Homeownership Originations Policies

File last saved: 12-2023

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VERSION HISTORY

When	Description
12-01-2021	**Version 1.0 Published** • Added "Universal Residential Loan Application" acronym • Modified Business Use Restriction • Adopted 4506-C • Modified Ability to Repay / Qualified Mortgage / Maximum Points & Fees / HPML
12-01-2022	**Version 1.1 Published** • Updated all links within Document 3/2022 • Additional verbiage for Condominiums • Added verbiage regarding Disaster Areas • Added new Origination Responsibilities section and Private Transfer Covenants • Added ITIN under Borrower Eligibility Requirements section • Added Pilot Loan Programs section
12-01-2023	**Version 1.2 Published** • Added verbiage for approved MI forms • Modified Acreage requirements • Added Bond Programs • Removed MCC Program • Updated Lock-In Policies • Updates supporting Expanded Limits & More including changes to first-time homebuyer requirements

VERSION POLICY

Version history is tracked in the Version History section above. It includes notes regarding the date of the version publication, the changes made, and the page numbers affected by each change.

Substantive changes within this document that reflect either a programmatic or policy change or the addition of a new policy will result in the issuance of a new version. For example, the retirement of a published loan program represents a programmatic change to the criteria outlined in Version 1.0. This or other substantial changes would result in the issuance of Version 2.0, an increase in the primary version number. Future programmatic or policy changes will result in additional revision and the issuance of a new primary versions number.

Non-substantive changes such as minor wording and editing, or clarification of existing programmatic and/or policy that do not affect the interpretation or applicability of the existing programmatic and/or policy will be included in minor version updates denoted by a sequential number increase behind the primary version number. Such changes would result in a version number such as 1.1, 1.2, etc.

INTRODUCTION

The purpose of this manual is to outline the various policies used in the origination, underwriting, processing, and closing, purchasing, and selling of Single Family loans.

FAIR LENDING

Virginia Housing does business in accordance with federal and state fair housing law.

Under the Federal Fair Housing Act, it is illegal to discriminate against any person because of race, color, religion, sex, disability, familial status (having one or more children), or national origin in the following activities:

- Sale or rental of housing or residential lots
- Advertising the sale or rental of housing
- Financing of housing (including mortgage loans)
- Provision of real estate brokerage services
- Appraisal of housing
- Blockbusting is also illegal

Individuals that believe they have been discriminated against in violation of the Federal Fair Housing Act are advised to submit a complaint to the US Department of Housing and Urban Development (HUD) at:

1-800-669-9777 (Toll Free)

1-800-927-9275 (TTY)

www.hud.gov

APPROVING NEW LENDERS

The Business Development Training Manager is the point of contact for lenders inquiring about participation in the Virginia Housing program.

APPLICATION DOCUMENTS

New originating lenders will find all eligibility criteria, requirements, and the application process instructions in the Origination Guide under Originating Lender Participation. Visit Virginia Housing's website at www.virginiahousing.com.

INITIAL REVIEW

The Business Development Training Manager screens the application for completeness. The assigned Business Development Officer (BDO) will contact the lender should additional supporting documents or clarification be required.

The BDO documents the lender is in good standing with Virginia Housing through FHA Connection via Neighborhood Watch. He/she then forwards the lender's Quality Control Plan and Audited Financial Statements to the Single Family Compliance Officer and designated Capital Markets Associate for review to ensure compliance with Virginia Housing and Investor requirements.

APPROVAL PROCESS

On an as needed basis, the review committee consisting of the Director of Homeownership Lending, Assistant Director of Loan Programs, Assistant Director of Operations, Business Development Training Manager, Business Development Officer(s), Loan Programs Manager and the Business Solutions Manager reviews applications for participation in the Virginia Housing loan program.

Once the lender has been approved, the Business Development Training Manager generates an Approval Letter. The approval is contingent on the completion of all required training. Copies of the executed Purchase Agreement and the Information Security Agreement are sent to the lender with the Approval Letter as well as uploaded into Comergence®.

MAINTAINING APPROVAL

After initial approval, originating lenders will be required to meet specified eligibility criteria requirements such as Insurance and Net Worth, Annual Financial Statement, Information Security, Certificate of Insurance, Quality Control, Minimum Origination Volume, etc. in the Origination Guide under Maintaining Originating Lender Approval Status.

DELEGATED PROGRAM

Eligible Virginia Housing Delegated Originating Lenders have the authority to approve or deny loan applications on behalf of Virginia Housing.

The Delegated Lender processes, underwrites, issues the loan approval, and authorizes loan closing. In performing these responsibilities, the Originating Lender ensures all Virginia Housing requirements and those of the Government Sponsored Enterprise (GSE), insurer, or guarantor are met.

From time to time, special programs become available, or allocations awarded to Virginia Housing's housing partners. These special programs / allocations are not eligible for processing under the Delegated program unless otherwise approved by Virginia Housing.

REQUIREMENTS

Each Originating Lender participating in the Delegated program must execute the Loan Purchase Agreement and the Delegated Lender Authorized Individuals Addendum to the Loan Purchase Agreement. This agreement identifies the special requirements, responsibilities, and terms of the program. The agreement must be executed by an authorized officer of the Originating Lender's organization and returned to Virginia Housing prior to approval for participation.

Authorized Staff

The Originating Lender's authorized officer must provide a list of those individuals who will be designated to act on behalf of the Originating Lender. Each designated individual must attend a Virginia Housing training seminar and be an employee of the Originating Lender. Responsibilities of the Originating Lender may not be contracted to a third party without prior approval by Virginia Housing.

Delegated Underwriter Requirements

The approved underwriter must possess FHA Direct Endorsement Authority and have a minimum 3-years mortgage underwriting experience unless otherwise approved by Virginia Housing.

Delegated Closing Review

The approved closing staff should have sufficient experience closing all types of loans. The Originating Lender will warrant that staff qualifications have been met by designating such individuals on Delegated Lender Authorized Individuals Addendum to the Loan Purchase Agreement. Any additions or deletions to the delegated closers must be made in the form of a revised Addendum or official notification by the Originating Lender.

Information to Staff

The Originating Lender will be responsible for informing all staff of Virginia Housing procedural changes and requirements. The Originating Lender will designate key contacts for receipt of correspondence and will notify Virginia Housing of changes in the staff contacts – including email and mailing addresses.

Experience

Virginia Housing must determine the Lender has an understanding of the Virginia Housing loan programs and regulations prior to acceptance into the Delegated program. A minimum of 10 satisfactorily submitted loans; all closed within a six-month period and must be reviewed before approval will be granted to participate as a Delegated Originating Lender. The review performed will be based on the quality and completeness of the original loan submission for underwriting, the pre-closing and the timeliness of the submission of post-closing documents.

Notification of Approval
Once all Originating Lender Delegated criteria are met, Virginia Housing will notify the Originating Lender in writing of their approval to participate as a Delegated Originating Lender. The Originating Lender will then be required to execute the "Exhibit A" of the Purchase Agreement designating authorized staff to participate in underwriting and closing responsibilities.

Upon receipt of executed document, the Lender may immediately act as a Delegated Agent. Loans previously reserved or approved may proceed through the Delegated process.

ORIGINATION RESPONSIBLITIES

Qualified Mortgage (QM) / Ability to Repay (ATR) / Maximum Points and Fees

Conventional, Conventional No MI, Conventional Bond
ATR covered loans may not have total points and fees exceed 3% of the total loan amount. Housing Financing Agencies such as Virginia Housing are exempt from the ATR rule so the 3% does not apply to Virginia Housing loans; however, Conventional loans are limited to 5% in total points and fees.

FHA, FHA Bond, VA, VA Bond, RHS, RHS Bond
Housing Finance Agencies are exempt from the government agencies' QM rule.

Plus Second Mortgage
Housing Finance Agencies are exempt from the ATR rule for second mortgage. Follow first mortgage requirements for the first mortgage.

Note: Virginia Housing exempt loans' APR cannot exceed the APOR by 6.5% or more calculated in accordance with the regulatory provisions of HEOPA in TILA.

Higher Priced Mortgage Loans (HPML)

All Virginia Housing 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. All HPML loans must comply with the flipping requirements of the TILA HPML Appraisal Rule; otherwise meet the definition of CFPB qualified mortgages (safe harbor (QM) or rebuttable presumption (ATR)) so as not to trigger the 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 – 181 days.

There are some exceptions governed by the CFPB, which would not require an additional appraisal (property from a local, state, federal government, nonprofits, inheritance, employee relocation, service member deployment, some rural and underserved areas, etc.).

Private Transfer Fee Covenants

Conventional Loans – Loans on properties encumbered with private transfer fee covenants are unacceptable under the FHFA's Private Transfer Fee Regulation (codified at 12 CFR Part 1228). The Originating Lender must fully review all documentation pertaining to this, including, but not limited to, the Deed, Deed of Trust, Declaration of Covenants, Conditions, and Restrictions, and/or Declaration of Condominium.

The Private Transfer Fee Regulation excludes private transfer fees paid to homeowner associations, condominiums, cooperatives, and certain tax-exempt organizations that use private transfer fee proceeds to benefit the property (i.e., such private transfer fees are acceptable). Fees that do not directly benefit the property are subject to the rule and would disqualify mortgages on the property from being sold to Fannie Mae or Freddie Mac or used as collateral for Federal Home Loan Bank advances.

A transfer fee covenant recorded in the Commonwealth on or after July 1, 2011, shall not run with the title to real property and is not binding on, or enforceable at law or in equity against, any subsequent owner, purchaser, or mortgagee of any interest in real property as an equitable servitude or otherwise. Any lien purporting to secure the payment of a transfer fee under a transfer fee covenant recorded in the Commonwealth on or after July 1, 2011, is void and unenforceable. Va. Code 55.1-358. As a result of this statute, transfer fee covenants recorded on or after July 1, 2011, are legally unenforceable and should not disqualify mortgages on the property from being sold to Fannie Mae or Freddie Mac or used as collateral for Federal Home Loan Bank advances.

MORTGAGE REVENUE BOND

All loans funded by tax-exempt bonds must meet certain borrower and property eligibility.

BORROWER ELIGIBILITY REQUIREMENTS

Borrower Age

Borrowers must be over the age of eighteen (18) years of age or older or have been declared emancipated by court having jurisdiction.

Family / Household

One person or multiple persons are eligible to be a borrower or borrowers of a single-family loan if such person or all such persons satisfy the criteria and requirements in these rules and regulations. All references in these rules and regulations to an applicant or borrower shall, in the case of multiple applicants or borrowers, refer to each applicant or borrower individually unless the provision containing such reference expressly refers to the applicants or borrowers collectively.

Citizenship

Mortgages are provided to U.S. citizens, permanent resident aliens, or to non-permanent resident aliens provided the borrower occupies the property as a principal residence, has a valid Social Security Number (SSN) (or Individual Taxpayer Identification Number (ITIN) if acceptable by the applicable GSE, insurer, or guarantor), and is eligible to work in the United States. Lenders are required to certify that borrowers meet these guidelines and to provide evidence that the appropriate GSE, insurer, or guarantor requirements are met. This eligibility applies to all Virginia Housing loan programs.

Co-Signers

Co-signers are not allowed on Virginia Housing loans. All borrowers must occupy the property as their primary residence.

Prior Homeownership Three-year Requirement

When using a Virginia Housing bond program, eligible borrower(s) may not have had a present ownership interest in his/her principal residence within the three years preceding the date of execution of the mortgage loan documents (loan closing). The three-year requirement does not apply for residences being financed in “targeted areas.” The three-year requirement also does not apply when using a Virginia Housing non-bond program.

Required Documentation Evidencing First-time Homebuyer

To verify that the borrower(s) meet the three-year requirement, the Originating Lender must obtain:

- The fully executed Programs Disclosure and Borrower Affidavit (Ex E),
- A completed and fully executed Uniform Residential Loan Application (URLA), and
- The credit report for all borrowers.

If unable to confirm from the Exhibit E, the URLA, or the credit report the borrower(s) are a first-time homebuyer, additional documentation may be required, such as:

- Three years’ federal tax returns / tax transcripts
- Rent verification(s)
- Other reports such as a Lender Data Integrity Report (Examples: Drive Report, FraudGuard, Loansafe)

Notes:

- If any of the above items are in the loan file, (even if not required) the Originating Lender must review for homeownership.
- If the borrower(s) owns a dwelling that is not a primary residence, the value of the dwelling will be included in the net worth calculation (See Net Worth Restrictions).

Principal Residence / Occupancy Requirement / Use of Property

Owner Occupancy: Borrower(s) must intend to occupy the financed dwelling as a principal residence within 60 days (90 days for rehabilitation loans, if available) after the closing of the loan. A certification of the owner occupancy is to be made by the borrower(s) on the Borrower Affidavit.

Principal Residence / Property Use / Business Use Restriction: The subject property may not be used for the following:

- As a recreational or second home
- As an investment property
- The residence being purchased may not have additional living space, which would be typically used for investment or rental purposes
- Use in 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 trade or business.
  - The borrower(s) 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 and/or the borrower has marked yes for mixed-use property on the URLA, or
    - Federal tax returns are provided and show the "business in home" deduction was taken (Typically this shows on Schedule C, line 30).
  - The Business Use of Home Certification 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.

Use of Land: The borrower(s) must certify the following on the Borrower Affidavit:

- No portion of the land financed provides a source of income (other than incidental income)
- The borrower(s) does not intend to farm any portion (other than as a garden for personal use)
- The borrower(s) does not intend to subdivide property

New Mortgage Requirements / No Refinances

Virginia Housing Loans may be made for purchases only; refinances are not allowed (except as stated below for temporary financing). Loan proceeds may not be made to acquire or replace an existing mortgage (whether or not paid off). Proceeds may be used to pay off temporary financing (i.e., construction or bridge loans), which have an initial (not remaining) term of 24 months or less.

- For the purpose of applying the above requirement, an existing mortgage includes deeds of trust, conditional land sales contracts (generally where regular monthly installments are paid and applied to sales price), pledges, Purchase Agreements to hold title in escrow, a lease with an option to purchase which is treated as an installment sale for federal income tax purposes and any other form of owner-financing.
- A Virginia Housing loan may be made to finance a residence (including the land) if the borrower(s) have previously had a mortgage loan on the land only.
- Virginia Housing provides refinances under specific refinance programs such as FHA Streamline Refinance, VA IRRRL, Fannie Mae and Freddie Mac products.

Maximum Borrower(s) Net Worth

- Eligible borrower(s) cannot have a net worth exceeding 50% of the sales price of the dwelling being financed.
- The value of life insurance policies, retirement plans, and furniture and household goods shall not be included in determining net worth.
- In addition, the portion of the borrower's liquid assets, which are used to make the down payment and to pay closing costs, up to a maximum of 25% of the sales price, will not be included in the net worth calculation.
- Any income producing assets needed as a source of income in order to meet the minimum qualifying requirements will not be included in the borrower's net worth for the purpose of determining if this net worth limitation has been violated.

Maximum Gross Income (Maximum Household Income)

Virginia Housing publishes maximum "gross income" limits, which are established to comply with the limits imposed by the U.S. Treasury limits. The "gross income" as defined below may not exceed the published Virginia Housing income limits. These limits are available at VirginiaHousing.com.

- "Gross Income" includes the combined annualized gross income of all household members from whatever source derived and before taxes or withholdings.

  Note: Some programs such as Virginia Housing's non-bond programs may have different requirements that require only all borrower qualifying income to be included in the household income calculation, and Virginia Housing's expanded income limit applies.

- Gross Income is calculated by projecting gross income forward for the 12-month period beginning on the date of loan application. Typically, income such as bonuses, overtime, and commissions will be averaged for the most recent 12-month period. If information is unavailable for this period, the Originating Lender may average the past year and year to date bonuses, overtime, and commissions. This average multiplied by 12 will be added to current base salary to determine gross income. All such earnings must be included in gross income unless the employer documents that such earnings will not be continued.

  Note: Income, which may not be eligible for use in credit qualifying, may be required to be included in determining gross income for maximum income eligibility purposes.

  - **The following are included in Gross Income:**
    - Base salary,
    - Overtime,

- Bonuses,
- Commissions,
- Part-time and seasonal employment,
- Dividends,
- Interest,
- Royalties,
- Pensions,
- Net rental income,
- Alimony and child support,

  Note: Alimony and child support must be included in determining maximum gross income, if such income is specified in a divorce settlement, separation agreement, or is voluntary. See below for when this income may be excluded.

- Veterans Administration compensation,
- All military pay and allowances including periodic bonus payments (see below for any military pay that may be excluded),
- Public Assistance,
- Sick pay,
- Social Security Income / Benefits,
- Unemployment compensation,
- Car allowance,
- Income from trusts, and
- Income from business activities or investments.

  Notes:
  Non-Reimbursed Employee expenses or income losses (schedule C or E) are not to be deducted from "gross income" calculations.

- **The following may be excluded from Gross Income:**
  - Income received as a one-time lump sum (such as inheritance, settlement of insurance claim, military re-enlistment bonus), which is nonrecurring, does not need to be included in gross annual income.
  - Military hazard duty pay.
  - Alimony or child support does not have to be included if the borrower certifies that the income is not being received and documents that he/she has made reasonable effort to collect the amount due including filing with courts or agencies responsible for enforcing payments.
  - The "grossed up" portion of non-taxable income per the appropriate GSE, insurer or guarantor guidelines for qualifying purposes is not required to be included in gross annual income.

PROPERTY ELIGIBILITY REQUIREMENTS

In order to qualify as an eligible dwelling for a Virginia Housing loan, the residence must:

- Be located in the Commonwealth of Virginia.
- Be a single-family residence, a townhouse, a unit of an eligible condominium, or a single-family residence in an eligible Community Land Trust (CLT).

- The residence may not have additional living space, which would be typically used for investment purposes, such as living space with separate kitchen, utilities, and access. Exceptions may be considered based on family need and borrower intent for use.
- Be owned or to be owned by applicant in the form of fee simple interest.
- Satisfy the other requirements noted in this section.

Virginia Housing Sales Price and Loan Limits
Virginia Housing publishes maximum sales price and loan limits. Properties being financed by Virginia Housing cannot exceed these limits. The limit is the highest of the gross loan amount of a Virginia Housing first mortgage and second mortgage, if applicable, sales price, and acquisition cost. These limits are available on-line. To view Virginia Housing limits, go to VirginiaHousing.com. In the event the Virginia Housing mortgage(s) exceeds Virginia Housing's sales price limit, the Originating Lender must contact Virginia Housing to determine if the residence is eligible.

Note: Some programs such as Virginia Housing's non-bond programs may have different requirements that do not have a sales price limit.

Acquisition Cost Requirements
Acquisition cost is the cost of acquiring the eligible dwelling from the seller as a completed residence. The acquisition costs of a property to be financed may not exceed the sales price limit, if applicable, which have been established by the U.S. Department of The Treasury, in effect at the time of application. In all cases for new loans, these limits equal or exceed Virginia Housing's sales price limits; therefore, for new loans the residence meets this requirement by meeting Virginia Housing sales price limits. In the event that the acquisition costs exceed Virginia Housing's sales price limit as a result of the estimated cost to complete unfinished area (see below), the Originating Lender must contact Virginia Housing to determine if the residence is eligible.

Assumptions – Acquisition Costs: To determine if the acquisition cost is at or below federal limits for assumptions, the Originating Lender or, the Servicing Lender must contact Virginia Housing.

Acquisition Cost includes the following:

- Amounts paid, in either cash or kind, by the eligible borrower to or for the benefit of the seller (or related party) for the land and residence (excluding any personal property that is not a fixture).
- If new construction and personal property items are conveyed (included in the sales price) then the value of those personal property items must be subtracted from the acquisition cost. See below for information about Personal Property (Example Sales Price of $200,000 with $5,000 included for washer, dryer, and refrigerator the amount entered would be $195,000).
- Amounts paid, in either cash or kind, by any other person to or for the benefit of the seller (or related party) for the land and residence (excluding any personal property that is not a fixture).
- Amounts paid for fixtures (if not a part of the price of the land and residence included in the bullets above). Example: Sales Price of $200,000, flooring paid separately to the flooring supplier for $10,000 and not included in the sales price paid to the seller – include $10,000 on the line related to fixtures.

- Additional reasonable costs of completing or rehabilitating the residence (whether or not the cost of completing construction or rehabilitation is to be financed with the mortgage loan) if the eligible dwelling is incomplete or is to be rehabilitated. Example, residence that has unfinished areas (i.e., an area designed or intended to be completed or refurbished and used as living space, such as the lower level or a tri-level, unfinished basement, or the upstairs of a cape cod) shall be deemed incomplete, and the costs of finishing such areas must be included in the acquisition cost. Lenders may obtain the cost to complete unfinished areas from the appraiser or by using $75 per square foot for basements and above grade areas. Also cost for any rehabilitation or improvements, which have been included in the loan for financing (i.e., cost for energy efficient items) must be included in the acquisition costs.
- Cost of land owned by the borrower less than two years prior to commencement of construction of the residence thereon.

Non-Acquisition Cost: The acquisition cost does not include the following:

- Usual and reasonable settlement or financing costs, these excluded costs include title insurance, survey fees and other similar costs. Excluded financing costs, credit report fees, legal fees, and appraisal expenses, points that are paid by the borrower(s). Such amounts must not exceed the usual and reasonable costs which otherwise would be paid. Where the borrower(s) pays more than the typical, pro rata share, the excess is to be included as part of the acquisition costs.
- The value of services performed by the eligible borrower or members of his family in constructing or completing the residence.
- The costs of land owned two-years or longer by the borrower.
- Personal property.

Calculation of Acquisition Costs: The Originating Lender will assist in the calculation of the acquisition costs. The figures are to be included on the Borrower and Seller Affidavits. Information related to the costs of the property and unfinished area should be compared to the information included on the sales contract, Closing Disclosure, and appraisal.

Note: See Origination Guide for details on Personal Property Restrictions.

Maximum Lot Size
The maximum lot size for Virginia Housing is 2 acres. Exceptions may be made to permit lots larger than 2 acres, but in no event in excess of 5 acres using Virginia Housing bond programs. Exceptions to the 2-acre limit may be granted based on any one or more of the following:

- If the land is owned free and clear and is not to be financed by the loan, the lot may be as large as 5 acres.
- If difficulty is encountered locating a well or septic field, the lot may include the additional acreage needed.
- If local city or county ordinances (not just subdivision restrictions) require more acreage.
- If the lot size is determined to be usual and customary in the area for comparably priced homes.

If originated with a Virginia Housing bond program, the acreage also is not in excess of basic livability of the residence, and does not provide, other than incidentally, a source of income to the mortgagor, and the lot cannot be subdivided.

This subsection is intended to allow for consideration of lots over 2 acres in rural areas where smaller parcels are not usual and customary and are not readily available. In determining if subsection is applicable, the lot sizes of the comparable sites provided by the appraiser must demonstrate that size is usual for similarly priced homes in the area. The appraiser must also indicate that the lot size is typical for homes of similar price and size in the area.

Acreage Exceptions: The lender's underwriter may review and render a decision and must acknowledge the acreage exception on a memo to the file sent to Virginia Housing for purchase. Justification for the exception must be included. A minimum of two comparable properties should support the acreage.

There is no acreage limitation on Virginia Housing's non-bond programs. Follow the applicable GSE, insurer, or guarantor requirements.

CONDOMINIUMS

Virginia Housing recognizes that condominiums serve an affordable housing option in many areas of the Commonwealth. Virginia Housing typically follows industry guidelines regarding the financing of condominium units. Virginia Housing does not approve condominium projects. Condominium guidelines and requirements vary based on the Virginia Housing product and the status of the condominium project.

In addition to the condominium project guidelines stated below, the appraisal must clearly establish market acceptance for the project through comparable sales within the subject market and the project. Virginia Housing reserves the right to limit the total number of units financed in any project or phase to no more than 25% of the units.

From time-to-time Virginia Housing may develop or approve special financing programs for condominium developments that do not meet the financing criteria for conventional or government insured loans. These special financing programs are detailed in the Loan Programs section of this guide.

Virginia Housing Conventional Financing: The condominium must meet the project eligibility guidelines for the applicable GSE and private mortgage insurance company guidelines. The lender's underwriter must indicate the warranty classification on the Loan Transmittal or by separate statement and include all GSE documentation in accordance with the approval type.

Non-Delegated Lenders
Non-Delegated lenders must provide evidence of condominium approval when the underwriting package is submitted to Virginia Housing.

Delegated Lenders
The authorized delegated underwriter must review all pertinent condominium documents to determine approval status prior to issuance of a mortgage loan approval.

Virginia Housing Strategic Lending
Strategic Lending is in rural parts of Virginia where there are no condominiums. In the event Strategic Lending does originate a condominium, the underwriter is responsible for reviewing

all pertinent condominium documents to determine approval status prior to issuance of a mortgage loan commitment.

Virginia Housing FHA, VA, RD Financing
The condominium must be approved in accordance with the applicable insurer or guarantor guidelines and include all documentation in accordance with the approval type.

Non-Delegated Lenders
Non-Delegated lenders must provide evidence of condominium approval when the underwriting package is submitted to Virginia Housing.

Delegated Lenders
The authorized delegated underwriter must review all pertinent condominium documents to determine approval status prior to issuance of mortgage loan approval.

Virginia Housing Strategic Lending
Strategic Lending is in rural parts of Virginia where there are no condominiums. In the event Strategic Lending does originate a condominium, the underwriter is responsible for reviewing all pertinent condominium documents to determine approval status prior to issuance of a mortgage loan commitment.

DISASTER AREAS

Due diligence must be exercised regarding loan closings in areas impacted by FEMA declared disaster area. In addition to applying requirements set forth by the GSEs, insurers, and guarantors, verification must be obtained that the proper homeowners and, if applicable, flood insurance is in place.

TARGETED AREAS

A targeted area is an area, which meets one of the definitions stated below:

- **Qualified Census Tract** – A census tract in the Commonwealth of Virginia in which 70% or more of the families have an income of 80% or less of the statewide median family income based on the most recent "safe harbor" statistics published by the U.S. Treasury.
- **Chronic Economic Distress** – An area designated as such by the Commonwealth of Virginia and approved by the Secretaries of Housing and Urban Development and the Treasury under criteria specified in the tax code.
- **Eligibility / Waiver of Three-year Prior Homeownership Requirements:** Mortgage loans for dwellings located in targeted areas must comply in all respects with the requirements of the regulations and those stated in this guide, with the exception of the three-year requirements (prior homeownership).
- **Documenting Targeted Areas**: Originating Lenders must indicate on the Originating Lender's Loan Submission Cover Letter (Exhibit O) the target area status (targeted area yes or no).
- **Locating Targeted Areas**: Should an Originating Lender need assistance in determining targeted areas, they can visit Areas of Economic Opportunity on Virginia Housing's Website or they can call their local city / county planning office.
- **Federal Targeted Area Limits:** Some, but not all properties located in a Targeted Area have higher income and sales price limits. The higher Targeted Income limits do not apply to loans originated with the DPA Grant or CCA Grant. Refer to the Federal Targeted Income limits Virginia Housing's website.

Note: Targeted area limits do not apply to Virginia Housing's non-bond programs since there is not a sales price limit.

RECAPTURE TAX

All Virginia Housing bond loans, which are financed using tax-exempt bond funds, or any loan that received a Mortgage Credit Certificate (MCC) from Virginia Housing before the MCC program was suspended may be subject to the Recapture Tax. The information provided below is for informational purposes only. The borrower should consult a tax advisor or the IRS for more specific information. A Recapture Calculator is available on VirginiaHousing.com.

Explanation of Recapture Tax

Purpose – Congress enacted legislation in 1988, which was subsequently amended in 1990, to recapture some or the entire subsidy (savings realized from the lower interest rate) from first-time homebuyers who receive assistance from financing through tax-exempt bonds. The purpose of recapture is to retrieve the subsidy received from owners who received rapid income increases after they purchased their home, and as a result, do not need the subsidy to remain homeowners. Recapture became effective for loans closed after December 31, 1990.

Recapture Concept – The recapture of subsidy (interest) on a mortgage is triggered when the residence is sold or transferred within nine years of the purchase date. The recapture is actually paid as additional federal tax liability for the tax year in which the home is sold. The amount of recapture that owners might have to pay depends on:

A. The owner's income during the tax year in which the home is sold.
B. The household size during the tax year in which the home is sold.
C. The year the home is sold (1 – 9).
D. The amount of net gain realized from the sale of the residence.

Note: The refinancing of the Virginia Housing loan does not trigger recapture.

Disclosure of Recapture – At loan closing, the purchaser will be provided a Notice of Recapture along with a Federal Income Limits chart. These documents should be maintained with other critical closing documents, as these will be necessary for the owner to calculate any potential recapture tax that may be required upon sale of the property. An example of these documents may be provided to the applicant prior to closing; however, it is important that the documents provided at closing are the ones retained for future tax calculation.

Explanation of Recapture Tax Calculations

Maximum Recapture Tax – Once determined that a tax will be due, the tax will be limited to the lesser of:

- 1.25% - 6.25% (determined by year in which property is sold) of the amount of the loan funded by the mortgage revenue bond (see Note below) **or**
- 50% of the gain (net) on the sale of the property (gain minus improvements, commissions, fees, etc.)

Guidelines for Recapture Requirement – It is suggested that homeowners who have financed properties with mortgage revenue bonds, consult a tax advisor for assistance in Recapture Tax calculations.

Recapture tax will not be owed if:

A. The owner's modified adjusted gross income in the year in which the residence is sold does not exceed the allowable limit (refer to chart) **or**

B. There is no gain on the sale of the property (adjusted for allowable costs)

Allowable Adjusted Qualifying Income: Refer to the Adjusted Qualifying Income Chart provided to the applicant at closing.

Determine the applicable Maximum Adjusted Qualifying Income on the chart. This is based on the area of the property; the number of people in the household, if the property is in a targeted or non-targeted area, and the year the home was sold. Then determine the owner's Modified Adjusted Gross Income. Modified Adjusted Gross income is the adjusted gross income reflected on the federal income tax for the tax year the property is sold, in addition to any interest received from tax-exempt bonds and minus any of the gain included as a result of the sale of the subject property. If the Modified Adjusted Gross income is less than the Maximum Adjusted Qualifying Income from the chart – No further calculations are needed – No Recapture Tax will be due.

Calculations of Recapture – There are several steps required to calculate the actual recapture amount owed. Once it has been determined that the owner's income is such that a recapture tax is to be paid, several adjustments may be made which may reduce the amount of tax to be paid.

A. Adjustment to Income: If the owner's Modified Adjusted Gross Income exceeds that in the federal income chart, an adjustment to the amount of tax owed could be possible. If the Modified Adjusted Gross Income exceeds the allowed federal limit by $5,000.00 or more, then 100% of the required tax will be due. If it exceeds the allowed federal limit by less than $5,000.00, only a percentage of the tax will be due. Subtract the federal Adjusted Gross Income limit from the owners Modified Adjusted Gross Income limit from the owners Modified Adjusted Gross Income then divide this figure by 5,000.00. This resulting percentage will be used in the calculation in C below.

B. Adjustment for Holding Period: The percentage of tax will be no greater than 6.25% but may be as low as 1.25% of the loan amount. The applicable percentage is based on the year in which the property is sold. The percentage begins at 1.25% if sold in the first year and increases to 20% per year-to-year five when 100% of the tax of 6.35% of the loan amount may be due. The percentage then decreased by 20% per year to the ninth year. The Holding Period percentage can be found on the Federal Income Limits chart attached to the Recapture Requirement Notice provided at closing. The appropriate percentage will be used in the final calculation below.

C. Final Calculation: The recapture tax due will be the lesser of:

- 50% of the net gain on the sale of the property or
- The final Recapture Calculation – Mortgage Revenue Bond Loan Amount
- X 6.25%
- X any adjustment for Income in (A above)
- X any adjustment for Holding in (B above)

A Recapture Calculator is available at VirginiaHousing.com.

BORROWER CREDIT ELIGIBILITY

GENERAL CREDIT CRITERIA

To be eligible for Virginia Housing financing, borrower(s) must demonstrate the willingness and ability to repay the mortgage debt and adequately maintain the financed property. All borrowers must meet requirements and guidelines of the applicable GSE, insurer, or guarantor. In addition, the borrower(s) must satisfy the requirements stated below. Originating Lenders must contact Virginia Housing directly to discuss any exceptions to these requirements.

Stable Employment – Borrower(s) must document the receipt of stable income indicating that the borrower will receive future income sufficient to enable the timely repayment of the mortgage loan as well as other existing obligations and living expenses.

Credit History – Borrower(s) must possess 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. A minimum 620 credit score is required unless otherwise noted in specific program requirements.

INTEREST RATES

Virginia Housing's Capital Markets Division regularly reviews market conditions to determine appropriate interest rates for Virginia Housing loan programs. Rates are published daily by staff of the Capital Markets Division and input into Virginia Housing's Loan Origination System (LOS). A daily rate sheet is also created and forwarded to the Virginia Housing Lock Desk staff.

FIRST COME, FIRST SERVE

Virginia Housing has adopted a policy of First Come, First Serve when allocating resources for its first-time homebuyer program.

System Requirements

Rates are distributed to lenders Monday – Friday via email. Approval from the lender's secondary department is required to add any recipients to the distribution list. Approved lender contacts have access to the LOS to lock loans.

System Administrators

All lenders must designate a System Administrator. The System Administrator is registered and given access to Virginia Housing's Loan Origination System / Rate Lock System. The System Administrator is responsible for maintaining a current list of individuals authorized to access Virginia Housing's LOS. The System Administrator may add, modify, or delete individuals from the authorized list.

System Registration

Administrative contact information is received from all lenders once they are approved to originate Virginia Housing loans. The Business Solutions staff enters all appropriate lender contact information into the Loan Origination Systems.

Loan Rate Lock

Loan interest rates are locked-in by the Originating Lender on behalf of loan borrower(s) for the purchase of a specific property. No substitution of borrower(s), property or Originating Lender is permitted.

Changes Affecting Loan Rate

A change in loan program may require the loan to be re-locked at different terms.

In cases where a rate lock has expired or been cancelled (less than 30 days); pricing for a new rate lock on the same property will be subject to worse case pricing. The lock period remains the same as the original lock.

A change in property is considered a new transaction and will require a new loan application and rate lock with current market pricing. The original loan must be cancelled prior to locking in a new property.

A. **Rate Lock Periods**
   Loans may be locked-in at an interest rate for a period of 30, 45 or 60 days. The loan must close by the lock-in expiration date. Special programs may require different lock periods. Questions regarding special programs should be sent via email to LockDeck@VirginiaHousing.com.
B. **Extension of Rate Lock**

The Originating Lender may request extensions to the rate lock period in 15-day increments, up to a maximum of 60 days. Lock extension requests must be submitted on or before the lock expiration date. The cost of each extension is .25% of the loan amount. The cost will be deducted from the net price of the loan. 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 prior to lock expiration.

C. Change of Loan Program

- A change in loan product will require the lock to be updated using the original lock date pricing and lock period. A product or a lock change request must be made through Virginia Housing's Loan Origination System.
- If a Plus Second Mortgage is added when the program allows, the interest rate will be adjusted by 0.125% if the first mortgage is a conventional program or it will be adjusted by 0.250% if it is a government program. The lock period will mirror the first mortgage. If the loan has a DPA Grant reserved, the grant must be cancelled prior to registering / locking the Plus Second Mortgage as a piggyback loan.

  Note: Lenders cannot benefit from better pricing or increased lock period due to multiple product changes.

D. Relocks

A lock must be expired or cancelled in order to relock. The relock period will mirror the original lock for loans expired less than 30 days. Worse case pricing applies between original day pricing and current market pricing. Locks expired for 30 days or more will be relocked at current market pricing. The lock period can be 30, 45, or 60 days. Special programs may require the relock period to be the same as the original lock period. Questions and lock requests regarding special programs (i.e., SPARC, etc.) should be sent via email to LockDesk@VirginiaHousing.com.

E. Reinstatement of Lock

If a lock is cancelled in error, the lender must request a lock reinstatement by 9 a.m. the next business day after the lock was cancelled. Failure to submit the request by the above referenced timeline will require lender to relock at worse case pricing.

F. Changes to Lock Term, Pricing and Product (For Internal Use Only)

Changes to pricing, lock term and product can be made without penalty if a request is submitted to the lock desk by 9 a.m. on the next business day after the original lock date.

G. Lock System Availability

Loans must be registered and locked in Virginia Housing's Loan Origination System. Refer to VirginiaHousing.com for information and guides related to the online system. The Lock Desk will accept new loan locks, Monday through Friday, during the hours 10:30 a.m. through 6:00 p.m. Eastern Standard Time (EST). The Lock-In system is unavailable on Saturday and Sunday, as well as between the hours of 6:01 p.m. through 10:29 a.m. Eastern Standard Time (EST) Monday through Friday. The Lock-In system is unavailable on all federal holidays with the exception of Columbus Day.

H. Exceptions

Exceptions to the Virginia Housing lock policy are made at the discretion of the Virginia Housing Lock Desk upon approval from the Homeownership Managing Director.

RATE LOCKS – MANUAL (SPARC ONLY)

Lenders register loans in Virginia Housing's Loan Origination System (LOS). The SPARC Reservation form is completed and uploaded into the LOS by the lender. Upon the lender selecting "Requests Lock" in the LOS, an email is generated notifying Virginia Housing's Lock Desk of the request.

LOAN PROGRAMS

Virginia Housing offers a variety of loan programs. These programs typically provide features that increase the affordability of homeownership while addressing the obstacles that face many first-time homebuyers.

Borrower eligibility is determined based upon specific program parameters. Virginia Housing continually analyzes loan program performance and makes necessary adjustments to eligibility criteria to ensure the soundness of its portfolio. From time to time select loan programs are suspended due to market conditions, performance of loans or resource availability.

ACTIVE LOAN PROGRAMS

Conventional Bond

Conventional

Conventional No MI

FHA Bond

FHA

VA Bond

VA

Rural Housing Bond

Rural Housing

FHA Streamline Refinance

VA Interest Rate Reduction Refinance (IRRRL)

Plus Second Mortgage

Down Payment Assistance (DPA) Grant

Closing Cost Assistance (CCA) Grant

Mortgage Credit Certificate (MCC)
MCC Program suspended as of May 1st, 2023

Sponsoring Partnerships and Revitalizing Communities (SPARC)

PILOT LOAN PROGRAMS

On occasion Virginia Housing creates pilot loan programs to meet specific market and/or first-time homebuyer needs, such as the REO Condo Program, Community Land Trust (CLT) Property Pilot Program, etc. Depending on the specific pilot loan program(s), the availability of the program(s) may be limited to only the Strategic Lending or specific lenders within Correspondent Lending channel. All pilot loan programs are located on Virginia Housing's SharePoint site and ShareDrive.

DISCONTINUED LOAN PROGRAMS

Virginia Housing continually analyzes loan program performance and makes necessary adjustments to eligibility criteria to ensure the soundness of its portfolio. From time to time select loan programs are discontinued due to market conditions, performance of loans or resource availability. All Discontinued Loan Programs are located on Virginia Housing's ShareDrive.

AUTOMATED UNDERWRITING

Virginia Housing accepts the credit approval of the following Automated Underwriting Systems (AUS): Loan Product Advisor (LPA), Desktop Underwriter (DU), FHA TOTAL ScoreCard, Government Underwriting System (GUS). This approval applies to the credit qualifying only (i.e., credit, ratios, employment). Originating Lenders are responsible for ensuring that all other Virginia Housing regulatory requirements are met.

Loans receiving a “Refer” or “Refer with Caution” must be manually underwritten and meet all insurer / guarantor and Virginia Housing guidelines.

INCOME DOCUMENTATION

Alternate documentation as noted by the automated underwriting systems is acceptable in accordance with the automated underwriting findings. Virginia Housing may require additional documentation to calculate maximum income for eligibility purposes.

PROPERTY REQUIREMENTS

Standard Virginia Housing property requirements must be met. A real estate appraiser licensed in the Commonwealth of Virginia must complete the appraisal. The appraisal must provide adequate documentation of any unfinished area to ensure that all mortgage revenue bond requirements related to acquisition cost limits are addressed.

DATA INTEGRITY

The Originating Lender is responsible for ensuring the Automated Underwriting System (AUS) data integrity. Information such as losses from a business, non-reimbursed employee expenses and other expenses, which appear, on the federal tax returns must be reflected in the AUS in accordance the GSE, insurer or guarantor requirements. Information received during the underwriting process may require an adjustment to data initially entered into the AUS. Prior to submission for purchase, the Originating Lender must verify that all AUS data input matches documentation in the underwriting file.

AUTOMATED UNDERWRITING SYSTEM (AUS) DOCUMENTATION

The appropriate approval documentation must be included in the loan package. The Virginia Housing Delegated Underwriter must execute required documents certifying the validity of the information submitted for the AUS finding. In addition, all Feedback or Findings reports for loans, which initially received a “Refer” or “Refer with Caution”, must also be included in the loan package.

HOMEOWNERSHIP EDUCATION

The Homeownership Education Program is designed to provide first-time homebuyers vital information related to the purchasing of a home. This free educational course is mandatory for all loan types (unless otherwise approved for non-first-time buyers only). Certification of completion is valid for two years.

CURRICULUM

Virginia Housing staff developed curriculum and materials to educate potential homebuyers in the purchase and finance process. Instruction is provided in the following topics:

- Developing a Spending Plan
- Credit Report and Credit Issues
- Selecting a Real Estate Agent
- Working with a Lender
- Home Inspections
- Loan Closing

COURSE SCHEDULES

The Homeownership Education courses are offered each month throughout the state, available on-line, and are taught by trained industry professionals including mortgage bankers, Realtors® and other housing experts. A training program has been developed to certify staff of non-profit organizations to provide one-on-one counseling using the Virginia Housing materials. Additional information about Virginia Housing's free Homeownership Education Program and its availability may be obtained by calling 1-888-643-2696 or by visiting VirginiaHousing.com.

In addition, Virginia Housing provides access to the course from Virginia Housing's website, VirginiaHousing.com. The on-line course is intended to serve those individuals whose schedules will not allow them to attend a classroom course.

MORTGAGE INSURANCE

All mortgage loans where the loan-to-value exceeds 80.0% must be insured or guaranteed by FHA, VA, RD, or PMI. The mortgage insurance premium will be escrowed for the annual payment of mortgage insurance unless an approved monthly insurance premium plan is obtained.

Note: Loan-to-value is calculated on the lesser of sales price or appraised value. Conventional loans meeting the Affordable LTV requirements may use the appraised value to determine loan-to-value versus using the lesser sales price.

Note: Virginia Housing may have special loan programs that do not require mortgage insurance.

CONVENTIONAL MORTGAGE INSURANCE

Conventional Private Mortgage Insurers must carry a minimum rating of AA to be eligible to participate in Virginia Housing programs (unless otherwise approved by Virginia Housing) and must be a GSE approved Mortgage Insurance (MI) company. Virginia Housing loans must meet the underwriting standards of Virginia Housing, the insuring agency and the MI provider. Only the applicable GSE (Fannie Mae or Freddie Mac) approved mortgage insurance forms and related endorsements are used. A list of Fannie Mae-approved MI forms is available on Fannie Mae's website: Fannie Mae Approved Mortgage Insurance Forms. A list of Freddie Mac-approved MI forms is available on Freddie Mac's website: Freddie Mac Exhibit 10.

MI Coverage noted below is required. Lower Charter MI coverages should be used whenever allowable based on agreement with applicable GSE (Fannie Mae or Freddie Mac).

Loan to Value	Charter MI Coverage	Standard MI Coverage
95.01-97%	18%	35%
90.01-95%	16%	30%
85.01-90%	12%	25%
80.01-85%	6%	12%
≤ 80.00%	0%	0%

GOVERNMENT INSURED (FHA, VA, RD)

Virginia Housing Government Insured loans must meet the underwriting criteria of both Virginia Housing as well as the insuring agency. The Originating Lender is responsible for filing insurance in a timely manner. Loans that are deemed uninsurable may be subject to repurchase.

APPRAISAL REVIEW PROCESS

Review of the appraisal is an intricate part of the loan underwriting process to ensure adequate security for the loan being approved. Appraisal reviews are performed by experienced underwriters or associate underwriters with second review until it is no longer needed. The appraisal review function is independent of loan production activity and staff.

The appraisal review function includes the following:

- Detailed review of appraisal for completeness, accuracy, logic, and consistency to support the appraiser's opinion of market value.
- Review to determine the property serves as adequate collateral for loan (value and condition).
- Review in accordance with applicable industry, regulatory, GSE, insurer, or guarantor guidelines.
- Review for specific mortgage revenue bond requirements, if applicable.
- Identified issues are addressed directly with appraiser (retail channel) or with the correspondent lender's underwriter.
- Verify appraisal is performed "as is" or subject to repairs.
- Condition for appropriate repairs to be completed with inspection after completion.
- Condition for additional inspections, if required.
- Require clarification or additional supporting information, if necessary.
- Utilize other available tools to validate appraisal data:
    - UCDP SSR (required for Conventional loans)
    - Collateral Underwriter
    - Realtor.com
    - Trulia.com
    - Google
    - Zillow.com
    - LoanSafe (if provided by lender)
    - Other supporting property reports and data provided by lender

APPRAISAL ESCALATION OR RECONSIDERATION OF VALUE

All concerns identified in the initial underwriting review require escalation of the appraisal review to the Underwriting Manager. If necessary, the appraisal is further escalated to the Director or Assistant Director of Loan Programs.

- Additional documentation and validation may be required (including additional comparables, commentary supporting adjustments or condition).
- Additional inspections may be required.
- Communication with applicable GSE, insurer or guarantor.
- If deficiency is not satisfactorily addressed a second appraisal may be required.

EMPLOYEE LOAN PROGRAM

Virginia Housing allows associates to take advantage of all Virginia Housing purchase and refinance loans available to the general public. To maintain confidentiality, follow the steps below as you go through the process. The employee is responsible for making their Originating Lender aware of special procedures noted below.

INITIAL CONTACT

To obtain a Virginia Housing Employee loan, the associate will:

- Select an approved Virginia Housing Lender to originate the loan.
- The Associate should inform the lender they are a Virginia Housing employee.
- In order to maintain confidentiality, we recommend Virginia Housing employees work with an approved Virginia Housing Delegated Lender. Virginia Housing will rely on the lender to follow program guidelines and make the loan decision in accordance with all program and agency requirements.

LOAN APPLICATION AND PROCESS

Delegated Lender

- The Delegated Lender will register and lock the loan in Virginia Housing's Loan Origination System (LOS). The "Employee Loan" box must be checked to ensure confidentiality.
- The Delegated Lender will underwrite the loan and request a Delegated Confirmation within Virginia Housing's LOS.
- The Delegated Lender will coordinate closing and funding of the loan.

After closing the loan, the Originating Lender will:

- Upload the loan package in Virginia Housing's LOS.
- Provide the original executed Note via overnight service.
- Document Control Supervisor will accept loan in the LOS and secure the Note until the loan is reviewed and purchased.
- Document Control Supervisor will notify the Quality Review Supervisor of receipt of the loan.
- A Quality Review Supervisor completes review of the loan file.
- A Homeownership Manager will review the file for approval if requested.

Non-Delegated Lender

If a Delegated Lender is not used, the Non-Delegated Lender will register and lock the loan in Virginia Housing's Loan Origination System (LOS) and check the Employee Loan box. The lender will originate process and underwrite the loan. The complete underwriting loan package is submitted to the Loan Programs Underwriting Manager via upload into the LOS for review.

- Loan Programs Underwriting Manager reviews underwriting package and notifies lender of its decision.
  - If approved, the lender issues a commitment; or
  - If denied, the lender issues an adverse action.
- Non-Delegated Lender closes and funds the loan.

After closing the loan, the Originating Lender will:

- Upload the closed loan package into Virginia Housing's LOS.
- Provide the original executed Note via overnight service.
- Document Control Supervisor will accept the loan in the LOS and secure the Note until the loan is reviewed and purchased.
- Document Control Supervisor will notify the Quality Review Supervisor of receipt of the loan.
- A Quality Review Supervisor conducts a complete review of the loan file.
- A Homeownership Manager will review the file for approval if requested.

LOAN PURCHASE AND SERVICING SET UP

After the loan is approved for purchase:

- A Quality Review Supervisor will fund the loan and wire funds to the lender.
- Loan will be moved to New Loan Set Up area.
- A Quality Review Supervisor will enter loan set up data into the LOS.
- The file will board MSP overnight for servicing area.
- The file will be put into Post Closing status until all recorded documents are received and reviewed by a Quality Review Supervisor.
- Once the loan is complete, the file and documents will be delivered to the Records Room Supervisor for record retention.

LOAN EXCEPTIONS

Virginia Housing is unable to grant any exceptions to loan programs or GSE / insurer / guarantor guidelines, including but not limited to:

- Loan rate, pricing, or extension fees.
- Income or Sales Price Limitations.
- Ratios or loan-to-value guidelines.
- Property requirements.

Any variance from these guidelines must be under the directive of Virginia Housing's Chief Executive Officer.

Note: Virginia Housing cannot ensure confidentiality of personal data if the lender does not follow the process noted above. In addition, personal information in loan files for Virginia Housing employees that are not borrowers on the loan cannot be protected. Examples would be asset documentation for gifts provided to family members.

MORTGAGE LOAN APPROVAL OR REVIEW NOTICE

A Virginia Housing loan approval, or lender approval notice, provides the terms and conditions under which Virginia Housing will provide permanent financing for the purchase of a borrower's primary residence.

STRATEGIC LENDING

Upon approval of a borrower's loan, the Loan Programs Underwriter prepares a Mortgage Loan Approval Notice. The Mortgage Loan Approval Notice is forwarded to the borrower(s).

NON-DELEGATED LENDER

Upon approval of a borrower's loan, the Loan Programs Underwriter prepares a Mortgage Loan Review Notification. The Mortgage Loan Review Notification is forwarded to the Originating Lender. The borrower is notified of loan approval by the lender. The lender delivers all closing documents to the closing agent.

DELEGATED LENDER

Lenders participating in the Delegated Lender program generate the Lender Delegated Confirmation Notice upon loan approval. The borrower is notified of loan approval by the Delegated Lender. The lender delivers all closing document to the closing agent.

EXPIRED RATE LOCK

If a borrower fails to close the loan within the rate lock period, the loan will expire and thereafter shall be of no further force and effect.

Delegated and Non-Delegated Lenders
An expired lock report is reviewed to identify locks expired for 31 days or more. Based on the current loan status Lock Desk staff or Loan Programs Underwriter will contact lender or if in reserved status will cancel loan.

Strategic Lending
Strategic Lending department monitors lock expirations daily. The borrower and loan originator are notified of anticipated lock expirations. If there is no response, the Loan Closer will give the file to the Loan Programs Underwriter to issue an Adverse Action. Funds not disbursed will be refunded to the borrower by the Loan Processor under separate cover with a breakdown of funds disbursed on their behalf.

ADVERSE ACTION LETTER

In cases where the applicant or the subject property fails to meet Virginia Housing underwriting criteria, a notification is provided to the lender for Non-Delegated or Delegated loans. Adverse Action is generated notifying the applicant of their loan denial for Strategic Lending.

NON-DELEGATED LENDERS

Upon determining that the loan is ineligible for Virginia Housing financing, the Loan Programs Underwriter suspends the loan and notifies the Originating Lender. The Originating Lender is responsible for Adverse Action notification to the borrower.

DELEGATED LENDERS

If determined that the loan is ineligible for Virginia Housing financing, the Originating Lender is responsible for Adverse Action notification to the borrower.

VIRGINIA HOUSING STRATEGIC LENDING

Upon determining that the loan is ineligible for Virginia Housing financing, the Loan Processing Section will notify the Loan Originator of the reviewing Loan Programs Underwriter’s decision prior to mailing the Adverse Action letter to the borrower(s). The Loan Originator may elect to explore alternative loan options prior to notifying the borrower(s) of the loan denial.

Should it be determined that no alternative options are available to the borrower(s) an Adverse Action letter is mailed to the borrower(s). The Processor will request that the Accounting Department reimburse the borrower(s) any excess collected funds.

Should the Adverse Action Letter be returned for any reason (e.g., address unknown), the original letter will be placed in the rejected loan file.

DOCUMENT CONTROL / RECORDS

The Document Control / Records Department serves as the document custodian for Homeownership Originations Division. The department controls, monitors, and safeguards all loan files, income and outgoing legal documents, original Notes and electronic closing packages.

PROCESSING INCOMING DOCUMENTS AND NOTES

The Document Control / Records department receives courier packages and regular correspondence throughout the workday. The Document Control Specialists (DCS) receives, dates, stamps, and uploads documents to Virginia Housing's Loan Origination System (LOS) and safeguards original Notes in the vault. Other original documents are delivered to the Post-Closing Final Document area. All loan packages are uploaded to Virginia Housing's LOS by the Originating Lender and are indexed by the vendor.

DOCUMENT STORAGE

All original documents not yet reviewed are stored in a manner that ensure confidentiality.

LOAN FILE AUDITS

The Document Control Center conducts quarterly loan audits for loan files not yet completed and shipped to the Records Room that still appear active in Virginia Housing's Loan Origination System (LOS). Any missing loan files are reported to the Document Control Supervisor.

CLOSING

ORIGINATING LENDER'S RESPONSIBILITY

The Virginia Housing lender is responsible for coordinating the loan closing, providing closing instructions and disclosures to the closing agent. The Originating Lender provides loan proceeds to the closing agent.

ESCROWS

Escrows for the completion of exterior work or landscaping during inclement weather are permitted for Conventional, FHA, VA, and RD loans. A decision for the allowance of an escrow is made on a case-by-case basis. Should an escrow be permitted, an Escrow Agreement must be executed by the borrower, seller, and Escrow Agent (closing attorney or settlement agent). The release of escrow funds is authorized by the Originating Lender.

LENDER PERFORMANCE

Virginia Housing associates monitor lender performance to ensure the soundness of Virginia Housing's mortgage portfolio.

BUSINESS DEVELOPMENT OFFICER

The Business Development Officer (BDO) serves as the Virginia Housing Originating Lenders primary contact. Once the lender has been approved to participate in the Virginia Housing program, the BDO is responsible for:

- Coordinating Training-specific to Virginia Housing loan programs.
- Coordinating Training-specific to Virginia Housing processes and procedures.
- Maintaining lender records related to lender contacts.
- Analyzing performance of the Delegated Lenders and recommending appropriate action to correct any noted deficiencies.

UNDERWRITING

The Loan Programs Underwriter is responsible for:

- Underwriting all loan originated by Virginia Housing Non-Delegated Lenders.

  All Non-Delegated loans are reviewed prior to loan approval to ensure compliance with Mortgage Revenue Bond requirements.

  Review includes:
    - Calculation of Household Income
    - Maximum Net Worth
    - Review of the Real Estate Appraisal for property compliance (acreage, unfinished area)
    - Calculation of Acquisition Cost
    - Review of application and credit report to determine first-time homebuyer (review of additional documentation, if provided, such as federal tax returns, rent verification(s), and/or lender data integrity / fraud report may also assist in determining if first-time homebuyer)
    - Review of Borrower and Seller Affidavits ensuring completion and signatures
    - Recapture Tax Notice
- Underwriting all loans originated by Virginia Housing's Strategic Lending department.
- All Strategic Lending loans are reviewed prior to loan approval to ensure compliance with Virginia Housing requirements (see Non-Delegated loans above).
- Advising the assigned BDO and Loan Program Underwriting Manager of recurring underwriting deficiencies.
- Performing a full review of loans with high risk factors originated by Virginia Housing Delegated lenders before loan purchase.
- Assisting internal staff in Homeownership by performing second tier reviews on a variety of items that have caused concern or where clarity is needed. These second-tier reviews include, but not limited to household income, credit concerns, property concerns, etc.

QUALITY REVIEW ANALYST

Upon receipt of the closing package, the Quality Review Analyst is responsible for:

- Reviewing loan documents to ensure compliance with Virginia Housing, if applicable and investor requirements.

  Review may include:
    - Calculation of Household Income
    - Maximum Net Worth
    - Review of the Real Estate Appraisal for property compliance (acreage, unfinished area)
    - Calculation of Acquisition Cost
    - Review of signed Federal Tax Returns and all schedules, if applicable
    - Review of Borrower and Seller Affidavits ensuring completion and original signatures
    - Recapture Tax Notice
- Reviewing legal documents (Note, Deed of Trust).
- Documenting any deficiencies notes in the closing file.
- Communicating with the Originating Lender post-closing staff any corrections needed.
- Monitoring receipt of post-closing documents and corrected legal documents.
- Directing serious non-compliance issues to the Virginia Housing Loan Program Underwriter, Business Development Officer (BDO), Loan Program Underwriting Manager and/or Loan Closer and Quality Review Manager.

BUSINESS DEVELOPMENT TRAINING MANAGER

To ensure that all Originating Lenders meet the financial requirements set forth by Virginia Housing, annually the Business Development Training Manager is responsible for:

- Obtaining audited financial statements and certificates of insurance.
- Ensuring adequate Errors and Omissions Insurance and Fidelity Bond coverage.
- Evaluating lender compare ratios from HUD’s Neighborhood Watch.
    - Lenders with a compare ratio exceeding 120% are further assessed to determine if continued participation in Virginia Housing program will be permitted.

LOAN PROGRAM UNDERWRITING MANAGER

The Underwriting Manager analyzes lender performance by:

- Evaluating recommendations of the Business Development Officer regarding training needs and lender deficiencies.
- Reviewing findings and recommendations of the Single Family Compliance Officer.
- Communicating with the Internal Audit team.
- Communicating with Originating Lender’s management to discuss underwriting deficiency issues.

LENDER PERFORMANCE MONITORING

It is critical that Virginia Housing ensures participating lenders originate quality loans meeting both Virginia Housing, GSE, insurer and guarantor guidelines. In addition, timely receipt of loan documentation is essential to enable the delivery of loans in the secondary market.

AREAS OF PERFORMANCE

Virginia Housing currently considers the following in evaluating risk associated with lender performance:

1. **Financial Stability**
    - Audited financials reflecting significant reduced earnings or net worth
    - Potential change in corporate structure (mergers, acquisitions)
    - Failure to provide timely Financial statements, Errors and Omissions and Fidelity Bond Policies
2. **Outstanding Critical Documents**
    - Loan Guarantees and Mortgage Insurance Certificates
    - Deeds of Trust and Notes
    - Hazard, Flood and Title Insurance Policies
    - Compliance documents to include Borrower and Seller Affidavits and violations of maximum income limits
    - Outstanding document penalty fees
3. **Overall Origination Performance**
    - Adverse rating on FHA Connection / Neighborhood Watch
    - Unsatisfactory compliance with Virginia Housing guidelines and procedures
    - High Virginia Housing delinquencies
    - Unsatisfactory Quality Control findings
    - Inability to meet Virginia Housing Delegated Lender status within a reasonable time frame

LENDER PERFORMANCE

If a lender's performance is identified as presenting a significant risk to Virginia Housing, Virginia Housing reserves the right to impose any of the following restrictions:

- Placed on probationary status,
- Suspension of locking privileges,
- Removal of delegated approval authority, and/or
- Retention of lender compensation.

LATE CHARGES AND PEND PENALTIES

A late fee may be charged to Originating Lenders for each incomplete loan file that has been closed over 6 months. Virginia Housing may also impose penalties when loans are delivered more than 10 days past the closing date, and if unable to purchase a loan due to outstanding documentation, when documentation is not received with 10 days of the initial pend notice. Additional penalties will be assessed every 10 days thereafter.

WAIVER OF DELINQUENT DOCUMENT FEES

Authorizations for waivers of delinquent document fees requires the approval of an Assistant Director, Director, or Managing Director of Homeownership.

IDENTIFYING LOANS WITH LATE DOCUMENTS

Operational reports used to determine if a pend penalty is to be imposed includes:

- Pend Penalty Review
- Add Impose Pend Penalty
- Update Loans Ready for Disbursements

LATE DELIVERY PENALTIES TIMELINES / FEES

- Loan delivered more than 10 days past the closing date will be subject to a late delivery penalty of 0.125%. Penalty will be assessed each 10-calendar days up to maximum of 1.0%. This amount will be deducted from the net price at time of purchase.

PEND PENALTIES TIMELINES / FEES

- Upon initial file review where essential documentation is missing, Virginia Housing's Quality Review Analysts will issue a pend notice requesting the lender to submit all outstanding documentation.
- After the initial 5 days, a follow up reminder pend, notice will be sent allowing for an additional grace period of 5 business days.
- If documentation is not received within 10-business day of the initial pend notice (5 days plus grace period of 5 days), Virginia Housing will impose a penalty of .125%. This penalty will reduce the original quoted loan price by .125%.
- An additional .125% price reduction will be imposed every 10-business day thereafter.
- In the vent, a loan is pended for 30 days or more, Virginia Housing may notify the lender of its decision not to purchase the subject loan.

IMPOSING PENALTIES

The imposing of a penalty requires the review of Loan Origination System and documentation / reports by the Quality Review Supervisor and Lock Desk Associate to initiate.

The Quality Review Supervisor is responsible for reviewing the Pend Penalty Review report, verifying the All Pend Documents Received Date in the Loan Origination System (LOS) and correcting if necessary. The Quality Review Supervisor reviews documentation and either: 1) imposes the penalty, or 2) recommends the penalty be overridden.

If a penalty is imposed, the Lock Desk Associate upon review of the Impose Pend Penalty Report, reprices the loan providing a reason for the pend penalty and notifies the lender by issuing a Pend Penalty Notice to the lender's lock contact.

OVERRIDING PENALTIES

Overriding or adjusting the amount of a penalty requires the approval of an Assistant Director, Director, or Managing Director of Homeownership. The individual approving the waiver must enter information into the Loan Origination System (LOS) documenting their waiver and creating an audit log of the waiver activity.

REFUSING TO PURCHASE A LOAN

In cases where 30 days has elapsed from the first pend notification and/or the loan contains credit concerns and/or title/closing concerns, an Assistant Director, Director or Managing Director of Homeownership is authorized to decline loan purchase. The individual declining loan purchase must enter information into the Loan Origination System documenting their decision and creating an audit log of the decision.

Note: See Waiver Policy for additional details.

EARLY PAYMENT DEFAULT

An Early Payment Default (EPD) is a mortgage loan that is 60 + days delinquent or goes into a default status in its first six payments. Early Payment Default is one of the strongest indicators of possible mortgage fraud. As a result, Virginia Housing makes every effort to identify EPDs and performs quality control checks to determine if mortgage fraud has occurred.

INITIAL ASSESSMENT

On a monthly basis, the Single Family Compliance Officer reviews servicing reports that identify loans that are 60 days delinquent within 6 payments of loan closing.

The loan file documentation is reviewed in order to identify any underwriting deficiencies that may have contributed to early payment default.

LENDER NOTIFICATION

When the Virginia Housing Originating Lender is notified of the Early Payment Default, the notification requests a copy of the Lender's Quality Control findings.

DOCUMENTATION FINDINGS AND RECOMMENDATIONS

The Single Family Compliance Officer is responsible for assessing all documentation submitted by the Originating Lender in response to the EPD. The Single Family Compliance Officer will recommend any appropriate action to the Director of Homeownership and the Assistant Director of Loan Programs.

- If no underwriting deficiencies are identified and mortgage fraud has not occurred, no further action is required.
- If it is determined the underwriting decision is not in compliance with either Virginia Housing underwriting guidelines or the guidelines of the insuring agency, the Originating Lender may be 1) required to complete additional training; 2) placed in a probationary status / non-delegated status, or 3) suspended from the Virginia Housing program, and in all the above cases may be subject to repurchase of the loan.
- If a quality control review identifies mortgage fraud, the lender may be required to indemnify Virginia Housing, or repurchase the mortgage loan.

REPURCHASE, INDEMNIFICATION AND ASSESSMENT OF FEES

In instances where the Single Family Compliance Officer and Homeownership Management have determined that the EPD is a direct result of the Originating Lenders underwriting decision, Virginia

Housing may require the lender to repurchase the loan. In lieu of loan repurchase, Virginia Housing may require the Originating Lender to execute an Indemnification Agreement. In addition to the Indemnification Agreement, Virginia Housing may assess a Loan Loss Mitigation Fee.

In the event that the EPD loan goes to foreclosure, the Originating Lender may be required to reimburse Virginia Housing for all Net Losses associated with the foreclosure.

QUALITY REVIEW ANALYST

The Quality Review Analyst performs a quality control function by completing a review on mortgage loan closing documents. This ensures compliance with all State and Federal laws, issuing agency's requirements, as well as, Virginia Housing requirements.

LOAN FILE REVIEW

Closing Documents

Originating Lender must provide one complete loan package including required underwriting and closing documents within 10 business days of loan closing. Loans with an interest credit will be due by either the 15th of the month preceding the first payment or 10 calendar days after closing, whichever is first. Wiring instructions are to be included in the loan package.

Final Closing Documents

The Originating Lender is to submit within 90 days after loan closing all final documents not received in the initial closing package.

Documents to include:

- Original Recorded Deed of Trust
- Original Title Insurance Policy
- Original FHA Mortgage Insurance Certificate, VA, or RD Loan Guaranty (if applicable)

Loan Document Review and Funding

A complete review of the loan file is performed prior to the purchase of a loan from a Virginia Housing correspondent lender. A correct and conforming Note is required for purchase approval. Virginia Housing will notify the lender of approval for purchase, or if the loan(s) has been pended, or all deficiencies and corrections required prior to purchase.

The following fees will be used to calculate net funding amount:

- Unpaid Principal Balance (UPB) of loan
- Net price (including any adjustment for late delivery)
- Escrow balance
- Virginia Housing Grant
- Tax Service Fee
- Interest due
- Principal curtailment
- Pend penalties

All purchase proceeds are wired to the lender, or designee, with a notification of funding emailed to the lender.

STRATEGIC LENDING

The Strategic Lending department consists of loan originators who provide mortgage services to areas within the Commonwealth where Virginia Housing Originating Lenders are not actively promoting Virginia Housing programs.

The Virginia Housing Loan Originator(s) is responsible for the operation of an assigned mortgage office to assist potential Virginia Housing mortgage customers. The Loan Originator acts as an advisor by answering customer questions as they relate to mortgage lending, processes pre-qualification requests, and completes formal loan applications. A Loan Originator is assigned to the Southwest Virginia Housing Center.

PRE-QUALIFICATION PROCESS

The pre-qualification process includes the following:

- Identifying potential Virginia Housing borrowers.
- Providing information on available loan programs, to include benefits and costs.
- Answering customer questions.
- Initiating the pre-qualification process and assessing borrower eligibility and readiness.

APPLICATION PROCESS

The application process includes the following:

- Facilitating the completion of the mortgage loan application and all applicable documents.
- Providing applicable Disclosures within the required time frame to include:
    - Loan Estimates
    - ECOA
    - ECOA Valuations
    - List of 10-HUD approved housing counseling agencies
    - Your Home Loan Toolkit
- Explaining the mortgage loan process and cycle.
- Clarifying governmental regulations and requirements applicable to the selected loan product.
- Providing information on Virginia Housing Free Homeownership Education courses and ensuring borrowers successfully complete the course prior to loan approval.

TILA-RESPA INTEGRATED DISCLOSURES (TRID) / LOAN ESTIMATE (effective 10-3-15)

Upon receipt of an application, the Loan Originator is required to deliver the Loan Estimate (LE) to the borrower(s) within three business days.

In addition, once a borrower locks or extends an interest rate, a revised Loan Estimate (LE) is provided to the borrower(s) within three business days.

In instances where the transaction is for new construction, a revised Loan Estimate (LE) is provided to the borrower(s) prior to 60 days of the consummation, provided a statement to this effect is included in the Loan Estimate (LE).

RECEIPT OF APPLICATION

In compliance with the CFPB, an application is received once Virginia Housing is in receipt of the following information:

- Borrower’s Name
- Borrower’s Income
- Borrower’s Social Security Number to obtain a credit report

- Property Address
- Estimated Value of Property
- Mortgage Amount Sought

HOMEOWNERSHIP COUNSELING

In accordance with Reg X 1024.2 (a)(I)(ii), at the time of loan application, the Strategic Lending Department provides a list of 10 HUD-approved housing counseling agencies in the borrower's location.

The Counseling List contains the Agency's name, phone number, street address, city, state, zip, website URL, email address, counseling services provided and languages.

The following language is included with the list of Counseling Agencies:
The counseling agencies on this list are approved by the U.S. Department of Housing and Urban Development (HUD), and they can offer independent advice about whether a particular set of mortgage loan terms is a good fit based on your objectives and circumstances, often at little or no costs to you. This list shows you several approved agencies in your area. You can find other approved counseling agencies at the Consumer Financial Protection Bureau's (CFPB) website: consumerfinance.gov/mortgagehelp or by calling 1-855-411-CFPB (2372). You can also access a list of nationwide HUD-approved counseling intermediaries at HUD.GOV.

COLLECTION OF FEES

At the time of application, the Loan Originator collects a fee from the borrower(s) for the payment of the appraisal. This fee must be received in the form of a personal check, bank check, or money order. The fee is made payable to Virginia Housing.

INTEREST RATE LOCK

Loan Originator(s) utilize Virginia Housing's on-line interest rate lock procedures.

VALUATION INDEPENDENCE

The valuation of a subject property is based solely on the independent judgment of the real estate appraiser. Individuals involved in the origination of mortgage loans, including the management of such individuals are prohibited from attempting to influence the value assigned to the subject property.

Prohibited Actions Include:

- Seeking to influence an individual that prepares a valuation to report of minimum or maximum value.
- Withholding or threatening to withhold timely payment for a valuation.
- Implying that current or future valuation business is dependent on a subject property valuation.
- Excluding an individual or business entity from future valuation business because a valuation for a principal dwelling does not meet or exceed a predetermined threshold.
- Conditioning compensation paid to an individual that prepares a valuation on consummation of the subject transaction.

Permitted Actions Include:

- Asking a person that prepares a valuation to consider additional, appropriate property information, including information about comparable properties, to make or support a valuation.

- Requesting a person that prepares a valuation to provide further detail, substantiation, or explanation for their conclusion about value.
- Asking that errors be corrected.
- Obtaining multiple valuations in order to select the most reliable valuation.
- Withholding compensation due to breach of contract or substandard performance of services.
- Taking action permitted by federal or state statute, regulation or agency guidance.

FEE APPRAISERS

Eligibility

All fee appraisers must maintain a current state license in accordance with the minimum criteria issued by the Appraisal Qualifications Board of the Appraisal Foundation, or completion of continuing education courses on effective appraisal methods and related topics.

Annual Certification

On an annual basis, eligible appraisers provide Strategic Lending a copy of their state license, E&O Insurance.

Selection

Appraisers are selected based upon their geographic location, and on a rotating basis. The Loan Processor is responsible for ordering the subject property valuation.

VA loans requires appraisals / appraisers' assignment through the VA Information Portal.

SUBMISSION OF LOAN PACKAGE

Loan Originators upload the completed loan package in Virginia Housing's Loan Origination System (LOS).

The standard loan package consists of the following documents:

- Sales Contract
- Fees collected
- Virginia Housing Lock Confirmation form (if applicable)
- 1003 – Universal Residential Loan Application
- Form 4506-C – Request for Tax Transcript(s)
- Exhibit E – Programs Disclosure and Borrower Affidavit
- Exhibit F – Seller Affidavit
- Borrower Signature Authorization
- Consent for Disclosure of Personal Information
- Loan Estimate and Truth-in-Lending Disclosures / Loan Disclosures
- RESPA Servicing Disclosure
- Provider List
- Additional documents applicable to FHA, VA RHS

LOAN PROCESSING

Strategic Lending loans are processed in house. The Loan Processor gathers information to determine a borrower's eligibility and willingness to repay the proposed mortgage debt.

Information / Documentation obtained includes:

- Credit Report
- Liabilities

- Income
- Assets
- Valuation of Subject Property
- In addition, depending on the loan type (e.g., Conventional, FHA, VA, RHS) the Loan Processor may document the borrower is eligible to benefit from a federally insured loan by accessing the federal data base and verifying the related parties are not disbarred and/or have outstanding federal debt.

VALUATIONS

Within three business days of loan application, the borrower(s) is notified in writing of their right to receive a copy of the real estate appraisal. A copy of the appraisal is mailed and/or emailed to the borrower upon receipt and review for accuracy by Virginia Housing.

UNDERWRITING

Loans are underwritten in-house by qualified, experienced, Loan Underwriters. Automated Underwriting System (AUS) may be utilized. The AUS findings provide the Loan Underwriter with a credit risk evaluation, which they may rely on when making an underwriting decision. In cases where there is an unfavorable AUS finding, the Loan Underwriter may elect to manually underwrite the individual loan to ensure the borrower(s) and property meet all programmatic and GSE / insurer / guarantor requirements.

Upon loan approval, the Loan Underwriter issues an approval and/or Mortgage Loan Approval identifying any conditions that must be satisfied prior to loan closing.

In instances where the Loan Underwriter is unable, to approve a loan application – due to borrower or property ineligibility – an adverse action letter is generated and mailed to the borrower(s).

LOAN CLOSING

The Virginia Housing Loan Closing Specialist ensures all loans are closed in accordance with Virginia Housing guidelines, as well as GSE / insurer / guarantor requirements.

Upon notification of loan approval, the Loan Closing Specialist prepares closing instruction and the closing package for delivery to the attorney / settlement agent.

Re-verification of Employment

Prior to closing, a re-verification of employment must be obtained. A re-verification of employment is completed within ten days prior to the date of the Note. Re-verification of employment may be written or verbal. In most instances, the Loan Processor assumes the responsibility of verbally re-verifying employment.

Credit Documents

The Loan Closing Specialist verifies all credit documents are “current” prior to clearing the loan to close. The age of credit documents should be no more than 120 days at the time of loan closing (180 days for new construction).

Post-Closing and Final Documents

The Loan Closing Specialist is responsible for:

- Receiving by courier the final closing package from the settlement agent, which includes the original Note.
- Forwarding original Note and legal documents to Document Control Specialist.
- Notifying New Loan Setup area.

- MERS Registration.
- Insurance submission (FHA / VA / RHS) and payment of premiums.
- Obtaining final documents.

LAPTOP COMPUTERS / ELECTRONIC DEVICES

The process for securing computers and cell phones has been assigned to the ITS Department.

SECURITY

When changes to personnel occur (e.g., termination, promotion, change in job responsibility, reassignment, etc.) in Homeownership Originations, the Manager / Supervisor submits a ServiceHub ticket for ITS to implement appropriate actions to ensure system security.

The System Administrator verifies every 90 days the system security is accurate.

NEW EMPLOYEE WORK ORDER TEMPLATE

Virginia Housing's Help Desk is notified, via a ServiceHub ticket, of new hires. Phone and computer systems are configured based upon the duties and responsibilities of the new associate.

Information needed to determine configuration include:

- Name (first, last and middle initial)
- Start Date
- Employment status – Permanent or Temporary
- Position (note if associate will be a supervisor or manager)
- Applications needed for work functions
- Department name
- Division name
- Location of workstation – office or cubicle
- Default printer
- Outlook configuration including access to calendars and mailboxes
- Phone set-up – including any additional lines needed or extensions; hunt group or Automatic Call Distribution (ACD) group; if phone set-up is to mimic another phone-provide extension
- Modem or analog line needed

INFORMATION NEEDED FROM DATACENTER

- User Name
- Password
- GG Group
- Local Group
- Novell Context

INFORMATION NEEDED FROM DESKTOP SERVICES

- PC Model
- Printer Setup
- Telephone Number
- Fax Number (if applicable)