

MORTGAGE REVENUE BOND

PROGRAM GUIDE

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ihcda

Indiana Housing &
Community Development
Authority



**INDIANA HOUSING & COMMUNITY DEVELOPMENT
AUTHORITY
FIRST HOME & FIRST HOME/PLUS
PROGRAM GUIDE
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**INDIANA HOUSING & COMMUNITY DEVELOPMENT AUTHORITY
FIRST HOME & FIRST HOME/PLUS PROGRAM
DEFINITIONS**

“Acquisition Cost” has the meaning set forth in Section 3 of this Guide.

“Borrower” means any person or persons meeting the qualifications of the Program and the Program Guide, and includes any co-borrowers.

“Commitment Expiration Date” means the date on which IHCDA’s commitment under the Program expires.

“Designated Disaster Area” has the meaning set forth in Section 1 of this Guide.

“DPA” means down payment assistance.

“Federal Recapture Tax” has the meaning set forth in Section 6 of this Guide.

“First-Time Homebuyer” has the meaning set forth in Section 2 of this Guide.

“Guide” means the guide to the 2010 MRB Program.

“IHCDA” means Indiana Housing and Community Development Authority.

“Master Servicer” means [U.S. Bank, N.A.].

“MCC” means Mortgage Credit Certificate.

“MRB” means Mortgage Revenue Bond.

“Participating Lender” means a lender that has signed a Mortgage Revenue Bond Program Registration Form with IHCDA.

“Program” means the First Home Program and the First Home/Plus Program, unless specifically indicated to the contrary in this Guide].

“Purchase Agreement” means an agreement to purchase real property between, at a minimum, the seller of such property and Borrower.

“Qualified Census Tract” has the meaning set forth in Section 1 of this Guide.

“Recapture Amount” has the meaning set forth in Section 6 of this Guide.

“Second Mortgage” has the meaning set forth in Section 11 of this Guide.

“SFMS” means Single Family Management System, the online system used by IHCDA to manage the Program.

“Targeted Area” has the meaning set forth in Section 1 of this Guide.

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**INDIANA HOUSING & COMMUNITY DEVELOPMENT AUTHORITY
FIRST HOME & FIRST HOME/PLUS PROGRAM
EXECUTIVE SUMMARY**

This Executive Summary provides a summary of materials provided in this Guide.

WHAT A PARTICIPATING LENDER SHOULD KNOW ABOUT A BORROWER AND HIS OR HER HOME:

1. A Borrower must meet HUD's **income guidelines**. Income limits vary by county and are dependent on family size. (Please see Section 2 of this Guide for a complete explanation.)
2. The home must fall under the federally determined **acquisition limits**. Acquisition limits vary by county. (Please see Section 3 of this Guide for a complete explanation.)
3. A Borrower must **not have owned his or her principal residence** within the past three (3) years. This restriction is waived for those who purchase in targeted areas, certain disastrous areas, and when the Borrower is an eligible veteran. (Please see Section 3 of this Guide for a complete explanation.)
4. A Borrower could be subject to a federal **recapture tax** if he or she sells his or her home within nine (9) years of purchase. On all loans reserved after December 15, 2005 IHCD will refund the Borrower should they ever have to pay recapture to the IRS. (Please see Section 6 of this Guide for a complete explanation.)
5. The home must be the Borrower's **principal residence**. (Please see Section 3 of this Guide for a complete explanation.)

ADDITIONAL REQUIREMENTS FOR A BORROWER TO QUALIFY FOR DPA

1. DPA may only be used with FHA financing. Participating Lenders may still utilize DPA funds for HOMECHOICE, FHA/VA AND USDA DISABILITY LOANS.
2. The level of DPA is six percent (6%) of the lower of the purchase price or appraised value. This percentage is capped at a maximum of \$7,500 or 6%. If using the DPA Disability program the assistance is 10% of the lower of the purchase price or appraised value. This percentage is capped at a maximum of \$14,999.
3. **Home Choice Borrowers must be within the 6% DPA income guideline to qualify for down payment assistance. The Borrower automatically receives 10% of the lower of the purchase price or appraised value for the down payment and up to \$14,999. This program is for Fannie Mae Conventional loans only.**
4. **First Home Disability Borrowers must be within the 6% DPA income guideline to qualify for down payment assistance. The Borrower automatically receives 10% of the lower of the purchase price or appraised value for the down payment assistance up to \$14,999. This program is for those borrowers using FHA, VA or USDA as their loan type. Lender is required to submit a Disability Questionnaire in the application package whenever submitting approval for these funds.**
5. A Borrower using DPA funds is not eligible to receive any cash back at closing.

6. More conservative income limits are applied for DPA.
7. If a loan was reserved **May 2, 2007 or after** and is refinanced or sold, the Second Mortgage is due and payable in full immediately.
8. A Borrower may contribute additional cash resources for down payment and closing costs. However, additional DPA cannot come from another source using HUD's HOME program
9. A rental tenant must not have occupied the subject property within the past three months unless the current tenant is the purchaser. Any time a tenant is purchasing the property in which they have rented, the Participating Lender must supply a lease agreement or a title commitment when the application package is presented for underwriting.
10. Third party inspections are required on all loans utilizing DPA funds by an Indiana State Licensed inspector. A copy of the completed inspection must be included with the application. In addition, all inspectors must complete the HUD Lead Visual Inspection on-line training and provide a certificate of completion. Any inspector licensed in the State of Indiana is a qualified inspector for the purposes of the Program. Borrower must complete the MRB-11 after the HUD Lead Visual Inspection occurs for properties built prior to 1978.
11. The purchase price of the property cannot exceed the fair market value (appraised value). If it does, IHCDA cannot process the application.
12. The residence cannot lie in a 100-year flood plain. If it does, IHCDA cannot process the application package.
13. The purchase price of a new or existing home utilizing DPA funds cannot exceed the HOME 203(b) Single Family Mortgage Limits.
14. When IHCDA issues a preliminary approval, it approves both the first and Second Mortgage. There will be a condition in SFMS stating "This loan has been approved for DPA in the amount of \$_____."

PARTICIPATING LENDERS WILL NEED TO KNOW THAT:

1. **THE INCOME CALCULATION FOR A BORROWER'S ELIGIBILITY IS DIFFERENT THAN THAT USED FOR MORTGAGE QUALIFICATION. ADDITIONAL INCOME WILL NEED TO BE ADDED TO DETERMINE ELIGIBILITY.**
2. As a courtesy, a rate sheet will be emailed to IHCDA's contact at Participating Lender detailing the date of change and rate. This information will be available on SFMS. For rate information, please check the IHCDA website at <http://www.in.gov/ihcda>. The Information and Rate Line may also be checked 24 hours a day at (317) 232-3556 or (888) 227-4452. SFMS will reflect the current interest rate at all times.
3. The reservation fee for reserving an MRB loan is .125% of the loan amount.
4. PARTICIPATING LENDERS MUST BE MORTGAGE BANKERS. MORTGAGE BROKERS ARE ONLY PERMITTED TO BE PARTICIPATING LENDERS IF THEY CAN FULLY SERVICE A LOAN, OPEN, FUND AND CLOSE A LOAN IN THEIR NAME OR IF THEY

USE A PARTICIPATING LENDER TO SUBMIT THEIR LOANS TO THE MASTER SERVICER.

5. Participating Lenders may charge a 1% origination fee in addition to the \$600 in allowable lender paid fees. Participating Lenders' fees charged to the Borrower must not exceed \$600.00. Items paid to a third party must be noted as such on the HUD-1 Settlement Statement to not be included in the \$600.00.
6. All loans must be sold to the Master Servicer or sub-servicer. After the loans are sold, the Participating Lender is paid 1.40% of the first mortgage amount.
7. **ALL LOANS MUST MEET AND BE UNDERWRITTEN BY FHA, VA, USDA RURAL DEVELOPMENT, OR FANNIE MAE GUIDELINES. ALL TAX COMPLIANCE QUESTIONS SHOULD BE DIRECTED TO IHCDA SINGLE FAMILY DEPARTMENT, ALL OTHER QUESTIONS SHOULD BE DIRECTED TO THE MASTER SERVICER.**
8. **ALL LOANS MUST HAVE PRELIMINARY APPROVAL FROM IHCDA PRIOR TO CLOSING.**
9. **All loans reserved through IHCDA must close in the name of the Participating Lender in which the reservation was made.**
10. **Co-Signers.** Co-signers of Borrower are allowed on the loan. Notwithstanding the foregoing, co-signers are not eligible to appear on the deed or the mortgage documents, or to sign any MRB/MCC documents, the Purchase Agreement, or the Second Mortgage or the Second Note with respect to DPA. Therefore, even **when submitting an application package where there will be a co-signer please submit with the Borrowers information only.**
11. **A Mortgage Rider is required on all loans. The rider should be attached to the FIRST MORTGAGE AND RECORDED WITH THE FIRST MORTGAGE.**
12. The closing package must be received by IHCDA within 30 days of closing. **Final Approval** must occur by the commitment expiration date.
13. Faxed conditions are allowed; any fee due must be overnighted to IHCDA or can come in with the closing package, whichever is applicable.
14. IHCDA **cannot** email, fax or mail any document, including any mortgage documents or tax returns provided by the Participating Lender, that contains **Borrower's Social Security Number.**
15. IHCDA requires that the Borrower complete Homeownership training when utilizing DPA funds. The only acceptable Homeownership training program is **IHCDA University**, which may be accessed at <http://www.in.gov/ihcda>.
16. An FHA case number must be assigned on all FHA loans.
17. All Program reservations, whether First Home or First Home/Plus, will be **30 year fixed rate** mortgages.
18. **Tracing Borrower or seller signatures is considered forgery. Any person caught forging documents will be suspended from the Program and the pertinent information will be turned over to the proper state and local authorities.**

19. **IHCDA STRONGLY ENCOURAGES PARTICIPATING LENDERS TO PRINT THE PROGRAM GUIDE FROM www.in.gov/ihcda.**

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**INDIANA HOUSING & COMMUNITY DEVELOPMENT AUTHORITY
FIRST HOME & FIRST HOME/PLUS PROGRAM
GEOGRAPHIC ELIGIBILITY**

Certain geographic areas of Indiana have been designated as “Targeted Areas” according to Program requirements. Areas of the State not designated as Targeted Areas are referred to as “Non-Targeted Areas”. For each series of the Program, a portion of the total funds available are set aside for loans in Targeted Areas.

TARGETED AREAS ARE EITHER:

- 1) A Qualified Census Tract: seventy percent (70%) or more of the families have an income which is eighty percent (80%) or less of the statewide median family income.
- 2) An “Area of Chronic Economic Distress” as designated by the State and approved by the Secretary of the Treasury and the Secretary of Housing and Urban Development.

Targeted Areas include the following counties in the State of Indiana:

Brown	Clinton	Crawford	Daviess	Dearborn
Decatur	Fayette	Franklin	Fulton	Greene
Jackson	Jasper	Jefferson	Knox	Lawrence
Miami	Ohio	Orange	Owen	Parke
Perry	Pike	Rush	Scott	Shelby
Spencer	Vermillion	Vigo	Washington	Wayne

Targeted Areas include the following census tracts within counties that themselves are not Targeted Areas. The property appraiser must note the qualifying census tract information on the appraisal for a census tract to be designated as a Targeted Area.

COUNTY	Census Tract Areas					
Allen	0006.00	0012.00	0013.00	0014.00	0015.00	0016.00
	0017.00	0018.00	0020.00	0023.00	0027.00	0028.00
	0029.00	0035.00	0042.00	00113.03	0010.00	0011.00
Bartholomew	0101.00					
Delaware	0001.00	0002.00	0003.00	0004.00	0006.00	0007.00
	0009.02	0010.00	0019.01			
Floyd	0708.01					
Grant	0002.00					
Henry	9763.00					
Howard	0002.00	0012.00				
Jefferson	0002.00	0003.00	0004.00	0006.00	0010.00	0011.00
	0014.00	0015.00	0017.00	0018.00	0021.00	0023.00
	0024.00	0027.00	0028.00	0030.00	0035.00	0037.00
	0041.00	0043.01	0043.02	0049.00	0050.00	0051.00
	0053.00	0056.00	0059.00	0062.00	0065.00	0066.00
	0128.02					
Knox	9550.00	9553.00	9554.00			
Lake	0102.02	0102.03	0103.01	0103.02	0105.00	0106.00
	0107.00	0108.00	0109.00	0110.00	0111.00	0113.00
	0114.00	0116.00	0117.00	0119.00	0120.00	0122.00
	0123.00	0127.00	0206.00	0207.00	0218.00	0301.00
	0302.00	0303.00	0304.00	0310.00	0204.00	0121.00
LaPorte	0401.00					
Madison	0005.00					
Marion	3226.00	3308.01	3412.00	3416.00	3426.00	3501.00

Marion cont.	3503.00	3504.00	3507.00	3508.00	3509.00	3510.00
	3511.00	3512.00	3515.00	3516.00	3517.00	3521.00
	3523.00	3505.00	3527.00	3528.00	3531.00	3532.00
	3533.00	3535.00	3536.00	3539.00	3542.00	3544.00
	3545.00	3547.00	3548.00	3550.00	3551.00	3556.00
	3557.00	3559.00	3564.00	3569.00	3571.00	3572.00
	3573.00	3574.00	3581.00	3601.01	3601.02	3603.02
	3549.00					
Monroe	000100	0000201	000202	0003.01	0006.00	0009.01
	0016.00					
St. Joseph	0006.00	0010.00	0017.00	0019.00	0020.00	0021.00
	0023.00	0027.00	0029.00	0001.00	0028.00	
Tippecanoe	0004.00	0006.00	0053.00	0054.00	0055.00	0103.00
	0105.00					
Vanderburgh	0012.00	0013.00	0014.00	0017.00	0018.00	0019.00
	0020.00	0021.00	0026.00			
Vigo	0001.00	0003.00	0005.00	0006.00	0008.00	0002.00
	0019.00					
Wayne	0002.00					

- 3) As of the date of this Program Guide, the Federal Emergency Management Agency (FEMA) has designated certain counties in the State of Indiana as “Designated Disaster Areas”. The following chart organizes Designated Disaster Areas by county name, FEMA number, date of declaration, date on which disaster status expires and partial or census designation.

<u>County</u>	<u>FEMA</u>	<u>Expires</u>	<u>County</u>	<u>FEMA</u>	<u>Expires</u>
Adams	1766	6/08/2010	Marshall	1740	4/22/2011
Allen	1740	4/22/2011	Martin	1795	9/23/2010
Bartholomew	1766	6/08/2010	Monroe	1766	6/08/2010
Carroll	1740	4/22/2011	Morgan	1766	6/08/2010
Clark	1828	3/05/2011	Noble	1740	4/22/2011
Clay	1766	6/08/2010	Porter	1795	9/23/2010
DeKalb	1740	4/22/2011	Posey	1828	3/05/2011
Dubois	1828	3/05/2011	Pulaski	1740	4/22/2011
Floyd	1828	3/05/2011	Putnam	1766	1/30/2010
Gibson	1828	3/05/2011	Ripley	1828	3/05/2011
Grant	1766	6/08/2010	Randolph	1766	6/08/2010
Hamilton	1766	6/08/2010	Sullivan	1766	6/08/2010
Hancock	1766	6/08/2010	St Joseph	1795	9/23/2010
Harrison	1828	3/05/2011	Switzerland	1828	3/05/2011
Hendricks	1766	6/08/2010	Tippecanoe	1766	6/08/2010
Henry	1766	6/08/2010	Vanderburgh	1828	3/05/2011
Huntington	1766	6/08/2010	Warrick	1828	3/05/2011
Jennings	1828	3/05/2011	White	1740	4/22/2011
Johnson	1766	6/08/2010	Whitley	1740	4/22/2011
Kosciusko	1740	4/22/2011			
Lake	1740	4/22/2011			
LaPorte	1740	4/22/2011			
Marion	1766	6/08/2010			
Martin	1795	9/23/2010			

If and when FEMA revises or adds to the list of Indiana “Designated Disaster Areas”, IHCDA will circulate this revised list.

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**INDIANA HOUSING & COMMUNITY DEVELOPMENT AUTHORITY
FIRST HOME & FIRST HOME/PLUS PROGRAM
BORROWER ELIGIBILITY**

BORROWER ELIGIBILITY

A Borrower applying for financing must meet the following eligibility requirements:

- (A) 1. **Must be a First-Time Homebuyer.** A “First-Time Homebuyer” is someone who has not, at anytime during the three (3) years preceding the date of loan closing, had an ownership interest in his/her principal residence. This requirement applies only to those persons executing the loan documents, not all members of the household. However, Borrowers acquiring residences in Targeted Areas are exempt from the First-Time Homebuyer requirement, as are eligible veterans and Borrowers purchasing in designated disaster areas. See the list of Targeted Areas in Section 1 of this Guide.
- (B) 1. **An ownership interest includes:**
- a. A fee simple interest;
 - b. A joint tenancy, a tenancy in common, or a tenancy by the entirety;
 - c. The interest of a tenant shareholder in a cooperative;
 - d. A life estate;
 - e. A land contract (i.e. a contract under which possession and the benefits and burdens of ownership are transferred although legal title is not transferred until some later time);
 - f. An interest held in trust for the Borrower (whether or not created by the Borrower) that would constitute a present ownership interest if held directly by the Borrower; or
 - g. Ownership of a mobile home permanently affixed to real property and taxed as real estate.
2. **Interests that do not constitute ownership interest include:**
- a. A remainder interest;
 - b. An ordinary lease;
 - c. A mere expectancy to inherit an interest in a principal residence;
 - d. The interest that a purchaser of a residence acquires upon the execution of a purchase contract;
 - e. An interest in other than a principal residence during the previous three (3) years; or
 - f. Ownership of a mobile home not permanently affixed to real property and taxed as personal property.

- (C) **Must be income eligible.** There are two levels of income eligibility:
1. Borrowers applying for FHA, VA, USDA Guaranteed, or Fannie Mae financing must meet income limits for the overall First Home Program based on the income and acquisition limits of the county in which the residence to be purchased is located; the IHEDA website contains county-by-county limits, and IHEDA generally distributes hard copies of county-by-county limits to Participating Lenders on an annual basis, typically in the spring. Federal income limits for the Program are included on the IHEDA website.
 2. Borrowers seeking down payment assistance through the First Home/Plus program must meet a second, lower income threshold that also varies by county. See Section 11 of this Guide for these limits. Please note that Participating Lenders may only use DPA with FHA financing.

Income eligibility includes certain sources of income that a lender typically does not consider in determining eligibility or creditworthiness for non-federally-assisted conventional financing. However, the income standards for these programs are set forth in program regulations and must be followed. The “Gross Annual Income” (as defined below) of the Borrower must be considered, as well as the income of any other person eighteen (18) years old and over and not a full-time student who intends to reside in the property.

Gross Annual Income includes gross pay from employment, including any part-time, seasonal, or sporadic income, shift differentials, overtime pay, and bonuses. Gross Annual Income also includes:

1. Child support, alimony and separate maintenance payments;
2. Periodic payments for trust, annuities, inheritances, insurance policies, pensions, retirement funds and lotteries;
3. All public assistance payments (excluding Medicaid and food stamps) including any amount by which educational grants, scholarships, and/or Veteran Administration educational benefits exceed expenses for tuition, fees, books, and equipment and reasonable rent and utility costs for a student living away from home;
4. Interest and dividends;
5. Payments in lieu of earnings, including social security, unemployment benefits, worker’s compensation, severance pay, disability or death benefits;
6. Income from partnerships;
7. Rental income from property owned;
8. Recurring monetary contributions or gifts regularly received from a person not living in the residence; and
9. All regular pay, special pay and allowances of a member of the Armed Forces not including hazardous duty pay.

- (D) **Requirement of a Separated Borrower.** If a Borrower is legally separated from his or her spouse, a legal separation agreement or petition for dissolution is required prior to preliminary approval.
- (E) **Exception of Residency. Must reasonably expect to reside in the property as his or her principal residence within sixty (60) days** after the loan closing date on existing homes **AND** within sixty (60) days of completion for a newly constructed home.
- (F) **Training.** Must successfully complete IHCDA University Homeownership training program. IHCDA University is available via the IHCDA website. This is the only Homeownership Training program that will be accepted. A certificate of completion or achievement is required in the loan application package.
- (G) **Co-Signers.** Co-signers of Borrower are allowed on the loan. Notwithstanding the foregoing, co-signers are not eligible to appear on the deed or the mortgage documents, or to sign any MRB/MCC documents, the Purchase Agreement, or the Second Mortgage or the Second Note with respect to DPA. **Co-signers sign the First Mortgage Note only, therefore, when submitting an application package where there will be a co-signer please submit with the Borrowers information only.**
- (H) **Conflicts.** If there are any conflicts between the guidelines of FHA, VA, USDA guaranteed, or Fannie Mae and the Program, please contact IHCDA. IHCDA will also address all questions regarding tax compliance. All other questions should be directed to the Master Servicer.

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**INDIANA HOUSING & COMMUNITY DEVELOPMENT AUTHORITY
FIRST HOME & FIRST HOME/PLUS PROGRAM
PROPERTY ELIGIBILITY**

Property standards are determined by the type of financing the Borrower is using (FHA, VA, USDA Rural Development or Fannie Mae.)

The proceeds of the loans must be used to acquire the principal residence of the Borrower(s). The residence must meet the following requirements:

1. The property must be located in the State of Indiana.
2. The property must be:
 - A. A single-family house, which term, for the purposes of FHA financing only, includes a manufactured home permanently affixed to real estate; or
 - B. A condominium or planned unit development, in which case, current Fannie Mae, FHA or Rural Housing Guaranteed criteria should be followed.
3. The “Acquisition Cost” of the residence must not exceed the applicable Program acquisition cost limits. The IHEDA website contains acquisition cost limits, and IHEDA generally distributes hard copies of acquisition cost limits to Participating Lenders on an annual basis, typically in the spring. The term “Acquisition Cost” means the cost of acquiring a residence from the seller(s) as a completed residential unit. The Acquisition Cost includes:
 - A. All amounts paid, either in cash or in kind, by the Borrower (or a related party for the benefit of the Borrower) to the seller(s) (or a related party of the seller(s)) as consideration for the residence;
 - B. If the residence is incomplete, the reasonable cost of completing the residence whether or not financed by the loan;
 - C. If the residence is in need of repair and the repairs are necessary to make the residence habitable, to meet local building codes, or to meet Program requirements, the reasonable cost of making the repairs whether or not financed by the loans. Repair escrows are permissible where the repairs to be undertaken are not for items that pose a threat to occupant health and safety; repair escrows are not allowed on DPA loans;
 - D. Settlement and financing costs in excess of amounts which are usual and reasonable (e.g. points paid by the Borrower for the purpose of “buying down” the interest rate);
 - E. Property taxes, if not pro-rated between ownership by Borrower and seller (e.g., Borrower pays next installment due); and
 - F. The cost of the land, or if a gift the appraised value, is to be added to the Acquisition Cost if the Borrower has owned the land for less than 2 years prior to construction.

Acquisition cost does not include:

- A. Usual and reasonable settlement and financing costs including:
 - (1) Title and transfer costs;
 - (2) Title insurance;
 - (3) Survey fees and other similar costs;
 - (4) Credit reference fees;
 - (5) Legal fees;
 - (6) Appraisal expenses;
 - (7) Usual and reasonable financing points;
 - (8) Structural and systems or pest inspections; and
 - (9) Other related costs of financing the residence.

- 4. The amount paid to the seller for consideration for the residence cannot be higher than it would be had the sale occurred without the benefit of the Program.

- 5. **The Borrower must reasonably expect to reside in the property as his principal residence within 60 days** after the loan closing date on existing homes or within 60 days of completion for a newly constructed home.

- 6. No more than fifteen percent (15%) of the total area of the principal residence can reasonably be used as:
 - A. The principal place of business for, or connected with, any trade or business on an exclusive or regular basis;

 - B. A place where inventory is held for use in the trade or business of the selling of products at wholesale or retail, unless the residence is the sole fixed location of such trade or business; or

 - C. A place used on a regular basis in a trade or business.

- 7. **If the Borrower is obtaining a mortgage using the First Home Plus Program, regardless whether the loan is FHA, VA, USDA, receipt of a third-party inspection by an State of Indiana licensed inspector is required and a copy of that inspection is due with the application package.** Any adverse property conditions noted by the inspector and documented on the third-party inspection must be submitted with the application package as well as documentation of the inspection results. The final disposition of the conditions needing correction must be documented on the Compliance Inspection Report for HUD-92051. A copy of the final Compliance Inspection Report must be submitted with the Closing Package. **Lenders may obtain the services of any home inspector as long as that inspector is licensed in the state of Indiana.**

- A. For the First Home/Plus Program only, the subject property must not have been occupied by a tenant within the past three months unless the tenant is the purchaser**
8. All appraisals must be conducted by a licensed appraiser in accordance with the US Department of Housing and Urban Development (HUD) *Handbook No. 4150.1 Rev-1*. The purchase price of the property cannot exceed the appraised value of the property.
 9. (Down Payment Assistance Only) The purchase price of a home using DPA funds cannot exceed the lower of the HOME 203(b) Mortgage Limits or IHCD's maximum acquisition limit for the county in which the subject property is located, which are set forth on [the attached]. **All documents submitted to IHCD should reflect the maximum acquisition limit.**
 10. **For the First Home/Plus Program only:** A single-family residence cannot lie in a 100-year flood plain. There is no special requirement if the property lies in a 500-year flood plain. The Master Servicer requires all loans to have flood certifications. Properties which fall under zone "C" or "X" are eligible, but if the flood certification shows the property is located in zone "A" or "E", IHCD cannot process the loan.
 12. Properties of more than 5 acres are not permitted when using IHCD funds unless the property is considered rural and there are 3 supporting comparables that have comparable acreage.

**INDIANA HOUSING & COMMUNITY DEVELOPMENT AUTHORITY
FIRST HOME & FIRST HOME/PLUS PROGRAM
MORTGAGE FINANCING ELIGIBILITY**

MORTGAGE FINANCING ELIGIBILITY

The proceeds of the loans secured under the Program must be used to acquire the principal residence of the Borrower. The mortgage financing must meet the following requirements:

1. The loans cannot finance the following:
 - A. Acquisition of personal property;
 - B. Land not appurtenant to the residence;
 - C. Land appurtenant to the residence but not necessary to maintain the basic livability of the residence and which provides, other than incidentally, a source of income to the Borrower; or
 - D. Settlement and financing costs that are in excess of that considered usual and reasonable.
2. IHCDCA funds cannot refinance an existing loan or replace existing financing for the property.
 - A. Financing includes deeds of trust, pledges, agreements to hold title in escrow, and any other form of ownership financing. **A construction loan carrying a term of less than two years is acceptable. Financing consisting of construction-to-permanent loans are allowed under the Program, but must be completed within 180 days from the date of reservation. Because construction-to-permanent loans will close prior to construction, the application package must still be submitted to IHCDCA for preliminary approval prior to the closing date. The closing package should be submitted to IHCDCA once the construction is complete. Participating Lenders should note that IHCDCA may charge extension fees and late charges if construction is not completed in a timely manner.**
 - B. Conditional land sale contracts may be considered existing financing.
3. The closing date of the loan **cannot** precede the “Conditional Commitment Date” located on SFMS.
4. **NO ASSUMPTIONS WILL BE ALLOWED ON ANY IHCDCA LOAN.**
5. **PARTICIPATING LENDERS MAY USE DPA ON FHA, HOMECHOICE, AND FHA/VA/USDA (GUARANTEED) DISABILITY TO BE USED IN CONJUNCTION WITH FIRST HOME ONLY**

NOTES REGARDING MORTGAGE FINANCING

1. The Participating Lender should remember to ensure that the Borrower and the property qualify for the Program before beginning the financing process. The

Participating Lender should not delay checking eligibility for reasons of obtaining a reservation, as IHEDA has continuous lending capabilities.

2. IHEDA encourages the Participating Lender to provide information to the Borrower concerning an energy efficiency rating being performed on the property prior to purchase. This rating could result in the Borrower qualifying for an energy efficient mortgage. Brochures detailing how to have a rating performed may be obtained by calling the Indiana Community Action Association at (317) 638-4232 or by visiting their website at <http://www.incap.org>.

**INDIANA HOUSING & COMMUNITY DEVELOPMENT AUTHORITY
FIRST HOME & FIRST HOME/PLUS PROGRAM
INTEREST RATE CHANGES**

INTEREST RATE CHANGE PROCEDURES

To manage IHCDAs continuous lending program the interest rate may change daily. Interest rate changes will be based on (1) the number of reservations taken during a specific time period and (2) the market rate. If the market rate were to substantially increase overnight and reservations increased, a rate change would be warranted. There will be one rate for FHA/VA, Home Choice, USDA Guaranteed and Fannie Mae.

NOTIFICATION OF RATE

IHCDA's Interest Rate Change Committee will meet as needed to decide if a rate change is warranted. *As a courtesy, a rate sheet will be emailed to IHCDAs contact at Participating Lender detailing the date of change and rate. This information will be available on SFMS. Failure of IHCDAs to mail a courtesy copy of the rate sheet shall not affect the interest rate set by the Interest Rate Change Committee.*

Participating Lenders should refer to the reservation confirmation prior to submitting an application package to verify the correct interest rate.

Up-to-date rate information can be obtained via:

1. The IHCDAs website at <http://www.ihcda.in.gov>;
2. (317) 232-3556 or (888) 227-4452, the Information and Rate Line; or
3. SFMS.

It is the Participating Lender's responsibility to check the then-current interest rate prior to applying for a loan on behalf of a Borrower.

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**INDIANA HOUSING & COMMUNITY DEVELOPMENT AUTHORITY
FIRST HOME & FIRST HOME/PLUS PROGRAM
THE FEDERAL RECAPTURE TAX**

The Following Provisions Apply Only to the First Mortgage

The first mortgage in the Program is funded from the proceeds of an IHCDA Mortgage Revenue Bond. Therefore, a Borrower participating in the Programs could be subject to the Federal Recapture Tax under certain conditions as discussed below.

Congress enacted legislation in 1988, subsequently amended in October 1990, to recapture, under certain circumstances, some or the entire subsidy from homebuyers who receive qualified mortgage bond assistance after January 1, 1991 (the "Federal Recapture Tax"). **THE FOLLOWING DOES NOT CONSTITUTE TAX OR LEGAL ADVICE AND EACH BORROWER IS ADVISED TO CONSULT WITH A TAX SPECIALIST TO DETERMINE WHETHER HE OR SHE IS RESPONSIBLE FOR PAYING THE FEDERAL RECAPTURE TAX.**

IHCDA will **reimburse a Borrower** who pays Federal Recapture Tax or for the reduction in his or her tax refund due to payment of Federal Recapture Tax. Please see MRB-ALL for important details and instructions.

The law mandates a "recapture" of some of the benefit of the Program if a Borrower meets all three of the following criteria -- the property ceases to be the principal residence in the first full nine (9) years after the date that the mortgage loan is closed; there is a profit on the sale of the home **AND** the household income is more than that year's maximum allowable federal income limit for the Program (*not* the Program income limits) for the area in which the residence is located at the time Borrower qualified for the Program.

If Federal Recapture Tax is owed, it is computed and paid to the IRS for the tax year in which the home is sold. For the average Borrower, it is unlikely that he or she will be required to pay because his or her income is lower than that allowed. But if Federal Recapture Tax must be repaid, it will **never exceed the lesser** of 6.25% of the original loan amount or one-half of the gain on the sale of the home.

The most that a Borrower will ever be required to pay when a Borrower sells his or her home in the first nine years is 6.25% of the highest principal amount of the mortgage loan that was federally subsidized during the life of the loan. This amount is considered to be the federally subsidized amount. When a Borrower sells his or her home is as important as the amount a Borrower receives for the sale of his or her home and his or her income at the time a Borrower sells. The actual Federal Recapture Tax, if any, can only be determined when a Borrower sells his or her home.

Remember:

- If a Borrower sells his or her home after nine years, there is no Federal Recapture Tax due;
- If he or she does not receive a gain (net profit) on the sale of his or her home, there is no Federal Recapture Tax due, **or**
- If the household income is not more than that year's maximum allowable federal income limit for the Program (*not* the Program income limits) for the area in which the residence is located at the time Borrower qualified for the Program.

A Borrower is Not Subject to the Federal Recapture Tax if:

- His or her home is disposed of as a result of his or her death.
- A Borrower transfers his or her home to his or her spouse or his or her former spouse incident to a divorce and a Borrower has no gain or loss included in his or her income as a result of the transfer.

- A Borrower refinances his or her home (unless Borrower later meets the recapture rules).
- Borrower's home is destroyed by fire, storm, flood or other casualty if home is replaced on its original site within two (2) years after the end of the tax year when the casualty happened.

However, if a Borrower gives away his or her home (other than incident to a divorce), Federal Recapture Tax amounts must be calculated as if the home was sold at fair market value at the time of disposition.

Income Increase:

If a Borrower sold his or her home and made a net profit, then a Borrower may have to pay Federal Recapture Tax, depending on whether his or her income has increased past the maximum allowable amount within 90 days from the date of the Final Approval. IHEDA will send to each Borrower a *Notice to Borrower of Maximum Recapture Tax and of Method to Compute Recapture Tax on Disposition of Home*. A sample of this notice is included in the Guide. Borrower should keep this notice for future reference in calculating the Federal Recapture Tax.

How much do I owe?

The amount a Borrower owes will be the **lesser** of 50% of the gain realized from the sale of his or her home OR the amount resulting from a calculation that uses:

- The income percentage (Consider the amount by which his or her income exceeds the limit in the year that a Borrower sells. If the amount is \$5,000 or more, then his or her income percentage is 100%. If less than \$5,000 then divide the amount by which his or her income exceeds the limit by \$5,000 and round to the nearest whole percentage.)
- The maximum recapture tax or federally subsidized amount (this is .0625 x the highest principal amount of his or her loan).
- The holding period percentage as shown on the chart below:

Disposition Within # Months of Closing	Holding Period Percentage
1 - 12	20%
13 - 24	40%
25 - 36	60%
37 - 48	80%
49 - 60	100%
61 - 72	80%
73 - 84	60%
85 - 96	40%
97 - 108	20%
109 or More	No Recapture Tax

Again, a Borrower should consult with a tax advisor to determine whether he or she owes Federal Recapture Tax.

For more information, contact the IRS and request Form 8828 and the instructions for Form 8828 (both available on the IRS Website: <http://www.irs.gov>).

SAMPLE LETTER

**INDIANA HOUSING & COMMUNITY DEVELOPMENT AUTHORITY
30 SOUTH MERIDIAN STREET, SUITE 1000
INDIANAPOLIS, INDIANA 46204-3413**

April 00, 2004

<i>Series:</i>	First Home
<i>Orig :</i>	(Code) Bank Name (Code)
<i>SF #:</i>	Number
<i>Loan Amount:</i>	\$00,000.00
<i>Term:</i>	xx Months
<i>Property:</i>	Street Address
<i>City/Zip:</i>	City, zip
<i>County:</i>	County name
<i>Reserv/ Appl Date:</i>	00-00-00
<i>Commitment Date:</i>	00-00-00
<i>Closing Date:</i>	00-00-00
<i>Loan Purchase:</i>	00-00-00

***Notice to Borrower(s) of Maximum Recapture Tax
and of Method to Compute Recapture on Dispositions of Home***

In accordance with Section 143 (m) of the Internal Revenue Code, the maximum recapture tax that you may be required to pay upon disposition of this property is \$0000.00. This amount is 6.25% of the highest principal amount of this mortgage loan above referenced, and is your federally subsidized indebtedness with respect to the loan.

Disposition Within Months of Closing	Holding Period Percentage	Adjusted Qualifying Income On date of Disposition, for Family Size	
		2 or Less	3 or More
1 - 12	20%	62,900	72,335
13 - 24	40%	66,045	75,951
25 - 36	60%	69,347	79,748
37 - 48	80%	72,814	83,735
49 - 60	100%	76,454	87,921
61 - 72	80%	80,276	92,317
73 - 84	60%	84,289	96,932
85 - 96	40%	88,503	101,778
97 - 108	20%	92,928	106,866
109 or More	No Recapture Tax		

A. *Introduction*

1. **General.** When you sell your home you may have to pay a recapture tax as calculated below. The recapture tax may also apply if you dispose of your home in some other way. Any references in this notice to the "sale" of your home also includes other ways of disposing of your home. For instance, you

2. **Exceptions.** In the following situations, no recapture tax is due:
 - (a) You dispose of your home later than nine years after you close your mortgage loan;
 - (b) Your home is disposed of as a result of your death;
 - (c) You transfer your home either to your spouse or to your former spouse incident to divorce and you have no gain or loss included in your income under Section 1041 of the Internal Revenue Code; or
 - (d) You dispose of your home at a loss.

B. **Maximum Recapture Tax.** The maximum recapture tax amount is 6.25% of the highest principal amount of your mortgage loan and is your federally subsidized amount with respect to the loan.

C. **Actual Recapture Tax.** The actual recapture tax, if any, can only be determined when you sell your home, and is the lesser of (1) 50% of your gain on the sale of your home, regardless of whether you have to include that gain in your income for federal income tax purposes, or (2) your recapture amount determined by multiplying the following three (3) numbers:

1. The maximum recapture tax, as described in paragraph B above;
2. The holding period percentage, as listed in Column 1 in the table; and
3. The income percentage, as described in paragraph D below.

D. **Income Percentage.** You calculate the income percentage as follows:

1. Subtract the applicable adjusted qualifying income in the taxable year in which you sell your home, as listed in column 2 in the table on page one of this letter, from your modified adjusted gross income in the taxable year in which you sell your home.

Your modified adjusted gross income means your adjusted gross income shown on your federal income tax return for the taxable year in which you sell your home, with the following two adjustments: (a) your adjusted gross income must be increased by the amount of any interest that you receive or acquire in the taxable year from tax-exempt bonds that is excluded from your gross income (under Section 103 of the Internal Revenue Code); and (b) your adjusted gross income must be decreased by the amount of any gain included in your gross income by the reason of the sale of your home.

2. If the amount calculated in (1) above is zero or less, you owe no recapture tax and do not need to make any more calculations. If it is \$5000 or more, your income percentage is 100%. If it is greater than zero but less than \$5000, it must be divided by \$5000. This fraction, expressed as a percentage, represents your income percentage. For example, if the fraction is \$1000/\$5000, your income percentage is 20%.

E. ***Limitations and Special Rules on Recapture Tax***

1. If you give away your home (other than to your spouse or ex-spouse incident to divorce), you must determine your actual recapture tax as if you had sold your home for its fair market value.
2. If your home is destroyed by fire, storm, flood, or other casualty, there generally is no recapture tax if, within two years, you purchase additional property for use as your principal residence or construct a new home on the site of the home financed with your original subsidized mortgage loan.
3. In general, except as provided in future regulations, if two or more persons own a home and are jointly liable for the subsidized mortgage loan, the actual recapture tax is determined separately for them based on their interests in the home.
4. If you repay your loan in full during the nine year recapture period and you sell your home during this period, your holding period percentage may be reduced under the special rule in Section 143(m)(4)(c)(ii) of the Internal Revenue Code.
5. Other special rules may apply in particular circumstances. You may wish to consult with a tax advisor or the local office of the Internal Revenue Service when you sell or otherwise dispose of your home to determine the amount, if any, of your actual recapture tax. See Section 143(m) of the Internal Revenue Code generally.

Sincerely,

Authorized Officer

**INDIANA HOUSING & COMMUNITY DEVELOPMENT AUTHORITY
FIRST HOME & FIRST HOME/PLUS PROGRAM
FEE SCHEDULE**

IHCDA RESERVATION FEE:

0.125% of the first mortgage amount

CLOSING PACKAGE LATE SUBMISSION FEE:

Closing packages received more than 30 days after closing must be submitted with a fee equal to 0.25% of the total mortgage amount.

EXTENSION FEE:

0.25% of the First Mortgage Amount for one 30-day extension.

There are no extensions for an Application/Closing Missing Document Letter.

REINSTATEMENT FEES:

Auto Refund Reinstatement	\$500
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IHCDA TRAINING FEES:

Off site at Participating Lender location	No Charge
On site at IHCDA offices	No Charge
Program guide (may be printed from website)	No Charge

IHCDA RESERVATION FEE REFUNDS:

The full 0.125% IHCDA reservation fee will be refunded upon the Participating Lender's request for cancellation of the reservation if the application package has not been reviewed by IHCDA. **Reinstatement, extension, late submission fees are not to be paid by the Borrower and are not refundable.**

If IHCDA has reviewed the application package, 0.25% of the reservation fee will be retained by IHCDA and the remaining amount will be refunded to the Participating Lender upon cancellation or denial.

PARTICIPATING LENDER FEE STRUCTURE:

<i>Lender Participating Annual Fee:</i>	<i>\$500 (Fee waived for one year if new to the First Home/Plus Program)</i>
	<i>\$500 for Recurring Lenders</i>
	<i>\$125 for Additional office or branch (offices that require separate sign-on ID's)</i>

Fees paid by the Participating Lender to IHCDA for the First Home/Plus Program are non-refundable. Lender participating fees will be collected from Participating Lenders at the beginning of the year. Participating Lenders choosing to sign up later in the year will be required to pay fees at time of sign-up. All Participating Lenders are required to execute the Mortgage Origination and Sales Agreement and Program Registration Form.

A Program Registration Form must be executed for each participating branch of Participating Lender. Corporate and closing contact offices of Participating Lenders may receive bulletins and may print an MRB Program Guide from the IHEDA website without paying a fee by completing a Corporate or Closing Contact Program Registration Form.

PARTICIPATING LENDER COMPENSATION:

Participating Lenders receive 1.40% of the first mortgage amount which is payable upon sale of the loan to the master servicer.

In addition, the originator of the loan is allowed to receive a 1% origination fee as well as \$600 in fees paid to the Participating Lender (which does not include third-party fees). Participating Lenders' fees charged to the Borrower must not exceed \$600.00. Items paid to a third party must be noted as such on the HUD-1 Settlement Statement to not be included in the \$600.00.

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**INDIANA HOUSING & COMMUNITY DEVELOPMENT AUTHORITY
FIRST HOME & FIRST HOME/PLUS PROGRAM
RESERVATION REQUEST PROCEDURES**

PRELIMINARY ELIGIBILITY REVIEW

Before making a reservation request, the Participating Lender is required to receive a fully executed Purchase Agreement. The Participating Lender should then determine if the home is located in a Targeted Area, Non-Targeted Area or a Designated Disaster Area and whether the Borrower meets other Program eligibility requirements. **NOTE: A PARTICIPATING LENDER CANNOT RESERVE A LOAN THAT IT CANNOT CLOSE IN ITS OWN NAME, EXCEPT IN THE CASE OF MORTGAGE BROKERS GOING THROUGH A SUPPORTING LENDER AND CLOSING THE LOAN IN THAT SUPPORTING LENDER'S NAME.**

A RESERVATION IS IMPORTANT: THE BORROWER CANNOT EXECUTE IHCDA'S DOCUMENTS WITHOUT AN IHCDA RESERVATION NUMBER.

RESERVATION REQUEST

1. Reservation requests are made using the SFMS online system
All reservations will be accepted on a first-come, first-served basis and are always subject to availability of funds. SFMS will confirm the reservation number immediately. At the time of reservation, the Participating Lender must provide a check (Borrower's certified funds or Participating Lender's check) payable to IHCDA for the applicable reservation fee (See Section 7 for the Fee Schedule). **A SEPARATE CHECK MUST BE MADE OUT FOR EACH RESERVATION FEE. IHCDA DOES NOT ACCEPT CASH OR COINS.** Please round all amounts **up** to the next dollar amount. Any reservation fee overages will be refunded after the loan is purchased by the Master Servicer.
2. **RESERVATION FEES AND THE PRE-APPLICATION SHOULD ARRIVE BEFORE OR WITH THE APPLICATION PACKAGE. IF FEES ARE NOT RECEIVED, THE PARTICIPATING LENDER WILL BE NOTIFIED THAT THE RESERVATION FEES ARE DUE AND THE APPLICATION PACKAGE WILL BE HELD BY IHCDA FOR FIVE DAYS. IF THE FEES ARE NOT RECEIVED WITHIN THE FIVE DAY PERIOD, IHCDA WILL RETURN THE FILE TO THE PARTICIPATING LENDER.**
3. IHCDA will not review any application packages without having received reservation fees.

MODIFICATIONS

A Participating Lender must request, in writing, any change to a Borrower's reservation, subject to the following conditions:

1. **Increase in Mortgage.** Requests will be subject to the availability of funds, and will not be approved until IHCDA receives the balance of the reservation fee due. Participating Lenders should include the purchase price and loan amount (original and revised) by written request or via email.
Mortgage decreases can be made when the closing package is received,

Change of Address. Request must be submitted in writing to IHCDA along with a new reservation check list and must include the reason for the change. If the file has not been underwritten by IHCDA the lender should contact the Single Family Coordinator and the appropriate changes will be made at that time. If

the file has been underwritten by IHCD the lender will need to contact the Underwriter shown in the IHSF Management System, at that time the underwriter will back out the approval and request corrected documents listing the new address which will include a new 1003, MCC-ALL and any other applicable documents. Once the file has been re-reviewed and all changes have been made the loan status will be updated to reflect the approved status

however the commitment expiration date will start over.

2. **Transfer of Reservation (Borrower).** IHCD will not allow a transfer of a reservation from one Borrower to another.

3. **Transfer of Reservation (Participating Lender).** IHCD will allow a transfer of a reservation from one Participating Lender to another. The original Participating Lender must submit a letter stating that the reservation and the reservation fees are to be transferred to the new Participating Lender. The new Participating Lender must submit a letter stating that they will accept the transfer of the reservation with a reservation request. A new application file must be submitted. The new Participating Lender cannot close without an approval from IHCD with the new Participating Lender's name specified on the documents. **The loan application will not start over in the SFMS processing system** because of an approved Participating Lender change. All due dates will remain the same.

4. **Interest Rate.** Once a Borrower has been reserved at one interest rate, the rate cannot be changed.

PARTICIPATING LENDER'S CANCELLATION OF A RESERVATION

If the Participating Lender determines that it will not close a loan for which it has received a reservation number, the Participating Lender should notify SF coordinator in writing as soon as possible. All refunds will be issued to the Participating Lender and mailed to the Participating Lender's contact ***(checks will not be made out to or mailed to the Borrower)***. **Reinstatement or extension fees are not refundable.** To obtain a refund of the reservation fee, the following information must be included in the letter:

1. Borrower name(s);
2. Reservation number;
3. Property address;
4. Loan amount;
5. Amount of reservation fee submitted; and
6. Reason for cancellation

The canceled Borrower cannot transfer from the First Home or First Home/Plus Programs to an MCC.

REFUND CHECKS ARE PROCESSED EVERY OTHER TUESDAY.

REINSTATEMENT OF CANCELED RESERVATIONS

A Borrower whose reservation has been canceled cannot be re-reserved. Instead, the reservation must be reinstated. A request to reinstate a Borrower must be made in writing before the request can be considered by IHCD. Any reservation canceled for 30

days or more cannot be reinstated without paying the flat \$500 auto refund reinstatement fee. (See Section 7 for the Fee Schedule).

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**INDIANA HOUSING & COMMUNITY DEVELOPMENT AUTHORITY
FIRST HOME & FIRST HOME/PLUS PROGRAM
APPLICATION PACKAGE SUBMISSION**

Participating Lenders are encouraged to pre-qualify Borrowers for credit eligibility whenever possible; loan applications (URLA) can be dated prior to the date of the purchase agreement. **NOTE: IHCDA'S DOCUMENTS CANNOT BE DATED PRIOR TO THE DATE OF THE RESERVATION.**

DUE DATE AND SUBMISSION

The Participating Lender is responsible for performing a thorough investigation to determine that both the Borrower and the property meet Program requirements. The following information must be submitted to IHCDA obtain preliminary approval needed to close:

- Reservation Fee
- Document Order Checklist - **Original** (MRB-1 dated Jan 2010)
- Loan Application - **Copy** (FNMA 1003)
- MRB-ALL Preliminary
- Photocopies of past three years' tax returns
- Paystubs for all individuals intending to live in the home with income
- Divorce Decree or Legal Separation Agreement, if applicable-**Copy**
- Purchase Agreement, fully executed – **Copy**
- Appraisal with third party inspection by a licensed third party inspector-**Copy (DPA loans only)**
- Copy of Certificate of Completion of Homeownership Training from IHCDA University – **Copy for each Borrower**
- Lead Based Paint Acknowledgment – **Original** (MRB-11 dated Jan 2010 **(DPA only)**)
- Receipt of third party inspector's certification of completion of HUD's Lead Based Paint Visual Assessment Course – **Copy (DPA only)**

The application package must be submitted in a legal size file folder and "Acco" fastened to the right inside cover. PLEASE DO NOT USE STAPLES.

If the loan amount has changed since the day of reservation, the Participating Lender should make note of it on the file and enclose the additional reservation fees, if applicable. As IHCDA will change the interest rate from time to time, Participating Lenders should refer to its reservation confirmation to verify the interest rate.

TAX RETURNS

The top of the tax return must be completed with the Borrower's social security number, address and must be signed. If the Borrower completed a Form 1722, the original must be provided to IHCDA. The electronic filing along with the tax transcript is acceptable as well. The confirmation number must be included on the forms.

Acceptable Tax Returns are as follows:

1040 with all applicable schedules, 1040A, 1040EZ, Telefile, 1722 Tax return, Transcripts from the IRS including any cover pages, or 1040PC (backup to the Electronic Filing Form).

CANCELLATION AND REINSTATEMENT

If the reservation is cancelled for more than thirty (30) days it is considered permanently cancelled and may only be reinstated subject to fund availability, upon by written request and a payment of reinstatement fee of \$500.

Subject to the availability of funds, IHCDCA will review requests for reinstatement of the reservation. Such extensions will be granted at the sole discretion of IHCDCA and will only be considered upon the submission of:

- (a) A written request for reinstatement and submission of the application package;
- (b) The reinstatement fee of \$500; plus any fees to bring the loan current, i.e.; extension and or reinstatement fees
- (c) The extension fee (for each 30-day extension requested). A fee schedule is included at the end of Section 7.

APPLICATION PACKAGE SUBMISSION (APPROVAL)

All files will be reviewed in the order that they are received. IHCDCA will underwrite all files within a reasonable amount of time from the date that the file is logged into SFMS. There is a 24-48 hour turnaround on application conditions. **Participating Lenders are encouraged to check SFMS for status.**

When IHCDCA determines that the application package is complete and in compliance with Program requirements, IHCDCA will change the status to reflect "Approved" on SFMS. SFMS will show a date on which the preliminary approval expires, and IHCDCA must receive a completed closing package prior to such date. Further, the closing package must indicate that there have been no material changes that would result in Borrower or property ineligibility in the Program.

APPLICATION PACKAGE SUBMISSION (PENDED)

If IHCDCA needs additional information or if the application package is incomplete, the application package will be considered "pended" and the status will show "Incomplete" on SFMS. The Participating Lender has 90 days from the original reservation date shown in SFMS to respond to IHCDCA's request for additional information and obtain approval status. The application and closing package must be approved by the commitment expiration date shown on your reservation confirmation.

PERMANENT CANCELLATION

If IHCDCA cannot approve the loan by the date shown in SFMS, IHCDCA will cancel the reservation the Thursday following the due date.

At the time of cancellation, the Participating Lender has thirty (30) additional days to reinstate the file and pay the reinstatement fee in accordance with the Cancellation and Reinstatement section set out earlier in the section. If on the 31st day after cancellation the loan has not been reinstated and approved, the file will be **PERMANENTLY CANCELED. AT THIS POINT THERE WILL BE NO FURTHER REINSTATEMENTS UNLESS ACCOMPANIED BY A LETTER REQUESTING REINSTATEMENTS AND THE REASON THE PARTICIPATING LENDER DID NOT ACT IN A APPROPRIATE TIME, AS WELL AS A \$500 REINSTATEMENT FEE. IF NO**

REQUEST IS RECEIVED, THE APPROPRIATE REFUND WILL BE PROCESSED AND RETURNED TO THE ORIGINATING LENDER. Refunds are calculated in accordance with the fee schedule found at the end of Section 7.

DENIED RESERVATION

IHCDA may post a “rejected” status on SFMS if the information included in the application package indicates that the Borrower or the property does not meet Program requirements. IHCDA will cancel rejected loans thirty (30) days after the date the application is given “rejected” status in SFMS any funds previously allocated to the property shall be made available for other loan applications. IHCDA will retain a portion of the reservation fee and the remainder of the reservation fee will be refunded to the Participating Lender within fourteen (14) days. Refunds are calculated in accordance with the fee schedule found at the end of Section 7.

BI-WEEKLY PARTICIPATING LENDER REPORTS

Participating Lenders are now able to view all loan statuses on-line on SFMS. Initially, IHCDA’s contact person at the Participating Lender shall have access to SFMS, and this person will be able to create additional user accounts and set varying access levels.

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**INDIANA HOUSING & COMMUNITY DEVELOPMENT AUTHORITY
FIRST HOME & FIRST HOME/PLUS PROGRAM
CLOSING PACKAGE SUBMISSION**

DUE DATE

The loan closing package must be received prior to the "Commitment Expiration Date" listed on SFMS. The Commitment Expiration Date is **90** days after the date of reservation on ALL properties **EXCEPT** for on new construction loans which expire **180** days after the date of reservation. **Additionally**, the closing package must be received within 30 days of the closing date. If the package is received on the 31st day or after, a late fee of 0.25% of the first mortgage amount will be assessed and must be paid prior to obtaining final approval.

SUBMISSION

After the loan closing, the Participating Lender forwards to IHCDA the executed closing package, which consists of the following:

- (1) Extension fees, reinstatement fees or balance of reservation fees (if appl.)
- (2) Closing transmittal letter (MRB-7 dated Jan 2010) - **Original**
- (3) Copy of final loan application (typed and signed) (FNMA 1003) - **Copy**
- (4) MRB-ALL (final dated Jan 2010) – **Original with signatures**
- (5) Authorization for Sellers Signature (if appl.) - **Copy**
- (6) HUD - 1 Settlement Statement - **Copy**
- (8) Conditions on the appraisal - **Copy**

The closing package must be submitted in a legal size file folder and "Acco" fastened to the right inside cover. PLEASE DO NOT USE STAPLES.

IHCDA documents cannot be dated prior to the date of closing.

CLOSING PACKAGE SUBMISSION EXTENSION

Requests for one 30 day extension of the closing package submission will be considered by IHCDA on a case-by-case basis and granted at the sole discretion of IHCDA and only if funds remain available IHCDA will only consider a request for extension after receiving:

1. A written request detailing the **specific reasons** for the extension request, prior to the conditional Commitment Expiration Date shown in SFMS; and
2. An extension fee (for one 30 day extension). A fee schedule is included at the end of Section 7.

CANCELLATION

If the Participating Lender fails to deliver the closing package by the due date, IHCDA will cancel the reservation on the Thursday following the due date. If the closing package is not delivered by the due date but before cancellation, the applicable extension fee will be due. The Participating Lender may file a written request for reinstatement of the canceled reservation.

Subject to the availability of funds, IHCDCA will review requests for reinstatement of the reservation. Such extensions will be granted solely at the discretion of IHCDCA and will only be considered upon the submission of:

1. A written request for reinstatement and submission of the closing package;
2. The reinstatement fee; and
3. The extension fee (for each 30-day extension requested). A fee schedule is included at the end of Section 7.

Once the reservation is canceled the Participating Lender has 30 days to reinstate the loan, subject to the availability of funds. If reinstatement has not occurred by the 30th day, the reservation will be canceled **permanently** unless a \$500 reinstatement fee is paid to reinstate the loan. See Section 6 for additional details regarding cancellation and who may pay the reinstatement fee.

CLOSING PACKAGE SUBMISSION (APPROVAL)

If IHCDCA determines the closing package is in compliance with Program requirements, IHCDCA will issue a final approval and notice to the Master Servicer or sub-servicer.

For DPA loans, LOANS RESERVED MAY 2, 2007 AND AFTER, THE ORIGINAL SECOND MORTGAGE NOTE, A COPY OF THE SECOND MORTGAGE AND A COPY OF THE HUD SETTLEMENT STATEMENT IS TO BE SENT DIRECTLY TO THE MASTER SERVICER FOR PROCESSING.

CLOSING PACKAGE SUBMISSION (PENDED)

If IHCDCA requires additional information or the closing package is incomplete, the closing package will be considered **“incomplete”** and the status will show such in SFMS. The additional information or corrected documents must be submitted to IHCDCA within 30 days of the original date shown in SFMS. If the file is “updated” electronically, the documents are still required 30 days from the original date shown in SFMS. Merely updating the file in response to IHCDCA questions or requests is not sufficient. A pended file must be approved in 30 days. There are no extensions allowed on a pended loan, although IHCDCA may grant additional time to complete the file in the event of extenuating circumstances. Requests for additional time must be submitted in writing (via fax or email).

PERMANENT CANCELLATION

If the Participating Lender fails to resolve a pended closing package within 30 days of the date shown in SFMS, the reservation will be canceled on the following Thursday with no further notice to the Participating Lender.

Once the reservation is canceled the Participating Lender has 30 days to reinstate the reservation, subject to the availability of funds. If upon the 30th day the loan is not reinstated, the reservation will be canceled **permanently** unless a \$500 reinstatement fee is paid to reinstate the loan. The appropriate fees will be refunded to the originating Participating Lender.

DENIED RESERVATION

IHCDA may post a “rejected” status on SFMS if the information included in the closing package indicates that the loan does not meet Program requirements. IHCDA will cancel denied loans ten (10) days from the date shown in SFMS and any funds previously allocated to the property shall be made available for use for other loans. IHCDA will retain a portion of the reservation fee and the remainder of the reservation fee will be refunded to the Participating Lender. For refund information see the fee schedule at the end of Section 7.

Extension, reinstatement and late submission fees cannot be paid by the Borrower and they are not refundable! Extension, reinstatement fees and late submission can be paid by the Participating Lender, builder, real estate agent, or seller. Any Participating Lender who allows the Borrower to pay extension, reinstatement or late submission fees must refund those fees to the Borrower and show proof of refund to IHCDA.

FORMS:

Transmittal Letter

Be sure to mark whether the property is new construction or existing housing and whether the property is located in a Targeted or Non-Targeted Area, or in a Designated Disaster Area. A list of Targeted and Designated Disaster Areas may be found in Section 1 of this guide.

Final MRB-ALL

The Borrower must read, and with the Participating Lender’s assistance, complete all sections of the MRB-ALL. The Borrower must sign the Final Original copy of the MRB-ALL in the presence of the Participating Lender’s representative. The Participating Lender’s representative must sign and date as a witness and aver that the Participating Lender believes the information included therein to be correct. The Participating Lender cannot sign and date the MRB-ALL prior to the date of the Borrower’s signature.

Seller’s Affidavit

If a co signer of the seller signs the MRB-ALL, evidence of the co signer’s authorization to act on behalf of the seller must be included with the closing package. The Participating Lender’s representative must sign and date as a witness and aver that the Participating Lender believes the information included therein to be correct. The Participating Lender cannot sign and date prior to the date of the seller’s signature. **PLEASE CHECK THIS DOCUMENT CAREFULLY AS IT IS OFTEN DIFFICULT TO LOCATE THE SELLER AFTER CLOSING.**

SALE TO THE MASTER SERVICER OR SUB-SERVICER

The Master Servicer is to purchase the loan within 30 days of the date of closing unless otherwise approved by IHCDA.

The Master Servicer is instructed to purchase daily.

In the event that the first mortgage cannot be purchased by the Master Servicer or sub-servicer, the originating Participating Lender would be required to retain the first mortgage. If the first mortgage is made in conjunction with IHCDA's DPA program, the originating Participating Lender will retain both the first and second mortgage and the DPA funds must be returned to IHCDA.

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**INDIANA HOUSING & COMMUNITY DEVELOPMENT AUTHORITY
FIRST HOME & FIRST HOME/PLUS PROGRAM
DOWN PAYMENT ASSISTANCE - FIRST HOME/PLUS PROGRAM ONLY**

The First Home/Plus Program offers DPA in the form of a loan secured by a second mortgage to certain qualified Borrowers (“Second Mortgage”).

LOANS RESERVED AFTER MAY 2, 2007

DPA funds may only be used on FHA, FHA Disability, HOMECHOICE, VA/USDA Disability and USDA.

For all loans reserved May 2, 2007 and after, there will be no loan forgiveness associated with the Second Mortgage. If the Borrower refinances or sells the home, the Second Mortgage is due and payable immediately.

SECOND MORTGAGE REQUEST FORM

An eligible Borrower may receive DPA by way of a second mortgage equal to 6% of the sale price or the appraised value of the property, whichever is less, capped at \$7,500. For all disability loans, the DPA is capped at 10% up to a maximum of \$14,999.00. To assure that DPA funds are available at the time of closing, Participating Lenders must complete a Second Mortgage Funding Request and submit the request to IHCDA no less than ten (10) business days prior to the scheduled closing date. The form must be faxed to IHCDA at (317) 233-2558. Upon receipt of the form, IHCDA will request the Second Mortgage funds from HUD and forward the funds to the designated party for the closing.

If the Participating Lender wishes to close the loan in less than ten (10) business days, it will have to advance the funds for the Second Mortgage loan. The Participating Lender should fill out the Second Mortgage funding request to reflect that circumstance.

BEFORE CALLING IHCDA, THE PARTICIPATING LENDER SHOULD VERIFY THAT IT HAS NOT RECEIVED THE FUNDS, AS THEY MAY HAVE BEEN WIRED A DAY OR TWO PRIOR TO CLOSING.

Neither the first nor Second Mortgage can be closed prior to the date of IHCDA’s issuance of a conditional commitment. If this situation occurs the originating Participating Lender shall retain the first and Second Mortgages. The Second Mortgage funds shall immediately be returned to IHCDA.
In the event that the first mortgage is not purchased, for any reason, by the Master Servicer or sub-servicer, the originating Participating Lender shall keep the first and Second Mortgages and return the Second Mortgage funds to IHCDA.

INSTRUCTIONS

Second Mortgage Execution Information

The Second Mortgage is due upon maturity. Maturity is defined as the first to occur of the following:

- (a) Sale of the property;

- (b) Payoff or refinancing of the first mortgage on the property; or
- (c) Change in Borrower's principal place of residence from the property.

The Participating Lender or Borrower will contact the Master Servicer directly in the case of a payoff on loans that were reserved on May 2, 2007 and after.

Forgiveness of the debt is covered in the Promissory Note. The block on the second page of the Promissory Note should be completed as follows:

Annual Percentage Rate	0%
Finance Charge	\$0
Amount Financed	The amount of the Second Mortgage
Total of Payments	The amount of the Second Mortgage
Number of Payments	One (1)
Amount of Payments	The amount of the Second Mortgage
When Payments are Due	Upon Maturity
Filing/Recording Fees	The applicable amount

Truth-in-lending disclosure requirements for the Second Mortgage are covered in the Promissory Note, and any right-of-rescission is covered under the first mortgage documents.

IHCDA will not allow the Second Mortgage to be subordinated at any time to any claim except the original first mortgage. Participating Lender should explain this to the Borrower.

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FHA LOAN DELIVERY CHECKLIST

BORROWER _____ **PROGRAM** INDIANA HOUSING

ORIGINATING LENDER _____

CONTACT _____

PHONE _____

Loan Number _____
(USBHM)

CUSTOMER IDENTIFICATION NOTICE (PATRIOT ACT) **USBHM underwritten loans only*

ORIGINAL NOTE & 1 COPY **Endorsed to U.S. Bank N.A.*

NAME AFFIDAVIT, IF APPLICABLE - 1 COPY

REQUIRED SECOND MORTGAGE DOCUMENTATION - if applicable

ORIGINAL NOTE & 1 COPY (PAY TO THE ORDER OF "INDIANA HOUSING & COMMUNITY DEVELOPMENT AUTHORITY")

Mortgage / DEED OF TRUST - 2 COPIES

MORTGAGE / DEED OF TRUST - 2 COPIES

FHA TAX EXEMPT RIDER (UNIFORM MORTGAGE RIDER) /CONDO-PUD RIDER (IF APPLICABLE) - 2 COPIES

ASSIGNMENT OF MORTGAGE - 2 COPIES **Assigned to U.S. Bank N.A.*

FIRST PAYMENT LETTER *with payment breakdown, first payment date*

HUD-I & AGGREGATE ESCROW ANALYSIS DISCLOSURE - 2 COPIES

**DPA SOURCE MUST BE DISCLOSED ON HUD I*

DPA Acknowledgement form

COPY OF TITLE COMMITMENT OR SHORT FORM TITLE POLICY & 1 COPY

TAX CERTIFICATION - 2 COPIES ***Proof of payment if applicable*

HOMEBUYER EDUCATION CERTIFICATE, IF APPLICABLE

HAZARD INSURANCE POLICY WITH 1 YR. PROOF OF PAYMENT & 1 COPY

MORTGAGEE CLAUSE LETTER, (HAZARD/FLOOD) - 2 COPIES

Hazard Insurance Loss Payee Clause & Address:
U.S. BANK N.A.
its successors and or assigns as their interest may appear.
c/o U.S. Bank Home Mortgage
P.O. Box 7298
Springfield, OH 45501-7298

FLOOD CERTIFICATION & DISCLOSURES - 2 COPIES **Must be Life of Loan and transferable to USBHM*

FLOOD INSURANCE BINDER WITH 1 YR. PROOF OF PAYMENT (IF APPLICABLE)& 1 COPY

WIND / HAIL INSURANCE (IF APPLICABLE)

COPY OF W-9 FOR PRIMARY BORROWER

FINAL TYPED LOAN APPLICATION **must be signed by interviewer and borrowers*

MORTGAGE CREDIT ANALYSIS WORKSHEET (MCAW)

HUD 92900A- DIRECT ENDORSEMENT APPROVAL

LOAN MUST BE FHA INSURED IF OLDER THAN 90 DAYS FROM CLOSING

SURVEY **if required or charged for on HUD-I*

FINAL TRUTH-IN-LENDING **signed and dated at closing*

ASSURANCE / WARRANTY OF COMPLETION, IF APPLICABLE

TERMITE REPORT / SOIL TREATMENT GUARANTEE

MIP TRANSMITTAL FORM

NOTICE OF POTENTIAL RECAPTURE TAX

COMPLIANCE OR ERRORS & OMISSIONS AGREEMENT

IRS FORM 4506 OR 8821

CREDIT UNDERWRITING PACKAGE:

INITIAL LOAN APPLICATION

INITIAL TRUTH-IN-LENDING

DU FINDINGS/UW APPROVAL

COPIES OF UW CONDITIONS

PURCHASE AGREEMENT

FINAL INSPECTIONS

GOOD FAITH ESTIMATE

APPRAISAL

CREDIT REPORTS

VOE'S

VOD'S OR ALT. DOCUMENTS

NOTICE OF SALE ASSIGNMENT OF SERV. RIGHTS/RESPA

FILE DELIVERY INFORMATION:

Loan File Delivery Address:
U.S. Bank Home Mortgage - MRBP Division
1750 Rockside Road
Bedford, OH 44146
Attn: MRBP Operations Department

BORROWER PAYMENT INFORMATION:

Borrower Payment Address:
U.S. Bank Home Mortgage
P.O. Box 468002
Bedford, OH 44146-8002
www.usbankhomemortgage.com

CONVENTIONAL LOAN DELIVERY CHECKLIST

BORROWER _____ **PROGRAM** INDIANA HOUSING

ORIGINATING LENDER _____ *Indicate*

CONTACT PHONE _____ **PRODUCT:**

Loan Number (USBHM) _____

Fannie Mae		SFC	Fannie Mae	SFC
BOND	X	088	MCM 97	460
OTHER*			MCM 100	480
IDENTIFY OTHER			MCM COM SOL MAN UW	481
			MCM HM CH DU APPVL	325
			MCM HM CH MAN UW	222
			Freddie Mac	SCC
			Home Possible 97	G00
			Home Possible 100	G01
			HP Neighborhood Sol 97	G02
			HP Neighborhood Sol 100	G03
			<i>*Also use with all HP Ins</i>	
			Transfer of Serv (ALL)	X 510

CUSTOMER IDENTIFICATION NOTICE (PATRIOT ACT)*
**for USBHM underwritten loans only*

ORIGINAL NOTE & 1 COPY ***Endorsed to U.S. Bank N.A.**
 NAME AFFIDAVIT, IF APPLICABLE - 2 COPIES

REQUIRED SECOND MORTGAGE DOCUMENTATION (if applicable)
 ORIGINAL NOTE & 1 COPY
 (PAY TO THE ORDER OF "INDIANA HOUSING & COMMUNITY DEVELOPMENT AUTHORITY")
 Mortgage / DEED OF TRUST - 2 COPIES

Mortgage / DEED OF TRUST - 2 COPIES
 CONVENTIONAL TAX EXEMPT RIDER (MORTGAGE ADDENDUM) / CONDO-PUD-1-4 FAMILY RIDER (IF APPLICABLE) - 2 COPIES
 ASSIGNMENT OF MORTGAGE - 2 COPIES ***Assigned to U.S. Bank N.A.**

FIRST PAYMENT LETTER **with payment breakdown, first payment date**

HUD-1 & AGGREGATE ESCROW ANALYSIS DISCLOSURE - 2 COPIES
***DPA SOURCE MUST BE DISCLOSED ON HUD 1**

DPA Acknowledgement form

COPY OF TITLE COMMITMENT OR SHORT FORM TITLE POLICY - 2 COPIES
 TAX CERTIFICATION - 2 COPIES ****Proof of payment if applicable**

HAZARD INSURANCE POLICY OR BINDER WITH 1 YR. PROOF OF PAYMENT - 2 COPIES
 MORTGAGEE CLAUSE LETTER, (HAZARD/FLOOD) - 2 COPIES

Hazard Insurance Loss Payee Clause & Address:
U.S. BANK N.A.
its successors and or assigns as their interest may appear.
c/o U.S. Bank Home Mortgage
P.O. Box 7298
Springfield, OH 45501-7298

FLOOD CERTIFICATION & DISCLOSURES - 2 COPIES ***Must be Life of Loan and transferable to USBHM**
 FLOOD INSURANCE BINDER WITH 1 YR. PROOF OF PAYMENT (IF APPLICABLE) - 2 COPIES
 WIND/HAIL INSURANCE (IF APPLICABLE) - 2 COPIES

SIGNED MI CERTIFICATE / EVIDENCE OF PAYMENT TO MI COMPANY - 2 COPIES

COPY OF W-9 FOR PRIMARY BORROWER

IRS FORM 4506 OR 8821 (FOR SELF-EMPLOYED BORROWERS ONLY OR IF UNDERWRITER REQUESTS)

FINAL TRUTH-IN-LENDING ***signed and dated at closing**

NOTICE OF POTENTIAL RECAPTURE TAX

FINAL TYPED LOAN APPLICATION ***must be signed by interviewer and borrowers**

BORROWER AUTHORIZATION FOR REFERRAL TO COUNSELING - **required on all Community Lending products**

SURVEY (IF NO ALTA 9)

ASSURANCE /CERTIFICATE OF COMPLETION
 TERMITE REPORT / SOIL TREATMENT GUARANTEE IF REQUIRED FOR STATE

COMPLIANCE OR ERRORS & OMISSIONS AGREEMENT

1008 (Fannie Mae) or 1077 (Freddie Mac) UNIFORM UNDERWRITING TRANSMITTAL
 UNDERWRITER'S APPROVAL WITH COPIES OF CONDITIONS IF APPLICABLE

CREDIT UNDERWRITING PACKAGE:

INITIAL LOAN APPLICATION _____
INITIAL TRUTH-IN-LENDING _____
DU / LP FINDINGS/UW APPROVAL _____
PURCHASE AGREEMENT _____
FINAL INSPECTIONS _____
GOOD FAITH ESTIMATE _____

APPRAISAL _____
CREDIT REPORTS _____
NOTICE OF SALE ASSIGNMENT OF SERV. RIGHTS/RESPA _____
VOE'S _____
VOD'S OR ALT. DOCUMENTS _____

FILE DELIVERY INFORMATION:

Loan File Delivery Address:
U.S. Bank Home Mortgage - MRBP Division
17500 Rockside Road
Bedford, OH 44146
Attn: MRBP Operations Department

BORROWER PAYMENT INFORMATION:

Borrower Payment Address:
U.S. Bank Home Mortgage
P.O. Box 468002
Bedford, OH 44146-8002
www.usbankhomemortgage.com

RD LOAN DELIVERY CHECKLIST

BORROWER _____ PROGRAM INDIANA HOUSING

ORIGINATING LENDER _____
 CONTACT _____
 PHONE _____
 Loan Number (USBHM) _____

CUSTOMER IDENTIFICATION NOTICE (PATRIOT ACT) **for USBHM underwritten loans only*

ORIGINAL NOTE & 1 COPY **Endorsed to U.S. Bank N.A.*
 NAME AFFIDAVIT, IF APPLICABLE - 1 COPY

REQUIRED SECOND MORTGAGE DOCUMENTATION - if applicable

ORIGINAL NOTE & 1 COPY (PAY TO THE ORDER OF "INDIANA HOUSING & COMMUNITY DEVELOPMENT AUTHORITY")
 Mortgage / DEED OF TRUST - 2 COPIES
 DPA ACKNOWLEDGEMENT FORM - 1 COPY

MORTGAGE / DEED OF TRUST - 2 COPIES
 TAX EXEMPT RIDER (UNIFORM MORTGAGE RIDER) **Required** / CONDO-PUD-1-4 FAMILY RIDER (IF APPLICABLE) - 2 COPIES
 ASSIGNMENT OF MORTGAGE - 2 COPIES **Assigned to U.S. Bank N.A.*

FIRST PAYMENT LETTER *with payment breakdown, first payment date*
 HUD-1 & AGGREGATE ESCROW ANALYSIS DISCLOSURE - 2 COPIES
**DPA SOURCE MUST BE DISCLOSED ON HUD I*

COPY OF TITLE COMMITMENT OR SHORT FORM TITLE POLICY & 1 COPY
 TAX CERTIFICATION - 2 COPIES ***Proof of payment if applicable*
 HOMEBUYER EDUCATION CERTIFICATE, IF APPLICABLE

Hazard Insurance Loss Payee Clause & Address:
U.S. BANK N.A.
 its successors and or assigns as their interest may appear.
 c/o U.S. Bank Home Mortgage
 P.O. Box 7298
 Springfield, OH 45501-7298

HAZARD INSURANCE POLICY WITH 1 YR. PROOF OF PAYMENT & 1 COPY
 MORTGAGEE CLAUSE LETTER, (HAZARD/FLOOD) - 2 COPIES

FLOOD CERTIFICATION & DISCLOSURES - 2 COPIES **Must be Life of Loan and transferable to USBHM*
 FLOOD INSURANCE BINDER WITH 1 YR. PROOF OF PAYMENT (IF APPLICABLE) & 1 COPY
 WIND/HAIL INSURANCE (IF APPLICABLE)

COPY OF W-9 FOR PRIMARY BORROWER
 IRS FORM 4506 OR 8821

FINAL TYPED LOAN APPLICATION WITH SIGNATURES & **CAIVRS#** TO APPEAR ON SIGNATURE LINE / signed by interviewers and borrowers

RD CONDITIONAL COMMITMENT WITH SIGNATURES - RD 1980-18
 EXECUTED RD REQUEST FOR SFH LOAN GUARANTY - RD 1980-21
 GUARANTEED LOAN CLOSING REPORT - 1980-19
 FMHA 1980-11
 LOAN MUST BE RD INSURED IF LOAN IS OLDER THAN 90 DAYS FROM CLOSING

SURVEY **if required or charged for on HUD I*

FINAL TRUTH-IN-LENDING **signed and dated at closing*

WARRANTY OF COMPLETION / TERMITE REPORT / SOIL TREATMENT GUARANTEE

NOTICE OF POTENTIAL RECAPTURE TAX

COMPLIANCE OR ERRORS & OMISSIONS AGREEMENT

CREDIT UNDERWRITING PACKAGE:

INITIAL LOAN APPLICATION
 INITIAL TRUTH-IN-LENDING
 DU FINDINGS/UW APPROVAL
 COPIES OF UW CONDITIONS
 PURCHASE AGREEMENT
 FINAL INSPECTIONS
 GOOD FAITH ESTIMATE

APPRAISAL
 CREDIT REPORTS
 VOE'S
 VOD'S OR ALT. DOCUMENTS
 NOTICE OF SALE ASSIGNMENT OF SERV. RIGHTS/RESPA

RD DOCUMENTS:

THERMAL REQUIREMENTS AND COMPLIANCE STANDARDS
 WARRANTY COVERAGE
 WATER QUALITY CHECK
 EVIDENCE OF INSPECTED WASTEWATER SYSTEM
 DEFICIENCIES CORRECTED
 PROPERTY SOUND & FUNCTIONALLY ADEQUATE & QUALIFIED INSP

RD NEW CONSTRUCTION:

CONSTRUCTION INSPECTION REPORT
 FINAL INSPECTION
 RD 1924-25
 CERTIFIED PLANS & SPECS & BUILDER WARRANTY
 FORM 410-9 OR 410-10 PRIVACY ACT
 EEO CLAUSE 400-1 OR 400-6 EOA

FILE DELIVERY INFORMATION:

Loan File Delivery Address:
U.S. Bank Home Mortgage - MRBP Division
 1750 Rockside Road
 Bedford, OH 44146
 Attn: MRBP Operations Department

BORROWER PAYMENT INFORMATION:

Borrower Payment Address:
U.S. Bank Home Mortgage
 P.O. Box 468002
 Bedford, OH 44146-8002
www.usbankhomemortgage.com

VA LOAN DELIVERY CHECKLIST

BORROWER _____ **PROGRAM** _____

ORIGINATING LENDER _____

CONTACT _____

PHONE _____

Loan Number _____

(USBHM)

CUSTOMER IDENTIFICATION NOTICE (PATRIOT ACT) **for USBHM underwritten loans only*

ORIGINAL NOTE & 1 COPY **Endorsed to U.S. Bank N.A.*
 NAME AFFIDAVIT, IF APPLICABLE - 1 COPY

MORTGAGE / DEED OF TRUST - 2 COPIES
 VA TAX EXEMPT RIDER (UNIFORM MORTGAGE RIDER) /PUD RIDER (IF APPLICABLE) - 2 COPIES
 ASSIGNMENT OF MORTGAGE - 2 COPIES **Assigned to U.S. Bank N.A.*

REQUIRED SECOND MORTGAGE DOCUMENTATION - if applicable

ORIGINAL NOTE & 1 COPY (PAY TO THE ORDER OF "INDIANA HOUSING & COMMUNITY DEVELOPMENT AUTHORITY")
 Mortgage / DEED OF TRUST - 2 COPIES

FIRST PAYMENT LETTER *with payment breakdown, first payment date*
 HUD-I & AGGREGATE ESCROW ANALYSIS DISCLOSURE - 2 COPIES
**DPA SOURCE MUST BE DISCLOSED ON HUD I*

DPA Acknowledgement form

COPY OF TITLE COMMITMENT OR SHORT FORM TITLE POLICY & 1 COPY
 TAX CERTIFICATION & 1 COPY
 HOMEBUYER EDUCATION CERTIFICATE, IF APPLICABLE

HAZARD INSURANCE POLICY WITH 1 YR. PROOF OF PAYMENT & 1 COPY
 MORTGAGEE CLAUSE LETTER, (HAZARD/FLOOD) - 2 COPIES

Hazard Insurance Loss Payee Clause & Address:
U.S. BANK N.A.
 its successors and or assigns as their interest may appear.
 c/o U.S. Bank Home Mortgage
 P.O. Box 7298
 Springfield, OH 45501-7298

FLOOD CERTIFICATION & DISCLOSURES - 2 COPIES **Must be Life of Loan and transferable to USBHM*
 FLOOD INSURANCE BINDER WITH 1 YR. PROOF OF PAYMENT (IF APPLICABLE)& 1 COPY
 WIND/HAIL INSURANCE (IF APPLICABLE)

COPY OF W-9 FOR PRIMARY BORROWER

IRS FORM 4506 OR 8821

FINAL TYPED LOAN APPLICATION **must be signed by interviewer and borrowers*

SURVEY **if required or charged for on HUDI*

FINAL TRUTH-IN-LENDING **signed and dated at closing*

TERMITE REPORT / SOIL TREATMENT GUARANTEE

NOTICE OF POTENTIAL RECAPTURE TAX

VERIFICATION OF PAID VA FUNDING FEE (ON HUD ACCEPTABLE)

VA26-1866A - CERTIFICATE OF COMMITMENT
 VA26-1843 - VA CERTIFICATE OF REASONABLE VALUE, IF APPLICABLE
 VA26-6393 - LOAN ANALYSIS
 VA1820-26 - REPORT & CERTIFICATION OF LOAN DISBURSEMENT
 LOAN MUST BE VA INSURED IF OLDER THAN 90 DAYS FROM CLOSING

COMPLIANCE OR ERRORS & OMISSIONS AGREEMENT

CREDIT UNDERWRITING PACKAGE:

INITIAL LOAN APPLICATION
 INITIAL TRUTH-IN-LENDING
 DU FINDINGS/UW APPROVAL
 COPIES OF UW CONDITIONS
 PURCHASE AGREEMENT
 FINAL INSPECTIONS
 GOOD FAITH ESTIMATE

APPRAISAL
 CREDIT REPORTS
 VOE'S
 VOD'S OR ALT. DOCUMENTS
 NOTICE OF SALE ASSIGNMENT OF SERV. RIGHTS/RESPA

FILE DELIVERY INFORMATION:

Loan File Delivery Address:
U.S. Bank Home Mortgage - MRBP Division
 17500 Rockside Road
 Bedford, OH 44146
 Attn: MRBP Operations Department

BORROWER PAYMENT INFORMATION:

Borrower Payment Address:
U.S. Bank Home Mortgage
 P.O. Box 468002
 Bedford, OH 44146-8002
www.usbankhomemortgage.com