

First-time Homebuyer	What is Virginia Housing's definition of a first-time homebuyer?	An individual who has not had an ownership interest in and occupied it as a primary residence in the last 3 years. <i>Reference: Origination Guide (Eligibility Requirements; Borrower Eligibility Requirements)</i>
	Does the borrower have to be a first-time homebuyer for purchase transactions?	Conventional Bond, FHA Bond, VA Bond and RHS Bond – Yes, unless purchasing in a targeted area. Conventional – No. Borrowers can own a maximum of 2 financed properties per Government Sponsored Enterprise (GSE) requirements. FHA – No. Must follow FHA requirements for maximum properties with FHA insurance. VA – No. RHS – No. Must follow RHS requirements for maximum number of properties owned. DPA Grant, CCA Grant and Plus Second Mortgage – Follow first mortgage requirements. <i>Reference: Origination Guide (Eligibility Requirements; Borrower Eligibility Requirements) & Program Guidelines</i>
	When there is a first-time homebuyer requirement, do all household members have to meet the first-time homebuyer requirement?	No, when it is a requirement, only borrowers need to meet the first-time homebuyer requirement. Other household members that are not borrowers do not have to meet the first-time homebuyer requirement. Virginia Housing's non-bond programs (with or without a Plus Second Mortgage) do not require the borrower(s) to be a first-time homebuyer. <i>Reference: Origination Guide (Eligibility Requirements; Borrower Eligibility Requirements), and Conventional Program Guidelines</i>
	Is a borrower that owns a manufactured home considered a first-time homebuyer?	An ownership interest in a manufactured home, which is not permanently attached to the land, does not constitute present ownership interest for purposes of meeting the first-time homebuyer requirement. <i>Reference: Origination Guide (Eligibility Requirements; Borrower Eligibility Requirements)</i>
	Is a person considered a first-time homebuyer if they were on title but not obligated on the mortgage?	An individual that is not obligated on the mortgage but is on title is not considered a first-time homebuyer (If this individual resided in the home as a primary residence in the last 3 years). <i>Reference: Origination Guide (Eligibility Requirements; Borrower Eligibility Requirements)</i>
	Is a person considered a first-time homebuyer if they own an investment property?	Yes, a person that owns an investment property is considered a first-time homebuyer as long as they have not lived in that residence in the last three years. The assessed value may need to be taken into consideration for the Net Worth calculation. See "Does the value of land or real estate owned need to be included in the Net Worth calculation?" <i>Reference: Origination Guide (Eligibility Requirements; Borrower Eligibility Requirements)</i>

First-time Homebuyer	What documentation is required to evidence a first-time homebuyer?	The following is required to evidence the borrower(s) is a first-time homebuyer: • The fully executed Programs Disclosure and Borrower Affidavit (Exhibit E), • A completed Uniform Residential Loan Application (URLA), and • The credit report. If unable to confirm from Exhibit E, URLA, or the credit report the borrower(s) are a first-time homebuyer, additional documentation may be required, such as: • Three years' federal tax returns • Rent verification(s) • Other reports such as a Lender Data Integrity Report, if available (Examples: Drive Report, FraudGuard, Loansafe). <u>Note:</u> If any of these additional documents are within the loan file, even when not required by Virginia Housing, they should be reviewed for homeownership. <u>Reference:</u> Origination Guide (Eligibility Requirements; Borrower Eligibility Requirements)
FirstHome Dream	How do stepparent and ex-spouse relationships apply to the first generation homebuyer requirement?	All borrowers' parents and/or legal guardians cannot have owned a home in the last 3 years, including primary, secondary, and investment, excluding ownership of heirs' property. • Stepparent(s) - Not considered unless a legal guardian. • Ex-spouse - Not considered when legally divorced.
	When the borrowers' parent(s) are deceased, does the first generation homebuyer requirements still apply?	Yes, all borrowers' parents and/or legal guardians, whether alive or deceased, cannot have owned a home in the last 3 years, including primary, secondary, and investment, excluding ownership of heirs' property.
	Is a parent and/or legal guardians' ownership of a manufactured home considered, when applying the first generation homebuyer requirements?	A parent and/or legal guardians' ownership interest in a manufactured home, which is not permanently attached to the land and therefore not taxed as real estate, does not constitute present ownership interest for the purposes of meeting first generation or first-time homebuyer requirements. <u>Reference:</u> Origination Guide (Eligibility Requirements; Borrower Eligibility Requirements)
	Is a spouse or parent and/or legal guardians' ownership interest in a home outside of the United States considered, when applying the first generation homebuyer requirements?	Yes, the borrowers must acknowledge parents or legal guardians, to the best of the borrower's knowledge, have not had any ownership interest in a principal residence, secondary residence or investment property, within the three years preceding the date of closing, excluding ownership of heirs' property.
Homebuyer Education	Is it acceptable to have more than one name listed on one homebuyer education certificate?	No, when all first-time homebuyers are required to take homebuyer education, an individual certificate for each borrower is required. <u>Reference:</u> Program Guidelines
	How long is the homebuyer education certificate valid?	Two years (between the certificate date and the loan closing date). <u>Reference:</u> Program Guidelines

Homebuyer Education	Do all borrowers have to take the homebuyer education class?	Conventional Bond, FHA Bond, VA Bond and RHS Bond – Homebuyer education is required for all first-time homebuyers. If the property is located in a targeted area and all the borrowers are not first-time homebuyers they are not required to take the class, however Virginia Housing strongly encourages all adult household members to take Virginia Housing’s free homebuyer class. Conventional, FHA, VA and RHS – Homebuyer education is required for all first-time homebuyers. If all the borrowers are not first-time homebuyers they are not required to take the class, however Virginia Housing strongly encourages all adult household members to take Virginia Housing’s free homebuyer class. The following does not require homebuyer education: • Non first-time homebuyers • Refinance transactions DPA Grant, CCA Grant and Plus Second Mortgage – Follow first mortgage requirements. <i>Reference:</i> Origination Guide (Homeownership Education) and Program Guidelines
	Is homebuyer education taken from a Mortgage Insurance (MI) company acceptable?	No. When a first-time homebuyer is required to take homebuyer education the following are acceptable: • Virginia Housing’s course • HUD Approved Counseling Agency course • Fannie Mae Framework course (Fannie Mae’s Homeview course is not acceptable) • Freddie Mac CreditSmart course <i>Reference:</i> Origination Guide (Homeownership Education) and Program Guidelines
Forms	When is the Originating Lender’s Loan Submission Cover Letter (Exhibit O) required?	Conventional Bond, FHA Bond, VA Bond and RHS Bond – Exhibit O is required. Conventional, FHA, VA and RHS – Exhibit O is not required. Exhibit O is also not required for a refinance transaction. DPA Grant, CCA Grant and Plus Second Mortgage – Follow first mortgage requirements. <i>Reference:</i> Origination Guide (Explanation of Virginia Housing Forms, Exhibits, and Documents) and Program Guidelines
	When is the Programs Disclosure and Borrower Affidavit (Exhibit E) required?	Conventional Bond, FHA Bond, VA Bond and RHS Bond – Pages 1-4 of the Exhibit E required and must be executed by all borrowers. Conventional, FHA, VA and RHS – Pages 1-2 of the Exhibit E required and must be executed by all borrowers. DPA Grant, CCA Grant and Plus Second Mortgage – Follow first mortgage requirements. Exhibit E is not required for refinance transactions. <i>Reference:</i> Origination Guide (Explanation of Virginia Housing Forms, Exhibits, and Documents) and Program Guidelines
	Is a non-borrower taking title required to execute Exhibit E?	No. <i>Reference:</i> Origination Guide (Explanation of Virginia Housing Forms, Exhibits, and Documents) and Program Guidelines

Forms

When is the Seller Affidavit (Exhibit F) required?	Conventional Bond, FHA Bond, VA Bond and RHS Bond – Exhibit F is required. Conventional, FHA, VA and RHS – Exhibit F is not required. DPA Grant, CCA Grant and Plus Second Mortgage – Follow first mortgage requirements. Exhibit F is not required for refinance transactions <i>Reference: Origination Guide (Explanation of Virginia Housing Forms, Exhibits, and Documents) and Program Guidelines</i>
Is the seller proposed forwarding address required on page 2 of Exhibit F?	The seller's forwarding address is not required by Virginia Housing but space is made available for the seller to provide their forwarding address to the benefit of the Originating Lender should they need to obtain additional information, documentation, or corrections from the seller.
If a property is bank owned does Exhibit F need to be executed?	Yes, a representative of the seller (bank) must execute the Exhibit F. If the bank has contracted with a third party management company to sell the property, Virginia Housing will allow the signature of the management company as power of attorney for the bank. The same management company representative must execute the Sales Contract, Deed, and Exhibit F. Exceptions for properties sold by FHA, VA, RHS, Fannie Mae, and Freddie Mac must be submitted to Virginia Housing for consideration. The Originating Lender must submit the exception through Mortgage Cadence and include all pertinent documents to validate the acquisition cost is acceptable (copy of the sales contract, appraisal, and anything else that may be needed). <i>Reference: Origination Guide (Explanation of Virginia Housing Forms, Exhibits, and Documents)</i>
Can the Exhibit E and Exhibit F be executed electronically?	Yes, electronic signatures are acceptable and must be in compliance with all ESIGN Act and state laws. <i>Reference: Origination Guide (Explanation of Virginia Housing Forms, Exhibits, and Documents) and Program Guidelines</i>
Can the Exhibit E and Exhibit F be executed via Power of Attorney?	Exhibit E – Yes. Documentation demonstrating the validity of the power is required and at least one borrower must sign in person. Exhibit F – Yes. Documentation demonstrating the validity of the power is required.
Does Virginia Housing provide Award and Obligation letters for the Plus Second Mortgage, DPA Grant, and CCA Grant?	Award Letter – Virginia Housing provides an Award Letter for all Plus Second Mortgages, DPA Grants, and CCA Grants regardless of first mortgage type. The letter is sent to the Originating Lender upon reservation (DPA and CCA Grant) or with the Non-Delegated review completion / the Delegated Approval Confirmation for the Plus Second Mortgage. The Award Letter must be signed by the borrower(s) at closing. Obligation Letter – Virginia Housing provides an Obligation Letter for Plus Second Mortgages and DPA Grants only when the first mortgage is FHA or FHA Bond. The letter is sent to the Originating Lender upon reservation of the DPA Grant or with the Non-Delegated review completion / the Delegated Approval Confirmation for the Plus Second Mortgage). <i>Reference: Program Guidelines</i>

Forms	When is the Affordable Housing Programs and Secondary Financing Certification (Exhibit LL) required?	FHA, FHA Bond, VA, VA Bond, RHS and RHS Bond first mortgage – Exhibit LL is required for all Affordable Dwelling Units (ADUs) and/or properties with deed restrictions. It is also required for non-Virginia Housing subordinate financing (Examples: H.O.M.E, DHCD), except FHLB. Conventional Bond and Conventional first mortgage – Exhibit LL is required for all Affordable Dwelling Units (ADUs) and/or properties with deed restrictions. It is the Originating Lender's responsibility to ensure GSE requirements are met for subordinate financing. The applicable GSE's Community Seconds Checklist or Affordable Seconds Checklist may be used in lieu of Exhibit LL for non-Virginia Housing subordinate financing. <i>Reference: Origination Guide (Eligibility Requirements, Property Eligibility Requirements and Underwriting Requirements) and Program Guidelines</i>
Household Income Limit	Whose income must be included in determining the maximum household income?	Conventional Bond, FHA Bond, VA Bond and RHS Bond – Income of all household members. Conventional, FHA, VA and RHS – All borrower(s) eligible qualifying income. DPA Grant, CCA Grant and Plus Second Mortgage – Follow first mortgage requirements. <i>Reference: Origination Guide (Eligibility Requirements; Borrower Eligibility Requirements), Program Guidelines, and Household Income Matrix</i>
	What income limit must be applied in determining maximum household income?	Conventional Bond, FHA Bond, VA Bond and RHS Bond with DPA / CCA Grant – Virginia Housing's reduced income limits including income of all household members. Higher targeted area income limits do not apply even for properties in targeted areas. Conventional Bond, FHA Bond, VA Bond and RHS Bond without DPA / CCA Grant – Virginia Housing's standard / bond income limits including income of all household members. Targeted area income limits that may be higher than Virginia Housing's standard / bond income limits apply for properties in targeted areas. Conventional, FHA, VA and RHS – Virginia Housing's higher expanded income limits including qualifying income for all borrowers. Targeted area income limits do not apply. Plus Second Mortgage – Follow first mortgage requirements. <i>Reference: Income and Sales Price / Loan Limits, Household Income Matrix, and Program Guidelines</i>

Household Income Limit	Are the Area Median Income (AMI) limits published by the GSEs the applicable income limits for the Conventional programs?	No. Virginia Housing's applicable income limits apply, even using the Conventional programs. See below for additional details. Conventional – When all borrower qualifying income exceeds Fannie Mae / Freddie Mac 80% AMI limits an LLPA applies when Charter (or reduced) MI is used. The borrower must still be within Virginia Housing's expanded income limit. The Charter (or reduced) MI LLPA amount varies depending on credit score and LTV. Refer to the Fannie Mae or Freddie Mac webpages. Fannie Mae and Freddie Mac's AMI limit changes annually (Fannie Mae's DU does not automatically update to the new higher limit with an additional AUS run after an AMI change; to take advantage of a newer limit if it's higher, a new DU casefile ID is required). Note: For Conventional Fannie Mae purchase transactions where the AMI is at or below 80% AMI, the DU findings must show code number 3145 ($\leq 50\%$ AMI) and/or 3143 ($\leq 80\%$ AMI) in the AMI findings. If this code is missing then the lender must confirm the Regular or Enhanced DU is being viewed, not Classic DU; the latter doesn't show any codes even when they exist. If the lender has confirmed the Regular or Enhanced DU also does not show either code, DU must be rerun including the property's FIPs code. Conventional Bond – Unlike the Conventional program (non-bond), there isn't an LLPA for the Charter (or reduced) MI even when all borrower qualifying income exceeds the GSEs' 80% AMI. The borrower must be within Virginia Housing's applicable income limit as indicated above. Reference: Income and Sales Price / Loan Limits, Household Income Matrix, and Program Guidelines
	Are the income limits for the DPA Grant and CCA Grant different than Virginia Housing's standard / bond income limits?	Yes, the DPA Grant and CCA Grant have lower income limits that must be applied and include all household member income. Note: Targeted area higher income limits do not apply to loans originated with the DPA Grant and CCA Grant. Reference: Income and Sales Price / Loan Limits, DPA Grant Program Guidelines, and CCA Grant Program Guidelines
	Are the income limits for the non-bond programs different than Virginia Housing's standard / bond income limits?	Yes, Virginia Housing's non-bond programs, including Conventional, FHA, VA and RHS have higher expanded income limits that may be applied and include qualifying income of all borrowers. These higher income limits may be used with these first mortgage programs originated with or without the Plus Second Mortgage. Reference: Income and Sales Price / Loan Limits, Household Income Matrix, and Program Guidelines
	Are there higher income limits for properties in a Federally Targeted Area?	Some, but not all, properties located in a targeted area have higher income limits than Virginia Housing's standard income limits. Targeted area income limits apply to Virginia Housing's bond programs, but the higher targeted area income limits do not apply to loans originated with the DPA Grant and CCA Grant. Reference: Federal Targeted Area Limits, Areas of Economic Opportunity, and Origination Guide (Eligibility Requirements; Underwriting Requirements)

Household Income Limit	Do Virginia Housing's household income requirements apply to RHS loans?	A Virginia Housing RHS loan must meet the Virginia Housing household income requirements, however, RHS has its own household income (i.e. annual income) limits, calculation and documentation requirements that may vary from Virginia Housing. The Originating Lender is responsible for ensuring all household income requirements are met for Virginia Housing (eligibility) and RHS (guarantee).
	How is self-employment income calculated for household income purposes when documentation is included in the loan file?	Conventional Bond, FHA Bond, VA Bond and RHS Bond – When income documents are included, add the business net income plus any depreciation from the most recent tax return. In the event the file also includes a year-to-date Profit and Loss statement, annualize the more recent earnings or the lender may average the past year and year-to-date self-employment income. See above when the self-employment income is a loss. <u>Note:</u> The self-employment household income is different than calculating qualifying income where it is typically averaged over a longer period (2 or more years), and there may be additional items to be added to the net earnings that increases the self-employment income for qualification. Conventional, FHA, VA and RHS – Follow the first mortgage requirements for calculating self-employment qualifying income since that is the income that must be within the expanded income limit. DPA Grant, CCA Grant and Plus Second Mortgage – Follow first mortgage requirements.
	Can an income loss be used to reduce household income (Self-Employment Schedule C / Schedule E loss)?	Conventional Bond, FHA Bond, VA Bond and RHS Bond – No. An income loss must be counted as zero for household income calculations. Conventional, FHA, VA and RHS – Follow the first mortgage requirements for qualifying income since that is the income that must be within the expanded income limit. DPA Grant, CCA Grant and Plus Second Mortgage – Follow first mortgage requirements. <u>Reference:</u> Origination Guide (Eligibility Requirements; Borrower Eligibility Requirements)
	Can unreimbursed business expenses be used to reduce household income?	Conventional Bond, FHA Bond, VA Bond and RHS Bond – No. Unreimbursed business expenses must be counted as zero for household income calculations. Conventional, FHA, VA and RHS – Follow the first mortgage requirements for qualifying income since that is the income that must be within the expanded income limit. DPA Grant, CCA Grant and Plus Second Mortgage – Follow first mortgage requirements. <u>Reference:</u> Origination Guide (Eligibility Requirements; Borrower Eligibility Requirements)

Household Income Limit	Does income earned by a dependent need to be included in the household income calculation?	Conventional Bond, FHA Bond, VA Bond and RHS Bond – If a dependent is also a borrower then his or her income needs to be included. Income of a dependent that is not a borrower is excluded. Income received by any household member on behalf of a dependent must be included. Examples include, but are not limited to: child support income or SSI being paid as a benefit for a family member of the benefit owner. Conventional, FHA, VA and RHS – If a dependent is also a borrower then his or her income needs to be included. Income of a dependent that is not a borrower is excluded. Examples of dependents are: minors, students, elderly parents. If this information is not disclosed or there are discrepancies noted within the file documentation, then typically dependent(s) can be confirmed on the most recent tax return. DPA Grant, CCA Grant and Plus Second Mortgage – Follow first mortgage requirements. <i>Reference: Origination Guide (Eligibility Requirements; Borrower Eligibility Requirements) and Program Guidelines</i>
	What income documentation is required for non-borrowing household members?	When other household member income must be included in the household income calculation (in cases where it 's a bond first mortgage), his or her income must be disclosed on the Affidavit of Borrower (Exhibit E, page 4). Income documentation may only be required if there are discrepancies noted with the file documentation. Any household member that does not have income must be identified and \$0 reflected in the annual income section of the Exhibit E. <i>Reference: Origination Guide (Eligibility Requirements; Borrower Eligibility Requirements)</i>
	Does income of non-borrowing household members need to be disclosed on the Exhibit E (Page 4) for purchase transactions?	Conventional Bond, FHA Bond, VA Bond and RHS Bond – Yes. Income of all borrowers (non-qualifying income) and all household members must be included on page 4. Any household member that does not have income must be identified and \$0 reflected in the annual income section. Conventional, FHA, VA and RHS – No, pages 3 – 4 of the Exhibit E are not required. DPA Grant, CCA Grant and Plus Second Mortgage – Follow first mortgage requirements. <i>Reference: Origination Guide (Eligibility Requirements; Borrower Eligibility Requirements) and Program Guidelines</i>
Household Size	Does the income limit change based on the household size?	Conventional Bond, FHA Bond, VA Bond and RHS Bond – Yes. The income limit changes based on a household of 1 to 2 people and a different limit applies for a household of 3 or more people. Conventional, VA and RHS – No. Virginia Housing's Expanded income limits do not change based on a household of 1 to 2 people, or 3 or more people. The limit is the same for all household sizes. DPA Grant, CCA Grant and Plus Second Mortgage – Follow first mortgage requirements. <i>Reference: Income and Sales Price / Loan Limits, Origination Guide (Eligibility Requirements; Borrower Eligibility Requirements) and Program Guidelines</i>

Household Size	Can a household member be included in the household count for household size even if his or her income is excluded?	Yes, a household member can be included in the household count even if his or her income can be excluded. <i>Reference:</i> Origination Guide (Eligibility Requirements; Borrower Eligibility Requirements)
	Does Virginia Housing allow future household members (due to pregnancy or other party that will be occupying the property at a future date after closing) to be counted in household size to determine maximum household income?	No.
	Is a child subject to joint custody included in the household size to determine maximum household income?	Children who are subject to a joint custody agreement but who live in the residence at least 50% of the time are included in the household size. The Originating Lender should obtain a copy of the divorce decree or separation agreement and a statement from the borrower confirming the child will reside in the home at least 50% of the time.
	Can a child who is away at college be included in the household size to determine maximum household income?	Children who are away at school but live with the family during school recesses can be included in the household size.
	What documentation is used to confirm household size?	The borrower must accurately complete the household size on page 4 of Exhibit E. The Originating Lender must review other documentation included in the file to confirm the household size matches the Exhibit E – such as the loan application (URLA). However, the URLA does not always include all household members. When it is not clear or there are discrepancies additional documentation may be required to confirm the household size, such as the most recent federal tax return. This may be critical if the calculated household income exceeds the limit for a household of 2 or fewer, but is within the limit for a household of 3 or more, and it is unclear if it is a 2 or 3-person household.
DPA Grant and CCA Grant	Does the DPA Grant have to be used with a Virginia Housing first mortgage?	Yes. Virginia Housing's Conventional Bond and FHA Bond are eligible to be used with the DPA Grant. The DPA Grant is not available with the CCA Grant, Plus Second Mortgage, Conventional, FHA, VA, VA Bond, RHS, RHS Bond or any refinances. <i>Reference:</i> DPA Grant Program Guidelines
	Does the CCA Grant have to be used with a Virginia Housing first mortgage?	Yes. Virginia Housing's VA Bond and RHS Bond are eligible to be used with the CCA Grant. The CCA Grant is not available with the DPA Grant, Plus Second Mortgage, Conventional, Conventional Bond, FHA, FHA Bond, VA, RHS or any refinances. <i>Reference:</i> CCA Grant Program Guidelines
	Is there a minimum LTV when using the DPA or CCA Grant?	No, there is no minimum LTV for the first mortgage when using the DPA or CCA Grant. <i>Reference:</i> CCA Grant Program Guidelines and DPA Grant Program Guidelines

DPA Grant and CCA Grant	Are there any requirements for DPA Grant or CCA Grant repayment if the home is sold?	No, however the borrower is expected to live in the property as a primary residence for a minimum of one year. <i>Reference:</i> Part I of Exhibit E
	Is the DPA Grant considered a gift, grant, or subordinate financing?	Conventional Bond First Mortgage – The DPA Grant is considered a grant. It is not subordinate financing or a credit in the Minimum Required Funds section for qualification purposes. FHA Bond First Mortgage – The DPA Grant is considered a grant. It is not subordinate financing or a credit in the Minimum Required Funds section for qualification purposes. It must be listed in the gift section of the Transmittal (92900-LT). Originating Lenders must also ensure the DPA Grant is not duplicated for qualification purposes (i.e. Cannot include the DPA Grant as “Other” Credit in Minimum Required Funds section when it was already included as a grant. It should only be listed as a grant to qualify). <i>Reference:</i> DPA Grant Program Guidelines
	Is the CCA Grant considered a gift, grant, or subordinate financing?	The CCA Grant is considered a grant. It is not subordinate financing or a credit in the Minimum Required Funds section for qualification purposes. Originating Lenders must also ensure the CCA Grant is not duplicated for qualification purposes (i.e. Cannot include the CCA Grant as a “Other” Credit in Minimum Required Funds section when it was already included as a grant to qualify). <i>Reference:</i> CCA Grant Program Guidelines
	Do the DPA and CCA Grant require a separate application (URLA) in addition to the URLA for the first mortgage?	No, the DPA and CCA Grants do not require a separate application (URLA) in addition to the URLA for the first mortgage, unlike the Plus Second Mortgage, which does require a separate URLA. The grants must be included on the URLA of the first mortgage since they are part of the transaction and are considered in qualification. <i>Reference:</i> DPA Grant Program Guidelines and CCA Grant Program Guidelines
	Can the DPA Grant and CCA Grant reservations be extended?	The DPA Grant and CCA Grant funds reservations follows the first mortgage rate lock along with any allowed extension. <i>Reference:</i> Origination Guide (Origination Procedures; Lock-In Policies and Procedures)
	Can the borrower receive funds deposited back at closing (such as Earnest Money Deposit (EMD) and any fees paid outside of closing (POCs)) when using the DPA or CCA Grant?	If the funds deposited are adequately documented and all other requirements of the first mortgage are met (such as the 1% down payment requirement when using the DPA Grant) then the borrower can receive the EMD and/or POC back at closing. <i>Reference:</i> DPA Grant Program Guidelines and CCA Grant Program Guidelines
Plus Second Mortgage	Is the Plus Second Mortgage considered a gift, grant, or subordinate financing?	The Plus Second Mortgage is considered a subordinate lien, not a gift, grant, or a credit in the Minimum Required Funds section for qualification purposes. The Plus Second Mortgage must show as a subordinate lien on all documents (including AUS, Transmittal, and URLA). <i>Reference:</i> Plus Second Mortgage Program Guidelines

Plus Second Mortgage	Is there a minimum LTV when using the Plus Second Mortgage?	No, there is not a minimum LTV for the first mortgage when using the Plus Second Mortgage. <i>Reference:</i> Plus Second Mortgage Program Guidelines
	Does the Plus Second Mortgage have to be used with a Virginia Housing first mortgage?	Yes. Virginia Housing's Conventional, Conventional Bond, FHA and FHA Bond programs are eligible to be used with the Plus Second Mortgage. The Plus Second Mortgage is not available with the DPA Grant, CCA Grant, VA, VA Bond, RHS, RHS Bond or any refinances. <i>Reference:</i> Plus Second Mortgage Program Guidelines
	Can the borrower receive funds deposited back at closing (such as Earnest Money Deposit (EMD) and any fees paid outside of closing (POCs)) when using the Plus Second Mortgage?	If the funds deposited are adequately documented and all other requirements of the first mortgage are met (minimum investment, etc.), the borrower can receive the EMD and/or POC back at closing. <i>Reference:</i> Plus Second Mortgage Program Guidelines
MCC	Are MCCs still available?	The MCC program has been suspended. The last day to lock a loan with an MCC was April 28, 2023. For any homebuyer that already has an MCC or will receive one because their loan was locked with an MCC on or before April 2023, the MCC is still valid and remains valid for the life of the loan as long as the homeowner lives in the property as a primary residence and has not refinanced.
	Can the MCC still be used if the standard deduction is taken instead of itemizing when filing federal income tax returns?	Yes. The MCC is a dollar for dollar income tax credit that gets subtracted from the amount of income tax owed whether taking the standard deduction or itemizing deductions. The borrower should consult with a tax advisor for tax advice based on their specific circumstances.
	Is the MCC still valid if the home is refinanced?	The MCC will not be re-issued if the loan is refinanced or title is transferred.
	Is the MCC resent to the borrower every year after the initial issuance?	No, the MCC is mailed to the borrower once when it is initially issued. If the borrower lost the MCC it is available to the Originating Lender to provide to the borrower in Mortgage Cadence Attachments. The borrower can also request a copy by emailing MCCreprint@VirginiaHousing.com .
	Can the borrower obtain another copy of their MCC if they lost it?	Originating Lenders can obtain a copy of the MCC in Mortgage Cadence Attachments to provide to their customer if it is a Virginia Housing loan. The borrower can also request a copy directly by emailing MCCreprint@VirginiaHousing.com for both Virginia Housing and Non-Virginia Housing loans.

Refinance	Does Virginia Housing offer any refinance programs?	Yes. Virginia Housing Conventional program allows a limited cash-out refinance (rate / term refinance). Streamline refinances are acceptable on existing Virginia Housing FHA. Existing Virginia Housing FHA Bond, VA, and VA Bond loans can be refinanced into the applicable Virginia Housing FHA Streamline Refinance or VA IRRRL programs. For loan payoff information, fax request to 804-343-8720; indicate that this is a Virginia Housing to Virginia Housing refinance and attach the Borrower's Authorization. For a faster turn time use AutoFax Payoff by calling 800-235-6938; press 1, press 2, then press 4 for a faxed payoff statement. <i>Reference:</i> See the Program Guidelines for these programs for more information about refinances.
	If a homeowner is refinancing a first mortgage is it possible to subordinate the existing Plus Second Mortgage using Virginia's automatic subordination law?	Virginia Housing is a quasi-political subdivision of the Commonwealth of Virginia, therefore it is exempt from the automatic subordination law in place for other lenders. To start the subordination request process, Originating Lenders must complete and submit the Plus Second Mortgage Subordination Form. There is no fee to process a Virginia Housing loan to Virginia Housing loan subordination agreement. An exception request can be submitted to Virginia Housing Servicing for a Virginia Housing to non-Virginia Housing refinance and if approved there is a \$300 fee. Contact LoanServicing@VirginiaHousing.com for more information.
	Can a borrower be removed on an FHA Streamline Refinance or VA IRRRL?	The Originating Lender must follow FHA and VA requirements respectfully for removing a borrower. <i>Reference:</i> FHA Streamline Refinance and VA IRRRL Program Guidelines
Qualification	Does the borrower have to be a U.S. Citizen to obtain Virginia Housing financing?	All borrowers must meet the residency requirements of the applicable GSE / insurer requirements for all Virginia Housing programs. <i>Reference:</i> Origination Guide (Eligibility Requirements; Borrower Eligibility Requirements)
	Does Virginia Housing have a minimum tradeline requirement?	No. Must follow GSE / insurer / guarantor requirements and the Originating Lender's underwriter must confirm the borrower(s) possesses a credit history that reflects the ability to successfully meet financial obligations and a willingness to repay obligations in accordance with established credit repayment terms. <i>Reference:</i> Origination Guide (Eligibility Requirements; Underwriting Requirements)
	Does Virginia Housing require rental verification?	Verification of rent is not required with AUS approval; however, the Originating Lender's underwriter may make it a requirement in order to confirm the borrower(s) possesses a credit history that reflects the ability to successfully meet financial obligations and a willingness to repay obligations in accordance with established credit repayment terms. If the loan is manually underwritten, then the Originating Lender must follow insurer requirements. <i>Reference:</i> Origination Guide (Eligibility Requirements; Underwriting Requirements)

Qualification	Does Virginia Housing allow any exceptions to the minimum credit score requirement?	No, however manual underwrites as a result of no credit score may be acceptable. See “Are manual underwrites allowed?” below for details. <i>Reference: Origination Guide (Eligibility Requirements; Borrower Eligibility Requirements) and Program Guidelines</i>
	Does only one borrower have to meet the credit score requirement?	FHA, FHA Bond, VA, VA Bond, RHS and RHS Bond – • If there are multiple borrowers it is not acceptable for any of the borrowers to have a credit score below 620. • But if a borrower does not have sufficient credit to obtain a credit score then the loan must be manually underwritten and meet all non-traditional credit requirements of the applicable government agency (FHA / VA / RHS). Conventional and Conventional Bond – • If there are multiple borrowers it is not acceptable for any of the borrowers to have a credit score below 640. • But if at least one borrower has no credit score and the other borrower has a 640 credit score, this is acceptable as long as all GSE requirements are met and the loan is AUS approved. • If no borrower(s) has a credit score then this is not allowed. Plus Second Mortgage – • If the LTV of the Plus Second Mortgage is 3% (if used with Conventional / Conventional Bond) or 3.5% (if used with FHA / FHA Bond) then follow the first mortgage requirements. • If the LTV of the Plus Second Mortgage is greater than 3% (Conventional / Conventional Bond) / 3.5% (FHA / FHA Bond) up to 4.5% (Conventional / Conventional Bond) / 5% (FHA / FHA Bond) then all borrowers must have a 680 credit score. It is not acceptable to allow this higher financing of the Plus Second Mortgage when one of multiple borrowers does not have a minimum of 680 or no credit score. DPA Grant and CCA Grant – Follow first mortgage requirements. <i>Reference: Program Guidelines</i>
	Are manual underwrites allowed?	FHA, FHA Bond, VA, VA Bond, RHS and RHS Bond – Yes following the insurer / guarantor requirements. Borrowers with no credit score must meet insurer / guarantor requirements for non-traditional credit. Conventional and Conventional Bond – No, DU Approve / Eligible or LPA Accept / Eligible required. DPA Grant and CCA Grant – Follow first mortgage requirements. Plus Second Mortgage – Follow first mortgage requirements. <i>Reference: Origination Guide (Eligibility Requirements; Borrower Eligibility Requirements) and Program Guidelines</i>
	Is a borrower with a previous bankruptcy eligible?	Virginia Housing does not have an overlay related to previous bankruptcies. Follow GSE / insurer / guarantor requirements. <i>Reference: Origination Guide (Eligibility Requirements; Underwriting Requirements)</i>

Qualification	Is a borrower with a previous foreclosure, deed-in-lieu, or short sale eligible?	Virginia Housing does not have an overlay related to a previous foreclosure, deed-in-lieu, or short sale. Follow GSE / insurer / guarantor requirements. Reference: Origination Guide (Eligibility Requirements; Underwriting Requirements) and Program Guidelines
	Is it acceptable for a borrower to start a new job after closing?	A borrower may start a job after closing as long as all requirements of the GSE / insurer / guarantor are met. If the GSE / insurer / guarantor requires a paystub, Virginia Housing must be in receipt of the paystub prior to loan purchase (and loan purchase must occur before the first payment date).
	Are tax transcripts required?	Conventional and Conventional Bond – Yes, tax transcripts are required in addition to a fully executed 4506-C. The type of tax transcript required is dependent on the qualifying income. The number of years required varies based on the number of years' income documentation required by AUS. See question and answer below for exceptions to the tax transcript requirement. Examples: • If AUS requires a YTD paystub and one W-2 or standard verification of employment, then 1 year W-2 tax transcript is required. • If AUS requires a YTD paystub and two W-2s or standard verification of employment, then 2 years W-2 tax transcripts are required. • If AUS requires YTD income information and two 1099s / 1040s then 2 years 1040 tax transcripts and 2 years 1099 tax transcripts are required. • If AUS requires one year personal returns then 1 year 1040 tax transcripts are required. FHA, FHA Bond, VA and VA Bond – No, tax transcripts are not required. RHS and RHS Bond – Virginia Housing does not require tax transcripts for this program, however RHS may have its own different tax transcript requirements. See RHS Handbook for more information. DPA Grant, CCA Grant and Plus Second Mortgage – Follow first mortgage requirements. Reference: Program Guidelines
	When are tax transcripts not required for conventional loans?	When all of the borrower's income is validated by the DU validation service or if all of the borrower's income receives an income rep and warranty result of "Eligible" on the last Feedback Certificate and is from an eligible income source and is on the income verification report, tax transcripts are not required. However, if there are any data discrepancies then additional documentation or information may be required. Originating Lenders are expected to perform due diligence on every loan. Reference: Program Guidelines
	Is an alternative form to 4506-C acceptable to Virginia Housing to request tax transcripts?	Virginia Housing follows the requirements of the applicable GSE / insurer / guarantor for when the 4506 / 4506-C must be executed, or if an alternative form acceptable to the IRS that authorizes the release of comparable tax information to a third party is acceptable (Example: Form 8821). See the applicable GSE / insurer / guarantor requirements to determine if an alternate to 4506-C is acceptable. Reference: Origination Guide (Explanation of Virginia Housing Forms, Exhibits, and Documents, Virginia Housing Origination Forms, Exhibits and Documents)

Qualification	Is it acceptable for the seller of a property or other interested party to provide subordinate financing to the borrower to purchase the home?	In most cases, this is not acceptable; the following requirements below must be adhered to. These guidelines reflect Virginia Housing's interpretation of the requirement set forth by the applicable GSE / insurer / guarantor, who hold ultimate authority over these guidelines. If the Originating Lender has documentation supporting something other than what is below, provide it to Virginia Housing. Conventional first mortgage – • If using Fannie Mae, per the Fannie Mae Selling Guide, a Community Seconds provider must not be the property seller or other interested party to the transaction, except when they are a non-profit, and the provider of a shared equity program or sweat equity program, and all other Community Seconds requirements are met. • If using Freddie Mac, per the Freddie Mac Selling Guide, an Affordable Seconds provider must not be the property seller or other interested party to the transaction, except when they are a nonprofit that has the financial capacity to offer the Affordable Second, and it has income-based resale restrictions meeting Freddie Mac's requirements. FHA first mortgage – FHA requires the source of subordinate financing be acceptable under Section 203(b)(9)(C) of the National Housing Act, which means the funds for the borrower's minimum required investment (MRI) must not come from the property seller or other interested party, unless the property seller / other interested party is a state or local governments or their agencies or instrumentalities. If this subordinate loan is not covering the borrower's MRI, then there may be additional flexibilities as long as all requirements of the HUD 4000.1 Handbook are met. VA first mortgage – Per the VA Lender Handbook, Chapter 9, consult a VA RLC with jurisdiction over Virginia to determine if the subordinate loan held by a seller or other interested party to the transaction is acceptable. RHS first mortgage – Per the RHS Handbook 3555, Chapter 16, a lien junior to the guaranteed loan is acceptable even if it is the seller or interested party providing the subordinate financing if it will not interfere with repayment of the loan and has been considered in the underwriting process, the total value of all liens on the property is less than or equal to the property's market value, except when a "soft second" for down payment and / or closing cost assistance creates the overage, and the junior lien is for an authorized loan purpose. Note: It is important to review all documents to confirm the subordinate lienholder name, such as the subordinate loan approval from the lienholder, the Note and Deed of Trust for the subordinate loan, the Closing Disclosure, and title policy.
AUS	Is an automated underwriting system (AUS) approval required?	FHA, FHA Bond, VA, VA Bond, RHS and RHS Bond – AUS is acceptable but manual underwrites are also acceptable following insurer / guarantor requirements in addition to any more restrictive Virginia Housing. Conventional and Conventional Bond – Yes, an AUS approval is required. Manual underwrites are not allowed. DPA Grant, CCA Grant and Plus Second Mortgage – Follow first mortgage requirements. Reference: Origination Guide (Automated Underwriting) and Program Guidelines

AUS	What automated underwriting systems are acceptable to Virginia Housing?	Conventional, Conventional Bond, FHA, FHA Bond, VA and VA Bond – • Desktop Underwriter (DU). • Loan Product Advisor (LPA). RHS and RHS Bond – • Guaranteed Underwriting System (GUS). <i>Reference: Origination Guide (Automated Underwriting) and Program Guidelines</i>
	For Conventional loans using Fannie Mae's DU, must AUS be run with a Community Lending Product selected?	Conventional and Conventional Bond – Yes, "HFA Preferred" must be selected in DU as the Community Lending Product. Do not select "HomeReady," "HFA Preferred Risk Sharing" or leave the Community Lending Program blank. <i>Reference: Program Guidelines</i>
	For Conventional loans using Freddie Mac's LPA, must AUS be run with a specific Offering Identifier selected?	Conventional and Conventional Bond – Yes, the Offering Identifier in LPA must be "HFA Advantage." Do not select "Home Possible" or leave the Offering Identifier blank. <i>Reference: Program Guidelines</i>
	How should a Plus Second Mortgage be run through AUS?	Conventional or Conventional Bond First Mortgage using Fannie Mae's DU – The Plus Second Mortgage must be entered as a subordinate loan. Additionally, Community Seconds repayment structure must show as non-deferred. Conventional or Conventional Bond First Mortgage using Freddie Mac's LPA – The Plus Second Mortgage must be entered as a subordinate loan. It must be marked as an Affordable Second with payments that are not deferred. FHA or FHA Bond First Mortgage – The Plus Second Mortgage must be entered in Subordinate Financing. <i>Reference: Plus Second Mortgage Program Guidelines</i>
	How should a DPA Grant be run through AUS?	The DPA Grant must show as a grant from a state agency. It cannot be entered as "Other" Credit in Minimum Required Funds section or as a lien in "Subordinate Financing." Originating Lenders must also ensure the DPA Grant is not duplicated for qualification purposes (i.e. Cannot include the DPA Grant as a "Other" Credit in Minimum Required Funds section when it was already included as a grant. It should only be listed as a grant to qualify). <i>Reference: DPA Grant Program Guidelines</i>
	How should a CCA Grant be run through AUS?	The CCA Grant must show as a grant from a state agency. It cannot be entered as "Other" Credit in Minimum Required Funds section or as a lien in "Subordinate Financing." Originating Lenders must also ensure the CCA Grant is not duplicated for qualification purposes (i.e. Cannot include the CCA Grant as a "Other" Credit in Minimum Required Funds section when it was already included as a grant to qualify). <i>Reference: CCA Grant Program Guidelines</i>

Mortgage Insurance	Is delegated MI approval acceptable?	Yes, if the Originating Lender is approved for delegated MI with the applicable MI company, delegated MI is acceptable for approval of mortgage insurance and issuance of the certificate. Otherwise, the underwriter must submit the file directly to the MI company for MI approval. <u>Reference:</u> Origination Guide (Origination Procedures) and Conventional and Conventional Bond Program Guidelines																													
	Is lender paid mortgage insurance acceptable?	No, however lender credits may be used to offset a borrower paid premium. <u>Reference:</u> Conventional and Conventional Bond Program Guidelines																													
	Is financed mortgage insurance acceptable?	Yes, in accordance with GSE and Mortgage Insurer requirements. Originating Lender must confirm the acceptance of Financed MI with the Mortgage Insurer. <u>Reference:</u> Conventional and Conventional Bond Program Guidelines																													
	When using a conventional Virginia Housing program that requires MI for LTVs greater than 80%, what MI coverage is required?	Conventional Bond – The reduced (Charter) coverage is offered for the Conventional Bond program and the LLPA for Charter MI coverage does not apply even when the qualifying income is greater than Fannie Mae / Freddie Mac 80% AMI. <table><tr><th>LTV</th><th>MI Coverage %</th></tr><tr><td>95.01 – 97.00</td><td>18</td></tr><tr><td>90.01 – 95.00</td><td>16</td></tr><tr><td>85.01 – 90.00</td><td>12</td></tr><tr><td>80.01 – 85.00</td><td>6</td></tr><tr><td>< = 80.00</td><td>0</td></tr></table> Conventional – The reduced (Charter) coverage is offered as well as standard coverage for the Conventional program. <table><tr><th>LTV</th><th>MI Coverage % Qualifying Income ≤ 80% AMI - LLPAs don't apply Qualifying Income > 80% AMI - MI LLPA apply</th><th>Standard MI Coverage % No MI LLPA</th></tr><tr><td>95.01 – 97.00</td><td>18</td><td>35</td></tr><tr><td>90.01 – 95.00</td><td>16</td><td>30</td></tr><tr><td>85.01 – 90.00</td><td>12</td><td>25</td></tr><tr><td>80.01 – 85.00</td><td>6</td><td>12</td></tr><tr><td>< = 80.00</td><td>0</td><td>0</td></tr></table> <u>Reference:</u> Conventional and Conventional Bond Program Guidelines	LTV	MI Coverage %	95.01 – 97.00	18	90.01 – 95.00	16	85.01 – 90.00	12	80.01 – 85.00	6	< = 80.00	0	LTV	MI Coverage % Qualifying Income ≤ 80% AMI - LLPAs don't apply Qualifying Income > 80% AMI - MI LLPA apply	Standard MI Coverage % No MI LLPA	95.01 – 97.00	18	35	90.01 – 95.00	16	30	85.01 – 90.00	12	25	80.01 – 85.00	6	12	< = 80.00	0
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Sales Price Limit	What programs are subject to Virginia Housing's maximum sales price limit?	Conventional Bond, FHA Bond, VA Bond and RHS Bond – The maximum sales price limit applies to these bond programs. Targeted area sales price limits that may be higher than Virginia Housing's standard / bond sales price limits apply for properties in targeted areas. Conventional – The maximum sales price limit does not apply to non-bond programs. The maximum standard conforming loan limit does apply; high-cost area limits do not apply. FHA, VA and RHS – The maximum sales price limit does not apply to non-bond programs. Follow the maximum loan amount of the insurer / guarantor. DPA Grant, CCA Grant and Plus Second Mortgage – Follow first mortgage requirements. <i>Reference: Origination Guide (Eligibility Requirements, Property Eligibility Requirements) and Program Guidelines</i>
	Is it only the sales price that must be within Virginia Housing's sales price limit?	No. When a sales price limit applies, the highest of the gross loan amount(s) of the first mortgage and Virginia Housing second mortgage, if applicable, sales price, and acquisition cost must be within Virginia Housing's sales price limit. <i>Reference: Origination Guide (Eligibility Requirements, Property Eligibility Requirements) and Program Guidelines</i>
	What is Virginia Housing's acquisition cost?	Acquisition cost is the cost of acquiring the eligible dwelling from the seller as a completed residence. The acquisition costs of a property to be financed may not exceed sales price limits. More information about what is included and not included in acquisition cost can be found in the Origination Guide. One item that is included is the cost of completing unfinished area that is suitable to finish. See the question below for more information. <i>Reference: Origination Guide (Eligibility Requirements, Property Eligibility Requirements) and Program Guidelines</i>
	What types of areas within a dwelling would be considered unfinished area to be included in acquisition cost?	An area designated or intended to be completed or refurbished and used as living space, such as the lower level of a tri-level, the upstairs of a cape cod or an unfinished basement. If the appraiser confirms the area is not suitable to be finished then it is not included in acquisition cost. <i>Reference: Origination Guide (Eligibility Requirements, Property Eligibility Requirements)</i>
	How is the cost to complete unfinished area in a home determined?	The cost to complete unfinished area that is suitable to finish can be determined by either obtaining the cost from the appraiser or by using \$75 per square foot for basements and above grade areas. In the event the acquisition cost exceeds Virginia Housing's sales price limit as a result of the estimated cost to complete unfinished area, the Originating Lender must contact Virginia Housing to determine if the residence is eligible. The lender may do so by submitting an exception request. <i>Reference: Origination Guide (Eligibility Requirements, Property Eligibility Requirements)</i>

Property	What is a Federally Targeted Area?	A Federally Targeted Area, or Area of Economic Opportunity, is an area that meets the definition of a qualified census tract or an area of chronic economic distress defined by the IRS / Department of Treasury. To help stimulate growth within these areas Virginia Housing is permitted to relax certain loan program requirements. The borrower does not have to be a first-time homebuyer when this is a requirement of the program. Some, but not all, properties located in a targeted area have higher income and sales price limits. The higher targeted area income limits do not apply to loans originated with the DPA Grant and CCA Grant - the lower income limits for Virginia Housing's Grants must be used, but the higher sales price limit may be used. The targeted are income and sales price limits do not apply to the non-bond programs that use the expanded income limits and do not have maximum sales price limits. For assistance in determining targeted areas, visit Areas of Economic Opportunity on Virginia Housing's website (link below) or call local city / county planning office. <u>Reference:</u> Origination Guide (Eligibility Requirements; Property Eligibility Requirements) and Areas of Economic Opportunity
	Are appraisal waivers (aka value acceptance per Fannie Mae) allowed using conventional financing?	Conventional – Appraisal waivers using conventional financing are not permitted, however an exception may be considered when Fannie Mae or Freddie Mac and AUS have granted the appraisal waiver (Note that typically AUS will only grant an appraisal waiver if the LTV is low). The exception request must be submitted to Virginia Housing for consideration. Conventional Bond – No, appraisal waivers are not permitted and exceptions cannot be considered using the Conventional Bond program (with or without a DPA Grant or Plus Second Mortgage). <u>Reference:</u> Origination Guide (Eligibility Requirements, Property Eligibility Requirements)
	Does Virginia Housing have any property flipping guidelines?	Virginia Housing does not have any property flipping overlays. The Originating Lender is responsible for confirming any property flipping requirements of the GSE / insurer / guarantor are met. <u>Reference:</u> Origination Guide (Eligibility Requirements; Property Eligibility Requirements)
	Can a seller rent back the subject property after closing?	Virginia Housing allows a seller to rent the property back after closing; however, the borrower must occupy the property within 60 days. <u>Reference:</u> Origination Guide (Eligibility Requirements; Borrower Eligibility Requirements)

Property	Are Affordable Dwelling Units (ADUs) on properties with Deed Restrictions acceptable property types?	Yes, however Virginia Housing requires re-sale restrictions related to ADUs or other affordable housing programs to meet FHA guidelines. These guidelines require all re-sale restrictions relating to affordable housing programs to terminate upon foreclosure, deed-in-lieu of foreclosure, or assignment of the insured mortgage to HUD. Originating Lenders must discuss this requirement with local governments that have re-sale restrictions to ensure they meet requirements (Compliance with HUD Handbook 4000.1, Nonprofits and Governmental Entities). The Affordable Housing Programs and Secondary Financing Certification (Exhibit LL) must be executed by the Originating Lender and the affordable housing provider. <u>Note:</u> In the event the re-sale restrictions do not comply with FHA guidelines, and the loan program requested is conventional financing, contact Virginia Housing for exception consideration. <u>Reference:</u> Origination Guide (Eligibility Requirements; Property Eligibility Requirements)
	Are Accessory Dwelling Units (also called ADUs) acceptable?	The residence may not have additional living space, which would typically be used for investment purposes, such as a living space with separate utilities, and access. The Originating Lender may consider an exception based on family need and borrower intent to use. If an Accessory Dwelling Unit is found to be acceptable, all requirements of the applicable GSE / insurer / guarantor must be met for Accessory Dwelling Units. <u>Reference:</u> Origination Guide (Eligibility Requirements; Property Eligibility Requirements)
	Are manufactured homes allowed?	FHA, FHA Bond, VA, VA Bond, RHS and RHS Bond – Yes. Virginia Housing will allow financing of manufactured homes meeting the applicable insurer requirements and requirements in the Origination Guide. Requirements for title surrender and conversion to real property must comply with Virginia Code Section 46.2-653.1. Conventional and Conventional Bond – Fannie Mae’s MH Advantage and Freddie Mac’s CHOICEHome are allowed. Standard manufactured housing is not allowed, however contact Virginia Housing for consideration by submitting an exception (Note for standard manufactured housing to be considered by Virginia Housing, all Fannie Mae requirements must be met, including a maximum LTV / CLTV of 95%). DPA Grant, CCA Grant and Plus Second Mortgage – Follow first mortgage requirements. <u>Reference:</u> Origination Guide (Eligibility Requirements; Property Eligibility Requirements) and Program Guidelines
	Are post-closing repairs allowed?	Escrows for post-closing repairs are considered as an exception on a case by case basis. There cannot be any structural or major mechanical repairs. Virginia Housing will allow escrows for minor weather related items (such as landscaping, outdoor painting, etc.). See below for more information regarding HUD REO with Repair Escrows. <u>Note:</u> The Originating Lender’s underwriter may review and render a decision for a post-closing repair exception and must acknowledge the exception on the Underwriting Transmittal or a memo to the file. Justification for the exception must be included. <u>Reference:</u> Origination Guide (Virginia Housing Loan Programs) and Program Guidelines

General	Is a HUD REO with Repair Escrow allowed?	Yes Virginia Housing will consider requests for approval for this program with VA, VA Bond, FHA and FHA Bond (but not FHA or FHA Bond when originated with the Plus Second Mortgage). Note: The Originating Lender's underwriter may review and render a decision for a post-closing repair exception and must acknowledge the exception on the Underwriting Transmittal or a memo to the file. Justification for the exception must be included. Financing is not acceptable when using FHA with the Plus Second Mortgage or any other special allocation programs for which Virginia Housing may place a second mortgage behind the insured first mortgage. At this time Virginia Housing does not allow FHA 203k loans. Reference: Origination Guide (Virginia Housing Loan Programs)
	Where is there information about Virginia Housing's system?	Virginia Housing uses Mortgage Cadence as its LOS. There are a number of helpful documents including a Mortgage Cadence User Guide available to help navigate through the system. An Originating Lender can lock a loan, submit an underwriting exception, submit a non-delegated loan to underwriting, submit a closed loan for purchase, and submit conditions using Mortgage Cadence. If a user needs access to Mortgage Cadence they must contact their company system administrator. Click on the link below for more information about Mortgage Cadence. Reference: Virginia Housing's LOS User Guide, Mortgage Cadence
	Does Virginia Housing accept electronic signatures?	Yes, electronic signatures are acceptable for the contract and all initial origination documents and disclosures executed in compliance with the ESIGN Act and state laws. Electronic signatures for loan closing documents may also be executed electronically in compliance with the ESIGN Act and state laws, except the Deed of Trust and Note, which must be executed with original signatures. Reference: Origination Guide (Explanation of Virginia Housing Forms, Exhibits and Documents; Electronic Signatures)
	When is a loan subject to recapture?	Loans may be subject to recapture only if the first mortgage is one of Virginia Housing's bond programs or if the loan was originated with an MCC (Note that Virginia Housing's MCC program is suspended, but any existing loans where an MCC was obtained before the program was suspended may be subject to recapture). But for most people the financial benefits of homeownership far outweigh the possibility of having to pay a minimal recapture tax when they sell their home. Click here to learn more about recapture (including a Recapture video and Recapture FAQs). Reference: Program Guidelines and Recapture
	Does Virginia Housing allow a co-signor or non-occupying co-borrower on any programs?	No. Reference: Origination Guide (Eligibility Requirements; Borrower Eligibility Requirements) and Program Guidelines

General	What is Virginia Housing's Employee Identification Number (EIN)?	0540921892. FHA requires the EIN for the Plus Second Mortgage and the DPA Grant to be shown on the FHA Transmittal 92900-LT. <i>Reference:</i> Plus Second Mortgage and DPA Grant Program Guidelines
	Does Virginia Housing have a requirement for verifying and documenting asset deposits?	Conventional Bond, FHA Bond, VA Bond and RHS Bond – There is not a set requirement that must be adhered to in any and all scenarios, however the general rule and best practice is to document and explain recurring deposits regardless of amount for household income purposes. A recurring deposit is defined as a deposit that occurs repeatedly in the same dollar amount. This is in addition to following GSE / insurer / guarantor requirements for evaluating large deposits. Conventional, FHA, VA and RHS – Follow GSE / insurer / guarantor requirements for evaluating large deposits. DPA Grant, CCA Grant and Plus Second Mortgage – Follow first mortgage requirements.
	Does Virginia Housing have a maximum asset limitation?	Eligible borrower(s) cannot have a Net Worth exceeding 50% of the sales price of the dwelling being financed. This applies to all Virginia Housing's purchase programs. See "Does the value of land or real estate owned need to be included in the Net Worth calculation?" below if the borrower owns land or real estate. <i>Reference:</i> Origination Guide (Eligibility Requirements; Borrower Eligibility Requirements) and Program Guidelines
	Does the value of land or real estate owned need to be included in the Net Worth calculation?	Yes, The assessed value of land or real estate owned minus any mortgages needs to be taken into consideration for the Net Worth calculation. If it is jointly owned then a portion is included in the Net Worth calculation (Example: Borrower owns an investment property with his brother with an assessed value of \$200,000 and a mortgage of \$80,000. The value of the property minus half the mortgage divided by 2 is what is included in the borrower's Net Worth calculation (\$60,000). <i>Note:</i> This land or real estate owned is not the borrower's primary residence nor has it been for the last 3 years to meet Virginia Housing's first-time homebuyer requirement.
	Do stocks, bonds or mutual funds need to be included in the Net Worth calculation?	Yes, vested assets in the form of stocks, government bonds or mutual funds must be taken into consideration for the Net Worth calculation.
	Are Housing Choice Voucher (HCV) subsidies acceptable to Virginia Housing?	HCVs are acceptable as long as the following are met: • All of the requirements of the applicable GSE, insurer, or guarantor are met, and • One check for the housing payment made payable to Virginia Housing from the borrower is preferred, or • If there are two checks (one from the borrower and the other from the HCV entity), the checks must be sent to Virginia Housing at the same time. The HCV entity check must be made payable to Virginia Housing. If the check is made payable to Virginia Housing and the borrower, the borrower must sign the check. The borrower must include the Virginia Housing Servicing loan number on the check from the HCV entity. <i>Reference:</i> Origination Guide (Eligibility Requirements; Underwriting Requirements)

General	Can the subject property be used for a trade or business?	The financed dwelling may not be used in any manner which would permit more than 15% of the total living area to be used primarily in a trade or business. The borrower(s) must fully execute the Business Use of Home Certification if the borrower has disclosed that a part of the current residence is being used primarily for a trade or business or if there is any other evidence in the file, such as: • The employment business address is the same as the borrower's current residence address and/or the borrower has marked yes for mixed-use property on the URLA, or • Federal tax returns are provided and show the "business in home" deduction was taken (Typically this shows on Schedule C, line 30). If greater than 15% will be used in the subject dwelling the borrower is not eligible. Originating Lenders must closely evaluate when the Business Use of Home Certification is executed but more than 15% was taken in the previous year if federal tax returns are included in the file. Additional documentation may be required to explain the possible change. Contact Virginia Housing if needed. Reference: Origination Guide (Eligibility Requirements; Borrower Eligibility Requirements) and Program Guidelines
	Are Higher Priced Mortgage Loans (HPML) acceptable to Virginia Housing?	All Virginia Housing loans – HPML occurs when the APR exceeds the APOR (Averaged Price Offer Rate) by 1.5% or more for first mortgages and 3.5% for second mortgages. All HPML loans must comply with the flipping requirements of the TILA HPML Appraisal Rule, or otherwise meet the definition of CFPB qualified mortgages (safe harbor (QM) or rebuttable presumption (ATR)) so as not to trigger the requirements of the TILA HPML Appraisal Rule. If HPML, then per the CFPB an additional appraisal is required if the property is resold 90 – 180 days when there is a price increase of: • More than 10% if acquired in past 90 days. • More than 20% if acquired in the past 91 – 180 days. There are some exceptions governed by the CFPB which would not require an additional appraisal. Reference: Origination Guide (Originating Lender Participation; Origination Responsibilities)

Lock-In	Is Virginia Housing exempt from Qualified Mortgage (QM) or Ability to Repay (ATR) / Maximum Points and Fees?	Conventional and Conventional Bond – Yes, Virginia Housing as a Housing Finance Agency is exempt from the ATR rule (thereby the agencies' QM rule does not apply to Virginia Housing), however according to the agencies' requirements, the total points and fees cannot exceed 5% of the total loan amount. FHA, FHA Bond, VA, VA Bond, RHS and RHS Bond– Yes, Virginia Housing as a Housing Finance Agency is exempt from the ATR rule (thereby the government agencies' QM rule does not apply to Virginia Housing). Plus Second Mortgage – Virginia Housing is exempt for this second mortgage. Follow the first mortgage requirements for the first mortgage. Note: Virginia Housing exempt loans' APR cannot exceed the APOR by 6.5% or more calculated in accordance with the regulatory provisions of HOEPA in TILA. DPA Grant or CCA Grant – Not applicable since none are a mortgage. But must follow first and second (if applicable) mortgage requirements for the associated mortgage(s). Reference: Origination Guide (Originating Lender Participation; Origination Responsibilities)
	Are rate lock extensions allowed?	The Originating Lender may request extensions in 15 day increments, up to a maximum of 60 days. The cost of each extension is 0.25% of the loan amount. Extensions will not be processed on expired locks. If a full 15 day extension is not needed, a courtesy 5 day lock extension may be granted. Reference: Origination Guide (Origination Procedures; Lock-In Policies and Procedures)
	What is Virginia Housing's maximum lender compensation?	The Originating Lender may not earn in excess of 2.5% compensation (including the service release premium) on each loan. An excess compensation must be applied as a lender credit to the borrower. Reference: Origination Guide (Originating Lender Participation; Originating Lender Compensation / Fees Responsibilities)
	Are there any Loan Level Price Adjustments (LLPAs)?	Conventional – When all borrower qualifying income exceeds Fannie Mae / Freddie Mac 80% AMI limits, an LLPA applies if Charter MI coverage is used. To avoid the Charter MI LLPA if the qualifying income exceeds 80% AMI, standard MI coverage may be used. For a list of LLPAs visit the webpages of Fannie Mae / Freddie Mac. Conventional Bond, FHA, FHA Bond, VA, VA Bond, RHS and RHS Bond – No LLPAs. Plus Second Mortgage – No LLPAs. There is a rate adjustment of 0.25% for FHA loans and 0.125% for Conventional loans for the first and Plus Second mortgages. DPA Grant and CCA Grant – Not applicable since none are a mortgage. Reference: Program Guidelines
	Does the loan need to close by the lock expiration date?	Yes. The Originating Lender may request extensions in 15 day increments, up to a maximum of 60 days. The cost of each extension is 0.25% of the loan amount. Extensions will not be processed on expired locks. If a full 15 day extension is not needed, a courtesy 5 day lock extension may be granted. Reference: Origination Guide (Origination Procedures; Lock-In Policies and Procedures)

Lock-In	Does the loan need to be delivered by the lock expiration date?	No. The loan must close by the lock expiration date as noted above. Complete loan packages must be uploaded to Virginia Housing within ten calendar days of loan closing, but not later than the fifteenth day of the month preceding the first payment date (no exceptions). <u>Reference:</u> Origination Guide (Originating Lender Participation; Origination Responsibilities)
	What is Virginia Housing's service release premium (SRP)?	Unless otherwise noted, a 1.5% SRP will be paid to the Originating Lender by Virginia Housing at the time of purchase. The premium will be for both first and second mortgages (if applicable). This will be included in the net price of the loan when purchased by Virginia Housing. <u>Reference:</u> Origination Guide (Originating Lender Participation; Originating Lender Compensation / Fees Responsibilities)
	Is it acceptable to change a program on an existing lock?	A change in loan product will require the lock to be updated using the original lock date pricing and lock period. A product or lock change request must be made through Virginia Housing's Loan Origination System. If a Plus Second Mortgage is added when the program allows, the interest rate for the first and second mortgage will be adjusted by 0.125% if the first mortgage is a conventional program or it will be adjusted by 0.25% if it is a government program. The lock period of the second mortgage is the same as the first mortgage. If the loan has a DPA Grant reserved, the grant must be canceled prior to registering / locking the Plus Second Mortgage as a piggyback loan. <u>Reference:</u> Origination Guide (Origination Procedures; Lock-In Policies and Procedures)
	Is it acceptable to change an existing lock to a new property address?	A change in property requires a new lock with current market pricing. The Originating Lender must cancel the original loan prior to locking in the new property. <u>Note:</u> Upon registering the new loan a "Duplicate" error message will appear in Mortgage Cadence. The Originating Lender must email LockDesk@VirginiaHousing.com to request the duplicate flag be removed. <u>Reference:</u> Origination Guide (Origination Procedures; Lock-In Policies and Procedures)
	Are rate lock extensions allowed?	The Originating Lender may request extensions in 15 day increments, up to a maximum of 60 days. The cost of each extension is 0.25% of the loan amount. Extensions will not be processed on expired locks. If a full 15 day extension is not needed, a courtesy 5 day lock extension may be granted. <u>Reference:</u> Origination Guide (Origination Procedures; Lock-In Policies and Procedures)
	Does the loan need to close by the lock expiration date?	Yes. The Originating Lender may request extensions in 15 day increments, up to a maximum of 60 days. The cost of each extension is 0.25% of the loan amount. Extensions will not be processed on expired locks. If a full 15 day extension is not needed, a courtesy 5 day lock extension may be granted. <u>Reference:</u> Origination Guide (Origination Procedures; Lock-In Policies and Procedures)

**Closing /
Post-closing**

Does the loan need to be delivered by the lock expiration date?	No. The loan must close by the lock expiration date as noted above. Complete loan packages must be uploaded to Virginia Housing within ten calendar days of loan closing, but not later than the fifteenth day of the month preceding the first payment date (no exceptions). Reference: Origination Guide (Originating Lender Participation; Origination Responsibilities)
What is Virginia Housing's Legal name?	Virginia Housing's legal name is Virginia Housing Development Authority. Note(s) need to be endorsed to Virginia Housing Development Authority. Hazard Insurance and Mortgage Insurance Certificate Mortgagee Clauses must be listed as Virginia Housing Development Authority. Reference: Origination Guide (Eligibility Requirements; Closing Requirements and Purchase Requirements)
Is there a special Note and Deed of Trust for the Plus Second Mortgage?	Originating Lenders can use the Virginia Conventional Second Note and Deed of Trust documents to close a Plus Second Mortgage. Must comply with Virginia Code Section 55-58.3 (D). The Deed of Trust must contain the following language at the top of the first page in bold or capitalized letters and must also be MERS compliant: "THIS DEED OF TRUST SHALL NOT, WITHOUT THE CONSENT OF THE SECURED PARTY HEREUNDER, BE SUBORDINATED UPON THE REFINANCING OF ANY PRIOR MORTGAGE." Omission of the above language from the Deed of Trust will result in the need to re-record the original document. Reference: Plus Second Mortgage Program Guidelines
Can escrows be waived?	Escrows cannot be waived on any Virginia Housing programs.
How should tax escrows be calculated?	Tax escrows must be calculated using the disbursement date (not the due date). Example: If taxes are due December 5th, the disbursement is in November. Improper calculation will result in an escrow shortage.
When do late delivery penalties apply?	Virginia Housing imposes late delivery penalties when closed loans are delivered more than 10 calendar days past the closing date. An additional late delivery penalty will be assessed in 10-calendar day increments. See the Origination Guide for details. Reference: Origination Guide (Originating Lender Participation; Origination Responsibilities)
When do pend penalties apply?	Virginia Housing imposes pricing penalties when documentation is not received for loans within ten business days of the initial pend notice. Additional penalties will be assessed every ten business days thereafter. Reference: Origination Guide (Originating Lender Participation; Originating Lender Non-Compliance and Remedies)

Closing / Post-Closing	When are final documents due?	The Originating Lender will submit any outstanding post-closing documents including, but not limited to, the final title policy, recorded Deed of Trust, Certificate of Transfer, and applicable mortgage insurance/guarantee certificate to Virginia Housing within 90 days of closing. <i>Reference: Origination Guide (Originating Lender Participation, Originating Lender Compensation/Responsibilities)</i>
	What is Virginia Housing's HMDA Purchaser Code?	9 – Other type of purchaser.
	What is Virginia Housing's FHA Servicer Number?	54521.
	Is it acceptable for the borrower to use Power of Attorney to close?	Yes following GSE / insurer / guarantor and title company requirements.
	Do Virginia Housing loans need to be MERS compliant?	Yes. All Virginia Housing loans (including Virginia Housing subordinate liens) must comply with MERS requirements. Virginia Housing's MERS ORG ID is 1013442. <i>Reference: Origination Guide (Eligibility Requirements, Closing Requirements)</i>
	Are interest credits allowed?	It is up to the Originating Lender to allow an interest credit. Loans with an interest credit must be delivered no later than the fifteenth day of the month the loan closes.
	What are the late payment fees to the borrower?	Plus Second Mortgage, Conventional, Conventional Bond, RHS and RHS Bond – A late fee of 5% is due 15 days after the due date. FHA, FHA Bond, VA, VA Bond – A late fee of 4% is due 15 days after the due date. <i>Reference: Origination Guide (Eligibility Requirements, Closing Requirements)</i>
	What is Virginia Housing's requirement for Uniform Closing Dataset (UCD)?	Conventional and Conventional Bond only – Originating Lenders must upload the UCD file directly to the GSE and provide Virginia Housing the Casefile ID and UCD Findings Report in the final package submitted to Virginia Housing for purchase. <i>Reference: Conventional and Conventional Bond Program Guidelines</i>
	Are Virginia Housing loans assumable?	Virginia Housing loans may be assumable under certain circumstances. The new borrower must be a first-time homebuyer. See the Origination Guide for more information. <i>Reference: Origination Guide (Loan Assumption)</i>
Important: Refer to the Origination Guide for more information about Virginia Housing eligibility requirements.		

The information contained herein (including but not limited to any description of Virginia Housing and its lending programs and products, eligibility criteria, interest rates, fees and all other loan terms) is subject to change without notice.