

# Conventional No MI

## Program Guidelines



### Fannie Mae only (Freddie Mac not eligible)

<b>What is Virginia Housing's Conventional No MI program?</b>	Virginia Housing's Conventional No MI program is a conventional first mortgage offered both to first-time homebuyers and repeat homebuyers with no mortgage insurance (MI) up to 97% LTV. The loan is securitized by Fannie Mae (not Freddie Mac) via a mortgage-backed security (MBS). The interest rate for the Conventional No MI program may vary compared to the Conventional and Conventional Bond programs. Requirements of this securitized non-bond program are listed below.
<b>Loan Term</b>	30 year fixed rate only.
<b>Maximum Lender Compensation</b>	2.50% including SRP plus common and customary ancillary fees.
<b>Loan-to-Value (LTV)</b>	Maximum 97% LTV based on the lower of the sales price / appraised value. Minimum 80.01% LTV. *The Originating Lender is responsible for ensuring the Community Second is acceptable to Fannie Mae. Refer to Fannie Mae's Community Seconds Checklist to assist in evaluating the Community Second program, which can be used in lieu of Virginia Housing's <a href="#">Exhibit LL</a> .
<b>Mortgage Insurance</b>	No MI required up to maximum 97% LTV.
<b>MCC Eligible</b>	No. The last day to lock a loan with an MCC was April 28, 2023.
<b>SPARC Eligible</b>	<a href="#">Yes</a> (first-time homebuyer purchase only) in accordance with SPARC guidelines.
<b>Plus Second Mortgage Eligible</b>	<a href="#">Yes</a> (first-time homebuyer purchase only) in accordance with Plus Second Mortgage guidelines.
<b>DPA Grant Eligible</b>	<a href="#">Yes</a> (first-time homebuyer purchase only), in accordance with DPA Grant guidelines.
<b>CCA Grant Eligible</b>	No.



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**First-time Homebuyer**

No requirement if not originated with the DPA Grant or Plus Second Mortgage. Borrowers can own a maximum of 2 financed properties per Fannie Mae requirements.

If originated with a DPA Grant or Plus Second Mortgage the following also applies: All borrowers must be a first-time homebuyer (unless in a targeted area).

- Borrowers are considered a first-time homebuyer if they have not owned and occupied a primary residence in the last 3 years.

Acceptable documentation to evidence first-time homebuyer:

- The fully executed Programs Disclosure and Borrower Affidavit (Exhibit E) signed by all borrowers;
- A completed Uniform Residential Loan Application (URLA); and
- The credit report.

Note: If unable to confirm from the Exhibit E, the URLA, or the credit report all borrowers are a first-time homebuyer, additional documentation may be required, such as:

- Three years' federal tax returns / tax transcripts
- Rent verification(s)
- Other reports such as a Lender Data Integrity Report (Examples: Drive Report, FraudGuard, Loansafe)

**Income Limits**

Income Limit Type:	Conventional No MI only	With Plus Second Mortgage	With DPA Grant
Standard limits	Standard limits	Standard limits	Lower limits
Who to include:	All borrowers	All borrowers	All household members
What income to include:	Eligible qualifying income	All income of all borrowers*	All household member income*

[Click here](#) to see Virginia Housing's income limits.

Notes:

- See [Origination Guide](#) for more information on how to calculate household income, what income types must be included, and what may be excluded. See below for details on where income must be stated on the Programs Disclosure and Borrower Affidavit.
- Higher income limits may apply if the property is located in a targeted area, however these higher income limits do not apply when the loan is originated with a DPA Grant.

**Sales Price / Acquisition Cost Limits**

No maximum sales price / acquisition cost unless originated with the DPA Grant or Plus Second Mortgage. If originated with the DPA Grant or Plus Second Mortgage the following applies:

- [Virginia Housing's Standard Sales Price / Loan Limits](#) apply (even when the standard conforming loan limit is higher).
- The limit applies to the highest of the gross loan amount(s), sales price, and acquisition cost.
- The gross loan amount of the first mortgage (including any financed mortgage insurance premium, when applicable) and second mortgage combined (plus any additional subordinate financing), if applicable, cannot exceed the [Virginia Housing's Standard Sales Price / Loan Limits](#).
- Higher sales price limits may apply if the property is located in a targeted area.

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<b>Maximum Loan Amount</b>	<p>Maximum loan amount is the standard conforming loan limit.</p> <ul style="list-style-type: none"> <li>• High-cost area limits do not apply.</li> </ul> <p><u>Note:</u> The standard conforming loan limit applies even when <a href="#">Virginia Housing Sales Price / Loan Limits</a> are higher.</p>
<b>Eligible Purpose</b>	<p>Primary residence purchase / Limited cash out refinance.</p> <p><u>Note:</u> The Plus Second Mortgage is not eligible for refinance and is not eligible for Virginia Automatic Subordination if the first mortgage is refinanced. The <a href="#">Request for Plus Second Mortgage Subordination</a> form must be submitted to Virginia Housing Servicing for subordination consideration.</p>
<b>Residency</b>	<p>U.S. Citizen, Permanent Resident Alien, or Non-Permanent Resident Alien that meets Fannie Mae guidelines.</p>
<b>Programs Disclosure and Borrower Affidavit (Exhibit E)</b>	<p>Pages 1 – 2 must be completed and signed (even if no DPA Grant or Plus Second Mortgage) for purchase transactions.</p> <p>Pages 3 – 4 must also be completed and signed if used with the DPA Grant or Plus Second Mortgage.</p> <ul style="list-style-type: none"> <li>• Income from all borrowers must be included on page 4 of the Exhibit E if used with the Plus Second Mortgage.</li> <li>• Income from all household members must be included on page 4 if used with DPA Grant.</li> </ul>
<b>Seller Affidavit (Exhibit F)</b>	<p>Required if originated with the DPA Grant or Plus Second Mortgage.</p>
<b>Originating Lender’s Submission Cover Letter (Exhibit O)</b>	<p>Required if originated with the DPA Grant or Plus Second Mortgage.</p>
<b>Recapture</b>	<p>Loan is not subject to recapture.</p>
<b>Homebuyer Education</b>	<p>Required for one of all borrowers that are first-time homebuyers.</p> <p>If originated with the DPA Grant or Plus Second Mortgage:</p> <ul style="list-style-type: none"> <li>• Required for all first-time homebuyers.</li> </ul> <p>Complete Virginia Housing course, <a href="#">HUD Approved Counseling Agency</a> course, Fannie Mae Framework, or Freddie Mac CreditSmart course prior to approval. Fannie Mae’s Homeview course is not acceptable.</p> <p>Homebuyer Education Certificate is valid for 2 years.</p>
<b>Tax Transcripts</b>	<p>Tax transcripts are required in addition to required income documentation for all borrowers and is dependent on qualifying income type(s) and number of years required per DU (i.e. W2 transcripts, 1099 transcripts, etc.) in addition to an executed 4506-C. If all of the borrower’s income is validated by the DU validation service, tax transcripts are not required.</p>

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<p><b>Business Use of Home</b></p>	<p>Not applicable unless originated with the DPA Grant or Plus Second Mortgage.</p> <p>If originated with the DPA Grant or Plus Second Mortgage, no more than 15% of the financed dwelling may be used primarily in a trade or business. The borrowers must fully execute the <a href="#">Business Use of Home Certification</a> if the borrower has disclosed that a part of the current residence is being used primarily for a trade or business or if there is any other evidence in the file, such as:</p> <ul style="list-style-type: none"> <li>• The employment business address is the same as the borrower’s current residence address and/or the borrower has marked yes for mixed-use property on the URLA, or</li> <li>• Federal tax returns are provided and show the “business in home” deduction was taken (Typically this shows on Schedule C, line 30).</li> </ul> <p>The <a href="#">Business Use of Home Certification</a> certifies that not more than 15% of the total living area of the subject property will be used primarily in a trade or business. If greater than 15% will be used in the subject dwelling then the borrower is not eligible.</p>
<p><b>Maximum Net Worth</b></p>	<p>Not applicable.</p> <p>If originated with the DPA Grant or Plus Second Mortgage then cannot exceed 50% of sales price (See <a href="#">Origination Guide</a> for details).</p>
<p><b>Automated Underwriting System (AUS) / Manual Underwrites</b></p>	<p>Desktop Underwriter Approve Ineligible <u>only</u> (Manual Underwrite not allowed). There are two acceptable DU ineligibility reasons: HFA Preferred Risk Share loans are no longer eligible and qualifying income exceeds Fannie Mae’s 80% AMI limits. It is acceptable to proceed using the No MI program as long as these are the only reasons for the ineligibility.</p> <p>See below under Reserves / Acceptable Funds to Close for how subordinate financing is captured in DU.</p> <p>Community Lending Program in DU must be “HFA Preferred Risk Sharing” (Not “HFA Preferred” or “Home Ready”).</p>
<p><b>Minimum Credit Score</b></p>	<p>660 (no exceptions) for all borrowers.*</p> <p>If originated with the Plus Second Mortgage:</p> <ul style="list-style-type: none"> <li>• 660-679 required for 3% LTV on second,</li> <li>• 680 required for 4.5% LTV on second for all borrowers.</li> <li>• If at least one borrower has no credit score (and the other has a 660 or higher credit score) then the maximum LTV for the Plus Second Mortgage is 3%.</li> </ul> <p>*If at least one borrower has no credit score and the other borrower has a credit score (minimum 660), this is acceptable as long as all Fannie Mae requirements are met and AUS decision is an Approve / Accept Eligible. If no borrower(s) has a credit score then this is not allowed.</p>
<p><b>Maximum DTI</b></p>	<p>50%</p>
<p><b>Non-Occupant Co-Borrowers</b></p>	<p>Not allowed.</p>
<p><b>Ineligible Qualifying Income</b></p>	<ul style="list-style-type: none"> <li>• Boarder Income</li> <li>• Non-Borrower Household Income</li> <li>• Accessory Unit Income</li> </ul>

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<p><b>Foreclosures / Deed in Lieu / Short Sales</b></p>	<p>Follow Fannie Mae waiting period requirements.</p>
<p><b>Collections / Judgments</b></p>	<p>Follow Fannie Mae requirements for collections and judgments.</p>
<p><b>Minimum Borrower Contribution</b></p>	<p>None.</p>
<p><b>Reserves / Acceptable Funds to Close</b></p>	<p>Follow Fannie Mae / DU requirements for reserves. Follow Fannie Mae requirements for flexible funds to close (including a gift) / no cash on hand. <u>Note:</u> When using other acceptable non-Virginia Housing down payment assistance in the form of a Community Second, the Originating Lender must enter the amount of the Community Second in the Subordinate Financing field of DU per Fannie Mae requirements (not input as a gift). When using a Plus Second Mortgage it must also be entered as a Community Second with a monthly payment included to qualify (not input as a gift).</p>
<p><b>Interested Party Contributions</b></p>	<p>Follow Fannie Mae requirements for interested party contributions.</p>
<p><b>Property</b></p>	<ul style="list-style-type: none"> <li>• Single family (1 unit) detached, attached, applicable GSE approved condominium (Originating Lender to certify condo approval and provide documentation).</li> <li>• Manufactured homes are not allowed.</li> <li>• Appraisal waivers are not permitted.</li> <li>• Property must be located in Virginia.</li> <li>• Include UCDP SSR (See below for additional requirements).</li> </ul> <p><b>Acreage:</b></p> <ul style="list-style-type: none"> <li>• Almost all Virginia Housing programs have an acreage limitation, however there is not an acreage limitation on Virginia Housing conventional financing unless it is originated with a DPA Grant or Plus Second Mortgage. Follow the applicable GSE and/or insurer's requirements and if originated with a DPA Grant or Plus Second Mortgage, see below. See below if it is originated with any of these, otherwise follow the applicable GSE and/or insurer's requirements.</li> <li>• If originated with a DPA Grant or Plus Second Mortgage:             <ul style="list-style-type: none"> <li>• Exceptions are considered &gt; 2 up to 10 acres. The Originating Lender's underwriter may review and render a decision on the acreage exception. See the <a href="#">Origination Guide</a> for additional requirements and criteria.</li> </ul> </li> </ul>
<p><b>UCDP / Collateral Underwriter</b></p>	<p>UCDP CU Risk Score of 4.00 and higher requires documentation to support identified risk. Appraisal must be shared using Fannie Mae's UCDP when the loan is submitted to Virginia Housing for purchase. Virginia Housing's Aggregator ID for this function is CRW157.</p>

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<b>Unfinished Area</b>	Not applicable unless originated with the DPA Grant or Plus Second Mortgage: In this case the cost to complete unfinished areas that are suitable to finish in the property must be included in the acquisition cost on the <a href="#">Exhibit E</a> / <a href="#">Exhibit F</a> (Examples: Unfinished basement, lower level of a tri-level, etc.). See the <a href="#">Origination Guide</a> for more information.
<b>Post-Closing Repairs</b>	Escrows for post-closing repairs considered case by case as an exception. The Originating Lender's underwriter must review and render a decision on the exception. See the <a href="#">Origination Guide</a> for additional requirements and criteria. No structural or major mechanical repairs allowed.
<b>General Guidelines</b>	Unless otherwise noted follow Fannie Mae Home Ready (with program overlays).



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## Procedures



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<b>Lock-In</b>	Loans locked on Virginia Housing's LOS – <a href="#">Mortgage Cadence</a> – Select <b>C30F_CONV_NO_MI</b> . Different pricing available for this Conventional No MI product than the regular Conventional and Conventional Bond products. Follow steps outlined in the <a href="#">Mortgage Cadence User Guide</a> for registering and locking.
<b>LLPAs</b>	Loan Level Price Adjustments (LLPAs) do not apply at this time for the Conventional No MI program.
<b>Origination</b>	Loan originated in accordance with program guidelines, Fannie Mae guidelines, and AUS findings (Recommend running AUS as soon as possible).
<b>Lender Delegated Underwriting Availability</b>	Delegated underwriting is available to all approved Virginia Housing delegated lenders. Lender's underwriter assumes full responsibility for compliance with Fannie Mae underwriting requirements. Lenders can contact their Business Development Officer for questions / concerns about delegation.
<b>Underwriting</b>	Loans underwritten in accordance with program guidelines, Fannie Mae guidelines, and DU findings. Non-Delegated Lenders must submit to Virginia Housing prior to closing – must use the <a href="#">Underwriting Submission Checklist</a> . Community Lending Program in DU must be correct (see Automated Underwriting System (AUS) / Manual Underwrites section above) Follow steps outlined in the <a href="#">Mortgage Cadence User Guide</a> for submitting a Non-Delegated loan to Virginia Housing Underwriting or submitting for Delegated Approval. Data accuracy is critical.
<b>Closing</b>	Loans close in accordance with standard Fannie Mae guidelines. Loan must be closed in the name of the lender, registered in MERS with MERS compliant documents.
<b>UCD</b>	Originating lender must upload the UCD file directly to Fannie Mae and provide the casefile ID and Findings Report.
<b>Documents</b>	Final AUS, URLA, and the Transmittal must match (standard Fannie Mae tolerances allowed).
<b>Funding</b>	Originating lender will fund the first mortgage at closing.
<b>Points and Fees</b>	Virginia Housing is exempt from ATR (Ability to Repay) so a maximum of 3% points and fees does not apply, however the maximum points and fees for all Virginia Housing Conventional loans is 5%.
<b>Delivery</b>	Loans must be submitted to Virginia Housing within 10 calendar days of closing (disbursement for refinances). Follow steps outlined in the <a href="#">Mortgage Cadence User Guide</a> available on Virginia Housing's website for submitting a closed loan package. Documents must be uploaded using the <a href="#">Loan Stacking Form</a> .



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**Pre-Purchase Review**

Loans reviewed by Virginia Housing prior to purchase. If errors noted, Virginia Housing will contact lender – this may require rerun of AUS.

**Post-Closing**

Standard post-closing documents must be submitted to Virginia Housing.

**Important:** Refer to the [Origination Guide](#) for more information about Virginia Housing eligibility requirements.

The information contained herein (including but not limited to any description of Virginia Housing and its lending programs and products, eligibility criteria, interest rates, fees and all other loan terms) is subject to change without notice.

