



**HOME
ADVANTAGE**

HOUSE KEY



WELCOME TO HOMEOWNERSHIP

Post Homeownership Guide

A guide for the new homeowner

WASHINGTON STATE HOUSING FINANCE COMMISSION'S

Home Advantage & House Key Programs

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Welcome!

A letter from the Homeownership Division Director

It is my pleasure to offer you our Guide for New Homeowners.

We hope it will provide you with the answers to some of the questions you may have now that you have purchased your new home. Owning your home is an exciting opportunity, but there are also responsibilities that you do not have when you are renting your home. We believe that this Guide will provide you with the resources to make owning your home the dream you hoped it would be.

Congratulations and many happy years as a homeowner!

Lisa DeBrock

Homeownership Division Director

Washington State Housing Finance Commission

Questions about your Mortgage Loan:

You have survived the mortgage loan process and have moved into your new home.

Now what?

You closed your loan with a Commission trained lender who works for a participating bank in the Washington State Housing Finance Commission's programs.

This company will begin to service your mortgage loan (take your payments) until the Washington State Housing Finance Commission's Master Servicer purchases your loan and becomes your new Servicer.

The Washington State Housing Finance Commission is a state agency that offers low rate first mortgage programs and down payment assistance for home buyers in the state of Washington. At this time, the Washington State Housing Finance Commission cannot also service your mortgage loan. That is contracted with a larger company that can do this on our behalf, our Master Servicer.

For our most recent homebuyers, Your Master Servicer may be HomeLoan Serv, Idaho Housing & Finance (IHFA) www.homeloanserv.com 1-800-526-7145.

Where do I send my payments?

You will probably send the first payment(s) to the same bank that closed your loan. Then you will be contacted by the appropriate Master Loan Servicer for the Washington State Housing Finance Commission. The Master Servicer will then be servicing your loan and will send you a new coupon book or statement. There is usually a temporary coupon in your closing documents to use for your first payment, in case you do not receive a statement prior to your first payment due date.

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I need information about my mortgage loan?

The mortgage statement that you receive each month from the Master Servicer will have your loan information on it. There is also contact information for your Master Servicer on the statement. You can contact the Master Servicer by phone, mail, or look up information on-line.

If I receive an insurance bill or property tax bill, where do I send it?

Contact the Master Servicer to get the address to forward an insurance or tax bill. It is not necessarily the same address that you send your payments. Do not include it with your monthly payment. Send it in a separate envelope.

Does the Washington State Housing Finance Commission offer refinance, rehabilitation or reverse mortgage loans?

No, The Washington State Housing Finance Commission **only** offers programs to purchase a home.

Refinancing your mortgage loan:

You may decide at some point that you would like to refinance out of your Home Advantage or House Key First Mortgage loan and take out a new first mortgage loan.

If you have one of the Washington State Housing Finance Commission's downpayment assistance loans, you also have either our Home Advantage or House Key First mortgage, serviced by our Master Servicer. The First Mortgage is the loan with the largest payment. You may also have one of our downpayment assistance loans which is a Second Mortgage (in 2nd lien position on your home). You can contact the Master Servicer for your mortgage loan to get payoff information. The balance on your statement does not always reflect the exact amount that will be required to payoff your mortgage loan.

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If you used one of the Washington State Housing Finance Commission's down payment assistance programs you may want to consult with a professional housing counselor to discuss your situation. If you refinance your Home Advantage or House Key First mortgage, **you will also be required** to pay off your downpayment assistance second mortgage. If the payments for the second mortgage have been deferred, your new payments may jump greatly with the increased loan amount. The Commission does not subordinate our downpayment assistance second mortgages.

The Washington State Housing Finance Commission provides a list of professional housing counselors on our web site:

<http://www.wshfc.org/buyers/counseling.htm>

Most of the time their services are provided free of charge

You can be looking to refinance for a variety of reasons. To get a lower interest rate, cash out for improvements, or to pay off higher interest bills, or for other expenses. A housing counselor can discuss your options and help you decide if this is the best financial decision, at this time. There are resources listed at the back of this manual for housing counseling agencies in your area.

Selling your home:

You may decide at some point that you would like to sell your home. The process for paying off your Home Advantage or House Key First Mortgage loan (and downpayment assistance second mortgage) is similar to the refinancing process.

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You can contact the Master Servicer for your mortgage loan to get payoff information. The balance on your statement does not always reflect the exact amount that will be required to payoff your mortgage loan.

If you used one of the Washington State Housing Finance Commission's downpayment assistance programs **you will also be required** to payoff your down payment assistance second mortgage.

You can be looking to sell your home for a variety of reasons. If you are not sure about selling your home, or want to discuss other options, please contact a professional housing counselor. There are resources listed at the back of this manual for housing counseling agencies in your area and The Washington State Housing Finance Commission can provide a list of statewide professional housing counselors.

Recapture Tax:

The House Key program uses the proceeds of tax-exempt bonds to provide first-time homebuyers the benefit of a lower interest rate. Should the home financed using the House Key Loan Program (or a Mortgage Credit Certificate) be sold, or otherwise disposed of within nine years of purchase, this benefit may be "recaptured". Our experience shows that very few borrowers will be affected by recapture tax. Your participating lender will provide you with a statement regarding recapture tax along with the federal income limits. The statement can also be found at any time on the Washington State Housing Finance Commission web site:

<http://www.wshfc.org/buyers/recapture.htm>

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The payment of recapture tax occurs at the time the property is sold and only **if all three of the following conditions apply:**

1. Your home is sold or disposed of within 9 years of being purchased, for reasons other than your death;
2. There is a capital gain on the sale of your home, and
3. Your household income for the year in which you sell your home exceeds federal recapture tax limits.

In the event that recapture tax is due, it is only a portion of the borrower's gain on the sale of the home. The maximum recapture tax is either 50% of the gain on sale or 6.25% of the original loan amount, whichever is less. For more information regarding this provision, please contact the IRS or a tax professional.

The Recapture tax is not collected by The Washington State Housing Finance Commission. It is calculated when you complete the following year's 1040 tax return after the sale of your home. No recapture tax is due at the time of refinancing. If, after refinancing, you sell or transfer the property within the initial nine-year period, you may owe a recapture tax.

The Washington State Housing Finance Commission's Master Servicer can tell you if you have the House Key First Mortgage and recapture tax would apply to your mortgage loan. Recapture tax does not apply to the Home Advantage first mortgage program. There is no pre-payment penalty on any of the Washington State Housing Finance Commission's programs.

Your Master Servicer:

You had heard references to a Master Servicer -- What and who is this?

The Washington State Housing Finance Commission is a state agency. To better serve you The Commission contracts with a company who services your mortgage loan for us (takes your payment). The Master Servicer handles taking your payments. This company also handles your property taxes, homeowners insurance, mortgage insurance and homeowner's dues (if applicable).

The Master Servicer will also handle the payoff request if you are refinancing, or selling your home. The Master Servicer also handles the downpayment assistance loan (second mortgage) if you have one.

You are welcome to contact the Washington State Housing Finance Commission about general questions on your mortgage loan, but the Master Servicer will handle all transactions associated with your loan. The Master Servicer can also tell you the balance on your loan and instructions on where to send inquires, or documentation for your loan, such as property tax statements.

For our most recent homebuyers, Your Master Servicer may be *HomeLoan Serv, Idaho Housing & Finance Association (IHFA)* www.homeloanserv.com 1-800-526-7145.

Home Maintenance & Repairs:

As you are moving into your new home you may be making a list of small home improvement projects you would like to accomplish in the near future. Don't forget about routine maintenance on your new home also. Just like an automobile, a home has routine maintenance requirements.

A few recommendations:

- Check your furnace filter

- Check Smoke detector batteries twice a year

- Clean the gutters

- Clean the roof for moss

- Check windows and door seals

- Check the hot water heater temperature –especially if you have little ones.

- Winterize outdoor spigots and hoses.

- Check caulking around tubs, showers and sinks.

Invest in a logbook, or calendar, to remind yourself of maintenance items. The library has home improvement and repair books that can be helpful for the *do-it-yourself-er*.

You may have had a home inspection done prior to the purchase of your home. The inspector may have noted minor repairs, or made recommendations for future maintenance on your home. You should set up a budget and plan to address these recommendations.

Rehabilitation:

Often homeowners find themselves in the position of needing home rehabilitation. These are repairs beyond the routine home maintenance. Some major repairs can be avoided by routine maintenance and it is advisable to budget for these repairs if possible.

Items such as:

- Leaking roof or windows,
- Broken furnace or water heater
- Bathroom dry rot

These can be expensive and time consuming repairs. If you find you are in need of a loan to complete the repairs, you should consult with a housing counselor to discuss your options. This is especially important if you have received a low interest rate downpayment assistance second mortgage from The Washington State Housing Finance Commission. Most loans to make repairs or home improvements are considered home equity loans, or lines of credit, and the lender will require that The Washington State Housing Finance Commission's downpayment assistance second mortgage also be paid off as part of the new loan. The lender will need to be in second position with their new home equity loan, or line of credit. The Washington State Housing Finance Commission can provide a list of statewide housing counselors.

Trouble making your payment:

It may seem strange to be discussing trouble making your payment when you just closed on your new home, but it may happen. The first word of advice you will receive from a housing counselor will be to call your Master Servicer. The Master Servicer can work with you to determine if there is a work around option for your loan payments. You should consult a professional housing counselor in your area immediately and discuss your situation. In most cases, the service is free:

<http://www.wshfc.org/buyers/counseling.htm>

A Housing Counselor can help determine if you need to refinance to draw out equity in your home to pay off bills or make necessary repairs. A counselor can help determine if you may need to sell your home, if it appears you will not be able to support the current payments due to job loss, illness etc. You should not make any drastic actions or sign any documents until you get a second opinion from a professional counselor. A counselor can also help you avoid predatory lending practices if you suspect something is not what it appears to be.

There are resources listed at the back of this manual for housing counseling agencies in your area and The Washington State Housing Finance Commission can provide a list of statewide housing counselors.

Resources:

Referral Information on

Pre Purchase, Post-Purchase, Default / Foreclosure,
Reverse Mortgages, Rehabilitation, Bankruptcy, Credit Counseling & Financial
Literacy

Homeownership Information Hotline 1 – 877 – 894 – HOME (4663)

<http://www.dfi.wa.gov/consumers/homeownership/>
<http://www.wshfc.org/buyers/counseling.htm>

Agencies:

Washington State Housing Finance Commission
1000 2nd Ave #2700
Seattle, WA 98104
800-767-4336
<http://www.wshfc.org/>

Washington State Department of Financial Institutions
PO Box 41200
Olympia WA 98504-1200
360 902-8700 or 1-877-RING DFI (746-4334)
www.dfi.wa.gov

Fraud / Predatory Lending /Foreclosure Scams/ Identity Theft:

<http://www.atg.wa.gov/>
Washington State Office of the Attorney General

www.dfi.wa.gov
Washington State Department of Financial Institutions