



# Administrator's Guidelines for the 2006 Series A, 2006 Series B, 2006 Series C Urban Redevelopment Authority (URA) of Pittsburgh Single Family Mortgage Revenue Bond (SFMRB) Program

First Posted May 14, 2006

8-6-06 Pages 41-44, Updated Compliance Underwriting Guidelines  
8-20-06, Changes per URA throughout

Revisions March 2008 , Links to URA of Pittsburgh

PHOP: Program Overview <http://www.ura.org/phop.html>  
Income Limits <http://www.ura.org/PHOPRates.html>  
Purchase Price Limits <http://www.ura.org/phopPurchaseLimits.html>  
PHOP Map <http://www.ura.org/pdfs/PHOPMap.pdf>  
HRP Program Overview <http://www.ura.org/hrp.html>  
Income Limits <http://www.ura.org/hrpIncomeLimits.html>  
Project Cost Limits <http://www.ura.org/hrpPurchaseLimits.html>  
HRP Map <http://www.ura.org/pdfs/HRPMap.pdf>

Please see Fannie Mae/Freddie Mac Bulletins & Directives, FHA Directives and Information, US Bank Bulletins - Directives - Reminders. Link <http://www.ehousing.cc/pittsburgh06.htm>

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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**

Urban Redevelopment Authority (URA) of Pittsburgh issues tax exempt Mortgage Revenue Bonds (MRB's). The program provides mortgage loans for first-time homebuyers who purchase homes in the City of Pittsburgh.

The URA has appointed U S Bank Home Mortgage as the Servicer/Administrator who utilizes eHousingPlus as the Program Administrator. eHousingPlus maintains the McWeb system and publishes HFA program information, as well as program forms online

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:

\$9,000,000 of below market rate first mortgage loans  
(1,800,000 for Targeted Areas, \$7,200,000 for Non-Targeted Areas)

First Mortgage Loans may be assumed by qualified buyers 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 a mortgage insurer

**Credit Underwriting**

All Mortgage Loans are underwritten by the Lender's Underwriter, are not re-underwritten by the Servicer and must be originated in accordance with FHA, Freddie and Fannie Mae guidelines. DU is acceptable for Fannie loans and government loans. LP is acceptable for Freddie Mac and government loans. At the point the loan is credit approved by the underwriter, the lender's underwriter completes the online Underwriter Certification in the system.

**DEFINITIONS, DESCRIPTIONS, CLARIFICATIONS**

**Adjusted Basis**

The adjusted basis, as such term is used in the Internal Revenue Code of 1986, as amended, of the Mortgagor with respect to the Eligible Property (as defined in Section 3.01 hereof) as of the date of completion of the rehabilitation. Generally, the applicable adjusted basis of a residence is the original purchase price plus (a) all capital improvements made to the residence prior to the start of rehabilitation, and (b) the costs of the rehabilitation.

**Agreement**

The Mortgage Loan Origination, Sale and Servicing Agreement as amended from time to time as permitted hereby.

**Appraised Value**

The appraised value of any Eligible Property based upon completion of the rehabilitation. The appraisal shall be obtained prior to the Closing Date.

**Bonds**

The bonds of URA issued pursuant to the Indenture, including the Single Family Mortgage Revenue Bonds, 2006 Series A , B and C.

**City**

The City of Pittsburgh, Pennsylvania.

**Closing Date**

The date on which a Mortgage Loan Closing occurs.

**Commitment Amount**

The aggregate principal amount of Mortgage Loans to be originated by a Mortgage Lender and purchased by the URA. The Commitment Amount consists of amounts to be originated and may be changed from time to time as agreed upon by URA and each Mortgage Lender.

**Commitment Term**

The Commitment Term ends October 31, 2007

**Commonwealth**

The Commonwealth of Pennsylvania.

**Compliance File Checklist**

The list of documents required by the Servicer for compliance review and submitted as a file as part of the Mortgage Loan file submission at Settlement.

**Deferred Payment Loan**

A loan of money by URA to a Mortgagor, funded by URA with CDBG, UDAG, HOME and/or DCED sources, the collateral security for the repayment of which is a lien against the property to be acquired with the proceeds thereof, which lien is immediately subordinate to the lien of a First Mortgage Loan and the Mortgagor's original down payment

**Down Payment/Closing Cost Assistance Grants**

Funds provided by the URA to eligible Mortgagors as defined in the Agreement. The funds, available to URA from CDBG, UDAG, Indenture Revenues and, HOME and DCED sources, are to be provided as grants to eligible Mortgagors to help them defray a portion of their Total Cash Requirement at their Mortgage Loan Closings.

**Fannie Mae (FNMA)**

The Federal National Mortgage Association, or any successor thereto.

**Fannie Mae Guides**

The Fannie Mae Selling and Servicing Guides, as amended from time to time, and as modified by the Pool Purchase Contract.

**FHA.**

The Federal Housing Administration of the U.S. Department of Housing and Urban Development, or any successor to its functions.

**FHA Insurance**

FHA mortgage insurance issued under Section 203, 221, 234, 237, and 245 of the National Housing Act, as amended, or other FHA mortgage insurance which provides substantially similar insurance benefits.

**FHA Insured First Mortgages**

First Mortgages insured under FHA insurance.

**First Mortgage Loan**

A loan of money by the Mortgage Lender to a Mortgagor the security for the repayment of which is a first lien on the Eligible Property to be rehabilitated or acquired and rehabilitated with the proceeds thereof. A Mortgage and Mortgage Note evidencing a First Mortgage Loan shall collectively be referred to as a "First Mortgage".

**First-Time Homebuyer**

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

**Funding of Grants and Second Deferred Loans**

Please submit packages for funding at least 2 weeks prior to the closing.

**Loan-to-Value Percentage**

The applicable loan-to-value percentage for the subject Eligible Property.

**Low-Income Borrower**

Eligible low-income borrowers meeting the income limits outlined in this Guide.

**Mortgage**

A pledge of an estate in real property as collateral security for the payment of money as evidenced by an instrument, the form of which has been approved by the URA, Agency and the Servicer (with respect to a First Mortgage Loan) and the URA (with respect to a Second Deferred Loan), as may be effective with respect to the type of Mortgage Loan being financed.

**Mortgage Lender**

Each mortgage lending institution or entity which has agreed to sell and originate Mortgage Loans pursuant to the Agreement, or its wholly-owned subsidiary or affiliate which, as part of its regular business, services mortgage loans.

**Mortgage Loan**

A First Mortgage Loan and a Second Deferred Loan, if any, or either of the foregoing.

**Mortgage Loan Closing**

Any closing or settlement procedure at or by which a Mortgagor receives, or upon certain conditions becomes entitled to receive, the proceeds of a Mortgage Loan originated by a Mortgage Lender pursuant to the Agreement.

**Mortgage Loan File**

The documents identified in the Compliance File Checklist and Delivery Checklist

**Mortgage Loan Purchases**

The Servicer purchases daily. Loans must be delivered for purchase within 30 days of closing and at least 15 days prior to the Lenders anticipated purchase date.

**Mortgage Note**

The promissory note, the form of which has been approved by the URA, the Agency and the Servicer (with respect to a First Mortgage Loan) and the URA (with respect to a Second Deferred Loan), as may be effective to evidence the Mortgagor's obligation to repay the type of Mortgage Loan being financed.

**Mortgagor**

A maker of, or any other party obligated on, a Mortgage Note.

**Notice of Acceptance**

A notice from URA to each Mortgage Lender specifying, among other things, (i) the Program Commitment Amounts, (ii) the final Mortgage Lender fee, (iii) the annual rate of interest to be specified in the Note as a part of the First Mortgage, (iv) the schedule of delivery of First Mortgages, (v) the final maturity date of the First Mortgages, and (vi) the First Mortgage Commitment Term.

**Participating Neighborhood-Based Organizations**

Those organizations which are members of the Pittsburgh Community Reinvestment Group or the Working Group on Community Development.

**Prepayment**

There is no prepayment penalty on first mortgage loans.

**Principal Prepayment.** Any Mortgagor payment or other payment or other recovery of principal on a Mortgage Loan which is received in advance of its scheduled due date and is not accompanied by an amount representing scheduled interest for any month subsequent to the month of prepayment, and the portion of any insurance, liquidation or other payments representing recovery of principal.

**Principal Residence** Principal Residence is an owner- occupied residence which Mortgagor will occupy as his or her principal residence, and which will not be used as an investment property, nor as a recreational home.

**Program Area** All City of Pittsburgh Census Tracts and Block Groups not listed in the chart in **these Guidelines** To determine the Census Tract of a property, go to <http://www.ffiec.gov/geocode/default.htm>.

**Proportionate Loan Percentage** The percentage of the Total Cost (minus the down payment) which is being funded by the First Mortgage Loan and the Second Deferred Loan, if any, as determined in accordance with Section 3.07(a)(i) or Section 3.07(b)(i), as applicable.

**Example (assuming 20% Second Deferred Loan): Maximum Amount \$25,000**

Total Cost: \$80,000  
Less Down payment: 2,400 (assuming 3%)  
Loan Amount: \$77,600  
Second Deferred Loan Amount \$16,000 ( $\$80,000 \times 20\%$ )  
First Mortgage Loan Amount 61,600  
Total Combined First and Second Mortgage Amount = \$77,600  
Proportionate Loan Percentage Calculation:  
Second Deferred Loan:  $(\$16,000 / \$77,600) \times 100 = 20.6\%$   
First Mortgage Loan:  $(\$61,600 / \$77,600) \times 100 = 79.4\%$   
100.0%

**Example (assuming 40% Second Deferred Loan): Maximum Amount \$35,000**

Total Cost: \$80,000  
Less Down payment: 2,400 (assuming 3%)  
Loan Amount: \$77,600  
Second Deferred Loan Amount \$32,000 ( $\$80,000 \times 40\%$ )

First Mortgage Loan Amount 45,600

\$77,600

Proportionate Loan Percentage Calculation:

Second Deferred Loan:  $(\$32,000 / \$77,600) \times 100 = 41.2\%$

First Mortgage Loan:  $(\$45,600 / \$77,600) \times 100 = 58.8\%$

100.0%

### **Quality Control**

From time to time the Servicer may request additional documentation from Lenders.

### **Recapture Tax**

The conditions of repayment of the federal subsidy of these loans is explained in a separate brochure provided on the Website

### **Second Deferred Loan**

A loan of money by URA to Mortgagor from UDAG, CDBG, HOME, DCED or URA funds, the security for the repayment of which is a second lien on the Eligible Property to be rehabilitated with the proceeds thereof, which lien shall be subordinate to the First Mortgage Loan. A Mortgage and Mortgage Note evidencing a Second Deferred Loan shall be collectively referred to as a "Second Mortgage".

### **Servicer**

U S Bank Home Mortgage is the Master Servicer (Servicer), its successors and/or assigns.

### **Servicer Fees.**

The Servicer program fees for all loans include a Compliance Review Fee of \$190 (paid by buyer or seller but not financeable), Funding Fee of \$25 (paid by party allowable by the insurer/guarantor) and Tax Service Fee of \$65 (paid by seller). The fees are payable at closing and netted at loan purchase and must be disclosed on the HUD-1 as being paid to the Servicer. These fees ARE NOT financeable.

### **Servicing Officer**

Any representative of a Mortgage Lender involved in, or responsible for, the administration and servicing of Mortgage Loans whose name appears on a List of Servicing Officers provided to the URA.

### **Settlement**

Any closing or settlement procedure held or conducted pursuant to this Agreement at or by which a First Mortgage and Mortgage Note is sold or delivered by a Mortgage Lender to the Servicer.

### **Settlement Date**

The date of any Settlement pursuant to this Agreement.

**Total Cash Requirement**

For PHOP loans, the aggregate amount of cash required of the Mortgagor at a Mortgage Loan Closing, the sum of which consists of the purchase price of the Eligible Property plus closing costs and prepaid expenses and the upfront mortgage insurance premium (Upfront MIP) less the amount of the First Mortgage Loan.

**Example:** Purchase Price: \$ 28,000

Plus Closing Costs: 1,406

Plus Prepaids: 721

Plus Upfront MIP 1,061

Total Cost \$31,188

Less First Mortgage

Loan Amount: 28,997

Total Cash Requirement: \$2,191

**Target Area**

**See chart in these Guidelines.** To determine a Census Tract of a property, go to <http://www.ffiec.gov/geocode/default.htm>. To determine if a property is located in a targeted Block Group within a partially targeted Census Tract, call the URA at 412.255.6677. Please allow for a 24 hour turn around time.

**URA**

The Urban Redevelopment Authority of Pittsburgh, or any agency, authority or department which may succeed to its powers and duties.

**URA-Sponsored Developer Commitment**

A commitment by the URA to a developer obligating the URA to purchase and fund a First Mortgage Loan to an eligible Mortgagor for the acquisition of an Eligible Property that is the subject of such commitment.

**GENERAL PROGRAM REQUIREMENTS**

**Eligible Loan Products**

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

**The following first mortgage products are offered in this program**

FHA , Conventional loans acceptable to Fannie Mae or Freddie Mac

**Pooled Funds**

Lenders did not pay a commitment fee for these funds that are available first-come, first-served.

**FIRST MORTGAGE LOANS**

**GEOGRAPHIC REQUIREMENTS**

**General** The program is available in the City of Pittsburgh

**Restrictions**

**Targeted Areas**

Targeted Areas are Federally designated census tracts specifically for the bond program. They are not necessarily the same areas identified by HUD, state or local governments for other programs. Targeted Area Funds remain available for loans in targeted areas for one year.

Borrowers purchasing in these areas are not subject to being first-time buyers. Income and sales price limits are higher. The tracts are:

103	201(part)	305	402 (part)	405
406	409 (part)	501	506 (part)	507
509	510	511	804 (part)	902 (part)
1016	1017 (part)	1113 (part)	1114 (part)	1115
1203(part)	1204	1207	1208	1301
1303	1304	1306	1501 (part)	1504
1515 (part)	1603 (part)	1604	1606	1803 (part)
2107 (part)	2108	2204	2503	2507
2509 (part)	2609	2614 (part)	2620 (part)	2703 (part)
2808	3001 (part)			

**(part) = Contact Urban Redevelopment Authority, regarding any census tract where part of the tract is targeted**

**ELIGIBLE PROPERTY GUIDELINES**

**GENERAL**

Program funds may be used for new mortgages (not refinance) and to finance single family 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.

The remaining economic life of the property may be no less than 30 years.

The program allows the amount of land necessary to support the basic livability.

Properties are for residential purposes so no more than 15% may be used in a trade or business (including day care). “Business” does not include rentals in a multi-unit property.

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

**ELIGIBLE BORROWERS**

**GENERAL REQUIREMENTS**

Borrowers must be first-time homebuyers. Exception: Borrowers buying in Targeted Areas are not required to be first-time homebuyers. Both husband and wife must qualify as first-time homebuyers regardless of who is named on the deed.

A first-time homebuyer is someone who has not owned and occupied their principal residence in the three year period preceding closing. If an applicant has partial ownership of a home which is proposed for purchase, applicant is permitted to do so whether or not the home is applicant's Principal Residence at the time of purchase. If applicant inherited the percentage of the home which applicant owns, applicant may finance the entire home. If applicant received a mortgage for the percentage of the home which applicant owns, applicant may only finance the percentage which applicant does not own.

Buyers must occupy the property within 60 days of closing.

A qualified buyer must be able to permanently reside in the United States or qualify for 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.

**Requirements for Expecting Parents** (Regarding Family Size and Income Eligibility) In applications involving a pregnant applicant in which the birth of the child would increase the household from two (2) members to three (3) members, a doctor's statement certifying that the applicant is pregnant and indicating the applicant's approximate due date will qualify the borrowers for the three (3) or more member household income limit. The Mortgagor Affidavit (Exhibit D of the Origination Agreement) should be completed at closing reflecting household size after the child is born. The doctor's certificate must be attached to the Mortgagor Affidavit and the mortgage application should clearly state that the applicant is pregnant

**Requirements When an Applicant Is Separated from His/her Spouse** When a spouse can be located, the applicant must provide the following regardless how long the couple has been separated: (a) an affidavit from the applicant's spouse waiving interest in the property; and (b) a property settlement agreement, separation agreement or court support order or some other similar document which defines the income of the applicant. Note: Item (b) will only be required if such an agreement already exists. The Authority will not require the applicant to create an agreement of this type specifically for eligibility in the Program. When a spouse cannot be located and the applicant has been separated more than two (2) years, the Authority will only require proof of separation for the stated period.

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**INCOME QUALIFICATIONS  
GENERAL REQUIREMENTS**

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 probably based on foreseeable economic circumstances based upon the Mortgage 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 and 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.

**PROGRAM SUMMARY - PHOP - FHA Insured Loans, GNMA**

**Eligible Area** The City of Pittsburgh

**Fund Availability**

Lenders have access to a first-come, first-served pool for the origination of first mortgage loans made in their name and sold to the Master Servicer who purchases loans on behalf of the URA. **The Commitment Term ends October 31, 2007.**

**FHA Insured Loans**

**Interest Rate Origination and Discount**

**5.25% 1.50%\***

\* May be paid by seller or borrower and seller. In no case may the borrower pay more than .75%.

**Purchase Price**

The purchase price of each First Mortgage shall be equal to ninety-nine and five-tenths percent (99.5%) of the original principal amount of the First Mortgage Note, plus accrued interest from the Closing Date to the Settlement Date (but in no case to exceed 45 days) at the Mortgage Note interest rate/.

**Application Fee**

Lenders may collect an application fee not to exceed the actual expense of credit report and appraisal plus \$25.

**Eligible Borrowers**

Borrowers must be at least 18 years of age, occupy the property purchased as their principal residence within 60 days of closing and meet the following income requirements.

**For those receiving the \$3,000 Grant Rev 3-2008 See Cover**

1 person	2 persons	3 persons	4 persons	5 persons	6 persons
\$32,150	\$36,700	\$41,300	\$45,900	\$49,550	\$53,250

**For those NOT receiving the \$3,000 Grant**

**1-2 Person HH Program Area: \$57,400**

**Target Area: \$68,900**

**3 or more Person HH Program Area: \$66,000**

**Target Area: \$80,350**

If purchasing in the Program Area, buyers must be first-time homebuyers. This requirement does not apply to borrowers purchasing in Target Areas.

**Targeted Areas**

One-third of the Mortgagors in Target Areas for each bond issue may exceed the above-referenced maximum annual gross household income requirement. These mortgagors are not eligible for Deferred Mortgage Loans or the down payment/closing cost assistance grant. The Lender must receive URA approval in writing prior to closing a loan qualifying under this variance.

**Targeted Areas are described in these Guidelines.**

**Minimum Down Payment Requirement**

Of the 3.00% required down payment, all may be in the form of a gift from a close family member or a grant if the borrower qualifies.

**Loan to Value Percentage**

Each First Mortgage Loan must have a Loan to Value Percentage which is not in excess of the lesser of FHA requirements or 97% of the appraised value plus closing costs or the sale price plus closing costs, whichever is less, for one or two unit properties for Mortgagors who are eligible for Deferred Payment Loans and/or for Down Payment/Closing Cost Assistance Grants.

**Eligible Properties**

**Existing Housing** of 1 to 4 units. For 2-4 units, the property must be a residential unit that is at least 5 years old. FHA approved detached, attached, condos and PUD’s that are permanent residential structures are acceptable.

**New Construction** (property must be completed prior to the signing of the sales agreement) that has not been previously occupied and is the subject of a URA Developer Commitment or is less than one year old, has not been previously occupied and contains no more than one unit.

**PROGRAM SUMMARY - PHOP - FHA Insured Loans, GNMA continued**

Properties must be at or below the following Acquisition Limits:

	<u>1 Unit</u>	<u>2 Units</u>	<u>3 Units</u>	<u>4 Units</u>
<b>Existing Homes</b> Program Area	216,000	261,701	316,327	393,120
Target Area	264,000	319,857	386,621	480,480

**Program Areas** All City of Pittsburgh Census Tracts and Block Groups not listed in the chart in these Guidelines. To determine the Census Tract of a property, go to <http://www.ffiec.gov/geocode/default.htm>.

**Target Area** All Census Tracts including certain Block Groups within partially targeted Census Tracts listed in the chart in these Guidelines. To determine a Census Tract of a property, go to <http://www.ffiec.gov/geocode/default.htm>. To determine if a property is located in a targeted Block Group within a partially targeted Census Tract, call the URA at 412.255.6677. Please allow for a 24 hour turn around time.

**Down Payment/Closing Cost Assistance Grants (DP/CCA)**

Funds provided by the URA to eligible Mortgagors are to be provided as grants to help them defray a portion of their Total Cash Requirement at their Mortgage Loan Closings and may be used to help an Eligible Mortgagor finance the acquisition of a URA-Sponsored Development or Existing Housing.

Borrowers who receive the DP/CCA grant may not have liquid assets in excess of \$20,000 after the purchase of the home Down payment is 3.00% of the purchase price. Borrower cannot increase down payment to lower liquid assets.

The amount of the grant shall be equal to the lesser of 50% of the borrower’s total cash requirement or \$3,000. The total cash requirement is the aggregate amount of cash required at the loan closing, the sum of which consists of the property sales price plus estimated closing costs and prepaid expenses less the amount of the PHOP loan.

All first-time homebuyers must complete a homebuyer education counseling course offered by an approved counseling service provider.

**Processing DP/CCA**

1. Prior to the commencement of the mortgage interview, the Lender must have the Applicant sign the Acknowledgment of Asset Limitations form if the Applicant is interested in the Down Payment/Closing Cost Assistance Grant.
2. Determine if the Borrower is eligible by completing the Needs Assessment & Borrower Certification Form. Lender and Borrower sign this.
3. If the Borrower is eligible, complete and sign the Down Payment/Closing Cost Assistance Grant Check Request form. Send the check request form along with all required documentation to the URA. Allow the URA at least 10 business days prior to the Closing Date to review the information, order a check and submit it to the Lender or the Lender’s Closing agent.
4. At the closing, arrange for the Certification of the Use of Down Payment/Closing Cost Assistance Grant Funds form to be completed, signed and dated by the Borrower/Grantee and the Closing Agent.

**Second Deferred Loan**

A loan of money by the URA to a Mortgagor from UDAG, CDBG, HOME, DCED or URA funds, secured by a second lien that is subordinate to the first mortgage and evidenced by the second mortgage and second note. **Within forty-five (45) days** after the receipt by the Mortgage Lender of such funds, the Mortgage Lender shall deliver to the URA the **recorded Second Deferred Loan Mortgage**. The Second Deferred Loan **Note** shall be delivered to the URA **no later than three (3) business days** after the Closing Date.

**Assumption**

Loans are assumable by borrowers meeting both FHA and URA requirements.

**Settlement Package**

For each Mortgage Loan, the mortgage Lender submits a Settlement Package to the URA and a Settlement Package to the Servicer. For loans utilizing only the first mortgage, the Settlement Package submitted to the **URA** should include **copies** of the following materials unless otherwise noted: **HUD-1 Settlement Statement and the Conflict of Interest form**. Otherwise, submit all items on the checklist.

**PROGRAM SUMMARY - PHOP - Fannie Mae NTIC Experiment (Conventional)**

**Eligible Area**

The City of Pittsburgh

**Fund Availability**

Lenders have access to a first-come, first-served pool for the origination of first mortgage loans made in their name and sold to the Master Servicer who purchases loans on behalf of the URA. **The Commitment Term ends October 31, 2007**

**Interest Rate Origination and Discount**

**5.25%**                      **1.50%\***

\* May be paid by seller or borrower and seller. In no case may the borrower pay more than .75%.

**Application Fee**

Lenders may collect an application fee not to exceed the actual expense of credit report and appraisal plus \$25.

**Eligible Borrowers**

Borrowers must be at least 18 years of age, occupy the property purchased as their principal residence within 60 days of closing and meet the following income requirements including the income of all (18 years or older) occupying the household

**For those receiving the \$3,000 Grant**

<b>1 person</b>	<b>2 persons</b>	<b>3 persons</b>	<b>4 persons</b>	<b>5 persons</b>	<b>6 persons</b>
<b>\$32,150</b>	<b>\$36,700</b>	<b>\$41,300</b>	<b>\$45,900</b>	<b>\$49,550</b>	<b>\$53,250</b>

**For those NOT receiving the \$3,000 Grant**

**All HH sizes Program Area: \$57,400**

**Target Area: \$68,900**

If purchasing in the Program Area, buyers must be first-time homebuyers. This requirement does not apply to borrowers purchasing in Target Areas.

**Targeted Areas**

One-third of the Mortgages in Target Areas for each bond Issue may exceed the above-referenced maximum annual gross household income requirement. These mortgages are not eligible for Deferred Mortgage Loans or the down payment/closing cost assistance grant. The Lender must receive URA approval in writing prior to closing a loan qualifying under this variance.

**Minimum Down Payment Requirement**

Of the required 3.00% down payment, 2.00% may be in the form of a gift from a close family member of a grant if the borrower qualified. 1.00% must be from the Borrower’s own funds. For 2 unit properties, all of the down payment must come from the Borrower’s own funds.

**Loan to Value Percentage - LTV & Number of Units**

Each First Mortgage Loan must have a Loan to Value Percentage which is not in excess of 97% of the appraised value.

**Eligible Properties -**

**Existing Housing** of 1or 2 units. For 2 units, the property must be a residential unit that is at least 5 years old. Fannie Mae approved attached, condos and PUD’s that are permanent residential structures are acceptable.

Properties must be at or below the following Acquisition Limits:

	<u><b>1 Unit</b></u>	<u><b>2 Units</b></u>
<b>Existing Homes</b>		
Program Area	\$216,000	\$261,701
Target Area	\$264,000	\$319,857

**Program Area** All City of Pittsburgh Census Tracts and Block Groups not listed in the chart on in these Guidelines. To determine the Census Tract of a property, go to <http://www.ffiec.gov/geocode/default.htm>.

**Target Area** All Census Tracts including certain Block Groups within partially targeted Census Tracts listed in the chart in these Guidelines. To determine a Census Tract of a property, go to <http://www.ffiec.gov/geocode/default.htm>. To determine if a property is located in a targeted Block Group within a partially targeted Census Tract, call the URA at 412.255.6677. Please allow for a 24 hour turn around time.

**PROGRAM SUMMARY - PHOP - Fannie Mae NTIC Experiment (Conventional) continued**

**Down Payment/Closing Cost Assistance Grants (DP/CCA)**

Funds provided by the URA to eligible Mortgagors are to be provided as grants to help them defray a portion of their Total Cash Requirement at their Mortgage Loan Closings and may be used to help an Eligible Mortgagor finance the acquisition of a URA-Sponsored Development or Existing Housing.

Borrowers who receive the DP/CCA grant may not have liquid assets in excess of \$20,000 after the purchase of the home. Down payment is based on 3.00% of the purchase price. Borrowers cannot increase down payment to lower liquid assets.

All homebuyers must complete pre and post purchase homebuyer education classes offered by Neighborhood Housing Services (8 hours) and receive certification.

**Processing DP/CCA**

**Once the borrower is determined to be eligible for the PHOP program and the loan amount is determined PREPARE CHECK REQUEST TO URA--**

1. Complete and sign the two-page form "Check Request: Down Payment/Closing Cost Assistance Grant." Submit to the URA the check request and copies of the Mortgage Application, Sales Agreement, Good Faith Estimate, HUD Credit Analysis Worksheet (FHA insured loan), First two pages of appraisal, VOE, Home Inspection Report, and Federal Income Tax Returns for three most recent years.

2. Allow the URA a minimum of two weeks to review the check request, order the check and submit the check to the Lender or the Lender's closing agent.

AT THE LOAN CLOSING, ARRANGE FOR THE APPROPRIATE CERTIFICATION FORM TO BE COMPLETED, SIGNED AND DATED:

3. For the closing, complete the form "Certification of the Use of Down Payment/Closing Cost Assistance Grant Funds."

4. Have both the Borrower/Grantee(s) and the Lender's Closing Agent sign and Date the form where indicated.

**Special Feature Code**

**When using this product, use special Feature Code 303**

**Second Deferred Loan**

A loan of money by the URA to a Mortgagor from UDAG, CDBG, HOME, DCED or URA funds, secured by a second lien that is subordinate to the first mortgage and evidenced by the second mortgage and second note. **Within forty-five (45) days** after the receipt by the Mortgage Lender of such funds, the Mortgage Lender shall deliver to the URA the **recorded Second Deferred Loan Mortgage**. The Second Deferred Loan **Note** shall be delivered to the URA **no later than three (3) business days** after the Closing Date.

**Homebuyer Education**

All Borrowers must attend homebuyer education counseling classes provided by Neighborhood Housing Services, Inc. (NHS). In addition, for a 2 unit property, landlord counseling is required, which is also provided by NHS.

**Property Inspection**

A property inspection is required on all 2 unit properties and must include all home component systems such as electric, plumbing, heating and similar systems

**Assumption**

Assumptions must be approved by Fannie Mae and meet URA requirements.

**Mortgage Insurance**

Must be secured from Fannie Mae approved provider.

**Settlement Package**

For each Mortgage Loan, the mortgage Lender submits a Settlement Package to the URA and a Settlement Package to the Servicer. For loans utilizing only the first mortgage, the Settlement Package submitted to the **URA** should include **copies** of the following materials unless otherwise noted: **HUD-1 Settlement Statement and the Conflict of Interest form.**

**PROGRAM SUMMARY = PHOP - Fannie Mae 100% Option (Conventional)**

**Eligible Area**

The City of Pittsburgh

**Fund Availability**

Lenders have access to a first-come, first-served pool for the origination of first mortgage loans made in their name and sold to the Master Servicer who purchases loans on behalf of the URA. **The Commitment Term ends October 31, 2007.**

**Interest Rate Origination and Discount**

**5.25%**      1.50%\*

\* May be paid by seller or borrower and seller. In no case may the borrower pay more than .75%.

**Application Fee**

Lenders may collect an application fee not to exceed the actual expense of credit report and appraisal plus \$25.

**Eligible Borrowers**

Borrowers must be at least 18 years of age, occupy the property purchased as their principal residence within 60 days of closing and meet the following income requirements including the income of all (18 years or older) occupying the household

**For those receiving the \$3,000 Grant**

1 person	2 persons	3 persons	4 persons	5 persons	6 persons
\$32,150	\$36,700	\$41,300	\$45,900	\$49,550	\$53,250

**For those NOT receiving the \$3,000 Grant**

and regardless of household size if not receiving the down payment/closing cost assistance grant.:

**All HH sizes    Program Area: \$57,400      Target Area: \$68,900**

If purchasing in the Program Area, buyers must be first-time homebuyers. This requirement does not apply to borrowers purchasing in Target Areas.

**Targeted Areas**

One-third of the Mortgagors in Target Areas for each bond Issue may exceed the above-referenced maximum annual gross household income requirement. These mortgagors are not eligible for Deferred Mortgage Loans or the down payment/closing cost assistance grant. The Lender must receive URA approval in writing prior to closing a loan qualifying under this variance.

**Minimum Down Payment Requirement**

1% of Purchase Price or \$500.00, whichever is less.

**Loan to Value Percentage**

Each First Mortgage Loan must have a Loan to Value Percentage which is not in excess of 100% of the appraised value

**Minimum Credit Score**

**620**

**Eligible Properties**

**Existing Housing** of 1 unit only. Fannie Mae approved attached, condos and PUD’s that are permanent residential structures are acceptable.

**New Construction** (property must be completed prior to the signing of the sales agreement) that has not been previously occupied and is the subject of a URA Developer Commitment or is less than one year old, has not been previously occupied and contains no more than one unit.

Properties must be at or below the following Acquisition Limits:

	<u>1 Unit</u>
<b>Existing Homes</b>	
Program Area	\$216,000
Target Area	\$264,000

**PROGRAM SUMMARY = PHOP - Fannie Mae 100% Option (Conventional) continued**

**Program Areas Program Area** All City of Pittsburgh Census Tracts and Block Groups not listed in the chart in these Guidelines. To determine the Census Tract of a property, go to <http://www.ffiec.gov/geocode/default.htm>.

**Target Area** All Census Tracts including certain Block Groups within partially targeted Census Tracts listed in the chart in these Guidelines. To determine a Census Tract of a property, go to <http://www.ffiec.gov/geocode/default.htm>. To determine if a property is located in a targeted Block Group within a partially targeted Census Tract, call the URA at 412.255.6677. Please allow for a 24 hour turn around time.

**Down Payment/Closing Cost Assistance Grants (DP/CCA)**

Funds provided by the URA to eligible Mortgages are to be provided as grants to help them defray a portion of their Total Cash Requirement at their Mortgage Loan Closings and may be used to help an Eligible Mortgagee finance the acquisition of a URA-Sponsored Development or Existing Housing.

Borrowers who receive the DP/CCA grant may not have liquid assets in excess of \$20,000 after the purchase of the home. Down payment is based on 3.00% of the purchase price. Borrowers cannot increase down payment to lower liquid assets

All homebuyers must complete pre and post purchase homebuyer education classes offered by Neighborhood Housing Services (8 hours) and receive certification.

**Processing DP/CCA**

**Once the borrower is determined to be eligible for the PHOP program and the loan amount is determined PREPARE CHECK REQUEST TO URA--**

1. Complete and sign the two-page form "Check Request: Down Payment/Closing Cost Assistance Grant." Submit to the URA the check request and copies of the Mortgage Application, Sales Agreement, Good Faith Estimate, HUD Credit Analysis Worksheet (FHA insured loan) and Federal Income Tax Returns for three most recent year, first two pages of Appraisal, Home Inspection and Verification of Employment.

2. Allow the URA a minimum of two weeks to review the check request, order the check and submit the check to the Lender or the Lender's closing agent.

AT THE LOAN CLOSING, ARRANGE FOR THE APPROPRIATE CERTIFICATION FORM TO BE COMPLETED, SIGNED AND DATED:

3. For the closing, complete the form "Certification of the Use of Down Payment/Closing Cost Assistance Grant Funds."

4. Have both the Borrower/Grantee(s) and the Lender's Closing Agent sign and Date the form where indicated.

**Special Feature Code**

**When using this product, use special Feature Code 303**

**Second Deferred Loan**

A loan of money by the URA to a Mortgagee from UDAG, CDBG, HOME, DCED or URA funds, secured by a second lien that is subordinate to the first mortgage and evidenced by the second mortgage and second note. **Within forty-five (45) days** after the receipt by the Mortgage Lender of such funds, the Mortgage Lender shall deliver to the URA the **recorded Second**

**Deferred Loan Mortgage.** The Second Deferred Loan **Note** shall be delivered to the URA **no later than three (3) business days** after the Closing Date.

**Homebuyer Education**

All Borrowers must attend homebuyer education counseling classes provided by Neighborhood Housing Services, Inc. (NHS)

**Assumption**

Assumptions must be approved by Fannie Mae and meet URA requirements.

**Mortgage Insurance**

Must be secured from Fannie Mae approved provider.

**Settlement Package**

For each Mortgage Loan, the mortgage Lender submits a Settlement Package to the URA and a Settlement Package to the Servicer. For loans utilizing only the first mortgage, the Settlement Package submitted to the URA should include **copies** of the following materials unless otherwise noted: **HUD-1 Settlement Statement and the Conflict of Interest form.**

**PROGRAM SUMMARY = PHOP - Fannie Mae 97% Option (Conventional) - MyCommunity**

**Eligible Area**

The City of Pittsburgh

**Fund Availability**

Lenders have access to a first-come, first-served pool for the origination of first mortgage loans made in their name and sold to the Master Servicer who purchases loans on behalf of the URA. **The Commitment Term ends October 31, 2007.**

**Interest Rate Origination and Discount**

5.25% 1.50%\*

\* May be paid by seller or borrower and seller. In no case may the borrower pay more than .75%.

**Application Fee**

Lenders may collect an application fee not to exceed the actual expense of credit report and appraisal plus \$25.

**Eligible Borrowers**

Borrowers must be at least 18 years of age, occupy the property purchased as their principal residence within 60 days of closing and meet the following income requirements including the income of all (18 years or older) occupying the household

**For those receiving the \$3,000 Grant**

1 person	2 persons	3 persons	4 persons	5 persons	6 persons
\$32,150	\$36,700	\$41,300	\$45,900	\$49,550	\$53,250

**For those NOT receiving the \$3,000 Grant**

and regardless of household size if not receiving the down payment/closing cost assistance grant.:

**All HH sizes Program Area: \$57,400 Target Area: \$68,900**

If purchasing in the Program Area, buyers must be first-time homebuyers. This requirement does not apply to borrowers purchasing in Target Areas.

**Targeted Areas**

One-third of the Mortgagors in Target Areas for each bond Issue may exceed the above-referenced maximum annual gross household income requirement. These mortgagors are not eligible for Deferred Mortgage Loans or the down payment/closing cost assistance grant. The Lender must receive URA approval in writing prior to closing a loan qualifying under this variance.

**Borrower Contribution Toward Minimum Down Payment**

1 unit = \$500

2 units = 3% of Purchase Price or \$500.00, whichever is less.

**Loan to Value Percentage**

Each First Mortgage Loan must have a Loan to Value Percentage which is not in excess of 97% of the appraised value

**Eligible Properties**

**Existing Housing** of 1 or 2 units. Fannie Mae approved attached, condos and PUD’s that are permanent residential structures are acceptable.

**New Construction** (property must be completed prior to the signing of the sales agreement) that has not been previously occupied and is the subject of a URA Developer Commitment or is less than one year old, has not been previously occupied and contains no more than one unit.

Properties must be at or below the following Acquisition Limits:

	<u>1 Unit</u>	<u>2 Units</u>
<b>Existing Homes</b>		
Program Area	\$216,000	\$261,701
Target Area	\$264,000	\$319,857

**Program Areas Program Area** All City of Pittsburgh Census Tracts and Block Groups not listed in the chart in these Guidelines. To determine the Census Tract of a property, go to <http://www.ffiec.gov/geocode/default.htm>.

**PROGRAM SUMMARY = PHOP - Fannie Mae 97% Option (Conventional) - MyCommunity continued**

**Target Area** All Census Tracts including certain Block Groups within partially targeted Census Tracts listed in the chart in these Guidelines. To determine a Census Tract of a property, go to <http://www.ffiec.gov/geocode/default.htm>. To determine if a property is located in a targeted Block Group within a partially targeted Census Tract, call the URA at 412.255.6677. Please allow for a 24 hour turn around time.

**Down Payment/Closing Cost Assistance Grants (DP/CCA)**

Funds provided by the URA to eligible Mortgagors are to be provided as grants to help them defray a portion of their Total Cash Requirement at their Mortgage Loan Closings and may be used to help an Eligible Mortgagor finance the acquisition of a URA-Sponsored Development or Existing Housing.

Borrowers who receive the DP/CCA grant may not have liquid assets in excess of \$20,000 after the purchase of the home. Down payment is based on 3.00% of the purchase price. Borrowers cannot increase down payment to lower liquid assets

All homebuyers must complete pre and post purchase homebuyer education classes offered by Neighborhood Housing Services (8 hours) and receive certification.

**Processing DP/CCA**

**Once the borrower is determined to be eligible for the PHOP program and the loan amount is determined PREPARE CHECK REQUEST TO URA--**

1. Complete and sign the two-page form "Check Request: Down Payment/Closing Cost Assistance Grant." Submit to the URA the check request and copies of the Mortgage Application, Sales Agreement, Good Faith Estimate, HUD Credit Analysis Worksheet (FHA insured loan) and Federal Income Tax Returns for three most recent year, first two pages of Appraisal, Home Inspection and Verification of Employment.
2. Allow the URA a minimum of two weeks to review the check request, order the check and submit the check to the Lender or the Lender's closing agent. **AT THE LOAN CLOSING, ARRANGE FOR THE APPROPRIATE CERTIFICATION FORM TO BE COMPLETED, SIGNED AND DATED:**
3. For the closing, complete the form "Certification of the Use of Down Payment/Closing Cost Assistance Grant Funds."
4. Have both the Borrower/Grantee(s) and the Lender's Closing Agent sign and Date the form where indicated.

**Special Feature Code**

**When using this product, use special Feature Code 460**

**Second Deferred Loan**

A loan of money by the URA to a Mortgagor from UDAG, CDBG, HOME, DCED or URA funds, secured by a second lien that is subordinate to the first mortgage and evidenced by the second mortgage and second note. **Within forty-five (45) days** after the receipt by the Mortgage Lender of such funds, the Mortgage Lender shall deliver to the URA the **recorded Second**

**Deferred Loan Mortgage.** The Second Deferred Loan **Note** shall be delivered to the URA **no later than three (3) business days** after the Closing Date.

**Homebuyer Education**

All Borrowers must attend homebuyer education counseling classes provided by Neighborhood Housing Services, Inc. (NHS)

**Assumption**

Assumptions must be approved by Fannie Mae and meet URA requirements.

**Mortgage Insurance**

Must be secured from Fannie Mae approved provider.

**Settlement Package**

For each Mortgage Loan, the mortgage Lender submits a Settlement Package to the URA and a Settlement Package to the Servicer. For loans utilizing only the first mortgage, the Settlement Package submitted to the **URA** should include **copies** of the following materials unless otherwise noted: **HUD-1 Settlement Statement and the Conflict of Interest form.**

**PROGRAM SUMMARY = PHOP - Fannie Mae 100% (Conventional) MyCommunity)**

**Eligible Area**

The City of Pittsburgh

**Fund Availability**

Lenders have access to a first-come, first-served pool for the origination of first mortgage loans made in their name and sold to the Master Servicer who purchases loans on behalf of the URA. **The Commitment Term ends October 31, 2007.**

**Interest Rate Origination and Discount**

**5.25%**                      **1.50%\***

\* May be paid by seller or borrower and seller. In no case may the borrower pay more than .75%.

**Application Fee**

Lenders may collect an application fee not to exceed the actual expense of credit report and appraisal plus \$25.

**Eligible Borrowers**

Borrowers must be at least 18 years of age, occupy the property purchased as their principal residence within 60 days of closing and meet the following income requirements including the income of all (18 years or older) occupying the household

**For those receiving the \$3,000 Grant**

<b>1 person</b>	<b>2 persons</b>	<b>3 persons</b>	<b>4 persons</b>	<b>5 persons</b>	<b>6 persons</b>
<b>\$32,150</b>	<b>\$36,700</b>	<b>\$41,300</b>	<b>\$45,900</b>	<b>\$49,550</b>	<b>\$53,250</b>

**For those NOT receiving the \$3,000 Grant**

and irregardless of household size if not receiving the down payment/closing cost assistance grant.:

**All HH sizes Program Area: \$57,400 Target Area: \$68,900**

If purchasing in the Program Area, buyers must be first-time homebuyers. This requirement does not apply to borrowers purchasing in Target Areas.

**Targeted Areas**

One-third of the Mortgagors in Target Areas for each bond Issue may exceed the above-referenced maximum annual gross household income requirement. These mortgagors are not eligible for Deferred Mortgage Loans or the down payment/closing cost assistance grant. The Lender must receive URA approval in writing prior to closing a loan qualifying under this variance.

**Borrower Contribution toward Minimum Down Payment**

1 unit = \$500.00

2 units = 3.00% of Purchase Price.

3-4 units = 3.00% of Purchase Price

**Loan to Value Percentage**

Each First Mortgage Loan must have a Loan to Value Percentage which is not in excess of 100% of the appraised value

**Minimum Credit Score**

**620**

**Eligible Properties**

**Existing Housing** of 1-4 units. Fannie Mae approved attached, condos and PUD’s that are permanent residential structures are acceptable.

**New Construction** (property must be completed prior to the signing of the sales agreement) that has not been previously occupied and is the subject of a URA Developer Commitment or is less than one year old, has not been previously occupied and contains no more than one unit.

Properties must be at or below the following Acquisition Limits:

	<u><b>1 Unit</b></u>	<u><b>2 Units</b></u>	<u><b>3 Units</b></u>	<u><b>4 Units</b></u>
<b>Existing Homes</b>	216,000	261,707	316,327	393,120
<b>New Construction</b>	264,000	314,857	386,621`	480,480

**Program Areas Program Area** All City of Pittsburgh Census Tracts and Block Groups not listed in the chart in these Guidelines. To determine the Census Tract of a property, go to <http://www.ffiec.gov/geocode/default.htm>

**PROGRAM SUMMARY = PHOP - Fannie Mae 100% (Conventional) MyCommunity continued**

**Target Area** All Census Tracts including certain Block Groups within partially targeted Census Tracts listed in the chart in these Guidelines. To determine a Census Tract of a property, go to <http://www.ffiec.gov/geocode/default.htm>. To determine if a property is located in a targeted Block Group within a partially targeted Census Tract, call the URA at 412.255.6677. Please allow for a 24 hour turn around time.

**Down Payment/Closing Cost Assistance Grants (DP/CCA)**

Funds provided by the URA to eligible Mortgagors are to be provided as grants to help them defray a portion of their Total Cash Requirement at their Mortgage Loan Closings and may be used to help an Eligible Mortgagor finance the acquisition of a URA-Sponsored Development or Existing Housing.

Borrowers who receive the DP/CCA grant may not have liquid assets in excess of \$20,000 after the purchase of the home. Down payment is based on 3.00% of the purchase price. Borrowers cannot increase down payment to lower liquid assets

All homebuyers must complete pre and post purchase homebuyer education classes offered by Neighborhood Housing Services (8 hours) and receive certification.

**Processing DP/CCA**

**Once the borrower is determined to be eligible for the PHOP program and the loan amount is determined PREPARE CHECK REQUEST TO URA--**

1. Complete and sign the two-page form "Check Request: Down Payment/Closing Cost Assistance Grant." Submit to the URA the check request and copies of the Mortgage Application, Sales Agreement, Good Faith Estimate, HUD Credit Analysis Worksheet (FHA insured loan) and Federal Income Tax Returns for three most recent year, first two pages of Appraisal, Home Inspection and Verification of Employment.

2. Allow the URA a minimum of two weeks to review the check request, order the check and submit the check to the Lender or the Lender's closing agent.

AT THE LOAN CLOSING, ARRANGE FOR THE APPROPRIATE CERTIFICATION FORM TO BE COMPLETED, SIGNED AND DATED:

3. For the closing, complete the form "Certification of the Use of Down Payment/Closing Cost Assistance Grant Funds."

4. Have both the Borrower/Grantee(s) and the Lender's Closing Agent sign and Date the form where indicated.

**Special Feature Code**

**When using this product, use special Feature Code 480**

**Second Deferred Loan**

A loan of money by the URA to a Mortgagor from UDAG, CDBG, HOME, DCED or URA funds, secured by a second lien that is subordinate to the first mortgage and evidenced by the second mortgage and second note. **Within forty-five (45) days** after the receipt by the Mortgage Lender of such funds, the Mortgage Lender shall deliver to the URA the **recorded Second**

**Deferred Loan Mortgage.** The Second Deferred Loan **Note** shall be delivered to the URA **no later than three (3) business days** after the Closing Date.

**Homebuyer Education**

All Borrowers must attend homebuyer education counseling classes provided by Neighborhood Housing Services, Inc. (NHS) In addition, for 1-4 unit properties, landlord counseling is required., which is also provided by NHS.

**Property Inspection**

A property inspection is required on all 1-4 unit properties and must include all home component systems such as electric, plumbing, heating and similar systems.

**Assumption**

Assumptions must be approved by Fannie Mae and meet URA requirements.

**Mortgage Insurance**

Must be secured from Fannie Mae approved provider.

**Settlement Package**

For each Mortgage Loan, the mortgage Lender submits a Settlement Package to the URA and a Settlement Package to the Servicer. For loans utilizing only the first mortgage, the Settlement Package submitted to the **URA** should include **copies** of the following materials unless otherwise noted: **HUD-1 Settlement Statement and the Conflict of Interest form.**

**PROGRAM SUMMARY = HRP- Housing Recovery Program (Conventional)**

This program provides permanent financing for (1) the acquisition and rehabilitation of an Eligible Property as defined below, (2) the refinancing of existing indebtedness of an Eligible Property in conjunction with the rehabilitation of the Eligible Property and (3) the rehabilitation of the Eligible Property provided that there is no other mortgage on the property. Borrowers are provided a first mortgage loan or if the property is located in a Target Area or a CDBG-eligible area, a first mortgage loan and a deferred second mortgage loan. Soft costs (such as architectural fees) which are permitted to be financed on FHA residential loans may be financed as part of the Mortgage Loan. Closing costs may be financed if the property is located within a CDBG-Eligible area. The URA must approve the proposed uses of proceeds and the rehabilitation plans and specifications prior to the Mortgage Lender’s issuing a final commitment to a proposed borrower.

**The Commitment Term ends October 31, 2007.**

**Eligible Properties and Eligible Areas**

- Single Family residence of one to four units located in the City of Pittsburgh that is a completed, permanent structure or will be completed within 150 days following loan closing.
- Properties of more than one unit must be a residential structure of at least 5 years old.
- The property must have been used at least 20 years prior to the start of rehabilitation.
- At least 50% of the existing external walls must be retained in place as external walls.
- At least 75% of the existing internal walls must be retained in place as internal or external walls.
- At least 75% of the existing internal structural framework must be retained in place.
- The expenditures for the rehabilitation must be equal to 25% or more of the Mortgageor’s Adjusted Basis in the residence, determined as of the completion date of the rehabilitation.
- The Mortgageor must have an Adjusted Basis in the residence not in excess of the following limits:

	<u>1 Unit</u>	<u>2 Units</u>	<u>3 Units</u>	<u>4 Units</u>
<b>Existing Homes</b>				
Blue, Green Areas	\$205,306	\$242,801	\$293,476	\$364,728
Yellow Areas	\$250,930	\$296,757	\$358,692	\$445,778
<b>New Construction</b>				
Blue, Green Areas	\$205,306	N/P	N/P	N/P
Yellow Areas	\$250,930	N/P	N/P	N/P

**N/P = Not Permitted**

**Buyers in Non-Target and Non-CDBG Program Areas qualify for the First Mortgage Loan**

**Buyers in Target and CDBG Eligible Areas qualify for the First Mortgage Loan, Deferred Second Mortgage Loan. Property in Target Areas has higher acquisition limits**

**Program Areas** All City of Pittsburgh Census Tracts and Block Groups not listed in the chart in this Guide. To determine the Census Tract of a property, go to <http://www.ffiec.gov/geocode/default.htm>.

**Target Area** All Census Tracts including certain Block Groups within partially targeted Census Tracts listed in the chart in this Guide. To determine a Census Tract of a property, go to <http://www.ffiec.gov/geocode/default.htm>. To determine if a property is located in a targeted Block Group within a partially targeted Census Tract, call the URA at 412.255.6677. Please allow for a 24 hour turn around time.

**Down Payment/Closing Cost Assistance Grants (DP/CCA) -**

As of Friday, May 2nd, the URA Board approved a change to the PHOP and HRP guidelines to increase the amount of the down payment closing cost assistance grant for low-income borrowers (borrowers who earn 80% or less of the area median income). All such borrowers will receive a \$3,000 dp/cca grant.

ELIGIBLE AREAS BY CENSUS TRACT

2000 CENSUS TRACT	CDBG	2000 MRB TARGET	BLOCK GROUP(S)	NEIGHBORHOOD	COLOR	COUNCIL DISTRICT
103	YES	YES	ALL	Bluff	Yellow	6
201	YES	PART	1	Central Business District	Green/Yellow	6
203	YES	NO		Strip District	Green	6
305	YES	YES	ALL	Crawford Roberts	Yellow	6
402	YES	PART	2	West Oakland	Green/Yellow	6
403	NO	NO		North Oakland	Blue	
404	YES	NO		North Oakland	Green	
405	YES	YES	ALL	Central Oakland	Yellow	3
406	YES	YES	ALL	Central Oakland	Yellow	3
409	YES	PART	2	South Oakland	Green/Yellow	3
501	YES	YES	ALL	Middle Hill	Yellow	6
506	YES	PART	2	Upper Hill	Green/Yellow	6
507	YES	YES	ALL	North Oakland	Yellow	8
509	YES	YES	ALL	Bedford Dwelling	Yellow	6
510	YES	YES	ALL	Terrace Village	Yellow	6
511	YES	YES	ALL	Terrace Village	Yellow	6
603	YES	NO		Lower Lawrenceville	Green	7
605	YES	NO		Polish Hill	Green	7
703	NO	NO		Shadyside	Blue	8
705	YES	NO		Shadyside	Green	8
706	NO	NO		Shadyside	Blue	8
708	NO	NO		Shadyside	Blue	8
709	PART	NO	2	Shadyside	Blue/Green	8
802	YES	NO		Bloomfield	Green	8
804	YES	PART	3	Bloomfield	Green/Yellow	8
806	YES	NO		Bloomfield	Green	8
807	YES	NO		Friendship	Green	8
809	YES	NO		Bloomfield	Green	8
902	YES	PART	4	Central Lawrenceville	Green/Yellow	7

2000 CENSUS TRACT	CDBG	2000 MRB TARGET	BLOCK GROUP(S)	NEIGHBORHOOD	COLOR	COUNCIL DISTRICT
903	YES	NO		Bloomfield	Green	7
1005	NO	NO		Stanton Heights	Blue	7
1011	YES	NO		Upper Lawrenceville	Green	7
1014	NO	NO		Morningside	Blue	7
1016	YES	YES	ALL	Garfield	Yellow	7
1017	YES	PART	2	Garfield	Green/Yellow	7
1018	NO	NO		Stanton Heights	Blue	7
1102	NO	NO		Highland Park	Blue	7
1106	NO	NO		Highland Park	Blue	9
1113	YES	PART	3	East Liberty	Green/Yellow	9
1114	YES	PART	1	Garfield	Green/Yellow	7
1115	YES	YES	ALL	East Liberty	Yellow	9
1201	YES	NO		Lincoln Lemington Belmar	Green	9
1202	YES	NO		Lincoln Lemington Belmar	Green	9
1203	YES	PART	2	Lincoln Lemington Belmar	Green/Yellow	9
1204	YES	YES	ALL	Larimer	Yellow	9
1207	YES	YES	ALL	Homewood West	Yellow	9
1208	YES	YES	ALL	Larimer	Yellow	9
1301	YES	YES	ALL	Homewood North	Yellow	9
1302	YES	NO		Homewood North	Green	9
1303	YES	YES	ALL	Homewood South	Yellow	9
1304	YES	YES	ALL	Homewood South	Yellow	9
1306	YES	YES	ALL	East Hills	Yellow	9
1401	NO	NO		Squirrel Hill North	Blue	8
1402	NO	NO		Squirrel Hill North	Blue	8
1403	NO	NO		Squirrel Hill North	Blue	8
1404	NO	NO		Point Breeze	Blue	8
1405	PART	NO	1,2	Point Breeze North	Blue/Green	9
1406	NO	NO		Point Breeze	Blue	9
1408	NO	NO		Squirrel Hill South	Blue	5

2000 CENSUS TRACT	CDBG	2000 MRB TARGET	BLOCK GROUP(S)	NEIGHBORHOOD	COLOR	COUNCIL DISTRICT
1410	NO	NO		Regent Square	Blue	5
1411	NO	NO		Swisshelm Park	Blue	5
1413	NO	NO		Squirrel Hill South	Blue	5
1414	PART	NO		Squirrel Hill South	Blue/Green	5
1501	YES	PART	1	Hazelwood	Green/Yellow	3
1504	YES	YES	ALL	Glen Hazel	Yellow	5
1515	YES	PART	2,4	Hazelwood	Green/Yellow	5
1516	PART	NO	4	Greenfield	Blue/Green	5
1517	NO	NO		Greenfield	Blue	3
1603	YES	PART	3	Arlington	Green/Yellow	3
1604	YES	YES	ALL	Arlington Heights	Yellow	3
1606	YES	YES	ALL	St. Clair	Yellow	3
1607	YES	NO		Mt. Oliver	Green	3
1608	YES	NO		South Side Slopes	Green	3
1609	YES	NO		South Side Flats	Green	3
1702	YES	NO		South Side Flats	Green	3
1706	YES	NO		South Side Slopes	Green	3
1803	YES	PART	3	Allentown	Green/Yellow	3
1806	NO	NO		Bon Air	Blue	4
1807	PART	NO	2	Mt. Washington	Blue/Green	3
1809	YES	NO		Beltzhoover	Green	3
1903	NO	NO		Mt. Washington	Blue	2
1911	NO	NO		Duquesne Heights	Blue	2
1914	YES	NO		Mt. Washington	Green	2
1915	YES	NO		Mt. WASHINGTON	Green	2
1916	NO	NO		Beechview	Blue	4
1917	PART	NO	3	Brookline	Blue/Green	4
1918	PART	NO	3, 5	Brookline	Blue/Green	4
1919	NO	NO		Brookline	Blue	4
1920	PART	NO	1, 5	Beechview	Blue/Green	4

2000 CENSUS TRACT	CDBG	2000 MRB TARGET	BLOCK GROUP(S)	NEIGHBORHOOD	COLOR	COUNCIL DISTRICT
1921	YES	NO		South Shore	Green	2
2016	NO	NO		Ridgmont	Blue	2
2017	NO	NO		Esplen	Blue	2
2018	NO	NO		Sheraden	Blue	2
2019	YES	NO		West End	Green	2
2020	PART	NO	1	Elliott	Blue/Green	2
2021	YES	NO		Chartiers City	Green	2
2022	PART	NO	1, 2	Sheraden	Blue/Green	2
2023	NO	NO		Banksville	Blue	2
2107	YES	PART	1	Manchester	Green/Yellow	6
2108	YES	YES	ALL	Chateau	Yellow	6
2201	NO	NO		Allegheny West	Blue	6
2204	YES	YES	ALL	Allegheny Center	Yellow	6
2205	NO	NO		North Shore	Blue	6
2206	YES	NO		Central North Side	Green	6
2304	YES	NO		East Allegheny	Green	1
2406	YES	NO		Troy Hill	Green	1
2412	YES	NO		Spring Garden	Green	1
2503	YES	YES	ALL	Central North Side	Yellow	6
2507	YES	YES	ALL	California Kirkbride	Yellow	6
2509	YES	PART	3	Fineview	GreenYellow	6
2602	NO	NO		Perry North	Blue	1
2607	NO	NO		Perry North	Blue	1
2609	YES	YES	ALL	Northview Heights	Yellow	1
2612	NO	NO		Summer Hill	Blue	1
2614	YES	PART	1,3	Perry South	Green/Yellow	1
2615	YES	NO		Perry South	Green	1
2620	YES	PART	2	Spring Hill/City View	Green/Yellow	1
2701	PART	NO	2	Brighton Heights	Blue/Green	1
2703	YES	PART	2	Brighton Heights	Green/Yellow	1

2000 CENSUS TRACT	CDBG	2000 MRB TARGET	BLOCK GROUP(S)	NEIGHBORHOOD	COLOR	COUNCIL DISTRICT
2704	YES	NO		Marshall Shadeland	Green	1
2708	NO	NO		Brighton Heights	Blue	1
2715	YES	NO		Marshall Shadeland	Green	1
2808	YES	YES	ALL	Fairywood	Yellow	2
2811	NO	NO		Westwood	Blue	2
2812	NO	NO		Oakwood	Blue	2
2814	YES	NO		Crafton Heights	Green	2
2815	NO	NO		Crafton Heights	Blue	2
2901	PART	NO	1, 3	Carrick	Blue/Green	4
2902	YES	NO		Carrick	Green	4
2904	PART	NO	1, 2	Carrick	Blue/Green	4
3001	YES	PART	2,4	Knoxville	Green/Yellow	3
3101	YES	NO		Hays	Green	5
3102	NO	NO		Lincoln Place	Blue	5
3103	NO	NO		New Homestead	Blue	5
3204	NO	NO		Overbrook	Blue	4
3206	NO	NO		Brookline	Blue	4
3207	NO	NO		Overbrook	Blue	4

**Buyers in Non-Target CDBG Eligible Areas qualify for the First Mortgage Loan and Deferred Second Mortgage Loans**

**Eligible Borrowers**

Borrowers must be at least 18 years of age, occupy the property purchased as their principal residence within 60 days of closing and meet the following income requirements:

**Low Income Limits**

1 Person HH = \$32,150	2 Person HH = \$36,700	3 Person HH = \$41,300
4 Person HH = \$45,900	5 Person HH = \$49,550	6 Person HH = \$53,250

**OR**

HH Size	Blue Area	Yellow Area	Green Area
1	\$57,400	\$56,250	\$57,400
2	\$57,400	\$64,300	\$57,400
3	\$66,000	\$72,300	\$66,000
4	\$66,000	\$80,350	\$66,000
5	\$66,000	\$86,800	\$66,000
6	\$66,000	\$93,200	\$66,000

**Eligibility Criteria for Mortgage Loans**

**Amortizing First Mortgage Loans must meet the following terms and conditions**

The first mortgage loan

**5. Loan to Value**

**In Target and CDBG-Eligible Yellow, Green Areas**

- a. 97% of the lesser of the Appraised Value or Total Cost for one or two unit properties; or
- b. 94% of the lesser of the Appraised Value or Total Cost for three or four unit properties.

**In all other Areas**

- a. 95% of the lesser of the Appraised Value or Total Cost for one or two unit properties; or
- b. 94% of the lesser of the Appraised Value or Total Cost for three or four unit properties.

**6. Form of Note**

Each amortizing first mortgage loan shall be evidenced by the Mortgage Lender’s standard form of note and secured by the Mortgage Lender’s standard form of mortgage which have been approved for use by the URA, the Servicer and Fannie Mae.

**7. Amortization**

The Mortgage Note for the Amortizing First Mortgage Loan shall begin amortization within 120 days of the date of Mortgage Loan closing and must be fully amortized by substantially equal monthly payments. For example, a Borrower’s first payment of an Amortizing First Mortgage Loan with a Closing Date of June 15, 1997 would occur on October 1, 1997.

**4. There is no prepayment penalty.**

**5. Assumption**

The amortizing first mortgage loan shall provide that it is assumable only with the consent of the URA and Servicer and assumption without such consent constitutes an event of default which causes immediate acceleration of the entire unpaid principal balance. The Mortgage Lender will prepare a Rider to the first mortgage to allow the loan to be assumed.

**6. Other Acceleration**

Each Mortgage Note shall provide that any failure by the Mortgagor to comply with the eligibility requirements or procedural requirements of the Mortgage Loan Origination, Sale and Servicing Agreement, or any misrepresentation in any document given to evidence compliance with such requirements, shall constitute an event of default thereunder which causes an immediate acceleration of the entire unpaid balance of the Amortizing First Mortgage Loan.

**Deferred Loans must meet the following terms and conditions  
Each Deferred Second Mortgage Loan**

**Deferred second mortgage loans** (0.00% interest) shall be made in the name of the URA and be repaid the earlier of sale or transfer of the property or 99 years.

- 1. Eligible Property**  
Must be used for the financing of an Eligible Property in a CDBG Eligible Area (Yellow or Green Areas)
- 2. Form of Note and Mortgage**  
Must use the form of Note and Mortgage provided by the URA .
- 3. Original Principal Amount**  
Shall have the amount determined by the URA

**Down Payment Requirements**

The Mortgage shall be required to make not less than the following applicable down payment with respect to the Mortgage Loan:

- 1. CDBG Eligible Areas (Yellow and Green Areas)**
  - a. 3% of the Total Cost for one or two-unit properties, or
  - b. 6% of the Total Cost for three or four-unit properties

Closing costs may only be included in Total Cost in CDBG Eligible Areas.
- 2. All Other Program Areas (Blue Areas)**
  - a. 5% of Total Cost for one or two-unit properties, or
  - b. 6% of Total Cost for three or four-unit properties

**Determination of Amount of Mortgage Loans**

**CDBG Eligible Areas (Yellow or Green Areas)**

1. Mortgagor shall pay at least the minimum requirement down payment.
- b. The Deferred Second Mortgage Loan shall be equal to 20% of the Total Cost, not to exceed \$25,000, for applicants earning less than 140% but more than 80% of area median income; or
- c. The Deferred Second Mortgage Loan shall be equal to 40% of the Total Cost, not to exceed \$35,000, for applicants earning less than 80% of the area median income; and
- d. The Amortizing First Mortgage Loan shall be equal to the difference between (1) the Total Cost and (2) the sum of “a” and “b” above; provided, however that the amount of the Amortizing First Mortgage Loan shall not exceed the applicable loan-to-value ratio.

**Example**

Number of Units	1 unit
Appraised Value	\$55,000
Maximum First Mortgage Loan (97% of Appraised Value)	\$53,350
Property Acquisition Cost:	\$40,000
Rehabilitation Contract Amount	\$20,000
Financed Closing Costs:	<u>\$ 3,000</u>
Total Cost:	\$63,000
Less Down Payment:	<u>\$ 1,890</u> (assuming 3%)
Amount to be Financed	\$61,110
Deferred Loan Amount	\$25,200 (40% x \$63,000; Borrower earns 80% or less of area median income)
Amortizing Loan Amount	\$35,910 (\$63,000 - \$1,890 - \$25,200)
Total Amount Financed:	\$61,110

The combined loan (Amortizing First Mortgage Loan plus Deferred Second Mortgage Loan) to value ratio cannot exceed the following:

**For one unit properties** where the as-completed appraised value is:

- a. \$80,000 but not exceeding \$100,000, the combined loan to value ratio may not exceed 140%;
- b. \$100,000 but not exceeding \$120,000, the combined loan to value ratio may not exceed 125%; and
- c. \$120,000 but not exceeding \$140,000 the combined loan to value ratio may not exceed 110%.

**For two, three, or four unit properties**, a combined loan to value ratio cannot exceed 165%.

**The Mortgage Loans shall be evidenced as follows:**

- a. The Amortizing First Mortgage Loan shall be evidenced by a Note and Mortgage in the principal amount of the Amortizing First Mortgage Loan.
- b. The deferred Second Mortgage Loan shall be evidenced by a Note and Mortgage in the principal amount of the Deferred Second Mortgage Loan. The Note may require that a portion of the loan amount be repaid at the time that the Property is sold or transferred and may require that the balance of the loan be repaid from the net proceeds of the sale as defined in the Deferred Second Mortgage Loan Note.

**All Other Program Areas (Blue Areas):**

The amount of the Mortgage Loan shall be calculated as follows:

- a. Mortgagor shall pay at least the minimum required down payment; and
- b. The amortizing First Mortgage Loan shall be equal to the difference between the Total Cost and a down payment at least equal to the minimum applicable down payment provided; however, that the amount of the Amortizing First Mortgage Loan shall never exceed the applicable loan to value ratio.
- c. No Deferred Second Mortgage Loans shall be made.
- d. Closing Costs may not be financed.

Example:

Number of Units:	1 Unit
Appraised Value:	\$55,000
Maximum Amortizing First Mortgage Loan: (95% of Appraised Value)	\$52,250
Property Acquisition Cost	\$40,000
Rehabilitation Contract Amount:	<u>\$20,000</u>
Total Cost:	\$60,000
Less Maximum Amortizing Loan:	\$52,250
Less Minimum Required Down Payment:	<u>\$ 3,000</u>
Additional Borrower’s Funds required:	\$ 4,750

The Amortizing First Mortgage Loan Amount shall be evidenced by a Note and Mortgage in the principal amount of the Amortizing First Mortgage Loans.

**Basic Origination Steps**

The submission to the URA of various documents during the mortgage origination process enables the URA to approve the purchase of the Amortizing First Mortgage Loans by the Servicer and, in certain cases, to fund Deferred Second Mortgage Loans.

There are three basic packages that must be submitted by the Lender to the URA with respect to a given Mortgage Loan:

(1) If Borrower has NOT selected a contractor, Pre-Approval Package, which is submitted before a final commitment is made to a Mortgagor. This enables the URA to initiate, review, and approve the rehabilitation contract; OR

If Borrower has selected a contractor, please include the contractor’s proposal if an applicant has already selected a contractor and has a proposal from the contractor. This package enables the URA to review and approve the rehabilitation work contract. The result of which is a pre-approval letter from the URA to the Lender.

(2) Pre-closing Package, which is submitted prior to a Mortgage Loan closing. This enables the URA to provide certain Mortgage Loan documents at the Mortgage Loan Closing and, in cases where a Deferred Second Mortgage Loan is involved, to provide Deferred Second Mortgage Loan funds at the Mortgage Loan closing.

(3) Settlement Package, which is submitted after a Mortgage Loan closing and contains all of the key documents related to the transaction. The settlement Package initiates the URA’s and the Servicer’s purchase of the Amortizing First Mortgage Loan.

**Pre-Approval Request**

The Mortgage Lender shall accept pre-approval requests directly from prospective Mortgagors acting alone or through a participating neighborhood-based organization. The lender shall evaluate the prospective Mortgagor's ability to borrow and indicate how much the prospective Mortgagor can borrow.

Once the prospective Mortgagor has identified a property, the Mortgage Lender shall also obtain the following items from the prospective Mortgagor:

1. **Executed Sales Agreement** (if acquisition and rehabilitation) or Deed (if refinancing and rehabilitation or rehabilitation only);
2. A copy of the Mortgagor's **federal income tax return** for the year immediately preceding the year in which the application is taken;
3. A completed **Certificate of Capital Improvements Prior to Rehabilitation** executed by the prospective Mortgagor(s), if refinancing and rehabilitation (or rehabilitation only); and
4. If the Mortgagor does meet the eligibility requirements and pre-qualifies for a mortgage loan, the Mortgage Lender continues its normal processing procedures and submits a Pre-Approval Package to the URA.

**Pre-Approval Package**

Prior to any commitment to a prospective Mortgagor, the Mortgage Lender shall submit a Pre-Approval Package to the URA which enables the URA to perform a property inspection and review and approve the rehabilitation contract. The Pre-Approval Package shall consist of the following materials:

1. **Submission Checklist** - completed by Mortgage Lender.
2. **Loan Application** - (if the lender has taken an application at this time) must be fully completed, signed, and dated by the loan applicant(s);
3. **Executed Sales Agreement** - (if acquisition and rehabilitation) or copy of **Deed** and **Evidence of Payoff Amount** (if refinance and rehabilitation);
4. **Certificate of Capital Improvements Prior to Rehabilitation** (if refinance and rehabilitation or rehabilitation only) - completed and executed by applicant(s);
5. **Estimate of Mortgagor's Borrowers Capacity** - completed by the Mortgage Lender;
6. **Pre-Approval Commitment Mortgage Letter** - prepared by the Mortgage Lender;
7. **Evidence of Neighborhood Organization Participation** - completed and executed by the Mortgage Lender;
8. **Conflict of Interest Disclosure** - completed by the applicant; and
9. **Notice to Borrower/loan Processing Fee** - executed by the applicant.
10. **Lead Paint Reduction Participation** - executed by the applicant
11. **DPCCAG Needs Assessment**
12. **Acknowledgment of Asset Limitations**

**URA Contract Review Package - If Borrower Has Contractor**

Prior to any commitment to a prospective Mortgagor that has obtained a contractor's proposal, the Mortgage Lender shall submit a URA Contract Review Package to the URA which enables the URA to review and approve the rehabilitation work contract. The Contract Review Package shall consist of the following materials:

- a. **Submission Checklist** - completed by Mortgage Lender.
- b. **Loan Application** - (if the lender has taken an application at this time) must be fully completed, signed, and dated by the loan applicant(s);
- c. **Executed Sales Agreement** - (if acquisition and rehabilitation) or copy of **Deed** and **Evidence of Payoff Amount** (if refinance and rehabilitation);
- d. **Prior to Rehabilitation** (if refinance and rehabilitation or rehabilitation only) - completed and executed by applicant(s);
- e. **Contractor's Proposal**
- f. **Evidence of Neighborhood Organization Participation** - completed and executed by the Mortgage Lender;
- g. **Conflict of Interest Disclosure** - completed by the applicant; and
- h. **Notice to Borrower/loan Processing Fee** - executed by the applicant.
- i. **Participation Letter for Lead Grant** - executed by the applicant

The URA shall perform a property inspection. The prospective Mortgagor and the prospective Mortgagor's contractor, if the prospective Mortgagor has identified a contractor, should attend the inspection. The URA will inspect the property for code deficiencies and also order an inspection by a Risk Assessor to determine if any lead hazards exist in the home. After the inspections, the URA will submit a code deficiency and risk assessment report to the prospective Mortgagor and contractor.

If the prospective Mortgagor has not selected a contractor, the code deficiency and risk assessment reports will be submitted to three contractors identified by the URA who will be asked to contact the prospective mortgagor and prepare a proposal.

The URA will review the contractor's proposal, the costs associated with the proposal, and the selected contractor's qualification to assure the acceptability of the proposed contract, contract price, and contractor.

If the contractor's proposal is disapproved, the URA will send the disapproved Contract Review Worksheet, which will note the disapproval, to the Mortgage Lender for the formal rejection of the loan application.

If the contractor's proposal is approved, the URA will send the Mortgage Lender the following materials:

1. Cover letter specifying the preliminary commitment amount of the Deferred Second Mortgage Loan funds, if any;
2. Approved Contract Review Worksheet; and
3. Approved Contractor's Proposal

The Mortgage Lender shall undertake its normal verification, Property appraisal, and mortgage underwriting procedures, as approved by the URA and Fannie Mae, to determine that the Mortgage Loan meets the underwriting standards applied in the normal course of its business of making mortgage loans.

The Mortgage Lender shall determine the amount of the Mortgage Loan for which the Mortgagor is eligible.

The Mortgage Lender shall determine that the Mortgagor, Mortgage Loan, and property meet all of the eligibility requirements of the Program.

The Mortgage Lender shall use its own form of commitment or rejection to notify the Mortgagor of the outcome of his/her loan application. The commitment will specify the terms, conditions and amount of the Amortizing First Mortgage Loan. If a Deferred Second Mortgage Loan is to be included, the Mortgage Lender's commitment for the Amortizing First Mortgage Loan shall be contingent on the URA's commitment of Deferred Second Mortgage Loan funds.

For each approved Mortgage Loan, the Mortgage Lender submits a Pre-Closing Package to the URA.

#### **Pre-Closing Package**

The Mortgage Lender submits a Pre-Closing Package to the URA no later than 20 days prior to the scheduled closing date. This enables the URA to provide certain Mortgage Loan documents at the Mortgage Loan closing and, in the case where a Deferred Second Mortgage Loan is involved, and the Down Payment/Closing Cost Assistance Grant, if applicable, to provide Deferred Second Mortgage Loan funds at the Mortgage Loan closing. The Pre-Closing Package shall consist of the following materials:

1. **Submission Checklist** - completed by Mortgage Lender
2. **Mortgage Loan Eligibility Worksheet Transmittal** - completed by the Mortgage Lender;
3. **Loan Application** - must be typewritten and fully completed, signed, and dated by the Borrower(s);
4. **Credit Report**;
5. **Tax Return** - Federal tax return for the year immediately preceding the year in which the application is taken. If a Borrower did not file a return, an acceptable alternative is a letter from the IRS stating that the IRS has no record of a return being filed. Copies of tax returns can be obtained by sending a written request to the IRS, 11601 Roosevelt Blvd, Philadelphia, PA 19255;
6. **W-2 Form(s)**;
7. **Verification(s) of Employment**;
8. **Copy of URA Approved Contract Review Letter** must be signed by the appropriate URA representative.
9. **Post-Rehabilitation Appraisal** - a complete copy of the appraisal which includes a listing of property conditions to be rectified, if any;
10. **Copy of Mortgage Lender's Commitment Letter to Mortgagor**;
11. **Down Payment/Closing Cost Assistance Grant Check Request** - prepared by Mortgage Lender if the Borrower is eligible to receive a Down Payment/Closing Cost Assistance Grant; and
12. **Good Faith Estimate** - completed by the Mortgage Lender and submitted only if a **Down Payment/Closing Cost Assistance Grant** is being requested
13. **Needs Assessment & Borrower Certification Form**
14. **Acknowledgment of Asset Limitations**

After the URA reviews and approves the Pre-Closing Package, the URA issues a commitment letter to the Mortgagor which includes term(s), conditions, and amount(s) of the Amortizing First Mortgage Loan; Lead Hazard Grant; Deferred Second Mortgage Loan, if any; and Down Payment/Closing Cost Assistance Grant, if any.

Prior to the Closing Date, the URA will provide closing instructions to the Mortgage Lender with respect to terms and conditions of the Deferred Second Mortgage Loan if a Deferred Second Mortgage Loan is to be provided.

On or prior to the Closing Date, the URA shall forward to the Mortgage Lender the following Mortgage Loan documents: Construction Loan Agreement; Deferred Second Mortgage Loan and Note, if any; Truth-in-Lending Disclosure for the Deferred Second Mortgage Loan, if any; Proceed Order; No-Lien Agreement; and Construction Agreement, Acknowledgment of Recapture Tax,, Notice to Mortgagor on Recapture Tax, Seller Affidavit and Borrower Contractor Homebuyer Agreement, Change Order Policy, Home Program Funds Agreement, Certificate of DPCC Grant Funds.

On or prior to the Closing Date, the URA will deposit with the Mortgage Lender one-hundred percent (100%) of the principal amount of the Deferred Second Mortgage Loan and the Lead Hazard Grant, if any.

On or before the fifth day prior to the scheduled Closing Date, the Mortgage Lender must register the loan with the Servicer. The Servicer will assign a loan number which must be used on all loan documents and future correspondence with the Servicer.

### **Mortgage Loan Closing Procedures**

The Mortgage Lender shall close the Mortgage Loan following its regular standards and procedures. In addition, the Mortgage Lender must:

- a Close each Amortizing First Mortgage Loan in its own name notifying the Mortgagor, however, that the Amortizing First Mortgage Loan is to be purchased and serviced by the Servicer.
- b Attach riders to the Amortizing First Mortgage Note which have been previously approved by Fannie Mae which list the condition under which a Mortgage may be assumed and require the Borrower to occupy the property as his or her principal residence within 150 days after the loan closing and continue to so occupy the property until the loan has been paid in full.
- c Complete and record an Assignment of the Amortizing First Mortgage Loan to the Servicer.
- d Endorse the Amortizing First Mortgage Loan Note as required by the Servicer.
- e Close each Deferred Second Mortgage Loan, if any, and Hazard Grant ,in the name of the URA. The URA shall receive the Deferred Second Mortgage Loan Note at the closing.
- f Obtain a signed Affidavit.
- g Obtain a fully executed Proceed Order from the Mortgagor and Contractor.
- h Within 48 hours of the Loan Closing, fax a copy of the HUD-1 to the Servicer.
- i Within 10 business days of loan closing, submit copies, unless otherwise noted, of the documents listed on the Compliance Checklist and specific Loan Delivery Checklist to the Servicer:

### **Closing Fees**

**Origination Fee** - Mortgage Lenders may charge one and one-half percent (1.5%) of the principal Amount of the Amortizing First Mortgage Loan. The fee may be paid by the seller, or it may be divided equally between the buyer and seller. The buyer may not be charged more than three-quarters (.75%) provided, however, that in case of a refinancing or a rehabilitation only, the Mortgagor should be responsible for all origination fees.

**Expenses** - Mortgage Lenders may collect reimbursement for all reasonable and customary expenses paid or incurred by the Mortgage Lender, including, but not limited to, notary fees; closing fees; document preparation fees; hazard, mortgage, or life insurance premiums; survey costs; title examination costs; title insurance premiums; appraisal fees; attorneys' fees; recording or registration taxes and charges; credit reporting costs; escrow fees; and similar charges to the extent that reimbursement is permitted by law.

**URA Loan Processing Fee** - At the Mortgage Loan Closing, each Mortgage Lender shall collect on behalf of the URA a loan processing fee of \$300 (which may be financed as a part of the Mortgage Loan).

**Servicer Fees** - At the Mortgage Loan Closing, each Mortgage Lender shall collect on behalf of the Servicer a Compliance Review Fee of \$190 (paid by buyer or seller but not financeable), Funding Fee of \$25 (paid by party allowable by the insurer/guarantor) and Tax Service Fee of \$65 (paid by seller for FHA loans or seller or buyer for Fannie Mae loans). The fees are payable at closing and netted at loan purchase and must be disclosed on the HUD-1 as being paid to the Servicer. These fees **ARE NOT** financeable.

**Down Payment/Closing Cost Assistance Grant Procedures**

1. Prior to the commencement of the mortgage interview, the Lender must have the Applicant sign the Acknowledgment of Asset Limitations form if the Applicant is interested in the Down Payment/Closing Cost Assistance Grant.
2. Determine if the Borrower is eligible by completing the Needs Assessment. Lender and Borrower sign this.
3. If the Borrower is eligible, complete and sign the Down Payment/Closing Cost Assistance Grant Check Request form. Send the check request form along with all required documentation to the URA. Allow the URA at least 10 business days prior to the Closing Date to review the information, order a check and submit it to the Lender or the Lender's Closing agent.
4. At the closing, arrange for the Certification of the Use of Down Payment/Closing Cost Assistance Grant Funds form to be completed, signed and dated by the Borrower/Grantee and the Closing Agent.

**Settlement Package**

For each Mortgage Loan, the mortgage Lender submits a Settlement Package to the URA and a Settlement Package to the Servicer. The Settlement Package submitted to the **URA** should include **copies** of the following materials unless otherwise noted:

1. **Settlement Package Submission Checklist (Original)** - completed by the Mortgage Lender, form provided by the URA;
2. **Certified True Copy of the Deferred Second Mortgage Loan Note** - if any, provided by the URA;
3. **HOME Program Funds Agreement (Original and Notarized)** - form supplied by the URA if HOME funds are used to fund the Deferred Second Mortgage Loan;
4. **Deferred Second Mortgage (Original and Recorded)** - Original provided by the URA, if any. If a copy of the recorded original is unavailable at the time of file submission to the URA, a copy is acceptable if certified as original. A copy of the original recorded document must be submitted to the URA within 60 days of loan closing;
5. **Construction Loan Agreement, (Original and Recorded)** - provided by the URA. If a copy of the recorded original is unavailable at the time of file submission to the URA, a copy is acceptable if certified as original. A copy of the original recorded document must be submitted to the URA within 60 days of loan closing;
6. **No-lien Agreement (Recorded);**
7. **Proceed Order** - form provided by URA;
8. **Construction Agreement (Original);**
9. **Lead-Based Paint Certification (Addendum A) (Original)** - form provided by the URA;
10. **Income Computation Worksheet** - form provided by the URA;
11. **Federal Truth-in-Lending Disclosure for Deferred Second Mortgage Loan (Original)** - if applicable, provided by the URA;
12. **Final Title Policy (Original)** - only if there is a Deferred Second Mortgage Loan;
13. **Hazard Insurance Policy** - copy of the Declaration page, only if there is a Deferred Second Mortgage Loan;
14. **Certification of Use of Down Payment Closing Cost Assistance Grant (Original)** - form provided by the URA, if applicable;
15. **Change Order Policy (Original)** - form provided by the URA, executed;
16. **HUD-1 Settlement Statement;** and
17. **URA Commitment Letter to Borrower for Deferred Second Mortgage (Original)** - provided by the URA.
18. **Owner/Contractor Agreement**

The Settlement Package submitted to the **Servicer** should include the documents and forms as listed on the Compliance File Checklist and the specific Delivery Checklist.

The Servicer will review the Settlement Package submitted and, after reviewing and approving the Settlement Package will purchase the loan from the Mortgage Lender.

All final original documents not previously submitted to the URA must be submitted within 90 days. For the Servicer, **see the Delivery and Funding Guidelines "Final Documents" for requirements.**

**PAYMENT OF PURCHASE PRICE**

The price of each Amortizing First Mortgage to be purchased will be calculated as follows:

**Mortgage Loan originated in connection with Participating Neighborhood-Based Organizations** - One hundred and seventeen-hundredths percent (100.17%) of the original principal amount of the Amortizing First Mortgage Loan Note plus accrued interest from the Closing Date to the Settlement Date, not to exceed 45 days, at the Amortizing First Mortgage Loan interest rate, or

**All other Mortgage Loans** - Ninety-nine and five tenths percent (99.50%) of the original principal amount of the Amortizing First Mortgage Loan note plus accrued interest from the Closing Date to the Settlement Date, not to exceed 45 days, at the Amortizing First Mortgage loan interest rate.

All Mortgagor payments on account of principal, interest, taxes, or insurance collected by the Mortgage Lender with respect to a Mortgage Loan prior to the Settlement for such Mortgage Loan shall be held by the Mortgage Lender. Such amounts are netted by the Servicer at loan purchase.

**DISBURSEMENT OF FUNDS****Escrow of Funds**

On or prior to the Closing Date, the URA will deposit with the Mortgage Lender 100% of the principal amount of the Deferred Second Mortgage Loan and the Lead Grant, if any. Until such funds are disbursed by the Mortgage Lender, they, together with all undisbursed proceeds of the Amortizing First Mortgage Loan, shall be held and maintained in a separate Rehabilitation Disbursement Account which the Mortgage Lender shall establish in the name of the URA.

These funds shall be invested by the Mortgage Lender in interest-bearing deposits or securities, and the investment earnings thereon shall be paid to the URA as reasonably requested. The Mortgage Lender shall cause such funds to be invested in an insured money fund or money manager savings account with the Mortgage Lender unless otherwise directed, from time to time, by the URA.

**Disbursement Priority**

In disbursing the proceeds of a Mortgage Loan, the Mortgage Lender shall disburse such funds in the following order: (i) Funds of the Mortgagor and (ii) thereafter, Amortizing First Mortgage Loan Proceeds and Deferred Second Mortgage Loan Proceeds, if any, shall be released simultaneously in an amount equal to the Proportionate Loan Percentage of the total amount approved for disbursement. Upon written notice, however, the URA may instruct the Mortgage Lender to deviate from the standard order of the disbursement of Mortgage Loan proceeds.

**Disbursements at Closing**

At the Mortgage Loan Closing, funds for the purchase or refinancing of the property, if any, or for the payment of closing costs, may be disbursed by the Mortgage Lender, or, on the Mortgage Lender's behalf, by an attorney, title company, or other agent selected by the Mortgage Lender.

**Rehabilitation Loan Disbursements**

Disbursements for the costs of rehabilitation work shall be made in accordance with directions provided by the URA to the Mortgage Lender and only after URA approval of the stage payment request. Mortgage Loan funds may not be disbursed if there is a default of any term or condition of the Agreement, the mortgage Note(s), or the Mortgage(s). Disbursements for "soft costs" shall only be authorized by the URA upon receipt of appropriate invoices and other necessary documentation requested by the URA.

Upon completion of the rehabilitation work, the URA will obtain the Borrower's execution of the Completion Certificate and copies of the Completion Certificate will be sent to the Mortgage Lender and the Contractor. Upon completion of the rehabilitation work and after release of the final stage payment, any unused proceeds remaining in the Rehabilitation Disbursement Account will be applied as a principal reduction to the Amortizing First Mortgage Loan unless otherwise directed by the URA.

**Change Orders**

All changes to the plans or specifications for the rehabilitation work must be approved in writing by the URA prior to the Commencement of the work. If the proposed changes involve any deletions from the work originally proposed or should in any way negatively affect the appraised value of the property, the URA will contact the Mortgage Lender prior to approving or disapproving the change order. The URA will work with the Mortgage Lender, Mortgagor, and Mortgagor's contractor to obtain a change order that is acceptable to all parties.

**SYSTEM ACCESS AND INFORMATION**

**GENERAL**

Each Program has a specific page, which displays a summary of the program parameters (on any open program for that issuer), and has links to log into the system, access the Administrator Guidelines, bond program forms, and Waiting Lists where applicable, and other useful information.

There are additional pages such as NEWS which highlight important dates or changes, 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.eHousingPlus.com/Escambia>

The security features will control the information each user can access, like the lender they can view, what they can change or not, etc.

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**ONLINE GUIDELINES**

The Administrator's Guidelines are available online.

Underwriting Information and the Servicer's Delivery and Funding Guidelines are also available online.

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

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**OBTAINING A PASSWORD**

To obtain a username and password go to the Website and 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

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**FUNCTIONS/OPTIONS OF SECURE SYSTEM (McWeb)**

**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.

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**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.

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**ADDITIONAL MORTGAGES**

This is the Second Mortgage feature. THIS OPTION DOES NOT APPLY IN THIS PROGRAM.

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**FUNCTIONS/OPTIONS OF SECURE SYSTEM (McWeb) (continued)**

**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 on line. This will ensure that the loan record is as accurate as possible prior to the underwriting process.

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**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.

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**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.

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**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.

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**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.

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**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 those funds and make them available for the next applicant.

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**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.

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**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

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**SPECIAL SERVICES**

We also maintain a site available to the public that's linked to search engines. The URL is [www.firsthome4u.com](http://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.

**LOAN RESERVATIONS, LOCK-INS AND FEES**

**First Mortgage Loan Reservation**

Buyers MUST HAVE A FULLY- EXECUTED SALES CONTRACT FOR A SPECIFIC PROPERTY in order to have funds reserved in the program. 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.

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**Loan Lock-In with Lender’s System**

Lenders must follow standard internal lock-in procedures

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**Loan Processing, Delivery and Purchase Timetable for PHOP loans:**

Reservation to Underwriter Certification = 45 days

Reservation to Closed & Delivered to Servicer = 90 days

Reservation to Exceptions Cleared, Loans Purchased = 120 days

**Loans not meeting the timetable cancel automatically without notice.**

**HRP loans are expected to have reasonable processing times.**

**All loans should be canceled as soon as they are deemed ineligible.**

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**Fees**

The program determines the origination and discount that may be charged. .

The program includes the following Servicer Fees

1. A **Bond Application Fee of \$190.** (May be paid by buyer or seller)

2. A **Funding Fee of \$25**

3. There is a **Tax Service Fee of \$65**

**Items 2 and 3 may be** paid by buyer or seller as per insurer/guarantor requirements.

The fees are payable at closing and netted at loan purchase and must be disclosed on the HUD-1 as being paid to the Servicer. **They cannot be financed.**

**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.

**FORMS  
GENERAL**

This topic addresses the specific bond forms required for the 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 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.

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**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.

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**CLOSING COMPLIANCE FORMS**

**Affidavit/Certifications**  
**Tax Exempt Rider**

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**POST CLOSING COMPLIANCE AND MORTGAGE FORMS - Stacking Sheets**

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

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

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

Acceptable Federal Income Tax Returns: Copies of returns filed with the IRS including 1040 REGULAR, 1040-A, 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](http://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.

**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.

**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.**

"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

**UNDERWRITER'S PROGRAM COMPLIANCE INCOME CALCULATION GUIDE - GENERAL continued**

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.

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**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.
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**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:
    - 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
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**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.
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**UNDERWRITER'S PROGRAM COMPLIANCE INCOME CALCULATION GUIDE - continued**

**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.

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**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.
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**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).
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**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**

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.

Having people sign documents who should not sign is as incorrect as not having all sign who should.