



# HomeOwnership Announcement

April 18, 2023

## Removal of Underwriting Overlay and Clarification on QM Exempt Loans

MassHousing is updating our Broker Guide effective immediately to include:

- Removal of MassHousing overlay on the payoff of collections accounts.
- Origination of QM Exempt first mortgage in conjunction with MassHousing DPA loan or grant.

### Removal of Underwriting Overlay

To simplify our loan requirements and assist more borrowers by reducing the cost of the mortgage transaction, MassHousing has updated Section 3 of our Broker Guide by removing our underwriting overlay that required “Collection accounts more than \$1,000 to be paid off prior to closing.” Brokers will continue to follow the guidance of the AUS and respective selling guide of the GSE or FHA Handbook.

### Origination of QM Exempt Loans

MassHousing has updated Section 6 of our Broker Guide to allow for our QM Exemption to the Regulation Z Ability to Repay Rule **when a MassHousing first mortgage loan is coupled with a MassHousing funded Downpayment Assistance loan (“DPA”) or grant.**

MassHousing will fund QM Exempt Loans if such loans meet all other eligibility and underwriting requirements described in the Broker Guide. However, **MassHousing will NOT fund High-Cost Mortgage loans, even if combined with a MassHousing funded DPA loan or grant.**



For QM Exempt loans, MassHousing will permit:

Points and Fees (as calculated under Reg. Z 1026.32)	Up to 5% of the total loan amount
APR-APOR Spread	Maximum APR-APOR spread of 6.5%

Please note: that a QM Exempt loan, which is a HPML, must comply with the Regulation Z requirements for higher-priced mortgage loans.

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

