INDIANA HOUSING AND COMMUNITY DEVELOPMENT AUTHORITY

2019 NEXT HOME ADVANTAGE PROGRAM GUIDE

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NEXT HOME ADVANTAGE PROGRAM GUIDE
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INDIANA HOUSING AND COMMUNITY DEVELOPMENT AUTHORITY
NEXT HOME ADVANTAGE PROGRAM
PREAMBLE

The Next Home Advantage Program has provided the IHCDA Homeownership Department an opportunity to develop several new variations of a Freddie Mac Program. The Purpose of this Preamble is to provide brief descriptions of the different variations of the Next Home Advantage Program. The following are the variations of the available programs:

1. Next Home Advantage
2. Next Home Advantage MCC
3. Next Home Advantage with Subsidy
4. Next Home Advantage MCC with Subsidy

The Next Home Advantage Program is a program which provides down payment assistance (DPA) to first-time and repeat homebuyers. The down payment assistance component allows for DPA in an amount not to exceed three percent (3%) of the lower of the purchase price or appraised value.

The Next Home Advantage MCC Program is a program that allows for the combination of the Next Home Advantage Program and the MCC Program. The Mortgagors will have the benefit of the three percent (3%) in down payment assistance along with the ability to utilize the Mortgage Credit Certificate. Mortgagor(s) must meet the requirements of the MCC Program and be a first-time homebuyer, unless the subject property is located in a targeted census tract.

The Next Home Advantage with Subsidy Program is a program that allows for the combination of the Next Home Advantage Program and the Subsidy. The Mortgagor(s) can be first-time or repeat homebuyers. The Mortgagor(s) will have the benefit of down payment assistance as well as one of two different amounts in an additional Subsidy, which depends on the Mortgagor(s) qualifying income. The two different subsidy amounts are based on the Mortgagor(s) qualifying income and the Area Median Income (AMI). The AMI is determined by Freddie Mac.

1. Very Low Income Subsidy of $2500: Qualifying income ≤ 50% of AMI
2. Low Income Subsidy of $1500: Qualifying income > 50% and ≤ 80% of AMI

The Next Home Advantage MCC with Subsidy Program is a program that allows for the combination of the previous three programs rolled into one program. The Mortgagor(s) will have the benefit of down payment assistance, the Mortgage Credit Certificate and the Subsidy. Mortgagor(s) participating in the NHA/MCC/Subsidy must meet the requirements of the MCC Program and the AMI requirements. Furthermore, the Mortgagor(s) must be a first-time homebuyer, unless the subject property is located in a targeted census tract or the Mortgagor is a Qualified Veteran.

When using the aforementioned financing option please be mindful that these loans must meet the requirements set forth in this Program Guide along with the requirements of the Master Servicer.
Due to the variations in the type of financing that can be provided through this Program, it is important that you not only review the requirements set forth in this Program Guide, but also review the requirements of Freddie Mac, as applicable to the particular type of financing, and the requirements of the Master Servicer.

INDIANA HOUSING AND COMMUNITY DEVELOPMENT AUTHORITY
NEXT HOME ADVANTAGE PROGRAM
DEFINITIONS

"Acquisition Cost" has the meaning set forth in Section 3 of this Program Guide.

"AMI" is the Area Median Income and the program being utilized by the Mortgagors determines which AMI to review for compliance.

"Closing Costs" are the customary and reasonable fees and charges that may collected from the borrower by the lender and used to meet the minimum investment requirement for purchase.

"Commitment Expiration Date" means the date on which IHCDA's commitment under the Program expires.

"Conventional financing" means financing provided through a Federal Home Loan Mortgage Corporation ("Freddie Mac") home loan program.

"DPA" means down payment assistance.

"DTI" is the debt to income ratio of the Mortgagor or debt/income.

"First-Time Homebuyer" is someone who has not, at any time during the three (3) years preceding the date of the loan closing, had a present ownership interest in his or her principal residence.

"NHA" means the Next Home Advantage Program

"Next Home/MCC" means the Next Home Advantage Program combined with the Mortgage Credit Certificate.

"IHCDA" means the Indiana Housing and Community Development Authority.

"IHCDA Online" means the online system used by IHCDA and participating lender to access, manage and verify the program being utilized.

"Master Servicer" means US Bank, N.A.

"MCC" means Mortgage Credit Certificate.

"Mortgagor" means any person or persons meeting the qualifications of the Next Home Advantage Program and the Program Guide, and includes any Co-Mortgagors.

"Participating Lender" means a lender that has signed the IHCDA Next Home Advantage Mortgage Origination and Sale Agreement page or when using the Next Home/MCC program, has signed the IHCDA Next Home Advantage and Mortgage Credit Certificate Mortgage Origination and Sale Agreement pages.

"Program" means the Next Home Advantage Program, unless specifically indicated to the contrary in this Program Guide.

"Program Guide" means the IHCDA Next Home Advantage Program Guide which applies to the following variation Next Home and Next Home/MCC.

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

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

“Relock” means that the interest rate of a loan will need to be re-established at the higher of the current interest rate and the original interest rate.

“Second Mortgage” has the meaning set forth in Section 13 of this Program Guide.

“Subject Property” is the property the Mortgagors are purchasing and will reside in.

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

INDIANA HOUSING AND COMMUNITY DEVELOPMENT AUTHORITY
NEXT HOME ADVANTAGE PROGRAM
EXECUTIVE SUMMARY

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

NEXT HOME ADVANTAGE CAN BE COMBINED WITH THE MORTGAGE CREDIT CERTIFICATE PROGRAM (MCC). THE PARTICIPATING LENDER MUST FOLLOW MCC GUIDELINES IN THIS CASE THAT ARE CONTAINED IN THE MCC PROGRAM GUIDE, WITH THE FOLLOWING EXCEPTIONS.

1. THE PARTICIPATING LENDER MUST SELL THE MCC LOAN TO THE MASTER SERVICER.
2. THE PARTICIPATING LENDER MUST USE THE CURRENT Next Home ADVANTAGE PROGRAM INTEREST RATE.
3. ALL LOANS MUST BE CONVENTIONAL 30 YEAR FIXED RATE MORTGAGES.
4. THE PARTICIPATING LENDER MUST USE INCOME AND ACQUISITION LIMITS IN ACCORDANCE WITH THAT SPECIFIC PROGRAM
   a. NEXT HOME ADVANTAGE WITH SUBSIDY – FREDDIE MAC INCOME AND ACQUISITION LIMITS
   b. NEXT HOME ADVANTAGE MCC WITH SUBSIDY – FREDDIE MAC INCOME AND ACQUISITION LIMITS
   c. NEXT HOME ADVANTAGE MCC – MCC INCOME AND ACQUISITOIN LIMITS
   d. NEXT HOME ADVANTAGE – IHCDA INCOME AND ACQUISITION LIMITS
5. THE MORTGAGOR MUST EXECUTE A SECOND MORTGAGE AND SECOND MORTGAGE NOTE WHEN APPLICABLE.
6. THE PARTICIPATING LENDER MUST HAVE THE LOAN PURCHASED BY THE MASTER SERVICER AND RECEIVE FINAL APPROVAL FROM IHCDA WITHIN SIXTY (60) DAYS AFTER THE DATE OF RESERVATION.
7. THE PARTICIPATING LENDER MUST REFER TO SECTION 6 OF THE NEXT HOME ADVANTAGE PROGRAM GUIDE FOR EXTENSION FEES.

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

A. Both IHCDA and the Participating Lender reserve their rights to request any additional documentation needed to make an accurate determination of eligibility on any given file.

B. The Participating Lender must be a mortgage banker. A mortgage broker is only permitted to be a Participating Lender if it can fully service a loan, open, fund and close a loan in its name or if it uses a Participating Lender to submit its loan to the Master Servicer.

C. IHCDA cannot email, fax or mail any document, including any mortgage documents provided by the Participating Lender containing the Mortgagor's Social Security Number.

D. Reservations for loans will only be taken between 9:00 am and 5:00 pm E.S.T. (Monday - Friday)

E. A rate sheet will appear in IHCDA Online when a Participating Lender reserves a loan.

F. All reservations must be for Conventional thirty (30) year fixed rate mortgages.

G. All loans must be underwritten to meet Conventional, IHCDA and the Master Servicer's guidelines.

H. The Mortgagor does not have to be a first-time homebuyer **unless** when using Next Home/MCC or Next Home/MCC/Subsidy.

I. IHCDA **recommends** that each Mortgagor complete Homeownership training through Framework on the IHCDA website, which may be accessed at **https://ihcda.frameworkhomeownership.org**. The participating lender **must** review and meet Fannie Mae, Freddie Mac and Ginnie Mae guidelines in accordance with Homebuyer Education. **The fee charged for this training will be reimbursed to the Mortgagor at closing.**

J. Household size will be determined by the number of Mortgagor(s), along with dependents listed on the Uniform Residential Loan Application (URLA Form 1003) and any/all individuals expected to cohabitate in the residence.

K. The Mortgagor must meet special income guidelines. Income limits vary by county, program and are dependent on family size.

L. Household income will be determined for Mortgagor(s) only based off qualifying gross annual income provided by the Participating Lender on the Uniform Residential Loan Application (URLA Form 1003).

M. Participating Lender must disclose all forms of qualifying income for Mortgagor and Co-Mortgagor(s) on the Uniform Residential Loan Application (URLA Form 1003) and as described in Section 2 of this program guide.

N. The property must be a one (1) unit dwelling.

O. The home must be used as the Mortgagor's principal residence.

P. If a Mortgagor is purchasing a property that it is renting or has rented previously, the Participating Lender must supply a current lease agreement, purchase agreement, appraisal and a thirty-six (36) month chain of title with the IHCDA Affidavit. If there is no current lease agreement, then a submission of a signed buyer/seller agreement encompassing all terms of rental arrangement, since the buyer has occupied the rental maybe submitted in lieu of a lease agreement.

Q. Tax transcripts are not needed **unless** using the MCC, Next Home/MCC or the Next Home/MCC/Subsidy loan program.

R. The purchase price of the property cannot exceed the fair market value (appraised value).

S. The Mortgagor(s) must have a minimum FICO credit score that meets the requirement set forth by the Master Servicer. Verification of current FICO credit scores, for Conventional financing, must be verified with the Master Servicer.

T. The **maximum** debt to income ratio (DTI) meets the requirement set forth by the Master Servicer.

U. DPA may be used for down payment assistance, closing costs, and pre-paids.

V. The amount of DPA cannot exceed three percent (3%) of the lower of the purchase price or appraised value with Conventional financing.

W. A Mortgagor may contribute additional cash resources for down payment and closing costs.

X. A Mortgagor using DPA funds is not eligible to receive any cash back at closing, except what can be documented as an investment made by the Mortgagor.

Y. The Second Mortgage will be funded directly by IHCDA once the loan has reached the stage of Committed "Approved". The Participating Lender is required to input the Title Insurance Company's ACH/routing information into IHCDA Online when the loan has reached the Committed "Approved" stage. The funds will be ACH/wired to the Title Company closing the loan. Please allow forty-eight (48) business hours for wire disbursements (one (1) day for disbursement and an additional day to verify funds being received by the Title Company). Wires are processed once, daily (afternoon).

Z. If the loan does not close within three (3) business days of the original closing date, the Participating Lender must return the funds associated with the Second Mortgage to IHCDA. In addition, if the Master Servicer is unable to purchase the loan, the Participating Lender must return the funds associated with the Second Mortgage to IHCDA within thirty (30) days after receiving notification from the Master Servicer that it is unable to purchase the loan.

AA. If a loan is refinanced, foreclosed upon, or sold during the Affordability Period, as defined in Section 11 of this Program Guide, the Second Mortgage is due and payable in full immediately.

BB. The reservation fee for reserving a loan through the Program is a flat, non-refundable fee of $100.00.

CC. Co-signers of the Mortgagor are not allowed.

DD. Federal Recapture Tax may apply, if utilizing the Mortgage Credit Certificate in conjunction with any Next Home Advantage Program. See the Mortgage Credit Certificate Program Guide for additional information.

EE. Participating Lender must advise each Mortgagor of the importance of obtaining an independent home inspection for any home it plans to purchase.

FF. The First Mortgage may not be closed prior to the Committed "Approved" date shown in IHCDA Online. If there is a violation of the foregoing, the originating Participating Lender shall retain the First Mortgage. If the First Mortgage is not purchased by the Master Servicer or sub-servicer, for any reason, the originating Participating Lender shall retain the First Mortgage.

GG. Final Approval from IHCDA and purchase by the Master Servicer must occur by the Commitment Expiration Date (60 days from the date of reservation).

HH. If there are any conflicts between the Conventional guidelines and the Program guidelines, please contact IHCDA. IHCDA will also address all questions regarding tax compliance. All other questions should be directed to the Master Servicer.

II. Any employee, agent, or associate of the Participating Lender caught forging or altering documentation or otherwise misrepresenting information will be suspended from the Program and the pertinent information will be turned over to the proper state and local authorities.

JJ. IHCDA strongly encourages Participating Lenders to print this program guide from **https://www.in.gov/ihcda/homeownership/2371.htm**

INDIANA HOUSING AND COMMUNITY DEVELOPMENT AUTHORITY
NEXT HOME ADVANTAGE PROGRAM
GEOGRAPHIC ELIGIBILITY
SECTION 1

Certain geographic areas in Indiana have been designated as “Targeted Areas”. Areas in the State not designated as Targeted Areas are referred to as “Non-Targeted Areas”.

A. 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 United States Department of Treasury and the Secretary of the United States Department 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 also 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 property to be designated within a Targeted Area.

2019 IRS SECTION 42(d)(5)(B) QUALIFIED CENSUS TRACTS

County	Census Tract				
Allen	0005.00	0006.00	0012.00	0013.00	0016.00
	0017.00	0021.00	0023.00	0028.00	0030.00
	0031.00	0043.00	0044.00		
Clark	0503.03	0504.03			
Delaware	0004.00	0005.00	0006.00	0009.02	0012.00
	0016.00	0020.00			
Elkhart	0026.00				
Floyd	0702.00	0708.01			
Grant	0002.00				
Henry	9765.00				
Howard	0002.00	0004.00	0012.00		
Jay	9630.00				
Lake	0102.01	0102.03	0102.05	0103.02	0105.00
	0110.00	0111.00	0113.00	0114.00	0116.00
	0119.00	0121.00	0122.00	0123.00	0205.00
	0206.00	0301.00	0302.00	0303.00	0310.00
	0412.00				
LaPorte	0413.00				

Madison	0005.00	0008.00	0009.00		
Marion	3103.05	3226.00	3308.03	3308.04	3308.05
	3401.08	3404.00	3407.00	3412.00	3416.00
	3417.00	3419.03	3423.00	3503.00	3505.00
	3508.00	3510.00	3519.00	3521.00	3523.00
	3524.00	3526.00	3527.00	3528.00	3535.00
	3547.00	3548.00	3549.00	3550.00	3551.00
	3557.00	3559.00	3564.00	3569.00	3572.00
	3573.00	3574.00	3581.00	3601.01	3603.02
	3604.01	3907.00			
Monroe	0002.01	0002.02	0006.01	0016.00	
Randolph	9516.00				
Shelby	7106.01				
St. Joseph	0004.00	0005.00	0006.00	0017.00	0019.00
	0020.00	0021.00	0024.00	0028.00	0029.00
	0030.00	0034.00			
Tippecanoe	0004.00	0054.00	0055.00	0105.00	
Vanderburgh	0011.00	0012.00	0013.00	0014.00	0019.00
	0020.00	0021.00	0025.00	0026.00	

INDIANA HOUSING AND COMMUNITY DEVELOPMENT AUTHORITY
NEXT HOME ADVANTAGE PROGRAM
MORTGAGOR ELIGIBILITY
SECTION 2

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

A. MUST BE INCOME ELIGIBLE

Mortgagors applying for financing through the Program must meet income limits for the Next Home Program which are based on the income limits of the county in which the residence to be purchased is located. The IHCDA website contains the county-by-county income limits.

Income will be determined for Mortgagor(s) using all qualifying Gross Annual Income provided on the Uniform Residential Loan Application (URLA Form 1003) and as described below. IHCDA and/or the Participating Lender can request any additional information either needs to make this determination. **NOTE: All sources of income shown below <u>must</u> be included on the URLA Form 1003.**

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

1. Child support, alimony and separate maintenance payments in which the mortgagor(s) is responsible of informing the lender if this income is received;

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 except special pay to a family member serving in the Armed Forces who is exposed to hostile fire.

B. Aliens.

U.S. citizenship is not required under current Freddie Mac guidelines. However, the Participating Lender is required to determine the Mortgagor's residency status, in accordance with Freddie Mac or the Master Servicer's guidelines, as applicable. IHCDA and/or the Participating Lender may request any additional immigration documentation needed to verify or make a determination on residency status or household size.

INDIANA HOUSING AND COMMUNITY DEVELOPMENT AUTHORITY
NEXT HOME ADVANTAGE PROGRAM
PROPERTY ELIGIBILITY
SECTION 3

A. TYPES OF PROPERTIES ALLOWED

Property standards are determined by the type of financing the Mortgagor is using.

The proceeds of the loans must be used to acquire the principal residence of the Mortgagor. 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 one (1) unit family dwelling; or

   B. A condominium (for loans having LTVs less than or equal to 97%); or

   C. A condominium with LTVs of 97% must be approved by the Master Servicer; or

   D. A townhome following the specific product guide; or

   E. A planned unit development.

3. Manufactured Homes are **not** permitted

B. ACQUISITION COST

1. The "Acquisition Cost" of the residence must not exceed the applicable Program acquisition cost limits. The IHCDA website contains acquisition cost limits. 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 Mortgagor (or a related party for the benefit of the Mortgagor) 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 through the Program; for example, 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 through the Program;

   C. Settlement and financing costs in excess of amounts which are usual and reasonable (e.g. points paid by the Mortgagor for the purpose of "buying down" the interest rate);

   D. Property taxes, if not prorated between ownership by Mortgagor and seller (e.g., Mortgagor pays next installment due); and

   E. The cost of the land, **or** if a gift the appraised value, is to be added to the Acquisition Cost if the Mortgagor has owned the land for less than two (2) years prior to construction of residence.

2. Acquisition cost does **not** include:

A. Usual and reasonable settlement and financing costs including:

(a) Title and transfer costs;

(b) Title insurance;

(c) Survey fees and other similar costs;

(d) Credit reference fees;

(e) Legal fees;

(f) Appraisal expenses;

(g) Usual and reasonable financing points;

(h) Structural and systems or pest inspections; and

(i) Other related costs of financing the residence.

B. Land owned by the Mortgagor for more than two (2) years prior to construction.

3. No more than ten percent (10%) of the total area of the 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.

4. A residence used as an investment property, rental property, or a recreational home would not qualify as a principal residence.

4. All appraisals must be conducted by a licensed appraiser in accordance with the Freddie Mac guidelines.

INDIANA HOUSING AND COMMUNITY DEVELOPMENT AUTHORITY
NEXT HOME ADVANTAGE PROGRAM
MORTGAGE FINANCING ELIGIBILITY
SECTION 4

A. MORTGAGE FINANCING ELIGIBILITY

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

1. IHCDA 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 (or) which provides, other than incidentally a source of income to the Mortgagor;

    D. Settlement and financing costs that are in excess of that considered usual and reasonable.

    E. Land identified as buildable.

    F. Land that could be used as a source of income.

2. IHCDA funds cannot refinance an existing loan or replace existing financing on the property.

    A. Land sale contracts and leases with the option to purchase will be considered existing financing, regardless of whether or not they have been recorded.

3. No assumptions will be allowed on any IHCDA loans.

4. Participating Lenders may provide DPA using Conventional financing only.

5. None of the interest of an MCC loan can be paid to a member of the Mortgagor's immediate family.

B. NOTES REGARDING MORTGAGE FINANCING

1. The Participating Lender should remember to ensure that the Mortgagor qualifies for the Program before beginning the financing process.

INDIANA HOUSING AND COMMUNITY DEVELOPMENT AUTHORITY
NEXT HOME ADVANTAGE PROGRAM
INTEREST RATE CHANGES
SECTION 5

A. INTEREST RATE CHANGE PROCEDURES

The interest rate may change throughout the day, based on fluctuations in the market interest rate.

B. NOTIFICATION OF RATE

A rate sheet will appear in IHCDA Online when the Participating Lender accesses IHCDA Online to reserve a loan.

The Participating Lender should refer to the reservation confirmation prior to submitting an IHCDA Affidavit to confirm the correct interest rate for the loan.

It is the Participating Lender's responsibility to check IHCDA Online to determine the current interest rate prior to applying for a loan on behalf of a Mortgagor.

INDIANA HOUSING AND COMMUNITY DEVELOPMENT AUTHORITY
NEXT HOME ADVANTAGE PROGRAM
SUBSIDY
SECTION 6

A. LENDER FUNDED

The Participating Lender will fund the subsidy at closing and then will be reimbursed by the Master Servicer, upon the Master Servicer's approval.

The Master Servicer will review and resolve all AMI/Subsidy issues with the Participating Lender.

The Subsidy is offered in two amounts depending on the AMI:

1. Very Low Income Subsidy of $2500: Qualifying Income ≤ 50% of AMI
2. Low Income Subsidy of $1500: Qualifying Income > 50% and ≤ 80% of AMI
3. No Subsidy: Qualifying Income > 80% of AMI

INDIANA HOUSING AND COMMUNITY DEVELOPMENT AUTHORITY
NEXT HOME ADVANTAGE PROGRAM
FEE SCHEDULE
SECTION 7

A. FEES

IHCDA RESERVATION FEE:

Flat non-refundable fee of $100.00. The reservation fee must be received prior to IHCDA reviewing the loan for approval.

The Participating Lender may ACH wire the reservation fee to IHCDA. IHCDA will forward the ACH wire information to the Participating Lender once a signed Mortgage Origination and Sale Agreement (MOSA) is received and approved by IHCDA. The Participating Lender may submit up to thirteen (13) reservation fees per ACH wire. The Participating Lender must have a reservation number from IHCDA Online before submitting fees.

If a Participating Lender is unable to submit the reservation fee by ACH wire they may submit Mortgagor's certified funds or Participating Lender's check payable to IHCDA. A separate check must be made out for each reservation fee. IHCDA does not accept cash or coins or personal checks from the Mortgage(s).

Any reservation fee overages will be refunded to the lender after the loan is purchased by the Master Servicer.

EXTENSION FEE:

Extensions may be granted. Contact IHCDA for extension requests at **ExtensionRequests@ihcda.in.gov**. Extensions requested prior to or on the Commitment Expiration Date (60 days from the date of reservation) will be granted for an extension fee, which will be determined by IHCDA. If an extension is requested after the Commitment Expiration Date (60 days from the date of reservation) the Participating Lender may be required to relock the interest rate on the loan. Therefore, Mortgagor would receive the higher rate of the current interest rate and the original interest rate. Any extension fees will be paid through the purchase of the loan through the SRP.

IHCDA TRAINING FEES:

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

IHCDA RESERVATION FEE REFUNDS:

Reservation fees are **non-refundable.**

Extension fees are **non-refundable and can be paid by any party**

PARTICIPATING LENDER COMPENSATION:

The Participating Lender shall receive one and three quarters percent (1.75%) of the mortgage amount which is payable upon sale of the loan to the Master Servicer.

INDIANA HOUSING AND COMMUNITY DEVELOPMENT AUTHORITY
NEXT HOME ADVANTAGE PROGRAM
RESERVATION REQUEST PROCEDURES
SECTION 8

A. 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 or a Non-Targeted Area and whether the Mortgagor meets the other eligibility requirements of the Program.

The Participating Lender cannot reserve a loan that it cannot close in its own name.

The Mortgagor cannot execute IHCDA's documents without an IHCDA reservation number.

B. RESERVATION REQUEST

1. The Participating Lender must make reservation requests using IHCDA Online online system. All reservations will be accepted on a first-come, first-served basis and are always subject to availability of funds. IHCDA Online will confirm the reservation number immediately.

2. Once the Participating Lender submits a reservation the interest rate will be locked in.

C. MODIFICATIONS

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

1. **Increases in Mortgage Amount.** Requests for increases in loan amounts will be subject to the availability of funds. Participating Lenders should include the purchase price and loan amount (original and revised) via email.

2. **Change of Address.** A Participating Lender must ensure that the property is eligible for financing before it places a reservation. Continuous requests for address changes can result in higher interest rates for Mortgagors. If the file has not been reviewed by an IHCDA underwriter, then the Participating Lender should send its request to any member of the IHCDA Homeownership Department. At that time, the Participating Lender can choose to keep the original locked rate and the commitment expiration date will remain the same or the Participating Lender may decide to cancel the reservation and create a new reservation at the current rate and obtain a new commitment expiration date. If the file has already been reviewed by an IHCDA underwriter, then the Participating Lender must contact the appropriate underwriter. The Participating Lender will still have the choice to either keep the original locked rate and the commitment expiration date or create a new reservation at the current rate and obtain a new commitment expiration date.

3. **Transfer of Reservation (Mortgagor).** IHCDA will not allow the transfer of a reservation from one Mortgagor to another Mortgagor.

4. **Transfer of Reservation (Participating Lender).** IHCDA will allow a transfer of a reservation from one Participating Lender to another. The original Participating Lender must submit an e-mail stating that the reservation and the reservation fees are to be transferred to the new Participating Lender. The new Lender must be a Participating Lender with the Program and submit an e-mail requesting an exception code to re-reserve a new loan. The original reservation will be canceled allowing the new Participating Lender to reserve the loan. The Mortgagor will receive the current interest rate for the day when the new reservation is locked. The reservation fee will be transferred to the new reservation number, if applicable. The

new Participating Lender must upload an IHCDA Affidavit to IHCDA for review. The new Participating Lender cannot close the loan without receiving approval from IHCDA with the new Participating Lender's name specified on the documents.

D. LOCKED INTEREST RATE.

Once the Participating Lender submits a reservation, the interest rate will be locked in. This interest rate cannot be changed unless there is a change in the Participating Lender or termination of the loan. The Mortgagor will receive the higher of the current interest rate and the original interest rate if a termination occurs

E. 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 the Homeownership Department as soon as possible.

F. CANCELLATION OF LOAN IN ORDER TO TAKE ADVANTAGE OF ADJUSTMENTS IN INTEREST RATES

If the Participating Lender cancels an existing reservation or allows it to expire in what appears to be an attempt to obtain a lower interest rate for the Mortgagor, the Participating Lender will be required to relock the interest rate on the loan. Therefore, Mortgagor will receive the higher rate of the current interest rate and the original interest rate.

INDIANA HOUSING AND COMMUNITY DEVELOPMENT AUTHORITY
NEXT HOME ADVANTAGE PROGRAM
AFFIDAVIT UPLOAD
SECTION 9

Participating Lenders are encouraged to pre-qualify Mortgagors for credit eligibility whenever possible; the Uniform Residential Loan Application (URLA Form 1003) can be dated prior to the date of the purchase agreement.

A. SUBMISSION

The Participating Lender is responsible for performing a thorough investigation to determine whether both the Mortgagor and the property meet Program requirements. To obtain preliminary approval needed to close the reservation fee must be received and the following documentation uploaded and approved:

- IHCDA Homeownership Affidavit
- Certificate of Completion from FrameWork (if applicable)

B. AFFIDAVIT UPLOAD SUBMISSION (APPROVAL)

C. All files will be reviewed in the order that they are received and reservation fees have been applied. IHCDA will underwrite all files within a reasonable amount of time from the date that the file is received. Participating Lenders are encouraged to check IHCDA Online regularly for the status of the affidavit.

D. When IHCDA determines that the affidavit is complete and in compliance with Program requirements, IHCDA will change the status to reflect Closing Upload in IHCDA Online. IHCDA Online will show a date on which the loan expires which is known as the Commitment Expiration Date (60 days from the date of reservation), and the Participating Lender must have received final approval from IHCDA and the loan must be purchased by the Master Servicer on or before such date.

E. AFFIDAVIT UPLOAD (PENDED)

If IHCDA needs additional information or if the affidavit is incomplete, the affidavit will be considered "Incomplete" and the status will show Application Review "Incomplete" in IHCDA Online. IHCDA will review the affidavit conditions within a reasonable amount of time from the date the conditions are received.

INDIANA HOUSING AND COMMUNITY DEVELOPMENT AUTHORITY
NEXT HOME ADVANTAGE PROGRAM
REQUESTING DOWN PAYMENT ASSISTANCE
SECTION 10

The amount of DPA cannot exceed three percent (3%) of the lower of the purchase price or appraised value.

A. REQUESTING FUNDS

The second mortgage will be funded directly by IHCDA once the loan has reached the stage of Committed "Approved". The Participating Lender is required to input the Title Insurance Company's ACH/routing information into IHCDA Online when the loan has reached the Committed "Approved" stage. The funds will be ACH/wired to the Title Company closing the loan. Please allow forty-eight (48) business hours for wire disbursements (one (1) day for disbursement and an additional day to verify funds being received by the Title Company). Wires are processed once a day.

The Participating Lender is **not** allowed to fund the DPA at the time of closing. A refund of the DPA from IHCDA to the Participating Lender is **not** allowed. If the Participating Lender funds the DPA, the loan is out of compliance and the Participating Lender must return the DPA funds IHCDA has provided, if sent, and the Participating Lender will be assigned the Second Mortgage and the loan will be terminated.

If the loan does not close within three (3) business days of the original closing date, the Participating Lender must return the funds associated with the second mortgage to IHCDA. In addition, if the Master Servicer is unable to purchase the loan, the Participating Lender must return the funds associated with the second mortgage to IHCDA within thirty (30) days after receiving notification from the Master Servicer that it is unable to purchase the loan.

B. INTERMEDIARY DISBURSEMENTS

IHCDA Online System is not set up to enter more than one (1) financial institution. If there is an intermediary bank involved, please contact the IHCDA Homeownership Department.

INDIANA HOUSING AND COMMUNITY DEVELOPMENT AUTHORITY
NEXT HOME ADVANTAGE PROGRAM
CLOSING PACKAGE UPLOAD
SECTION 11

A. DUE DATE

The loan closing package must be final approved by IHCDA and purchased by the Master Servicer prior to the "Commitment Expiration Date" listed on IHCDA Online. The Commitment Expiration Date is sixty (60) days after the date of reservation on all properties. Extensions may be granted. Contact IHCDA for extension requests at **ExtensionRequests@ihcda.in.gov**.

B. SUBMISSION

After the loan closing, the Participating Lender shall upload the executed closing package, which consists of the following documents:

- Final Mortgagor and Loan Originator Signed 1003
- Signed IHCDA Informational Statement
- IHCDA Gift Letter
- 3 Years Tax Transcripts **(Required for NHA/MCC & NHA/MCC/Subsidy loans only)**
- Signed Purchase Agreement/Counters/Amendments
- Appraisal
- Signed Closing Disclosure
- Second Mortgage
- Second Mortgage Promissory Note
- Mortgage, page 1 only
- Note

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

The original Second Mortgage and Second Mortgage Promissory Note must be sent directly to the Master Servicer.

E-signatures are not permitted on IHCDA produced documents.

C. CLOSING PACKAGE UPLOAD(APPROVAL)

All files will be reviewed in the order that they are received. IHCDA will underwrite all files within a reasonable amount of time from the date that the file is received. Participating Lenders are encouraged to check IHCDA Online regularly for the status of its closing packages.

When IHCDA determines that the closing package is complete and in compliance with Program requirements, IHCDA will change the status to reflect Closing Package Review "Approved" in IHCDA Online. IHCDA Online will show a date on which the loan expires which is known as the Commitment Expiration Date (60 days from date of reservation), and the Participating Lender must have received final approval from IHCDA and the loan must be purchased by the Master Servicer on or before such date.

D. CLOSING PACKAGE UPLOAD (PENDED)

If IHCDA needs additional information or if there are incomplete documents, the closing package will be considered "Incomplete" in IHCDA Online. IHCDA will review the closing conditions within a reasonable amount of time from the date the condition is uploaded.

INDIANA HOUSING AND COMMUNITY DEVELOPMENT AUTHORITY
NEXT HOME ADVANTAGE PROGRAM
CANCELLED/REJECTED/TERMINATED LOANS
SECTION 12

A. CANCELLATION

If the Participating Lender fails to receive final approval from both IHCDA and the Master Servicer by the Commitment Expiration Date (60 days from date of reservation), IHCDA will cancel the reservation. If the reservation is canceled by IHCDA, the Participating Lender may request reinstatement of the reservation. Reinstatements will be approved at IHCDA's sole discretion, and subject to the availability of funds. The Participating Lender has thirty (30) days to reinstate the reservation.

B. DENIED RESERVATION

IHCDA may post a "rejected" status in IHCDA Online if the information included indicates that either the Mortgagor or the property or both do not meet Program requirements. IHCDA will terminate rejected loans thirty (30) days after the date it is given a "Rejected" status in IHCDA Online. Any funds previously allocated to the property shall be made available for other loan applications.

C. PERMANENT TERMINATION POLICY

Once a reservation shows a status of "Terminated" in IHCDA Online, a Participating Lender cannot reinstate the loan. If the Participating Lender wishes to originate a Next Home loan with the same Mortgagor at the same property address the Participating Lender must wait sixty (60) days from the date of termination to reserve the new loan. In which case, the Mortgagor will receive the current interest rate. If a loan is "Terminated", and the Mortgagor chooses to use a different Participating Lender the new lender may reserve the loan at any time and the Mortgagor will receive the current interest rate.

D. RETURN OF DPA FUNDS

If the DPA has been wired for a loan that has been terminated. The Participating Lender must return the full amount of the DPA wired. The Participating Lender should contact the Homeownership Department for the proper return of funds account.

INDIANA HOUSING AND COMMUNITY DEVELOPMENT AUTHORITY
NEXT HOME ADVANTAGE PROGRAM
DOWN PAYMENT ASSISTANCE
SECTION 13

SECOND MORTGAGE

The Next Home Advantage Program offers DPA in the form of a loan secured by a Second Mortgage to certain qualified Mortgagors ("Second Mortgage").

DPA funds may be provided with Conventional financing. The funds may be used for down payment, closing costs and pre-paids.

An eligible Mortgagor may receive DPA in an amount not to exceed three percent (3%) of the lower of the purchase price or appraised value.

There will be a two (2) year affordability period associated with the Second Mortgage (the "Affordability Period"). If the Mortgagor refinances or sells the home within this period, the Second Mortgage is due and payable in full immediately.

Neither the First nor the Second Mortgages may be closed prior to the Committed Approval Date shown in IHCDA Online**. If there is a violation of the foregoing, the originating Participating Lender shall retain the First and Second Mortgages. If the first mortgage is not purchased by the Master Servicer or sub-servicer, for any reason, the originating Participating Lender shall retain the First Mortgage and Second Mortgage. The Participating Lender will also be required to reimburse IHCDA in the amount of the second mortgage within thirty (30) days.**

INSTRUCTIONS

Second Mortgage Execution Information

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

(1) if Mortgagor does not continue to utilize the property as its principal residence throughout the two (2) year Affordability Period;
(2) if Mortgagor sells or refinances the property during the Affordability Period;
(3) if the Mortgagor violates any other terms and conditions contained in the second note, the second mortgage, or any other agreement made between IHCDA and Mortgagor and related to the loan;
(4) if Mortgagor is in default under the terms of its first mortgage on the property and foreclosure proceedings have been initiated during the two (2) year Affordability Period;
(5) if it becomes evident to IHCDA that any representation or warranty made by the Mortgagor at the time it applied for the loan was false, misleading, or fraudulent.

The Participating Lender or Mortgagor must contact the Master Servicer directly in the case of a payoff on the First Mortgage and the Second Mortgage at 1-800-562-5165.

Forgiveness of the debt is covered in the Promissory Note.

IHCDA will not allow the Second Mortgage to be subordinated at any time to any claim except to the original First Mortgage. The Participating Lender should explain this to the Mortgagor.