



Via Email

Date: January 9, 2017

To: Participating Lenders/Serviceers

**Re: SMART SOLUTION PROGRAM BULLETIN #5
Update on Late Deliveries**

This bulletin serves to notify participating SS Lenders that MHC has added procedures concerning loans that are submitted for funding that are 100 days from the reservation. See page 8 attached. The SS Manual found online has been updated.

- (a) Prior approval of MHC is required to close the loan.
2. Late Delivery
- (a) Loans that are not delivered in fundable format within 10 days of the reservation expiration will not be paid per-diem interest from the 10th day until the funding date.
 - (b) **Loans that are not delivered in fundable format within 60 days from the reservation date expiration will be charged a late delivery penalty of .25%.**
 - (c) **Loans that are delivered in a fundable format more than 100 days from the date of the reservation will be purchased on a best-efforts basis at worst-case pricing and will be charged the late-delivery penalty of .25% for having missed the initial 60 day delivery deadline. Effective 1/16/2017.**
 - (d) Late delivery penalties will be netted from the loan funding proceeds.
3. Definitions
- (a) **Worst-case pricing: The higher of either the original lock rate or the currently offered rate at the time of the request or at the time of the funding, if no request is made. Alternatively, if the rate cannot be changed, the lower of either the original lock price or current market price as determined by MHC at the time of the request or at the time of the funding, if no request is made.**
 - (b) Days: All references to days shall be calendar days.
- A. *Cancellation of Reservation.* If it is determined that the proposed mortgagor does not qualify for the program, the reservation must be canceled. If MHC determines that a mortgage loan application was taken by Lender after the date the Lender submitted its request for Reservation of Funds, the reservation will be canceled. Any reservation fee previously paid, if applicable, is non-refundable and Lender may be subject to Restrictive Reservation Authority by MHC.
- Written notification must be sent to MHC immediately if it is determined that the mortgagors do not meet Smart Solution Program guidelines.
- Lenders who repeatedly make Smart Solution reservations, but fail to follow through with the loan process may be expelled from the program.
- B. *Transfer of Reservation.* MHC will allow a transfer of any Reservation of Funds from one approved lender to another, with MHC approval.

SECTION VI—LOAN PROCESSING & UNDERWRITING PROCEDURES

- A. *Request for Conditional Commitment Package.* The Lender performs the customary verifications for loan underwriting as required by the Origination and Sale Agreement. The Originator completes the remainder of the mortgage application process and sends to MHC the Request for Conditional Commitment Package as stated on the Transmittal Checklist (Step 2). Upon receipt of the required documentation, the package is placed in a first-come, first served order and processed within 72 hours (three business days) beginning the next business day.
- Delegated Examiners only:** The Lender completes the remainder of the mortgage application process and sends to the Delegated Examiner the Request for Conditional Commitment Package as stated on the Delegated Examiner's Transmittal Checklist (Step 2). Upon receipt of the required documentation, the Delegated Examiner will review the package and make a compliance determination. The Delegated Examiner will e-mail a decision to compliance@mhc.com using the Delegated Conditional Commitment form.
- B. *Request for Conditional Commitment.* The Request for Conditional Commitment package and the reservation package will be compared at the time the Request for Conditional Commitment package is received.
- Delegated Examiners only:** The Request for Delegated Conditional Commitment package and a copy of the reservation package will be compared by the Delegated Examiner at the time the Request for Delegated Conditional Commitment package is received by the Delegated Examiner.