



MEMORANDUM

VIA E-MAIL

TO: WVHDF Lenders

FROM: Jon M. Rogers  
Senior Division Manager  
Single Family Lending

DATE: June 6, 2018

RE: Important Updates

The IRS has released their annual updates to income and house price limits and they are attached here for your use. They are effective for applications taken beginning tomorrow, June 7. Our review of this information indicates that four counties, Berkeley, Morgan, Jefferson and Pleasants, saw decreases in the income limits. All other counties saw increases. All 55 counties saw increases in the house price limits which were in the range of \$18K to \$20K. The house price limits are also effective with applications taken beginning tomorrow.

Additionally, the increase in interest rates has led to a shift in the financial markets that is allowing the Fund to do something we haven't done for close to 10 years which is to take a new Bond issue to market. Within six weeks we expect to have the proceeds from a new Bond sale available to fund our Homeownership Program loans. Accordingly, we must reinstate the Recapture Tax provisions of our Homeownership Program with all new applications that are taken also effective tomorrow. This means that we must revert to all the forms and procedures that were in place prior to March 1, 2018 when we eliminated Recapture. This includes:

- The Single-Family Brochure, which includes the Application and Seller Affidavits, has been revised. Please use the version that will be posted on the website beginning tomorrow morning to give to all applicants.
- The Closing Recapture Notice will be reinstated, and it must be used in closing loans that are originated beginning tomorrow and thereafter.

MEMORANDUM  
Important Updates  
June 6, 2018  
Page Two

- The Deed of Trust Rider will be revised and posted on the website tomorrow morning. The version on the website as of tomorrow must be utilized in closing all Homeownership Program loans that are originated beginning tomorrow and thereafter.
- Borrowers whose loans are originated tomorrow and thereafter will receive a post-closing informational packet describing the Recapture Tax that they may be subject to upon the sale of their residence.

All loans that are in process now should close based on the procedures that were put in place with our March 1, 2018 procedural memo. That memo is posted on our website should you need to review it.

We do apologize for this change coming only three months after the March 1 revisions in which we removed the Recapture Tax provisions. It came as a surprise to us that the markets turned as quickly as they did but we are very hopeful that the terms of the loans that we will be offering will be very attractive once we have completed the Bond sale and set the interest rate on the loans.

Regarding the Recapture Tax, you are reminded that we've found that it is extremely rare for a homeowner to be required to pay any tax because of Recapture. In our opinion the benefits of our programs far outweigh any drawbacks that may exist due to the Recapture Tax.

Please contact us with any questions or concerns you may have in connection with this Memo or any other aspect of our programs.