



HomeOwnership Announcement

February 13, 2023

Update on Credit Reports and ADU's

MassHousing has expanded our guidelines for Credit Reports and added Accessory Dwelling Units (ADU's) to our property types for specific products. We have updated our [Broker Guide](#) as follows:

Credit

***Credit vendor-** Broker must use a credit report with a vendor that does not require a signed agreement by MHFA to reissue AUS findings. The credit report must also contain the industry standard requirement of an OFAC, SS89 and address any alert checks.

***Credit report cost and soft credit fees-** At the time of loan registration, Brokers must supply the credit report and soft credit fees for upfront disclosures. Any subsequent fees or invoices incurred must be provided 10 days prior to the initial CD.

ADU's - now allowed on the following products:

Conventional

Product 1002- FNMA HFA Preferred above 80

Product 2002- FHLMC HFA Advantage above 80

Product 1001- FNMA HFA Preferred up to 80

Product 2001- FHLMC HFA Advantage up to 80

Underwriting Considerations for ADU's:

- **# Of Units:** FHLMC allows for one ADU on 2- and 3-unit properties, while FNMA only allows ADU's on 1-unit dwellings.
- **Rental income:** generated from an ADU on a subject 1-unit Primary Residence to be considered when qualifying a borrower for a purchase or a "no cash-out" refinance, provided the requirements in FHLMC's Selling Guide are met. FNMA requirements however state that a borrower must qualify for the mortgage without considering any rental income from the ADU.

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Should you have any questions, please email HOwholesale@masshousing.com or call 888-843-6432 option 1, 4, or contact your Relationship Manager