



The
Texas
Homebuyer
Program



Equal Housing Opportunity

TDHCA Lender Guide



**My First
Texas Home**

By The Texas Homebuyer Program



**Texas Mortgage
Credit Certificate**

By The Texas Homebuyer Program



**My Choice
Texas Home**

By The Texas Homebuyer Program

Effective Sept 26, 2023

Revisions Table

Published October 17, 2018

Revised May 24, 2023

| Section | Page | Revision | Date |
|-----------|--------|---|------------|
| | | 2023 Income Limits are Released | 06/19/2023 |
| | | New Program Administrator Effective August 5 th , 2023 - Hilltop | 7/1/2023 |
| 4.1 | 20 | Effective January 1, 2023, All New Reservations that contain a MCC must include the \$400 MCC Issuance Fee that had previously been waived. | 12/23/2022 |
| 7.2, 7.4 | 24, 25 | Effective January 1, 2023, All New Reservations are subject to published Rate Lock Delivery and Extension Fee Schedule and SRP Rate of 2.5%. | 12/23/2022 |
| 3.1 | 16 | Effective 12/7/2022 FNMA HFA Preferred Over 80% Loan Program is open for reservation on an as available basis. Extra Due Diligence Required to meet Agency Guidelines. | 12/07/2022 |
| 3.4 | 19 | Effective 12/2/2022 the No DPA Un-Assisted First Lien Loan Option is now available for reservation under My First Texas Bond Only. All My First Texas guidelines apply for FTHB status, including Income and Purchase | 12/02/2022 |
| 2.6 | 16 | 2022 Updated Income Limits effective May 1, 2022. All existing reservations that have not yet closed qualify under the 2022 Limits for My First Texas, Texas Mortgage Credit Certificate (MCC) and My Choice. | 05/18/2022 |
| 1.4 & 2.6 | 12 ,15 | My Choice Texas Purchase Price Limits are no longer an underwriting requirement. New Income/Purchase Price Limit Links are posted. Updated Links on pages 12 and 15. Effective 02/14/2022. | 02/14/2022 |
| 3.4 & 5.1 | 17, 22 | Second Lien Forgivable Option is now available in addition to the Deferred Repayable Option for My First Texas and My Choice Texas. Effective Oct 18, 2021 | 10/18/2021 |
| 7.1 | 24 | MCC \$400 Issuance Fee is Waived effective Oct 18, 2021-Dec 31, 2021. | 10/18/2021 |
| 3.0 | 17 | Maximum Debt to Income Ratio DTI Update for AUS Findings = 55%. Manual Underwrites Follow Agency DTI Guidelines. | 08/24/2021 |
| 3.1 | 17 | FNME HFA Preferred Program has been reinstated effective, Dec 1, 2020 | 12/01/2020 |
| 3.2 | 12 | Maximum Debt to Income Ratio DTI Update for AUS Findings = 50%. Manual Underwrite Approvals Debt to Income Ratio DTI Remain at 45% | 09/01/2020 |
| 4.2-4.4 | 15-16 | Update to MCC Credit Rate for lower sales price tier, Up to \$175,000 is adjusted to 30% Credit Rate from previous 25% | 07/01/2020 |
| 3.1 | 11 | FNMA HFA Preferred Program is Suspended effective, May 01, 2020 until further notice | 04/28/2020 |
| 7.1 | 16-17 | Update to Compliance Review Fee to \$275, All Programs, and MCC Issuance Fee to \$400 | 04/01/2020 |
| 1.5 | 10 | Cosigners and Guarantors: Per FNMA HFA Preferred guidelines – Cosigners income will be considered in the 80% AMI limit. | 01/15/2020 |
| 4.2 | 14 | MCC Credit Rate – 20% or 25% based on loan amount (effective January 15, 2020) | 01/15/2020 |
| 7.1 | 16 | Program Fees - \$0 MCC Issuance Fee (applicable to loan/MCC reservations beginning December 19, 2019, until further notice) | 12/19/2019 |

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| 7.1 | 16 | MCC fee reduced to \$200 for Combo and Stand-alone program, effective for reservations on and after Oct. 1 st , 2019 | 10/01/2019 |
| 3.5 | 13 | Loan Product Advisor (LPA) is not allowed on HFA Preferred | 10/01/2019 |
| 3.1 | 11 | Special Feature Code updated to 782 for State HFA | 10/01/2019 |
| 3.1 | 11 | USDA Interest Rate Cap: TDHCA will conform to the max interest rate allowable by USDA: Current Fannie Mae yield for 90-day delivery (actual/actual) for 30-year fixed rate conventional loans, rounded up to the nearest one-quarter of 1 percent. | 10/01/2019 |
| 3.5 | 13 | Removed "Freddie Mac's Loan Product Advisor (LPA) is allowed for the purposes of automated underwriting only. Lenders must run the loan in LP as a Home Possible Advantage for HFAs. If the loan is run through LP not as the Home Possible Advantage for HFAs, the loan will be ineligible for purchase under the program". | 10/01/2019 |
| 3 | 11 | Effective September 5, 2019, the FNMA HFA Preferred Conventional option will be available through My Choice Texas Home only and limited to borrowers with incomes of 80% AMI or below. Refer to the Income and Purchase Limits chart for applicable income limits. | 08/15/2019 |
| 3 | 12 | *Important to note: Under no circumstance will Idaho HFA (master servicer) purchase a loan that has a new loan casefile ID for Desktop Underwriter (DU) dated on or after September 5, 2019, that does not meet the above income requirement, as these loans will be undeliverable to Fannie Mae. Any such loan will not be purchased by IHFA and remain the responsibility of the Participating Lender. | 08/15/2019 |
| 4 | 13 | MCC Stand-alone available for reservation effective August 15, 2019. | 08/15/2019 |
| 8.1 | 18 | Update to MCC Issuance Fee of \$500 effective May 1, 2019 | 05/01/2019 |
| 1 | 9 | Update "Texas Mortgage Credit Certificate" to remove the reference to "up to \$2,000". | 04/12/2019 |
| 5.1 | 15 | Removed "Example" and the reference to "up to \$2,000". | 04/12/2019 |
| 5.2 | 15 | Removed tiered structure table and updated with 25% and 20% MCC credit rate. | 04/12/2019 |
| 5.4 | 16 | Added the 25% and 20% MCC credit rate. Added Example. | 04/12/2019 |
| 4 | 13 | Starting February 1, 2019, MCCs will only be offered in combination with a My First Texas Home mortgage loan. MCCs reserved as a stand-alone option prior to February 1, 2019, will be honored (assuming receipt of compliance approval) | 02/01/2019 |
| 2.1 | 9 | Verification of First-time homebuyer status – updated to include Note on February 15 th requirement on MCC. | 02/01/2019 |
| 7.1 | 18 | Rates/Offerings – removed Sample Rate Notice | 02/01/2019 |
| 16.2 | 29-32 | Added Attachments – NEW INSTRUCTIONS FOR THE DELIVERY OF COMPLIANCE FILES, FEES AND CORRECTED DEFIS | 02/01/2019 |
| 3.2 | 11 | Update to include "Triplexes and fourplexes and shares in housing cooperatives are not eligible for the Program(s)." | 10/25/2018 |

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| 3.7 | 12 | Updated link to include 2-Unit Purchase Price Limits Table | 10/25/2018 |
| 2.3 | 10 | Update to include "The income of the Cosigner is not required to be considered when determining income eligibility for the purposes of the program." | 11/01/2018 |
| 2.2 | 10 | Updated link to include 2-Unit Purchase Price Limits Table | 10/25/2018 |

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Contacts

Hilltop Securities, TDHCA Program & Compliance Administrator

For all loan reservation system questions or assistance, please see contact points below:

Email Support:

[TDHCA Loan Specific Updates & Questions](#)
TDHCA LenderSupport@hilltopsecurities.com
[Hilltop Pay](#)

Hotline: [214-953-4176](tel:214-953-4176)

Lender Portal: [www. TDHCA LenderPortal.com](http://www.TDHCA LenderPortal.com)

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Texas Department of Housing and Community Affairs (TDHCA), Issuer The Texas Homebuyer Program

For guideline questions or assistance, please contact the Texas Homebuyer Team below:

For fastest response, please email: txhomebuyer@tdhca.state.tx.us

Toll Free: [\(800\) 792-1119](tel:800-792-1119) TheTexasHomebuyerProgram.com

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Idaho Housing & Finance Association – Master Servicer

Phone: (208) 331-4870

www.lendertx.com

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TDHCA

The Texas Department of Housing and Community Affairs (TDHCA) is the official Housing Financing State Agency responsible for affordable housing, community and energy assistance programs, Colonia activities, and regulation of the state's manufactured housing industry. The Department currently administers \$2 billion through for-profit, nonprofit, and local government partnerships to deliver local housing and community-based opportunities and assistance to Texans in need. The overwhelming majority of the Department's resources are derived from mortgage revenue bond financing and refinancing, federal grants, and federal tax credits.

The Texas Homebuyer Program is primarily responsible for the creation, oversight, and administration of the Department's homeownership programs, which are designed to assist low-to-moderate-income First-time homebuyers. The program does this through both bond proceeds and a TBA program in which funds are generated through private investors.

The Texas Homebuyer Program's options are made available to Texas consumers through the Department's network of approved participating lender partners.

Participating Lenders

The participating lender(s) play a very important role in the TDHCA homeownership programs. Lenders assist homebuyers to qualify for more home using programs offered by TDHCA, including our low-rate First mortgage, down payment assistance, and mortgage credit certificates. TDHCA homeownership programs can help lenders increase loan production serving more customers and their community.

As a participating lender, you will handle the process of reserving the mortgage loan and/or mortgage credit certificate in the TDHCA Lender Portal; and process, underwrite, approve, fund, close and sell qualified loans to the program's Master Servicer (as applicable). If using only the MCC program, participating lenders may sell their loan to their investor of choice. Check with your company on how to reserve a loan in your own system so that you have funds available for closing. Lenders are responsible for servicing first and second program loans in accordance with Agency requirements until they are purchased by the Master Servicer.

Idaho HFA, Master Servicer

TDHCA's master servicer for First mortgage loans and second loans with down payment assistance is Idaho Housing and Finance Association (IHFA). All loans originated through the TDHCA My First Texas Home and My Choice Texas Home option(s), whether with or without an MCC, will be sold to and serviced by IHFA. As master servicer, IHFA provides Information and training concerning the mortgage loan file, including the following functions:

1. Acceptable loan products delivery and funding;
2. Receives all mortgage (loan purchase) files;
3. Reviews mortgage files;
4. Notifies lenders of mortgage file exceptions;
5. Approves mortgage files for purchases; and
6. Services First and Second mortgage loans.

Hilltop Securities, Program & Compliance Administrator

Hilltop Securities serves as the Program & Compliance Administrator for the TDHCA Homeownership programs. As program administrator, Hilltop Securities performs the following functions:

1. Maintains the program reservation system website and auto-populated program documents;
2. Provides assistance with compliance questions and any program/loan changes as necessary;
3. Provides assistance with the Lender Portal;
4. Provides training on program compliance and the Lender Portal online reservation system;
5. Provides Post-Closing compliance file review;
6. Notifies the lender of conditions/approvals via the Lender Portal and email as required;
7. Maintains guidelines, bulletins and other important Lender resources in the Lender Portal; and
8. Circulates announcements and the daily interest rate sheet electronically.

Program Summary

TDHCA currently offers homeownership options through the following programs:

My First Texas Home offers expanded mortgage loan opportunities to qualifying First-time homebuyers, including government and conventional 30-year fixed rate first mortgage loan options that *may* include down-payment and/or closing cost assistance. Borrowers must meet IRS tax- exempt guidelines.

My Choice Texas Home is a TDHCA First mortgage loan program that is available to low and moderate income First time and non-First-time homebuyers. Down-payment and/or closing cost is available with each loan option. Income eligibility is based on the standard credit qualifying (1003) income used by the lender for loan qualifying. No IRS tax provisions apply.

Texas Mortgage Credit Certificate (“MCC”) assists in making homeownership more affordable by providing First- time homebuyers a federal income tax credit, reducing the homebuyer’s potential federal income tax liability. By having an MCC, the homebuyer has the ability to convert a portion of their annual mortgage interest into a direct income tax credit on their U.S. individual income tax return. The credit may be applied for the life of the loan, as long as it continues to be the borrower’s primary residence.

Section 1 – Mortgagor Eligibility

1.1 First Time Homebuyer Requirement

My First Texas Home / Texas Mortgage Credit Certificate

Homebuyer(s) using this option, an applicant cannot who have both owned and occupied a primary residence during the last three years. The homebuyer and spouse, and any other adult who will have ownership interest in the property (named on the Deed of Trust) must meet the First Time Homebuyer requirement.

The homebuyer(s) may be **exempt** from the First-time homebuyer requirement if:

- Homebuyer or spouse is a qualified veteran, honorably discharged as evidenced by DD-214 discharge papers, and has not previously qualified for and received a mortgage financed through a mortgage revenue bond program by reason of the qualified veterans exception to the first-time homebuyer program.
- Subject property is in a Qualified Targeted Census Tract (Targeted Area).

My Choice Texas Home

Homebuyer(s) using this option are not required to be First-time homebuyers. Borrowers may have previously owned or may currently own a home, provided that, the home being purchased becomes the borrower's principal residence upon loan closing.

Verification of first-time homebuyer status

The following evidence is required to determine First-Time homebuyer status and must be included with each loan submission file (compliance file) for each applicant:

- Signed and dated Form 1040, 1040A or 1040EZ federal income tax returns (or IRS tax transcripts obtained through a 4506T) for the past three (3) years with all schedules that show no deductions for mortgage interest or real estate taxes for a Principal Residence. Note: *IRS Tax Code requires the previous year tax return or tax transcript on any mortgage loan closing with a Mortgage Credit Certificate (MCC) after **February 15th**. Lenders may proceed with loan closing; however, the MCC will not be issued by TDHCA until the required tax information is provided by the borrower, co-borrower and spouse (including Non-Purchasing Spouse).*
- In the event the applicant was not obligated to file federal income tax returns for any of the preceding three (3) years, it will be necessary for the applicant to state so on the Applicant Affidavit.
- An applicant who cannot provide tax returns because they did not file them when required to do so per Internal Revenue Service requirements, are not eligible for the option(s) under the My First Texas Home or Texas Mortgage Credit Certificate

If one or more of the applicant's tax returns reflect that the applicant took a deduction for a mortgage interest or real estate taxes on property claimed not to be the principal residence, documentation is required to demonstrate the rental status for that property during the relevant period (for example, rent receipts or canceled checks). Documentation of the rental history may be required for the period from the last tax return filed to the program application date.

An ownership interest in a mobile home will be considered a prior ownership interest in a principal residence if the mobile home was permanently attached or anchored to land and has had the wheels and other components used in transportation removed; and taxed as real property.

Copies of tax documentation is to verify first time homebuyer status, **NOT** to verify income (with the exception of a

self-employed borrower).

1.2 Residency Requirement

Mortgage loans must conform to the requirements of FHA, VA, USDA or Fannie Mae as it relates to non- U.S. citizen applicants. Follow agency (loan product) guidelines for DACA recipients. The Texas Homebuyer Program has no additional overlays regarding immigration status.

1.3 Homebuyer Education

Each Homebuyer must complete pre-purchase counseling provided by one of the following:

- TDHCA's FREE Online Homebuyer Education course "Becoming a Homeowner" available through Texas Homebuyer U - <http://education.myFirsttexas.com/>.
- Certified housing counselor(s) listed on TDHCA's counselor database
- HUD counseling agencies
- Online counseling offered by MI companies, Fannie Mae, Freddie Mac or eHome America or the equivalent.

A **Certificate of Completion** will be required for each borrower and does include a Non-Purchasing Spouse. Non-Occupying Co-Signers are not required to complete a Homebuyer Education Course and additionally may be current homeowners themselves.

1.4 Maximum Income (Family Income)

My First Texas Home / Texas Mortgage Credit Certificate

For the purposes of meeting the Program eligibility criteria, the borrower(s) annual income may not exceed the most recent maximum income limits as published by TDHCA. The maximum income limits are calculated based on median family income data published by the Department of Housing and Urban Development (HUD) and/or the IRS. The income limit applicable to the household is based on the county where the property is being purchased and the number of qualified applicants. ***Non-Occupant Co-Borrowers are **not** permitted.

- **Household income includes the Applicant's current gross income, as well as that of anyone else who is expected to live in the Residence and become liable on the Deed of Trust or Mortgage (including a non-purchasing spouse).** *Family Income includes but is not limited to:*

| | |
|-------------------------------------|-------------------|
| Annual Wages | Annuities |
| Commissions | Pensions |
| Bonuses | Child Support |
| Self-Employment (plus depreciation) | Alimony |
| Dividends | Public Assistance |
| Interest | |

- Income of a Non - Purchasing Spouse must be included. Current family income may or not be the same income amount used to qualify for credit underwriting purposes. However, in no case may current annual household income be less than the income used to qualify borrowers (excluding co-signors income, if applicable). Current Income/Purchase Price Limits can be found on the TDHCA website:

My Choice Texas Home

For the purposes of meeting the Program eligibility criteria (Income Limits), **only the income of the borrower(s), as shown on the 1003 Residential Loan Application will be considered.** The income of a Non-Purchasing Spouse (NPS) will not be included in the calculation. For example, only the income used to qualify the mortgagor for repayment of the mortgage loan (from the 1003 loan application and/or the applicable underwriting worksheet) will be compared against the program limits. Co-signers Income is included for My Choice- Conventional Loans only for the purposes of Income Limit qualification.

1.5 Co-signers and Guarantors

Co-signers are defined as **non-occupying loan guarantors** and are allowed per TDHCA guidelines. Co-signers are **not** permitted to occupy the property and may not be on title (sign the Deed of Trust), purchase agreement or have any vested interest in the property.

All Co-signers will be required to execute the Affidavit of Co-signer/Guarantor and will be required to sign the Note. The income* of the Cosigner is not considered when determining income limit eligibility for the purposes of the program *with the exception of the FNMA HFA Preferred Option.*

*Co-signer income for FNMA HFA Preferred product option: (Non-occupant) Co-signer income must be included when comparing income vs AMI limits. FNMA will consider Co-signer income in the 80% AMI limits.

NOTE: Non-Occupant Co-Borrowers are NOT permitted because all TDHCA Borrowers must occupy the subject property within 60 days of closing, therefore Co-signers are never Borrowers, only loan guarantors for TDHCA Programs.

1.6 Recapture Tax

My First Texas Home / Texas Mortgage Credit Certificate: All Mortgage Loans and MCCs may, under certain circumstances, be subject to federal income tax recapture provisions. At the time of loan application and before making a reservation in the Lender Portal, the Lender should provide the [Recapture Tax Brochure](#) regarding recapture to the Eligible Borrower along with the Notice to Buyer(s) Disclosure.

- The Lender should discuss these documents with the borrower(s) and answer any questions
- After loan closing and compliance approval by Hilltop Securities, the borrower will receive via mail, the completed Notice of Potential Recapture Tax on Sale of Home, specific to their loan. Borrowers utilizing the MCC Program will receive their Mortgage Credit Certificate. The Notice and the Mortgage Credit Certificate will also be available in the Lender Portal.

My Choice Texas Home: Recapture Tax does not apply to this option.

Section 2 - Eligible Properties

2.1 Location

The subject purchase property must be located within the State of Texas.

2.2 Type

Eligible properties include new or existing; Single family homes; Condominiums; Planned Unit Developments (“PUD”); Manufactured Homes¹ and Duplexes² as long as one unit is occupied by the Eligible Homebuyer as their Principal Resident and if the Duplex was first occupied as residential property at least 5 years prior to the closing date for the Mortgage Loan.

Triplexes, Fourplexes and shares in housing cooperatives are **not eligible** for the Program(s). Additionally, the land appurtenant to a Residence shall be considered as part of such Residence only if such land **does not exceed 1 acre** (unless such restriction is waived by the Master Servicer with the written approval of the Department), reasonably maintains the basic livability of such Residence and does not provide, other than incidentally, a source of income to the Mortgagor. TDHCA will consider an exception to the one acre maximum if the lot size is commensurate with other lots in the area and is not being used to generate any income for the mortgagor. See agency guidelines (loan product) for additional property restrictions. **Requests for Acreage exceptions should be emailed with a copy of the appraisal to: txhomebuyer@tdhca.state.tx.us.**

¹ Manufactured homes are allowed in both, Government and Conventional loan products, with the assumption it is titled as real property by the time of loan purchase.. Single and Double Wide Manufactured Homes are acceptable.² The five-year requirement does not apply to a duplex located in a qualified targeted census tract.

2.3 Ineligible properties

Rental homes, cooperative housing; investment homes, recreational, vacation or “second homes”; motor homes, campers and similar vehicles.

2.4 Principal Residence Requirement

The subject purchase property must be owner occupied and become their principal residence within 60 days of loan closing. Applicants may apply for the mortgage on the subject property while residing outside of Texas as long as they meet the requirement to occupy the property within 60 days of closing.

2.5 Usage of Residence in a Trade or Business

The land attached to a Residence will be considered a part of the Residence only if such land reasonably maintains the basic livability of the Residence and does not provide, other than incidentally, a source of income to the mortgagor. Except for a unit rented in a two-unit dwelling, where one unit is owner-occupied, the Applicant cannot use more than 15% of the Residence in a trade or business. The Lender will review the Applicant(s) tax returns to see if the Applicant(s) deducted any portion of the cost of the Residence as a home business expense and determine whether more than 15% of the Residence was used. Applicants providing childcare in the home are assumed to be using more than 15% of the residence for business purposes and, therefore, do not qualify for the Program.

2.6 Acquisition Cost

Each Residence financed by a Mortgage Loan under the Program must have an Acquisition Cost not exceeding the maximum Purchase Price limits applicable to the county in which the property is located. For current maximum Purchase Price limits, see the Fact Sheet on the Program Administrator's website at: [Texas Homebuyer Program Income and Purchase Price Limits](#).

2.7 Targeted Areas

A Targeted Area is defined as a census tract in which 70% or more of the families have incomes that are 80% or less of the statewide median income or an area on chronic economic distress. Homebuyers purchasing properties located in a Targeted Area do not have to be a First-time homebuyer and purchase price and income limits are generally higher. To verify that a property is located within a Qualified Targeted Census Tract visit our website at: https://thetexashomebuyerprogram.com/uploads/20HP004_TargetedAreas.pdf

2.8 Insurance Requirements

Minimum Coverage amount: Equal to the loan amount or replacement cost

Homeowners Maximum Deductible Hazard: \$2,500 or 2%, whichever is higher

And if on a separate policy then:

Flood, Hurricane, Wind, Hail and other Perils- Maximum Deductible \$5,000

Mortgagee Clause: *HomeLoanServ*, ISAOA/ATIMA PO Box 818007, Cleveland, OH 44181 *Must include IHFA Loan Number* Fax: 888-218-9257 Email: insdocs8263@oscis.com

Section 3 – Loan Eligibility and Underwriting

3.1 Loan types

FHA: Originated and guaranteed in accordance with FHA guidelines or any other acceptable FHA program as determined by the Department from time to time. FHA 203(k)s are allowed.

VA: Originated and guaranteed in accordance with VA guidelines 1810 and 1810A or other acceptable VA program as determined by the Department from time to time.

USDA: Originated and guaranteed in accordance with USDA. TDHCA will conform to the max interest rate allowable by USDA: Current Fannie Mae yield for 90-day delivery (actual/actual) for 30-year fixed rate conventional loans, rounded up to the nearest one-quarter of 1 percent.

FNMA HFA Preferred*: Fannie Mae's FHA Preferred product enables eligible state Housing Finance Agencies (HFAs) to deliver loans up to 97% loan-to-value (LTV) ratio with flexible mortgage insurance (MI) coverage requirements. HFA Preferred is ideal for borrowers with limited funds for down payment and closing costs and for those needing extra flexibilities on credit and income sources. It does not require a minimum contribution from the borrower's own funds for one-unit properties. FNMA HFA Preferred mortgage loans must be run through Fannie Mae's DU (*Approve Eligible*) [FNMA HFA Preferred Guidelines](#)

Fannie Mae HFA Preferred is Available through My Choice Texas Home with two different options:

1. Borrowers with incomes of 80% AMI or below
2. Borrower with incomes of over 80% AMI

NOTES:

- a. *** Please do your extra due diligence with qualifying borrowers on the 80% and Over product.** Best practice is to not reserve funds until DU Findings are confirmed for what the borrower qualifies for. For example, if a reservation was placed for an over 80% AMI Conventional borrower and later it was determined that the borrower qualifies for the 80% and under loan, there could be significant pricing differences that might negatively impact your loan settlement. Avoid any unexpected pricing differences by thoroughly qualifying your borrowers prior to reservation. The AMI classification is determined by the AUS/DU findings
- b. Refer to the Income and Purchase Limits chart for applicable income limits.
- c. Per FNMA guidelines: Non-occupant cosigner income must be included in the 80% AMI limit.
- d. Please note that AUS/DU for borrowers above 80% AMI may contain a message stating coverage of at least 18% MI may be obtained with a loan level price adjustment (LLPA). LLPAs are collected at the time of purchase if not collected at loan closing. It is the sole responsibility of the lender to lock loans based on Fannie Mae's income limits.
- e. To make this determination, AUS/DU factors in the **total qualifying income** (not MFA income) and the address of the subject property. Fannie Mae's AMI lookup tool may be used by lenders to make a preliminary assessment prior to running AUS/DU: <https://ami-lookup-tool.fanniemae.com/amilookuptool/>

Texas Mortgage Credit Certificate (MCC): When considering the Texas MCC as a Stand-alone (MCC only) option, combining with the lender's first mortgage, there are no restrictions on the mortgage financing with regard to loan type or rate. However only fixed-rate First mortgages qualify, with a loan term of 15 or 30 years. In addition, mortgages funded with a qualified mortgage bond are not eligible. See Section 4, below for additional details on the Texas Mortgage Credit Certificate Program guidelines.

3.2 FICO and DTI requirements

My First Texas Home / My Choice Texas Home / Texas Mortgage Credit Certificate:

| | My First Texas Home | My Choice Texas Home | Stand Alone Texas MCC |
|---|---------------------|----------------------|-----------------------|
| Minimum FICO | 620 | 620 | None |
| Maximum DTI (AUS Approve/Eligible Findings) | 55.00% | 55.00% | None |
| Manual Underwrite | * | * | * |

Exceptions to DTI and Credit Score changes between the time of reservation and just prior to closing will not be considered.

***Manual Underwrite Approvals: Must Follow Agency Guidelines**

- **Texas Mortgage Credit Certificate (Stand-alone):** When using the TX MCC as a stand-alone option (meaning not combining with a TDHCA loan program), there are **no FICO or DTI overlays**. Lender should follow the applicable loan product underwriting guidelines and any internal overlays.
- **Zero Score Borrowers** must follow Agency Guidelines. TDHCA has no additional overlays on Zero Scores.

3.3 Mortgage Loan Payments and Terms

All mortgage loans must be a 30-year loan, fully amortized with a fixed rate. All loans must be originated in accordance with agency guidelines. No loan level or discount pricing allowed.

15- and 30-year fixed rate mortgage terms are allowed on the stand-alone MCC option.

3.4 2ND Lien / Down Payment Assistance Loan

My First Texas Home / My Choice Texas Home – the “assisted” option(s) provide down-payment and closing cost assistance (DPA) to the borrower in the form of a deferred, repayable second lien or a 3-year forgivable second lien with a 36-month affordability period. The assistance funds may be used to fund the borrower’s cash requirement to close, including the down payment, closing cost, pre-paid items and other related mortgage loan fees and expenses. Texas Homebuyer Program funds may also be used as a principal reduction with Department prior approval.

Terms of 2ND Lien 30 Year Deferred (DPA loan):

- 0% interest
- No required monthly payments. Borrowers do have the flexibility to make voluntary payments to reduce the balance owed.
- Due upon sale, refinance, transfer or payoff of 1ST lien mortgage
- No prepay penalty
- No costs other than recording fees associated with the 2ND Lien

Terms of 2ND Lien 3 Year Forgivable (DPA loan):

- 0% interest
- No required monthly payments.
- Due upon sale, refinance, transfer or payoff of 1ST lien mortgage up to 3 year term.
- No costs other than recording fees associated with the 2ND Lien

Terms of Additional Gift Funds Available for Specific Designated Areas:

- Capital Area Housing Finance Corporation, Harris County Finance Corporation and City of McKinney are TDHCA Partners in providing limited Grant Assistance to be used in conjunction with a chosen, TDHCA DPA assistance percentage. Grant funds are a one – time gift and may be used toward usual and customary down payment and closing costs for specified eligible counties only. Funds are available until further notice. For more detailed information: <https://thetexashomebuyerprogram.com/additional-grant-down-payment-assistance>.
- Additional training materials are available by email: txhomebuyer@tdhca.state.tx.us. Additional Gift Funds are literally Free funds to be used in conjunction with any of the Texas Homebuyer Loan Programs: Bond Loans, Combo Loans with MCC, My Choice Loans, and the No DPA Option. Stand Alone MCC's are the only exclusion.
- The benefits are many to your borrower! Use less DPA and combine with the Gift for a lower interest rate, Use all the DPA your borrower qualifies for and use any excess gift funds as a principal reduction! These are two of the possibilities that add extra benefit to your borrower's bottom line that you can only receive through the Texas Homebuyer Program.

2ND Lien Disclosure Requirements

TDHCA's second lien meets the TRID partial exemption. The **Disclosure of 2ND Mortgage Loan Terms** was created (per 12 CFR 1026.18) to further clarify the terms of the 2ND mortgage to the borrower. This disclosure must be generated from the Lender Portal with all other applicable program forms and is required on all mortgage loans using TDHCA "assisted" funds. No additional disclosures are required. **Alternate Forms are not acceptable.**

Payoff Requests should be emailed to: candace.christiansen@tdhca.state.tx.us

1st Lien / No DPA Un-Assisted Loan

Terms of 1st Lien Un-Assisted (No DPA Loan)

- All *My First Texas* guidelines apply for FTHB status including Income and Purchase Price Limits
- 30 Year Term, no Affordability period and no prepay penalty.
- Standard Fees Apply - posted on Rate Sheet
- Bond Only. Cannot be combined with MCC.
- See Compliance Checklist in the [TDHCA Lender Portal](#) for required closing documents

Cash Back to Borrower

No portion of the DPA can be paid to the borrower unless the borrower is being reimbursed for an overage of deposits for earnest money and/or items paid outside of closing; to the extent, the minimum borrower contribution has been satisfied. Any remaining funds including Gift Funds, should be applied as a principal reduction to the First Mortgage Loan with TDHCA approval.

3.5 Desktop Underwriting

Loans originated under Fannie Mae HFA Preferred option are required to be processed through Desktop Underwriter (DU), using the HFA Preferred loan product only – Loan Product Advisor (LPA) is not allowed on HFA Preferred. TDHCA allows DU or LP for FHA loans. **TDHCA EIN: 74-2610542**

3.6 Assumption

A qualified Borrower meeting the income requirements in place at the time of the assumption may assume all First Mortgage Loans originated under the Program. Such Mortgage Loans must be continued to be insured or guaranteed by FHA, VA or USDA. Please note that conventional fixed rate mortgages are not assumable per Fannie Mae guidelines with limited exception.

- If an Assisted Mortgage Loan (TDHCA First mortgage with down payment assistance) is assumed, the related DPA Loan will be accelerated and become due and payable in full. Releases of Liability are not permitted.

3.7 Refinance

- Refinances of 1st lien loans trigger repayment of any Texas Homebuyer Program provided assistance and is due on or before closing. Payoff requests should be emailed to: candace.christiansen@tdhca.state.tx.us
- Re-subordination of existing Texas Homebuyer Program assistance is prohibited.
- Temporary, construction or bridge financing with a term of 2 years or less may be taken out.
- Refinances of loans originally issued with MCCs are allowed. Visit the TDHCA website for the Refinancing of MCC Loan Application: [Texas MCC Refinance Application](#)

3.8 Prepayment

Each Mortgage Loan and DPA Loan will allow prepayment, in whole or in part, at any time, without penalty.

- Borrowers may make payment arrangements with TDHCA Loan Servicing on a voluntary basis during the term of their loans by contacting: candace.christiansen@tdhca.state.tx.us.

Section 4 - The Texas Mortgage Credit Certificates Program (MCC)

4.1 What is a Texas Mortgage Credit Certificate?

An MCC is a non-refundable federal income tax credit designed to assist persons of low to moderate income to better afford home ownership. The MCC holder is eligible to claim a portion of the annual interest paid on the mortgage as a tax credit, during each year that they owe amounts on their mortgage loan and occupy the home as their Principal Residence. The portion or amount of the tax credit is equal to the **mortgage credit rate** on the MCC multiplied by the annual interest paid. This credit reduces the federal income taxes of the buyer, resulting in an increase in the buyer's net earnings. Increased buyer income results in increased buyer capacity to qualify for the mortgage loan. The MCC has the potential of saving the MCC holder thousands of dollars over the life of the loan. The MCC holder must have a tax liability to benefit from the annual credit in any given year.

4.2 Texas MCC Tax Credit Rate

In an effort to maximize the amount of MCC funds available through each allocation, the TDHCA MCC is issued as a 20% credit rate (see below).

4.3 The Difference Between a "Tax Credit" and a "Tax Deduction"

A "tax credit" entitles taxpayers to subtract the amount of the credit from their total federal income tax liability, receiving a dollar-for-dollar savings. A "tax deduction" is subtracted from the adjusted gross income before federal income taxes are computed. Therefore, with a deduction, only a percentage of the amount deducted is realized in savings.

4.4 MCCs and the Federal Income Tax Mortgage Interest Deduction

A taxpayer receiving an MCC reduces the portion of his/her normal deduction taken for interest paid on the mortgage loan by the amount of the tax credit. However, the homebuyer can deduct the portion of the annual mortgage interest payment in excess of the credit. Although the interest deduction is reduced, the holder of the MCC still pays considerably less in taxes.

The TDHCA MCC will be issued as a 20% credit rate (based on loan amount). When using the 20% tax credit rate, the \$2,000 maximum does not apply. See example below.

| Year 1 Example Sales Price | 20% Credit Rate Based on Loan Amount: \$200,000 |
|---------------------------------------|--|
| | No Limit on Allowable Tax Credit |
| Mortgage Interest Rate Amount | 6.00% |
| First Year Mortgage Interest | \$11,933 |
| Calculated Tax Credit | \$2,387 |
| Maximum Tax Credit Allowed | No Limit |
| Eligible Tax Credit | \$2,387 |
| Mortgage Interest Deduction | \$9,546 |

| Annual Eligible Tax Credit First 10 Years Based on 6.00% Interest | 20% Credit Rate Based on Loan Amount: \$200,000 |
|--|--|
| | No Limit on Allowable Tax Credit |
| Year 1 | \$2,387 |
| Year 2 | \$2,356 |
| Year 3 | \$2,324 |
| Year 4 | \$2,290 |
| Year 5 | \$2,254 |
| Year 6 | \$2,215 |
| Year 7 | \$2,174 |
| Year 8 | \$2,131 |
| Year 9 | \$2,085 |
| Year 10 | \$2,036 |

The example below (2) assumes this same taxpayer is married with two children and has an annual income of \$60,000.

EXAMPLE 2 Benefit Realized with an MCC

| | With MCC | No MCC |
|----------------------------|--------------|----------------|
| Annual Income | \$60,000 | \$60,000 |
| Taxable Income | \$34,441 | \$34,441 |
| Tax from Table | \$4,434 | \$4,434 |
| Child Care Credit | \$2,000 | \$2,000 |
| MCC Credit | \$2,000 | \$0 |
| Total Tax Liability | \$434 | \$2,434 |

The same taxpayer owes \$2,000 less with an MCC than without one in this example. Please Note: the eligible monthly MCC benefit amount is calculated by annualizing the amount of expected mortgage interest paid for the borrower based on the interest rate of the loan file X20%/12. That amount can be added as income per IRS Code and used as additional qualifying income. The current credit rate for TDHCA = 20%. MCC holders with a 20% credit rate or less are not subject to a max MCC credit amount, but rather is based on total amount of mortgage interest paid for the given tax year. MCC credit rates above 20% are subject to the \$2,000 max annual benefit. This is a TDHCA overlay allowed per IRS Code. Please check your Agency guidelines for FHA, VA, USDA for any overriding overlays.

The MCC may reduce the amount of federal income tax liability otherwise due to the federal government from the homebuyer; however, the benefit to the homebuyer in any one year cannot exceed the amount of federal taxes owed for that year, after other credits and deductions have been taken into account. In other words, the IRS will not make a refund to the homebuyer if the MCC amount is greater than the tax liability owed. Tax credit amounts not used in a given year may be carried forward into subsequent years. In addition, the amount paid for an MCC is not refundable.

4.5 How an MCC Holder Uses the MCC

The MCC holder may receive the MCC credit savings annually at the time they file their tax returns or on a pro rata basis monthly by filing a revised Form W-4 with his or her employer to adjust his or her federal income tax withholding. When revising Form W-4, the number of exemptions will increase, reducing the amount of taxes withheld and increasing the buyer's disposable net income.

When the MCC holder files his or her taxes each year, the borrower **must** fill out [IRS Form 8396](#) (Mortgage Interest Credit) and attach a copy of their MCC with his or her filed taxes if they want to be eligible for the MCC Tax Credit. This is not intended to be a full explanation of the tax laws governing MCCs or an assurance that such information will guarantee compliance with the tax laws. The MCC holder should contact his or her tax advisor or their employer to help them with the necessary tax forms and, if they so choose, to properly adjust their tax withholding. Refer to [Tax Information for Homeowners - Publication 530](#) for additional information.

4.6 When the MCC Credit Exceeds the Tax Liability

If the amount of the MCC credit exceeds the MCC holder's tax liability, reduced by any other personal credits for the tax year, the unused portion of the MCC credit can be carried forward to the next three tax years or until used, whichever comes first. The MCC holder is responsible for keeping track of the unused credit each year. The current year credit is applied first, and the oldest amount of unused credit applied next.

4.7 Recapture of MCC Tax Credit

Please reference Section 1.6 – Recapture Tax

Section 5 – Available Options

5.1 My First Texas Home

My First Texas Home is exclusive to First time homebuyers. The option provides a 30-year fixed interest rate mortgage loan and may include assistance in an amount up to 5% of the mortgage loan (when available), to be used towards down payment and/or closing cost.

The homebuyer must meet IRS Tax-Exempt Mortgage Revenue Bond income eligibility requirements, which include the income of a Non- Purchasing Spouse and anyone else who will have ownership interest in the property (sign the Deed of Trust). Several rate, assistance and combo options are available.

My First Texas Home has a 30-year deferred repayable second lien option and a 3-year forgivable second lien option that includes Down Payment Assistance. There is also an Un-Assisted Rate Option (No DPA) for Bond Only, 30 Yr. Deferred Repayable terms. See rate sheet for specific terms.

5.2 My Choice Texas Home

My Choice Texas Home provides homebuyer(s) with a 30-year fixed interest rate mortgage loan and down payment/closing cost assistance in an amount up to 5% of the mortgage loan. There is **no** First-time homebuyer requirement on the My Choice Texas Home option. For the purposes of income eligibility, the credit qualifying/1003 income used by the lender for loan qualifying is allowed. My Choice Texas Home has a 30-year deferred repayable second lien option and a 3-year forgivable second lien option. See rate sheet for specific terms.

5.3 Texas Mortgage Credit Certificate (Stand-alone)

The Texas Mortgage Credit Certificate may be combined with a Government or Conventional, 15- or 30-year fixed rate First mortgage.

TDHCA MCC's combined with the TDHCA First mortgage and assistance, must meet the underwriting guidelines of the First mortgage.

As a stand-alone option, there are no credit overlays and lenders may underwrite, sell, and/or retain loans as they choose.

Section 6 - Available Funds and Rates

6.1 Rates / Offerings

Current interest rates are available as Rate Notices posted on TDHCA's Lender Online website found under the "Bulletins" label:

- <https://www.TDHCA LenderPortal.com>

Rates are also available on The Texas Homebuyer Program website found at:

- <https://thetexashomebuyerprogram.com/rates>

In addition, you may sign up to receive the daily rates when posted at the following link:

- <https://cloud.herd.hilltopsecurities.com/TDHCA>

* It is recommended to sign up in case there are intra-day rate changes after the morning post.*

Section 7 – Program Fees and Charges

7.1 Program Fees

| Program | My First Bond | My First Combo | My Choice | MCC | Service Provider |
|-----------------------|---------------|----------------|-----------|-------|---|
| Loan Review Fee | \$150 | \$150 | \$150 | NA | Lender Fee to Idaho HFA * (Master Servicer) |
| Tax Service Fee | \$85 | \$85 | \$85 | NA | Lender Fee to Idaho HFA * (Master Servicer) |
| Compliance Review Fee | \$225 | \$225 | \$225 | \$225 | Lender Fee to Hilltop Securities** |
| MCC Issuance Fee | NA | \$400 | NA | \$400 | Lender Fee to Hilltop Securities** |

*Netted out at loan purchase

**Via HilltopPay ACH ONLY)

7.2 Lender Compensation

Lenders will be compensated by Idaho HFA upon loan purchase for mortgage loans delivered under the TDHCA My First Texas Home and My Choice Texas Home. Lender compensation will be in the form of a Servicing Release Premium (SRP) equal to 2.50%, effective January 01, 2023.

7.3 Loan Origination / Discount Points / Closing Cost

Lenders **may not** charge origination or discount points on the My First Texas Home/ My Choice Texas Home option(s). Lenders may collect all reasonable / customary fees and closing costs, provided all fees are fully disclosed in accordance with federal, state and local regulations.

For the Texas Mortgage Credit Certificate (MCC) stand-alone option: Lenders may collect all reasonable and customary fees and closing costs, provided all fees are fully disclosed in accordance with federal, state and local regulations.

Fees and Charges on the Closing Disclosure: All fees and charges must be properly listed on the Closing Disclosure following TRID guidelines.

7.4 Extension Cost

My First Texas Home / My Choice Texas Home: mortgage loans not purchased within the sixty (60) day purchase deadline will incur an extension fee that is applicable to the extension time necessary. **The following cost will apply.**

| Rate Lock Extension Fees | |
|--------------------------|--------|
| 7 Days | 0.0625 |
| 15 Days | 0.125% |
| 22 Days | 0.1875 |
| 30 Days | 0.250% |

The extension fee (if applicable) will be netted out of the lender service release premium (SRP – 2.5%) upon loan purchase by Idaho Housing and Finance Association (master servicer).

Texas Homebuyer Program **does not require** a formal extension form to be submitted or approved. Rate lock extensions are extended automatically and subject to the cost adjustments, as indicated in the chart above.

Section 8 – How to Become a Participating Lender

8.1 Correspondent Lenders

To be accepted into My First Texas Home / My Choice Texas Home, qualified lenders must be either:

- Federal Housing Administration (“FHA”) approved;
 - an eligible lender in good standing for Veteran’s Administration (“VA”);
 - an eligible lender in good standing for USDA / Rural Housing Service’s (“RHS”) guaranteed rural housing loan program; or
 - a lender currently participating in the conventional home lending market for loans originated in accordance with Fannie Mae or Freddie Mac guidelines, and
- agree to originate mortgage and assign mortgage and servicing to the Master Servicer;
 - originate, process, underwrite, close and fund originated loans in your own name;
 - execute and submit for approval the TDHCA Master Mortgage Origination Agreement and provide all documentation required under the agreement; and
 - be approved/active Seller/Servicer with program’s Master Servicer, Idaho HFA.

8.2 Texas MCC Lenders

To be accepted in the Texas Mortgage Credit Certificate (MCC) program, qualified lenders must:

- Qualify as a lending institution as defined in the TDHCA Master MCC Program Participation
- Execute and submit for approval the TDHCA Master MCC Program Participation Agreement
- Agree to pay a one-time lender participation fee of \$1,000 (payable to TDHCA)

Section 9 – TDHCA Lender Portal

For assistance with user credentials, program or system questions, *please email [TDHCA Lender Support](#) for the fastest response.*

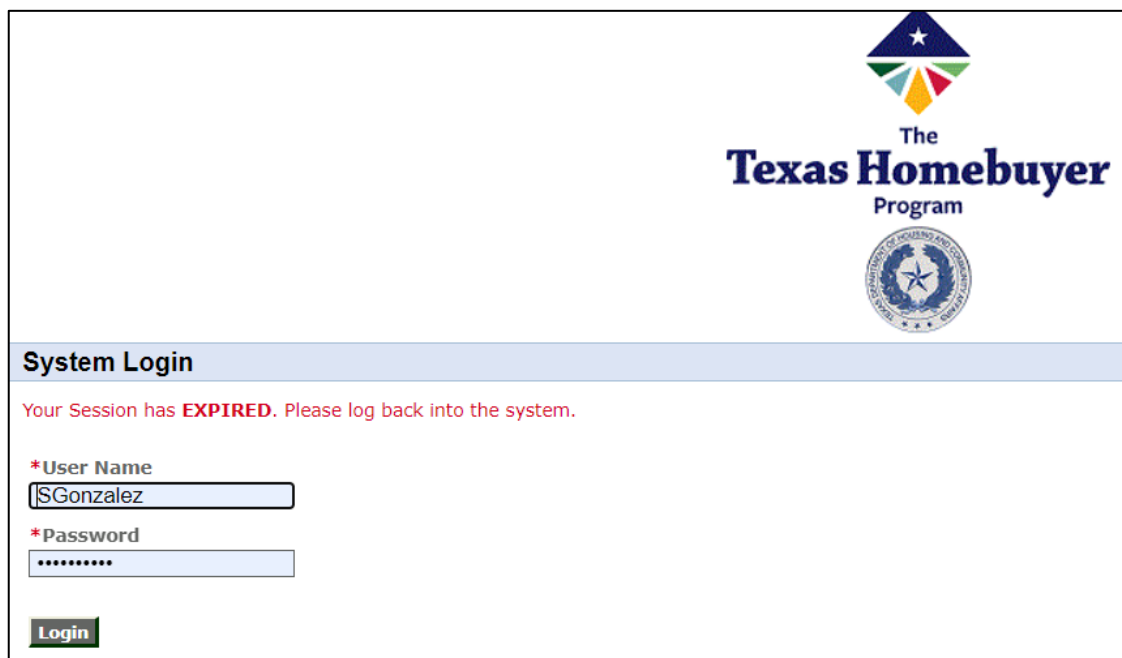
In order to quickly check status on reservation updates, compliance approvals and/or file deficiencies, *please log in to the Lender Portal, find your borrower, click the “view” icon and scroll to the bottom of the page for updates.*



9.1 TDHCA Lender Portal

The Lender Portal is an interactive, web-based application that Lenders use to reserve funds, check the status of loans in their pipeline, upload compliance documents for review, view compliance conditions, print loan confirmation and program related forms, and run reports. A username and password (available once the Program and Lender Portal training has been completed) is required to enter the Lender Portal.

In addition, you can also find the Program Summary, Current Rates and Programs as well as the Lender Guide on the TDHCA website at <https://thetexashomebuyerprogram.com/lenders>.

The TDHCA Lender Portal can be accessed at the following link: <https://www.TDHCALenderPortal.com>.




The
Texas Homebuyer
Program


System Login

Your Session has **EXPIRED**. Please log back into the system.

*User Name

*Password

9.2 Lender Training

New Participating Lenders and staff are required to participate in training and take a short quiz in order to use TDHCA's Texas Home Buyer Programs and to gain access to the Lender Portal. There are two different training options available, details below:

1. Monthly Program and Lender Portal training will be held virtually such as a TEAMS webinar - great as a refresher or for new staff to your organization. During training, we may also discuss any program updates, FAQ's, common conditions, or anything else we feel may be helpful to our lenders to promote successful originations.
 - a. 24 hours after the virtual training, an email will be sent containing a link to the Quiz only. Please make sure to log into the call with your email address in order to receive the link.
 2. Our 24/7 recorded Program and Lender Portal training is offered online via Brainshark in a 2-step process, one for Program specifics and the other for the Lender Portal.
 - a. Each attendee will be required to take a short quiz after each training module and receive a score of 80% or better in order to receive a Certificate of Completion.
- Those designated as Lender Portal Access Administrators will forward their certificates to Hilltop Securities at TDHCALenderSupport.com for activation in the Lender Portal
 - Upon confirmation of TDHCA and Idaho Housing approvals to participate in the programs, Hilltop Securities will forward the username and password to the Access Administrators, along with a short training on setting up credentials.
 - Other participants desiring access to the Lender Portal will forward their certificates to their Access Administrator for credentials.

Lenders may request in-person/live training or a one on one webinar training. Contact us for additional information on other training options. **See Contacts, Page 8.**

9.3 Lender Portal User Credentials

Each participating Lender will provide contacts to be designated as the Access Administrator for their organization and will be responsible for the following:

- Creating New User Access Credentials
- Designating Lender Portal Access Levels
- Activating User Access
- Inactivating and Deleting User Access
- User Password Assistance
- Periodic Credentials Auditing to Keep the System Secure

* denotes a required field.

To add/modify a user/contact fill out the required fields and then click on the "Update" button. If you don't wish to save your changes click on the "Cancel" button.

Notes:
All the users you declare on this section will be able to log into the system unless they are **inactive** or a **contact only**.
The 'Login Name' and 'Password' fields are **case sensitive**.

PERSONAL INFORMATION

*Last Name *First Name M.I. Suffix Prefix

Title Nickname Gender D.O.B.

*Phone No. Fax No. *Email

Alt. Phone No. Home Phone No. Cell Phone No.

SYSTEM ACCESS

Active Locked Failed Login Attempts:
Last Attempt:

*Access Level

- Contact Only
- View Documents Only
- View Reports Only
- Clerk
- Officer
- Branch
- Lender

9.4 Qualify and Disclose

Lenders will qualify applicants for the program, according to agency guidelines and Texas Homebuyer Program overlays.

REMINDER: Lenders will provide and discuss the **Notice to Buyer(s) Disclosure *prior*** to reserving a loan in the system, found in the Lender Portal in the **Program Documents** label at the top of the page



Home | [Bulletin Board](#) | [Program Documents](#)

Texas Department of Housing and Community Affairs
Building Homes and Strengthening Communities

Lender Online
For All Your Clients' Needs

Section 10 – Reservation, Compliance and Closing Steps

10.1 TDHCA Loan Reservation Portal

Lender Portal

The Lender Portal is the software application that Lenders use to reserve funds and submit Post-Closing Compliance Packages under the Texas Department of Housing and Communities Affairs' The Texas Homebuyer Program. In addition to managing the reservation and compliance functions, the Lender Portal is an interactive, web-based tool that allows Lenders to electronically submit all required documentation, check the status of loans in their pipeline, view compliance conditions, run reports, view Program Guidelines and marketing materials and keep abreast of current updates and other important information associated with the Program.

When the Lender reserves a mortgage loan or MCC in the Lender Portal, the Lender must:

1. Have a complete mortgage loan application from a borrower,
2. Have made a determination that the borrower qualifies for the TDHCA and underlying First Lien program(s).
3. Have possession of a fully executed property sales contract/agreement or construction contract executed by the borrower and the seller or builder of the property.

Factor in the length of expected time to closing and delivery before reserving a loan. Delivery benchmarks start the date of reservation. All loans are due to be purchased within 60 days of closing.

Best practice is to reserve funds no sooner than 15 days prior to closing in order to comfortably deliver your loan and have it purchased within the 60-day purchase deadline. Remember extension fees are applied automatically as a reduction to SRP at settlement with the Master Servicer for loans not purchased within 60 days of reservation.

Reservation locks are available on business days between 9:00 a.m. and 6:00 p.m. Central Time. All other system features are available 24/7.

Assistance with user credentials, reservation updates, program forms, deficiencies and compliance approvals please email us for the fastest response: TDHCALenderSupport@hilltopsecurities.com, or by calling (214) 953-4176.

10.2 LOAN RESERVATION AND COMPLIANCE PROCEDURES

Reserving Funds

- a. Login to The Lender Portal at <https://TDHCALenderPortal.com>
- b. Select the “New Reservation” tab in the upper left corner.
- c. Select the appropriate Program from the list and complete the reservation form.

NOTE: Please take a moment to ensure you are choosing the correct program that meets your Borrower needs as there are many options. Changing programs after reservation may not be possible and can be costly.

- d. The MCC may be available as a Stand-Alone option (Check Reservation Portal) or as a mandatory combination with the second lien in the My First Texas Home Combo option.
- e. Additional assistance grants are available from the Capital Area HFC, The City of McKinney HFC and the Harris County HFC in specific geographical locations found in the applicable reservation screens once chosen. Click the option for the applicable grant based on the property location. If you don't see the option you want, it is not available in that program.
- f. Complete the entire reservation form and click “Submit” at the bottom of the form.
 - Required fields are designated with a red asterisk.
 - Error message prompts will appear if any required fields were overlooked or if the system cannot validate certain criteria.
 - Return to the indicated field(s) to correct the information and “Submit” again.
- g. Once the loan is reserved, you will have the option to view or print your reservation confirmation. (“Reprint” Icon). ***This is the interest rate to be offered to your borrower.***
- h. The reservation confirmation will also include The Issuer’s Loan Number, the date reserved and the Commitment Expiration Date.
- i. The reservation window is open Monday through Friday between 9 A.M. and 6 P.M. (Central Time) and will be unavailable on Saturdays, Sundays and certain weekdays holidays when the financial markets are closed.

Rules Related to Reservation of Funds and Pipeline Management

The Lender may accept loan applications in all of its lending offices within the Eligible Loan Area. Funds will be issued on a first-come, first-served basis, irrespective of the Borrower’s race, color, religion, national origin, age, or gender. There will be no restrictions as to the total number of reservations issued to any particular Lender.

- **A Loan Reservation is Tied to Specific Borrowers:** The Program Administrator will not allow a transfer of a reservation from one eligible Borrower to another.
- **Changing an Existing Loan to A Different Program:** Under limited circumstances, changing a loan program to a different loan program from the original reservation, is allowed.

Note: TDHCA will not allow a new reservation for a Borrower, solely for the purpose of obtaining a lower rate.

- **Changing an Existing Loan to A Different Program, For a Lower Interest Rate:** In order to obtain a lower interest rate for an existing reservation, TDHCA will allow a new reservation for the applicant after cancellation and a 60 day waiting period, subject to funding availability. Rates are set by TDHCA investor requirements at the time of reservation.
- **Borrower with a Current Reservation Requesting to Change Lenders:** The original lender may voluntarily cancel the existing loan and TDHCA *may* allow a new reservation to be made by the new Lender, subject to review.
 - If TDHCA receives written notice from a borrower that they want to be released from their current lender, TDHCA will attempt to contact the existing lender to coordinate the termination of the reservation.

Note: TDHCA will not allow a new reservation for a Borrower with a new lender solely for the purpose of obtaining a lower rate.
- **Changes in Property Address:** A subject property address may be updated, by request, to the Program Administrator by providing a signed new sales contract for the same borrowers at a new address. This is assuming the new subject property will close within the original reservation timeline including any potential extension fees.
- Loans under other specific parameters may be eligible to change program options. Please email TDHCALenderSupport@hilltopsecurities.com with your specific loan scenario.

Loan Reservation Expirations and Cancellation

The Texas Homebuyer Program does not require a formal extension form to be submitted or approved. Rate lock extensions are extended automatically and subject to the cost adjustments, as indicated in Section 7.4 Extension Cost.

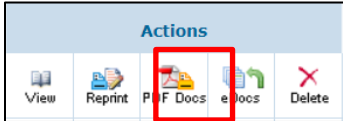
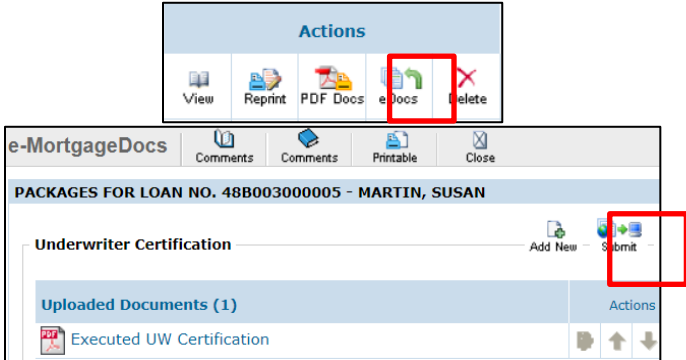
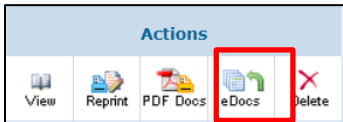
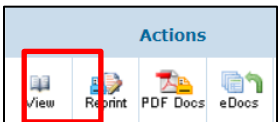
- For a mortgage loan or MCC that will not be delivered to TDHCA, the Lender is responsible for cancelling the loan reservation immediately.
- If a Lender is unresponsive to loan status requests or if the loan is not UW Certified and is passed the 60 day loan purchase requirement by Master Servicer, automatic cancellations may occur without further notice.

Please note:

- Reinstatement requests may be considered only for extraordinary circumstances beyond the borrower's control
- Should the Lender cancel a reservation, the Lender may be prohibited from making another reservation for the same borrower for a period of 60 days, subject to investor restrictions.

**SEE LOAN ORIGATION FLOWCHART BELOW
FOR A QUICK GLANCE AT THE PROCESS**

10.3 LOAN ORIGATION/FUNDING FLOWCHART

| Steps | Action |
|---|--|
| 1. Discuss initial disclosures with borrower before making reservation in Portal. | Notice to Buyer(s) Disclosure is found in the Lender Portal at https://www.TDHCA lenderPortal.com , under Program Documents. |
| 2. Loan Reservation | Reserve the loan on the Lender Portal at https://www.TDHCA lenderPortal.com |
| 3. Print Underwriter Certification Form | Found in the lender portal Loan Status tab, to the left of your borrower’s name in the “PDF docs” icon  |
| 4. Upload/Submit Completed and Executed* Underwriter Certification Form *Wet or Verifiable Digital Signature | Be sure to click “submit” after saving any uploaded document in the Portal in the “eDocs” icon.  |
| 5. Print / Complete PDF Forms As Applicable | The program specific documents will populate as indicated on the applicable Post-Closing checklist. |
| 6. Close and Fund the Mortgage Loan(s) According to Agency and Program Guidelines | 1. Please make sure to provide all documents and affidavits, including the Title Company Instruction Letter. 2. REMINDER: Lender funds the DPA assistance and/or applicable Additional Gift Funds at closing and will be reimbursed after Idaho Housing Finance Association Purchase. |
| 7. After Closing, Upload, Save and Submit All documents on the Checklist | Please submit for Compliance Review package at least 3-5 calendar days after closing, if not sooner through the Lender Portal at https://www.TDHCA lenderPortal.com  |
| 8. Hilltop Pay ACH Payment | Designated contacts at your organization will receive an email link the day following the post-close package upload and will securely log in to approve the ACH compliance fee through HilltopPay . (NOTE: Please do NOT have Title remit the compliance fee to Hilltop – net fee back to lender) |
| 9. Check Post-Closing Loan Status 24-48 hours after submission | In the Loan Status tab, click the “View” icon and scroll to bottom of page for approval status or conditions. Upload any conditions and submit.  |

| | |
|--|--|
| 10. Deliver Loan to Idaho Housing and Finance Association for Purchase | <u>Closing package must be approved by program administrator and the loan purchased by IHFA within 60 calendar days of loan reservation.</u> |
| 11. Extension Fees | Any Extension fees will be assessed at loan purchase by IHFA and netted out of SRP. |

10.4 Mortgage Loan Delivery Timeframes

Once a Mortgage Loan has been reserved on the Lender Portal, the Lender has sixty (60) calendar days to close and fund the Mortgage Loan, obtain compliance approval from the Program Administrator and have the Mortgage Loan purchased by the Servicer.

- a. Lenders must submit an Underwriter's Certification Form (available only in the Lender Portal) before closing in order to receive the remainder of the program documents.
- b. The Post-Closing Compliance Package should be submitted to the Program Administrator (through the Lender Portal) within three to five (3-5) calendar days following the Closing Date of the Mortgage Loan, but in no event after the Commitment Expiration Date.
- c. The closed Mortgage Loan should be delivered and purchased by the Servicer within sixty (60) calendar days of loan reservation (the "Commitment Expiration Date").
- d. Any loans purchased past the Commitment Expiration Date will be assessed an extension fee per the Extension Fee Table found in previous sections of this guide. This fee will be deducted from the Lender's wire at the time the loan is purchased by the Servicer.

10.5 Electronic Submission of Required Documents

The Lender Portal allows Lenders to submit electronic documents from our list of PDF forms or from your in-house loan file. Paper documents will not be accepted. All documents must be uploaded electronically through the Lender Portal.

- a. Under the "Loan Status" tab, click on the "PDF docs" icon associated with the loan you are processing.
- b. Select the desired form(s) and ensure all required fields are completed. The system will auto-fill the fields that were input at loan reservation.
 1. If the applicable form(s) requires a signature, the form must be completed, printed and scanned to create a PDF document. The PDF document may then be uploaded to the system using the "eDocs" function associated with your loan under the "Loan Status" tab.
- c. Simply click the "eDocs" icon and follow the instructions to upload the required documents.
 1. Click the "Add New" button to upload the document.
 2. Next, click the "Click Here" button to access your computer files and select the document you wish to upload into the Post-Closing Compliance section.
- d. The next step is to name the document you are uploading. Choose an option from the drop-down list under "Select a document from the predefined list". The drop-down will list all of the required documents for the applicable package. Please upload the documents per the stacking order shown on the Checklist. If you don't see your document on the list, use the "Enter a customized document name" field to name the document you are uploading. **NOTE: You MUST click "SAVE" after each upload.**
- e. Once all of the required documents have been uploaded to the Lender Portal, click on the "Submit" button associated with the applicable package and the Program Administrator will be notified that your package(s) have

been delivered. NOTE: Uploading the documents only puts them in the system. **You MUST click "SUBMIT"** in order for the Program Administrator to receive the package submission notification.

10.6 Submitting Compliance Packages *After* Reservation

Once the reservation has been made, the Underwriter's Certification Form is immediately available in the Lender Portal.

- a. Click on the "Loan Status" tab and use the search engine to locate the applicable loan.
- b. Once the correct loan is identified, click on the "PDF Forms" tab associated with the selected loan.
- c. Select the Underwriter's Certification Form. Complete and **submit** the Form into the Lender Portal using the "eDocs" icon to the left of the borrower's name.
- d. Once submitted, all of the other program documents will populate and become available to you in the "PDF Docs" icon for completion.

10.7 Closing and Funding Of Down Payment Assistance

Please ensure that all of the documents on the checklist are provided to Title for execution, including the Title Company Instruction Letter.

All program related forms must be signed at closing and will be required as part of the Post-Closing compliance file sent to Hilltop Securities via the Lender Portal. Borrower, Co-Borrower, Spouse (including Non-Purchasing Spouse) must sign all program documents (unless specifically noted in program description). Co-signers are only required to sign the Affidavit of Co-signer/Guarantor. *(See Guide for Applicable Party Signatures, Section 15)*

The Lender will advance the down payment assistance funds and any of the additional assistance product options at loan closing. Lenders will be reimbursed the amount of the funds advanced when the Mortgage Loan is purchased by Idaho HFA.

10.8 Post-Closing – Hilltop Securities

Once the Mortgage Loan is closed and funded, the Lender must submit the Post-Closing Compliance Package for the Program Administrator's review and approval for ultimate IHFA review and purchase.

- a. The Post-Closing Compliance Package should be submitted to the Program Administrator through the Lender Portal within three to five (3-5) calendar days of Loan Closing, but in no event after the Commitment Expiration Date. Required documents are found in each program specific Post-Closing checklist found in the Lender Portal, "PDF docs" icon.
- b. **HilltopPay** - After the Post-Closing package is uploaded and submitted in the Lender Portal, the designated contacts at your organization will receive an email link the day following the Post-Closing package submission. The contact will securely log into the Lender Portal (using their Lender Portal Credentials) to approve the ACH compliance fees through **HilltopPay ACH**. (NOTE: Please do **NOT** have Title remit the compliance fee to **Hilltop** or **TDHCA** – net fee back to lender).
 - i. You may run reports of payments made or pending payments.
 - ii. Once approved for payment, the payment status will appear in the borrower's loan reservation in the lender portal.

- c. **Please follow up in the Lender Portal 24-48 hours after submission for any Post-Closing conditions in the Loan Status tab, "View" icon. Any deficiencies should be resubmitted following the same process until you receive approval and "Commitment" in the portal.**
- d. Upon approval by the Program Administrator, the Mortgage Loan will reflect a "Close Pkg. Rev." stage and a status of "Approved" in the Lender Portal and the Mortgage Loan will be eligible for purchase by the Servicer provided all Servicer conditions have been met.

10.9 Post-Closing – Idaho Housing and Finance Association

Please follow the instructions below for First mortgage and down payment assistance loans originated under My First Texas Home / My Choice Texas Home (with or without MCC):

- Upon closing, the Lender will deliver the closing package to Idaho HFA for purchase. Delivery and funding information for the mortgage loan (purchase file) may be found on the Idaho HFA/Lender Connect Seller Portal at www.lendertx.com.
- The closing package must be delivered to Idaho HFA, via electronic upload into Seller Portal, promptly after closing and must be purchased by Idaho HFA within 60 calendar days of loan reservation.
- Exceptions/ file deficiencies can be found on the Idaho HFA Seller Portal www.lendertx.com.
- Documentation requested to clear file deficiencies are uploaded directly into the portal.
- Compliance file must be approved by Hilltop Securities before a loan can be purchased by Idaho HFA.
- If the loan is not eligible for purchase within the 60-day purchase period, the Lender may incur an extension cost based on the additional days for purchase. (See Section 7.4 – Extension Request.)
- In the event a loan was closed under the program but not eligible for purchase, the Lender must notify TDHCA immediately for instructions on the 2NDlien release.

10.10 Additional Lender Portal Functionality

- a. **Reports.** The Lender Portal offers a number of pre-defined reports to allow you to effectively manage your pipeline. Available reports include the following, but is not limited to:
- "HFA's Conditions and Exception", shows any conditions from the Program Administrator during the Pre- or Post-Closing approval stages.
 - "Commitment Expiration" shows, in addition to the above, the last stage/status of the loan as well as the commitment expiration date.
 - "Master Servicer Conditions/Exceptions", shows if any purchase conditions are outstanding with the Servicer. Information from the Servicer is uploaded to our system daily.
- b. **User Accounts.** Each Lender will choose one or more staff members to manage the company's access to the Lender Portal. This "Administrator" will determine who, within the company, will have access to the Lender Portal and will determine which level of access each employee will have. Access levels range from "read only" to "Administrator" with other levels between.
- **NOTE:** The Access Administrators will be Responsible for setting-up and managing user access to Lender Online at www.TDHCA lender Portal.com.
 - This role will include periodic validation of active and inactive users for compliance purposes.

- c. **The Labels** at the top of the Lender Portal provide all of the additional information vital to the successful origination of Mortgage Loans under the Program. The “Bulletin Board” provides current Program updates including interest rate changes and other important Program information, while the “Program Documents” section includes the Guidelines, including income and purchase prices associated with the Program and other resources.

Section 11 – Modifications to Loan / MCC Reservation

Assistance with user credentials, reservation updates, program forms, deficiencies and compliance approvals please email TDHCA LenderSupport@hilltopsecurities.com.

11.1 Changes in Applicant Name(s)

Transfer of any reservation of funds from one eligible Applicant to another is not allowed. Changes to the Applicant name(s) can be made by the Lender prior to the completion of Underwriter Certification. Once the loan has been underwriter certified, please make your change request.

11.2 Changes in Current Income

The eligibility of the Applicant is based upon the Applicant's current income. Increases in income from sources already reported (i.e. salary increase) should be updated in the Lender Portal. Please email any changes in income reported after the loan has been underwriter certified.

11.3 Changes in Purchase Price

The eligibility of the Applicant is based upon the acquisition cost / purchase price of the property being purchased under the program(s). Changes in purchase price should be updated in the Lender Portal. Please email any changes in purchase price reported after the loan has been underwriter certified.

11.4 Changes in Loan Amount

Any change to the mortgage loan amount that occurs after the loan reservation, but before loan closing, may be made by the Lender. Please email any changes in the loan amount after the loan has been underwriter certified.

Any change to the mortgage loan amount at closing, not reflected in the Lender Portal, must be reported to Hilltop Securities immediately. Keep in mind that the down payment / closing cost assisted available through the program is based on the total loan amount. Changes to the First mortgage loan amount will result in a change to the 2ND loan amount.

11.5 Changes in Property Address

A subject property address may be updated, by request, to the Program Administrator by providing a signed new sales contract for the same borrowers at a new address. This is assuming the new subject property will close within the original reservation timeline including any potential extension fees.

Section 12 – Additional Provisions

12.1 Penalties for Applicant Misrepresentation

Penalties may be imposed on any Applicant making a material misstatement, misrepresentation or fraudulent act on an application or other document submitted to obtain a mortgage loan, assistance and/or mortgage credit certificate from TDHCA. Further, any person making a material misstatement or misrepresentation in any affidavit or certification made in connection with the application shall be subject to all applicable fines and penalties. See Applicant Affidavit for additional information.

12.2 Revocations of MCC

- Revocation of an MCC will occur when the residence for which the MCC was issued ceases to be the MCC holder's principal residence.
- Revocation will occur upon discovery by TDHCA or a participating Lender of any material misstatement, whether negligent or intentional, made in connection with the issuance of the MCC.
- Revocation will occur if the original (First) mortgage loan is refinanced, unless the borrower applies for a re-issued MCC after the refinancing has closed. For more information click on [Refinancing of MCC Loan Application \(PDF\)](#).

12.3 Reissued MCCs

TDHCA shall reissue an MCC for certain refinance transactions based on the following:

- **Property:** the refinance loan pertains to the same property to which the original MCC related, which is the Residence described on the original MCC.
- **Replacement of Entire MCC:** the new MCC replaces the original MCC in its entirety. No portion of the original MCC is being retained with respect to any portion of the outstanding balance of the original loan amount specified on the original MCC.
- **Loan Amount:** the refinanced loan amount does not exceed the outstanding balance of the original mortgage loan as of the date of the financing.
- **MCC Credit Rate:** the new MCC will be at the same credit rate as the original MCC.
- **No Increase in Tax Credit Amounts:** the MCC holder acknowledges that in the event the maturity of the refinanced loan is a date later than the maturity of the original loan, the new MCC will expire as of the original maturity date so that there shall be no increase in the tax credit amounts under the new MCC for any tax year over the amounts which would have been available under the original MCC.
- **Reaffirmation of the Original Obligations:** the MCC holder further reaffirms all of the representations, obligations and agreements covered under the documents signed in connection with obtaining the original MCC and acknowledges that all such obligations and agreements shall continue in full force and effect in connection with the new MCC.
- **The [Refinancing of MCC Loan Application \(PDF\)](#)** must be submitted to Hilltop Securities for reissuance of the original MCC.

12.4 Replacement MCCs

Request for replacement of MCC shall be made directly to Hilltop Securities by emailing: TDHCA lenderSupport.com.

Section 13 – MCC Record Keeping and Federal Report Filing

13.1 Lender Reports

The Lender is required by the IRS to file a report on or before January 31 for all of the MCCs issued during the previous calendar year. In early January, TDHCA will send the Lender the completed IRS Form 8329 with the MCCs issued the previous year. It is the Lender's responsibility to verify that the information on the form is correct and, if necessary, make any changes or additions and then submit the form to the IRS.

For six years after each Closing, the Lender must retain:

- Name, mailing address, and TIN of the Issuer
- Date of issuance for each MCC, the certified amount of indebtedness and the credit rate of the MCC.
- TDHCA may conduct audits of Lender records to ensure compliance with the recordkeeping provisions.

13.2 TDHCA Reports

TDHCA must make quarterly reports on IRS Form 8330, beginning with the quarter in which the election for the MCC program is made. The report must include:

- Name, address and TIN of the Issuer;
- Date of election;
- The sum of the products of the certified indebtedness amount (the mortgage loan amount or the initial principal balance) and the MCC credit rate for each MCC issued; and
- Name, address, and TIN of each MCC holder for whom an MCC was revoked.

TDHCA shall make an annual report to the IRS for each year beginning July 1 and ending June 30. The report will include:

- Number of MCCs issued by Income and Purchase Price; and
- Volume of MCCs issued by Income and Purchase Price.

In January following each year during which MCCs are issued, TDHCA will mail an IRS Form 8396, Mortgage Interest Credit, to each MCC holder of record as a reminder to properly declare the MCC tax credit for federal income tax purposes.

Section 14 – Additional Income Guidance

14.1 My First Texas Home / Texas Mortgage Credit Certificate Income Eligibility

TDHCA is relying on the Lenders and borrowers to provide correct information on income. This reliance is based upon the Lender certifications about reasonable investigation of the borrower and statements by the borrower that facts are correct.

Each Lender and Applicant provides information and signed certifications, which are specific about the information provided and its correctness. In the event of false statements or fraud, there are substantial penalties which may be levied. Therefore, TDHCA encourages the Lenders and the Applicants to provide accurate information and assure that calculations are within the limits.

14.2 My Choice Texas Home Income Eligibility

For the purposes of meeting the eligibility criteria, only the income of the borrower(s) will be considered. The income of a non- purchasing spouse (NPS) will not be included in the calculation. For example, only the income used to qualify the mortgagor for repayment of the mortgage loan (from the 1003 loan application and/or the applicable underwriting worksheet) will be compared against the program limits.

Section 15 – Forms / Affidavits / Attachments

15.1 Program Forms and Affidavits

For reference, all applicable Forms and Affidavits are found in the Lender Portal at www.TDHCA lender Portal.com and only available after securely logging into the Lender Portal Auto-filled Program Forms and Affidavits are generated directly from the system. Please complete the documents accurately and in their entirety. Any changes to the Affidavits must be initialed by the Lender and the appropriate party.

Signatures under Power of Attorney are acceptable, provided they conform to agency/loan product guidelines, and are accompanied by a copy of the Power of Attorney in the Compliance File submitted to Hilltop Securities.

The following is a list of applicable Forms, Affidavits, and other required documentation:

Compliance File Checklist

Required Compliance Program Documents to be Submitted into the Lender Portal found at www.TDHCA lender Portal.com

| Stage | Required Forms and Documents* <small>*All applicable executed versions</small> | My First Texas Home - Bond | My First Texas Home - Combo | My Choice Texas Home - TBA | Stand- Alone MCC |
|----------------|---|-------------------------------|--------------------------------|-------------------------------|---------------------|
| Prior to Close | Underwriter's Certification Form | YES | YES | YES | YES |
| Post-Closing | FINAL URLA(s) | YES | YES | YES | YES |
| Post-Closing | FINAL CD(s) | YES | YES | YES | YES |
| Post-Closing | Warranty Deed | YES | YES | YES | YES |
| Post-Closing | Real Estate Purchase Contract | YES | YES | YES | YES |
| Post-Closing | Notice to Buyers | YES | YES | NO | YES |
| Post-Closing | Notice of Potential Recapture | YES | YES | NO | YES |
| Post-Closing | Applicant Affidavit - Tax-Exempt | YES | YES | NO | YES |
| Post-Closing | Applicant Affidavit - TBA Taxable | NO | NO | YES | NO |
| Post-Closing | Applicant Affidavit - Co-Signor (if applicable) | YES | YES | NO | YES |
| Post-Closing | Tax-Exempt Rider | YES | YES | NO | YES |
| Post-Closing | Seller Affidavit | YES | YES | NO | YES |
| Post-Closing | Lender Affidavit | YES | YES | YES | YES |
| Post-Closing | Disclosure of Second Mortgage Loan Terms | YES | YES | YES | NO |
| Post-Closing | FINAL - Second Lien DPA Note | YES* | YES | YES | NO |
| Post-Closing | FINAL - Second Lien DPA DOT | YES* | YES | YES | NO |
| Post-Closing | Legally Enforceable Obligation Letter (FHA Only) | YES | YES | NO** | NO |
| Post-Closing | 3 Years IRS Transcripts or Signed Tax Return Copies | YES | YES | NO | YES |
| Post-Closing | Homebuyer Education Certificate (for all borrowers) | YES | YES | YES | YES |
| Post-Closing | Discharge Papers - DD214 (Only if Veteran and waiving | YES | YES | NO | YES |

* Not required for My First 30 year unassisted/No DPA

** Required for My Choice FHA loans only

Guide for Applicable Party Signatures

| Required Form Signatures | My First Texas Home - Bond | My First Texas Home - Combo | My Choice Texas Home - TBA | Stand-Alone MCC |
|--|----------------------------|-----------------------------|----------------------------|-----------------|
| 1. Warranty Deed | B, CB*, NPS | B, CB*, NPS | B, CB*, NPS | B, CB*, NPS |
| 2. Notice to Buyers | B, CB*, NPS | B, CB*, NPS | B, CB*, NPS | B, CB*, NPS |
| 3. Notice of Potential Recapture | NA | NA | NA | NA |
| 4. Applicant Affidavit - Tax-Exempt | B, CB*, NPS | B, CB*, NPS | NA | B, CB, NPS |
| 5. Applicant Affidavit - TBA Taxable | NA | NA | B, CB | NA |
| 6. Applicant Affidavit - Co-Signor (if applicable) | CS | CS | CS | CS |
| 7. Tax-Exempt Rider | B, CB, NPS | B, CB, NPS | NA | B, CB |
| 8. Seller Affidavit | S | S | S | S |
| 9. Lender Affidavit | L | L | L | L |
| 10. Disclosure of Second Mortgage Loan Terms | B, CB, NPS | B, CB, NPS | B, CB, NPS | NA |
| 11. FINAL - Second Lien DPA Note | B, CB, CS | B, CB, CS | B, CB, CS | NA |
| 12. FINAL - Second Lien DPA DOT | B, CB, NPS | B, CB, NPS | B, CB, NPS | NA |
| 13. Legally Enforceable Obligation Letter (FHA Only) | B, CB, NPS | B, CB, NPS | B, CB, NPS | NA |
| 14. Additional Gift Funds Letter (if applicable) | B, CB* | B, CB* | B, CB* | |

| Signature Legend | |
|-----------------------|-----|
| Borrower | B |
| Co-Borrower | CB |
| Non-Purchasing Spouse | NPS |
| Co-Signer | CS |
| Seller | S |
| Lender | L |

* Anyone else liable on the deed