




MEMORANDUM

VIA E-MAIL

TO: WVHDF Participating Lenders 

FROM: Justin Hylbert
Business Development and Loan Origination Manager

DATE: Monday, November 3, 2025

SUBJECT: Post-Closing File Audits: Findings and Training Preparation

You are aware we take bond compliance and mortgage insurance guidelines seriously, and we expect our partners' adherence to guidance found within the Single-Family Lending Procedural Guide. Recently, we began conducting additional file audits and this practice will continue. While most files were generally error-free, we did notice trending defects. We will discuss these items during our upcoming training but felt it would be beneficial to provide a summary of defects that deserve your attention. As a reminder, our Procedural Guide, as well as your WVHDF Loan Purchase Agreement, contains lender repercussions for non-compliance which we will enforce, as warranted. Among the most common, serious defects were:

- Income calculation errors – federal compliance *and* qualifying,
- Federal compliance income must include **all** income of titleholders (regardless of employment); tax returns and bank statements should be reviewed and questioned for non-disclosed income. All income includes:
 - o Child support/alimony (use the amount(s) within the court order)
 - o SSI
 - o Pension
 - o Second job/side-hustles
 - o Tips
 - o Gambling winnings
 - o Regular, non-wage employer deposits
- Disregard for Fannie Mae and government agency guidelines concerning qualifying income, especially as it relates to variable income, employment <2 years, and wage receipt and continuance documentation,

(cont'd)

- Credit issues, including, but not limited to:
 - o Neglecting to consider Fund overlays, e.g., paying off revolving accounts is *prohibited*,
 - o Identifying and addressing undisclosed debts, e.g., bank statements showing buy now, pay later (BNPL) transactions, and regular cash advances or mobile payments to individuals/companies,
- Incorrect version of the Recapture Notice; the current version is dated 5/2024; and,
- Incorrectly disclosing seller credits/sales concessions versus financing concessions

The Fund's Lending Partners page (www.wvhdf.com/lending-partners) is available to you 24/7 and contains the Procedural Guide, forms, tools, and recent memos, among other items.

Please share this notice with pertinent staff, and if you/your team(s) have not done so, please register for our upcoming virtual training sessions. We appreciate your cooperation and attention to the above information. Thanks for all you do for new and existing West Virginia homeowners. Please let Single-Family Lending management know if you have any questions.