

QUALIFYING -- WHO, WHAT AND WHERE

Eligible Borrowers:

A person who meets the requirements of at least one of the following categories at the time such person files an application for the related Mortgage Loan and is designated by the Issuer as an Eligible Borrower under the related Notice of Availability of Funds:

(i) A Professional Educator* is a person, at the time such person files an application for a Mortgage Loan:

(a) who is at least one of the following—

- (i) public classroom teacher;
- (ii) full-time public teacher's aide;
- (iii) full-time public school librarian;
- (iv) full-time public school counselor;
- (v) full-time public school nurse; or
- (vi) Allied Health or Professional Nursing Program faculty member

(b) who resides in the State;

(c) whose income does not exceed the maximum family income (which cannot exceed the maximum amount permitted under Section 143(f) of the Code);

(d) who intends to occupy the residence to be financed with a mortgage loan as his or her principal residence within a reasonable period (not to exceed 60 days) following the closing of such mortgage loan;

(e) who (except in the case of an Eligible Borrower who is obtaining a mortgage loan for a residence located in the Targeted Areas or is a Qualified Veteran as defined in 38 U.S.C. Section 101) has not had a present ownership interest in a principal residence (except for the residence being financed with the mortgage loan) at any time during the threeyear period ending on the closing date;

(f) who has not had an existing mortgage (including a deed of trust, conditional sales contract, pledge, agreement to hold title in escrow, or any other form of ownerfinancing), whether or not paid off, on the residence to be financed

with such mortgage loan at any time prior to the execution of the mortgage, other than an existing mortgage securing a construction period loan, construction bridge loan, or similar temporary initial construction financing initially incurred within 24 months of the closing date, having an original term not exceeding 24 months, and not providing for scheduled payments of principal during such term; and

(g) who has not previously obtained a commitment for a mortgage loan under the program.

(h) who has a representative FICO (Fair Isaac Corporation) score of six hundred twenty (620) or greater.

***Professional Educator Documentation Required**

Employment must be documented by current pay stubs and verbal or written Verification of

Employment stating that the borrower is working 40 hours per week or full-time. A

Professional Educator's Teaching Certificate can be downloaded from the following site:

<http://www.sbec.state.tx.us/SBECONLINE/virtcert.asp>.

(ii) A Hero* is a person, at the time such person files an application for a Mortgage Loan:

(a) who is at least one of the following as defined in the Manual —

- (i) Fire Fighter;
- (ii) Corrections Officer or Juvenile Corrections Officer (this includes any employee of the Texas Department of Criminal Justice or Texas Juvenile Justice Department that receives hazardous duty pay);
- (iii) County Jailer;
- (iv) Public Security Officer;
- (v) Peace Officer; or
- (vi) Emergency Medical Service Personnel;

(b) who resides in the State;

(c) whose income does not exceed the maximum family income (which cannot exceed the maximum amount permitted under Section 143(f) of the Code);

(d) who intends to occupy the residence to be financed with a mortgage loan as his or her principal residence within a reasonable period (not to exceed 60 days) following the closing of such mortgage loan;

(e) who (except in the case of an Eligible Borrower who is obtaining a mortgage loan for a residence located in the Targeted Areas or is a Qualified Veteran as defined in 38 U.S.C. Section 101) has not had a present ownership interest in a principal residence (except for the residence being financed with the mortgage loan) at any time during the threeyear period ending on the closing date;

(f) who has not had an existing mortgage (including a deed of trust, conditional sales contract, pledge, agreement to hold title in escrow, or any other form of ownerfinancing), whether or not paid off, on the residence to be financed with such mortgage loan at any time prior to the execution of the mortgage, other than an existing mortgage securing a construction period loan, construction bridge loan, or similar temporary initial construction financing initially incurred within 24 months of the closing date, having an original term not exceeding 24 months, and not providing for scheduled payments of principal during such term; and

(g) who has not previously obtained a commitment for a mortgage loan under the program.

(h) who has a representative FICO (Fair Isaac Corporation) score of six hundred twenty (620) or greater.

*Texas Hero Documentation Required

- Fire Fighter documentation: Certificate from the Texas Commission of Fire Protection, available at http://www.tcfp.texas.gov/certification/certification_verification.asp. Current pay stubs and verbal or written Verification of Employment (VOE) that must state the borrower is working 40 hours a week or full-time.
- Corrections Officer documentation: VOE, available through TDCJ by calling (800) 367-5690.
- Juvenile Corrections Officer documentation: VOE, available through TJJD by calling (512) 424-6130.
- Peace Officer, County Jailer, and Public Security Officer documentation: Please call (512) 936-7700 for a License from Texas Commission on Law Enforcement Officer Standards and Education (TCLEOSE). Plus, current pay stubs and verbal or written VOE that must state the borrower is working 40 hours a week or full-time.
- Emergency Medical Services Personnel documentation: licensed/certified through the Department of State Health Services. Visit <http://www.dshs.state.tx.us/emstraumasystems/newcert.shtm>. Current pay stubs and verbal or written Verification of Employment (VOE) that must state the borrower is working 40 hours a week or full-time.

(iii) A Low-Income borrower (Home Sweet Texas Loan) is a person, at the time such person files an application for a mortgage loan:

(a) whose family income does not exceed the applicable maximum family income amount, which amount shall not be greater than 80% of applicable median family income without adjustment for family size;

(b) who intends to occupy the residence to be financed with a mortgage loan as his or her principal residence within a reasonable period (not to exceed 60 days) following the closing of such mortgage loan;

(c) who (except in the case of an Eligible Borrower who is obtaining a mortgage loan for a residence located in the Targeted Areas or is a Qualified Veteran as defined in 38 U.S.C. Section 101) has not had a present ownership interest in a principal residence (except for the residence being financed with the mortgage loan) at any time during the threeyear period ending on the closing date;

(d) who has not had an existing mortgage (including a deed of trust, conditional sales contract, pledge, agreement to hold title in escrow, or any other form of ownerfinancing), whether or not paid off, on the residence to be financed with such mortgage loan at any time prior to the execution of the mortgage, other than an existing mortgage securing a construction period loan, construction bridge loan, or similar temporary initial construction financing initially incurred within 24 months of the closing date, having an original term not exceeding 24 months, and not providing for scheduled payments of principal during such term; and

(e) who has not previously obtained a commitment for a mortgage loan under the program.

(f) who has a representative FICO (Fair Isaac Corporation) score of six hundred twenty (620) or greater.

(g) Exceptions to the first-time buyer requirement are a) borrowers purchasing in Targeted Areas b) borrowers with land possessed under a contract for deed by a mortgagor whose principal residence is located on such land and whose family income is not more than 50% of the Applicable Median Family Income (the "Contract for Deed Exception"), and c) borrowers who are qualified veterans*

* For the Veterans Exception, "veteran" is defined as "a person who served in the active military, naval, or air service, and who was discharged or released therefrom under conditions other than dishonorable." The Mortgagor Affidavit has a checkbox that states: *Mortgagor(Comortgagor) meets the requirements to qualify as a "veteran" as defined in 38 U.S.C. Section 101 and has not previously obtained a loan financed by single family mortgage revenue bonds utilizing the veteran's exception to the first-time homebuyer requirement set forth in Section 416 of the Tax Relief and Health Care Act of 2006. Attached hereto are true and correct copies of my discharge or release papers, which demonstrate that such discharge or release was other than dishonorable.*

A non-purchasing spouse must have a valid SSN:

Non-citizen applicants with a valid SSN may qualify under the following circumstances

a) Borrowers with lawful permanent resident alien status must provide evidence of lawful permanent residency issued by the Bureau of Citizenship and Immigration Services (BCIS) within the Department of Homeland Security (formerly the Immigration and Naturalization Service) OR

b) Borrowers who are non-permanent resident aliens must satisfy the following requirements: the property will be the borrower's principal residence, the borrower has a valid SSN, the borrower is eligible to work in the U.S. as evidenced by an Employment Authorization Document (EAD) issued by BCIS and the borrower satisfies any additional requirements imposed by Fannie Mae or Freddie Mac (conventional loans) or the

Federal Housing Administration (FHA loans). A social security card is not sufficient evidence of work status for non-permanent resident aliens OR

c) Other non-citizen borrowers must satisfy requirements imposed by Fannie Mae, Freddie Mac, VA, or FHA OR

d) Persons qualifying for political asylum are eligible in this program and should produce an I-9.

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

Homebuyer Education

All homebuyers must complete a pre-purchase homebuyer education course under the Program. The education requirement may be met by attending one on one counseling as provided through the network of certified Texas Statewide Homebuyer Education Providers, HUD approved counseling agencies, on-line counseling offered through mortgage insurance companies, eHomeAmerica and/or HUD, Fannie Mae, or Freddie Mac. The certificate of completion must be included in the participating lender's bond loan purchase file in order to satisfy this requirement.

Minimum Credit Score

All loans (Conventional, FHA, VA and RD), must have FICO scores greater than or equal to 620 for **all borrowers on the application**. This includes: AUS decision loans, either LP Accept or DU Approve Eligible. Also, Manually Underwritten loans. Please pay extra attention to the following:

1. If minimum credit score required by an Agency (FHA, VA, USDA-RD, Fannie Mae or Freddie Mac) is higher than above then you must follow Agency guidelines.
2. If as a Participating Lender your internal requirements dictate a higher minimum credit score, you must adhere to your lending guidelines.
3. If a tri-merged credit report is used, the middle score must be 620 or higher.
4. If a merged credit report only returns two scores, the lower of the two scores must be 620 or higher.
5. If a borrower(s) has **NO** credit score(s), you may manually underwrite the loan using alternative credit, as per the product guidelines (FHA,VA,USDA-RD, and Fannie Mae).
6. If you use U.S. Bank for underwriting and those requirements dictate a higher minimum credit score, you must adhere to those lending guidelines.