



MEMORANDUM

VIA E-MAIL

TO: WVHDF Lenders

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

DATE: January 15, 2020

RE: Important Updates to WVHDF Lending Policy

The West Virginia Housing Development Fund is announcing the adoption of two substantial changes to our lending policy, pertaining to all FHA-insured loans, and homeowner education. Both changes will be effective with loan reservations accepted on **Monday, February 3, 2020**, and thereafter:

1. **FHA-insured Loans.** The Fund is implementing a minimum, representative credit score and maximum, total debt-to-income ratio on both Homeownership and Movin' Up programs with FHA insurance as follows:
 - a. 620 – Minimum, representative credit score on all loans delivered to the Fund with FHA insurance, and,
 - b. 50% – Maximum, total debt-to-income ratio on files with a representative score of 639 or below. Loans with a 640 score and above may exceed the 50% threshold.As always, your FHA-insured loans must receive a DU "Accept/Eligible" decision.
2. **Homeowner Education.** On all Conventional Homeownership, Movin' Up, and Movin' Up Special loans delivered to WVHDF, we are mandating completion of the Framework® online program to satisfy the homeowner education requirement.

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- a. At least one Borrower signing the Note must complete the course, with the Framework® Certificate of Completion provided as evidence of fulfillment.
- b. Fannie Mae partners can offer the course at no cost so long as it's accessed through: <https://educate.frameworkhomeownership.org>. The Fund will include this link on our Lending Partners website, in the "Frequently Used Lender Forms" section. Borrowers should be notified of the free access as the Fund will *not* issue refunds in cases of incorrect access/registration resulting in payment.

Regarding our change to FHA-insured loans, like so many lenders, including many of you, we've matched serious delinquencies in our portfolio to lower credit scores and/or higher ratios being present at the origination of the loan. We are confident that this policy will reduce our seriously delinquent loans as well as the potential for a lender to be saddled with the repurchase of a loan due to an early payment default.

Our policy change on homeowner education is in line with Fannie Mae's recent adoption of the Framework® course as its primary online course provider. Should the presence of a disability, lack of Internet access, or other issues prohibit Framework® completion, please refer to Fannie Mae for guidance, and for any additional information on the new requirement.

If there are any questions, please contact me or other Single Family Lending staff. As always, we appreciate your cooperation and partnership.