



# HOUSE KEY PROCESSING CHECKLIST

A House Key loan is processed and underwritten in accordance with standard first mortgage guidelines. This checklist addresses House Key compliance items reviewed by the Lender during the processing of the loan. The following checklist is meant to be used as a tool only and may not be all-inclusive. Please review the House Key Program Manual.

## Purchase and Sale Agreement

- Acquisition Cost does not exceed the current Maximum Acquisition Cost (see table below)
- Acquisition Cost documented; the Acquisition Cost is defined as all amounts paid previously or in the future by the borrower or any other person(s) to or for the benefit of the seller
- Agreement fully complete, signed/dated by borrower & seller
- All Addendums to the Purchase/Sale Agreement are included

The maximum Acquisition Cost for a Single-Family Residence must not exceed the following amounts:  
 \*Please note: Loan amounts may exceed \$647,200 in high cost areas. No high balance fees apply. High balance loans for Freddie Mac HFA Advantage not permitted.

COUNTY	NON-TARGETED	TARGETED
Clark / Skamania County	\$500,000	\$550,000
Clallam County	\$360,000	\$400,000
King County Pierce County Snohomish County	\$675,000	\$750,000
San Juan County	\$425,000	\$480,000
Kitsap County	\$425,000	\$500,000
Whatcom County	\$425,000	\$500,000
Island/Skagit/Thurston Counties	\$4000,000	\$475,000
All Other Counties	\$360,000	\$400,000

**(Note: The above acquisition limits are in effect as of 02/14/2022)**

## Homebuyer Education Certificate

- Have Certificate for each borrower who will be signing the Note & Deed of Trust
- Certificate is a Commission issued Certificate, signed by the instructor
- Certificate issued within last two years

## House Key Reservation Confirmation

- Funds were reserved after the Purchase/Sale Agreement was fully accepted by borrower and seller and after all borrowers attended an approved Homebuyer Education seminar
- All loan terms consistent with reservation (loan amount, sales price, interest rate, loan type, etc.)
- Property address consistent with reservation
- Loan must be purchased within 90 days of original reservation; if this will be exceeded, have written extension from the Commission
- Funds for any House Key Downpayment Assistance or Subsidy have been reserved

### **House Key Documents Complete**

- Most current versions of forms used; see Forms Section of Program Manual at: <http://www.wshfc.org/sf/HKforms.html>
- Addendum to the Residential Loan Application (Form 15.6)
  - Signed by all borrowers
  - All signatures have been notarized
  - Page 3 included only if borrowers receive Foster Care income
- Notice to Borrowers (Form 15.7)
  - Signed by all borrowers
- Income and Household Member Disclosure (Form 15.8)
  - Signed by all borrowers
  - Page 1 is filled out completely and is consistent with 1003, tax returns, and loan reservation
  - All income indicated has been verified
- Statement of Income Tax Filing (Form 15.12), if applicable
  - Addresses years that borrower was not required to file and reason(s)
  - Signed by borrower
- Pre-Closing Compliance Checklist (Form 15.13)
  - Top portion fully complete with all current Lender contact information
  - Have all required exhibits per checklist
- If applicable, Downpayment Assistance or Subsidy Worksheets complete and signed by Underwriter and have any additional exhibits required by the particular Downpayment Assistance or Subsidy program

### **Residential Loan Application (Form 1003)**

- All terms consistent with the reservation, DU findings, and signed underwriting transmittal
- Income consistent with the reservation, DU findings, and signed underwriting transmittal
- Family size is consistent with reservation; Explain any discrepancies
- Borrower has not owned a primary residence in the last 3 years, unless purchasing in a targeted area

### **Credit Report**

- No past mortgage(s) within the last 3 years, for all borrowers.
- All borrowers has a 620 minimum credit score, unless further restrictions apply.

### **Asset Verification**

- All liquid assets are verified and updated on the Loan Application
- Liquid assets per the Downpayment Assistance or Subsidy Worksheet are consistent with the verified amounts and the updated Loan Application

### **Income Verification**

- Income calculations are complete and are within compliance income limits
- Have VOE and current paycheck stubs for all jobs currently held by the borrowers or by additional occupants
- VOE verifies start date, number of hours worked, projected date and amount of next pay increase, bonus and overtime information, hourly/monthly/yearly rate of pay and all year-to-date earnings information (Verbal VOE's are acceptable in lieu of written VOE's if the employer is willing to verbally verify all above-mentioned information)
- Have minimum of two paycheck stubs for each employed borrower or additional occupant and they are no older than 45 days
- VOE and paycheck stub provide consistent information or discrepancies have been explained
- If purchasing as Married, Separate Estate, the income of the non-purchasing spouse has been documented
- Child support and alimony income has been addressed or documented

- Income for all occupants has been addressed or documented, including occupants that will turn 18 years old within the 12 months following loan closing
- Have current income verification of all income sources, including verified cash value of all assets

#### **Automated Underwriting System (AUS) approval and underwriter's signed 1008/92900-LT/VLA**

- Under income limits
- Verify all borrowers has a minimum 620 credit score.
- Verify Total Debt To Income Ratio does not exceed 50.00%, unless other restrictions apply.
- Verify loan is Approved/Eligible with no manual downgrades.
- Verify loan amounts for the first and any second mortgages are consistent with Emphasys loan reservation, 1003 and DU findings.
- Special Feature Codes 782, 127 and 118 are used when Fannie Mae HFA Preferred, or Offering Identifier for Freddie Mac HFA Advantage.

#### **Tax Returns**

- Have signed and dated copies of complete federal income tax returns filed for the three tax years (photocopies of signatures and dates are acceptable)
  - If borrower was not required to file, have signed and completed Statement of Income Tax Filing (Form 15.12) for the applicable tax year
  - 1040 Tax Transcripts issued by the IRS are acceptable in lieu of a copy of the tax return; Tax Transcripts do **not** need to be signed and dated; if a 1040 was filed, documentation must verify that a mortgage interest deduction was not claimed
  - Unacceptable forms are:
    - E-file Tax Declaration Form 8453
    - Printouts from the tax preparer's computer
    - Printouts from Credit Bureau links to the Internal Revenue Service
- Have complete returns, with all schedules included
- All income sources disclosed on tax returns have been documented
- All dependents on tax returns match loan application and reservation or discrepancies have been explained
- Have 3 years of tax returns for non-purchasing spouse regardless of occupancy and verify spouse is a first time homebuyer.

#### **Appraisal**

- Subject property located in the state of Washington
- Have acceptable appraisal according meeting requirements of the loan type (Note: "Drive-by" appraisals are not acceptable)
- Subject property is a single family a residence containing only 1 self-sufficient unit
- Subject property does not have excess land value (the Program is generally restricted to two acres or less)
- If there is an accessory dwelling unit, verify it is not going to be used as a rental
- No more than 15% of the square footage of the home will be used for business purposes

#### **Home Inspection**

- Have paid receipt with property address and inspection date to verify home inspection complete (copy of full written report is not needed)

#### **Miscellaneous**

- Maximum Total Debt to Income Ratio is 50.00%**, unless further restrictions apply.
- Escrow holdback meets requirements of loan type.
- Subordinate Financing, other than Commission Downpayment Assistance or Subsidy programs, has been approved your underwriter and noted on the 1008 of 92900LT
- File has been approved to close by the Commission
- If using Opportunity Downpayment Assistance or Subsidy, separate income calculation is complete and within applicable program limits
- If Conventional,

- Fannie Mae is acceptable to the Commission (see Program Manual)
- Borrower has met minimum cash contribution requirements (see Program Manual)
- DU Findings do not require pricing adjustments/delivery fees, unless the product type is a standard Fannie Mae

### **Compliance Income Calculations**

*The income calculation for the purpose of determining Program loan eligibility for federal tax purposes is an entirely different process than the one used for credit underwriting.*

The income used for Program purposes is the anticipated (future) income for the 12 months following Mortgage Loan closing. The income used to qualify the Borrower(s) for credit underwriting may not exceed the income used to qualify for Program compliance. (Exception: foster care payments may be used for credit underwriting even though they are excluded for Program loan eligibility). Compliance income is the sum of: monthly gross pay; any additional income from overtime, part-time employment, bonuses, dividend, interest, royalties, pensions, IRAs, 401(k) plans, Veterans Administration (VA) compensation, net rental income, etc.; and other income (such as alimony, child support, public assistance, sick pay, social security benefits, unemployment compensation, income received from trusts, and income received from business activities or investments.) Income from all sources must be verified and included when calculating the compliance income. The income of all residents 18 years or older (related and unrelated) must be included in the calculation of compliance income and may not exceed the Program limits established by the Commission at the time of loan closing. Lenders must determine the household earnings for the "current period." The "current period" begins with the pay period prior to the date of loan application and ends at loan approval. See Chapter 3 of the Program Manual for additional information or on-line at:

<http://www.wshfc.org/sf/03eligibleborrowers.doc>

To be eligible for a Program loan, an applicant's Annualized Gross Household Income must not exceed the Program income limits at the time of loan closing:

Please see our Website for income limits.

(See Income Calculation Worksheet below)

**Income Calculation Worksheet**

	Borrower	Coborrower
<u>Base Pay</u>	\$	\$
<u>Overtime</u>	\$	\$
<u>Bonus</u>	\$	\$
<u>Commission</u>	\$	\$
<u>Other</u>	\$	\$
<u>Subtotals</u>	\$	\$

**TOTAL COMPLIANCE INCOME (ANNUALIZED):** \$ \_\_\_\_\_