original lock date pricing and lock period applies for first mortgage but the interest rate will be adjusted by 0.125%. The Originating Lender may request Plus Second Mortgage term and period to mirror first mortgage or lock at current market with lock period of 30, 45, or 60 days. • **FHA to Fannie Mae with Plus Second Mortgage / Fannie Mae to FHA with Plus Second Mortgage –** A lock update is required at current market pricing and current lock period. Lock period remains the same as the original lock. If the original lock has a DPA Grant, the grant must be cancelled prior to registering / locking the Plus Second Mortgage as a piggyback loan. There is an adjustment to the interest rate of 0.25% for FHA loans and 0.125% for Fannie Mae loans. *Reference*: VHDA Origination Guide *(Origination Procedures; Lock-In Policies and Procedures)*
	Does the loan need to close by the lock expiration date?	Yes. The Originating Lender may request extensions in 15 day increments, up to a maximum of 60 days. The cost of each extension is 0.25% of the loan amount. Extensions will not be processed on expired locks. If a full 15 day extension is not needed, a courtesy 5 day lock extension may be granted. *Reference*: VHDA Origination Guide *(Origination Procedures; Lock-In Policies and Procedures)*

	Question:	Answer:
Closing/ Post-Closing	Does the loan need to close by the lock expiration date?	Yes. The Originating Lender may request extensions in 15 day increments, up to a maximum of 60 days. The cost of each extension is 0.25% of the loan amount. Extensions will not be processed on expired locks. If a full 15 day extension is not needed, a courtesy 5 day lock extension may be granted. *Reference*: VHDA Origination Guide *(Origination Procedures; Lock-In Policies and Procedures)*
	Is there a special Note and Deed of Trust for the Plus Second Mortgage?	Originating Lenders can use the Virginia Conventional Second Note and Deed of Trust documents to close a Plus Second Mortgage. Must comply with Virginia Code Section 55-58.3 (D). The Deed of Trust must contain the following language at the top of the first page in bold or capitalized letters and must also be MERS compliant: "THIS DEED OF TRUST SHALL NOT, WITHOUT THE CONSENT OF THE SECURED PARTY HEREUNDER, BE SUBORDINATED UPON THE REFINANCING OF ANY PRIOR MORTGAGE." Omission of the above language from the Deed of Trust will result in the need to re-record the original document. *Reference*: Plus Second Mortgage Program Guidelines
	Does the loan need to be delivered by the lock expiration date?	No. The loan must close by the lock expiration date as noted above. Complete loan packages must be uploaded to VHDA within ten calendar days of loan closing, but not later than the fifteenth day of the month preceding the first payment date (no exceptions). *Reference*: VHDA Origination Guide *(Originating Lender Participation; Origination Responsibilities)*
	Does the loan need to be delivered by the lock expiration date?	No. The loan must close by the lock expiration date as noted above. Complete loan packages must be uploaded to VHDA within ten calendar days of loan closing, but not later than the fifteenth day of the month preceding the first payment date (no exceptions). *Reference*: VHDA Origination Guide *(Originating Lender Participation; Origination Responsibilities)*
	Can escrows be waived?	Escrows cannot be waived on any VHDA products.

FAQs
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Question:		Answer:
Closing/ Post-Closing	How should tax escrows be calculated?	Tax escrows must be calculated using the disbursement date (not the due date). Example: If taxes are due December 5th, the disbursement is in November. Improper calculation will result in an escrow shortage.
	When do pend penalties apply?	VHDA imposes pricing penalties when documentation is not received for loans within ten days of the initial pend notice. Additional penalties will be assessed every ten days thereafter. *Reference: Announcement: Pend Penalty Announcement: Pend Penalty and* VHDA Origination Guide *(Originating Lender Participation; Origination Responsibilities)*
	When are final documents due?	The Originating Lender will submit any outstanding post-closing documents including, but not limited to, the final title policy, recorded Deed of Trust, Certificate of Transfer, and applicable mortgage insurance/guarantee certificate to VHDA within 90 days of closing. *Reference:* VHDA Origination Guide *(Originating Lender Participation, Originating Lender Compensation/Responsibilities)*
	What is VHDA's HMDA Purchaser Code?	9 – Other type of purchaser.
	What is VHDA's FHA Servicer Number?	54521.
	Is it acceptable for the borrower to use Power of Attorney to close?	Yes following agency, insurer, and title company requirements.
	Do VHDA loans need to be MERS compliant?	Yes. All VHDA loans (including VHDA subordinate liens) must comply with MERS requirements. VHDA's MERS ORG ID is 1013442. *Reference:* VHDA Origination Guide *(Eligibility Requirements, Closing Requirements)*
	Are interest credits allowed?	It is up to the Originating Lender to allow an interest credit. Loans with an interest credit must be delivered no later than the fifteenth day of the month the loan closes.

FAQs
Continued

Question:		Answer:
Closing/ Post-Closing	What are the late payment fees to the borrower?	**Plus Second Mortgage, Fannie Mae (No MI and Reduced MI), and RHS –** A late fee of 5% is due 15 days after the due date. **FHA, VA –** A late fee of 4% is due 15 days after the due date. *Reference*: VHDA Origination Guide *(Eligibility Requirements, Closing Requirements)*
	What is VHDA's requirement for Uniform Closing Dataset (UCD)?	**Fannie Mae loans (No MI and Reduced MI) only –** Originating Lenders must upload the UCD file directly to Fannie Mae and provide VHDA the Casefile ID and UCD Findings Report in the final package submitted to VHDA for purchase. *Reference*: Announcement: Update on Quality Control Findings, Initial Escrow Statement and UCD Submission
	Are VHDA loans assumable?	VHDA loans may be assumable under certain circumstances. The new borrower must be a First-Time Homebuyer. See the Origination Guide for more information. *Reference*: VHDA Origination Guide *(Loan Assumption)*

Important: Refer to the Origination Guide for more information about VHDA eligibility requirements.