LENDER NOTICE

January 10, 2019—Update to the Document Requirements for Non-Borrower Owners

In response to lender feedback, we are updating our document requirement for non-borrower owners. We appreciate your feedback as we continue to strive to make the process clearer and streamlined.

Here is the one definition you need to understand the policy. “Non-Borrower Owner” means a person who is not on the note (no liability under note) but who is an owner or has other rights in the property (ownership rights and/or homestead rights). Some in the industry call this a “title-only borrower.”

Current Requirements: Currently, New Hampshire Housing allows loans with Non-Borrower Owners, provided the loan fully complies with requirements of the agency and insurer. To clarify the roles of the parties to the mortgage and to alleviate servicing/legal concerns, we have required that the mortgage include an annotation that describes when a person is a Non-Borrower Owner.

Updated Requirements: Based on lender feedback, we have reviewed the requirements with our servicing staff, our attorneys and our document custodian and make the following updates.

Effective immediately, when a loan includes a Non-Borrower Owner, the mortgage shall include a provision that makes clear that the Non-Borrower Owner, by signing the mortgage, is releasing all of their property rights to the mortgagee.

For example, the NEW HAMPSHIRE--Single Family--Fannie Mae/Freddie Mac UNIFORM INSTRUMENT, Form 3030, includes the following paragraph, which meets New Hampshire Housing’s requirements.

24. Releases. Borrower, and Borrower’s Spouse, if any, release all rights of homestead in the Property and release all rights of courtesy and other interests in the Property.

PLEASE NOTE: Some other form mortgages show this as paragraph 26 with the heading “Waivers.” That version is acceptable as well.
If the form mortgage does not include the required language, then the mortgage must be annotated to specifically state: Borrower, and Borrower’s Spouse, if any, release all rights of homestead in the Property and release all rights of courtesy and other interests in the Property.

Please see attached changes to Section 6.3.2 of the Selling Guide (also attached).

New Hampshire Housing will hold funding on mortgages that do not comply with these requirements.

If you have any questions or concerns, please contact Michael Chadbourne at 603-310-9247 or at mchadbourne@nhhfa.org.

Thank you,
New Hampshire Housing Homeownership Team