



Administrator's Guidelines for the 2006 Escambia County HFA MRB Program

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9-12-06 Page 7, Jefferson County income limits revised; Page 14, Timetable revised to reflect new number of days for delivery and purchase of new construction loans.

4-20-07 Page 7, Income limits revised for Okaloosa County



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OVERVIEW**Background**

The U. S. Congress created tax exempt bond programs for housing. Officially they're referred to as Mortgage Revenue Bonds (MRB's). Congress created MRB's but bond programs are created by state, regional, county or city government agencies that are governed by volunteer Boards. The way it works, bonds are sold to private investors (aka bond holders). The private investors accept a lower rate of return on their bond investment because the interest they earn is exempt from federal income tax. Because the Issuer is paying the bond holder less, they can charge the borrower a lower mortgage interest rate. So federal involvement is -- Congress authorized the program and because the bonds are tax exempt the rules are written in the IRS Code. While the majority of program rules are tied to the IRS Code, there may be local regulations and/or the Issuer's Board's public policy considerations that may result in additional program rules.

The amount of funds available is limited by federal regulations. State or local laws may divide the funds among several users (in addition to those who provide housing).

Lenders originate loans and then all originating lenders sell their loans to the Master Servicer who either pools the loans and sells them to Ginnie Mae, Fannie Mae or Freddie Mac or sells them to the Trustee if the Issuer has a whole loan program. The Master Servicer continues to service the loans on behalf of Ginnie Mae, Fannie Mae, Freddie Mac or the Issuer.

In addition to reviewing the mortgage loan file, the Servicer must review other documents to determine that the loan qualifies with program regulations established by the IRS Code or local jurisdiction

Product Summary

Escambia County Housing Finance Authority (HFA) issues tax exempt Mortgage Revenue Bonds (MRB's) on behalf of several counties in the State of Florida. The program provides mortgage loans for first-time homebuyers who purchase homes in the participating counties.

The HFA has appointed eHousingPlus as the Program Administrator.

Online HFA program information, as well as program forms are available at <http://www.ehousing.cc/escambia06.htm> Please visit the website for the most up-to-date program information. The cover of this Guide will show all updates to this Guide.

Features and Benefits Special features of this program are as follows:

Below market rate product 5.49%.

0% second mortgage down payment and closing cost assistance

First Mortgage Loans may be assumed by qualified buyers.

Credit Underwriting

All Mortgage Loans are underwritten by the Lender's Underwriter and are not re-underwritten by CitiMortgage and must be originated in accordance with FHA, VA, USDA:RD, Fannie Mae and Freddie Mac guidelines. Automated underwriting is acceptable. Please refer to Servicer's Guidelines. At the point the loan is credit approved by the underwriter, the underwriter accesses the system and completes the Underwriter Certification.

Loan Servicing

Loans are sold servicing released to CitiMortgage, Inc. Loans may not be delivered to the Servicer for purchase **prior to August 30, 2006**. Lenders close

loans at their own risk if closed prior to bond closing.

PROGRAM REQUIREMENTS

Commitment Period

Final Purchase Date August 1, 2008

Eligible Loan Products

First Mortgage Loans will be fully amortized over a 30-year term and have substantially level monthly debt service payments.

The program offers a Low Rate Loan with an interest rate of **5.49%**.

Buydowns are not permitted. Construction to perm is not permitted.

The following first mortgage products are offered in this program

Fannie Mae Conventional Fixed Rate Loan Programs including MyCommunity Mortgage. (However, Fannie Flex is not acceptable)

Freddie Mac Conventional Fixed Rate Loan Programs including Home Possible

FHA Fixed Rate

VA Fixed Rate

Rural Development

The program offers down payment and closing cost assistance in the form of an amortizing, second mortgage at 0.00%. See "Secondary Financing" in these Guidelines for more information.

General Information Regarding Fund Types

First mortgage and second mortgage funds are available in first-come, first-served pools.

Non-Targeted Area Pool

A pool of \$26,600,000 has been established for non-targeted area loans.

Targeted Area Pool A pool of \$4,400,000 has also been established for targeted area loans.

Funds in the pools are available first-come, first-served.

GEOGRAPHIC REQUIREMENTS

General Restrictions **The program is available only in the following counties in the State of Florida --**
 Alachua, Citrus, Escambia, Gadsden, Hernando, Holmes, Indian River, Jackson,
 Jefferson, Leon, Marion, Martin, Okaloosa, Okeechobee, Santa Rosa, St. Lucie, Taylor,
 Wakulla, Walton and Washington

Targeted Areas Targeted Areas are Federally designated census tracts for the bond program. They are not necessarily the same areas identified by HUD, state or local governments for other programs.

Borrowers purchasing in these areas are not subject to being first-time buyers. Not all counties have targeted areas. The counties that do and their targeted areas are:

County	Census Tracts
Alachua	2, 6, 9.01, 9.02, 15.02, 19.02
Escambia	4, 15, 17, 18, 20
Leon	5, 6, 10.01, 11.01, 12, 14, 20.01 and 20.02
Marion	17, 18
St. Lucie	1, 2, 3

Get free census tract information by clicking on the census tract link on the Website. Just enter a property address and receive a tract #. Compare the tract number with those listed above to confirm that a property “is” or “is not” in a targeted area. In any case, enter the tract number when making a reservation.

The set aside requirement for these funds ends August 30, 2007 and the funds may be used to originate mortgage loans in non-targeted areas as well as targeted areas.

Indian River, Martin, Okeechobee and St. Lucie Counties are included in the hurricane recovery’s WILMA GO ZONES. As such for purposes of this program they are now considered **TARGETED AREAS** – in their entirety. Non-first-time homebuyers may purchase as long as they live in the property and the Targeted Area income and purchase price limits apply.

ELIGIBLE PROPERTY GUIDELINES

GENERAL Program funds may be used for new mortgages (not refinance) and to finance single family (one unit) residences that are the primary full-time residence of the borrowers. A primary residence is the legal residence of a person. It is also the place where the person lives on a full-time basis. Recreational, mobile, seasonal or other types of vacation or non-permanent homes are not eligible under the program.

- * New and existing, detached or attached, condos, townhomes, manufactured homes that meet insurer/guarantor requirements. Homes are considered new if never previously occupied.
- * The remaining economic life of the property may be no less than 30 years.
- * Land may not exceed the size required to maintain basic livability.
- * Newly constructed means that the home has never been previously occupied.
- * 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).
- * Temporary, construction or bridge financing with a term of 2 years or less may be refinanced

There are Bond Program Acquisition Limits. The Bond Program Acquisition Limit is not to be confused with FHA Acquisition Limits. The Total Bond Program Acquisition Limit is the total amount paid in cash or in kind to the seller by the buyer or on behalf of the buyer and does not include financing costs.

MAXIMUM ACQUISITION LIMITS	Non-Targeted New and Existing	Targeted New and Existing
Alachua	\$237,031	\$289,704
Citrus	\$237,031	N/A
Escambia	\$237,031	\$289,704
Gadsden	\$237,031	N/A
Hernando	\$240,157	N/A
Holmes	\$237,031	N/A
Indian River	\$309,375	\$309,375
Jackson	\$237,031	N/A
Jefferson	\$237,031	N/A
Leon	\$237,031	\$289,704
Marion	\$237,031	\$289,704
Martin	\$343,026	\$343,026
Okaloosa	\$258,637	N/A
Okeechobee	\$289,704	\$289,704
Santa Rosa	\$237,031	N/A
St. Lucie	\$343,026	\$343,026
Taylor	\$237,031	N/A
Wakulla	\$237,031	N/A
Walton	\$370,533	N/A
Washington	\$237,031	N/A

Bolded counties (Indian River, Martin, Okeechobee and St. Lucie) are included in Wilma GO Zone legislation. Borrowers purchasing in these counties benefit by not having to be first-time buyers and enjoying higher “targeted area” income and sales price limits (as noted above).

ELIGIBLE BORROWERS

GENERAL REQUIREMENTS

Borrowers must be first-time homebuyers. Exception: Borrowers buying in Targeted Areas (included as Targeted Areas are the Wilma Go Zone counties – Indian River, Martin, Okeechobee and St. Lucie) are not required to be first-time homebuyers.

A first-time homebuyer is someone who has not owned and occupied their principal residence in the three year period preceding closing.

A qualified buyer must be able to permanently reside in the United States or have political asylum in the United States. Work Visas, Temporary Visas or Student Visas DO NOT QUALIFY.

All applicants must be considered irrespective of age, race, color, religion, national origin, sex, marital status, military status or physical handicap.

INCOME QUALIFICATIONS

Income used for credit qualifying a borrower is different from income used for bond program purposes.

The program requires that the income of all persons 18 years of age or older residing in the household (related or unrelated) must be included in the calculation of income for bond program purposes. Unlike income that is averaged for credit underwriting, the bond program is concerned with actual current income. Current gross monthly income is multiplied by 12 to determine "total current annualized income". 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. Information with respect to gross monthly income may be obtained from the applicable certificates and affidavits provided in the Guide executed during the 4-month period ending on 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 total annual income from all sources of all persons 18 years of age or older residing in the household cannot exceed the maximum allowable income. The limit is the limit and any amount over the limit is not acceptable. Count all persons who will permanently reside in the home being purchased. 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.

Borrowers are not required to use all available assets. The amount of remaining reserves required is determined by the type of financing used (i.e. FHA, VA.).

ELIGIBLE BORROWERS (continued)

COSIGNERS 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 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. Follow FHA guidelines for credit purposes only.

MAXIMUM ANNUAL HOUSEHOLD INCOME LIMIT Jefferson County Rev 9-12-06

Revised 4-20-07 - Okaloosa County increased

County	NON-TARGETED AREAS		TARGETED AREAS	
	1-2 Family Members	3 + Family Members	1-2 Family Members	3 + Family Members
Alachua County	\$54,800	\$63,020	\$65,760	\$76,720
Citrus County	\$54,800	\$63,020	N/A	N/A
Escambia County	\$54,800	\$63,020	\$65,760	\$76,720
Gadsden County	\$58,500	\$67,275	N/A	N/A
Hernando County	\$54,800	\$63,020	N/A	N/A
Holmes County	\$54,800	\$63,020	N/A	N/A
Indian River County	\$66,600	\$77,700	\$66,600	\$77,700
Jackson County	\$54,800	\$63,020	N/A	N/A
Jefferson County	\$58,500	\$67,275	N/A	N/A
Leon County	\$58,500	\$67,275	\$70,200	\$81,900
Marion County	\$54,800	\$63,020	\$65,760	\$76,720
Martin County	\$65,760	\$76,720	\$65,760	\$76,720
Okaloosa County	\$62,600	\$71,990	N/A	N/A
Okeechobee County	\$65,760	\$76,720	N/A	N/A
Santa Rosa County	\$54,800	\$63,020	N/A	N/A
St. Lucie County	\$65,760	\$76,720	\$65,760	\$76,720
Taylor County	\$54,800	\$63,020	N/A	N/A
Wakulla County	\$54,800	\$63,020	N/A	N/A
Walton County	\$54,800	\$63,020	N/A	N/A
Washington County	\$54,800	\$63,020	N/A	N/A

Bolded counties (Indian River, Martin, Okeechobee and St. Lucie) are included in Wilma GO Zone legislation. Borrowers purchasing in these counties benefit by not having to be first-time buyers and enjoying higher “targeted area” income (as noted above) and sales price limits.

RECAPTURE

Mortgage loans originated under this program are subject to the Recapture Provision in accordance with Section 143(m) of the Internal Revenue Code. The recapture tax is similar to a prepayment penalty but is imposed by the IRS to recapture some of the cost savings realized by the homebuyer through the bond program. Recapture tax may be imposed if the property is sold within 9 years of purchase, a profit is realized from the sale and the homebuyer’s income exceeds the amount allowed in the year that they sell the home. In no event will Recapture exceed 50% of the homeowner’s gain on the sale or 6.25% of the original loan amount. During the first twelve months of ownership, the income limits are the same as program income limits at the time the loan closed (this is program income limits not what homebuyer’s income was at that time). For every twelve months after that, the income limits increase by 5% more than the preceding 12 months.

SECONDARY FINANCING

GENERAL Escambia County Housing Finance Authority offers a second mortgage program that provides funds for the borrower’s down payment and closing costs.

Lenders advance the amortizing second mortgage funds and are reimbursed by the Servicer at loan purchase.

Other programs available in participating counties that are eligible to be used in conjunction with the Program qualify if the programs have been approved by the Issuers, Servicer, the Administrator, County SHIP Coordinators, FHA and/or Fannie Mae or Freddie Mac, as applicable.

No assurance can be given as to whether any moneys will be available under the Second Mortgage Program, or under what terms.

No default under any such Second Mortgage will impair the lien of the related Mortgage Loan or cause a default thereunder.

In the event a First Loan or a Second Loan is required to be repurchased pursuant to the terms of the Origination Agreement, the Lender must simultaneously repurchase both the First Loan and the Second Loan pursuant to the terms of such documentation.

.AMORTIZING SECOND MORTGAGE PROGRAM

The Escambia County Housing Finance Authority is offering down payment and closing cost assistance in the form of a 10 year, amortizing second mortgage loan to qualified buyers purchasing in participating counties. All Down Payment Assistance second mortgage loans must be issued in conjunction with an Escambia County Housing Finance Authority Mortgage Revenue Bond first mortgage loan.

Borrower Income and Sales Price Restrictions

The household income limits and sales price limits for the Amortizing Second are the same as for the first mortgage loan.

Purchase Date All seconds (and their corresponding first mortgage) must be purchased by the Servicer on or before **August 1, 2008**.

Use of Second Mortgage Loan Proceeds

Funds may be used for down payment, points, closing costs and prepaids, Lender fees, Servicer fees, mortgage insurance premiums, and the reimbursement of earnest money and pre-close fees, such as credit report and appraisal fees.. There is no “cash back” to the borrower.

The Authority’s second loans offered with FHA-insured First Loans can provide up to 100% of the homebuyer’s cash to close (as long as there is no cash back to the borrower). FHA allows for Second Loans to provide up to 100% of the homebuyer’s cash to close as long as there is no cash back to the homebuyer (subject to any minimum homebuyer contribution requirement). Seconds Loans offered with Fannie Mae-eligible conventionally insured First Loans can finance the homebuyer’s cash to close subject to (i) the minimum homebuyer contribution required by Fannie Mae, and (ii) a combined loan to value (CLTV) not to exceed 105% of the lesser of the appraised value or purchase price. Second Loan proceeds may not be used to pay off debt, nor may any remaining Second Loan surplus be paid to the homebuyer over and above any reimbursable fees paid prior to the close of escrow. If there is less than \$500 in remaining Second Loan proceeds available at the close of escrow, the Lender must use such proceeds to reduce the Second Loan principal balance. If the remaining Second Loan proceeds is \$500 or greater, the Second Loan amount must be recalculated and reduced before settlement and the

Lender should draw new Second Loan documents and disclosures. It is the Lender’s responsibility to assure that Second Loans close in compliance with these requirements.

Owner Occupancy Requirement

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

Loan Term 10 year amortizing loan unless preceded by sale, transfer, rental, other disposition of the property (including any involuntary transfer by or as a result of foreclosure or judicial sale or operation of law), refinance or satisfaction of the first mortgage loan.

Interest Rate The interest rate on the second mortgage loan will be 0.00%.

Loan Amount Buyers may receive an amount equal to the lesser of 10% of the sales price or \$10,000

Second Loan Reservations

Reservations will be submitted via the Internet reservation system. Following registration of the first mortgage, the Lender will choose “Additional Mortgage” and then reserve the appropriate second mortgage. Cancellation of the first mortgage loan automatically cancels the second mortgage loan. Reservations are not transferable to other borrowers or other properties. eHousingPlus will monitor program funds and notify the Lenders when down payment assistance funds are near being fully committed

Second Loan Documentation

Lenders must use specified Second Loan documents provided by the Authority. Lenders may NOT use their own Second Loan documents. The date on the Second Loan documents may not precede the date on the First Loan documents. The Lender is responsible for obtaining and including Second Loan documents in the Lender package submitted to the Servicer for purchase. The Lender must be named in the recorder’s box (top left hand corner of the Second Mortgage) as the recipient of the Second Mortgage after it is recorded and is responsible for forwarding final recorded Second Mortgage Documents to the Servicer. Lenders are required to include the Second Loan documents along with the First Loan package submitted to the Servicer for purchase. Prior to the close of escrow, Lenders must have the Borrower Second Mortgage Disclosure executed by the Mortgagor’s) and provide it in the loan package submitted to the Servicer for purchase. The Servicer will not purchase a First Loan and Second Loan separately and any suspense conditions for either loan must be provided before either loan can be purchased.

The Servicer must have certified true copies of the First and Second Mortgages sent for recording before the Loans are purchased. The Servicer must also receive the original Second (do not endorse Second Note to the Servicer). The Servicer will not purchase the First Loan and Second Loan unless all requirements of both Loans have been met. The Servicer will not purchase the First and Second Loan separately. The Lender must provide final closing documents to the Servicer within 120 days after the close of escrow. Penalties may be imposed for non-receipt of closing documents in a timely manner.

RESPA and Truth-In Lending

With respect to both the First Loan and Second Loans, Lenders must conform to federal RESPA and Truth-in-Lending laws in disclosing the terms of the First Loan and Second Loan on a preliminary and final basis. Lenders may elect to generate a single or separate Good Faith Estimate and HUD 1 Settlement Statement for the First Loan and Second Loan. Lenders must create a separate Second

Mortgage Truth-in-Lending Statement. Lenders are responsible for providing the Truth-In-Lending Statement information to the borrower on a preliminary and final basis. The Second Note payment as specified in the Second Note must match the payment reported in the Truth-in-Lending Statement. All Lender fees must be fully disclosed in accordance with any federal, state, local lending or consumer laws and regulations.

Title and Hazard The mortgage title insurance policy is required to insure the Second Mortgage and the hazard insurance policy need only provide for full replacement value of the home.

Recordation Requirements

The Lender will be responsible for recording the First and Second Mortgages and the First Mortgage Assignment. The Lender is not responsible for preparing a Second Note Endorsement or recording the Second Mortgage Assignment.

Second Loan Funding

Participating Lenders are required to advance the Second Loan proceeds on behalf of the Authority at the close of escrow for the benefit of the homebuyer.

Loan Purchases

The Servicer will review the loan funding packages and suspense conditions promptly after the date of receipt. If the First Loan and Second Loans are not sold by the originating Lender to the Servicer within the time required after the close of escrow to provide the borrower with sufficient notice of the transfer of servicing, the Lender will be required to service the First Loan and Second Loan payments until both Loans are sold. Once sold, the Servicer will provide each borrower with a single monthly statement for both Loans and request a single monthly payment for the First Loan and Second Loans.

Assumption

The second mortgage loan is not assumable.

Documentary Stamp Tax/Intangible Tax

The second mortgage and note are exempt from documentary stamp and intangible tax. Deeds are not exempt.

Prepayment

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

Recapture

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

ADDITIONAL SUBORDINATE FINANCING

The use of a subsidy provided by another institution or group in addition to the Down Payment Assistance Program must be approved by the Issuer and Servicer. Remember that any additional subordinate financing must be willing to take a third position. This second mortgage loan will not be subordinate to any additional financing,

SYSTEM ACCESS AND INFORMATION

GENERAL Program website pages are linked. The links allow the lender to log into the system and access the Administrator Guidelines, bond program forms, information provided by the Servicer, Waiting Lists where applicable and other useful information.

There are additional pages such as CONTACTS which contains an eHousingPlus directory, USERNAMES where you will register for a username and password into the secure system, CENSUS TRACTS where lenders can find any US address and locate the appropriate Census Tract Number (required for all loans), TRAINING which is a link to our training web-site (only available during an actual training session), and EMAIL which is a direct email to eHousingPlus for any general questions.

System Training for an individual is most effective when there is actually a real loan. Simply call the eHousingPlus offices and staff will train you and assist in entering the loan, completing an underwriter certification, making changes, canceling a loan or whatever action is necessary.

Additionally there is a link that takes you into the secure system, where users need to Log In. In order to access the 'system', you must obtain a username and password from Compliance, on line at <http://www.ehousing.cc/escambia06.htm>

The security features will control the information each user can access such as only information related to their institution.

ONLINE GUIDELINES

The Administrator's Guidelines are available online. Too, there are links to the Servicer's information are available on the Website <http://www.ehousing.cc/escambia06.htm>

We recommend that you periodically revisit the online forms and guidelines as they are sometimes updated. You are contacted via email when changes occur.

OBTAINING A PASSWORD

To obtain a username and password go to <http://www.ehousing.cc/escambia06.htm> click on Username/Password. Click on "New User", complete the information and SUBMIT. The new password will not be valid until a confirmation is received.

Underwriters have different security access. Only Underwriters may access the online "Underwriter's Certification". Underwriters must check "Underwriter" on the "New User" screen

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

A new reservation should be submitted online, once a qualified loan application has been taken. Lenders access this feature and submit the homebuyer/loan information. As an additional feature, the available allocation is always displayed prior to each reservation.

SYSTEM ACCESS AND INFORMATION - FUNCTIONS/OPTIONS OF SECURE SYSTEM (continued)

ADDITIONAL MORTGAGES

This is the Second Mortgage feature. Lenders will select this option **AFTER** registering the first mortgage. Complete the screen for the Amortizing Second Mortgage

CHANGE LOAN

amount, purchase price and other pertinent information. While the loan is in RESERVATION STAGE, a Lender may change this information on line. This will ensure that the loan record is as accurate as possible prior to the underwriting process.

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.

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 same.

FILE CONDITIONS TO CORRECT

Files are reviewed in two steps. The Compliance Files are reviewed by the Administrator and the Mortgage File is reviewed by the Servicer. Any deficiencies are immediately posted on line. This area should be checked often. This separate menu item was developed for the post-closing/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 which lenders are encouraged to do as soon as they are so informed. This will release funds and make them available immediately.

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.

SYSTEM ACCESS AND INFORMATION - FUNCTIONS/OPTIONS OF SECURE SYSTEM (continued)

DOWNLOAD CRYSTAL VIEWER

The e-Reports on the Web require a special download file (Crystal Viewer) in order for the user to view them on line. 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

SPECIAL SERVICES

We also maintain a site available to the public that's linked to search engines. The URL is www.firsthome4u.com. An option from that site is a "pre-application". If a pre-application is submitted, the sender is contacted and then referred to a program lender. Referrals are made on a alphabetical, rotating basis.

Program Brochures are also available online for your convenience on this website:
<http://www.ehousing.cc/escambia06.htm>

LOAN RESERVATIONS AND LOCK-INS

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.

Second Mortgage Loan Reservation

If borrowers choose to utilize and qualify for a second mortgage loan, following submission of first mortgage loan, reserve second mortgage loan by choosing "Additional Mortgage". 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 Lock-In with Lender's System

Lenders must follow standard internal lock-in procedures

Loan Processing, Delivery and Purchase Timetable: Revised 9-12-06

For existing homes–

- Reservation to Underwriter Certification = **45 days**
- Reservation to Closed & Delivered to Servicer = **85 days**
- Reservation to Exceptions Cleared, Loans Purchased = **115 days**

For new construction–

- Reservation to Underwriter Certification = **45 days**
- Reservation to Closed & Delivered to Servicer = **170 days**
- Reservation to Exceptions Cleared, Loans Purchased = **200 days**

FEES

The program determines the origination and discount that may be charged. No additional origination and/or discount may be charged buyer or seller.

The origination and discount permitted by the program

Government Loans = Origination of 1.00% Discount = 0.50%

Conventional Loans = Origination of 1.00% Discount = 0.50%

The program includes a **Bond Application Fee of \$225** submitted with the Compliance File following closing. The fee is payable at closing and a corporate check, cashier's check or money order made payable and forwarded to the Administrator with the Compliance File. The fee must be disclosed on the HUD-1 as being paid to the Administrator.

See the Servicer's instructions on the Website regarding their 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 the insurer/guarantor. "Junk" fees are not a defined term and may not be charged. Excessive fees are not permitted in the program.

Mortgages and notes for first and second mortgages are exempt from Documentary stamp tax and intangible tax. Deeds are not exempt. Only seller may pay this charge.

FORMS

GENERAL

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

All 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.

Original, personal signatures of all borrowers 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 2-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**
- Second Mortgage for Amortizing Second**
- Second Note for Amortizing Second**

POST CLOSING FORMS

Compliance File Checklist is available online.
The **CitiMortgage Checklist** (mortgage file stacking sheet) is available online on their site along with other exhibits.

Compliance File Delivery

eHousing Plus
2685 Executive Park Drive
Weston, FL 33331-3624

See the CitiMortgage instructions on the Website for delivery of documents to the Servicer.

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, 1040-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. There are IRS links on the Websites. **Not required for loans in Wilma Go Zones.**

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 or for another person.

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 on or sign the HUD-1. The Bond Application Fee must be shown as being payable to eHousingPlus. 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.

UNDERWRITER'S PROGRAM COMPLIANCE INCOME CALCULATION GUIDE

GENERAL 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 all household members. Follow the requirements listed below for bond compliance income.

The program requires that the income of all persons residing in the household (related or unrelated) 18 years of age or older must be included in the calculation of income for bond program purposes. **Unlike income that is averaged for credit underwriting, the bond program is concerned with actual current income.** You should be reviewing 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 12 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. Borrowers are not required to use all available assets when using the first mortgage bond program. The amount of remaining reserves required are determined by the type of financing used (i.e. FHA, VA.).

If a person had commissions, bonuses paid in the current tax year that were one time payments, include the one time payment amount (do not annualize). If a person worked seasonal overtime or worked overtime for any reason and is no longer working overtime (verified by employer), include the actual amount (do not annualize).

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.

UNDERWRITER'S PROGRAM COMPLIANCE INCOME CALCULATION GUIDE - GENERAL continued

"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.

Hourly Employees

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 52 for an annualized base salary.
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:
 - a. the total year to date income on the VOE
 - b. the previous year's income on the VOE
 - c. the 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

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.

UNDERWRITER'S PROGRAM COMPLIANCE INCOME CALCULATION GUIDE - continued

3. Compare the total annual income in #2 above to:
 - a. the total year to date income on the VOE
 - b. the previous year's income on the VOE
 - c. the 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 year to date income.
2. Divide the year to date income by the number of months during which it was earned and multiply times 12 for an annualized total.
3. 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.
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.

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 (52 weeks, 12 months, 24 semi-months, etc.) for an annualized figure.
3. Add the total annualized extraordinary income to the Current Total Base 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.
4. Compare the total annual income in #2 above to:
 - a. the total year to date income on the VOE
 - b. the previous year's income on the VOE
 - c. the 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.

UNDERWRITER'S PROGRAM COMPLIANCE INCOME CALCULATION GUIDE - continued

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 3 years (as evidenced by Court records), then use the past 3 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 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).

Verified Termination of Overtime, Commission, Bonus

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.

WHO SIGNS BOND DOCUMENTS

ALL PERSONS NAMED ON THE DEED SIGN THE BOND FORMS. IF THEY DO NOT HAVE AN OWNERSHIP INTEREST, THEY DO NOT SIGN THE BOND FORMS.