



Administrator's Guidelines



TEXAS STATE AFFORDABLE HOUSING CORPORATION SINGLE FAMILY PROGRAM

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Revisions are shown on Page 3



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REVISIONS TABLE

Date	Items
1-9-12	Pg. 15, Close and Verify, Ship and Submit, deleted references to second documents and cosignor/guarantor docs.
1-27-12	Pg. 16, Program Timetable, closed and delivered to the Servicer within 45 days of loan reservation
2-24-12	Pg. 16, Program Timetable, revised reservation to underwriter certification
2-28-12	Pg. 14, No "CASH BACK" clarified; Pg. 16, clarified location of Extension Request and added verbiage regarding 101 day.
5-5-12	Pg. 11, new Income Limit Chart, no new limits; Pg. 12, new acquisition limits
7-17-12	Throughout removed references to first time homebuyer restrictions, MRB's, MCC's, bond, Recapture, tax returns, targeted areas
9-7-12	Pg. 11, removed 15% business use of home restriction
10-1-12	Pg. 9 and throughout, new minimum credit score; New SRP on FHA, RD loans
10-17-12	Throughout all references to 620 revised to 640
10-31-12	Throughout all references to six hundred twenty revised to six hundred forty

THE TSAHC PARTNERSHIP TEAM



TSAHC

Creates the first mortgage and down payment assistance options, sets the rate, term and points, oversees lender activity and markets the program.

Participating Lenders

Take applications, reserve in eHousingPlus system, process, underwrite, approve, fund, close and sell qualified loans to the program. Lenders are responsible for servicing first and second program loans in accordance with Agency requirements until they're purchased by the Master Servicer.

U S Bank Master Servicer

Provides information and training concerning the mortgage loan file including acceptable loan products and delivery and funding, receives all mortgage files, reviews mortgage files, notifies lenders of mortgage file exceptions, approves mortgage files, purchases first and second mortgage loans.

eHousingPlus Program Administration

Maintains the program reservation system and related website, posts guidelines, provides auto-fill forms, provides training on compliance issues and system, answers compliance questions, receives compliance files, reviews, posts and notifies of exceptions and approves compliance file.

AVAILABLE FUNDS

Funds are available on a first-come, first-served basis. Funds are secured for a buyer by reserving loans in the program internet reservation, tracking and reporting system found at www.ehousingplus.com. All loans in this program provide 5.00% of the Note Amount in the form of a non-repayable grant for Down Payment and Closing Cost Assistance. Reserving the first mortgage automatically reserves the down payment assistance. No other action is required. Final purchase date for a loan is 70 days from loan reservation date.

Interest rates are subject to change and could even change daily. Please refer to www.ehousingplus.com for available rates at the time of reservation. Loans may be reserved between 9 a.m. Central Time and 7 p.m. Central Time.

Lenders underwrite loans in accordance with Agency guidelines. See U S Bank website for more information.

QUALIFYING -- WHO, WHAT AND WHERE

Eligible Borrowers: Rev 7-17-12 - deleted first-time buyer requirements

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 permitted by the program;

(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 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 owner financing), 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

(f) who has a representative FICO (Fair Isaac Corporation) score of six hundred forty(640) 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 —

- (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 permitted in the program;

(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 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 owner financing), 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

(f) who has a representative FICO (Fair Isaac Corporation) score of six hundred forty (640) 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 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 owner financing), 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
- (d) who has a representative FICO (Fair Isaac Corporation) score of six hundred forty (640) or greater.

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 appropriate agency 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 appropriate agency 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.

A non-purchasing spouse must have a valid SSN

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 loan purchase file and compliance file in order to satisfy this requirement.

Minimum Credit Score (Effective for loans reserved 10-1-12 or after)

All loans (FHA, VA and RD), must have FICO scores greater than or equal to **640** 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 640 or higher.
4. If a merged credit report only returns two scores, the lower of the two scores must be 640 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.

Current Annual Family Income

In determining gross monthly income, the income of **all mortgagors living on the property and liable on the security instrument** must be taken into account. **The income of a spouse (even a non-borrowing spouse) must be included, and he/she must meet all other requirements including occupancy of the property and must sign all compliance forms.**

Gross monthly income means the sum of current monthly gross pay **and** any additional income from investments, pensions, VA compensation, part-time employment, bonuses, dividends, interest, current overtime pay, net rental income, royalties, etc. Other types of income must also be included such as alimony and child support, public assistance, sick pay, social security benefits, unemployment compensation; or income received from trusts, business activities, or investments.

Note: Current annual family income may or may not be the same income amount used to qualify borrowers for credit underwriting purposes. However, in no case may current annual family income be less than the income used to qualify borrowers (excluding co-signor income, if applicable).

Income Limits

In order to be eligible for a mortgage loan under this program, the mortgagor's current annual family income must not exceed the limits shown on the linked Income Limit Chart below.

Rev. 5-5-12 - New Chart but no new limits.

Income Limit Chart: please click here http://www.tsahc.org/pdfs/2012_Income_and_%20Max_Purchase_Price_Limits.pdf . Please remember to Refresh or Reload the page each time you visit to assure that your computer is retrieving the most current information.

Geography and Property Requirements

Eligible Area:

All of the State of Texas.

Acquisition Limits (Sales Price/Purchase Price Limits)

Program refers to Acquisition Limits - in most cases this is the Sales Price. It's never FHA Acquisition limits. Has to include everything paid by the buyer or on the buyer's behalf with the exception of Agency permitted, financing costs. The price of the property cannot exceed the limits as shown on the linked Acquisition Limit Chart .

Rev 5-5-12 New Acquisition limits

Acquisition Limit Charts: please click here http://www.tsahc.org/pdfs/2012_Income_and_%20Max_Purchase_Price_Limits.pdf Please remember to Refresh or Reload the page each time you visit to assure that your computer is retrieving the most current information.

About the Property

- New or existing, one to four unit dwellings, detached or attached, condos, town homes, manufactured homes (FHA only - see U S Bank Bulletins)
- If a 2-4 unit dwelling, the home must be at least 5 years old unless a duplex in a Targeted area.
- The borrower must occupy one of the units as their legal residence.
- Homes are considered new if never previously occupied.
- Mobile, recreational, seasonal or other types of vacation or non-permanent homes are not permitted.
- Land may not exceed the size required to maintain basic livability.
- Properties purchased in the program must be residential units.

(9-7-12 removed 15% business use of home restriction)

Additional Program Requirements

- Property must be undamaged by fire, windstorm or other hazard
- Down payment assistance funds received by mortgagor have been applied to the transaction and are verified on the HUD-1 Settlement Statement; such funds must be applied to offset any required down payment or to pay for closing costs;
- Seller has not advanced funds, solicited or induced funds to be advanced by another, directly or indirectly for the payment of any amount required by the loan, except to the extent specifically provided by the program:
- A title insurance policy insures the mortgagee's interest;
- All settlement and closing costs paid, including outside of closing such as pre-pays or borne by either party to the transaction will be disclosed, itemized and clearly explained on a closing or settlement statement, a copy of which will be furnished to the Borrower(s) and the Property Seller prior to closing.

TARGETED AREAS

- HUD has provided census tracts that qualify as Targeted Areas in this program. In Targeted Areas, income and sales price limits are higher. For a list by county of qualified census tracts, please click here <http://www.ehousing.cc/tsahc.htm>. Then click on *Targeted Areas* under the *Geography and Property* heading. Please remember to Refresh or Reload the page each time you visit to assure that your computer is retrieving the most current information.
- To determine the census tract of a property, click here <http://www.ffiec.gov/Geocode/default.aspx>.

FINANCING FACTS

U S Bank provides information concerning specific product types of loans permitted.

It's expected that lenders have reviewed some **preliminary documentation and believe that applicants will also qualify for credit. Excessive cancellations will be reviewed** to assure that allocation is not being utilized **inappropriately**.

Appraisal

Must indicate that the home has at least a 30 year remaining useful life.

All **available assets** are not required to be used in this program.

Assumptions

First mortgage loans may be assumed by a qualified borrower meeting qualifying requirements, income and acquisition price restrictions in place at the time of the assumption. Such loans must continue to fully comply and be insured or guaranteed by the insurer/guarantor or the mortgage insurer.

Buydowns

FHA Loans only - Limited to 1 or 2 years with a maximum change of 1.00% per year. Cannot be paid by borrower or any of their assistance.

Cash Back

Cash back to the borrower is not permitted. However, borrowers are permitted a reimbursement of prepaids and overage of earnest money deposit to the extent any minimum contribution has been satisfied and permitted by Agency guidelines. Please refer to these circumstances are "reimbursements" not as "cash back". Rev 2-28-12

Construction to Perm

Not permitted.

Cosignors

Permitted for FHA loans under very specific conditions. Follow FHA guidelines for credit purposes only. Treat cosignor credit/income as directed by FHA. Cosignors are allowable in an FHA transaction when meeting the following conditions (1) a cosignor cannot have any ownership interest in the property (they cannot be on the Mortgage/ Deed) and (2) the cosignor cannot reside in the property being purchased. A cosignor's income is not considered for program purposes and cosignors do not sign any documents.

Minimum Loan Amount

There is no minimum loan amount in this program.

Prepayments

The first mortgage may be prepaid at any time without penalty.

Recapture Tax

There is no Recapture Tax in this program.

Refinances

Refinance of existing properties are not permitted. However, temporary, construction or bridge financing with a term of 2 years or less may be taken out with a program loan.

Remaining reserves

Not established by the program. If any, these are determined by the type of financing used (i.e. FHA, VA.).

SUMMARY OF THE COMPLIANCE ORIGATION PROCESS

TRAIN

Lender training provided by the Servicer and Administrator. For training information, please contact sue@ehousing.cc.

APPLY

Lenders receive direction regarding username and password the day following training per an email they receive.

QUALIFY

Lenders qualify applicants for the program. Lenders may pre-qualify and complete **application** process in their **own internal systems** using their internal codes. For the program, buyers must present an executed sales agreement before being entered into the program reservation system.

RESERVE

To reserve funds in program's online system go to www.ehousingplus.com

PROCESS

Lenders process the loan normally and consider program requirements.

PRE-APPROVAL-UNDERWRITER CERTIFICATION

Lenders underwrite & are responsible for credit decisions of the loans in the program. Servicer does not re-underwrite loans. Following credit approval, **Underwriter completes** the online **Underwriter** Certification form. Access system at www.ehousingplus.com Scroll down to **Lender Portal**, sign in and from Main Menu select **Underwriter Certification**.

CLOSE AND VERIFY **Rev 7-17-12**

It's important to provide accurate closing instructions to closing agents. The Affidavit and DPA Acknowledgment form must be returned to you. At closing have (1) **borrower executes** the Affidavit of Eligible Borrower that must be notarized. Find the Affidavit behind security at www.ehousingplus.com

SHIP / SUBMIT **Rev 7-17-12**

Use the **Compliance Checklist** to assemble the compliance file. Find forms behind security at www.ehousingplus.com THE COMPLIANCE FILE IS SENT DIRECTLY TO EHOUSINGPLUS. The mortgage file with credit package is submitted to U S Bank. Both Compliance and Mortgage File exceptions are posted online and emailed. Compliance Approved files show a status of Compliance Approved. **Please visit http://www.mrbp.usbank.com/cgi_w/cfm/personal/products_and_services/mortgages/mrbp_division.cfm** for more information.

TIMING IS EVERYTHING

Buyers MUST HAVE A FULLY- EXECUTED SALES CONTRACT FOR A SPECIFIC PROPERTY in order to have funds reserved or be on a waiting list. **The contract may be dated prior to the date of the loan application. Buyers may be pre-qualified. However, if the buyer does not have a contract on a property, PROGRAM FUNDS MAY NOT BE HELD for the buyer until such time as the buyer presents a valid contract.**

To assure that loans are purchased, please follow the Processing, Delivery and Purchase Timetable. Please **DO NOT** reserve loans that cannot meet the timetable. This is particularly important with respect to new construction and short sales. Please wait to reserve funds. Loans not purchased within the timeframe below, cannot be purchased.

Loan Processing, Delivery and Purchase Timetable:

Once a loan is reserved in the eHousingPlus system and is provided the Servicer's Loan number, the loan must be

- (1) underwriter certified within 15 days of loan reservation (Rev 2-24-12)**
- (2) closed and delivered to the Servicer within 45 days of loan reservation (Rev 1-27-12) and
- (3) purchased within 70 days of loan reservation.

Any loan not purchased within 70 days is ineligible for purchase unless the lender chooses a one-time only 30-day extension. The cost of the extension is \$375. The \$375 extension fee is due whether or not loans are ultimately delivered and/or purchased. The \$375 will be netted by the Servicer when loans are purchased. If an extension is permitted, but the loan is not purchased, the originating lender will be billed by the Texas State Affordable Housing Corporation for the extension fee of \$375. Any outstanding fees owed by the Lender may result in that Lender becoming ineligible to participate in the program.

Again, the extension is offered once per loan and no further extensions will be allowed. Furthermore, regardless of choosing an extension, any loan not purchased within the approved timeframe will become the liability of the originating lender, including any down payment assistance provided at closing.

Loans not purchased by the 101 day cancel and cannot be reinstated.

An extension request is available at www.ehousingplus.com on the program page under Program Documents and must be submitted BEFORE the 70th day. The extension request is completed and submitted online.

eHousingPlus WEB-BASED SYSTEM

(Reserve, View Your Pipeline, View or Run Reports, Review Exceptions)

This represents a brief presentation of information available to lenders. The eHousingPlus website is located at www.ehousingplus.com. The online help feature is the easiest way to receive answers for your questions about the use of the system.

You **do not need a username and password** to access the program guidelines or training materials as links are available at <http://www.ehousing.cc/tsahc.htm>. You **do need a username and password to log in and reserve money** for a borrower and to print forms that are auto-filled and printed ready for execution or to run a variety of reports. These reports offer an opportunity to truly manage your pipeline.

To apply for a username and password, make a reservation, check your pipeline, view allocation, the information is behind security at www.ehousingplus.com. The system is live and available 24/7 with the exception of scheduled and unscheduled maintenance. When you reserve a loan, it is immediately reflected in the remaining available funds. When you cancel a loan, funds are immediately reflected and available.

Program funds are locked for a buyer when a reservation is submitted on and accepted by the system and a loan number is obtained. All loans must be registered through the eHousingPlus Website -- www.ehousingplus.com. Complete the reservation screens online and submit. Reservations submitted correctly receive a loan number that becomes the loan number for the life of the loan. If submitted incorrectly, there is instant online feedback identifying non-compliance and/or missing information issues.

The security features control the information each user can access. For example, **only Underwriters** may access the Underwriter Certification. The Underwriter Certification serves as the pre-approval process and is implemented by the lender's underwriter.

PROGRAM FEES

FIRST MORTGAGE FEES

Lenders may charge up to 2.00%. **Lenders cannot charge any additional points.**

There is a \$460 Application Fee in the Program that is comprised of ADMINISTRATOR FEE

The program includes a non-refundable first mortgage **Tax Compliance Fee of \$225**. The fee is payable at closing by buyer or seller. It cannot be financed. The fee must be disclosed as being paid to eHousingPlus.

SERVICER FEES

On the first mortgage, the program includes a **Tax Service Fee of \$85** and a **Transfer Fee of \$150** that will be netted by the Servicer at loan purchase. The fees must be disclosed on the HUD-1 as being paid to U S Bank.

LENDER FEES

Lender Fees are fees paid to the Lender for services rendered (i.e. Processing Fees, Underwriting Fees, Administrative or Administration Fees and Doc Prep Fees). Lender fees (regardless of what they are called) should not exceed what is charged to other non-program buyers. **Junk fees and excessive fees are not permitted.**

NEW! Effective 10-1-12. In addition to the 2 points lenders are permitted to charge, TSAHC will now pay an additional SRP of 0.50% at the time of purchase on all FHA and RD loans for a total of 2.50% in lender compensation. Total lender compensation on VA loans remains 2.00%.

EXTENSION FEE

Any loan not purchased within 70 days is ineligible for purchase unless the lender chooses a one-time only 30-day extension. The cost of the extension is \$375. The \$375 extension fee is due whether or not loans are ultimately delivered and/or purchased. The \$375 will be netted by the Servicer when loans are purchased. If an extension is permitted, but the loan is not purchased, the originating lender will be billed by the Texas State Affordable Housing Corporation for the extension fee of \$375. Any outstanding fees owed by the Lender may result in that Lender becoming ineligible to participate in the program.

Again, the extension is offered once per loan and no further extensions will be allowed. Furthermore, regardless of choosing an extension, any loan not purchased within the approved timeframe will become the liability of the originating lender, including any down payment assistance provided at closing.

An extension request is available at www.ehousingplus.com and must be submitted BEFORE the 70th day. The extension request is completed and submitted online.

COMPLIANCE UNDERWRITING

Underwriters should remember that CALCULATION OF PROGRAM (COMPLIANCE) INCOME IS DIFFERENT THAN CALCULATION OF INCOME FOR CREDIT PURPOSES. The program requires that underwriters consider the income of borrowers and their spouses (including a non-borrowing spouse). Please use the information below as a general guide. Because each case is different, please contact the Compliance office if you have questions.

Unlike income that is averaged for credit underwriting, the program is concerned with **actual current income**. You should be reviewing the YTD income, the income of the last 4 months and any evidence of previous income, if any, 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. **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 Affidavit of Eligible Borrower (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. Do not include income of co-signors. The Affidavit of Eligible Borrower, executed by the borrower(s), and certified by the lender, must include the total verified annual family income.

This program considers FAMILY INCOME not just the income of the borrower. Family income includes: the income of all persons who are expected to reside in and have an ownership interest in the Residence and, for purposes of qualifying, be secondarily liable on the mortgage loan. Family income also includes the income of a borrower's spouse who must occupy the property even if the spouse is a non-borrowing spouse.

Questions regarding the calculation of income for program purposes should be directed to the Compliance office at services@ehousingplus.com or 954-217-0817. So that you have an answer in writing we suggest you email your question. Then you can simply print a copy of the response and add to your file. There are many variables and the Compliance office will be pleased to assist.

Information acceptable to FHA and secondary market entities is acceptable Mortgage Lender verification for compliance purposes. 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.

Although reference is made to VOE's and VOD's in the guidelines below, they are not required if not required by the appropriate Agency. Documentation may include, but may not be limited to, current pay stubs which delineate "current period", W-2's, for all borrowers and all employers, and bank statements to verify assets. If W-2's are present in the loan file, lending personnel should verify that the total of W-2's presented equals the total income shown on borrower's tax returns. If a VOE is in the file, the borrower does not have to provide W-2's unless the underwriter deems this necessary for prudent underwriting. Figures shown on all documents should be consistent.

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.

Examples below not intended to serve as exclusive methodology. Please contact the Compliance office 954-217-0817 with questions regarding individual cases. See our online contact directory for email addresses.

Please note that the income reported for income calculation CAN NEVER BE LOWER THAN THE INCOME USED TO QUALIFY FOR CREDIT PURPOSES.

Hourly Employees

For the tax year in which the loan is closing, use the Year to Date base income. If consistent, utilize the base to determine the balance of the year or for balance of year.

1. Using last 4 to 6 weeks' pay stubs, identify hourly rate of pay and average number of regular hours worked per week. Multiply hourly rate times regular weekly hours. Multiply result times number of weeks for balance of year and add to YTD for an annualized base salary.

2. If the person has no other sources of income (for example: overtime, bonus, commissions, second jobs, interest, dividends, child support, alimony, public assistance), this will be the Current Total Annual Income.

3. Compare the total annual income in #2 above to available paystubs, VOE's, previous year's income per W2's and tax returns. You should not find significant differences. In some cases, the Current Total Annual Income will be higher than the previous year's income. Variances should be attributable to increases/decreases in pay or number of hours worked.

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Salaried Employees

For the tax year in which the loan is closing, use the Year to Date base income. If consistent, utilize the base to determine the balance of the year or for balance of year.

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 available paystubs, VOE's, previous year's income per W2's and tax returns. You should not find significant differences. In some cases, the Current Total Annual Income will be higher than the previous year's income. Variances should be attributable to increases/decreases in pay or number of hours worked.

Business, Self Employment

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

1. Divide the year to date income by the number of months during which it was earned and multiply times remaining number of months in year. Add to actual YTD. **ADD DEPRECIATION.**
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 the previous year's income per W2's and tax returns.
You should not find significant differences.

Verified Termination of Overtime, Commission, Bonus, Seasonal, Periodic, One Time Overtime, Bonus, Commissions

Using last 4 to 6 weeks' pay stubs, identify the year to date total earnings of the borrower. Subtract the Current Total Base Income (see above) to arrive at the total year to date extraordinary income. If verification of termination of overtime, commission or bonus is provided in writing (i.e. a letter from an employer) or such termination is due

to a change of employment, use the current YTD overtime, commission or bonus, do not annualize and add as a lump sum to the Current Total Annual Income.

Regular Overtime, Bonus, Commissions

1. Using last 4 to 6 weeks' pay stubs, identify the year to date total earnings of the borrower. Subtract the Current Total Base Income (see above) to arrive at the total year to date extraordinary income.
2. Divide the year to date extraordinary income by the number of pay periods during which it was earned (to obtain an average). Multiply times the appropriate factor (Balance of year weeks, months, semi- months, etc.) for balance of year figure and add to actual YTD extraordinary income for annual income.
3. If the person has no other sources of income (for example: second jobs, interest, dividends, child support, alimony, public assistance), this will be the Current Total Annual Income.
4. Compare the total annual income in #2 above to available paystubs, VOE's, previous year's income per W2's and tax returns. You should not find significant differences. In most cases, the Current Total Annual Income will be higher than the previous year's income. It will also generally be higher than the annualized year to date income. The variances should be attributable to increases/decreases in pay.

Interest, Dividends

1. Use current earnings statements issued by the bank, investment broker or agent. Identify the year to date interest or dividend earnings. Divide by the investment term year to date (for an average) and multiply times appropriate factor to annualize the earnings.
2. If statements are not available, and the terms of the investment agreement are available, multiply the principal amount of the asset times the annual interest yield factor for a projected interest earnings amount.
3. If neither are available, use the previous year's earnings statements or tax returns to identify total annual interest and dividend income. If the assets are still invested in the same instruments, use the previous year's figure.
4. Add the result of the computation in either #1, #2 or #3 above to the Current Total Annual Income.

Alimony, Child Support

1. Use the monthly amount appearing in the divorce decree, separation agreement or other support document.
2. If the borrower receives more than the amount stipulated in the agreements, use the monthly figure that the borrower declares and can be verified.
3. If the borrower receives less than the amount stipulated in the agreements and there is a verifiable history of the underpayments for at least 2 years (as evidenced by Court records), then use the past 2 years' historical monthly earnings. If there is no such history that can be verified, use the amount stipulated in #1 above.
4. Multiply the monthly amount of alimony or child support times 12. Add to the Current Total Annual Income (plus any other income sources).

Pensions, Temporary Payments

1. Use the benefits statement issued by the benefits provider (pensions, workers compensation, disability compensation, social security, AFDC, etc.) to identify the amount of the benefit, payment frequency and expected term of the benefit.
2. Multiply the amount of the benefit times the payment frequency for the balance of year and add to actual YTD for an annualized amount. Add to the Current Total Annual Income (plus any other income sources).
3. If the benefit is absolutely not payable to the recipient beyond a given date (that means a complete and permanent stop of benefits without extensions, exceptions, waivers or other conditions) and such date is within 12 calendar months of the anticipated closing date, then calculate the benefits expected through the end of the benefits term. That will be the total annual income amount from the specific benefits source. Add to the Current Total Annual Income (plus any other income sources).

Please contact the Compliance Office to discuss rental income from rental properties owned or for boarder income and rent, Please ask questions via email so that you receive a written response that may be retained in your file. The Compliance Office email is services@ehousingplus.com

PROGRAM FORMS

This topic addresses the specific compliance forms required for the program for originating, processing, closing and loan delivery.

All forms are available behind security at www.ehousingplus.com. The forms are behind security so that system data is accessed when the forms are printed. The forms auto-fill and are ready for execution. It is important that Underwriters and Closers are certain that the data in the system is correct before forms are printed.

The simple rule of who signs program forms – if the person is named on the Mortgage/ Deed or is the spouse of the Mortgagor (even if a non-borrowing spouse), they sign the compliance forms. Also, remember cosignors cannot live in property, do not sign documents or take title. Having people sign documents who should not sign is as incorrect as not having all sign who should. Under no circumstances may a cosignor have an ownership interest in the property. Also, please remember that only those on credit sign the 1003 and HUD-1.

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.

CLOSING COMPLIANCE FORMS (all are auto-filled and ready for execution)

- * **Affidavit/Certifications** (original in Compliance file)
- * **TSAHC’s DPA Acknowledgment Form**

POST CLOSING COMPLIANCE FORMS (top portion auto-filled)

- **Compliance File Checklist** is available online.

The Master Servicer provides checklists on their site for submission of the Mortgage File that are available in All Regs.

OTHER DOCUMENTS REQUIRED FOR COMPLIANCE FILE

Real Estate Purchase Contract

The full address of the property, full names of all sellers and buyers and 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 program documents. The income disclosed on the Affidavit of Eligible Borrower 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.

Homebuyer Education Certificate

A copy is sufficient.

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 of Eligible Borrower and application. Persons not taking title to the property may not appear or sign the HUD-1. The Tax Compliance Fee must be shown as being payable to eHousing. 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.