

Homeownership Programs

Guidance for Closers

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April 2011





Guidance for Closer's IFA Programs covered:

Mortgage programs:

- **FirstHome** Mortgage – FTHB or exempt veteran
- **Homes for lowans** – repeat homebuyer not FirstHome eligible

Mortgage & Subsidy combination:

- **FirstHome Plus**
 - Mortgage Revenue Bond with \$2500 grant
 - Slightly higher interest rate

Subsidy, only:

- ***Military Home Ownership Assistance:***
 - \$5000 for eligible service members or veterans

Title Guaranty insurance:

- Lender's coverage & free home purchaser's coverage
- Insured closing
- Gap coverage

IFA Mortgage Program Process

1. Loan application by Lender
2. Loan reservation via IFA website, Lender Online
3. Delegated pre-closing program compliance by Lender
4. Delegated credit & property underwriting by Lender (or contracted/correspondent)

Participating Lender


FirstHome Program
IOWA FINANCE AUTHORITY
Investing In Home And Community



5. Loan closed by Lender.
Loan delivered w/in 10 days to IFA (Edocuments)
& original paper file to USBHM
6. Post-closing program review by IFA
7. Post-closing mortgage purchase review by USBHM



IFA Mortgages

Mortgage terms:

- Fixed rate, fully amortizing
- 25 to 30 year term
- Temporary interest BYD allowed, subject to product (agency) guidelines
- Seller concessions allowed, subject to product (agency) guidelines

Underwriting:

- follow agency (FHA, RD, VA, Fannie Mae) guidelines
- except specific IFA Program enhancements or restrictions
see USBHM-MRB Underwriting & Delivery Presentation

Pre-closing review/approval – lender responsibility

- Optional review or response to questions by IFA



IFA Mortgages must meet IFA Program Compliance

FirstHome:

- Primarily “First-time Homebuyer
- FTHB exempt = veteran honorably discharged < 25 yrs & no prior FirstHome use
- Repeat buyer in Targeted Area

Homes for lowans:

- Repeat homebuyer or
- FTHB purchasing > \$243,000

What is “first-time” homebuyer?

Has not owned primary real estate residence during the last 3 yrs prior to closing date

See Program Compliance Presentation for details



IFA Mortgages - Core Guideline con't

FirstHome:

- Purchase - eligible property
 - Primary residence w/in 60 d.
 - 5 acres or less
 - Targeted acquisition limit \$289,000
 - Non-Targeted limit \$243,000
 - Purchase exception: 24 mo. Interim financing refinance
- Household Income by family size/co.
 - Targeted & Non-Targeted Areas
- Subject to 9 Yr. Recapture
- Plus grant option if FTHB
- MRB Forms

Homes for lowans:

- Purchase - eligible property
 - Primary residence w/in 60 d.
 - 5 acres or less
 - Acquisition limit \$289,000
 - Purchase exception: 24 mo. Interim financing refinance
- Household Income by family size/co.
- No Recapture
- No Plus grant
- MRB Forms

All loans eligible for FirstHome must be reserved as FirstHome . All loans documented with MRB documents.

IFA MORTGAGE PROGRAMS
Income and Purchase Price Limits
Effective 8/13/10

TARGETED AREAS exempt from 1st-time homebuyer
FirstHome Plus Income limited to \$49,900 **Purchase Price Limit \$289,000**

CITY BY CENSUS TRACT		1-2 Person Household Targeted Income Limit	3+ Person Household Targeted Income Limit
Ames	CT 5	\$88,800	\$103,600
Davenport	CT 108 & 109	\$75,240	\$87,780
Des Moines	CT 49, 50 & 52	\$87,840	\$102,480
Dubuque	CT 1	\$75,480	\$88,060
Fort Dodge	CT 7	\$74,880	\$87,360
Iowa City	CT 21	\$93,360	\$108,920
Sioux City	CT 15 & 16	\$74,880	\$87,360
Waterloo	CT 1 & 9	\$74,880	\$87,360

FIRSTHOME Non-TARGETED AREAS & HOMES FOR IOWANS
FirstHome Purchase Price Limit \$243,000
Homes for Iowans Purchase Price Limit \$289,000

FirstHome Plus Income limited to \$49,900

COUNTY WIDE	1-2 Person Household	3+ Person Household
ADAIR	\$68,400	\$79,269
ADAMS	\$68,400	\$79,269
ALLAMAKEE	\$68,400	\$79,269
APPANOOSE	\$68,400	\$79,269
AUDUBON	\$68,400	\$79,269
BENTON	\$67,129	\$77,199
BLACK HAWK	\$68,229	\$78,464
BOONE	\$67,489	\$77,613
BREMER	\$67,249	\$77,337
BUCHANAN	\$68,429	\$78,694
BUENA VISTA	\$68,400	\$79,269
BUTLER	\$68,400	\$79,269
CALHOUN	\$68,400	\$79,269
CARROLL	\$67,889	\$78,073
CASS	\$68,400	\$79,269
CEDAR	\$67,629	\$77,774
CERRO GORDO	\$68,129	\$78,349
CHEROKEE	\$68,400	\$79,269
CHICKASAW	\$68,809	\$79,131
CLARKE	\$68,400	\$79,269
CLAY	\$68,400	\$79,269
CLAYTON	\$68,400	\$79,269
CLINTON	\$68,569	\$78,855
CRAWFORD	\$68,400	\$79,269
DALLAS	\$73,200	\$84,180
DAVIS	\$68,400	\$79,269
DECATUR	\$68,400	\$79,269
DELAWARE	\$68,400	\$79,269
DES MOINES	\$68,749	\$79,062
DICKENSON	\$67,929	\$78,119
DUBUQUE	\$67,749	\$77,912
EMMET	\$68,400	\$79,269
FAYETTE	\$68,400	\$79,269
FLOYD	\$68,400	\$79,269
FRANKLIN	\$68,589	\$78,878
FREMONT	\$68,229	\$78,464
GREENE	\$68,400	\$79,269
GRUNDY	\$68,229	\$78,464

IFA Mortgage Program Income & Purchase Price Limits



Lender Online, Program Documents
 Or
www.IowaFinanceAuthority.com; For
 Lenders & Realtors page





Homeownership Mortgage Products

- **Conventional** – defer to IFA income limit.
 - See Conventional Mortgage Matrix or Program Detail on LOL
 - **Fannie Mae standard**
 - **Fannie Mae’s MyCommunity Mortgage & Freddie’s HomePossible**
 - **Not assumable, manufactured housing not allowed**
 - **Pre-closing Home Buyer Education required for all conventional loans.**
 - **Secondary Market Fee (LLPA + Adverse Market): see Rate Sheet**
- **FHA 203(b), 203(b2), 234(c), & 203ks** – Restrict to IFA sale price limit.
 - Qualifying assumption per FHA and IFA MRB guidelines
 - 203 ks, lender keeps supplemental origination fee
- **Rural Development 502 Guaranteed** – defer to RD household income if lower than IFA income limit.
 - **Not assumable**
- **VA 1810 & 181A**
 - Qualifying assumption per VA and IFA MRB guidelines



Purchase Requirements

Acquisition cost limits:

- Targeted Area & Expanded Market = \$289,000
- Non-targeted = \$258,000
- Must include all costs to acquire
 - “in kind” or seller benefit, e.g. non-tax pro ration or purchase of personal property >value.
 - costs to complete home
 - cost of lot owned >2 years
 - Not included: buyer labor to complete property
- Total acquisition inserted on MBB 05 & 06 form

Personal Property (not attached):

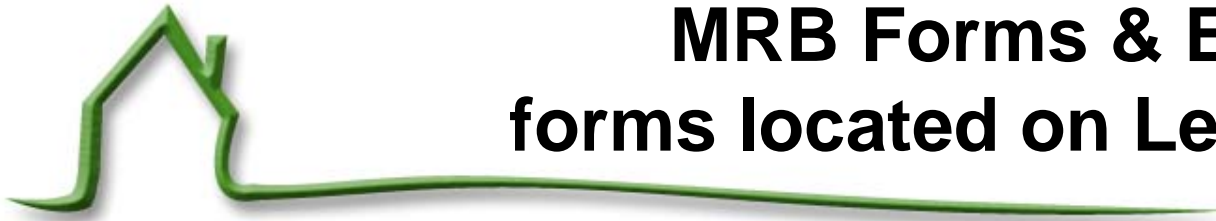
- Disinterested party valuation of personal property
- Down payment must cover value of personal property
- Not funded by IFA subsidy

1 unit, primary residence

- Restricted to one property
- Limited to 5 acres
- 15% business use
- 25% income from business use

Purchase exception:

- Interim financing of less than 24 months.



MRB Forms & Exhibits

forms located on Lender Online

- *MRB 02 Notice of Recapture
 - *MRB 03A Notice to Buyers of FHA Insured Home
 - *MRB 03B Notice to Buyers of Conventional or RD Homes as to Non-Assumable Loan
 - *MRB 03C VA Guaranty Applicant's Certificate of Understanding and Consent
 - *MRB 05 Affidavit of Purchaser
 - *MRB 06 Seller Affidavit and Certification
 - *MRB 14A FHA/VA Rider to Mortgage (closing)
 - *MRB 14B Conventional/RD Rider to Mortgage (closing)
- Recapture Tax (Worksheet & Summary)
 - Recapture: Nine Year Income
 - MRB Recapture Disclosure Notice (provided by IFA)

➤ *Lender obtained forms

Must be lender certified true copies (or single page sheet listing documents with lender certification thereof)

➤ Located on Lender Online

➤ Required for all mortgages



FirstHome Plus - \$2500 Grant

- Loan reserved as FirstHome Plus
 - Mortgage has slightly higher interest rate
 - Lender provides prior compliance review/approval
- Household income is restricted to 80% AMI (\$49,600)
 - Including all 18 yrs or older and non-applicant income
- First-time homebuyer, except if purchasing in Targeted Area and is not an option for Expanded Market mortgage.
- Grant funds may be used for down payment, closing costs (does not include tax escrow) or minor repairs
 - Not funded by other source or financed in mortgage
 - Repairs must be required per appraisal and prior IFA approval is required
- No separate request for reimbursement – reviewed by IFA with Post-Closing MRB Compliance Package
- USBHM – will fund “Plus” grant with purchase of loan



Military Service Member Home Ownership Assistance (MHOA)

- Eligible Service person with service since 9/11/01 includes:
 - 90 active duty days;
 - injured service person; or
 - surviving spouse of eligible service person
(all must be honorably discharged)
- MUST be purchasing primary residence in Iowa.
- Homebuyers who are eligible for IFA Homeownership Program mortgage MUST use IFA's mortgage program
- Title Guaranty Certificate is required.
- **Up to \$5,000 grant for down payment or closing costs (not including tax escrow) and not paid by other sources or financed in mortgage.**
- Participating lender only may provide first mortgage financing



Military Home Ownership Assistance Procedure:

Prior IFA approval required:

Request form in Program Documents/Lender Online

Allow 2 weeks for approval.

Existing 60 days; under construction 120 days.

Submission of request, closed loan & final documents:

If IFA mortgage;

- Electronically via Edocuments through Lender Online (submit reimbursement request in IFA post-closing package) (www.iowaFinanceAuthority.gov)

If NOT IFA Mortgage:

- Email scanned request to Military.Grant@iowa.gov

Final MHOA closed loan documents within 30 days of closing.

- Title Guaranty Certificate (Request Rapid Certificate)
- Packages not submitted in above time frames will result in funds going back into pool for reallocation.



“Subsidy” Reimbursement Calculation

“one example”

#1. Calculate “gross” down payment

SP (line 101)	54,000
Loan (line 202)	<u>(55,600)</u>
<u>Net DP</u>	- 1,600

#2. Cost paid by borrower less contribution from others or not reimbursable fees

Cost (line 103)	2,979
Tax escrow	<u>- 250</u>
<u>Net Costs</u>	2,729

#3 Add Net DP & Net Costs

$$-1,600 + 2,729 = \$1,129$$

Less not allowed fees:

$$- 500 \text{ (cmt fee)} = 629$$

\$629 is reimbursable



IFA Mortgage Program Forms & Exhibits: Located on Lender Online

- IFA Mortgage Program Income & Sale Price Limits
- Household Income Worksheet
- *MRB 02 Notice of Recapture
- *MRB 03A Notice to Buyers of FHA Insured Home
- *MRB 03B Notice to Buyers of Conventional or RD Homes as to Non-Assumable Loan
- *MRB 03C VA Guaranty Applicant's Certificate of Understanding and Consent
 - *Lender obtained forms
 - MRB docs to be < 120 days old
 - Required for all mortgages
 - Located on Lender Online
- *MRB 05 Affidavit of Purchaser
- *MRB 06 Seller Affidavit and Certification
- *MRB 14A FHA/VA Rider to Mortgage
- *MRB 14B Conventional/RD Rider to Mortgage
- Recapture Tax (Worksheet & Summary)
- Recapture: Nine Year Income
- MRB Recapture Disclosure Notice (provided by IFA)



Mortgagors, Occupants & Non-Occupants

IFA does not allow cosigners (executes only note; does not occupy) - exceptions are:

- Home Choice: conventional mortgage for disabled persons
- Guardian/conservator situations where guardian/conservator executes for occupant borrower (not really co-signed but guardian/conservator & documentation demonstrating authority)

Spouses must be identified as such on mortgage, sign the mortgage and signature must be notarized.

- Spouse or fiancé: income & “first-time” homebuyer eligibility review - need 3 yrs Tax Returns, VOE & YTD pay stub

Occupants 18 yrs & older: Must document income or no income:

- Income: Past year W-2 & tax return, VOE & YTD pay stub
- Non-working: 1010 Warning Statement by person & mortgagor; past year’s IRS Transcript “no record found”
- College students: copy of college transcript and document for grants or scholarships – statement from borrower & student; copy of award letters



Mortgage Closing Tips #1

MRB documents:

- MRB 02, 03, 05, & 06 (application)
- MRB 03 - correct doc/loan product
- MRB 14 – attached to & recorded w. mortgage
 - 14 A – FHA/VA
 - 14 B – Conventional/RD;
- Doc's signed by buyer or seller & notarized if applicable;
 - if not by seller or buyer, authority to do so provided.
- notary date same as signature date

Title Guaranty insurance required

- Rapid Certificate – final in weeks!!!!
- Free Home Owner's coverage

Truth-in-Lending – Assumable:

- FHA/VA – yes
- RD/Conventional – no

Mortgage may not include financing for non-attached personal property* (document value and ensure not included in mortgage)

Sale price (purchase) limits:

Targeted Area or Expanded Market = \$289,000

Non-targeted = \$258,000

Exception to purchase

- Refinance of interim loan of less than 24 months.

Borrowers to occupy within 60 days of closing



Expired Reservations:

Unclosed loans – relock policy:

- Relocked at higher of current or original rate & SMF for 10 days/w.in ten days of closing.

Closed loans – deficient documents/significantly late delivery:

- Re-priced rate fee to lender of 1% fee per ¼% interest rate difference. (Upfront fee to IFA before IFA will purchase)
- Secondary Market Fee (SMF: LLPA+adverse market): adjusted to current fee (paid by lender/netted at purchase)
- Lender will still receive entire SRP (>1.75% or \$1,000)



Mortgage Closing Tips #2

Reasonable & Customary Transaction Costs

- Allowed third party fees include:
- ___ RE broker: commission, buyer & seller administrative/settlement,
 - ___ In connection with the loan: credit report, appraisal, appraiser re-inspection, flood certification & monitoring fees, DO/DU/LP to Fannie/Freddie & HBE
 - (DO/DU execution: Fannie Mae DO \$15 & DU \$35 + MI \$15 or \$65 if <80%LTV)
 - ___ Paid in advance: interim interest, insurances/guaranty premiums,
 - ___ Reserves: taxes & insurances
 - ___ Title charges: Title Guaranty (only), settlement agent, title services (attorney, abstracting)
 - ___ Settlement agent fee restricted \$450
 - ___ Recordation and documentary stamp fees
 - ___ Termite, plat survey

- Allowed but not funded by IFA assistance:
- ___ Home Warranty, inspections not required by appraiser, any repairs or work escrows
- Allowed lender fees:
- ___ Settlement agent fee restricted \$450
 - ___ Tax Service fee \$80 (if not shown as payable to USBHM)
 - ___ Secondary Market Fee if conventional – per reservation (if not shown as payable to investor)
- Lender fee income is limited to IFA servicing release premium (>1.75% or \$1,000) and the allowed \$450 closing fee, if lender is settlement agent.
- Not Allowed:
- ___ No origination, commitment, processing, and underwriting (except LP or DU) fees or discount points

Transaction costs to buyer or seller!!





Mortgage Processing/Closing Tips #3

“Costs” continued

Tax pro-ration:

— Yes, all tax periods accounted for on HUD I – prior fiscal year (July – June) & current year (July – closing)

— If charge to seller & credit to buyer not shown on HUD I, need documentation of pro ration for each

— No: Re-assessment - does non-tax pro-ration seller benefit + sale price exceed IFA SP limits?

— adjusted SP on MRB 05 & 06 (re-executed documents)

IFA DPA/Closing Cost Assistance:

- Restricted to down payment &/or closing costs not paid by another source (Plus – prior approved repairs)
- Pro rated taxes from seller fund the tax escrow
- Closing costs paid by seller can not be included
- Other grant funds will be deducted
- May not be used for principal reduction, borrower debts or judgments, inspections, et al.
- Non-allowed fees will be deducted (commitment, origination, discount points or other not allowed fees).



Title Guaranty

Two ways to get Commitment/Certificate

Attorney/Abstractor/Closing Company (field issued) – faster service

- If Rapid Certificate receive final within weeks... do not need to wait for mortgage satisfaction
 - Prior mortgage <\$500,000
 - Lender/closer has proof of pay-off (Payoff Statement & evidence of payment)
 - Final Certificate
 - Show unreleased prior mortgage
 - Issue “Loss Lien Endorsement” covering lender and buyer (no additional cost)

Title Guaranty Division issued

- Get opinion from attorney & send all paperwork to TG



T.G. services: Closing Protection Letter & Gap Coverage

- Closing Protection Letter: insures over proper closing/disbursement:
 - Free coverage to Closing Company, Attorney, Abstractor who executes closing agreement with IFA TG.
 - No additional charges for gap coverage or closing protection!
- Gap coverage- covers up to ten days between last abstracting update & filing of closed documents.
 - Free with Rapid Certificate for lenders closing the loan



Title Guaranty

Owner's Coverage is **FREE**

- When issued with Lender's
- Property valued < \$500k
- Owner Occupied
- Composite Mortgage Affidavit
 - Paragraph #5 - Just say **YES**
- More information
 - Linda Berg
 - 515-725-4893
 - Linda.berg2@iowa.gov



MRB Form Instructions

- Most common error – not lender certified copies
- Second most common error – borrower/seller signature and notary dates not the same date
- MRB 05 (purchaser affidavit)
 - Section 1a., b, &/or c. not completed properly
 - Section 3 – income shown as monthly
- MRB 06 (seller affidavit)
 - No documentation signatory represents seller
- MRB 14A – wrong rider/not attached & recorded w. mortgage
- Borrower gets married & spouse MRB eligibility not documented
- Income not recalculated with new YTD pay stubs
- Federal Tax Returns (or if Transcripts obtained) – not signed & dated by borrowers.



Document submission to IFA

- **Pre-closing Review by Lender**
 - Before closing – Preclosing Program Review by Lender
 - Per request, guidance from IFA - specific questions relevant to purchase, income, borrower eligibility, other.
 - **Edocuments via Lender Online (LOL)**
 - Scanned /Adobe
 - Prefer “package” – multiple documents in one scanned set
 - Lender Online Presentation provides step-by-step guidance.
 - If IFA performs document upload for lender (effective 4.1.2010), fee of \$100/package or \$25/document
 - IFA will provide step-by-step guidance to lenders learning the process
 - **Post-closing Review by IFA**
 - IFA approval required before loan purchase
- (Secondary market review provided by USBHM-MRPB)**

IFA Program – Pre-closing Request

Up load request via Lender Online,
Edocument, pre-closing package



IFA Loan #: _____ Contact: _____
Mortgagor: _____ Email: _____
Lender: _____ Phone: _____

Delegated pre-closing program compliance review by Lender is required. IFA will review only item(s) marked below which the Lender has indicated IFA assistance/guidance is needed. Documents listed are suggested documents but additional documentation should be included if needed. Please allow 5 business days for IFA response.

IFA will perform Post-closing Program compliance review even when pre-closing guidance by IFA has been done. Lenders need to ensure review of YTD pay stub for all borrowers even when IFA provided pre-closing response.. Please submit (resubmit) all documentation with post-closing review packet even if previously submitted.

___ **Three Year Requirement:** For Targeted Area, home buyer (spouse & fiancé) has not had real estate ownership interest in principal residence for last 3 years (to date of closing). First-time home buyer requirement is not applicable for "expanded Non-Targeted Areas or eligible Veterans (honorably discharge not more than 25 yrs.) (Preliminary 1003, Tax Returns, VOR, Credit Report, mobile home title, divorce decrees, Veteran's papers, other??)

Lender question: _____

___ **Acquisition Cost** (total cost): \$289,000 Targeted or Expanded Market Areas and \$258,000 Non-Targeted Area. New construction don't include land if owned more than two years. Family sweat equity exempted for completion. Cost to make home complete and habitable to be included. Non-tax proration or other incentive to seller including excess funds to purchase personal property must be included in acquisition price calculation. (Preliminary 1003, purchase agreement & attachments, appraisal, cost proposals, copy of original deed, other??)

Lender question: _____

___ **Household Income** : Check against Targeted/Non-Targeted/Expanded Market Areas list. All income – annualized projection. Co-signer income is not included in household income. All over 18 who will live in home including non-applicant occupant is included in household income and documented income thereof. Adults over 18 who do not work & live in home will need tax return transcript reflecting "no income record found" and 1010 Warning Statement of no income. (Preliminary 1003, VOE, pay stubs, tax returns, W2's, 1099's, profit & loss, divorce decrees & stipulations, other??)

Lender question: _____

___ **Other.** Lender question: _____

Pre-closing Request

3 YR Requirement

Acquisition cost

Income

Other

IFA Response Notice

Lender Online >> Loan Status >> Loan Status Details - Microsoft Internet Explorer

Address: https://iowafinanceauthority.iowa.gov/secure/LOL/Bin/Display.exe/ShowSection

Iowa Finance Authority
Investing in Home and Community

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NEW RESERVATION | AVAILABLE FUNDS | **LOAN STATUS** | REPORTS | USER ACCOUNTS | ADMINISTRATION

Lender: American Bank & Trust Co.

Loan/Reservation Status Details Updated on Monday, October 6, 2008, at 01:59 PM

Reprint PDF Docs eDocs Printable

Cancel Loan

Loan Cancellations are **NOT ALLOWED**.

GENERAL INFORMATION

Lender Loan No: Bob1	Lender ID No: 034
Reservation/Loan No: 100034000030	Lender Name: American Bank & Trust Co.
Application Accepted On: 09/25/2008	Branch Name:
Reservation Expires: 10/25/2008	Service Loan No:
Commitment Expires: 01/23/2009	Loan Officer:
Borrower Name: JAMES, FRANK S	Submitted by: System, Admin
Social Security No: 150-74-9032	Real Estate Company:
	Real Estate Agent Name: John James

FIRST MORTGAGE

Program: **FirstHome Continuous Lending - 006 - Standard Conv Plus**

Loan Type: **Conventional**

Loan Amount: **\$94,000**

Term: **300 months**

Initial Interest Rate: **6.8750%**

Secondary Market Fee: **0.7500%**

SECOND MORTGAGE

Program:

Loan No:

Loan Type:

Loan Amount: **\$0**

Term: **0 months**

Initial Interest Rate: **0.0000%**

PROPERTY ADDRESS

19 MAIN STREET

Des Moines , 50312-1245

County: **POLK**

STAGE/STATUS/DATE

- Post IRS review / **Incomplete** on **10/03/2008**
- Post IRS docs on **10/02/2008**
- Reserved on **09/25/2008**

CONDITIONS/EXCEPTIONS

1. First Missing Document Name

REJECTION REASONS

• Stages/Status:

• Conditions



Mortgage Reservation Policy

- Mortgage Reservation period - 60 days
 - Reserved w. IFA via Lender Online (www.IowaFinanceAuthority.gov)
- Expired reservations go to “quasi-float” status
 - IFA will check on reservation status for all expired loans every 30 days.
 - When closing is scheduled, may be relocked at higher of current or original rate for ten days.
- Mortgages to be delivered within 10 days of closing (regardless of reservation expiration period) electronically to IFA and original paper file to USBHM – MRBP, Bedford, OH

Loan Registration Change Form

To expedite, submit to IFA either:
 1) Lender Online/Edocuments/pre-closing pkg or
 2) Email Adobe document to
 FHreservation.changes@iowa.gov



Loan Reservation Change Form

Lender:	IFA Loan #
Contact:	Reservation date:
E-mail:	
Phone #	
Primary Borrower:	

Reservation Change/Modification Request(s):

Correct Borrower Name:	Est. Clsg Date:
Correct Co-Borrower:	Mtg.Amt:
Correct Borrower Income:	Other Income:
Correct Co-borrower Income:	Unit #:
Non-applicant occupant income:	City:
Correct street:	State/Zip:
	Other:

___ Loan Program change for remainder of reservation (which will convert to rate & SMF, if required effective original reservation date).

Program Change Request to: FirstHome ___ FirstHome Plus ___ Homes for Iowans ___

Loan type change: ___ FHA ___ VA ___ RD ___ MyCommunity ___ Standard Conv. 720+c.s.

Relock Policy: Expired loans will go to "quasi-float" status until within ten days of closing and then may relock at higher of current or original rate/fees.

___ 10 day Extension Request Anticipated closing date: _____

Cancellation Request:
 Reason for request: _____

___ Other - request: _____





FirstHome Recapture

- FirstHome - federally subsidized by tax exempt bond financing
- Work with their tax preparer (IRS form 8828)

May be subject to a “recapture tax” **IF**

- | | | |
|--|-------|----|
| – Sold home within first 9 years; | • Yes | No |
| – Incomes >5%/year above the guidelines in effect when the FirstHome mortgage closed; AND | • Yes | No |
| – Have gain on the sale of the house. | • Yes | No |

Need 3 “Yes’s” for Recapture to apply!!!!!!



MRB Recapture

- “maximum recapture” is lesser of
 - (A) adjusted 6.25% schedule
 - or (B) 50% gain on Sale
- $_{(A)} = \text{Mortgage} \times 0.0625 \times \text{year adjustment} \times \text{income \%}$
(adj. personal income/ adj. income cap)
- $_{(B)} = \text{Sale price} - \text{original purchase price} - \text{improvements} + \text{sale costs} = \text{gain on sale} \times 0.50$

• Work with their tax preparer (IRS form 8828)

6.25 adjustment schedule:

- 1st year: 20%
- 2nd year: 40%
- 3rd year: 60%
- 4th year: 80%
- 5th year: 100%
- 6th year: 80%
- 7th year: 60%
- 8th year: 40%
- 9th year: 20%
- 10th year: - 0-



Post Closing Documentation to master servicer

Within ten days of closing original loan file:

Deliver to: U S Bank Home Mortgage / Operations Department
17500 Rockside Road
Bedford, Ohio 44146-2099

Within 120 days - Follow-up documentation (Recorded Mortgages,
Assignments, Riders, Title Guaranty Certificate, MIC, LGC, LNG)

Deliver to: U S Bank Home Mortgage / Document Control Department
17500 Rockside Road
Bedford, Ohio 44146-2099



Shipping Post-Closed Package

- **Within ten days following closing – 1 package including Plus &/or Military Grant (no separate request for subsidy reimbursement)**
 - Scanned Adobe electronic file to IFA (see Lender Online presentation for step-by-step process)
 - Original paper file to USBHM-MRBP (see USBHM Underwriting & Delivery or Quick Reference Presentations)
- **Late delivery &/or non-compliant closed packages:**
 - Delivery after the 15th day: \$100.00
 - \$50 for each additional 30 days the loan remains not compliant
 - Remember IFA can refuse to purchase late delivered or non-compliant mortgages
- **Post-closing Review by IFA**
 - IFA approval required before loan purchase
(Secondary market review provided by USBHM-MRPB)

POST-CLOSE DOCUMENT TRANSMITTAL



IFA Loan #: _____ Lender Contact: _____
Mortgagor: _____ Email: _____
Lender: _____ Phone: _____

- 1. Upload Adobe documents to IFA via Lender Online E-documents w/in 10 days following closing.
2. Using USBHM Transmittal, submit original loan documents to USBHM w/in 10 days following closing.

MRB 02 Notice of Recapture: lender certified copy
MRB 03A (FHA); 03B (RD/Conv.) or 03C (VA): Notice to Homebuyer/Certificate of Understanding: lender certified copy
MRB 05 Affidavit of Purchaser: lender certified copy, sec. 1. (a) or (b) completed Section 1.b if FTHB veteran exemption w. attached DD 214: honorable service; discharged no more than 25 year
MRB 06 Seller's Affidavit and Certification: lender certified copy
Note: lender certified copy;
Notarized Name Affidavit &/or Property Address Certification (if borrower executes in different variations or property address is not the same on all documents)
Mortgage: lender certified copy, MRB Rider 14 A (FHA/VA) 14B (Conv/RD) - attached to mortgage
HUD 1- copy with all parties' signatures: tax pro-ration, allowed fees & line item breakout of fees purpose of atypical costs documented
Warranty Deed, copy sent for recordation. (Title to only occupying borrowers.)
Iowa Title Guaranty Commitment: Schedules A & B
Mortgage Insurance/Govt Commitment, w. case #
Application - 1003: 3 years residency history
final/executed;
Lease agreement if current residence is subject property.
Purchase agreement and all addendums: if personal property included, need 3rd party valuation statement (sufficient down payment for personal property)
Appraisal Report (1004) and addendums: 5 acre limit; business use limited to <15% sq ft (<26% income)
Credit Report:
V. of Residence (VOR form) for period from last tax return

V. of (current) Employment: written or verbal; all borrowers with jobs for current or prior year employment termination of employment for previous jobs,
Pay stubs: borrower's name, employer info
w. YTD pay, within 60 days of closing,
Prior year's W-2's and/or 1099's- copies:
if self-employed, YTD profit & loss, executed & dated by mortgagor
Non-applicant occupant 18 yrs of age income: YTD pay stub, VOE & last tax return. include in household income. if no income or filed Federal tax return provide IRS "No Record Found" transcript.
Federal Tax Returns last 3 years = all borrowers (1040; 1040A;1040EZ; IRS letter filed A or EZ; or IRS Transcript) if tax return not filed, provide IRS "No Record Found" transcript; signed & dated by borrower; all attachments
3 yr tax returns for non-borrower spouse or fiancé
Recorded divorce decree, separation papers, support stipulations, etc.
Other:

MHOA - additional documentation:
Agreement & Certification; Lender certified copy
Recorded Warranty Deed-copy
Certificate of Occupancy/Occupancy Permit, if new construction or rehab take-out loan.
Title Guaranty Certificate (follow within 30 days of closing & needed for reimbursement) Requesting Rapid Certificate will expedite final TG Certificate w/in 3 weeks of closing.
Other:

Post-closing MRB Compliance Transmittal

No separate Plus reimbursement pkg.

MHOA reimbursement request included.





USBHM – Quick Reference

Hazard Insurance loss payee

clause:

U.S. BANK National Association.
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

Deductibles:

- Gov. loans maximum > \$1,000 or 1% face amount
- Conv. Loans: Maximum deductible 5% dwelling coverage (applies to all perils)

• Borrower Payment Address

U.S. Bank Home Mortgage
P.O. Box 468002
Bedford, OH 44146-8002

- (800) 240-7890
- www.usbankhomemortgage.com

- Note endorsed/Assignments to:
U.S. Bank National Association
– MERS lender use MERS
ID#1000212



Benefits of FirstHome Program

- Predictable mortgage payment for 30 years.
- No prepayment penalty
- If conventional – lower MI
- May choose assumable (FHA or VA) or non-assumable mortgage (Conventional/RD) option
- Free home owners TG Certificate (available anytime TG is used)



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Today's presentation www.IowaFinanceAuthority.gov;
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