



**Administrator's Guidelines
Arizona Housing Finance Authority
2008 Single Family
Mortgage Revenue Bond Program**

Revised October 9, 2008

10-9-09 Revisions (A) include formatting and (B) Page 3, Program Features
11-20-09 Revisions include clarifying the Non-Targeted and Targeted Income Limits



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PROGRAM FEATURES

Portions of the total available dollars are sold periodically. That way the rates are always in step with the market. The portions are called **Commitment Lots**. When a Commitment Lot is fully reserved, a new Lot is priced and lenders are notified. Loans entered in the system are **guaranteed the rate for 45 days**. At that time, the lender's underwriter must have credit approved the borrower and completed the online program Underwriter Certification screen. The **Underwriter Certification extends the rate lock until the final purchase date of the Commitment Lot**. By the Commitment Lot final purchase date loans must be closed, delivered, all exceptions cleared and purchased by the Master Servicer.

Program Area: All of the State of Arizona BUT NOT Pima County and Maricopa County. All mortgages are fixed rate loans for a 30 year term, payable on the first day of each month.

REVISED 10-9-09

**The remaining funds in the 2008 Program have some very specific rules:
Final purchase date is Jan 20, 2010.**

The program will follow the HFA requirements for its MCC program that include:

Minimum 620 credit score for borrower(s)

Debt to income ratio of no higher than 31/43

Require a third party professional home inspection

Require a one year home warranty (builder warranty and 2-10 warranty on new construction)

Successful completion of the MGIC on-line homebuyer education course

Buyer must put at least \$1,000 of their own funds into the transaction

The buyer may not receive any cash back at closing

The Internal Revenue Service and the Arizona 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. Bond Compliance reviews loans to assure compliance. If you use other funds such as the down payment assistance available from the state, you must also follow their rules. The strictest rules apply.

NON-TARGETED AREAS

First-time homebuyer applicants who have not owned their legal residence in the last three years. Buyers and their spouses **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. 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 Contact Bond Compliance with questions regarding eligibility.

For bond program purposes, **borrower and spouses federal income tax returns** for the past three years are required. Must be complete returns including schedules. See "Acceptable Tax Returns" in this Guide.

Non-Targeted Areas are all of the State except Maricopa and Pima counties in their entirety (not included in the program) and the census tracts listed on this page as Targeted Areas

Household Income Limits - Include income of husband and wife (regardless of address) 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 Underwriter's Program Income Calculation Guide included in this Guide

For Non-Targeted Census Tracts in:

County	1-2 Persons	3+ Persons
Coconino	59,000	67,850
Mohave	59,100	67,965
Pinal	64,200	73,830
All Other Counties Unless Targeted Census Tracts	58,500	67,275

Sales Price Limits

NON-TARGETED AREAS

Sales Price Limits Rev 4-3-09

Bond Program Term Acquisition Limit is usually the sales price. Has to include everything paid by the buyer or on the buyers behalf. It's not FHA Acquisition.

County	One Unit	Two Units
Apache	245,752	314,606
Coconino	393,203	503,344
Gila	283,980	363,538
Mohave	281,796	360,742
Navajo	269,781	345,364
Pinal	302,548	387,305
Yavapai	340,776	436,237
All Other Counties Unless Targeted Census Tract	236,839	303,203

TARGETED AREAS

are defined as the following census tracts

Apache: 9401.00, 9426.00, 9427.00. 9441.00, 9442.00. 9443.00

Cochise 0006.00, 0009.00

Coconino 0008.00, 0010.00, 9411.00, 9445.00 **Gila** 9402.00, 9404.00

Graham 9405.00

La Paz 0201.00, 0205.00

Mohave 9404.00, 9517.00, 9518.00

Navajo 9403.00, 9410.00, 9424.00, 9444.00,
9445.00, 9447.00, 9448.00

Pinal 9411.00, 9412.00

Santa Cruz 9964.02

Yuma 0003.01, 0003.02, 0004.01, 0004.02, 0007.00,
0013.00, 0114.01, 0116.00

Buyers do not have to be first-time buyers but must live in the property they purchase as their principal residence. Buyers and their spouses **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. 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 Contact Bond Compliance with questions regarding eligibility. Tax returns are not required for bond program purposes.

Household Income Limits - Include income of husband and wife (regardless of address) 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 Underwriter's Program Income Calculation Guide included in this Guide

For Targeted Areas in

County	1-2 Persons	3+ Persons
Coconino	70,800	78,150
Mohave	70,920	78,150
Pinal	77,040	78,150
Apache, Cochise, Gila, Graham, LaPaz, Navajo, Santa Cruz, Yuma	70,200	78,150

Sales Price Limits

Bond Program Term Acquisition Limit is usually the sales price. Has to include everything paid by the buyer or on the buyers behalf. It's not FHA Acquisition.

For Targeted Census Tracts in

County	One Unit	Two Units
Apache	300,364	384,519
Coconino	480,582	615,199
Gila	347,087	444,325
Mohave	344,417	440,907
Navajo	329,733	422,111
Pinal	369,781	473,373
Cochise, Graham, LaPaz, Santa Cruz,, Yuma	289,470	370,582

A FEW MORE PROGRAM FACTS

Cosigners are allowable in an FHA transaction when meeting the following conditions: (1) a co-signer cannot have any ownership interest in the property (they cannot be on the title) 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 co-signers do not sign any bond documents other than the Cosigners Affidavit. Follow FHA guidelines for credit purposes only.

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.

Borrowers are not required to use all available assets when using the first mortgage bond program.

The bond program does not establish an amount of remaining reserves. If any, these are determined by the type of financing used (i.e. FHA, VA.).

There is no minimum loan amount required in the bond program.

ABOUT THE PROPERTY AND FINANCING

The program permits 1-2 unit dwellings.

One unit dwellings may be new or existing. New means that the home has never been occupied. Program allows attached and detached one unit dwellings, condos, townhomes.

For two unit dwellings, the borrower must reside in one of the units as their permanent residence.

Two unit dwellings must be at least 5 years old with one exception,,,a new two unit dwelling is permitted in targeted areas - no new two units in non-targeted areas..

Refinances are not allowed.

Mobile, recreational, seasonal or other types of vacation or non-permanent homes are not permitted. Construction to perm is not permitted.

Temporary, construction or bridge financing with a term of 2 years or less may be refinanced.

Temporary 2/1 buydowns are permitted for FHA loans. Borrower's own funds and the program assistance cannot fund the buydown.

Manufactured housing is permitted if it meets FHA guidelines.

No more than 15% of the space of the home will be used in a trade or business (including child care). The appraisal must indicate that the home has at least a 30 year remaining life.

TIMING IS EVERYTHING

First Mortgage Loan Reservation

Buyers **MUST HAVE A FULLY- EXECUTED SALES CONTRACT FOR A SPECIFIC PROPERTY** in order to have funds reserved or be on the waiting list. The contract may be dated prior to the date of the loan application. (Buyers may be prequalified. 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.)

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.

Bond funds are locked for a buyer when a reservation is submitted on and accepted by the system and a loan number is obtained..

Lock-In Loan In Lender’s Internal System

Lenders must follow standard internal lock-in procedures so you have funds to close the loan. Lock it in, lock it in!!

Loans may be reserved following notification of availability of funds. Loans may not close until the bonds have closed.

Loan Processing, Delivery and Purchase Timetable:

Reservation to Underwriter Certification = **45 days**

Loans not meeting the timetable cancel automatically without notice.

Reservation to Exceptions Cleared, Loans Purchased = Commitment Lot Final Purchase Date

Lenders are responsible for canceling loans as soon as it is determined that a borrower does not qualify. Lenders did not pay commitment/participation fees for allocations of program funds. When a reservation for a borrower is cancelled, funds go to a first-come, first-served pool. Lenders are responsible for canceling loans as soon as it’s determined a borrower does not qualify.

Notice of the Commitments Lots indicate rate and final purchase date for each Lot.

PROGRAM INTERNET RESERVATION SYSTEM

(You'll also be able to Track a Loan, Review Your Pipeline or Reports)

You **do not need a username and password** to access the program guidelines, training materials or bond program forms. You **do need a username and password to log in and reserve money** for a borrower.

Here's your link to everything you need to do – <http://www.hdsoftware.com/usbhm-mrbp>

The **Programs** button will take you to a list of all programs. Choose the 2008 Arizona HFA Bridge program.

Look in the left margin at the top of the page and click on **Lender Portal**. **The system is live and available 24/7**. When you reserve a loan, it is immediately reflected in the remaining available funds. When you cancel a loan, it is immediately available.

If you need a username and password or if you haven't used yours in a while, click on **User Access** (a blue button in the left margin).

If you have a property address and don't know the census tract, just click on the **Census Track** button in the left margin

If you need the program or delivery and funding guidelines, program forms, or training materials, just click on **Program Forms** verbiage to the right of the left margin information. You may download any of the information on this page and get back to the main program page by clicking on **Lender Portal**. The program forms are interactive whether accessed online or downloaded. Interactive means that you may type information in the blanks without changing the margins. We recommend that you periodically revisit the online forms and guidelines as they are sometimes updated. You are contacted via email when changes occur. **Remember to refresh your screen.**

The security features control the information each user can access. For example, only Underwriters may access the Underwriter Certification.

With your username and password you'll be able to:

View Allocation

Lenders are encouraged to select this option from the Main Menu. This selection provides a quick 'live' view of the allocation(s) available in the selected program. Program funds are tracked by allocation.

New Reservation

Lenders access this feature and submit the homebuyer/loan information. As an additional feature, the available allocation is always displayed prior to each reservation.

Change Loan

During the processing of a loan, a Lender may need to change certain information related to the loan, such as the loan amount, purchase price and other pertinent information. While the loan is in RESERVATION STAGE, a Lender may change this information online. This will ensure that the loan record is as accurate as possible prior to the underwriting process. For address changes, contact the Bond Compliance office.

Loan Detail Confirmation

At any given time, a Lender may access a Loan Detail Confirmation. This confirmation is a full detail of the loan record plus the status of the loan. This screen may be printed for your file as confirmation that the loan

Underwriter Certification

A required step in the loan process is the online 'Underwriter Certification', which can only be accessed by a Lender's underwriter. Underwriters have a special security level. The Underwriter Certification serves as the required COMMITMENT to a loan, if applicable. This process locks the loan and certifies to the lender that it can proceed to closing.

Pipeline

The Pipeline is one of the most important features online, because it allows a lender to view all of their loans and the loan status. It also assists in the management of the program by making it easy for lenders to check the loans they have in any given stage and make sure that all their loans in the system are still active. It also details loans that are deficient, loans purchased and date of sale.

File Conditions to Correct

Files are reviewed in two steps: Compliance Files are reviewed by the Bond Compliance office and the Mortgage File is reviewed by the Master Servicer. Any deficiencies are immediately email ed and posted online. This area should be checked often. This separate menu item was developed for the postclosing/shipping/corporate departments that cure file deficiencies. It consolidates in one area any files that have problems that may need to be resolved in order to be purchased. This provides a quick and easy means to check these loans.

Cancel Reservation

From time to time a loan may not make it through processing. It is important for lenders to cancel loans as soon as they know the applicant does not qualify. The PIPELINE feature assists in this process, as lenders can easily view the loans in reservation stage and determine if any are inactive. Should that be the case, the canceling of a loan is a very easy step. This will release funds and make them available for the next applicant.

e-reports

e-Reports are a variety of reports, which allow users to see the performance of the program and their loans. The Program Summary, Loan Information Report and Loan Detail Report by Originator summarize these valuable elements for all authorized users.

Download Crystal Viewer

The e-Reports on the Web require a special download file (Crystal Viewer) in order for the user to view them online. This file is downloaded from our secure site and installed on any computer you would like to access the reports. The Crystal Viewer download and installation is very similar to the download and installation of Adobe Reader and has similar functions

PROGRAM FEES

Origination and Discount Fees

The program determines the origination and discount may be charged. **No additional origination and/or discount may be charged buyer or seller. Information is included under “Program Features” in this Guide.**

Servicer and Compliance Fees

The program includes a **Bond Application Fee of \$225** (paid by buyer/seller to extent allowable by FHA, VA). This fee is not paid until closing. **Real Estate Tax Service Fee of \$80** (to the extent permitted by the insurer/guarantor, the tax service fee may be paid by buyer or seller). **These fees CANNOT BE FINANCED.** These are Servicer fees that will be netted at loan purchase and must be disclosed on the HUD-1 as being paid to the Servicer.

Lender Fees

Lenders are permitted to charge reasonable and customary charges for out of pocket expenses and costs. Other financing costs such as legal fees and underwriting fees may be charged and courier fees may be charged if such fees are normally charged. Lenders may charge the usual and reasonable settlement costs. Settlement costs include titling and transfer costs, title insurance, survey fees or other similar costs. Other allowable fees include doc prep fees, notary fees, hazard, mortgage and life insurance premiums, recording or registration charges, prepaid escrow deposits and other similar charges allowable by FHA, VA, USDA:RD or Fannie Mae. "Junk" fees are not a defined term and may not be charged. Excessive fees are not permitted in the program

BOND 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.

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.

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.

Salaried Employees

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)

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.

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 difference

Business, Self Employment

Use the quarterly tax returns and financial statements to identify the current NET year to date income.

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.**

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.

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

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.

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 **and Current Total Base Income** for **total** annual income.

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.

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

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.

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.

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.

Add the result of the computation in either #1, #2 or #3 above to the Current Total Annual Income.

Alimony, Child Support

Use the monthly amount appearing in the divorce decree, separation agreement or other support document.

If the borrower receives more than the amount stipulated in the agreements, use the monthly figure that the borrower declares and can be verified.

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.

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

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.

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).

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.

The simple rule of who signs bond forms – if the person takes title, they sign the bond forms. If they do not take title, they do not sign the bond 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.

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.

ORIGINATING COMPLIANCE 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

- * **Affidavit/Certifications**
- * **Tax Exempt Rider** (Must be recorded)
- * **Acknowledgment Memo**
- * If there is a cosigner/guarantor, use **Cosigner Affidavit**

POST CLOSING FORMS

Stacking Sheets

- * **Compliance File Checklist** is available online.
- * **Mortgage File Checklists** are available online
- * **Final Document Delivery Submission Checklist** is available online

OTHER DOCUMENTS REQUIRED FOR BOND COMPLIANCE FILE**Tax Returns (Tax returns for the preceding year are due April 15 of the current year.)**

Signed copies of the past 3 years' returns and all schedules are required for all borrowers and their spouses, regardless of whether the spouses are taking title to the property. **IT IS THE RESPONSIBILITY OF THE BORROWER(S) TO SUPPLY THIS INFORMATION.** If they do not have the required tax returns, they need to request a copy or transcript immediately to be provided prior to loan commitment. Please remember that the Underwriter is certifying that they have reviewed the appropriate returns. So returns must be provided to your Underwriter prior to Underwriter's Certification.

Acceptable Federal Income Tax Returns: Copies of returns filed with the IRS including 1040 REGULAR, 1040-A, 1 040-EZ, Letter 1722, an IRS line-by-line transcript and a Telefile return that meets the following conditions: (1) has the preprinted taxpayer name and address - such name and address cannot be altered in any way (2) has the preprinted Code number, (3) has the 6 digit IRS confirmation number and (4) has the signature of the taxpayer(s). Electronic returns and PC returns are not acceptable. Also acceptable are the electronic cover sheet accompanied by copies of returns filed with the IRS and PC (i.e. Turbo Tax) returns. Requests for Extensions are not acceptable in lieu of tax returns.

Full tax returns (schedules included) are required. All returns must include names, social security number(s) and address and must be signed by all named taxpayers. Original signatures are not required. Other types of returns are not acceptable. If a borrower did not file federal income tax returns for any or all of the three year period and were required by law to do so, they cannot participate in the program until such returns are filed. If a borrower did not file federal income tax returns for any or all of the three year period and were not required by law to do so, use the space provided on the Mortgagor Affidavit and list the name(s) of the party(ies), the tax year(s) and the reason for not filing. A form 4506 is available on the IRS Website: www.irs.ustreas.gov for borrower requests for a line-by-line (aka Tax return transcript). Borrowers may request a Letter 1722 by calling 1-800-829-3676. IRS website is www.irs.gov

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.