



Administrator's Guidelines for the Housing Finance Authority of Hillsborough County 2007 Single Family Mortgage Revenue Bond Program

June 4, 2007

June 13, 2007 Clean up incorrect references and typos throughout; Page 11, added Tax Service Fee

June 27, 2007 Page 4, added language re: FHA temporary 2/1 buydowns

July 3, 2007 Page 5, Bond Closing date added

July 5, 2007 Page 7, Added Targeted Area Census Tracts. Clean up of misc incorrect references throughout

Aug. 3, 2007, Page 8, Added Veteran's Exception explanation

Oct 13, 2007, Page 4, Added Assistance Calculation Example; Page 7, MI Insurance, Homebuyer Education information added

Nov.8,, 2007, Pages 12-15, Revised Bond Compliance Underwriting Guidelines

Dec. 20, 2007, Page 4, Deleted Assistance Calculation Example

Feb. 7, 2008, Page 5, Extended Final Purchase Date to 10-1-08

July 29, 2008, Page 5, Extended Final Purchase Date to December 29, 2008.

November 14, 2008, Page 5, Extended Final Purchase Date to August 1, 2009.

March 23, 2009 Page 4, Revised entire list of available products

July 3, 2009, Throughout Loan Type Restricted To Government Loans only through extended origination period and Final Purchase Date Extended to December 29, 2009

July 24, 2009, Throughout revised to show Loan Types restricted to FHA and VA only

Oct 29, 2009, Final Purchase Date Extended to August 1, 2010



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BOND PROGRAM - WHO DOES WHAT?

HFA of Hillsborough County

Issues the bonds, creates the first mortgage program, develops assistance products, sets the rate, term and points, assists with funding financing, 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. Your company may have their own codes. Lenders are responsible for servicing first and second program loans in accordance with Fannie Mae, Freddie Mac and GNMA requirements until they're purchased by the Master Servicer.

Leader Financial Services Master Servicer

Provides delivery and funding, receives all mortgage files, reviews mortgage files, notifies lenders of mortgage file exceptions, approves mortgage files, purchases loans, funds loans, pools and delivers loans, delivers certificate to Trustee.

eHousingPlus Program Administration/ Bond Compliance

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

HOW IT WORKS

TRAIN

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

APPLY

Lenders apply for username and password at <http://www.ehousing.cc/hillsborough07.htm>
Scroll down and click on Lender Portal. In the left margin, click on the blue button "**User Access**"

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 <http://www.ehousing.cc/hillsborough07.htm> Scroll down and click on **LENDER PORTAL**

DISCLOSE

Lenders have borrowers sign the Notices to Buyers. To their copy attach a **Recapture Brochure**. That's it for extra paperwork upfront. But it has to be signed upfront because it's the disclosure for the bond program. Find both on the Website under "**Forms**" <http://www.ehousing.cc/hillsborough07.htm>

JUSTIFY

Lenders process the loan normally and consider bond requirements (1) **Notices to Buyers** has been signed and (2) secure past three years **federal income tax returns** (complete with schedules) for borrowers and spouses unless Vets Exception or buying in Targeted Area (including GO Zones). Remember 45 day lock only extended with Underwriter Certification or cancels.

UNDERWRITE AND CERTIFY

Lenders underwrite & 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** form. Access <http://www.ehousing.cc/hillsborough07.htm> Scroll down to **Lender Portal**, sign in and from Main Menu select **Underwriter Certification**.

CLOSE AND VERIFY

It's important to provide accurate closing instructions to closing agents. All bond program docs must be returned to you. At closing have (1) **borrower and seller execute** (and have notarized) the **Affidavits/ Certification form**, (2) **borrower execute Tax Exempt Rider** and (3) **if using the HFA's DPA, have borrowers execute the second mortgage and note**. All three are under "**Forms**" at <http://www.ehousing.cc/hillsborough07.htm>

SHIP

Use the **Bond Compliance Checklist** to assemble the compliance file. Find under "**Forms**" at <http://www.ehousing.cc/hillsborough07.htm> eHousingPlus. Recorded documents should be submitted to Leader Financial Services.. Lender services loans until purchased by Servicer.

WHAT'S AVAILABLE?**Revised 3-23-09****Here's the two first mortgage products that are offered along with the Assistance options --****5.89% First Mortgage with 0% Deferred, 30 year second**

30-Year Low Rate Loan at 5.89% – The borrower receives a 30-year, fixed rate, fully amortizing first mortgage loan with 360 level monthly payments.

Assistance is available in the form of a second mortgage of up to 4.00% of the first Note amount. This is a 30 year deferred, 0% loan. It is never forgiven. It is repayable at 30 years or sooner if the property ceases to be the borrower's principal residence or is sold, refinanced or rented.

Borrowers must complete face-to-face homebuyer education. See the website for a list of approved agencies.

6.45% First Mortgage with Assistance Grant

30-Year Assisted Loan at 6.45% – The borrower receives a 30-year, fixed rate, fully amortizing first mortgage loan with 360 level monthly payments as well as an assistance payment equal to 4% of the loan amount to apply toward down payment or closing costs. (Check for fallout)

The Assistance is calculated on the first Note amount. This amount is funded by the lender at closing and reimbursed by the Servicer at the time the loan is purchased. The Assistance may be used for down payment or closing costs and prepaids. While there is no cash back in this program, the borrower may be reimbursed for any overpayment of escrow. Because the Assistance is a fixed percentage, any remaining Assistance must be applied as a principal reduction.

Assistance is in the form of a non-repayable grant. It is not repayable under any circumstances. When you reserve the first mortgage, the Assistance is automatically reserved. There is no additional reservation necessary. When you close the loan there are not second mortgages, second notes or liens. There is no repayment. The buyer is paying a higher interest rate for the mortgage product and in return receives the Assistance.

FHA Temporary 2/1 buydowns are permitted. Buydown may not be paid by the buyer or any assistance the buyer receives.

TIMING IS EVERYTHING

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.) 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.

First Mortgage Products

Loan Lock-In with Lender's System

Lenders must follow standard internal lock-in procedures.

Loan Processing, Delivery and Purchase Timetable:

New Construction cannot be reserved until 45 days before closing.

Reservation to Underwriter Certification = **45 days**

Reservation to Closed & Delivered to Servicer = **85 days**

Reservation to Exceptions Cleared, Loans Purchased = **115 days**

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 guarantee of reinstatement of canceled loans.

Bonds Close July 3, 2007.

Rev 10-29-09

Commitment Period Final Purchase Date Extended for government loans only:

August 1, 2010

A Wait List may be established when funds are fully committed..

The Internal Revenue Service and the HFA of Hillsborough County 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.

The following first mortgage products are offered in this program Rev 7-24-09 For loans closing during the new origination period, only FHA, VA loans are acceptable.

HERE’S WHAT ELSE YOU HAVE TO KNOW FOR BOND LOANS

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.

CHOOSING THE RIGHT LOAN FOR YOUR BORROWER

Eligible area is all of Hillsborough County

Eligible Borrowers:

Buyers must to be first-time buyers and live in the property they purchased as their principal residence unless purchasing in a targeted area..

Buyers and their spouses (occupants and non-occupants) **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** & 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.

Maximum Annual 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

<u>Non Targeted Areas</u>		<u>Targeted Areas</u>	
1-2 Person HH	3+ Person HH	1-2 Person HH	3+ Person HH
\$54,800	\$63,020	\$65,760	\$76,720

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. Income for credit purposes, follow FHA guidelines.

SALES PRICE LIMITS (Bond Program Acquisition Limits - not FHA Acquisition) New or Existing

	One Unit	Two Units	Three Units	Four Units
Non Targeted Areas	263,250	303,451	366,801	455,844
Targeted Areas	321,750	370,884	448,312	557,143

Bond program term “Acquisition Limit” usually refers to the sales price.

Has to include everything paid by the buyer or on the buyer’s behalf. It’s not FHA Acquisition.

New or existing, one to four units, detached or attached, condos, townhomes, manufactured homes that meet insurer/guarantor requirements. For multiple unit dwellings, borrower must occupy one of the units as their principal residence. Homes are considered new if never previously occupied. Mobile, recreational, seasonal or other types of vacation or non-permanent homes are not permitted.

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).

No refinances. However, temporary, construction or bridge financing with a term of 2 years or less may be refinanced

Construction to perm is not permitted.

For a period of one year, a portion of the funds must be set aside for properties in

Targeted Areas. The following census tracts constitute the targeted areas --

000700 001800 003000 003200 003400 003600 003900 004000 004300
010807 010808 012900

Rev 10-13-07

Homebuyer Education *NEW*

All buyers with conventional loans (any person on the Note other than cosigners) must attend an approved face-to-face homebuyer education course that must be at least 8 hours of classroom training and contain the curriculum required by MGIC. See the Website for a list of approved courses. Please check this list frequently as it may change during the course of the program. Also, please note that there is a **referral letter that must be sent with the borrower to the education provider.** Lenders are responsible for completing a portion of the information in the letter. The provider is also responsible for completing a portion of the information and having the borrower return the letter and Education Certificate to the lender following completion of the education. The letter ultimately is placed in the Compliance File. Without the letter the loan cannot be purchased. Borrowers will also be asked to complete a survey at closing a copy of which must be included in the compliance file.

Rev 7-3-09

Mortgage Insurance

Conventional Loans are at this time not included in the loan types acceptable during the extended origination period.

A FEW MORE PROGRAM FACTS

- All **available assets** are not required to be used in this program.
- **Assumptions** - First mortgage loans may be assumed by a qualified borrower meeting first-time homebuyer 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.
- **Doc Stamp and Intangible Tax** - Mortgage legend "This mortgage is exempt from Documentary Stamp Tax under 201.08 F.S. and Florida Nonrecurring Intangible tax under 199, F.S. per 159.621 Florida Statutes."
- There is **no minimum loan amount** required in the bond 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.
- Remaining **reserves** are not established by the bond program. If any, these are determined by the type of financing used (i.e. FHA, VA.).
- A new bond program feature authorized by the federal government waives the first-time homebuyer requirement for veterans. It's called the **Veterans Exception**. For this feature, "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 veteran exception to the first-time homebuyer requirement set forth in Section 416 of the Tax Relief and Health Care Act of 2006. Attached hereto are true and correct copies of my discharge or release papers, which demonstrate that such discharge or release was other than dishonorable."

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, program brochures, 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.ehousing.cc/hillsborough07.htm> Scroll down and click on **Lender Portal**.

The **Programs** button will take you to a list of programs. Choose the Hillsborough County 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.

Additional Mortgages

Not used in this program. Do not use this feature to show the program Assistance. Also, do not use "Second Source" to show the assistance. We know the loan has the assistance simply because of the first mortgage that has been chosen..

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 emailed and posted online. 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. 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. **There is ZERO Origination and Discount on the first mortgage. No additional origination and/or discount may be charged buyer or seller. There is no origination or discount permitted on the HFA second mortgage.**

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. This fee CANNOT BE FINANCED. The Bond Application Fee must be disclosed on the HUD-1 as being paid to eHousingPlus.

The Bond Application Fee of \$225 should be wired by the closing agent to --

Beneficiary Account number: 003871585152

Identified as: (Please leave this space blank)

To: Bank of America, NA

401 E Las Olas Blvd

Ft. Lauderdale, FL 33301

ABA #: 026009593

Other information: Borrower name and loan number

If an attempt to **wire funds fails**, please make **cashier's or corporate check payable to eHousingPlus and include with the Compliance File.**

The Bond Compliance File should be sent to --

eHousingPlus

2685 Executive Park Drive, Suite 8

Weston, FL 33331

The **Tax Service Fee is \$75** and will be netted at loan purchase. The **Mortgage File** should be sent to **Leader Financial Services** as directed in the **Delivery Manual** provided by the Servicer and included on the Website.

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 the Agency. "Junk" fees are not a defined term and may not be charged. Excessive fees are not permitted in the program

BOND COMPLIANCE UNDERWRITING (Rev 11-8-07)

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, 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.

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 (Rev. 10-31-07)

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, 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.

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 FHA, or VA forms. **Rev 7-24-09**

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. Ultimately the **ORIGINAL** must be included in the **Compliance File**.

CLOSING FORMS

A **Letter to Closing Agents** is provided citing the Florida Statutes that allow the Mortgage and Note to be exempt from Doc Stamps and Intangible Tax.

* **Affidavit/Certifications (ORIGINAL in Compliance File)**

* **Tax Exempt Rider** (Must be recorded)

POST CLOSING FORMS

* **Compliance File 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, 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 or visit the IRS website at 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.

Honorable Discharge

If using the Veteran's Exception, please include a copy of borrower's Honorable Discharge.

WHO SIGNS BOND DOCUMENTS

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.

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.