

WHOLESALE BULLETIN

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19W-061

Attention: Business Development Managers & Mortgage Brokers

July 23, 2019

Please take a moment to read the important information contained in this bulletin.

Included in this Bulletin: HUD ML 2019-06 FHA Required Documentation for DPA Programs

Although there have been extensions granted to HUD ML 2019-06, lenders may still be required to ensure that the Borrower's Minimum Required Investment (MRI) comes from a permissible source and that the down payment provider meets certain documentation requirements. Once this Mortgagee Letter (ML) is in force, the following documentation must be provided for any FHA loan where the down payment assistance (DPA) funds are covering all or part of the MRI, and are being provided by a Governmental Entity:

- 1) **Jurisdiction Opinion Letter:** A legal opinion signed and dated within two years of closing, stating that the attorney has reviewed their DPA program and that the Governmental Entity is considered authorized to operate within the jurisdiction in which the Property is located, or the Governmental Entity is a Federal Home Loan Bank.
- 2) **Acceptable Source of Funds Letter from Offering Agency:** A signed letter from the Governmental Entity establishing that the funds provided towards the Borrower's MRI were funds legally belonging to the Governmental Entity and were provided in the jurisdiction in which the Property is located.

***Note:** Lakeview requires this documentation on and after July 23, 2019, regardless of any extensions granted to HUD ML 2019-06. Programs affected by Lakeview's requirement are:

- CalHFA
- Home in Five
- TSAHC
- WSHFC

The following governmental agencies have created their respective documentation requirements. Please see each agency's program matrix/overview for more details.

As a reminder, non-profits offering DPA programs cannot cover the Borrower's MRI.

Housing Finance Agency (HFA)	Documentation
Arizona Industrial Development Authority (AzIDA)	<ol style="list-style-type: none"> 1. Legal Opinion Letter - posted under the “Program Documents” tab in Lender-Online reservation system. 2. Legally Enforceable Obligation Letter - updated with the language required by ML 19-06. 3. Authorizing Legislation can be found at https://www.azleg.gov/arsDetail/?title=35/
California Housing Finance Agency (CalHFA)	<ol style="list-style-type: none"> 1. Legal Opinion Letter - CalHFA will provide on each transaction. 2. Commitment letter - generated by CalHFA. 3. Proof of receipt - CalHFA will automatically upload proof of receipt to Lakeview’s permanent file record.
Colorado Housing and Finance Authority (CHFA)	<ol style="list-style-type: none"> 1. Colorado Housing and Finance Authority Act which established CHFA, along with its governmental authority within Colorado: Part 7 of Article 4 of Title 29 of the Colorado Revised Statutes. 2. Legal Opinion Letter 3. DPA letters <p>All letters can be downloaded electronically from HomeConnectionsm once a file has been Program Compliance Approved.</p>
Golden State Finance Authority (GSFA)	TBD - if HUD does not release an announcement, GSFA will proceed with the required documents.
Phoenix and Maricopa County IDAs	<ol style="list-style-type: none"> 1. Legal Opinion Letter - posted on HIF website, lender to download and include in delivery file. 2. Commitment letter - generated by MRN/Evolve and automatically indexed in the permanent loan file at lock; lender must ensure that loan closes in agreement with lock; if anything changes, the lender must contact the Lakeview commitment desk to correct any changes to the original lock. 3. Proof of receipt - Purchase advice by Lakeview will automatically be included in permanent file record.
Nevada Housing Division (NHD)	<ol style="list-style-type: none"> 1. DPA Legal Opinion Letter - available via eHousingPlus on 7/23/19 2. DPA Legal Obligation Letter - available via eHousingPlus on 7/23/19 3. DPA Gift Letter - available via eHousingPlus on 7/23/19
Washington State Housing Finance Commission (WSHFC)	<ol style="list-style-type: none"> 1. Legal Opinion Letter - posted on WSHFC website, lender to download and include in delivery file. 2. Commitment Letter - generated by WSHFC, lender will need to include in delivery file. 3. Proof of Receipt - Purchase advice by Lakeview will automatically be included in permanent file record.
Other Programs	TBD - see program overview for details.

The guidance from HUD also indicates the letter must make clear that the provision of the DPA is not contingent upon any future transfer of the insured 1st Mortgage. Many of the Governmental DPA providers require the origination of their first mortgage be sold to a Master Servicer in order to obtain the DPA therefore, there is continued industry discussion on the intention of this guidance. More to come. MWF will keep you updated as we hear more guidance.

DPA programs without the required documentation cannot cover the Borrower’s MRI for a FHA first mortgage.

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