FAQs

Frequently Asked Questions

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. *Reference: Origination Guide (Eligibility Requirements; Borrower Eligibility Requirements)*
	Does the borrower have to be a first-time homebuyer for purchase transactions?	**DPA Grant, CCA Grant, Plus Second Mortgage, MCC, FHA, VA, and RHS –** Yes, unless purchasing in a targeted area. **Conventional and Conventional No MI (without a DPA Grant, Plus Second Mortgage, or MCC) –** No. Borrowers can own a maximum of 2 financed properties per Government Sponsored Enterprise (GSE) requirements. *Reference: Origination Guide (Eligibility Requirements; Borrower Eligibility Requirements)*
	Do all household members have to meet the first-time homebuyer requirement?	No, only borrowers need to meet the first-time homebuyer requirement. Other household members (including non-borrowers on title) do not have to meet the first-time homebuyer requirement. The Conventional programs (without a DPA Grant, Plus Second Mortgage, or MCC) do not require the borrower(s) to be a first-time homebuyer. *Reference: Origination Guide (Eligibility Requirements; Borrower Eligibility Requirements), and Conventional / Conventional No MI Program Guidelines*
	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. *Reference: Origination Guide (Eligibility Requirements; Borrower Eligibility Requirements)*
	Is a person considered a first-time homebuyer if he / she was 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). *Reference: Origination Guide (Eligibility Requirements; Borrower Eligibility Requirements)*

First-time Homebuyer	Is first-time homebuyer a requirement for all Virginia Housing purchase programs?	No. The following first mortgage programs do not require borrower(s) to be a first-time homebuyer: • Conventional (without DPA Grant, Plus Second Mortgage, and MCC) • Conventional No MI (without DPA Grant, Plus Second Mortgage, and MCC) • Any first mortgage program where the subject property is in a targeted area. The following first mortgage programs do require borrower(s) to be a first-time homebuyer: • Conventional (with DPA Grant, Plus Second Mortgage, or MCC) • Conventional No MI (with DPA Grant, Plus Second Mortgage, or MCC) • All government programs – FHA / VA / RHS (with or without DPA Grant, CCA Grant, Plus Second Mortgage, or MCC) *Reference*: *Program Guidelines*
	Is a person considered a first-time homebuyer if he / she owns an investment property?	Yes, a person that owns an investment property is considered a first-time homebuyer as long as he / she has 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?" *Reference*: *Origination Guide (Eligibility Requirements; Borrower Eligibility Requirements)*
	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 the 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). Note: If any of these additional documents are within the loan file, even when not required by Virginia Housing, they should be reviewed for homeownership. *Reference*: *Origination Guide (Eligibility Requirements; Borrower Eligibility Requirements)*
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. *Reference*: *Program Guidelines*
	How long is the homebuyer education certificate valid?	Two years (between the certificate date and the loan closing date). *Reference*: *Program Guidelines*

Homebuyer Education	Do all borrowers have to take the homebuyer education class?	**DPA Grant, CCA Grant, Plus Second Mortgage, Virginia Housing loans with an MCC, FHA, VA, and RHS –** Yes, 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 and Conventional No MI Purchases (without a DPA Grant, Plus Second Mortgage, or MCC) –** Only one of the first-time homebuyer is 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 • Non-Virginia Housing loans with an MCC *Reference: 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 *Reference: Origination Guide (Homeownership Education) and Program Guidelines*
Forms	When is the Originating Lender's Submission Cover Letter (Exhibit O) required?	**DPA Grant, CCA Grant, Plus Second Mortgage, MCC, FHA, VA, and RHS –** Exhibit O is required. **Conventional and Conventional No MI Purchases (without a DPA Grant, Plus Second Mortgage, or MCC), and Refinances –** Exhibit O is not required. *Reference: Origination Guide (Explanation of Virgina Housing Forms, Exhibits, and Documents) and Program Guidelines*
	When is the Programs Disclosure and Borrower Affidavit (Exhibit E) required?	**DPA Grant, CCA Grant, Plus Second Mortgage, MCC, FHA, VA, and RHS –** Pages 1-4 of the Exhibit E required and must be executed by all borrowers. **Conventional and Conventional No MI Purchases (without a DPA Grant, Plus Second Mortgage, or MCC) –** Pages 1-2 of the Exhibit E is required and must be executed by all borrowers. Part I (page 1) of the Exhibit E related to MCC and Virginia Housing Grant interest and eligibility must be completed. *Reference: 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. *Reference: Origination Guide (Explanation of Virginia Housing Forms, Exhibits, and Documents) and Program Guidelines*

Forms	When is the Seller Affidavit (Exhibit F) required?	**DPA Grant, CCA Grant, Plus Second Mortgage, MCC, FHA, VA, and RHS –** Exhibit F is required. **Conventional and Conventional No MI Purchases (without a DPA Grant, Plus Second Mortgage, or MCC) –** Exhibit F is not required. *Reference*: *Origination Guide (Explanation of Virginia Housing Forms, Exhibits, and Documents) and Program Guidelines*
	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). *Reference*: *Origination Guide (Explanation of Virginia Housing Forms, Exhibits, and Documents)*
	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. *Reference*: *Origination Guide (Explanation of Virginia Housing Forms, Exhibits, and Documents) and Program Guidelines*
	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 Grant only when the first mortgage is FHA. 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). *Reference*: *Program Guidelines*

Forms	When is the Affordable Housing Programs and Secondary Financing Certification (Exhibit LL) required?	**FHA, VA, and RHS 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 and Conventional No MI 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. *Reference: Origination Guide (Eligibility Requirements, Property Eligibility Requirements and Underwriting Requirements) and Program Guidelines*
	Whose income must be included in determining the maximum household income?	**Plus Second Mortgage, MCC, FHA, VA, and RHS –** Income of all borrower(s). Income of other household members, including non-borrowers on title, does not need to be included. **DPA Grant and CCA Grant –** Income of all household members. **Conventional and Conventional No MI (without a DPA Grant, Plus Second Mortgage, or MCC) –** All borrower(s) eligible qualifying income. *Reference: Origination Guide (Eligibility Requirements; Borrower Eligibility Requirements), Program Guidelines, and Household Income Matrix*
	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 and sales price limits. 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)*
	Are the income limits for the DPA Grant and CCA Grant different than Virginia Housing's standard limits?	Yes, the DPA Grant and CCA Grant have lower income limits that must be applied. 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*
	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).

Household Income	Are the income limits for the Conventional and Conventional No MI programs different than Virginia Housing's standard and grant limits?	No. Virginia Housing's income limits apply, even using the Conventional programs. **Conventional –** When all borrower qualifying income exceeds Fannie Mae / Freddie Mac 80% AMI limits LLPAs apply. Must still be within Virginia Housing's applicable income limit even when borrower qualifying income exceeds the GSEs' 80% AMI. For a full list of LLPAs visit the Fannie Mae or Freddie Mac webpage. Fannie Mae and Freddie Mac's AMI limit is based on initial AUS run date and 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 No MI –** DU will render a decision of Approve / Ineligible, which is acceptable as long as the only two reasons for ineligibility are the HFA Preferred Risk Share is no longer eligible and the AMI exceeds 80% of Fannie Mae's limits. *Reference: Income and Sales Price / Loan Limits, Household Income Matrix, and Conventional / Conventional No MI Program Guidelines*
	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. *Reference: 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.

Household Income	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.
	Can unreimbursed business expenses be used to reduce household income?	No. Unreimbursed business expenses must be counted as zero for household income calculations. *Reference: Origination Guide (Eligibility Requirements; Borrower Eligibility Requirements)*
	Can an income loss be used to reduce household income (Self-Employment Schedule C / Schedule E loss)?	No. An income loss must be counted as zero for household income calculations. *Reference: Origination Guide (Eligibility Requirements; Borrower Eligibility Requirements)*
	How is self-employment income calculated for household income purposes when documentation is included in the loan file?	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. Note: 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.
	Does income earned by a dependent need to be included in the household income calculation?	**Plus Second Mortgage, MCC, 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. **DPA Grant and CCA Grant –** Income of household members who are dependents will be excluded from maximum income if they are not liable on the loan. 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. Income received by a borrower (or any household member if there is a DPA or CCA Grant) 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. *Reference: Origination Guide (Eligibility Requirements; Borrower Eligibility Requirements) and Program Guidelines*

Household Income	What income documentation is required for non-borrowing household members?	When other household member's income must be included in the household income calculation (in cases where there is a Virginia Housing Grant), 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. *Reference*: *Origination Guide* *(Eligibility Requirements; Borrower Eligibility Requirements)*
	Does income of non-borrowing household members need to be disclosed on the Exhibit E (Page 4)?	**Plus Second Mortgage, MCC, FHA, VA, and RHS –** Only income of all borrowers (non-qualifying income) must be included on page 4. Income from other household members, including non-borrowers on title, does not have to be included. Any borrower that does not have income must be identified and $0 reflected in the annual income section. **DPA Grant and CCA Grant –** 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 and Conventional No MI Purchases (without a DPA Grant, Plus Second Mortgage, or MCC) –** No, pages 3 – 4 of the Exhibit E are not required. *Reference*: *Origination Guide* *(Eligibility Requirements; Borrower Eligibility Requirements) and* *Program Guidelines*
MCC	Are MCCs still available?	The MCC program has been suspended. The last day to lock a loan with an MCC is 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. *Reference*: *MCC Program Guidelines*
	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.
	Will Virginia Housing allow an adjustment to qualifying income when the loan is originated with an MCC?	**Virginia Housing Loans –** Yes, as long as the applicable GSE / insurer / guarantor requirements are met. Calculate the MCC income by doing the following: [Mortgage Amount x Note Rate x MCC% (10%)] ÷ 12 months = Amount added to borrower's monthly qualifying income. **Non-Virginia Housing Loans –** The Originating Lender must determine if an adjustment to qualifying income is acceptable when a non-Virginia Housing loan is originated with an MCC. The adjustment to income for the MCC is not required to be included in household income calculations. *Reference*: *MCC Program Guidelines*
	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. *Reference*: *MCC Program Guidelines*

MCC	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. *Reference: Mortgage Credit Certificate Program Guide*
	Can the borrower obtain another copy of their MCC if they lost it?	**Virginia Housing Loans –** Originating Lenders can obtain a copy of the MCC in Mortgage Cadence Attachments to provide to their customer. The borrower can also request a copy directly by emailing MCCreprint@VirginiaHousing.com. **Non-Virginia Housing Loans –** The borrower can request a copy by emailing MCCreprint@VirginiaHousing.com.
DPA Grant and CCA Grant	Does the DPA Grant have to be used with a Virginia Housing first mortgage?	Yes. Virginia Housing's Conventional, Conventional No MI, and FHA are eligible to be used with the DPA Grant. The DPA Grant is not available with the CCA Grant, Plus Second Mortgage, RHS, VA, or any refinances. *Reference: DPA Grant Program Guidelines*
	Does the CCA Grant have to be used with a Virginia Housing first mortgage?	Yes. Virginia Housing's RHS and VA are eligible to be used with the CCA Grant. The CCA Grant is not available with the DPA Grant, Plus Second Mortgage, Conventional, Conventional No MI, FHA, or any refinances. *Reference: 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. *Reference: CCA Grant Program Guidelines, DPA Grant Program Guidelines, and RHS Program Guidelines*
	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. *Reference: Part I of Exhibit E*
	Is the DPA Grant considered a gift, grant, or subordinate financing?	**Conventional and Conventional No MI 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 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). *Reference: DPA Grant Program Guidelines*

DPA Grant and CCA Grant	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). *Reference*: *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. *Reference*: *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. *Reference*: *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. *Reference*: *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). *Reference*: *Plus Second Mortgage Program Guidelines*
	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. *Reference*: *Plus Second Mortgage Program Guidelines*
	Does the Plus Second Mortgage have to be used with a Virginia Housing first mortgage?	Yes. Virginia Housing’s FHA, Conventional, and Conventional No MI are eligible to be used with the Plus Second Mortgage. The Plus Second Mortgage is not available with the DPA Grant, CCA Grant, VA, RHS, or any refinances. *Reference*: *Plus Second Mortgage Program Guidelines*

Plus Second Mortgage	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. *Reference: Plus Second Mortgage Program Guidelines*
	What funds can be considered to meet the 1% Acceptable Funds requirement?	The borrower must have a minimum of 1% of the sales price documented and available to be used toward closing costs / prepaids or to be held in reserves (or a combination of the two). Acceptable documentation to meet the 1% requirement must meet the applicable GSE / insurer requirements. Acceptable sources include, but are not limited to: • Depository asset (checking / savings) • Earnest Money Deposit (EMD) and any fees paid outside of closing (POCs) – fully sourced and documented (Note that it is acceptable to include EMD and/or POC towards this 1% requirement even if some or all of the EMD / POC is received back at closing) • Gifts • The amount vested in a retirement account or a 401k loan *Reference: Plus Second Mortgage Program Guidelines*
Refinance	Does Virginia Housing offer any refinance programs?	Yes. Virginia Housing Conventional and Conventional No MI programs allow a limited cash-out refinance (rate / term refinance). Streamline refinances are acceptable on existing Virginia Housing FHA / VA loans using Virginia Housing's FHA Streamline Refinance or VA IRRRL programs. For loan payoff information, fax request to 804-343-8720; indicate that this s 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. *Reference: 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. *Reference: 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 be a U.S. Citizen, permanent resident alien, or non-permanent resident alien meeting GSE / insurer requirements for all Virginia Housing programs. *Reference: Origination Guide (Eligibility Requirements; Borrower Eligibility Requirements)*

Qualification	Does only one borrower have to meet the credit score requirement?	**FHA, VA, and RHS –** • 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 No MI –** • If there are multiple borrowers it is not acceptable for any of the borrowers to have a credit score below 640 (Conventional) / 660 (Conventional No MI). • But if at least one borrower has no credit score and the other borrower has a credit score (660 / 640), this is acceptable as long as all GSE requirements 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) or 3.5% (if used with FHA) then follow the first mortgage requirements. • If the LTV of the Plus Second Mortgage is greater than 3% (Conventional) / 3.5% (FHA) up to 4.5% (Conventional) / 5% (FHA) 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, CCA Grant, and MCC –** Follow first mortgage requirements. *Reference*: *Program Guidelines*
	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. *Reference*: *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. *Reference*: *Origination Guide (Eligibility Requirements; Underwriting Requirements)*
	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. *Reference*: *Origination Guide (Eligibility Requirements; Borrower Eligibility Requirements) and Program Guidelines*

Qualification	Are manual underwrites allowed?	**FHA, VA, and RHS –** Yes following the insurer / guarantor requirements. Borrowers with no credit score must meet insurer / guarantor requirements for non-traditional credit. **Conventional –** No, DU Approve / Eligible or LPA Accept / Eligible required. **Conventional No MI –** No, DU Approve / Ineligible required. There are two acceptable DU ineligibility reasons: HFA Preferred Risk Share loans are no longer eligible and qualifying income exceeds Fannie Mae's 80% AMI limits. It is acceptable to proceed using the No MI program as long as these are the only reasons for the ineligibility. LPA is not acceptable. **DPA Grant, CCA Grant, and MCC –** Follow first mortgage requirements. **Plus Second Mortgage –** Follow first mortgage requirements. *Reference: Origination Guide (Eligibility Requirements; Borrower Eligibility Requirements) and Program Guidelines*
	Is a borrower with a previous bankruptcy eligible?	Virginia Housing does not have an overlay related to previous bankruptcies. Follow GSE / insurer / guarantor requirements. *Reference: Origination Guide (Eligibility Requirements; Underwriting Requirements)*
	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).

Qualification	Are tax transcripts required?	**Conventional and Conventional No MI –** 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 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 and VA –** No, tax transcripts are not required. **RHS –** 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, Plus Second Mortgage, and MCC –** 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*: *Conventional and Conventional No MI Program Guidelines*
Automated Underwriting (AUS)	Is an AUS approval required?	**FHA, VA, and RHS (with or without DPA Grant, CCA Grant, and Plus Second Mortgage) –** AUS is acceptable but manual underwrites are also acceptable following insurer / guarantor requirements in addition to any more restrictive Virginia Housing. **Conventional (with or without DPA Grant and Plus Second Mortgage) –** Yes, an AUS approval is required. Manual underwrites are not allowed. **Conventional No MI (with or without DPA Grant and Plus Second Mortgage) –** Yes, however DU will issue an Approve / Ineligible instead of Approve / Eligible. There are two acceptable DU ineligibility reasons: HFA Preferred Risk Share loans are no longer eligible and qualifying income exceeds Fannie Mae's 80% AMI limits. It is acceptable to proceed using the No MI program as long as these are the only reasons for the ineligibility. Manual underwrites are not allowed. *Reference*: *Origination Guide* *(Automated Underwriting) and* *Program Guidelines*

Automated Underwriting (AUS)	What automated underwriting systems are acceptable to Virginia Housing?	**Conventional (with or without DPA Grant and Plus Second Mortgage), FHA (with or without DPA Grant and Plus Second Mortgage) and VA (with or without CCA Grant) –** • Desktop Underwriter (DU). • Loan Product Advisor (LPA). **Conventional No MI (with or without DPA Grant and Plus Second Mortgage) –** • Desktop Underwriter (DU) only. **RHS (with or without CCA Grant) –** • Guaranteed Underwriting System (GUS). *Reference: Origination Guide (Automated Underwriting) and Program Guidelines*
	For Conventional loans using Fannie Mae's DU, must AUS be run with a Community Lending Product selected?	**Conventional –** Yes, "HFA Preferred" must be selected in DU as the Community Lending Product. **Conventional No MI –** Yes, "HFA Preferred Risk Sharing" must be selected in DU as the Community Lending Product. Do not select "HomeReady" or leave the Community Lending Program blank. *Reference: Conventional and Conventional No MI Program Guidelines*
	For Conventional loans using Freddie Mac's LPA, must AUS be run with a specific Offering Identifier selected?	**Conventional –** Yes, the Offering Identifier in LPA must be "HFA Advantage." Do not select "Home Possible" or leave the Offering Identifier blank. **Conventional No MI –** Not applicable, the Conventional No MI program is only offered through Fannie Mae's DU. *Reference: Conventional and Conventional No MI Program Guidelines*
	How should a Plus Second Mortgage be run through AUS?	**Conventional and Conventional No MI 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 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 First Mortgage –** The Plus Second Mortgage must be entered in Subordinate Financing. *Reference: Plus Second Mortgage Program Guidelines*
	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). *Reference: DPA Grant Program Guidelines*

<table>
<tr><td rowspan="1">Automated Underwriting (AUS)</td><td>How should a CCA Grant be run through AUS?</td><td>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).

Reference: CCA Grant Program Guidelines</td></tr>
<tr><td rowspan="5">Mortgage Insurance</td><td>Is delegated MI approval acceptable?</td><td>No, the underwriter must submit the file directly to the MI company for MI approval. Delegated MI approval is not acceptable.

Reference: Conventional Program Guidelines</td></tr>
<tr><td>When using a conventional Virginia Housing program that requires MI for LTVs greater than 80%, what MI coverage is required?</td><td>Mortgage insurance is required using the Conventional program. A reduced (Charter) coverage is offered as well as standard coverage.

<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 LLPAs</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>

Reference: Conventional Program Guidelines</td></tr>
<tr><td>Is lender paid mortgage insurance acceptable?</td><td>No, however lender credits may be used to offset a borrower paid premium.

Reference: Conventional Program Guidelines</td></tr>
<tr><td>Is financed mortgage insurance acceptable?</td><td>Yes, in accordance with GSE and Mortgage Insurer requirements. Originating Lender must confirm the acceptance of Financed MI with the Mortgage Insurer.

Reference: Conventional Program Guidelines</td></tr>
<tr><td>When the LTV is 80% or less on a conventional Virginia Housing loan, what loan program should be selected?</td><td>The Conventional program must be selected. It may seem appropriate to select the Conventional No MI program given its name, but this program is designed for high LTV that does not require mortgage insurance (must be greater than 80% up to 97%).

Reference: Conventional Program Guidelines</td></tr>
</table>

Property	Are appraisal waivers allowed using conventional financing?	**Conventional and Conventional No MI (without a DPA Grant, Plus Second Mortgage, or MCC) –** 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 and Conventional No MI (with a DPA Grant, Plus Second Mortgage, and MCC) –** No, appraisal waivers are not permitted and exceptions cannot be considered when originated with a DPA Grant, Plus Second Mortgage, or MCC. *Reference: Origination Guide (Eligibility Requirements, Property Eligibility Requirements)*
	Is there an acreage restriction to all Virginia Housing programs?	**MCC –** Maximum 2 acres. Greater than 2, up to a maximum of 5 acres is considered on an exception basis. **DPA Grant, CCA Grant, Plus Second Mortgage, FHA, VA, and RHS –** Maximum 2 acres. Greater than 2, up to a maximum of 10 acres is considered on an exception basis. The lot cannot exceed 5 acres if loan has an MCC. Note: The Originating Lender's underwriter may review and render a decision for an acreage exception and must acknowledge the exception on the Underwriting Transmittal or a memo to the file. Justification for the exception must be included. Generally a minimum of two comparable properties should support the acreage. **Conventional and Conventional No MI (without a DPA Grant, Plus Second Mortgage, or MCC) –** Virginia Housing does not have an acreage overlay restriction. Follow GSE property requirements. *Reference: Origination Guide (Eligibility Requirements; Property Eligibility Requirements)*
	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. 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. *Reference: Origination Guide (Eligibility Requirements; Property Eligibility Requirements) and Areas of Economic Opportunity*
	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. *Reference: Origination Guide (Eligibility Requirements; Property Eligibility Requirements)*

Property	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. *Reference: Origination Guide (Eligibility Requirements; Borrower Eligibility Requirements)*
	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. Note: 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. *Reference: 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. *Reference: Origination Guide (Eligibility Requirements; Property Eligibility Requirements)*
	Are manufactured homes allowed?	**FHA, VA, and RHS –** 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 No MI –** No. **DPA Grant, CCA Grant, Plus Second Mortgage, and MCC –** Follow first mortgage requirements. *Reference: Origination Guide (Eligibility Requirements; Property Eligibility Requirements)*
	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. 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. *Reference: Origination Guide (Virginia Housing Loan Programs) and Program Guidelines*

Property	Is a HUD REO with Repair Escrow allowed?	Yes Virginia Housing will consider requests for approval for this program with VA and FHA (but not FHA 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)*
General	Where is there information about Virginia Housing's systems?	**Virginia Housing LOS –** 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 he / she must contact his / her company system administrator. Click on the link below for more information about Mortgage Cadence. *Reference: Virginia Housing's LOS User Guide, Mortgage Cadence*
	When is a loan subject to recapture?	Loans may be subject to recapture only if originated with an MCC (This includes Virginia Housing loans with an MCC and Non-Virginia Housing loans with an MCC). But for most people the financial benefits of homeownership with an MCC far outweigh the possibility of having to pay a modest 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 (including non-Virginia Housing loans with an MCC). *Reference: Origination Guide (Eligibility Requirements; Borrower Eligibility Requirements) and Program Guidelines*
	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. *Reference: Plus Second Mortgage and DPA Grant Program Guidelines*

General	Does Virginia Housing have a maximum asset limitation?	**DPA Grant, CCA Grant, Plus Second Mortgage, MCC, FHA, VA, and RHS –** Eligible borrower(s) cannot have a Net Worth exceeding 50% of the sales price of the dwelling being financed. 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. **Conventional and Conventional No MI (without a DPA Grant, Plus Second Mortgage, or MCC) –** There is no asset or Net Worth limitation. *Reference: Origination Guide (Eligibility Requirements; Borrower Eligibility Requirements) and Program Guidelines*
	Does Virginia Housing have a requirement for verifying and documenting asset deposits?	**DPA Grant, CCA Grant, Plus Second Mortgage, MCC, FHA, VA, and RHS –** 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 and Conventional No MI (without a DPA Grant, Plus Second Mortgage, or MCC) –** Follow GSE requirements for evaluating large deposits.
	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). Note: 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.

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)*
	Is Virginia Housing exempt from Qualified Mortgage (QM) or Ability to Repay (ATR) / Maximum Points and Fees?	**Conventional and Conventional No MI –** 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, VA, RHS –** 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, CCA Grant, and MCC –** 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)*

General	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. *Reference*: *Origination Guide (Eligibility Requirements; Underwriting Requirements)*
Lock-In	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 LLPAs apply, including, but not limited to, LTV / credit score, Charter MI coverage, and property type. For a full list of LLPAs visit the webpages of Fannie Mae / Freddie Mac). • An adverse market LLPA of 0.50% applies to Conventional refinances when all borrower qualifying income exceeds Fannie Mae / Freddie Mac 80% AMI limits and the loan amount is greater than $125,000. **Conventional No MI –** A market LLPA of 0.50% applies to all conventional refinances. **FHA, VA, RHS –** 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, CCA Grant, and MCC –** 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). *Reference: 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. *Reference: Origination Guide (Originating Lender Participation; Originating Lender Compensation / Fees Responsibilities)*
	Is it acceptable to change a program on an existing lock?	A program change request or lock change request must be made through Mortgage Cadence. The lock will be updated as outlined below: • **Government to Government –** Original lock date pricing and lock period applies for applicable program. • **Conventional to Government and vice versa –** Lock update required at current market and lock period. • **Conventional to Conventional No MI and vice versa –** Original lock date pricing and lock period applies for applicable program. • **Government to FHA with Plus Second Mortgage –** Original lock date pricing and lock period applies for first mortgage but the interest rate will be adjusted by 0.25%. The Originating Lender may request Plus Second Mortgage term and period to mirror first mortgage or lock at current market with a lock period of 30, 45, or 60 days. • **Conventional to Conventional with Plus Second Mortgage –** Original lock date pricing and lock period applies for first mortgage but the interest rate will be adjusted by 0.125%. The Originating Lender may request Plus Second Mortgage term and period to mirror first mortgage or lock at current market with lock period of 30, 45, or 60 days. • **FHA to Conventional with Plus Second Mortgage / Conventional to FHA with Plus Second Mortgage –** A lock update is required at current market pricing and current lock period. Lock period remains the same as the original lock. If the original lock has a DPA Grant, the grant must be canceled prior to registering / locking the Plus Second Mortgage as a piggyback loan. There is an adjustment to the interest rate of 0.25% for FHA loans and 0.125% for Conventional loans. *Reference: 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. Note: 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. *Reference: Origination Guide (Origination Procedures; Lock-In Policies and Procedures)*

Lock-In	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. Note: 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. *Reference: 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. *Reference: Origination Guide (Origination Procedures; Lock-In Policies and Procedures)*
	Are there any Loan Level Price Adjustments (LLPAs)?	**Conventional –** • When all borrower qualifying income exceeds Fannie Mae / Freddie Mac 80% AMI Limits LLPAs apply, including, but not limited to, LTV / credit score, Charter MI coverage, and property type. For a full list of LLPAs visit the webpages of Fannie Mae / Freddie Mac). **FHA, VA, RHS –** 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, CCA Grant, and MCC –** 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)*
	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)*
Lock-In	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)*

Closing / Post-Closing	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 pend penalties apply?	Virginia Housing imposes pricing penalties when documentation is not received for loans within ten days of the initial pend notice. Additional penalties will be assessed every ten days thereafter. *Reference*: *Origination Guide (Originating Lender Participation; Origination Responsibilities)*
	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. *Reference*: *Origination Guide (Originating Lender Participation, Originating Lender Compensation/Responsibilities)*
	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.

Closing / Post-Closing	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. *Reference*: *Origination Guide* (*Eligibility Requirements, Closing Requirements)*
	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 No MI, and RHS –** A late fee of 5% is due 15 days after the due date. **FHA, VA –** A late fee of 4% is due 15 days after the due date. *Reference*: *Origination Guide* *(Eligibility Requirements, Closing Requirements)*
	What is Virginia Housing's requirement for Uniform Closing Dataset (UCD)?	**Conventional and Conventional No MI 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. *Reference*: *Conventional and Conventional No MI Program Guidelines*
	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. *Reference*: *Origination Guide* *(Loan Assumption)*

Important: Refer to the Origination Guide for more information about Virginia Housing eligibility requirements.