

Orange County Housing Finance Authority



2014 Single Family Program

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Revised 2-4-15

Revisions are on Page 3

Administrator's Guidelines



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UPDATES

Date	Topic (effective immediately unless otherwise noted)	Page
12-10-14	Funding of Assistance; Clarified Non-Target and Targeted Income and Sales Price Limits Revised Administrator Fee Program Forms - added Lender Commitment Letter	6,11,12 8 14 20
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ORANGE COUNTY HFA TEAM



Orange County HFA

Issues the bonds *up to \$50 million in 2010", creates the first mortgage and down payment assistance second mortgage program, sets the rate, term and points, assists with funding financing and markets the program.

Participating Lenders

Take applications, reserve in their own systems, process, underwrite, approve, fund, close and sell qualified loans to the program. Check with your company on how to reserve a bond loan rate in your own system so that you have funds available for closing. Lenders are responsible for servicing first second program loans in accordance with Fannie Mae, Freddie Mac and GNMA requirements until they're purchased by the Master Servicer.

U S Bank Master Servicer

Provides information on acceptable loan products and delivery and funding, receives all mortgage files, reviews mortgage files, notifies lenders of mortgage file exceptions, approves mortgage files, purchases first and second mortgage loans.

US Bank, National Association Trustee

This is a different US Bank division that is providing the service of wiring EPCHA funds for down payment/closing cost assistance to each closing. Please **do not** contact US Bank in Ohio regarding the wiring of these funds. Follow instructions on the DPA Funding Request Form provided in the eHousingPlus system behind security.

Program Administration

Maintains the program reservation system, websites, and posts guides, forms, training materials, provides training on compliance issues and system, answers bond compliance questions, receives compliance files, reviews, posts and notifies of exceptions and approves compliance file.

PROGRAM PRODUCTS

THE FIRST MORTGAGE

First mortgage rates may change during the course of the program. The Authority will announce changes in the rates at least one business day prior to the change. Once loans are reserved they retain the rate as long as the loan meets the timeline. Loans that fail to meet the timeline CANNOT be reserved again at a new rate.

30-Year Fixed Rate Loan – The borrower receives a 30-year, fixed rate, fully amortizing first mortgage loan with 360 level monthly payments. Loans may be FHA, VA or USDA:RD insured/guaranteed. Loan has 1.00% Origination and Zero Discount. Lenders cannot charge any additional points.

DOWN PAYMENT/CLOSING COST ASSISTANCE SECOND MORTGAGE

Orange County HFA is making available a 30 year, 0% deferred mortgage loan of up to \$7,500 to all buyers in participating counties.

Borrower Income and Sales Price Restrictions The household income limits and sales price limits are the bond program limits.

Use of Second Mortgage Loan Proceeds Funds may be used for down payment, closing costs, and reimbursement of pre-pays and earnest money deposit to the extent any minimum contribution has been satisfied and that the reimbursement is permitted by Agency guidelines. There is no “cash-back” to the borrower.

Owner Occupancy Requirement The borrower receiving Down Payment Assistance Loan must occupy the residence for the term of the loan or until the loan is satisfied.

Loan Term This is a 30 year deferred loan.

Interest Rate 0%

Loan Amount Maximum: \$7,500

Federal, State and Local Laws and Requirements - Both first and second loans in this program must conform to all federal, state and local laws and requirements.

Origination and Discount Fees No commitment, origination or discount points/fees will be charged on the second mortgage.

Mortgages and Notes: Only the pre-printed mortgages and notes found on the website may be used.

Hazard and Title Insurance Requirements The hazard insurance policy, when issued, must name the Orange County Housing Finance Authority as an insured second mortgagee. The mortgage title insurance policy, when issued, must include the second mortgage as a valid lien against the property subordinate only to the first mortgage.

Recordation Requirements The first and second mortgages must be recorded in the following order: First Mortgage, Assignment of First Mortgage;
Second Mortgage (**Marital Status must be noted for all borrowers**)

Funding of Mortgage Loans REV 12-10-14 FOR LOANS RESERVED PRIOR TO DECEMBER 10, 2014: HFA advances the funds to closing. A full explanation is provided in this Guide under the heading "About the Process Summary" that is 3 pages of information about the entire process. FOR LOANS RESERVED DECEMBER 10, 2014 AND AFTER: Lenders fund the second mortgage and are reimbursed by USBank at time first mortgage is purchased.

Assumption The second mortgage loan is not assumable.

Prepayment The second mortgage loan may be prepaid at any time without penalty.

Mortgagee The Mortgagee is the Orange County Housing Finance Authority as preprinted in the Note and Mortgage and, therefore, an Assignment is not required.

Recapture The second mortgage loan is not subject to the Recapture Provision that is applicable to the first mortgage "bond" loan.

Documentary Stamp Tax/Intangible Tax The second mortgage and note are exempt from Florida Documentary Stamp and Intangible Tax. The deed is not exempt. Tax on the deed must be paid by someone other than the borrower, the borrower's funds or the second mortgage proceeds.

OTHER SUBORDINATE FINANCING

Financing from other area local governments is encouraged. Lenders should make borrowers aware of all available down payment assistance options. The use of a subsidy provided by another institution or group in addition to the Down Payment Assistance Program offered by the HFA must be subordinate to the HFA second and must take a third position. The Orange County HFA second mortgage loan will not be subordinate to any additional financing,

ABOUT WHO AND WHAT QUALIFIES

Eligible Area:

Orange, Lake, Osceola, Seminole counties

Eligible Borrowers:

- Buyers and their spouses (occupant and non-occupant) must be first-time buyers and must be able to permanently reside in the US.
- Work visas, student visas, any temporary visas do not qualify.
- Those with permanent asylum do qualify and should provide an I-9.
- Buyers must live in the property they purchase as their principal residence.
- All applicants must be considered irrespective of age, race, color, religion, national origin, sex, marital status, military status or physical handicap.
- Buyers must occupy the property purchased within 60 days of closing.
- The past three years federal income tax returns are required for all borrowers and spouses but are NOT required for Targeted Area buyers or those meeting Veteran's Exception.

Veterans Exception

For the Veterans Exception, "veteran" is defined as "a person who served in the active military, naval, or air service, and who was discharged or released therefrom under conditions other than dishonorable." The Mortgagor Affidavit has a checkbox that states: "Mortgagor(Comortgagor) meets the requirements to qualify as a "veteran" as defined in 38 U.S.C. Section 101 and has not previously obtained a loan financed by single family mortgage revenue bonds utilizing the exception to the first-time homebuyer requirement for Residences to Veterans under Section 143(d)(2)(D). Attached hereto are true and correct copies of my discharge or release papers, which demonstrate that such discharge or release was other than dishonorable.

Minimum Credit Score

Buyers must have a minimum FICO credit score of 640 (the mid score must be the minimum or above). If an Agency (FHA, VA, etc) has a higher minimum, follow Agency guidelines. If a participating lender has a higher minimum for other loans and wishes to require a higher minimum for bond loans, then lenders must use the higher minimum. For home buyers with no FICO score, manual underwriting shall be permitted but only under those circumstances

Maximum Debt to Income Ratio

Maximum Debt to Income Ratio (DTI) is 45%.

Homebuyer Education -Homebuyers and everyone on the Warranty Deed must take homebuyer education from a HUD approved provider. This includes the online course provided by eHomeAmerica. Buyers may visit the web page: www.ehomeamerica.org These courses are now provided by local non-profits. such as Tampa Bay CDC. The course is 6-8 hours, and is self paced. There are questions following each segment and a quiz at the end. The Homebuyer Ed Certificate prints out. There is a cost for the course and after registering borrowers are prompted to pay. A list of qualified HUD approved face to face courses appears on the website. Certificates are acceptable for 2 years from date of completion.

HOUSEHOLD INCOME LIMITS

Include income of borrower(s) and spouse (occupants and non- occupants) and any person who will live in the household who is 18 years of age or older. Bond program income is not averaged. It is annualized. That's different from income used for credit underwriting. More detailed guidelines for calculating bond program income are in the Bond Compliance Underwriting section included in this Guide.

The Household Income Limits are as follows— Clarification 12-10-14

Non-Targeted: 1-2 person households: \$66,668 3 or more person households: \$76,668

Targeted: 1-2 person households: \$67,680 3 or more person households: \$78,960

ACQUISITION LIMITS (PURCHASE PRICE/SALES PRICE LIMITS) Clarification 12-10-14

Bond program refers to Acquisition Limits - in most cases this is the Sales Price and is never FHA Acquisition limits. This must include everything paid by the buyer or on the buyer's behalf with the exceptions of Agency permitted, if any, seller contributions, financing costs, gifts.

Non-Targeted: \$268,875 Targeted: \$328,625

Targeted Areas: Non first-time homebuyers may use the program to purchase a residence in one of the designated Targeted Areas as long as they live in the property. In addition, the higher Targeted Area income and purchase price limits apply in these counties.

Targeted Areas are defined as the following census tracts in

Lake 0305.03

Orange 0104.00, 0105.00, 0116.00, 0117.02, 0120.00, 0124.01, 0135.03, 0145.02, 0145.03, 0150.01, 0165.10, 0169.07, 0185.00, 0187.00

Osceola 0419.00, 0422.00, 0432.01

Seminole 0204.01, 0205.00, 0220.01

Get free census tract information and maps at <http://www.ffiec.gov/Geocode/default.aspx>

About the Property

- New or existing, one to four units, detached or attached, condos, townhomes, manufactured homes that meet servicer/insurer/guarantor requirements.
- Homes are considered new if never previously occupied.
- Mobile, recreational, seasonal or other types of vacation or non-permanent homes are not permitted.
- Land may not exceed the size required to maintain basic livability.
- Properties purchased in the program must be residential units.
- No more than 15% of the square footage of the home being purchased may be used in connection with a trade or business including Child Care services (other than incidental rental from eligible multi-unit structures).

ABOUT THE FINANCING

It's expected that lenders have reviewed some preliminary documentation and believe that applicants will also qualify for credit. Excessive cancellations will be reviewed to assure that allocation is not being utilized inappropriately.

- Appraisal must indicate that the home has at least a 30 year remaining useful life.
- Assumptions - First mortgage loans may be assumed by a qualified borrower meeting qualifying requirements, income and acquisition price restrictions in place at the time of the assumption. Such loans must continue to fully comply and be insured or guaranteed by the insurer/guarantor or the mortgage insurer.
- Buydowns and Construction to perm are not permitted.
- Cosigners are permitted for FHA loans under very specific conditions. Follow FHA guidelines for credit purposes only. Treat cosigner credit/income as directed by FHA. Cosigners are allowable in an FHA transaction when meeting the following conditions (1) a cosigner cannot have any ownership interest in the property (they cannot be on the Mortgage/Deed) and (2) the cosigner cannot reside in the property being purchased. A cosigner's income is not considered for bond program purposes, tax returns are not required and cosigners do not sign any bond documents.
- Minimum Loan Amount - There is no minimum loan amount in this program.
- Prepayments - The first and second mortgages may be prepaid at any time without penalty.
- Recapture Tax - The conditions of repayment of the federal subsidy of these loans is explained in a separate brochure provided on the Website. Basically, if the property is disposed of in the first full nine years AND a net profit is made AND the borrowers income exceeds the income limits allowed at time of sale, recapture tax may have to be paid with the federal income tax return for the year in which the home is sold.
- Refinances are not permitted. However, temporary, construction or bridge financing with a term of 2 years or less may be taken out with a bond program loan.

ABOUT THE PROCESS SUMMARY

TRAIN

Lender training provided by the Servicer and Administrator. For new personnel training, contact sue@ehousing.cc.

QUALIFY

Lenders qualify applicants for the bond program. Lenders may pre-qualify and complete application process in their own internal systems using their internal codes. For the bond program, buyers must present an executed sales agreement before being entered into the program reservation system.

RESERVE

To reserve funds in program's online system go to <http://www.ehousingplus.com/available-programs/florida/orange-county-hfa-2010-bond-program/> Click on: Lender/Program Portal.

DISCLOSE

Lenders have borrowers sign the Notices to Buyers. To their copy attach a Recapture Brochure. That's all for the extra paperwork upfront. But it has to be signed upfront because it's the disclosure for the bond program.

JUSTIFY

Lenders process the loan normally and consider bond requirements - Notices to Buyers has been signed and ORIGINAL retained for compliance file. Remember lock only extended with Underwriter Certification or cancels.

UNDERWRITE AND CERTIFY

Lenders underwrite and are responsible for credit decisions of the loans in the program. Servicer does not re-underwrite loans. Following credit approval, Underwriter completes the online Underwriter Certification found within the eHousingPlus Lender Portal.

CLOSE AND VERIFY

It's important to provide accurate closing instructions to closing agents. All program docs must be returned to the lender. A list of all of the program closing forms may be found on page 20 of this guide.

SHIP / SUBMIT

Following closing a Compliance File will be shipped to eHousingPlus. And the Mortgage File including credit package will be shipped to US Bank. The eHousingPlus Compliance File Checklist must be used to assemble the compliance file. This checklist may be found within the eHousingPlus lender portal behind security.

EXCEPTIONS

Lenders are notified by eHousingPlus and US Bank of exceptions. Exceptions for both eHousingPlus and U.S. Bank are available in the eHousingPlus web-based system.

FINAL DOCUMENTS

The recorded mortgage documents should be submitted to U.S. Bank.

TIMING IS EVERYTHING

Buyers **MUST HAVE A FULLY- EXECUTED SALES CONTRACT FOR A SPECIFIC PROPERTY** in order to have funds reserved or to be on a waiting list. The contract may be dated prior to the date of the loan application. (Buyers may be pre-qualified. However, if the buyer does not have a contract on a property, **BOND FUNDS MAY NOT BE HELD** for the buyer until such time as the buyer presents a valid contract.)

Bond funds are locked for a buyer when a reservation is submitted on and accepted by the system and a loan number is obtained. All loans must be registered through the eHousingPlus Website.. Complete the reservation form online and submit it via the Internet. Reservations submitted correctly receive a confirmation that the loan has been accepted and a loan number. If submitted incorrectly, there is instant online feedback identifying non-compliance and/or missing information issues. Lenders may choose to print confirmation from "Loan Detail" screen.

Second Mortgage Loan Reservation

If borrowers choose to utilize a second mortgage loan being provided by the **Orange County HFA** following submission of first mortgage loan, reserve second mortgage loan by choosing "Additional Mortgage". Complete information. Again, system provides instant online feedback identifying non-compliance and/or missing information issues. Lenders may choose to print confirmation from "Loan Detail" screen.

Loan Processing, Delivery and Purchase Timetable:

New Construction cannot be reserved until 30 days before closing.

Short sales must be accepted by the Lender before making a Reservation.

Reservation (Rate Lock Date) to Underwriter Certification = **30 days**

Reservation (Rate Lock Date) to Closed (date entered in system) = **45 days**

Reservation (Rate Lock Date) to Delivered to Servicer = **60 days**

Reservation (Rate Lock Date) to Exceptions Cleared, Loans Purchased = **75 days**

Reservation (Rate Lock Date) Recorded Docs must be delivered to U S Bank - **105 days - all within limitations imposed by the NIBP program.**

Rev 2-4-15 FINAL PURCHASE DATE - August 15, 2015

Loans not meeting the timetable **cancel automatically without notice.** Lenders may not automatically **replace a loan in this first-come, first-served program.** **There is no reinstatement of canceled loans.** **For loans not making the purchase deadline, an extension of 30 days is available and the purchase price will be reduced 1/4 point. That is the only extension available.**

The Internal Revenue Service and the **HFA** have requirements that are reviewed for compliance. It's the responsibility of lenders to review program documents and to originate loans that meet the requirements. The Master Servicer is not obligated to purchase loans that do not comply with program terms.

PROGRAM FEES

FIRST MORTGAGE FEES

✓There's a 1.00% origination fee and 0% discount fee NO OTHER ORIGINATION OR DISCOUNT MAY BE CHARGED.

✓Mortgages and notes are exempt from Documentary stamp tax and Intangible tax. Deeds are not exempt. Borrowers may not pay this charge (exception: homes purchased from HUD. Fannie, Freddie, bank in the case of a foreclosure). With respect to Orange County NSP loans, borrowers are permitted to pay this charge.

✓A 30 day extension is available and features purchase prices LESS 1/4%.

SECOND MORTGAGE FEE

There's no origination or discount on these loans.

Lenders may charge a \$250 processing fee.

(DELETED \$175 SECOND MORTGAGE FEE TO US BANK)

ADMINISTRATOR FEE 12-10-14

For loans reserved through 12-23-14: The program includes a non-refundable first mortgage Bond Application Fee of \$225.

For loans reserved December 24, 2014 and after: The program includes a non-refundable first mortgage Bond Application Fee of \$300.

The fee is payable at closing.

SERVICER FEES On the first mortgage, the program includes a Tax Service Fee of \$85 (FHA does not permit borrower to pay) and a Funding Fee of \$300 that will be netted by the Servicer at loan purchase. Fees are netted at loan purchase.

LENDER FEES

Lender Fees are fees paid to the Lender for services rendered (i.e. Processing Fees, Underwriting Fees, Administrative or Administration Fees and Doc Prep Fees). Lender fees should not exceed what is charged to other non-bond buyers by the lenders regardless of what they are called.

JUNK FEES ARE NOT A DEFINED TERM AND MAY NOT BE CHARGED.

A first mortgage Application Fee must include only the actual costs of the credit report and/or appraisal.

LENDER COMPENSATION

Lenders charge and retain 1.00% charged as Origination OR discount OR combination of both BUT NOT TO EXCEED 1.00% US Bank pays SRP of 1.50% at loan purchase.

•Lenders charge a \$250 processing fee on the second mortgage.

(All of the above may be paid by the borrower and borrower's assistance or by the seller to the extent permitted by the Agency -- FHA, VA, RD)

COMPLIANCE UNDERWRITING

Underwriters should remember that CALCULATION OF PROGRAM (COMPLIANCE) INCOME IS DIFFERENT THAN CALCULATION OF INCOME FOR CREDIT PURPOSES. The Bond program requires that underwriters consider the income of borrowers and their spouses (regardless of their address) and all household members 18 years of age or older (related or unrelated). Use the information below as a general guide. Because each case is different, please contact Bond Compliance if you have questions.

Unlike income that is averaged for credit underwriting, the bond program is concerned with **actual current income**. You should be reviewing the YTD income, the income of the last 4 months and the income shown on previous tax returns for consistency. You should not be averaging income. If there are not inconsistencies in earnings, use the guidelines for each loan type to determine current gross monthly income. Current gross monthly income is multiplied by remaining months in the year to determine "total current annualized income".

For the tax year in which the closing occurs, consider YTD income. Then establish current base income for the balance of the year using the guidelines for each type of income. Then consider any additional income. For assistance, contact the Compliance Office.

Gross monthly income is the sum of monthly gross pay; any additional income from overtime, part-time employment, bonuses, income from self-employment, dividends, interest, royalties, pensions, VA compensation and net rental income, other income (such as alimony, child support, public assistance, sick pay, social security benefits, unemployment compensation, income received from trusts, and income received from business activities or investments, continuation of which is probable based on foreseeable economic circumstances based upon the Mortgagor's Affidavit (to such effect), all as computed at the time of application for a mortgage loan and confirmed at the time of closing. We will check information with respect to gross monthly income obtained from the reservation form, Underwriter's Certification and applicable certificates and affidavits executed the date of the Closing of the Mortgage Loan, provided that any gross monthly income not included for credit underwriting purposes must be included in determining gross monthly income. The limit is the limit and any amount over the limit is not acceptable. Include the income of non-borrower co-habitants who will reside in the property. However, do not include (1) dependents that are claimed on tax returns but who will not permanently reside in the home the majority of the time and (2) co-signers. The Affidavit, executed by the borrower(s), and certified by the lender, must include the total verified annual household income.

This program considers HOUSEHOLD INCOME not income of the borrower. Household income includes the income of borrower, spouse. Remember if persons are not divorced they are married. We count the income of the spouse whether they reside in property or not. Also include the income of all who will reside in the home 18 years of age or older (children, parents on social security, etc).

Questions regarding the calculation of income for bond program purposes should be directed to the Compliance office 954-217-0817. There are many variables and the Compliance office will be pleased to assist.

“Alternate Documentation” (Alt Docs) as defined by FHA and other secondary market entities is acceptable. Lender verification for compliance purposes, provided that such documentation includes the necessary, acceptable income tax returns. The Servicer requires a credit package as indicated on the various loan delivery checklists. However, the Servicer does not re-underwrite the loans for credit purposes. See bolded paragraph below.

Although reference is made to VOE’s and VOD’s in the guidelines below, they are not required if acceptable alternate documentation is in the file. This documentation includes, but may not be limited to, current pay stubs which delineate “current period”, W-2’s, for all borrowers and all employers, and bank statements to verify assets. If W-2’s are present in the loan file, lending personnel should verify that the total of W-2’s presented equals the total income shown on borrower’s tax returns. If a VOE is in the file, the borrower does not have to provide W-2’s unless the underwriter deems this necessary for prudent underwriting. Figures shown on all documents should be consistent. See bolded paragraph below.

Because a program qualifier is “income”, even if not required for credit purposes (i.e. automated underwriting), you should be seeking the two most current paystubs with YTD. Do not include in the compliance file, keep copies for your records.

Although reference is made to the last 4 to 6 weeks income, Underwriters should be reviewing the income tax returns submitted to verify that there are no unexplained and/or unacceptable differences current income to past income.

Examples below not intended to serve as exclusive methodology. Please contact the Compliance office 954-217-0817 with questions regarding individual cases.

Please note that the income reported for bond income calculation CAN NEVER BE LOWER THAN THE INCOME USED TO QUALIFY FOR CREDIT PURPOSES.

Hourly Employees

For the tax year in which the loan is closing, use the Year to Date base income. If consistent, utilize the base to determine the balance of the year by

1. Using last 4 to 6 weeks’ pay stubs, identify hourly rate of pay and average number of regular hours worked per week. Multiply hourly rate times regular weekly hours. Multiply result times number of weeks for balance of year and add to YTD for an annualized base salary.
2. If the person has no other sources of income (for example: overtime, bonuses, commissions, second jobs, interest, dividends, child support, alimony, public assistance), this will be the Current Total Annual Income.
3. Compare the total annual income in #2 above to Paystubs, VOE’s, previous year’s income per W2’s and tax returns. You should not find significant differences. In some cases, the Current Total Annual Income will be higher than the previous year’s

income. Variances should be attributable to increases/decreases in pay or number of hours worked.

You should not find significant differences. In some cases, the Current Total Annual Income will be higher than the previous year's income. Variances should be attributable to increases/decreases in pay or number of hours worked.

Salaried Employees

1. Using last 4 to 6 weeks' pay stubs, identify weekly (or other frequency) rate of pay. Multiply rate times

the number of regular pay periods in the year (52 weeks, 12 months, 24 semi-months)

2. If the person has no other sources of income (for example: overtime, bonus, commissions, second jobs, interest, dividends, child support, alimony, public assistance), this will be the Current Total Annual Income.

3. Compare the total annual income in #2 above to Paystubs, VOE's, previous year's income per W2's and tax returns. You should not find significant differences. In some cases, the Current Total Annual Income will be higher than the previous year's income. Variances should be attributable to increases/decreases in pay or number of hours worked

Business, Self Employment

1. Use the quarterly tax returns and financial statements to identify the current NET year to date income. 2. Divide the year to date income by the number of months during which it was earned and multiply times remaining number of months in year. Add to actual YTD. ADD DEPRECIATION.

3. If the person has no other sources of income (for example: overtime, bonuses, commissions, second jobs, interest, dividends, child support, alimony, public assistance), this will be the Current Total Annual Income.

4. Compare the total annual income in #2 above to the previous year's income per W2's and tax returns.

You should not find significant differences.

Verified Termination of Overtime, Commission, Bonus, Seasonal, Periodic, One Time Overtime, Bonus, Commissions

Using last 4 to 6 weeks' pay stubs, identify the year to date total earnings of the borrower. Subtract the Current Total Base Income (see above) to arrive at the total year to date extraordinary income. If verification of termination of overtime, commission or bonus is provided in writing (i.e. a letter from an employer) or such termination is due to a change of employment, use the current YTD overtime, commission or bonus, do not annualize and add as a lump sum to the Current Total Annual Income.

Regular Overtime, Bonus, Commissions

1. Using last 4 to 6 weeks' pay stubs, identify the year to date total earnings of the borrower. Subtract the Current Total Base Income (see above) to arrive at the total year to date extraordinary income.

2. Divide the year to date extraordinary income by the number of pay periods during which it was earned (to obtain an average). Multiply times the appropriate factor (Balance of year weeks, months, semi-months, etc.) for balance of year figure and add to actual YTD extraordinary income for annual income.

3. If the person has no other sources of income (for example: second jobs, interest, dividends, child support, alimony, public assistance), this will be the Current Total Annual Income.
4. Compare the total annual income in #2 above to Paystubs, VOE's, previous year's income per W2's and tax returns. You should not find significant differences. In most cases, the Current Total Annual Income will be higher than the previous year's income. It will also generally be higher than the annualized year to date income. The variances should be attributable to increases/decreases in pay.

Interest, Dividends

1. Use current earnings statements issued by the bank, investment broker or agent. Identify the year to date interest or dividend earnings. Divide by the investment term year to date (for an average) and multiply times appropriate factor to annualize the earnings.
2. If statements are not available, and the terms of the investment agreement are available, multiply the principal amount of the asset times the annual interest yield factor for a projected interest earnings amount.
3. If neither are available, use the previous year's earnings statements or tax returns to identify total annual interest and dividend income. If the assets are still invested in the same instruments, use the previous year's figure.
4. Add the result of the computation in either #1, #2 or #3 above to the Current Total Annual Income.

Alimony, Child Support

1. Use the monthly amount appearing in the divorce decree, separation agreement or other support document.
2. If the borrower receives more than the amount stipulated in the agreements, use the monthly figure that the borrower declares and can be verified.
3. If the borrower receives less than the amount stipulated in the agreements and there is a verifiable history of the underpayments for at least 2 years (as evidenced by Court records), then use the past 2 years' historical monthly earnings. If there is no such history that can be verified, use the amount stipulated in #1 above.
4. Multiply the monthly amount of alimony or child support times 12. Add to the Current Total Annual Income (plus any other income sources).

Pensions, Temporary Payments

1. Use the benefits statement issued by the benefits provider (pensions, workers compensation, disability compensation, social security, AFDC, etc.) to identify the amount of the benefit, payment frequency and expected term of the benefit.
2. Multiply the amount of the benefit times the payment frequency for the balance of year and add to actual YTD for an annualized amount. Add to the Current Total Annual Income (plus any other income sources).
3. If the benefit is absolutely not payable to the recipient beyond a given date (that means a complete and permanent stop of benefits without extensions, exceptions, waivers or other conditions) and such date is within 12 calendar months of the anticipated closing date, then calculate the benefits expected through the end of the

benefits term. That will be the total annual income amount from the specific benefits source. Add to the Current Total Annual Income (plus any other income sources).

Boarder's Income and Rental Income in One Unit Properties

The Boarder's wages/income and rental income paid to the borrower must be included in the bond calculation of income.

Rental Income from 2-4 Unit Properties

Anticipated rental income from the property being purchased is not included in the bond calculation of income but may be treated as detailed in Agency (FHA, VA, Freddie, etc) guidelines. If the borrower's own other rental property from which income is derived, that income must be included in the bond calculation of income.

PROGRAM FORMS

This topic addresses the specific bond forms required for the bond program for originating, processing, closing and loan delivery.

All forms are in an interactive format. You may download these forms onto your PC or laptop in their interactive format. You simply place your cursor on the first blank, complete and then “tab” to the next blank.

A complete Mortgage package must include all standard conventional, FHA, RD or VA forms.

While forms may be downloaded on your PC or laptop, going to the Website for forms each time you need them assures that the most current version is being used.

The simple rule of who signs bond forms – if the person is named on the Mortgage/Deed, they sign the bond forms. If they are not on the Mortgage/Deed, they do not sign the bond forms. Also, remember cosigners cannot live in property, do not sign bond documents or take title. Having people sign documents who should not sign is as incorrect as not having all sign who should. Under no circumstances may a cosigner’s name appear on title or warranty deed, only those on credit sign the 1003 and HUD-1.

Original, personal signatures of all borrowers and sellers are required and must match on all documents associated with the transaction.

Whenever a party is known in any of the documents by more than a single name, a Name Affidavit Will Be Required.

Powers of Attorney and/or Personal Representatives for the Borrower Are Not Acceptable. **Exception:** Active Duty Military Personnel may provide an “Alive and Well” letter.

PRE-CLOSING FORMS

In addition to all the standard disclosures, the bond program has specific disclosures all contained in the **Notices to Buyers** that is executed at the time of loan application. To the borrower’s copy attach the two-page **Recapture Brochure**. The **Original** of the Notices to Buyers should be included in the package that goes to the Underwriter.

CLOSING FORMS Rev 12-10-14

- * **Affidavit/Certifications** (Seller Affidavit need not be signed in cases of REO’s by Agencies or Banks and Orange County NSP loans)
- * **Tax Exempt Rider** (Must be recorded)
- * **Second Note and Mortgage** (Mortgage must be recorded)
- * **DPA AWARD LETTER**
- * **DPA LENDER COMMITMENT LETTER (for loans reserved 12-10-14 and after)**
- * **POST CLOSING FORMS**
- * **Compliance File Checklist** is available online.

The Servicer provides checklists on their site for submission of the Mortgage File. There is a link on the eHousingPlus website for this program to U S Bank’s website.

OTHER DOCUMENTS REQUIRED FOR BOND COMPLIANCE FILE

Tax Transcripts (Tax transcripts for the preceding year are due April 15 of the current year.) The past three years tax transcripts are required for all borrowers and spouses. Not required for those buying in Targeted Areas or those purchasing under the Veteran's Exception. Requests for Extensions are not acceptable in lieu of tax transcripts.

Real Estate Purchase Contract

The full address of the property, full names of all sellers and buyers, total purchase price of the property must be included. If there is not an address for new construction, a lot number and subdivision name are required. All named persons must sign. Include the name and title whenever a representative is signing for a corporation.

Final Typed Loan Application (1003)

The typed application signed and dated by all parties is required. Loan interviewer must complete and sign page 3 of 4 of the 1003. If this is not possible, then an Officer must sign in place of the interviewer. All persons taking title to the property must execute all bond documents. The income disclosed on the Affidavit must be the same or more than that shown on the 1003. The purchase price, loan amount, and other financial details must be the same as shown on all other documents.

HUD-1 Settlement Statement

Buyer, seller and closing agent must fully execute the HUD-1. Borrowers on the HUD-1 must be all persons taking title to the property and match the Affidavit and application. Persons not taking title to the property may not appear or sign the HUD-1. The Bond Application Fee must be shown as being payable to Servicer. Please do not bundle charges. Itemize all charges to the transaction. Payoffs of other debt must appear on Page 1 under Section 100 of the HUD-1 as part of "Settlement Costs".

Warranty Deed

A copy of the Warranty Deed is required.

Discharge or Release Papers for Vets

For those qualifying for the Veteran's Exception, a copy of Discharge or Release papers is required.

US BANK WEBSITE INFORMATION

Down Payment Assistance Funding Verification Form - USB002, delivery checklists, lending manuals, bulletins and training materials — all may be found on the US Bank ALL Regs web site.

Click on this link: www.mrbp.usbank.com

Click on **US Bank Lending Manuals**

Pop-up box will appear, click on **Continue**

Web page will be redirected to US Bank All Regs site.

Click on **Housing Finance Authority folder**

Click **Florida**

Click **Orange County Housing Finance Authority**

Click on the information you'd like