



NMLS #198038



Single-Family Lending Procedural Guide

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INTRODUCTION TO THE WEST VIRGINIA HOUSING DEVELOPMENT FUND

The West Virginia Housing Development Fund (the “Fund”) is a public body corporate and governmental instrumentality of the State of West Virginia created pursuant to Chapter 31, Article 18 of the West Virginia Code to provide safe, decent, and affordable residential housing for West Virginians. The Fund offers a variety of loan programs to meet the needs of low to moderate income homebuyers, including: (1) Homeownership Program; (2) Movin’ Up Program; (3) Movin’ Up Special Program; (4) Low Down Home Loan (LDHL); and (5) Secondary Market Program. These loans are originated primarily through the Fund’s lending partners.

This guide is designed to provide our lending partners with the information needed to facilitate the origination, processing, underwriting, closing and delivery of our loans. **The Fund reserves the right to amend this procedural guide from time to time as necessary and will provide notification of any modification to all lenders.** Amendments to this procedural guide will be made by means of program bulletins, lender memos, and by the updating of our website-maintained guide.

This guide will be used in conjunction with the guides and announcements from Fannie Mae (FNMA), the Federal Housing Administration (FHA), the Veterans Administration (VA), and the United States Department of Agriculture Rural Development (RD) where appropriate.

CONTACTS AND PHONE NUMBERS

The Fund’s Website:

www.wvhdf.com

Lending Partners Resource Page:

www.wvhdf.com/lending-partners

Fannie Mae:

www.fanniemae.com

Name	Area	Phone
Jon Rogers	Senior Division Manager – Single Family Lending	304-391-8743
Kay Bowe	Underwriting & Post-Closing Manager	304-391-8734
Justin Hylbert	Business Development & Loan Origination Manager	304-391-8677
Tricia Poe	Loan Closing & Pipeline Manager	304-391-8731
Julie Diehl	Funding Coordinator	304-391-8610
Loan Servicing Customer Service		800-933-1272

FAX NUMBERS/E-MAIL

Third-Party Originators

304-391-8765 or loanofficer@wvhdf.com

Payoff Requests/Loan Servicing

304-391-8750

CHAPTER 1

LOAN PROGRAMS – OVERVIEW AND GENERAL ELIGIBILITY REQUIREMENTS

Key Contact: Justin Hylbert, jhylbert@wvhdf.com

GENERAL ELIGIBILITY REQUIREMENTS

Loans must comply with the respective program-specific eligibility requirements, as well as applicable underwriting and processing guidelines and federal guidelines depending on the loan type (FHA, VA, RD). In cases where the federal underwriting or eligibility guideline is stricter than that of the Fund, the federal guideline shall be followed.

- The Fund will accept General Qualified Mortgages as defined under the Consumer Financial Protection Bureau's Revised General Qualified Mortgage Rule and Qualified Mortgages as defined under the final rules adopted by HUD, VA and USDA under the authority granted in 15 U.S.C. 1639c. In limited circumstances, the Fund will accept loans that meet the manual underwriting and approval requirements set forth in Chapter 2.
- Higher Priced Mortgage Loans (HPML) are generally ineligible for delivery to the Fund with limited exceptions. Higher Priced Mortgage Loans must be reviewed by the Fund for acceptance prior to closing. Lenders should remit the loan's QM findings to Jon Rogers or Justin Hylbert for HPML analysis.
- All loans must follow the processing, underwriting, and closing procedures provided in this manual.
- Loans must be secured by a valid first lien on the eligible dwelling or second lien for the Low Down Home Loan.
- Acceptable forms of ownership include fee simple sole ownership or joint tenancy with right of survivorship. Tenancy in common and tenancy in the entirety are not acceptable.
- Loans must be subject to adequate insurance coverage in accordance with this Procedural Guide, the Fannie Mae's Seller's Guide and the requirements of FHA, VA, and RD programs, as applicable.
- Loan conditions must be satisfied.
- Proper loan closing procedures must be utilized.
- The Fund requires lenders to collect a WVHDF Administrative Fee of \$350 on all loans.
- Loans must be eligible in accordance with this Procedural Guide and Fannie Mae FHA, VA, and RD guidelines, as applicable.
- FHA-, USDA-, and VA-insured loans must comply with the Fund's credit score and DTI overlays in the Underwriting section of this Procedural Guide.
- Homeownership Program loans must comply with all requirements outlined in this Procedural Guide as well as the current income and house price limits, which are located on the Fund's website.
- Movin' Up Program loans must comply with all requirements outlined in this Procedural Guide as well as the current income and house price limits, which are located on the Fund's website.

- Movin' Up Special Program loans must comply with all requirements outlined in this Procedural Guide as well as the current income and house price limits, which are located on the Fund's website.
- Secondary Market loans must comply with Fannie Mae guidelines as set forth in the current version of Fannie Mae's Selling Guide, available at www.fanniemae.com.
- Loans must otherwise comply with all applicable federal and state laws, rules and regulations, the provisions of this Procedural Guide and the terms and conditions of the Loan Purchase Agreement.
- For rates, refer to the daily rate sheet for the applicable program.

HOMEOWNERSHIP PROGRAM

The Homeownership Program offers 30-year fixed rate mortgages to eligible homebuyers, providing up to 100% financing terms for qualifying applicants. These loans are processed and underwritten to Fannie Mae, FHA, VA, and RD Guidelines as applicable. The Underwriting and Eligibility Requirements Chapter provides detailed guidelines on this program and the requirements the borrower(s) must meet in order to qualify for this program.

The Homeownership applicant(s) must be given the Single-Family Mortgage Brochure, which outlines pertinent guidelines in detail. The Brochure is available on our website at www.wvhdf.com.

There is no minimum loan amount in this program and maximum loan amount is controlled by the House Price Limits located on the Fund's website, required down payment and compliance with this guide. The loan must be secured by a valid first lien on the eligible single-family dwelling being financed.

Prior ownership restrictions may apply, depending on the county in which the borrower is purchasing. Borrower(s) may not have more than one (1) proprietary WVHDF program loan (Homeownership, Movin' Up, Movin' Up Special) at a time. Refer to the underwriting section in Chapter 2 for specific guidelines.

MOVIN' UP PROGRAM

The Movin' Up Program offers 30-year fixed rate mortgages, providing up to 100% financing terms for qualifying applicants. No first-time buyer restriction applies. These loans are processed and underwritten to Fannie Mae guidelines. The Movin' Up program accomplishes the specific objective of providing funds for long-term mortgage financing of residential housing to qualified persons. Through the Movin' Up program, the Fund increases the availability of funds for housing by purchasing loans from Participating Lenders that meet these requirements and otherwise comply with the eligibility and underwriting guidelines found in Chapter 2.

There is no minimum loan amount in this program and maximum loan amount is controlled by the House Price Limits located on the Fund's website, required down payment and compliance

with this guide. The loan must be secured by a valid first lien on the eligible single-family dwelling being financed.

MOVIN' UP SPECIAL PROGRAM

In addition to all Movin' Up Program parameters described above, the Movin' Up Special Program provides applicants with qualifying income at or below the 80% AMI limit with a lower interest rate than the Movin' Up Program and further, allows for reduced PMI coverage. The Movin' Up Special Program is limited to Conventional financing.

SECONDARY MARKET PROGRAM

The Secondary Market Program provides 10- to 30-year, Conventional fixed rate mortgages for all income levels, providing up to 97% financing for the purchase of a primary residence. This program also provides refinancing opportunities for qualified applicants as well as financing for the purchase of second homes and investment properties.

Secondary Market loans must be processed, underwritten, and closed in accordance with Fannie Mae guidelines and loan eligibility requirements to be eligible for purchase by the Fund.

When registering Secondary Market loans in an amount of \$200,000 and higher, the lender must submit the DU findings indicating that it is in an Approve/Eligible condition. Further, the compensation on loans of \$200,000 and higher will be reduced by 25 basis points from the price posted daily by the Fund on our Rate Sheet. This reduction will be reflected in the price confirmed by the lock desk. There is not a minimum loan amount and maximum loan amounts are determined by Fannie Mae. You may access Fannie Mae's Selling Guide at www.efanniemae.com.

LOW DOWN HOME LOAN

The Fund offers low interest rate Low Down Home Loans (LDHL) to aid qualified borrowers in the purchase of their home. This loan closes in the name of the Fund, and Fund designated trustees are named on the Deed of Trust. The LDHL must be secured by a valid second lien position on the eligible dwelling. This program is available for Homeownership Program loans only under the following terms and conditions:

- Refer to the daily Rate Sheet for loan amounts and terms.
- First lien LTV must be at or above 80%. Said another way, first lien LTVs of 79.99% or lower are ineligible for combination with the LDHL.
- The maximum combined loan to value will be dictated by the insuring agency but in no instance can it exceed the Fund's maximum CLTV of 105%.
- For LTV/CLTV determination, the Fund requires **total loan amount** to be used for these calculations. The Fund allows the actual calculation versus the FNMA guidelines of rounding. LTV's below 90% or LTVs of 90% and above determine the available amount of the 2nd Deed of Trust loan.

- Payment amount is included in the ratios for repayment.
- **Loan is assumable.**
- Loan must be paid in full if the property is refinanced or sold.
- Funds are to be applied first towards any standard closing cost that the borrower is obligated to pay and then any remaining balance can be applied as down payment. Funds used as down payment can also be considered the borrower's funds to cover personal property on the Homeownership Program.
- Borrowers can be reimbursed for approved items that they have paid outside of closing and documented. Approval is at the Fund's sole discretion.
- Any unused proceeds are to be returned to the Fund with the closing package in the form of a check to be applied as a principal reduction to the LDHL.
 - Principal reductions to the LDHL are limited to a maximum of \$1,000.
- Standard FNMA documents are to be used for the first Note and Deed of Trust.
- It is mandatory that the Fund provides the funds for this loan at the closing table. Loan proceeds must be requested from the Fund by 2:00 p.m. the business day prior to the loan closing. The loan must be approved and cleared for funding by a Fund underwriter prior to the funding request being processed in our office.
 - All late and/or same day Funding requests will be assessed a late fee of \$100.00 to be deducted from the Origination Fee paid at Funding (purchase) of the 1st DoT.
- Note that this program requires a Loan Estimate and a Closing Disclosure with the Fund named as the lender. The deed of trust recording fee is the only fee that should be reflected on the Closing Disclosure. All LDHL documents are supplied by the Fund upon request.
- Documents associated with the LDHL must adhere to all TRID rules.

CHAPTER 2

UNDERWRITING AND ELIGIBILITY REQUIREMENTS

Key Contact: Kay Bowe, kbowe@wvhdf.com

The Fund offers a variety of loan options. The eligibility and underwriting guidelines specific to the Fund's programs will be found in this guide. The HFA Preferred loan product should be selected when inputting loan information in DU. The lender is responsible for providing evidence of satisfactory, enforceable mortgage insurance when applicable.

Conventional Loans – Conventional loans originated and processed under the Fund's Homeownership, Movin' Up, and Movin' Up Special programs are to be generally underwritten to follow FNMA guidelines. Program specific requirements outlined in this guide will take precedence in the case of conflict. Secondary Market loans will follow FNMA guidelines found in the selling guide on their website www.efanniemae.com. All conventional loans are required to be processed through Desktop Underwriter. An Approve/Eligible is required for loan to be eligible for purchase. For Conventional loans receiving an Approve/Ineligible, Out of Scope, or Refer with Caution finding, refer to the section for Manual Underwriting.

FHA, USDA/RD, & VA Loans – Homeownership Program loans are subject to the following overlays:

- 620 – Minimum, representative credit score.
- 49.99% – Maximum, total debt-to-income ratio.
- Loans must receive a FNMA DU (or GUS) "Approve (or Accept)/Eligible" finding and are not eligible for a manual downgrade under any circumstances.

FHA & VA Insured Loans – The Participating Lender is responsible for obtaining VA or FHA approval on the Homeownership Program. The automated system findings must be in the file receiving an Approve/Eligible decision. VA and FHA loans that require a manual downgrade to a Refer status per AUS findings are not acceptable for delivery to the Fund. When underwriting an FHA or VA insured loan that is to be financed under our programs, use FHA or VA credit documentation guidelines, unless specified otherwise within our guidelines. The LTV and CLTV calculations are to be determined using the total loan amount (face amount of the note). The loan amount cannot exceed the appraised value, with exceptions for the FHA upfront mortgage insurance premium and the VA funding fee, and in no case may the loan amount exceed the house price limits. Secondary Market loans insured by FHA or VA are not eligible for delivery to the Fund.

USDA/RD Insured Loans – RD insured loans must be submitted and approved through GUS, receiving an Accept/Eligible finding, with all conditions of the automated system and matrix guidelines satisfied. The Participating Lender is responsible for underwriting and obtaining the approval of RD guarantee on the loan. When underwriting a RD insured loan that is to be financed

under our Homeownership Program, use RD credit documentation guidelines, unless specified otherwise within our guidelines. The LTV and CLTV calculations are to be determined using the total loan amount (face amount of the note).

Except for the Homeownership Program, the RD guarantee fee and closing costs can be included in the loan amount in accordance with RD guidelines; however, the final loan amount may not exceed the Fund's house price limits. The loan amount may exceed the appraised value only by the RD guarantee fee. The maximum LTV/CLTV of 105% applies.

The Homeownership program prohibits the inclusion of the closing costs. Other guidelines apply as previously stated.

Grants/Community Seconds – Special programs that provide down payment assistance (i.e., HOME Consortium, Federal Home Loan Bank, Northern Panhandle, etc.) should be submitted to the fund for review and acceptance prior to taking loan applications on our programs using this type of assistance.

MANUAL UNDERWRITING (Conventional-insured Loans, Only)

Approve/Ineligible (Homeownership Program, only) – For Conventional loans meeting program guidelines and using the Fund's LDHL but receiving an Approve/Ineligible due to "Multiple High Risk Factors," the underwriter has the option of approving the loan when it meets the following criteria:

- Minimum credit of 620 with no derogatory credit in the last 24 months
- Maximum housing ratio of 33%
- Maximum total debt ratio of 41%
- No current NSF or overdrafts on depository accounts
- Borrower reflects sufficient funds to close
- Ability to receive MI insurance, as applicable

Out of Scope (Homeownership, Movin' Up Programs, and Secondary Market) – Conventional loans receiving an Out of Scope DU finding (even with no credit score) may be eligible for manual underwriting following FNMA's guidelines for non-traditional credit. Full credit files (excluding appraisal) should be submitted for review by the Fund.

Refer with Caution (Homeownership Program, only) – Loans receiving a Refer with Caution *with documentable, extenuating circumstances beyond the ability of DU to analyze*, should contact WVDHF Underwriting for direction.

~~Conventional loans receiving a Refer with Caution finding, may be eligible for manual underwriting at the discretion of the Fund's Underwriting Manager. Typically, this will be when extenuating circumstances apply that cannot be analyzed by FNMA. An explanation of the~~

circumstances, along with supporting documentation, would be required along with meeting the criteria listed below. A full credit file would then be submitted for review.

○ **Eligibility Requirements**

- ~~Minimum Credit Score of 640~~
- ~~All non-medical collections and charge-offs with individual balance of \$200 or aggregate of \$1,000 must be paid prior to closing. All liens and judgements must be paid prior to closing.~~
- ~~Disputed accounts must be resolved with new credit report obtained to reflect resolution.~~
- ~~Maximum Debt to Income (DTI) of 41%~~
- ~~Reserves of 2 months PITIA~~
- ~~Mortgage Insurance provided if applicable~~

○ **Compensating Factors**

- ~~Previous housing experience documented with 12 months satisfactory payment with payment shock not exceeding 1 ½ times current payment without savings to offset. (VOR from management company, not from an individual landlord; or 12 months cancelled checks)~~
- ~~Equivalent savings pattern as substitute for previous housing~~
- ~~Residual income 150% of VA Table~~
- ~~Additional income received for (preferably) 12 – 24 months, that is not acceptable for DTI qualifying~~

BORROWER ELIGIBILITY REQUIREMENTS

Homeownership, Movin' Up, Movin' Up Special and Secondary Market Programs

- All borrowers must take title to the property and meet all compliance requirements.
- Be a resident or intend immediately to become a resident of West Virginia.
- Comply with all underwriting requirements as applicable.
- Only U.S. citizens and permanent legal residents are eligible for a Fund loan provided it is allowed by the applicable mortgage insurer/guarantor and they meet all applicable requirements. Due diligence for confirming citizenship and/or residency status and compliance with federal and other requirements is the responsibility of the lender. All documentation used for citizenship/residency verification should be included in the closed loan package. Titleholders must also meet the above requirements. Only U.S. citizens and permanent, resident aliens (green card holders) are eligible for a Fund loan.

Homeownership, Movin' Up, and Movin' Up Special Programs

- Satisfy the applicable income and house price limits required of the Program (found at www.wvhdf.com).

- Not use any portion of the program loan to refinance or replace an existing mortgage, except for the construction period financing which does not exceed 24 months.
- Must be a primary residence.
- Income toward federal limits will continue to be determined by persons taking title to the property. However, family size will be determined by the number of persons expecting to occupy the subject property as their primary residence within 60 days of closing.
In cases where there is shared custody of a dependent, the borrower must have 50% or greater custody for the dependent to be included. If the family size matches the information on the 1003, no further documentation is necessary. If the family size differs from the application, the additional household members should be identified and documented by a signed statement from the borrower.
- Income calculation details for federal compliance limits are found in the underwriting guidelines under Federal Compliance Income and the Single-Family Brochure.

Homeownership Program

- Homeownership loans may only be made to title holders who had no ownership interest in their principal residence at any time during the three-year period ending on the date the program loan is closed. This requirement does not apply to residences located in targeted areas or where the borrower is an eligible veteran under the Heroes Earnings Assistance and Relief Tax Act of 2008. Refer to the current income and house price limits for list of non-targeted counties. (Eligible veterans include any veteran who has not previously received financing for a home through a Mortgage Revenue Bond program.) In assuring that this requirement is met, the Participating Lender must obtain and review the following:
 - Satisfactory Application and Seller Affidavits
 - 1003 application residency and declarations section with three (3) years residency information disclosed (address/residency type/landlord name & address as applicable)
 - Signed federal income tax returns for previous one (1) year
 - Credit reports from each of the areas/countries/locality in which any borrower(s) has resided in the past three years
- Ownership interest for **this program purposes of determining prior ownership** includes, but is not restricted to:
 - A fee simple interest
 - A joint tenancy, a tenancy in common, or a tenancy by the entirety
 - The interest of a tenant shareholder in a cooperative
 - A life estate
 - A land contract, under which possession and the benefits and burdens of ownership are transferred although legal title is not transferred until some later time
 - An interest held in trust for the eligible borrower (whether or not created by the eligible borrower) that would constitute a present ownership interest if held directly by the borrower

- An interest in a manufactured housing unit permanently attached to real property. For these purposes permanently attached is defined as the unit being permanently anchored to real property and has had the wheels and other components used in transportation removed.
- Interests which are not considered ownership interests include: A remainder interest, a lease without regard to any purchase option, a mere expectancy to inherit an interest in a principal residence, the interest that a purchaser of a residence acquires upon the execution of a purchase contract, and an interest in other than a principal residence during the previous three years.
 - Ownership interest in a singlewide would not disqualify first time homeownership status provided the residence is not permanently attached and is not classed as real property. A copy of the tax ticket and a letter of explanation should be included in the file.

Movin' Up Special Program

- Borrowers qualifying income, that which is input into DU, must be at or below 80% AMI limit for the county to be eligible for this program. Additionally, Movin' Up Program income and house price limits parameters apply.

Secondary Market

- W VHDF follows FNMA selling guide for this program.

PROPERTY ELIGIBILITY REQUIREMENTS

Homeownership, Movin' Up, and Movin' Up Special Programs – The Fund will finance single family dwellings located in WV and used as a principal residence. This includes 1-4 units with borrower required to owner occupy one of these units, condominiums, townhouses, modular homes, and new, never-occupied manufactured homes (double wide) with complete turnkey setup via the dealer. Single wide manufactured homes and co-ops are ineligible.

The dwelling must be structurally sound, functionally adequate, in compliance with all applicable zoning requirements, housing codes and the standards set forth by the Fund in the Appraisal Requirement Section.

The acquisition cost of the dwelling must meet the applicable purchase price requirement of the program.

Homeownership Program – Loans are subject to the following additional requirements:

- **Maximum Lot Size.** The land appurtenant to a residence shall be considered as part of the residence only if such land is typical for the area and reasonably maintains the basic livability of the residence and does not provide, other than incidentally, a source of

income to the mortgagor. This must be supported by similar comparables. In no instance can the land exceed five (5) acres.

- **Use of Property.** A principal residence does not include any residence which can reasonably be expected to be used: (a) primarily for a trade or business, except for a two to four family residence, in which case the borrower shall be permitted to rent or lease the non-owner-occupied unit(s), (b) as an investment property, or (c) as a recreational or second home. Not more than fifteen percent (15%) of the total living area of a residence may be used in a trade or business which would permit any portion of the costs of the dwelling to be deducted as an expense for Federal Income Tax purposes (except in the case of a two to four family residence, in which case the borrower shall be permitted to deduct for Federal Income Tax purposes the costs associated with the non-owner-occupied units).
- Refer to the Appraisal section for additional details.

Movin' Up and Movin' Up Special Program – There is no acreage restriction for these programs, however comparables must support site size. Refer to the Appraisal section for additional details.

Secondary Market Program – New and used manufactured homes and modular homes are eligible (refer to Fannie Mae selling guide). New or used singlewide mobile homes are not eligible for delivery to the Fund. Refer to FNMA selling guide for other property guidelines.

Acquisition Cost - Purchase transactions for all programs have the price established by a sales contract. Homeownership, Movin' Up, and Movin' Up Special programs have specified house price limits, referred to as "acquisition cost," which is the cost of a completed residential unit. No portion of the proceeds of the Homeownership loan can be used to acquire furniture or other personal property not permanently affixed to the residence. The acquisition cost of a residence does NOT include:

- Usual and reasonable settlement and financing costs (settlement costs include title and transfer costs, title insurance, survey fees and other similar costs, and financing costs include credit reference fees, legal fees, appraisal expenses, "points" which are paid by the purchaser[s], or other costs of financing the residence; such amounts must not exceed the usual and reasonable costs which otherwise would be paid where financing is not provided by Qualified Mortgage Bonds);
- The imputed value of services performed by the purchaser or members of his/her family, which include only the purchaser's spouse, brothers and sisters, ancestors, and lineal descendants in construction or completing the residence; or
- The cost of land owned by the purchaser(s) for at least two years before the date on which the construction of the residence begins.
- Once a sales contract is executed, raising the sales price and seller-paid closing costs, resulting in an increase to the 1st DoT mortgage amount, is not an acceptable practice for our programs.
- Acquisition cost does not include personal property. See Personal Property entry in the Appraisals section.

The Fund follows FNMA for all loan programs in calculation of sales concessions and financing concessions over allowable financing by interested party contributions (IPC's).

Condo Requirements – For condo reviews of all conventional loans: Secondary Market, Homeownership, Movin' Up, and Movin' Up Special Programs, we will require the FNMA Condo Questionnaire (Form 1076) to be completed and submitted for review. All supporting documentation should be included, such as: covenants and restrictions (C&Rs), bylaws, budget, insurance, appraisal, etc. For government-insured loans, the lender's DE underwriter will make the determination if the condo meets the insuring agency's guidelines and provide supporting documents in the closed loan package.

PUD Requirements – For PUD reviews, the Fund uses FNMA's definition of what constitutes a PUD on conventional loans: "A project or subdivision that consists of common property and improvements that are owned and maintained by an HOA for the benefit and use of the individual PUD units." These are typically made up of single family residences with minimal common elements. If the appraisal indicates the property is a PUD, it should be run in DU as such. For delegated lenders, your underwriters will determine if these projects meet FNMA guidelines by reviewing the HOA documents (C&Rs and bylaws) and provide them in the closed loan package. For loans in which the Fund makes the credit decision and reviews the property, we will require the HOA documents as a prior to closing condition for review. For government-insured loans, the lender's delegated underwriter will be responsible for reviewing to determine if the property meets the agency's guidelines and provide supporting documents in the closed loan package.

APPLICATION AND SELLER AFFIDAVITS

Only the Homeownership Program requires a completed Application Affidavit executed by each eligible borrower(s) and/or persons taking title to property; and a Seller Affidavit executed by the seller(s) must be delivered to the Fund.

- These forms are included in the Single-Family Mortgage Brochure and are available online at www.wvhdf.com. The borrower must receive the brochure in its entirety, and then complete the affidavit as required.
- Family size for determination of income limits is addressed under Borrower Eligibility.
- In situations where there is more than one seller, multiple Seller Affidavits may be obtained.
- **Changes to these documents are unacceptable.** Forms must be fully completed, signed, and notarized. Any corrections should be initialed.
- The Seller Affidavit requires the property address to be provided; however, the bottom address section should reflect the seller(s) current address.
- **Occasionally, it is impossible to obtain an executed Seller Affidavit if the seller is a government agency or government sponsored entity (HUD, FHLMC, FNMA, etc.) As applicable, lenders should notate the Seller Affidavit with:**

- Notation concerning HUD/FHLMC/FNMA, etc. ownership and that an executed Seller Affidavit was unattainable; and,
- Signature and date of lender representative
- Both affidavits – complete with notary – are required at underwriting submission.
- Affidavits may be e-signed and e-notarized using applicable electronic signature and notary requirements.

Application and Seller Affidavits are *not* required for the Movin' Up, Movin' Up Special, or Secondary Market Programs.

APPRAISALS

The Fund requires an independent appraisal of the subject property in accordance with Fannie Mae's appraisal guidelines (or FHA, VA, or RD as applicable) to be included in the loan credit package. Fannie Mae's appraisal guidelines are available at www.efanniemae.com within the Selling Guide and include information on the selection of an appraiser, information the lender needs to maintain on file, and review of the appraisal. Both the lender and the appraiser need to be knowledgeable of the requirements set forth in Fannie Mae's and the insuring agency's appraisal guidelines. Appraiser comments should be provided to support adjustments; narrative is extremely helpful in determining acceptability of the property and report.

The Fund also requires the Participating Lender and the appraiser to be aware of and comply with state and federal laws, rules and regulations concerning real estate appraisers and appraisals. On all loans submitted to the Fund, the appraisal must be uploaded into Fannie Mae's Uniform Collateral Data Portal (UCDP) and the Document File ID number provided at the time of the appraisal submission. An appraisal with full inspection specific to property type (Fannie Mae Form 1004, 1004C, 1073, or 1025) with all attachments is always required on Homeownership, Movin' Up, and Movin' Up Special programs. Lenders must always provide the appraisal to the Fund through the Lender Portal.

Secondary Market loans that receive the option of a Value Acceptance (formerly, Property Inspection Waiver) through Desktop Underwriter are acceptable.

Comparables – Comparables must support that the subject amenities are common and customary. Examples of this would be if subject only has a ¾ bath, one bedroom, no bedroom closets, or below grade, then the comparable used should be the same.

Dwelling – The appraiser is to report any OBVIOUS items or areas that affect the safety, livability, and marketability of the property. Correction of these items will be required to be addressed prior to loan closing regardless of insuring agency's requirements.

- If the appraisal indicates evidence of wood-boring insects, dampness, or abnormal settlement, the appraisal must comment on the significance of these items, if an additional inspection is required, and on the effect of the value and marketability of the

subject property. If an inspection is required, the lender must either provide satisfactory evidence that the condition was corrected or submit a professionally prepared report indicating, based on an inspection of the property, that the condition does not pose any threat of structural damage to the improvements. Copy of acceptable credentials should also be provided.

- Roof – A roof inspection must be provided by a licensed contractor when required by the appraisal, sales contract, or underwriter upon knowledge of potential problems. When a roof inspection is required, the Fund requires a 2-year minimum remaining life. Metal and slate roofs are acceptable and must meet the same guidelines.
- Bedroom – To be counted as a bedroom, there must be an operable window.
- Captive Bedrooms/Bathrooms – Captive rooms are inaccessible from a hallway or a general area and must be carefully considered with appropriate comparables.
 - A one-bath dwelling requires access from a hallway or general, non-bedroom area.
- The appraiser must comment that the square footage or number of bedrooms within the unit is common and customary to the area and must support the comment with similar comparables in the appraisal report.
- Unique floor plans/building structures must meet FNMA guidelines.
- Electrical – Each unit must have an electrical system of adequate size for the unit, but in no case can the service be less than 100 amps.
- Smoke Detectors – Smoke detectors are required to comply with West Virginia law.
- Utilities are required to be on and inspected. If not on at the time of appraisal inspection, the Fund will accept compliance inspection by appraiser, licensed contractor, or home inspector.
 - Heating – The Fund follows FNMA guidelines wherein dwellings must be suitable for year-round use with improvements considered adequate and conforming to the market. *(Section condensed from prior version.)*

House Site – For all sites being considered for financing under the Homeownership Program, the program allows for only one home site, with maximum of 5 acres and supported by similar comparables. Refer to Property Eligibility (Ch. 1) for more details.

Manufactured Homes – Manufactured homes are built in the controlled environment of a manufacturing plant and are transported in one or more sections on a permanent chassis (metal beams). If the unit has the metal beams it is to be treated as a manufactured home and the appropriate manufactured unit appraisal forms are required. A manufactured home is built to the Federal Manufactured Home Construction and Safety Standards (HUD Code) and must display a certification label on the exterior of each transportable section as well as the required Data Plate Refer to FNMA guidelines for additional information.

We will accept new or used manufactured units (depending on the program, refer to eligible dwelling/residence section) when the remaining economic life of the units meets or exceeds the loan term. These units must be placed on a permanent foundation in accordance with the local

zoning and building codes and assumes the characteristics of site-built housing thus becoming part of the real property. Homes must be on original set up site. The foundation is not required to be brick or block skirting; vinyl siding will be sufficient. The Fund requires that wheels, axles, and the trailer hitches be removed when the unit is placed on its permanent site and that both the perimeter and pier foundations have footings located below the frost line. Units must be installed per the manufacturer's recommendations. Anchors must be provided where required by state law. Certificates of title must be retired.

For additional information on the titling of manufactured home units refer to the closing chapter.

Multiple Lots – The Fund follows FNMA guidelines on contiguous requirement.

Personal Property – When a sales contract or the appraisal references personal property, the down payment amount needs to cover the value of the personal items to ascertain that Homeownership Program dollars are not financing these items. (Said another way, the first lien loan amount cannot finance these items.) If the subject property is a newly constructed home with appliances, or the appraisal indicates a newly renovated kitchen with appliances, then the actual invoice must be used for the value. The Fund allows \$50.00 per used appliance for value pertaining to calculations of personal property. Personal property other than appliances will need to have a value established by a qualified person with the file containing documentation to support how the value was derived.

Personal property cannot be included in the financing of real estate and is considered a sales concession. Follow FNMA guidelines for calculating LTV/CLTV. If the sales contract is renegotiated to remove personal property, value of items must still be provided with expectation of sale price being lowered by same amount.

Repair Compliance Inspection Certification – Required to verify any/all required repairs have been 100% completed. (Use Fannie Mae's Appraisal Update and/or Completion Report or the Fund will accept FHA/VA forms if applicable).

- Must include all repairs, including any required by the Fund.
- Must include date and signature of an approved appraiser (if proposed construction, should be the same one that appraised the property based on plans and spec sheets).
- Must include photos per Fannie Mae guidelines.
- If construction or major repairs are underway at the time of the appraisal, the appraiser must make a compliance inspection following the completion of the work. If the appraiser is not professionally or by experience qualified to evaluate the completion of construction, a professional qualified in the particular construction area must be retained. A reasonable charge for the compliance inspection may be added to the appraiser's fee. Items inspected by the appraiser or other professionals must be listed on the compliance inspection report or attached sheet. On repair items that lenders feel comfortable inspecting, we will accept a lender's certification (letter format) stating that repairs have been completed along with a photo(s) of the repairs. Examples of these repairs might

include handrails, scraping and painting, and seeding of lawn.

Repair Escrow – Generally, repairs are required to be completed prior to closing. The insuring agency's certificate of insurance must be in place and effective when the Fund purchases the loan. If a lender encounters extenuating circumstances or weather-related delays, they should contact the Fund for waiver consideration on a case-by-case basis, to include:

- Completed Waiver Request Form; and,
- One (1) bid

If granted, the closing attorney must handle setup and closure of the escrow account in the amount of 1.5 times the reviewed bid. The lender is responsible for providing the Fund acceptable (per insurer guidelines) completion certifications and verification of the release of escrow funds. Failure to provide necessary repair escrow documentation will result in a forfeiture of SRP and may result in a repurchase.

Repair escrows are not permitted on WVHDF REO properties.

Streets – The property should face a publicly dedicated and maintained street that meets community standards and is generally acceptable to area residents. If it appears that the property is located on a street that is not typical of other streets in the community, the appraiser should include comments on any effect that being on that street could have on the property's marketability and value.

If the property is located on a community-owned or private street, the report should indicate whether there is an adequate enforceable agreement concerning the maintenance of the street. Recorded documentation for the maintenance of the street must meet Fannie Mae or the insuring agency guidelines.

CONSTRUCTION LOANS

For construction to permanent loans, the loan file needs to be accurately documented with total acquisition cost by a turn-key construction contract utilizing a licensed contractor. A copy of the construction Note, Closing Disclosure and the Deed are required to be submitted. On new construction of manufactured homes (doublewide only), a copy of invoice from manufacturer to dealer and dealer to borrower is required. The dealership must act as general contractor and be licensed for 100% turnkey set up.

Under the Homeownership, Movin' Up, or Movin' Up Special Program, a borrower cannot roll other expenses into the construction loan (closing costs, payoff of other debt, etc.) above the acquisition cost and can only payoff the construction loan that is structured with short-term financing. Under no circumstances will the Fund consider purchase of a new construction loan wherein the first lien Note contains rollover financing options.

On the Homeownership, Movin' Up, and Movin' Up Special Programs, when the deed is already in the borrower's name the borrower cannot occupy the home until the permanent financing with WVDHDF is closed due to being considered a refinance transaction with Right of Rescission documentation required.

CO-SIGNERS/NON-OCCUPANT BORROWERS

Homeownership, Movin' Up, and Movin' Up Special Programs - The Fund does not accept co-signers/non-occupant borrowers in its loan programs. In the instance that FHA, VA, or RD may accept co-signers, the Fund's policy of no co-signers/non-occupant borrowers will prevail.

Secondary Market Program - The Fund follows Fannie Mae guidelines.

CREDIT

The Fund does not accept paying off revolving debt to qualify. Revolving credit is considered a lifestyle and must be used in qualifying borrowers. Installment loans paid off or paid down should be carefully considered. Satisfactory, sufficient funds must be verified, and loan must be documented paid in full. Desktop Underwriter (DU) will determine if derogatory credit must be paid; any omitted debt must be addressed with satisfactory documentation.

Undisclosed debt and regular payments on bank statements should be carefully reviewed and addressed; this includes "buy now/pay later" transactions.

Frozen credit reports or accounts are required to be made accessible to the Fund and our Participating Lenders throughout the mortgage application process.

When information is received from a borrower to complete the application process, it is important that you ask the borrower to provide a list of all their debts including account numbers, payment amounts and estimated balances. ~~Do not auto populate the liabilities on the loan application from the credit report without verifying debt with borrower.~~ When credit on the 1003 differs from the credit report, an explanation should accompany the file. By signing the application (1003) the borrower is stating populated debt to be accurate.

The Fund does not accept credit "rescoring" to eliminate or reduce loan level price adjustments (LLPA) or to obtain loan approval.

The Fund will accept a lender's credit report for use in underwriting when the following criteria are met:

- Report is ordered through Factual Data from a compatible platform (Enterprise),
- Report is less than 45 days old at time of submission/deliverance,
- Report has not already been imported into an automated system; and,

- Pages with Factual Data reference/computer id number and credit scores are provided.

For the Homeownership program, any reported mortgages should be addressed when borrower is purchasing in non-targeted counties. Documentation is required to support the borrower has not had ownership in a primary residence for prior three (3) years.

ELECTRONIC SIGNATURES

The Fund will accept electronically signed loan documents except for the Note(s) and Deed(s) of Trust. Electronic signatures must comply with the E-Sign Act of 2000, UETA, and any HUD, RD, VA, or FNMA guidelines as well as all applicable state requirements.

FEDERAL TAX RETURNS

IRS tax forms (1040, 1040A, 1040EZ) are to be signed on the signature line provided. Complete returns include all schedules with W2's. Loans submitted for approval after April 15 must be accompanied by the previous year's federal tax return. Federal tax return extension filings with the IRS are not acceptable. The Fund will not proceed with the loan until the required tax returns are filed with the IRS. Tax transcripts may also be required in these cases for verification of the filing. When the previous year's federal return is available prior to April 15, it should be included in the loan package.

A Tax Return Transcript or Record of Account are acceptable alternatives to the actual returns. These must be obtained from the IRS. An Account Transcript is not an acceptable alternative as it provides only limited information.

Federal Compliance – Regarding the Homeownership Program in non-targeted counties, executed copies of the previous one (1) year federal income tax returns are to be included in the credit file when three (3) years residency is clearly disclosed on the 1003 application. For borrowers who were not required to file a federal income tax return for the previous year(s), a completed Income Tax Affidavit (WVHDF form) is required stating the reason tax returns were not filed with IRS. Tax returns must be reviewed for any evidence that the borrower may have claimed deductions for property taxes or for mortgage interest deduction for a primary residence.

Tax returns for the Movin' Up and Movin' Up Special Programs, and Secondary Market loans are only required as they relate to income determination.

State tax returns should never be submitted.

Qualifying Purposes – Personal federal tax returns for the previous two years are required for calculation of income if the applicant is self-employed. Other employment situations following Fannie Mae guidelines or FHA, VA, or RD if applicable may also require tax returns (commissioned, employed by family, trust, rental, etc.). If a slow or declining economy exists, tax returns for the current year will be required prior to IRS's April 15th filing date. Tax returns are to

be signed on the signature line and include all forms and supporting schedules. In most instances, applicants will be required to provide two years' business tax returns also to further support their income.

Tax Return Transcripts or Records of Account – The above guidance pertains only to underwriting requirements. Please refer to Chapter 5 for Closed Loan Package needs concerning the 4506-C and Transcripts/Records.

FORMS

Each Homeownership, Movin' Up, Movin' Up Special, and Secondary Market loan must be executed on forms approved by the Fund, and by Fannie Mae, FHA, VA, and RD where appropriate. The forms specific to the Fund are available on our website at www.wvhdf.com/lending-partners.

HOMEOWNERSHIP EDUCATION

On all Conventional Homeownership, Movin' Up, and Movin' Up Special loans delivered to WVDHF, at least one borrower signing the Note must complete the HomeView Homeownership Education course with the Certificate of Completion provided as evidence of fulfillment. The date of completion (per the certificate) must be within one (1) year of the loan closing date.

A link to the HomeView online course can be found on our "Lending Partners" website and must be used to avoid a cost to the borrower. Should the presence of a disability, lack of Internet access, or other issues prohibit online completion, please refer to Fannie Mae selling guide for additional instructions.

On government-insured loans, requirements per the agency may vary. Lenders should follow the insuring agency's guidelines or their DE Underwriter's recommendation for homeownership education requirements.

INCOME LIMITS

Applicable income limitations are set forth for the Fund's Homeownership, Movin' Up, and Movin' Up Special Programs. Income limits are to determine eligibility for projected income of the next twelve months from the date of closing:

Homeownership, Movin' Up, and Movin' Up Special Programs – Household income is the gross annual income of all parties taking title to the property. Supporting documentation for the income calculation is required. For these programs, it is mandatory that all borrowers qualifying for the loan take title to the property.

Movin' Up Special Program – Qualifying income used to obtain approval must be at or below the 80% AMI. Qualifying income is defined as the income loaded into DU. The Movin' Up Program federal compliance income limits also apply for eligibility.

Federal Compliance Calculation (Homeownership, Movin' Up, and Movin' Up Special Programs)

– **Projected Annualized gross income** is determined by multiplying gross monthly income by 12 for all parties as outlined below. Gross monthly income is the sum of monthly gross pay, reflected on a current pay stub reflecting a minimum of 30 days year to date earnings, plus any additional income from: overtime, part-time employment, bonuses, dividends, interest, royalties, pensions, VA compensations, rental income and other income (such as alimony, child support, public assistance, sick pay, social security benefits, unemployment compensation, income received from trusts, and income received from business activities or investments, workers' compensation, and disability insurance, etc.). History of other types of payment such as bonus, commission, overtime, etc. must also be taken into consideration.

On monies received in a lump sum type of payment, such as inheritance, insurance settlement, lottery winnings, etc., we will consider these funds as an asset. Borrower should be qualified using a 2% interest factor on funds not being used toward the purchase of subject property. Only the interest amount will be considered toward Federal Income Limits.

Rental income on currently owned homes is calculated by using net rental plus depreciation from tax returns. On properties purchased in the current year, a signed lease should be obtained and 75% of rent used to qualify. On retained homes (when allowable), 75% of market rent is to be used, verified by an appraiser, realtor knowledgeable in rent management or acceptable website rent providing rent estimate. **Borrowers purchasing a multi-unit property must have all non-primary occupied units' fair market rent included in the federal compliance calculation. Secondary or AUDs must also be considered.**

For self-employed persons, income is the total of income shown on the last year's personal tax return plus depreciation. In the cases of "S" corporations, income used on their tax schedules must be included in addition to all requirements listed for self-employed borrowers.

When the income documentation submitted indicates that any applicant has reduced the number of hours scheduled to work and/or has resigned a job merely to qualify under the income limitations for the program the loan will be rejected.

All income sources of all parties taking title must be considered.

Odd or regular deposits evidenced on bank statements should be addressed. If the income is not W2 wages alternative documentation may be required.

Secondary Market – There are no income limits on these loans.

MORTGAGE INSURANCE

Conventional loans that exceed 80% loan to value (LTV) based on the lesser of sales price or appraised value must carry private mortgage insurance coverage provided by a Fannie Mae approved company. Acceptable providers are listed on Fannie Mae's website at www.efanniemae.com. This insurance is obtained under the Participating Lender's name and then assigned to the Fund.

FHA, VA, or RD loans are required to have the appropriate default insurance as provided by those agencies. Lenders are responsible for providing the insuring agency with correct and current information and for obtaining an enforceable certificate with no outstanding conditions at the time of closing.

Homeownership and Movin' Up Special Program – Conventional, insured loans **require** the following coverage amounts:

- 95.01% - 97.00% LTV 18% coverage
- 90.01% - 95.00% LTV 16% coverage
- 85.01% - 90.00% LTV 12% coverage
- 80.01% - 85.00% LTV 6% coverage
- 0.00% - 80.00% LTV 0% coverage

Note that special programs that may be offered from time to time can require higher coverage amounts, which will be disclosed in the program summaries provided as available.

Movin' Up Program and Secondary Market – Conventional insured loans follow the higher coverage amount requirements from the Desktop Underwriting findings for required coverage, or Fannie Mae Selling Guide. As a reminder, WVHDF does not offer LLPAs on mortgage insurance coverage.

PAYMENT REQUIREMENT (ESCROWS)

Homeownership, Movin' Up, and Movin' Up Special Programs – All loans are required to have established escrow accounts for the payment of hazard insurance, real estate taxes, private mortgage insurance, and flood insurance if applicable to the loan.

Secondary Market Program – Loans are required to have established escrow accounts for the payment of hazard insurance, real estate taxes, private mortgage insurance, and flood insurance if applicable to the loan unless a waiver has been granted at the time the loan was underwritten. Qualifications for the waiver are:

- LTV at or below 70%
- 6 months' reserves after funds needed for loan closing and/or required reserves

- Waiver fee of .25% of loan amount (will be included with the Loan Level Price Adjustment/LLPA)
- Flood insurance may not be waived (per FDIC's final rule effective January 2016)

To receive this waiver, the lender is to submit a waiver request form along with the completed Waiver of Escrow Payments and Disclosure form fully completed and signed to the underwriter. Note that even though escrows may be waived, information must still be disclosed on the application (1003) and used in calculating debt to income (DTI) for accurate Desktop Underwriter findings.

POWER OF ATTORNEY

Power of attorney (POA) documentation may be acceptable when the parties to the transaction are unavailable to execute the closing documentation. The responsibility for ensuring that the POA properly allows for the sale and/or purchase of real estate and incurring debt on behalf of the party shall reside with the lender and their closing attorney.

On loans in which the Fund is the underwriter, the POA for the buyer must also be provided to the underwriter as a prior to closing condition.

All POA documents utilized (both buyer and seller) to facilitate the transaction must be recorded and a copy of the recorded document must be submitted in the final loan documentation submitted to the Fund.

RECAPTURE NOTICE

The Recapture Notice (version 5/2024) is required at Underwriting for "Clear to Close." This form is required on all Homeownership Program loans *regardless of Low Down Home Loan/DPA use.*

UNDERWRITING OPTIONS – DELEGATED UNDERWRITING

The Participating Lender will underwrite files utilizing its on staff, DE underwriter. After a lender has obtained delegated status, the organization's staff should direct underwriting questions to its delegated underwriter.

- The DE Underwriter will complete the required screens in PowerLender, validating the registered information against the final approved information. Once the file is satisfactorily reconciled with no alerts or warnings, receiving a green status light, the loan receives final approval, and status is updated to "Clear to Close."
- Original appraisals are uploaded to the Lender Portal/VirPack.

- FHA loans with LDHL/DPA: a request must be remitted to the Fund for the FHA Award Letter. A WVDHDF Underwriter will provide the letter through the Lender Portal upon receipt.

UNDERWRITING OPTIONS – NON-DELEGATED UNDERWRITING

All documents should be submitted through the Fund's Lender Portal with appropriate upload type selected. Refer to the Portal chapter for more details.

File Review by the Fund – This option should be utilized for all conventional loans submitted by non-delegated Participating Lenders. The following documents are required for initial review and conditional approval:

- Initial, fully executed 1003
- Fully executed sales contract/purchase agreement including all addendums
- Current Deed (on refinance transactions)
- The first couple of pages of Credit report reflecting borrower name and scores (if issued by Factual Data) and the report must be able to be reissued to the Fund; otherwise, WVDHDF must pull an additional report.
- Any pay stubs, VOs, VODs, Bank Statements, Court Orders, etc. that may have been received at application. Full credit and collateral documentation may be submitted as PTC (prior to closing) conditions.
- The use of third-party validation services is acceptable, but lenders must provide the document(s) and *reissue reference number* to the Fund for our input in DU. This must be within 45 days of the validation service date. Otherwise, full documentation may be required.
- Documents should be submitted using the Lender Portal with the following selections:
 - *Initial UW Submission* >for initial review only
 - *Underwriting PTCs* > all conditions for underwriting review)
 - *Appraisal* →Only appraisals (or compliance inspections with photos) must be sent through this separate upload type so that report stays in PDF form. All other documents pertinent to the appraisal are to be sent as an Underwriting PTC
- The Fund will review the file within 2-3 business days of receipt. The lender will receive loan decision through the portal as a download. Email notification will be sent to any persons who have uploaded documents. Approval, rejection, and listings of pended items can be printed from the download file.
- All conditions of the loan approval must be met prior to or at closing. A Final Approval/"Clear to Close" must be obtained prior to closing with any closing conditions provided in the closed loan package submitted to the Fund.

Federal Compliance Review – This option is for the non-delegated participating lenders in submitting government loans. The lender's government approved/delegated underwriter will review and render decision for credit and collateral, based on the insuring agencies guidelines.

The lender takes full responsibility for this decision. Deficiencies found in the loan underwriting may result in repurchase of the loan.

- Submission of Federal Compliance documents is only required. Any missing documents will be requested as a prior to closing condition. The remainder of the credit and collateral file should be sent with the closed loan package after closing.
 - *Initial UW Submission* > for initial review only.
 - *Underwriting PTCs* > any conditions requested to complete review
 - *Appraisal* > appraisals only are to be sent using this option to retain report in PDF form. Documents pertaining to the appraisal are to be sent with PTC conditions.

Pre-Approvals – Pre-Approval submissions are available for participating, non-delegated lenders. This review is offered only on conventional transactions. In PowerLender, registration is required using TBD as the property address, the “Register (Do not lock)” box should be selected in the Lock A Rate section, and the page should be saved. Users *should not* click the “Submit Lock Request” button for Pre-Approvals.

Submit the following documents through the Portal using the PL – Initial UW Submission delivery option:

- A fully completed and signed 1003 with TBD as property address.
- Credit Report:
 - Must be issued by Factual Data **with the ability to be reissued to WVHDF.**
 - Cannot have been reissued through any AUS or other system prior to coming to the Fund.
 - Must be a tri-merged report.
 - No other credit documents will be reviewed and should not be submitted.

Upon the Fund receiving an Approve/Eligible finding through DU, a pre-approval letter will be issued to the lender conditional to satisfactory verification of information on the application and the DU Findings. This pre-approval will expire after 30 days and changes in the rates, product eligibility as well as changes in the borrower’s information may affect approval.

Lenders are encouraged to accurately disclose this information to the borrower. The pre-approval letter is to the lender and may not be forwarded to the borrower.

Upon receipt of a signed sales contract, the lender will update loan information in the Fund’s registration system. The updated, signed 1003 should be submitted as a new submission to underwriting, using the same loan number. This is the one exception to uploading a second time to the PL- Initial UW Submission in the portal delivery.

UNDERWRITING FEES

On Homeownership, Movin’ Up, Movin’ Up Special, and Secondary Market loans, the

underwriting fee payable to the Fund is \$300.00. This is net funded at loan purchase. Participating Lenders with delegated underwriting status incur no WVHDF underwriting fee.

CHAPTER 3

DOCUMENT DELIVERY

Key Contacts: Kay Bowe, kbowe@wvhdf.com, and Justin Hylbert, jhylbert@wvhdf.com

LENDER PORTAL

Lenders are required to upload files electronically through WVHDF's document upload portal called VirPack and referred to as the "Lender Portal." For multi-function devices and scanners, the below settings will need to be made standard so that the quality of scanned files is optimal:

- 300 dpi
- Black & white (not grayscale as that will create significantly larger image files)
- Auto-Sense Page Size or different size pages
- TIFF Images
- No Page Scaling
- Do not compress and zip files

If you have any questions, please contact your technical support staff.

Each Lender will be required to designate Lender Portal Administrator(s) who will approve and manage lenders users for the lender portal. This portal is to deliver documents to the Fund in a paperless manner. Once the Administrator has been set up by Fund personnel, the lender's staff may begin to self-register via our website www.wvhdf.com > Lending Partners > Document Delivery > Document Upload Portal > Not a Member? Register Here. Information must be fully completed, and *users must provide the Group Request Token provided by their Administrator*. The VirPack Originator Portal 3.2 User Manual is available on our website under Document Delivery.

For purposes of this portal, only the loan for the 1st Deed of Trust will be used. The loan for the 2nd Deed of Trust should never be selected. This includes the request for documents and funding of the 2nd Deed of Trust; these are to be requested using the loan number of the 1st Deed of Trust loan.

Portal Options are below:

Underwriting Compliance Sheet	Delegated underwriters are no longer required to send in a compliance sheet. This upload option is now used only to send in the FHA Award Letter request.
Initial UW Submission	For submission of <i>initial</i> underwriting review only – subsequent conditions are to be sent through different option.
Underwriting PTCs	Prior to closing conditions use this option to delivery to the underwriter.

Appraisal	The original appraisal report in color form must be sent in pdf form to this option. Compliance reports may also be uploaded to this option when color photos are being sent. All other supporting collateral documents should be sent with Underwriting PTCs.
2 nd DOT Requests	To request early OR closing disclosures/documents on our 2 nd Deed of Trust (DAP) loan.
Funding Requests Closed Loan Package	Use this option to request funds for the 2 nd Deed of Trust Delegated Lenders -will upload the entire file <i>except</i> for the appraisal (both underwriting & closed package). Non-Delegated Lenders-Conventional loans – will upload the initial disclosures with the closed loan package. (The underwriting file with appraisal will already have been received and should not be resent.) Non-Delegated Lenders-Government loans – the remaining portion of the underwriting file, initial disclosures along with the closed loan file. (The Federal Compliance file and appraisal should not be resent.)
Post-Closing Conditions QC Conditions	All post-closing (deferred) conditions. Any items requested as a result of a QC review (Pre-Fund or post-closing)

Documents will be returned from the Fund to the lender as a Download through the Lender Portal. An email notification will be sent to all persons who have uploaded documents on the particular loan.

Reminders:

- Always load documents to the WVHDF loan number for the 1st Deed of Trust. ~~Under no circumstance should documents ever be uploaded to the 2nd Deed of Trust loan number.~~
- The appraisal must be sent separate from the file in original/color pdf form using the appraisal option.
- Scan and upload documents in black & white except for the appraisal.
- Do not upload duplicates, ineligible copies and additional documentation not required. When sending in original documents, scan, and upload prior to mailing.

CHAPTER 4

LOCK POLICIES AND PROCEDURES

Key Contact: WVHDF Lockdesk, lockdesk@wvhdf.com

Loans may be locked by Participating Lenders for specific programs, applicants, and properties. The interest rate is locked after loan application and the lender has determined that the borrower meets the eligibility requirements and guidelines for the loan program. The Participating Lender may request changes, extensions, and cancellations through our lock system, PowerLender. Video tutorials for PowerLender are found on the PowerLender launch page and our Lending Partners website for your continued use.

LOCKS

Lock Periods – The Fund offers the following lock periods for our proprietary programs:

	Homeownership	Movin' Up	Movin' Up Special
Existing Home	60 days	60 days	60 days
New Construction	60 days, 180 days*	60 days, 180 days*	60 days, 180 days*

*180-day lock guidance, below.

For Secondary Market Program loans, rate locks ranging from 10 days and 60 days are available.

180-Day Lock Policy and Procedure – To secure a 180-day lock, a fee must be paid to the Fund within 5 business days of requesting the loan reservation. The fee is 1% of the 1st mortgage amount not to exceed \$2,000.00. The fee can be paid by any party to the transaction and should come in the form of a check payable to WV Housing Development Fund and mailed to:

WVHDF
Attn: SFL – Tricia Poe
5710 MacCorkle Ave, SE
Charleston, WV 25304

(Please also include identifying loan information – borrower name, subject property address – along with the check.) *If the fee is not received within 5 business days of the reservation request, the lock will be cancelled.*

For all 180-day reservations that successfully close, the fee will be refunded to the payor. *To allow for adequate check processing, Lenders should contact Tricia Poe 10 calendar days prior to closing to begin coordination of these funds being delivered to the Closing attorney.* If an applicant holding a 180-day reservation has their application denied by the lender or by the Fund, the fee will be refunded to the party who paid it. Evidence of the denial by the lender must be provided to the Fund, by the lender, in order to facilitate the refund. Refunds will be made to the party from which the fee was received only.

Any reservations that are withdrawn or expire without delivery of the loan will result in a forfeiting of the fee, with no exception.

If the fee is paid by an interested party, i.e., seller or builder, as defined by Fannie Mae in B3-4.1-02 of their Selling Guide, then all guidelines of Interested Party Contributions shall apply to the payment of the fee. Please consult with your underwriter and/or the Fund as needed on this matter. If the fee is paid by the applicant, it will be necessary to properly document the sufficiency of the funds that were available to the applicant at the time the fee was paid.

- **Loan Estimate and Closing Disclosure Considerations** – Check with your Compliance Department/Officer for further direction.
- **Float-Down Policy** – Applicants who are locked with a 180-day reservation shall have a one-time opportunity to float down their rate if interest rates decrease during their lock period under the following circumstances:
 - The application must have credit approval.
 - There must be a closing date scheduled no further than 30 days from the date of the request to float down.
 - The current interest rate available must be at least 50 basis points lower than the locked in rate.
 - A non-refundable fee of 1/2% of the loan amount must be paid to the Fund at closing.
 - The expiration date will stay the same regardless of when the float down occurs.

Cancellations – Lenders are responsible for promptly cancelling withdrawn loans from the PowerLender system by completing the “Lock Cancellation” section in PowerLender. New locks for the same Borrower will be delayed until the prior lock’s status shows “Cancelled.”

Floating – Live applications for Homeownership, Movin’ Up, and Movin’ Up Special programs must be locked at registration in PowerLender. Secondary Market Program locks may float, subject to daily pricing upon lock.

Lock Expiration and Extension – Homeownership, Movin’ Up, and Movin’ Up Special – Generally, 5-, 15-, and 30-day extensions are available at no cost. Requests are made through the PowerLender system. The Fund will review all extension requests on a case-by-case basis. Generally, the Fund will grant extensions up to 30 days per loan at its current, locked rate. Under certain market conditions, extensions may be unavailable, and the loan will be subject to worst-case program pricing. Loans requiring multiple extensions exceeding 30 days may be subject to worst-case program pricing. Extensions are not an automatic process in PowerLender and require review by the lock desk.

Locks should not be cancelled and re-locked to provide an improved rate. Locks for the same applicant(s) and property must observe a “sit-out” period of 30 days after cancellation before re-locking. Additionally, the Fund will not accept locks if the applicant(s) and property are already locked with WWHDF through another lender for the sole purpose of improving the rate, until a

30-day “sit-out” period is observed. If a property has an expired rate lock (less than 30 days), pricing for a new rate lock on the same property will be subject to worse case pricing. 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.

When a rate increase results in a previously approved loan to be denied due to the higher payment from the rate increase, we will consider requests to extend an existing lock on Homeownership, Movin’ Up, and Movin’ Up Special Program loans on a limited basis.

Lock Expiration and Extension – Secondary Market Program – If the rate lock expires prior to the loan closing, generally borrowers will be required to accept the worst-case scenario. For example, if rates have fallen, the rate will be extended at the current rate. If rates have increased, the rate lock must be extended at the higher rate. Generally, the only exceptions offered to this policy are when the Fund can be shown to have contributed to a delay in the loan closing.

Lock Expiration and Loan Delivery – Please refer to Ch. 5 for Closed Loan Package delivery guidance.

Lock Revisions – The lender may update locks within PowerLender at any time prior to the loan’s submission to Underwriting (WVHDF or, delegated underwriter). “Updates” may include adding Borrower(s), titleholder(s), adjusting loan amount(s), and program, among others. Lenders should simply edit the data on the lock page, as needed, and save. (A re-request of the lock is unnecessary.) A subject property change constitutes a *new lock*, and the existing record should be cancelled.

If changes to a lock are necessary after underwriting submission, lenders should (per underwriting status):

- Delegated: contact internal underwriter/follow internal processes.
- Non-delegated: complete and submit the “Revise Reservation” section in PowerLender, to include:
 - Date, and,
 - *Explicit* instructions to the WVHDF Underwriter regarding changes needed to the lock. Please include all pertinent figures (e.g., base and total loan amount(s), financed premium amount, etc.).

Movin’ Up Programs Lock Considerations – Movin’ Up and Movin’ Up Special lock requests require Desktop Underwriter (DU) findings. The Fund will not confirm the lock request until acceptable DU findings are received, and this process varies by underwriting delegation status:

- Delegated Underwriting Lenders: DU findings should be e-mailed to lockdesk@wvhdf.com immediately after the lock is requested in PowerLender.
- Non-delegated Underwriting Lenders: Lenders should request their lock as usual and promptly remit to the Fund all required “Initial Underwriting Submission” documents (1003, credit report, and sales contract) via the Lender Portal for WVHDF Underwriting review. The loan will be locked when a WVHDF-issued DU finding is available.

Secondary Market Program Lock Considerations – When locking Secondary Market (FNMA) loans in an amount of \$200,000 and higher, the lender must submit the DU findings indicating that it is in an Approve/Eligible condition. Further, the compensation on loans of \$200,000 and higher will be reduced by 25 basis points from the price posted daily by the Fund on our Rate Sheet. This reduction will be reflected in the price confirmed by the lock desk. There is not a minimum loan amount and maximum loan amounts are determined by Fannie Mae. You may access Fannie Mae’s Selling Guide at www.efanniemae.com. Secondary Market loans secured by an investment property require special consideration prior to registration and lock. Please contact the Fund’s lock desk for pricing information.

CHAPTER 5

CLOSING, LOAN DELIVERY, AND THE CLOSED LOAN PACKAGE

Key Contact: Tricia Poe, tpoe@wvhdf.com

All Fund loans are subject to the closing requirements contained in this chapter unless otherwise specified by a particular Fund program. Accuracy of the borrower(s) name, property address, and legal description must be confirmed and consistent on all documents throughout the loan file, as well as consistent with the WVHDF lock. Any inconsistencies must be legally certified and documented in the delivered loan file. All loan documents must be completed and executed in accordance with the Loan Purchase Agreement and all applicable laws, rules, and/or regulations.

All underwriting conditions required by the commitment letter, conditions of the appraisal, or insurer requirements must be satisfied prior to closing.

WVHDF-SPECIFIC GUIDANCE

The Fund requires use of the most current MERS-compliant, fixed-rate, West Virginia, single-family Fannie Mae/Freddie Mac uniform instruments and standardized document sets and verifications per insurer/guarantor requirements. WVHDF-specific documents are located on www.wvhdf.com/lending-partners for lenders' integration and use. The following section outlines closing items particular to the Fund and its programs.

WVHDF-specific Closing Documents –

- All WVHDF loans require the following:
 - WVHDF E-sign Disclosure and Consent Form – this is in *addition to* any Participating Lender e-sign consent disclosure
 - WVHDF Payment and Escrow Information form
- Homeownership Program loans require the inclusion of the following closing documents, *regardless of Low Down Home Loan (second lien) use*:
 - Deed of Trust Rider, to be signed and recorded with first lien Deed of Trust
- Low Down Home Loan (2nd Lien) Package – Prepared in the name of WVHDF and provided by the Fund at no cost, the following documents are remitted to the lender upon request *and* verification of “Clear to Close” status of the accompanying 1st lien loan :
 - Closing Disclosure (CD),
 - Early-/Pre-CD (only) is available upon request prior to “Clear to Close”
 - 2nd Note,
 - 2nd Deed of Trust, and
 - WVHDF E-sign Disclosure and Consent Form
 - WVHDF Payment and Escrow Information form

Assignment – The Fund is a MERS member. *Only non-MERS member Participating Lenders* should execute, record, and remit Assignments. Please refer to the MERS section for more information.

Attorney Selection – If utilizing a 2nd lien, refer to Ch. 6 for 2nd Deed of Trust funding requirements; otherwise, the Fund does not have an “approved” attorney list.

Builder’s Warranty & Certificate – All newly constructed, **or never occupied**, homes require a Builder’s Warranty and Certificate that the structure will comply with the approved plans and specifications for a period of one year from the date of completion. The Builder Warranty may be included in the construction contract, or a separate document provided by the builder.

Financing provided on manufactured housing units requires two (2) Builder Warranties and Certificates. The first would cover only the work performed and materials supplied by the builder (i.e., incidental to the placement and affixing of the unit on the site). The second set must be provided by the unit’s manufacturer.

Closing Instructions – Our proprietary programs are restricted by income of those on the Note and/or Title. Lenders should explicitly instruct closing attorneys to allow only those included on the WVHDF/delegated underwriter approval to take title. **Violations may result in a repurchase.**

Deed of Trust (1st Lien) – MERS-compliant instrument should be used.

- Trustees may either be the Fund’s (Kristin A. Shaffer, residing in Putnam County, and Samme L. Gee, residing in Kanawha County), or the lender’s own. When the lender’s trustee is used, the trustee’s complete mailing address is to be disclosed.
- Lender must be named as Beneficiary.
- Names/signatures (only persons who hold title to the property [named on Deed]) are required to sign the Deed of Trust; a spouse who is not on the Deed need not sign.
- All applicable riders (condominium, PUD, etc.) must be attached.
- Manufactured homes require the units’ serial numbers clearly referenced within the legal description.

E-Sign/Electronic Signatures – Wet signatures are required on all Deeds of Trust and Notes. Electronic signatures are permissible on remaining closing package documents per the E-Sign Act of 2000, UETA, any insurer/guarantor guidelines, as well as applicable state requirements.

First Payment/Lender “Goodbye Letter” – Participating Lenders should include their “Goodbye Letter” within their packages signed at closing. Should Borrowers inadvertently remit first payment(s) to the originating lender, the payment(s) – with loan detail – should be mailed to:

WVHDF
SFL – New Loan Setup
5710 MacCorkle Ave., SE
Charleston, WV 25304

Flood Insurance –

- Mortgagee must be W VHDF, ISAOA, and must be shown in the first lien position.
- If applicable, coverage is not required on the 2nd lien.
- Coverage: flood coverage must adhere to FNMA, or government insurance standards, and be sufficient to cover the face amount of the 1st Note.
- Deductible: maximum allowed by the Fund is \$5,000, and must be a minimum of \$1,000, or if the coverage is over \$100,000, the deductible minimum may be \$1,250.
 - The insured is responsible, out-of-pocket, for losses to the extent of the deductible selected.
- Flood insurance should be a separate policy *and* premium from the hazard insurance policy.
- Lenders should use the following W VHDF identifiers to process life of loan transfers. Other vendors may be used provided they meet FNMA or government-insurance standards.

CoreLogic/Cotality	2502219
Floodplain Consultants	29845
ServiceLink	1000054292
Snapflood/Enhanced	867

Hazard Insurance –

- Mortgagee must be W VHDF, ISAOA, and must be shown in first lien position.
- If applicable, coverage is not required on the 2nd lien.
- Homeownership and Movin' Up Programs Coverage Requirements:
 - Coverage: equal to the face amount of the 1st Note, *or*
 - Coverage: equal to the face amount of loan less site value from appraisal.
 - Policy must contain replacement coverage on the dwelling and a temporary dwelling clause, required to be carried for the life of the loan and the borrower must accept all policy increases.
 - Deductible: unless a higher maximum deductible amount is required by law, the maximum allowable deductible is the higher of \$2,000, or 1% of the face amount of the policy.
 - Deductible clause may apply to either fire, extended coverage, or both.
- Policy must provide that the insurance carrier will notify the Fund at least 30 days prior of the effective date of any cancellation, termination, or non-renewal of the policy.
- Secondary Market (FNMA) loans may follow FNMA coverage and deductible guidelines.

Interest Credits – Interest credits at closing are allowed *a.) only as an exception, and b.) only for closings occurring on the first day of the month.* Prior to closing, lenders should contact W VHDF Closing to gather express consent to proceed with issuing an interest credit.

Mortgagee Clause –

WVHDF
ISAOA
5710 MacCorkle Ave., SE
Charleston, WV 25304

Mortgage Insurance –

- Mortgagee must be WVHDF, ISAOA, and must be shown in first lien position. Lenders must transfer coverage to WVHDF.

Note (1st Lien) – The maximum late charge cannot exceed the lesser of 5% of the unpaid amount of the installment, or \$30.00, under West Virginia law.

The original Note must reflect the originating lender's name and be endorsed to the Fund. The endorsement is to read, "Without recourse, payable to the West Virginia Housing Development Fund," and signed by an authorized individual of the Participating Lender. The authorized individual's name, title, and lender name must also be included in the endorsement.

Pest/Termite Inspection – Requirements vary between existing structure and new construction. If required, all property structures must be inspected. Any statements in the report about moisture or water in the crawl space or basement must be addressed and corrected, as deemed necessary, by a qualified, licensed professional. All necessary repairs must be completed prior to closing.

- Existing structures: required only if any one of the following criteria is met: a.) required per the mortgage insurer/guarantor, b.) required per the Appraiser, or c.) required per negotiated terms of the sales contract. The inspection should be signed by all parties and cannot be more than 90 days old at closing.
- New construction: the Fund requires compliance with all applicable codes and ordinances per subject property location, and those of the mortgage insurer/guarantor. Lenders must ensure appropriate documentation, as required, is included in loan delivery.

Principal Reductions – Any unused Low Down Home Loan proceeds from closing must be returned to the Fund in the form of a check, preferably with the Note(s), and will be applied as a principal reduction to the LDHL.

- Principal reductions to the LDHL are limited to a maximum of \$1,000.00.
- Checks – to include loan identifying information – should be mailed to:

WVHDF
SFL – New Loan Setup
5710 MacCorkle Ave., SE
Charleston, WV 25304

Survey – Requirements vary between existing structure and new construction.

- Existing structure: not required unless the title policy contains an exception for matters of survey, or a long-form title policy is used. Alta 9 does not cover exceptions for general matters of a current survey.
- **New construction (to include new, never occupied dwellings): plat, or survey, required on all dwellings, dated, or re-dated within 90 days of closing, signed, certified, and sealed by a licensed surveyor or engineer. The survey must show the following:**
 - Exact location and dimensions of the property including the improvement's location, and, as applicable, well and septic.
 - The exact location of all lot and street lines. All means of access to property (ingress/egress).
 - Additionally, all recorded easements affecting the property, building set back or restriction lines, lot, block, section, and subdivision names and reference to recordation, scale, driveway, well and septic field locations, utility installations, identification of adjoining property by name or lot number, lot dimensions, and flood map information.

Trusts – Generally, the Fund disallows title vesting in the name of trusts for our Homeownership, Movin' Up, and Movin' Up Special programs; however, the Fund will review documentation for acceptance on a case-by-case basis.

Uniform Closing Datasets (UCDs) – All Conventional insured Homeownership and both Movin' Up programs require remittance of the FNMA UCD. Non-delegated lenders are reminded to run the UCD with the DU casefile ID used for final loan approval by WVHDF Underwriting and issued by the Fund, and *not* their own, internal casefile ID.

LOAN DELIVERY

Upon closing, all WVHDF loans are immediately serviced by the Fund.

- Participating Lenders must not interim-service first (or second) liens.
- Receipt of the documents mentioned below in the prescribed time frame is vital for the Fund to initiate accurate and timely servicing of the loan.
- See Closed Loan Package section, below, for additional directions.

MERS – The Fund is an active MERS member and utilizes the service to handle both beneficiary and servicing rights transfers for all *first lien* programs and insurance types. **Lenders should not register a MIN for the WVHDF second lien.**

- Active MERS Participating Lenders
 - WVHDF MERS ID: 1014804
 - As the Participating Lender, you are responsible for Mortgage Identification Number (MIN) generation and registration.
 - MERS closing documents should be utilized.
 - Lenders should utilize the transfer combination of beneficiary rights *and* servicing within MERS.
 - **Lenders should initiate transfer of beneficiary and servicing rights immediately after receipt of the first lien purchase advice.**
- Non-Active MERS Participating Lenders
 - A \$24.95 MERS Fee should be added to your LE(s) and subsequent CD disclosures.
 - On WVHDF proprietary products, this charge is in addition to the total allowable costs you may pass on to your customer.
 - On FNMA Secondary Market products, this charge is in addition to the total fees allowable per FNMA and state or federal laws/regulations.
 - WVHDF will net fund this fee upon purchase of the 1st DoT.
 - Lenders must use the WVHDF MERS Assignment.
 - The Assignment executed at closing and remitted to the Fund must include the loan's associated MIN.
 - A MIN is generated upon loan input in the Fund's registration system, PowerLender. Once in a file in PowerLender, the MIN is located at the bottom of the following page:
 - Application & Disclosure → DATE_APPLICATION
 - A copy of the recorded WVHDF MERS Assignment should be included in the Closed Loan Package, or as a deferred/Post-Closing item.

CLOSED LOAN PACKAGE

Again, the Fund requires use of the most current MERS-compliant, fixed-rate, West Virginia, single-family Fannie Mae/Freddie Mac uniform instruments and standardized document sets and verifications per insurer/guarantor requirements.

Please refer to the Closed Loan Package Checklist which should be used as a guide for all WVHDF loan deliveries. Packages should be remitted digitally via the Lender Portal. Only *original*, signed Note(s) should be mailed to the Fund (see Ch. 6 Loan Funding/Purchase). Please also note:

- As the end Beneficiary/Servicer, the Fund requires a fully documented loan package. The Checklist should be used as a guide, but it should not be considered all-inclusive.

- Lenders must remit the digital Closed Loan Package and original Note(s) within ten (10) calendar days of the loan closing.
 - Homeownership, Movin' Up, and Movin' Up Special loans closed *on or before* the W VHDF lock expiration date incur no pricing penalties.
 - Secondary Market (FNMA) packages and Notes delivered *11 or more calendar days* after the Note signing/closing date will be subject to repricing. Repricing will be determined by the lowest of lock-in price, or price in effect the day of delivery of the loan to the Fund.
- Packages and Note(s) received more than ten (10) calendar days from closing may result in a non-purchase. Lenders with trending delayed remittance of packages and Notes may have lock privileges suspended.
- Packages received with excessive documentation (or duplication) will be deleted and the lender notified to review and resubmit. This may result in delayed loan purchase.

CLOSING/CLOSED LOAN PACKAGE DOCUMENTS – GENERAL

The below provides additional context on W VHDF expectations for Closed Loan Package documentation, generally following FNMA or government insurer/guarantor requirements:

4506-C/Return Transcripts/Records of Account – For QC purposes, all loans delivered require 2 years' transcripts/records remitted in the Closed Loan Package or supplied as a deferred document immediately upon receipt. As a best practice, lenders should order transcripts/records at loan origination:

- On all loans (proprietary products and Secondary Market (FNMA)),
- For each Borrower on the 1003/Note (only),
- The transcripts/records do not need signed/dated; and,
- Lenders should ensure their own 4506-C form used to acquire the above is included in the Closed Loan Package.

As an exception, if transcripts/records were requested but not received prior to loan delivery, lenders should include in the package:

- Copy of the 4506-C(s) used to request the transcripts/records, and
- Evidence of the order for transcripts/records, as available. (We understand evidence for orders placed will vary by lender.)

However, once the transcripts/records are received by the lender, they must immediately be remitted to the Fund.

Appraisal Findings Detail Report (Doc File ID) – Print-out or screenshot after the appraisal is submitted through the appropriate appraisal portal, per insurer/guarantor.

Closing Disclosure (CD) – A fully executed CD, signed by all parties to the transaction, with all addendums, is required. The Participating Lender is responsible for complying with all state and federal laws, rules, and regulations.

- First Lien CD: Borrower(s) may not receive funds back at closing exceeding documented and sourced (per insurer guidelines) POC items and earnest money deposit, as applicable. The Participating Lender is responsible for complying with the requirements of the insurer/guarantor regarding allowable fees.
 - As applicable, WVHDF must be named as the lender of the Low Down Home Loan/second lien.
- Second Lien/Low Down Home Loan CD: Provided by WVHDF, excluding the recording fee, no other fees will be charged.

Credit Re-verification/LQCC Report – While the Fund has no preference as to the provider of the report received, Participating lenders should ensure a pre-closing, soft inquiry/re-verification of credit is provided in accordance with their internal compliance directives.

Deed – Clocked/stamped copy of fully executed deed of conveyance.

Deed(s) of Trust – Closing package must contain a clocked/stamped copy of the fully executed instrument, indicating date, time, instrument number, and county of recording, and be a valid first (and, if Low Down Home Loan used, second) lien on the eligible single-family dwelling being financed by the loan.

Flood Determination Certification – To comply with the National Flood Insurance Act of 1968, as amended, a life of loan Flood Determination Certification by a licensed vendor accepted by Fannie Mae and transfer of mortgage holder requirements must be provided to the Fund with the closing package. **The lender must provide evidence of the life of loan transfer to WVHDF.** Flood Certifications take precedence over the appraisal or survey as the conclusive evidence of the need for flood insurance.

Flood Determination Certifications are required on all loans. If flood insurance is not available in certain flood hazard areas because the community does not participate in the National Flood Insurance Program, the Fund will not purchase mortgages secured by properties located in those areas. Review certifications with care; the properties that are in non-participating communities appear on the Flood Certification as “NO,” not in a flood prone area.

Flood Insurance – Required when a loan is secured by a property located in a Special Flood Hazard Area (SFHA)/all flood zones beginning with the letter “A” or “V.” The Participating Lender is responsible for and warrants compliance with the provisions of the Flood Disaster Protection Act of 1973, as amended. The lender is responsible for providing evidence of insurance.

Hazard Insurance – Each single-family dwelling (including townhouses) must be covered by a hazard insurance policy (fire and extended coverage).

- A copy of the hazard insurance certificate or a copy of the declaration page of the policy must be delivered to the Fund, evidencing a policy or binder guaranteed for a one-year period effective the date of closing.
- Approved insurers must be in accordance with Fannie Mae requirements.

Health Department – The Fund follows FNMA, or the insurer/guarantor guidelines, with respect to requirements for private water systems and/or septic systems. The lender must ensure all pertinent documentation is delivered to the Fund.

Initial Escrow Disclosure – The lender is required to compute, prepare, and provide the initial escrow account analysis and statement to the Borrower(s) on the date of settlement and the computation must be made by the aggregate accounting method. These escrow funds (hazard insurance and real estate taxes, only) will be net funded during the loan purchase process.

Loan Estimate(s) LE – An LE is required for both the first lien and, as applicable, the Low Down Home Loan. The Participating Lender is responsible for complying with all state and federal laws, rules, and regulations. The Participating Lender is responsible for complying with the requirements of the insurer/guarantor regarding allowable fees.

Manufactured Homes – All manufactured homes are subject to the following requirements:

- Must be legally classified as real property with the County Assessor's Office and certificate of title must be retired and documentary evidence submitted for retention in the loan file. Closing instructions to closing agents must advise the agents to ensure that this process is complete as part of the closing process and that documentary evidence is submitted to the lender for retention in the loan file. The Deed of Trust must clearly reference the manufactured units by make, model, size, and their serial number(s) within the property description along with any other information that may be required by applicable law to definitively identify the home.
- Fannie Mae Affidavit of Affixture must be completed and recorded along with the legal documents as an attachment to the Deed of Trust. Additionally, lenders must obtain an insured closing protection letter for each loan that is secured by a manufactured home.
- An ALTA Endorsement 7 is required as part of the final title policy.

Mortgage Insurance Certification – The required mortgage insurance may consist of FHA insurance, a VA guaranty, an RD guarantee, or private mortgage insurance company insurance obtained from any insurer duly authorized to do business with Fannie Mae. Mortgage insurance must be confirmed by a private mortgage insurance company certificate or an FHA Insurance Commitment, RD Loan Note Guarantee, or VA Loan Commitment, as appropriate. RD Loan Note Guarantee must be submitted within 15 days from the date of closing. FHA servicer/holder transfer must be completed within 15 days of closing. The insured for private mortgage must be

listed as West Virginia Housing Development Fund or the participating lender, their successors and/or assignees as their interests may appear and must be included in the closing package.

Notice of Right to Cancel – A Right of Rescission is required for refinance transactions on Secondary Market (FNMA) loans. An H-8 Notice of Right of Rescission form is used if the borrower refinances through a new creditor and the H-9 is the appropriate Notice of Right of Rescission form when a borrower refinances a loan through the original creditor. A Right of Rescission is not required for refinance of a Second Home or Investment property.

QM Compliance – Evidence of safe harbor QM compliance must be provided in the closed loan package.

Servicing Transfer Letter – The lender must provide a fully executed Servicing Transfer Letter to the Fund.

Title Insurance Policy – Original formal title binder with countersignature and endorsements must be provided in closed loan package. Mortgagee Clause must contain language “its successors or assigns as their interest may appear.” The binder must not be more than 90 days old at the time of closing. Original formal title policy with countersignature must be received within 90 days from closing. Short form and instant final title policies are acceptable.

- A commitment must be delivered with the purchase package, with the original policy being submitted as a deferred document. The Fund cannot accept certificates of title or title opinion letters. Each program loan must be covered by an American Land Title Association form mortgagee’s title insurance policy issued by a company duly authorized and licensed to engage in such business in the State and meeting the following requirements:
 - Final title policy must cover the first lien loan amount.
 - Deed of Trust description must include the trustees’ names and recording book, page, and date of the Deed of Trust and assignment of the same to the Fund.
 - Affirmative insurance must be provided that restrictive covenants have not been violated and that a future violation will not cause forfeiture or reversion of property.
 - ALTA 8.1 Environmental Endorsement is required on every loan.
 - Alta 4 endorsement is required for all condominiums.
 - Alta 5 is required for all PUD’s.
 - Alta 7 is required for all Manufactured homes 50 The lender is responsible to ensure that the title insurance policy is based on a title search performed in accordance with applicable laws and regulations.

It is the lender’s responsibility to ensure the title insurance policy is based on a title search performed with applicable laws and regulations.

Taxpayer First Act Disclosure – Completed and signed.

CHAPTER 6

LOAN FUNDING/PURCHASE POLICIES AND PROCEDURES

Key Contacts: Tricia Poe, tpoe@wvhdf.com, and Julie Diehl, jdiehl@wvhdf.com

The Participating Lender may proceed to closing and funding after the loan is cleared to close by the Fund's (or, delegated) underwriter.

LOAN FUNDING

First Deed of Trust – The Participating Lender provides their own funds for closing of the first lien.

Second Deed of Trust – The Fund supplies monies for the Low Down Home Loan/second lien direct to the closing attorney. Prior to closing, it is the Participating Lender's responsibility to ensure a chosen closing attorney is "on file" with WVHDF for direct funding. If an attorney is not on file, a setup period of 2-3 business days is required. Lenders should inquire with the Fund to determine "on file" status. It is the attorney's responsibility to notify the Fund of any changes to their funding account and provide updated documentation to allow for re-verification prior to any funding.

The lender must request funds for the 2nd DoT through the Lender Portal using the Funding Request Form found on our website. Only funding requests for loans "clear to close" at the time of submission will be honored, and requests must be received no later than 2:00 p.m. the business day prior to the scheduled closing. All late requests will be assessed a late fee of \$100.00, deducted from the gain on sale paid at purchase of the 1st DoT; this is in addition to the wire fee (\$25.00) associated with attorneys who receive only wires, as applicable.

A 2nd DoT Purchase Advice (PA) is provided via the Lender Portal the business day prior to the date of closing. The PA is also available on the PowerLender launch page using the "Purchase Advice" link.

LOAN PURCHASE

The Fund must receive the following items to initiate the Loan Purchase process:

- *Original*, signed, endorsed, first Note,
 - Lenders must also remit a digital copy via the Lender Portal
- *Original*, signed, endorsed, second Note (as applicable),
 - Lenders must also remit a digital copy via the Lender Portal
- Digital Closed Loan Package,
- Final, signed 1st DoT Closing Disclosure (CD),

- Safe Harbor/Qualified Mortgage Report (showing “pass” status, unless previously reviewed and deemed acceptable by the Fund),
- Conventional Homeownership, Movin’ Up, Movin’ Up Special, and Secondary Market programs: FNMA UCD (must match final DU casefile ID)

Original Note(s) – only – should be mailed via USPS or express mail, to:

WVHDF
Attn: SFL – Funding
5710 MacCorkle Ave., SE
Charleston, WV 25304

Upon inventory and acceptance of the above documents, WVHDF issues a 1st DoT Purchase Advice (PA). The PA is provided via the Lender Portal and available on the PowerLender launch page using the “Purchase Advice” link. Lender PAs are housed here for a rolling, two-month period. The PA details net funded interest and escrow (hazard and real estate tax, only) amounts applied to each loan, the amount of the first lien, gain on sale, along with any late fees, underwriting fees, etc.

Loan Purchase Proceeds Delivery – Proceeds, as detailed on the PA, are delivered to the lender via ACH (at no charge) or wire (\$25.00/wire). Lenders are permitted only one receivable account.

Loan Purchase Conditions – Should documents required to initiate loan purchase be missing or incorrect, the Fund issues a Loan Purchase Conditions notice. An e-mail notification will be delivered to specific lender contacts. Also, lenders may view notices by clicking the “Loan Purchase Conditions” link on the PowerLender launch page. These conditions should be remitted to the Fund thru the Lender Portal as “Funding Requests.” Failure to remit documents correctly or within a timely manner will delay loan purchase.

CHAPTER 7

POST-CLOSING DOCUMENT PROCEDURES

Key Contacts: Kay Bowe, kbowe@wvhdf.com, and Lana Day, lday@wvhdf.com

Upon submission of the complete closed loan package, the Fund will review select documents within the file for completeness and accuracy. A “Post-Closing Conditions” report for each loan will be issued. An e-mail notification will be delivered to specific lender contacts and these reports can be viewed in PowerLender using the Post-Closing Conditions link. After conditions are reviewed, reports will be updated with the lender notified as detailed above.

Post-Closing Conditions Reports – It is imperative that lenders evaluate these reports and monitor the submission of their post-closing documents to avoid late fees or repurchases. Additionally, Single Family Lending management reserves the right to suspend a lender’s ability to lock new loans should it become apparent that post-closing/deferred document requests are being ignored.

The “Post-Closing Conditions” report will indicate the select documents that are outstanding by a date. Comments will indicate the necessary corrections needed to bring the loan into compliance with our program guidelines. Lender review of this report, and execution of the required corrections prior to submission of the post-closing documents, will eliminate time delays in the payment of the lender’s Service Release Premiums.

Post-Closing Documents – Acceptable post-closing documents include a clocked (recorded) copy of the Deed(s) of Trust, a clocked (recorded) copy of the Assignment (if applicable), the Final Title Policy and any Endorsements required, and any other documents requested on the “Post-Closing Conditions” report. Insurance certificates for FHA, VA and RD loans also will typically be deferred documents.

Hard copy originals *should not* be delivered to the Fund. (This excludes Note(s), required at loan purchase.)

Submission of Deferred Documents – Lenders should submit deferred documents as they are received and are required to be remitted via the Lender Portal as a “Post-Closing Conditions” upload.

Fees for the Late Submission of Post-Closing Documents - For Homeownership and both Movin’ Up loans, the Service Release premium will not be paid until all post-closing documents are received and verified to be correct. For all loans that are not complete (all documents received and verified to be correct) within 90 days of closing the SRP is forfeited. Refer to Ch. 9, Participating Lender Non-compliance and Remedies, for more.

CHAPTER 8

QUALITY CONTROL

The Fund will typically perform a monthly Quality Control (QC) review of no less than 10% of loans purchased by the Fund. The selection will include random, discretionary, and early payment default loans.

QC CONDITIONS

Reporting – QC needs are communicated via “QC Conditions” reports. An e-mail notification will be delivered to specific lender contacts. Also, these reports can be viewed in PowerLender using the QC Conditions link on the PowerLender launch page.

Conditions Delivery and QC Communication – Lenders must remit condition documentation through the Lender Portal using the “QC Conditions” upload option. Additionally, lenders should remit comments and/or questions concerning QC conditions in written form via the Lender Portal in the same manner.

Random Pre-Fund and Pre-Purchase Conditions – From time to time, the Fund will conduct Pre-Fund (before closing) and Pre-Purchase (after closing/before loan purchase) reviews. Lenders must remit the requested documentation within two (2) business days of condition report delivery. The Fund will review submissions as soon as possible, but no later than the third business day upon delivery of the initial report/the business day after the conditions due date. Unacceptable or incomplete condition documentation will delay a “Clear to Close” status or may result in a non-purchase.

Random, Discretionary, and Early Payment Default Conditions – From time to time, after loan purchase, the Fund will conduct discretionary and early payment default reviews. Lenders must remit the requested documentation within five (5) business days of condition report delivery. The Fund will review submissions as soon as possible, but no later than the sixth business day upon delivery of the initial report/the business day after the conditions due date. Unacceptable or incomplete condition documentation may result in a repurchase.

NON-COMPLIANCE AND REMEDIES

The Fund’s Quality Control department routinely provides management QC reporting. Upon the discovery of critical or trending findings, or lender nonresponse to requests, QC may make a recommendation to Single Family Lending management to impose adverse action which may include lender lock suspension or loan repurchase.

If at any time during the life of a mortgage loan a Quality Control review reveals the Participating Lender has failed to clear an outstanding issue or any material defect or inaccuracy cannot be resolved to the satisfaction of the Fund, the Participating Lender may be required to re-purchase the Mortgage Loan from the Fund as outlined in the Loan Purchase Agreement.

CHAPTER 9

LENDER PARTICIPATION

Key Contacts: Justin Hylbert, jhylbert@wvhdf.com, or newlenderinfo@wvhdf.com

West Virginia Housing Development Fund (“WVHDF” or “Fund”) program loans are originated, processed, and closed by a network of approved, participating lending institutions (“Participating Lenders”). The loans and servicing rights are then purchased by the Fund following settlement. The Fund may also receive program loan applications through assignment from a network of approved, Third-Party Originators (“TPOs”) that perform certain loan origination services for loans closed by the Fund. This Chapter covers the eligibility requirements and general duties for Participating and Third-Party Originators.

LENDER APPLICATION AND APPROVAL PROCESS

Generally, complete and fully-executed, prospective Participating Lender application packages will be received annually – only – from February 1 – March 31. (Prospective TPO application packages may be remitted at any time throughout the year for review.) The Fund will generally notify lenders of their acceptance, rejection, or status within 30 days from receipt of the package. **Enrollment periods can vary from time to time. Lenders will be advised as such at the time of their inquiry and provided an opportunity to receive additional updates about future enrollment.** Prospective Participating Lenders should know WVHDF is an NCSHA HFA1 aligned agency.

The Participating Lender and TPO application packages are available by contacting Justin Hylbert at jhylbert@wvhdf.com or 304-391-8677. Prospective lenders must meet eligibility requirements set forth below and submit the appropriate application package along with all required documentation via email to Justin Hylbert at the address above or mail to WVHDF Attn: SFL - Justin Hylbert 5710 MacCorkle Avenue, SE, Charleston, WV 25304.

After review and approval, the Fund will execute and return one copy of the Loan Purchase Agreement or Third-Party Originator Agreement. These Agreements establish the principal legal obligations of the Fund and/or participants in the program. The Fund is under no obligation, legal or otherwise, to do business with any entity regarding any Fund program. The Fund reserves the right in its sole discretion to select and/or terminate its program participants.

PARTICIPATING LENDER CHANNEL

ELIGIBILITY REQUIREMENTS

To be eligible as a Participating Lender, the prospective lender must satisfactorily complete the

lender Application, provide all items requested with it, pay an application fee of \$2,500.00, and meet the following qualifications:

- **Authorization to do Business.** Be a properly licensed and legally organized bank or savings and loan whose deposits are insured by the Federal Deposit Insurance Corporation (FDIC), or a credit union with deposits insured by the National Credit Union Administration (NCUA), or a currently licensed West Virginia Residential Mortgage Lender.
- **Insurance Requirements.** Have and maintain a fidelity bond and mortgage errors and omissions coverage.
- **Insurer Approvals.** Be approved as an originator by a private mortgage insurer acceptable to Fannie Mae or be an FHA, VA, or RD approved mortgagee.
- **Mortgage Loan Originators.** Mortgage Loan Originators must be licensed or registered as required by federal and/or state law.
- **Experienced Staff.** Must have full-time staff with demonstrated ability and experience in single-family mortgage loan origination, processing, underwriting (if applicable), closing and post-closing.
- **Quality Control Plan.** Provide a copy of company's quality control plan that meets all insurer/guarantor/investor requirements as they apply to loans originated.
- **Performance Record.** Must have a record of satisfactory performance with other mortgage lenders or insurers which can be demonstrated by the submission of three letters of recommendation (or agency approval).
- **Hiring Procedures.** Provide a copy of company's hiring procedures for checking all employees, including management, involved with the origination loans against the GSA Exclusionary List and HUD LDP List.
- **Required Training.** Originators, Processors, Underwriters (if applicable) and closing employees must attend required training sessions provided by the Fund.
- **Other Qualifications.** Must meet such other qualifications as the Executive Director shall deem to be related to the performance of its duties and responsibilities.
- **Required Loan Purchase Agreement.** Execute the Fund's Loan Purchase Agreement.

DELEGATED UNDERWRITING APPROVAL

To be approved to participate as a Delegated Underwriter, the Participating Lender must meet the following requirements:

- **Experience:** Participating Lender must have experience in the Fund's programs with a minimum of 12 conventional loans satisfactorily delivered in the preceding calendar year.
- **Qualified Designated Staff.** Participating Lenders who are interested in attaining delegated underwriting status must submit a letter of request signed by an officer of the company that includes the name(s) of qualified designated staff to underwrite Fund program loans and an acknowledgement that the lender accepts responsibility for the underwriting decisions. A resume for designated staff must be submitted along with the letter of request.
- **Required Training.** Designated staff must complete lender training.

- **Test Cases.** A specified number of satisfactory test cases must be submitted prior to loan closing for review by the Fund's Underwriting Manager. The number may vary based on previous performance, volume, and number of branches.
- **Withdrawal of Delegated Status.** Low submission of loans, inactivity or consistent Quality Control or compliance violations may result in withdrawal of delegated underwriting status.

MAINTAINING APPROVAL STATUS

After initial approval, Participating Lenders will be required to meet the following requirements to maintain their status as an approved lender:

- Following approval, Participating Lenders (as an organization) must have at least one (1) submission to underwriting within the first three (3) months of lender approval, and at least one (1) loan purchased every 6 months in order to maintain their approved status and have the benefit of being listed on the Fund's approved lender website. Consideration of lesser volume will be given in underserved and rural areas.
- Participating Lenders will be deactivated and removed from the website if the minimum origination volume of one (1) loan purchased every six (6) months is not met. In order to be reactivated a lender must re-apply, pay the new lender application fee (if the re-application date is more than three (3) months from deactivation) and have staff re-trained on Fund policies and procedures. Notices will be sent 30 days in advance of deactivation.
- Insurance Requirements. Maintain required fidelity bond and errors and omissions insurance. When requested, the Participating Lender will provide the Fund with a certificate from the insurance provider confirming that the fidelity bond and mortgage errors and omissions insurance is still in effect.
- Quality Control Plan. Provide annual certification that Quality Control Plan meets applicable insurer, agency and/or investor guidelines.
- Organizational Changes. Provide written notice to the Fund of any major organizational changes, including but not limited to:
 - Resignation or replacement of senior management personnel.
 - Resignation or replacement of the Participating Lender's designated delegated underwriting staff for Fund loans.
 - Mergers, acquisitions, or corporate name change.
 - Any reorganization, which centralizes or decentralizes a primary function (i.e., underwriting, closing or post-closing).
 - Opening or closing of offices originating the Fund's loans
- Contact Information. The lender must advise the Fund, in writing, of any changes to their primary business contact information including main mailing address, phone/fax numbers, email addresses and ACH account information within five (5) business days of the event.
- Satisfactory Rating/Good Standing. Maintain a satisfactory rating by or good standing with applicable regulatory agency or agencies and applicable governmental mortgage insurers or guarantors. Advise the Fund immediately of any suspensions, sanctions,

debarments, probationary status, or any other action imposed by any federal, state, or local authority.

- Appraisal Management Companies. Lender must inform the Fund of any change in the Appraisal Management Companies (AMCs) it utilizes during the course of its business with the Fund. This notice, which must include contact information for the AMC, must be sent to Fund management no less than 30 days prior to the addition or deletion of any AMC.
- Delegated Underwriting. To maintain delegated authority, the approved underwriter(s) must attend all refresher courses held by the Fund and maintain a satisfactory record of performance. Files will be routinely reviewed for compliance to underwriting guidelines and regulatory requirements.
- Compliance with Fund Requirements. Maintain compliance with applicable state and federal laws, rules and regulations and the requirements of this Procedural Guide and the Loan Purchase Agreement including any subsequent amendments thereto.

RESPONSIBILITIES

Approved Participating Lenders are generally responsible for originating, processing, closing, post-closing and delivering all loans in accordance with this Procedural Guide and any other applicable guidelines referenced herein. Participating Lenders with delegated underwriting authority are also responsible for underwriting.

To participate in the Fund's loan programs, Participating Lenders must comply with the certifications, representations, warranties, and requirements contained in the Loan Purchase Agreement, which is incorporated herein by reference, and this Procedural Guide and any subsequent amendments thereto. The Fund may immediately terminate a lender's participation in the Fund's loan programs if the lender fails to observe or perform any covenant, obligation or agreement in the Loan Purchase Agreement or this Procedural Guide.

COMPENSATION, PREMIUMS, AND FEES

Unless otherwise stated in specific program guidelines, the Participating Lender may not charge or collect any fees or discount points in excess of those stated herein. The Participating Lender may collect fees for reimbursement of costs incurred, such as credit reports, appraisals, tax transcripts/records of account, or flood certification fees, as applicable.

A \$350 Administration fee payable to West Virginia Housing Development Fund is required on all loans. This fee will be net funded at purchase of the loan.

Homeownership, Movin' Up, and Movin' Up Special Programs

- Origination Premium – The Participating Lender will be compensated (gain on sale) on Homeownership and both Movin' Up Program loans up to 1.85% of the first loan amount with a minimum of \$1,500 upon closing/funding. Gain on sale is capped at \$4,000.00, per loan. The program summary in effect at the time of loan lock-in will indicate the amount paid by the loan applicant and/or the Fund. This amount is also available on the rate sheet

from the day the loan was locked in with the Fund. The Participating Lender cannot reduce or refund this amount to the borrower without written consent from the Fund.

- Service Release Premium – All servicing rights must be sold and transferred to the Fund. A service release premium up to 0.65% of the first loan amount will be paid to the Participating Lender on Homeownership and both Movin' Up loans. **SRP is capped at \$1,000.00, per loan.** The service release premium will be reflected on the program summary, effective the date of loan lock-in, as well as the rate sheet. Service release fees are paid to the Participating Lender when all post-closing documents are received and accepted. The Participating Lender cannot reduce or refund this amount to the borrower.
- **"Other" allowable fees - Participating Lender may collect from the borrower up to \$805.00** for other reasonable customary charges made by the Participating Lender under its general residential mortgage lending policy including, without limitation, fees associated with the processing, underwriting, and/or closing of the loan as permissible by the insuring and/or licensing agency.
- A \$350.00 WVHDF Administration fee payable to West Virginia Housing Development Fund is required on all first deed of trust loans, to be labeled "WVHDF Administration Fee." This fee will be net funded at purchase of the loan and is in addition to "Other" allowable fees, above, **for a total of \$1,155.00.**

Compensation and fees may be changed or eliminated at the discretion of the Fund.

Secondary Market (FNMA)

- Pricing – On Secondary Market loans, the rate lock and price will indicate the amount that will be paid by the Fund. The Fund's daily rate sheet will establish the pricing, which is all-inclusive.
- LLPAs – Loans are subject to all applicable LLPAs, per FNMA.
- Service Release Fee – All servicing rights must be sold and transferred to the Fund. **The service release fee is included in the price.**
- "Other" allowable fees - On Secondary Market loans "other" allowable fees are not capped by the Fund but must comply with any applicable state or federal laws/regulations.

NON-COMPLIANCE AND REMEDIES

Non-compliance with the representations, warranties and requirements contained the Loan Purchase Agreement and this Procedural Guide and any other applicable guidelines referenced therein may result in the following remedies: imposition of fees or penalties, the required repurchase of specified loans, suspension from any activity as a Participating Lender **(including new reservations or delegated underwriting authority)** or termination of program participation.

- Late Delivery Fees – The Fund may impose penalties for failure by the Participating Lender to submit required loan documents within the required time period.
 - Closed loan packages, including the complete credit package, **and original Note(s)**, must be submitted to the Fund within 10 calendar days of the loan closing on

Homeownership, both Movin' Up programs, and Secondary Market loans. Loan packages not received within this time frame may be subject to a late fee.

- On Secondary Market loans delivered 11 days past the note or closing date, the loan is subject to repricing. Repricing will be determined by the lowest of lock-in price or price in effect the day of delivery of the loan to the Fund.
- **Incomplete Files Post-Closing – Lenders are given 90 days from the closing date to satisfy Post-Closing conditions. Failure to complete the loan within 90 days results in a forfeiture of the 0.65% (maximum of \$1,000.00) SRP. For loans more than 120 days past the date of initial review, the lender may be requested to repurchase the loan.**
- **Repurchase of Loans – A repurchase request for any loan will be for an amount equal to the unpaid principal balance of the mortgage loan, plus accrued interest and costs incurred by the Fund, loan origination fees and any service release premium paid to the Participating Lender for the loan along with any amount of the LDHL loan which also may have been provided to the borrower. The following may result in repurchase:**
 - Non-compliance with applicable Program requirements.
 - Non-compliance with documentation requirements.
 - Failure to comply with federal or state laws, rules, or regulations.
 - Misrepresentation or misstatement.
 - Incorrect documents.
 - Failure to deliver good title.
 - Failure to provide all loan documents within required time frames.
 - Non-compliance or breach of the purchase agreement with the Fund.
 - Any loan which, within the first four payments of principal and interest due under the Note, the loan becomes two months or more in arrears as to principal and interest, or otherwise in default which, after any required notice and any cure period or regulatory waiting period, would give the Fund the right to foreclose.

The grounds for and terms of repurchase are more fully set forth in the Loan Purchase Agreement.

THIRD-PARTY ORIGINATOR CHANNEL

ELIGIBILITY REQUIREMENTS

To be eligible as a Third-Party Originator, the company must meet the following qualifications:

- **Authorization to Do Business.** Be a properly licensed and legally organized bank or savings and loan whose deposits are insured by the Federal Deposit Insurance Corporation (FDIC), or a credit union with deposits insured by the National Credit Union Administration (NCUA), or a currently licensed West Virginia Residential Mortgage Lender, ~~or Broker~~.
- **Mortgage Loan Originators.** Originators must be licensed or registered as required by federal and/or state law.

- Experienced Staff. Staff must demonstrate ability and experience in single-family mortgage loan origination and be knowledgeable of the Fund's program eligibility requirements and all applicable federal and state laws, rules, and regulations.
- Required Training. Originators must attend required training sessions provided by the Fund.
- Pay an application fee of \$1,000.00.
- Other Qualifications. Meet such other qualifications as the Executive Director shall deem to be related to the performance of its duties and responsibilities.
- Required Third-Party Originator Agreement. Execute the Fund's Third-Party Originator Agreement.

GENERAL DUTIES

Ensure compliance with all applicable state and federal laws, rules and regulations and the requirements set forth in this Procedural Guide and in the Third-Party Originator Agreement, which is incorporated herein by reference.

- Ensure adequate staff both in terms of numbers and experience/knowledge to fulfill duties under Third-Party Originator Agreement.
- Protect the Fund against fraud, misrepresentation or negligence by any parties involved in the origination process.
- Communicate with each borrower all the requirements of the applicable home loan program(s), the status of the mortgage loan application and answer questions pertaining to the Fund's programs.
- Perform the requisite services as set forth in the Third-Party Originator Agreement and in accordance with the requirements of this Procedural Guide, applicable insurer/guarantor requirements and applicable federal and state laws, rules and regulations pertaining to mortgage transactions.

MAINTAINING APPROVAL

After initial approval, Third-Party Originators will be required to meet the following requirements to maintain their status as an approved lender:

- Organizational Changes. Provide written notice to the Fund of any major organizational changes, including but not limited to:
 - Resignation or replacement of senior management personnel.
 - Mergers, acquisitions, or corporate name change.
 - Any reorganization, which centralizes or decentralizes a primary function.
 - Opening or closing of offices originating the Fund's loans (include address, phone number, fax number and branch manager's name).
- Satisfactory Rating/Good Standing. Maintain satisfactory rating by or good standing with applicable regulatory agency or agencies. Advise the Fund immediately of any suspensions, sanctions, debarments, probationary status, or any other action imposed by any federal, state, or local authority.

- Compliance with Fund Requirements. Maintain compliance with applicable state and federal laws, rules and regulations, the requirements of this Procedural Guide and the terms and conditions set forth in the Third-Party Originator Agreement and any subsequent amendments thereto.

REQUISITE SERVICES AND PAYMENT

For each closed loan that the Third-Party Originator performs the requisite services described below and timely submits the application to the Fund, the Fund will pay the Third-Party Originator the amount of \$575.00. This amount may be changed at the discretion of the Fund.

- A. Services - to become eligible to receive payment, the Third-Party Originator must perform at least six (6) of the following services:
 1. Obtain information from the borrower and deliver a complete FNMA 1003 application to the Fund, including all liability account numbers, signatures of all borrowers and the loan originator, the originator NMLS/NMLRS number and the originating company NMLS number. (This service is required.);
 2. Analyze prospective borrower qualifications and determine eligibility for Fund programs;
 3. Educate the prospective borrower in the home buying and financing process by advising the borrower about the types of loans available and explaining how closing costs and monthly payments could vary under various loan types;
 4. Collect financial information (pay stubs, W2s, tax returns, bank statements) and other related documents that are part of the application process;
 5. Assist the borrower in understanding and clearing credit issues;
 6. Maintain regular contact with the borrower, realtors, and the Fund between application and closing to update them on the status of the application and gather any additional information or documentation as needed; and
 7. Participate in the loan closing.
- B. Timely Submission of Application
 1. A complete copy of any loan application that the Third-Party Originator desires the Fund to consider MUST be submitted within 24 hours of taking of the application. If the loan application is for a purchase, the sales contract must be attached. If the loan application is not submitted within 24 hours, the Fund will not accept the application. A loan application missing required documentation or complete information will not be accepted until such time as all required documentation and information have been timely received.
 2. Payment to the Third-Party Originator will be issued by check within thirty (30) days after the closing date.
 3. Third-Party Originator shall have no direct or indirect ownership interest in any property acting as security for the Mortgage Loan, or affiliation or relationship with any other party having a financial interest in the Mortgage Loan or the

Mortgage Loan transaction unless prior written consent is obtained from the Fund.

- C. Program Loan Terms. The maximum interest rate and term for Program Loans shall be specified and communicated to the Third-Party Originator by the Fund from time to time.

PROCESSING PROCEDURES

Loans originated and processed under the Fund's Homeownership, Movin' Up, Movin' Up Special, and Secondary Market Program are to follow specific program requirements as described within this guide.

RATE SHEET

Each day a rate sheet is delivered via e-mail providing information on the program rates and terms available for that day. This rate sheet may be revised from time to time during a business day. It is the Originator's responsibility to ensure that they have the most current sheet available when they reserve a loan.

LOCKING IN A LOAN

To reserve funds, a FNMA 1003 Application (with income information, liability account numbers and executed by borrowers and loan officer), Executed Assignment of Loan, Borrowers signature authorization, and executed Sales Contract (if applicable) are faxed, or secure e-mail, to the processing center at (304) 391-8765.

LOAN REVIEW

The Fund's processing staff will review and analyze the initial documentation to match potential candidates to a product based on the applicant(s) eligibility and qualifications. The Fund's staff will complete and mail all initial disclosures to the applicant(s) along with a request for any additional documentation. Simultaneously, the file will be submitted to underwriting for preliminary approval. Appraisals will be ordered by the Fund's staff when preliminary approval is given.

Approval and any conditions will be faxed/e-mailed to the Third-Party Originator. The processor will transmit approval conditions to the applicant and obtain documentation for loan approval. The title search will be ordered by the Fund's staff and preliminary closing date determined.

LOAN APPROVAL

Upon receipt of the executed initial documents, the appraisal and all required conditions, the loan is submitted to the Fund's underwriting department for final approval. After receipt of final approval, the lender and borrower are notified with any required closing conditions.

LOAN CLOSING

Upon receipt of the required closing conditions, the Fund's processing staff will schedule closing with the applicant, attorney, and lender.

The Fund's Closing staff will prepare and deliver the closing documents to the Closing Attorney and request funds for disbursement and conduct post-closing follow-up with the applicant and the lender, as necessary.

CHAPTER 10

EXHIBITS

Key Contact: Justin Hylbert, jhylbert@wvhdf.com

Lenders should refer to the Fund's "Lending Partners" website (www.wvhdf.com/lending-partners). Items located there include, but are not limited to:

- Single Family Lending Procedural Guide
- Single Family Brochure (containing the Homeownership Program Affidavits)
- LDHL/DPA Closing document request forms
- LDHL/DPA Funding request forms
- House Price and Income Limits matrices
- Lender memo archives
- PowerLender (lock system) and Lender Portal (document system) assistance
- Underwriting submission checklists
- WVHDF-specific underwriting documents
- Closed Loan Package checklists
- WVHDF-specific closing documents