



HomeNow \$0 Down Program Guidelines

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Program Offered by:



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SECTION 1 - INTRODUCTION TO THE HOMENOW \$0 DOWN MORTGAGE PROGRAM

1.1 Forward

Montana Community Development Corporation, doing business as “MoFi,” a non-profit organization, offers down payment assistance through its HomeNow \$0 Down Mortgage Program (“the Program”) to low/moderate and middle-income homebuyers across the State of Montana.

The Program provides a 30-year fixed-rate mortgage (originated by qualified Program lending institutions) plus a non-repayable grant or deferred 2nd mortgage at 0% interest for down payment and closing cost assistance. MoFi, after evaluating market conditions, will set the interest rates which may change daily. Please refer to the Lender Portal for current rates at <https://homenowdpa.org>.

Hilltop Securities Inc. (the “Program Administrator”) will provide the online reservation and compliance system (“Lender Portal”) for loans originated under the Program. The Program Administrator will also provide the Program Guidelines and applicable forms, and will review Compliance Packages for compliance with the Program’s eligibility requirements.

U.S. Bank, N.A. (the “Servicer”) will purchase and service all Mortgage Loans originated under the Program. All Mortgage Loans must be delivered within the specified timeframes described below and must be eligible for inclusion in a GNMA / FNMA Mortgage Backed Security (“MBS”).

These Program Guidelines (“Program Guidelines”) are intended to describe the current Program rules and guidelines, outline the role of the Program Administrator and set forth the requirements for Borrowers and Lenders to participate in the Program. Capitalized terms used in the Program Guidelines that are not defined herein shall have the meanings set forth in Appendix A. The Program Administrator may revise the Program Guidelines from time to time. Material changes to the Program will be emailed to Lenders and posted on MoFi’s website at www.mofi.org and on the Lender Portal at <https://homenowdpa.org>.

SECTION 2 – MORTGAGOR ELIGIBILITY

2.1 Eligible Borrowers

An Eligible Borrower is anyone:

- a. who resides in the State of Montana, including non-residents purchasing their primary residence in the State of Montana;
- b. whose income does not exceed the Maximum Family Income limit; and
- c. who (i) in the case of purchase of a new or existing home, intends to occupy the Residence to be financed with a Mortgage Loan as his or her Principal Residence within a reasonable period (not to exceed 60 days) following the Closing of such Mortgage Loan; or (ii) in the case of a refinance, occupies the Residence to be financed with the new Mortgage Loan as his or her Principal Residence.

2.2 Homebuyer Requirement

Borrowers 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 or refinanced under the Program must become or remain the Borrower’s Principal Residence within 60 days of loan closing. You must follow first mortgage agency guidelines as it relates to property ownership.

2.3 Income Limitation

Borrower's Income is based on credit qualifying income (1003/1008) and must be in compliance with Program guidelines. All sources of stable income for the Mortgagor(s) should be considered. The Maximum Income limits governing this Program are appended to the Program Summaries found in the Lender Portal at <https://homenowdpa.org> and at www.mofi.org.

- a. For purposes of meeting the eligibility criteria associated with the Income limits, only the income of the Mortgagor(s) will be considered. The income of a Non-Purchasing Spouse ("NPS") will not be included in the calculation of Income.
- b. Only the income used to qualify the Mortgagor for repayment of the Mortgage Loan (from the Loan Application – 1003 and/or the applicable underwriting worksheet) will be compared against the applicable Maximum Family Income limit.

2.4 Principal Residence Requirement

The Borrower must use the Residence financed under a Program as his or her Principal Residence and intend to occupy the Residence as his or her Principal Residence, within a reasonable time (not to exceed 60 days) following the Closing of the Mortgage Loan. A Residence that is primarily intended to be used as a vacation home or in a trade or business is not a Principal Residence.

2.5 Usage of Residence in a Trade or Business

Please follow Agency guidelines for the loan product used in connection with the Mortgage Loan.

2.6 Residency Requirements

Please follow applicable Agency guidelines related to non-U.S. citizen Borrowers.

2.7 Homebuyer Education

FHA, VA, USDA-RD

Homebuyer education is always recommended but is not required at this time.

Fannie Mae HomeReady

- Homebuyer education is required prior to closing for at least one borrower on the HomeReady loan.
 - Framework homeownership education is a simple option found at <https://homeready.frameworkhomeownership.org>. Must be completed before loan closing.
 - Homebuyer education certification may also be met by attending an in-person counseling course by any HUD, or Fannie Mae approved programs.

Refinance Loans

- Homebuyer education is not required.

SECTION 3 – LOAN ELIGIBILITY

3.1 Types of Loans

Only 30-year, fixed rate Mortgage Loans are allowed. Furthermore, only the following loan types are eligible:

FHA Loans

- 203(b), Home Unsubsidized (including 223(e) declining area loans)
- 234(c), Condominiums
- 203(k) Limited/Streamline Rehabilitation Mortgages
 - Separate US Bank application and approval process for lenders wanting to originate 203(k)s loans
- Temporary buydowns permitted (FHA loans only) – limited to 1 or 2-year buydowns with a maximum interest rate change of 1.00% per year. Refer to the Servicer's Lender Guide for additional rules regarding temporary buydowns.

VA Loans

- 203(b), Home Unsubsidized (including 223(e) declining area loans)
- 234(c), Condominiums
- Must be originated and guaranteed in accordance with VA guidelines 1810 and 181A.
- Temporary buydowns are **not** permitted for VA loans.

USDA RD Rural Development (RD) Loans

- Must be originated and guaranteed in accordance with USDA-RD guidelines.
- Temporary buydowns are **not** permitted for USDA-RD loans.

Conventional Loans

- Fannie Mae HomeReady – LTV 80.01% up to 97.00%
- CLTV not to exceed 105.00%
- Exception: Manufactured housing limited to 95%/95% maximum LTV/CLTV
- Must be originated and guaranteed in accordance with Fannie Mae and U.S. Bank Guidelines
- Temporary buydowns are **not** permitted for conventional loans.
- Product Matrix – https://www.fanniemae.com/content/fact_sheet/homeready-product-matrix.pdf

3.2 Purpose of Loan

First lien purchase or rate/term refinance loans including streamline refinance transactions are eligible under the Program. Cash-out refinance loans are not eligible under the HomeNow \$0 Down Mortgage Program.

3.3 Down Payment and Closing Cost Assistance (DPA) Options

MoFi will provide the down payment assistance funds (the “DPA”) in the form of a non-repayable grant (the “DPA Grant”) or a deferred 2nd mortgage at 0% interest (“DPA Loan” which meets Fannie Mae’s criteria for “Community Seconds[®]” transactions); the deferred 2nd mortgage is subject to repayment upon sale or transfer of property, rental of property, failure to occupy property as principal residence or upon the occurrence of an event of default under deed of trust. Borrowers purchasing/refinancing a home may select a government loan, offering the following levels of DPA and associated interest rates set daily:

- Government (FHA, VA, USDA-RD)
 - 3.5 points of the total 1st lien amount (includes upfront MIP)
 - 5.0 points of the total 1st lien amount (includes upfront MIP)
- Fannie Mae HomeReady Conventional
 - 3.0 points of the total 1st lien amount
 - 5.0 points of the total 1st lien amount

Homebuyers qualifying for HomeNow government loans receive the DPA as a DPA Grant. Homebuyers qualifying for HomeNow conventional loans will have the choice between a DPA Grant and a DPA Loan.

The DPA Grant or DPA Loan may be used to fund up to 100% of the Borrower’s cash requirement to close, including the down payment, closing costs, mortgage insurance, pre-paid items and other related Mortgage Loan fees and expenses. No portion of the DPA Grant or DPA Loan can be paid to the Borrower unless the Borrower is being reimbursed for an overage of his/her earnest money deposit to the extent the minimum Borrower contribution has been satisfied. Under the Rate/Term Refinance option, any funds above the amount needed to pay the Borrower’s loan related costs must be used for additional down payment to reduce the principal amount of the Mortgage Loan. MoFi will fund the DPA Grant or DPA Loan directly to the applicable title company/escrow officer on the loan closing date.

3.4 Subsidy Programs

Additional subsidy programs may be used in conjunction with the DPA Grant or DPA Loan provided they meet FHA, VA, RD, GNMA, FNMA and Servicer (U.S. Bank) guidelines.

SECTION 4 – PROPERTY ELIGIBILITY

4.1 Eligible Loan Area (State of Montana)

The home being purchased or home loan being refinanced must be located in the State of Montana. The Lender should verify the property’s location within the State of Montana by reviewing the property appraisal and location where the property taxes are paid.

4.2 Qualifying Residences

Allowed for FHA, VA, USDA, or Section 184 loans:

- New or existing single family homes;
- A single unit in a condominium, townhouse, or PUD; or
- A single unit in a duplex, or an entire duplex provided that one of the units will be occupied by the borrower.
- A single unit in a Community Land Trust (RD)

The following types of residences are NOT eligible for Government Loans:

- Rental homes
- Cooperative housing
- Homes used as investment properties
- Recreational, vacation or “second” homes
- Motor homes, campers and similar vehicles
- Manufactured Housing

Present Ownership Interests:

Borrower(s) may have an individual or joint ownership interest in other residential properties at loan closing as may be allowed by Agency Guidelines.

For Fannie Mae HomeReady Conventional Loans with LTV 80.01% to 97.00%:

- 1-Unit Primary Residence, including:
- U.S. Bank approved condominiums;
- Townhomes and PUD's;
- Manufactured Housing (limited to 95%/95% maximum LTV/CLTV) – limited to a 2018 allocation of 50 loans for this property type; or
- Duplex/2-Unit Primary Residence (1-unit owner occupied)
- A Single unit in a Community Land Trust

The following types of residences are NOT eligible:

- Rental homes
- Cooperative housing
- Homes used as investment properties
- Recreational, vacation or “second” homes
- Motor homes, campers and similar vehicles

Present Ownership Interests:

Borrower(s) **may** have an individual or joint ownership interest in other residential properties at loan closing.

4.3 Purchase Price or Appraised Value Limitation

Follow applicable agency guidelines for the first mortgage loan in determining purchase price or appraised value limits for the Program.

4.4 Targeted Area

Currently there are no targeted areas for the Program.

SECTION 5 – MORTGAGE LOAN UNDERWRITING AND PURCHASE

5.1 General Mortgage Underwriting

Lenders are responsible for credit underwriting decisions on all Government Mortgage Loans originated under the Program. Mortgage Loans must be underwritten to the standards of the applicable loan type.

HomeNow first mortgage loans are subject to Qualified Mortgage/Ability-to-Repay (QM/ATR) rules. All HomeNow first mortgages must be QM loans.

FHA, VA or USDA-RD Loans

Mortgage Loans may be underwritten through an Automated Underwriting System (“AUS”) – such as Fannie Mae’s Desktop Underwriter (“DU”), Freddie Mac’s Loan Product Advisor (“LPA”) or the RD Underwriting System (“GUS”) – or manually underwritten according to the criteria established for the applicable loan product.

In addition to the standard FHA, VA and USDA-RD underwriting guidelines, the following credit overlays have been incorporated to enhance loan performance:

- All government loan borrowers MUST have a minimum representative FICO Score of 640.
- Maximum DTI is 45%.

Manual Underwriting Government:

A loan may be manually underwritten at the lender’s discretion if there is an AUS finding of refer. If the borrower has a credit score, the minimum FICO score is 640. The maximum DTI for manually underwritten loans is 36% and the borrower must have 2 months PITIA reserves after closing. Follow manual underwriting guidelines for the appropriate Government loan product allowed in the program.

If a borrower has NO credit score, Alternative Credit can be used for manual underwriting of the loan. Follow the manual underwriting guidelines for the appropriate Government loan product allowed in the program. The maximum DTI for manually underwritten loans is 36% and the borrower must have 2 months PITIA reserves after closing (or per product guide if greater).

Fannie Mae HomeReady Conventional Loans:

Fannie Mae HomeReady mortgage loans must be run through Fannie Mae’s Desktop Underwriter “DU” and receive an “Approve/Eligible,” and meet all other guidelines.

- All Borrowers MUST have the minimum representative FICO Credit Score of 680
- Maximum DTI is 50%, except Manufactured Housing is not to exceed 45% DTI.
- All lenders may underwrite loans with an LTV of 80.01% up to 97.00%. **Exception:** Manufactured housing limited to 95%/95% maximum LTV/CLTV.

Manual Underwriting – Fannie Mae HomeReady Conventional Loans:

LTV = / <95% - Manual underwriting is allowed if there is an AUS finding of *refer* and the borrower has a minimum 680 credit score and maximum DTI of 36%. Borrowers must have at least 2 months PITIA reserves after closing. Manufactured housing is not eligible for Manual Underwriting.

Alternative Credit: Alternative credit can be used for manual underwriting of the loan 1-unit properties only. Follow the agency non-traditional credit manual underwriting guidelines:

- If no borrower has a credit score, the maximum LTV is 90% and the maximum DTI is 36%.
- If at least one borrower has a credit score of 680, the maximum LTV is 95% and the maximum DTI is 36%.
- Borrower must have at least 2 months PITIA reserves after closing.
- See link below to Fannie Mae Eligibility Matrix below for detailed LTV, Credit Score and Reserve Requirements.

Regardless of loan type, please follow these additional general guidelines:

- a. If the minimum credit score required by the applicable agency is higher than the minimum credit score posted in the Program Guidelines, you must follow the agency guidelines.
- b. If your organization's internal requirements mandate a higher minimum credit score, you must follow your internal guidelines.
- c. If a tri-merged credit report is used, the middle score must conform to the Program Guidelines.
- d. If a merged credit report only provides two credit scores, the lower of the two must be used.
- e. If a Borrower has no credit score, you may manually underwrite the loan using the alternative credit guidelines for the appropriate loan product.
- f. If you are using U.S. Bank for underwriting for RD and VA loans and US Bank guidelines mandate a higher minimum credit score, the loan must conform to the U.S. Bank guidelines.
- g. For a loan with more than one Borrower, you must consider the credit profile of the Borrower with the lowest representative credit score for the purposes of identifying eligibility under the Program.

5.2 Co-signers and Non-Occupying Co-Borrowers

Non-occupant co-signer and non-occupant co-borrowers are allowed under the Program Guidelines for Government and Conventional loans.

- a. Please follow Agency guidelines for the loan product used in connection with the Mortgage Loan.
- b. The cosigner may not take any ownership interest in the property being financed with the Mortgage Loan and may not sign the mortgage.
- c. The cosigner may not occupy the property being financed with the Mortgage Loan and should not execute any of the Program documents.
- d. FHA allows non-occupant cosigners' income to not be considered when calculating the Income for comparison against the Maximum Family Income limits established for the applicable Program.
- e. Fannie Mae requires credit-qualifying income from non-occupant cosigners and co-borrowers be included when calculating the Income for comparison against the Maximum Family Income limits established for the applicable Program.

5.3 Seller Contributions

FHA, VA, & USDA-RD Loans:

- 6% Maximum

Fannie Mae HomeReady Conventional Loans:

- 3% Maximum for CLTV greater than 90%
- 6% Maximum for CLTV less than or equal to 90%
- May be used for closing costs and / or single or split MI premiums

5.4 Mortgage Insurance (For Fannie Mae HomeReady Loans ONLY)

1. US Bank Approved Mortgage Insurance Companies
 - a. Arch
 - b. Essent
 - c. Genworth
 - d. MGIC
 - e. National
 - f. Radian

2. Mortgage Insurance Coverage Amount

LTV Range	Coverage Amount
85.01% to 97.00%	25%
80.01% to 85.00%	12%

3. Payment Options All LTVs

- Borrower Paid – monthly with annual renewal
- Split Premium
- Single Premium
- MI may be financed up to the maximum LTV for the transaction, including the financed MI

Lender is responsible for activating any MI policy and remitting any MI payments due to the Mortgage Insurer prior to the sale of the loan to US Bank. The Lender is also responsible for transferring the MI policy to US Bank after the loan sale.

MI Rates, pricing and guidelines may differ among the participating Mortgage Insurers and are subject to change. **These guidelines do not supersede, nor are they a substitute for, the guidelines in place with each Mortgage Insurer at the time the loan.**

SECTION 6 – PROGRAM FEES AND CHARGES

6.1 Program Fees

The following fees, which may be passed onto the borrower as allowed by Agency guidelines, will be charged by the Servicer and deducted from the Mortgage Loan Purchase Price:

- \$400 Funding Fee
- \$80.00 Tax Service Fee (April 30, 2018)
- 0.50% Manufactured Housing LLPA

The following fee, which may be passed onto the borrower as allowed by Agency guidelines, will be charged by the Program Administrator and paid out at Closing with a corporate check.

- \$225 Compliance Review Fee

6.2 Mortgage Loan Purchase Price and Lender Compensation

Mortgage Loans originated under the HomeNow \$0 Down Mortgage Programs will be purchased by the Servicer.

- Total Lender compensation for Mortgage Loans originated under the HomeNow Programs will be as follows:
 - 2.50% SRP for each FHA, USDA-RD and Conventional loans.
 - 2.00% for each VA loan
- Lenders may collect and retain origination fees as allowed by Agency guidelines from the buyer or seller.

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. Ancillary fees collected may not exceed the amount collected on the Lenders' similar non-Program loans.

6.3 Assumptions

Mortgage Loans may be assumed by a qualified Borrower who meets all of the Program's eligibility criteria in place at the time of the assumption.

6.4 Mortgage Loan Delivery and Purchase

Lenders must close, fund and deliver Mortgage Loans to the Servicer (U.S. Bank) within sixty (60) calendar days of the date the Mortgage Loan is reserved on the Lender Portal. It is highly recommended that Lenders lock rates on loans no more than 10-30 days prior to closing. Adequate time should be allowed for U.S. Bank to perform a compliance review of the credit loan package in order to cure any conditions prior to their approval to purchase the loan.

The Mortgage Loan must be purchased by the Servicer within sixty (60) calendar days of the date the Mortgage Loan is reserved on the Lender Portal. If a Mortgage Loan is not purchased within such sixty (60) day period, the Lender may request a one-time 7, 15, 22 or 30-day extension to the Commitment Expiration Date for a fee of 0.06250%, 0.12500%, 0.18750%, or 0.25000% respectively. These fees will be netted out upon loan purchase by US Bank.

The closed/funded Mortgage Loan with credit package must be sent directly to the Servicer for purchase. Delivery and funding information for the Mortgage Loan file can be found at: <http://www.hfa.usbank.com>.

SECTION 7 - LOAN ORIGATION/FUNDING FLOWCHART

Steps	Action	Required Docs
1. Loan Reservation	Reserve the loan on the Lender Portal at https://homenowdpa.org .	None. Reservation made online
2. Upload Pre-closing compliance package	At least 3 calendar days prior to loan closing, upload the documents listed on the Pre-Closing checklist.	<ol style="list-style-type: none"> 1. Compliance Checklist 2. Underwriter's Certification (signed) (1008, 92900, etc.) 3. Most current Loan Application (1003) 4. Copy of Executed Purchase Contract 5. Current Loan Estimate 6. HBE Certificate if applicable
3. Download and Print Commitment Letter	Once the Pre-Closing compliance package has been approved as meeting the preliminary Program eligibility criteria, the following documents will be available on the PDF Forms tab in the Lender Portal: <ol style="list-style-type: none"> 1. Commitment Letter 2. Funding Request Form 3. Down Payment Assistance Gift Letter OR 2nd Lien TIL Disclosure Statement, Promissory Note and Deed of Trust 4. Post-Closing Checklist 	NOTE: The Commitment Letter is for the Lender's records and does not need to be submitted to the program administrator.
4. Request DPA funds from MoFi	Email the Final Closing Disclosure for review to MoFi at dparequest@mofi.org , one day before sending to the borrower. At least two business days prior to closing, complete the required documents and upload them via the Lender Portal. MoFi will review and approve the funding request and email the approval to the lender.	<ol style="list-style-type: none"> 1. Funding Checklist 2. Funding Request Form/Wire Instructions 3. Final Closing Disclosure 4. Down Payment Assistance Gift Letter OR 2nd Lien TIL Disclosure Statement, Deed of Trust, and Promissory Note
5. Close and Fund Mortgage Loan	Close and fund loan according to Agency and Program Guidelines. If applicable, please have the borrower(s) sign the 2 nd Lien TIL before signing the 2 nd Lien Note & Deed of Trust	None. No documents are required to be sent to the program administrator at closing
6. Upload Post Closing Compliance Package	Within 10 calendar days following loan closing, upload the documents listed on the Post-Closing Compliance checklist through the lender portal at https://homenowdpa.org .	<ol style="list-style-type: none"> 1. Copy of Post-Closing Compliance Checklist 2. Copy of Final executed Closing Disclosure 3. Copy of executed Down Payment Assistance Gift Letter OR 2nd Lien TIL, Promissory Note and Deed of Trust 4. Copy of Final 1003 5. Compliance Review Fee mailed to Hilltop Securities 6. Original of 2nd Lien Promissory Note (if applicable) mailed to MoFi
7. Deliver Loan to US Bank for Purchase	<u>Closing package must be approved by program administrator and the loan purchased by US Bank within 60 calendar days of loan reservation. It is highly recommended that Lenders lock rates on loans no more than 10-30 days prior to closing, allowing Lender time to deliver and U.S. Bank to purchase the loans within the sixty (60) day limit.</u>	None. Once the Post-closing Compliance package has been approved, the status of the loan on the Lender Portal will be changed to "Approved" and the Servicer will be notified that the loan meets the program eligibility requirements.
8. Check Loan Status	Check the status of your loans periodically through the Lender Portal on the "Loan Status" tab. Once the Pre- and Post- Closing Compliance packages have been fully approved, US Bank will be authorized to purchase the loan, subject to compliance with US Bank requirements.	None

SECTION 8 – LOAN RESERVATION, COMPLIANCE AND FUNDING PROCEDURES

8.1 Lender Portal

The Lender Portal is the software application that Lenders use to reserve funds and submit Pre and Post-Closing Compliance Packages under the HomeNow Program. In addition to managing the reservation and compliance functions, the Lender Portal is an interactive, web-based tool that allows Lenders to check the status of loans in their pipeline, view compliance conditions, print compliance approval (Commitment) letters, run reports, view Program Guidelines and marketing materials and keep abreast of current updates and other important information associated with the Program.

8.2 Rules Related to Reservation of Funds

The Lender commits to accept applications in all of its lending offices within the State of Montana. 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.

At the time the Lender reserves a Mortgage Loan on the Lender Portal the loan/interest rate is locked. The Lender must have a mortgage loan application from a Borrower and the Lender must have made a preliminary determination that the Borrower qualifies for the Program. In addition, for purchase loans, the Borrower must have furnished the Lender with a property sales contract or construction contract executed by the Borrower and the seller or builder of a Residence.

The Program Administrator will not allow a transfer of a reservation from one eligible Borrower to another, but may allow a loan transfer from one approved Lender to another. The Program Administrator will honor the original Commitment Expiration Date in connection with such transfer, as long as all other conditions are met.

The transfer will be recognized and approved by the Program Administrator only after written notification is received from the original Lender. The reservation committed to an eligible Borrower may be transferred from one loan type to another or from one property to another with the prior approval of the Program Administrator.

8.3 Reserving Funds

- a. Login to the HomeNow Lender Portal at <https://homenowdpa.org/>.
- b. Select the "New Reservation" tab in the upper left corner.
- c. Select the appropriate Program from the list and complete the reservation form.
- d. The reservation window is open Monday through Friday between 8:30 a.m. and 5:00 p.m. (Mountain Time) and will be unavailable on Saturdays, Sundays and weekdays (holidays) when the financial markets are closed.

1. Complete the entire reservation form and click "Submit" at the bottom of the form.

- Required fields are designated with a red asterisk.
- The reservation form may be populated by uploading your electronic loan application (1003). The 1003 must be uploaded from HTML format.

2. Once the loan is reserved, you will have the option to view or print your reservation confirmation.

3. The reservation confirmation will include the MoFi Loan Number, the date reserved and the Commitment Expiration Date.

8.4 Mortgage Loan Delivery Timeframes

Once a Mortgage Loan has been locked on the Lender Portal, the Lender has sixty (60) calendar days to close, fund, and have the Mortgage loan purchased by the Servicer (subject to a one-time 7, 15, 22, or 30-day extension as described in “f.” below).

- a. Lenders must submit a Pre-Closing Compliance Package, a Funding Request Package for the grant and a Post-Closing Compliance Package to obtain full approval of eligibility criteria from the Program Administrator.
- b. The Pre-Closing Compliance Package should be submitted to the Program Administrator (through the Lender Portal) three (3) calendar days prior to loan Closing as follows:
 - i. Compliance Checklist
 - ii. Underwriter’s Certification (Form 92900, 1008, etc.)
 - iii. Most Current Loan Application (1003)
 - iv. Loan Estimate
 - v. Copy of Executed Purchase Contract
 - vi. Copy of Homebuyer Education Certificate for ALL HomeReady Conventional loans
- c. The Funding Request Package should be submitted to the Program Administrator (through the Lender Portal) at least two (2) business days prior to loan Closing as follows:
 - i. Funding Request Form
 - ii. Final Closing Disclosure
 - iii. Copy of the Completed Gift Letter OR 2nd Lien TIL Disclosure Statement, Deed of Trust and Promissory Note (all of which should be executed at closing)
 - o MoFi will review the information on the Funding Request Form to ensure accuracy and notify the lender of any inconsistencies prior to the loan closing date.
 - o MoFi will process the request and wire the funds to the escrow/closing agent on the scheduled day of closing, with a copy to the lender.

****MoFi must review and approve the Final Closing Disclosure at least one (1) business day prior to the lender disclosing to the borrower. Please email it to dparequest@mofi.org.***

In the event a loan is not purchased by the latter of the 60th day after initial lock or the last day of any extension(s) that were granted, the Lender must reimburse MoFi for the down payment assistance funds that MoFi provided at loan closing. In such cases, MoFi will notify the Lender and the Lender will have 15 days to remit the funds owed to MoFi.

- d. The Post-Closing Compliance Package should be submitted to the Program Administrator (through the Lender Portal) within ten (10) calendar days following the Closing Date of the Mortgage Loan, but in no event after the Commitment Expiration Date as follows:
 - i. Compliance Checklist
 - ii. Copy of Final Executed Closing Disclosure

- iii. Copy of Executed Down Payment Assistance Grant (Gift Letter) OR 2nd Lien TIL Disclosure Statement, Deed of Trust and Promissory Note
 - iv. Copy of Final Executed 1003
 - v. **If applicable, lender must mail the original of the executed 2nd Lien Promissory Note to MoFi, per requirements of Montana law**
- e. The closed Mortgage Loan must be delivered and purchased by the Servicer within sixty (60) calendar days of loan reservation (the “Commitment Expiration Date”).
- f. The Lender may request a one-time 7, 15, 22 or 30-day extension to the Commitment Expiration Date for a fee of 0.06250%, 0.12500%, 0.18750% or 0.25000% respectively, (thus permitting the Mortgage Loan purchase to occur within sixty-seven (67), seventy-five (75), eighty-two (82) or ninety (90) calendar days from loan reservation). This fee will be deducted from the Lender’s wire at the time the loan is purchased by the Servicer.

8.5 Submitting Compliance Packages

- a. Login to the Lender Portal at www.homenowdpa.org.
 - b. Click on the “Loan Status” tab and use the search engine to locate the applicable loan.
 - c. Once the correct loan is identified, click on the “PDF Forms” tab associated with the selected loan.
1. Select the appropriate PDF forms from the listed documents. Complete and submit the Pre-Closing Compliance Package for the Program Administrator’s review and approval.
- a. The Pre-Closing Compliance Package should be submitted through the Lender Portal at least three (3) calendar days prior to the anticipated Closing Date of your loan.
 - b. Within 24 hours, check the status of the loan online through the Lender Portal under the “Loan Status” tab.
 - c. Once the Pre-Closing Compliance Package is approved by the Program Administrator, the Lender will now have access to the Commitment Letter, the Funding Request Form and the Down Payment Assistance Gift Letter OR 2nd Lien TIL Disclosure Statement, Promissory Note and Deed of Trust . The Lender is now authorized to upload and submit the Funding Request Form, the final Closing Disclosure, and the Gift Letter OR 2nd Lien TIL Disclosure Statement, Promissory Note and Deed of Trust via the Lender Portal. MoFi Staff will communicate with the lender via email/phone, and once approved, the Lender may then close/fund the Mortgage Loan.
2. 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.
- a. The Post-Closing Compliance Package should be submitted to the Program Administrator through the Lender Portal within ten (10) calendar days of loan Closing, but in no event after the Commitment Expiration Date. Please package up and deliver the Servicer’s Loan File per US Bank’s instructions to facilitate meeting the purchase deadline while the Program Administrator is reviewing the Post-Closing package for purchase approval. Note: if applicable, approval will not be granted until MoFi receives the original of the executed 2nd Lien Promissory Note.

- b. Upon approval by the Program Administrator, the Mortgage Loan will reflect a “Close Pkg. Rev.” stage and a status of “Approved” on the Lender Portal and the Mortgage Loan will be eligible for purchase by the Servicer provided all Servicer conditions have been met.

8.6 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 Forms” tab associated with the loan you are processing.
- b. Select the desired form and ensure all required fields are completed. The system will auto-fill the fields that were input at loan reservation.
 - If the applicable form 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” tab and follow the instructions to upload the required documents.
 - i. Click the “Add New” button to upload a form and the following screen appears.
 - ii. Click the “Click Here” button to access your computer files and select the document you wish to upload.
- 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. 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 (from the Pre-Closing Compliance Package Checklist or the Post-Closing Compliance Package Checklist) 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.

Screenshots and additional information on electronic submissions is available in the Program Documents section of the Lender Portal.

8.7 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 a “Master Servicer Conditions/Exceptions” report that will show you 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 staff member 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.
- c. The tabs 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 and Marketing Materials tabs include all of the forms and Guidelines associated with the Program.

SECTION 9 – ADDITIONAL PROVISIONS

9.1 Cancellation and Commitment Expirations

The Lender is responsible for cancelling all Mortgage Loans reserved if the Mortgage Loan will not be delivered under the applicable HomeNow \$0 Down Mortgage Program. Please note, should the Lender cancel a reservation, the Lender will be prohibited from making another reservation for that Borrower for a period of 60 days or unless otherwise authorized by the Program Administrator.

- a. In a case where the Borrower cancels or withdraws his or her application, the reservation of funds must be cancelled by contacting the Program Administrator.
- b. In a case where the Commitment expires, the Lender must request an extension using the Extension Request Form available through the Lender Portal, and provide the new estimated closing date.

In all cases, the expiration of the Commitment without the required action by the Lender may result in the Lender being placed on "Inactive Status," meaning the Lender may submit no new reservations until the problem is resolved. Failure to comply with this provision may result in the Lender's expulsion from the Program.

9.2 Delinquent Closing Documentation

If the Post-Closing Compliance Package is not submitted through the Lender Portal within ten (10) days of loan Closing, the Program Administrator may contact the Lender to request the status of the Mortgage Loan. If the Lender fails to provide the required closing documentation to the Program Administrator, the corresponding reservation will automatically be considered delinquent and the reservation subject to cancellation. Such action may result in the Lender being suspended or terminated from the Program until the problem is remedied.

9.3 Penalties for Borrower Misrepresentation

Strict penalties may be imposed on any Borrower making a material misstatement, misrepresentation or fraudulent act on an application or other document submitted to obtain assistance from MoFi. 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.

SECTION 10 – MODIFICATIONS

10.1 Changes in Current Income

Income eligibility is based upon the current Income of the borrower(s). The Commitment is issued based on verified Income as of the date the Commitment is issued.

Changes in Qualifying Income from sources already reported (i.e., salary increase) may affect the validity of a Commitment. If the loan does not close within 30 days of the Commitment or if the changes in income make the loan ineligible for purchase, the reservation will be cancelled by the Program Administrator.

10.2 Changes in Marital Status

If the Borrower gets married after issuance of the Commitment and prior to Closing, the Lender must notify the Program Administrator of the marriage. The Lender must recalculate the Borrower's Family Income to include the new spouse's Income if the spouse will be an obligor on the Mortgage Note. If the recalculated total Family Income exceeds the applicable Maximum Income Limit for the Program, the Borrower(s) are ineligible and the reservation will be cancelled.

10.3 Changes in Loan Amount

If there are any changes to the Mortgage Loan Amount of the applicable Residence, the Lender must submit a **copy of the revised 1003** through the Lender Portal and notify the Program Administrator via phone or email.

10.4 Changes in Purchase Price

If there are any changes to the Purchase Price of the applicable Residence, the Lender must submit the following documents through the Lender Portal and notify the Program Administrator via phone or email:

- a. Copy of Revised 1003
- b. Copy of Revised 92900LT or 1008
- b. Copy of Property sales contract addendum

10.5 Changes in Property Address

If a Borrower changes the property he or she intends to purchase, the Lender must submit the following documents and notify the Program Administrator via phone or email:

- a. Copy of Revised 1003
- b. Copy of Revised 92900LT or 1008
- c. Copy of Property sales contract (first and last pages and any counter offers)

The Program Administrator will revise the loan to reflect the changes requested and will notify the Lender when the revision(s) are completed and available via the Lender Portal.

10.6 Lender's Obligation to Notify Program Administrator of Material Changes

The issuance of a Commitment is based (in part) on the Lender's underwriter certification that the Program requirements have been met. Commitments are issued subject to the condition that all Program requirements are or will be met prior to the Closing of a Mortgage Loan. Thus, the Lender must immediately notify the Program Administrator of any change in the circumstances upon which the Commitment was issued.

If any change of circumstances occurs such that the Program requirements are not met, the Commitment will be revoked and the Mortgage Loan cancelled.

APPENDICES

APPENDIX A: DEFINITIONS

APPENDIX B: INCOME LIMITS

APPENDIX C: SAMPLE CHECKLISTS & FORMS

APPENDIX A: DEFINITIONS

"Applicable Median Family Income" means the applicable percentage of the median gross income for the area (or statewide median gross income, if higher) in which such Residence is located, as published from time to time by the Department of Housing and Urban Development pursuant to Section 8 of the United States Housing Act of 1937 or as otherwise determined pursuant to said Section.

"Appraised Value" means the current assessed value of the Residence to be refinanced in the opinion of a qualified appraiser.

"Assignment of Mortgage Note and Mortgage" means the form acceptable to the Servicer completed and executed by the Lender, in recordable form, and pursuant to which a Lender assigns and delivers the related Mortgage and endorses the Mortgage Note to the Servicer in connection with the purchase of the related Mortgage Loan by the Servicer.

"Business Day" means any day other than (i) a Saturday or Sunday (ii) a day on which banking institutions are closed in New York, New York, Texas or the state or states in which the Servicer's operation are located, or (iii) a day on which the New York Stock Exchange is closed.

"Buydown" means any reduction in the Mortgagor's monthly Mortgage Loan payment required under the Mortgage Note by reason of the deposit of funds into an escrow or pledged account to be used to supplement the Mortgagor's monthly payment. Buydowns shall only be permitted in connection with FHA Mortgage Loans unless otherwise permitted by MoFi.

"Closing" means the execution of a Mortgage Note and Mortgage by an Eligible Borrower and the concurrent origination and funding of a Mortgage Loan by a Lender pursuant to Section 7 of this Agreement.

"Closing Date" means, with respect to a Closing, the date of such Closing.

"Commitment" means a written commitment by the Program Administrator to the Lender signifying that the Pre-Closing Compliance Package has been approved and the Borrower meets the preliminary eligibility criteria associated with the applicable Program.

"Commitment Expiration Date" means the final date that the Mortgage Loan may be purchased by the Servicer (notwithstanding any applicable extension), which period is initially sixty (60) days from loan reservation (or such other period specified in the Program Guidelines).

"Compliance Commitment Letter" means the document provided to a Lender through the Lender Portal granting preliminary approval of the Pre-Closing Compliance Package submitted by the Lender prior to Closing.

"Compliance Package" means the documents as may be required by MoFi with respect to a Mortgage Loan submitted to the Program Administrator.

"Compliance Review Fee" means the non-refundable fee in the amount set forth in the Program Guidelines (initially \$225.00) payable by the Lender to the Program Administrator for the compliance review of a Compliance Package.

"Condominium Development" means a real estate development: (i) formed pursuant to the condominium statutes of the State and a recorded declaration and other constituent documents; (ii) the unit

owners of which have title to a unit in a development, and may have the right to the exclusive use of certain limited common areas; and (iii) the common areas of which are administered and maintained by, but not owned by, an owners association, which may levy assessments against each unit estate.

“Debtor Relief Laws” means any applicable liquidation, conservatorship, bankruptcy, insolvency, rearrangement, moratorium, reorganization, or similar debtor relief laws affecting the rights of creditors generally from time to time in effect in the State or under the Laws of the United States of America.

“Down Payment Assistance” means a non-repayable grant or deferred 2nd mortgage at 0% interest in an amount equal to a percentage of the original principal amount of each Mortgage Loan, as specified by MoFi from time to time, to assist in the payment of an Eligible Borrower’s down payment and closing costs related to such Mortgage Loan or reduction in principal of such Mortgage Loan. Down Payment Assistance in the form of a deferred 2nd mortgage is subject to repayment upon sale or transfer of property, rental of property, failure to occupy property as principal residence or upon the occurrence of an event of default under deed of trust.

“Eligible Borrower” means a person who meets the requirements of the program at the time such person files an application for the related Mortgage Loan and is designated by the Corporation as an Eligible Borrower under the related Program Documents:

(a) who resides in the State of Montana;

(b) whose income does not exceed the Maximum Family Income limit; and

(c) who intends to occupy the Residence to be financed with a Mortgage Loan as his or her Principal Residence within a reasonable period (not to exceed 60 days) following the Closing of such Mortgage Loan

“Family Income” means, with respect to a Mortgagor, the “gross monthly income,” multiplied by twelve (12), of such Mortgagor and of any other Mortgagor who is expected to live in the Residence being financed and is an obligor on the Mortgage Note. For purposes of this definition, “gross monthly income” means the income used by the Lender’s underwriter (under applicable underwriting guidelines) to qualify the Mortgagor(s) for repayment of the Mortgage Loan.

“FHA” means the Federal Housing Administration of the Department of Housing and Urban Development of the United States of America, or any successor thereto.

“FHA Insurance” means insurance on mortgage loans presently issued by FHA under the National Housing Act of 1934, as amended, pursuant to one of the following FHA Insurance programs:

(a) FHA Section 203(b), Home Unsubsidized;

(b) FHA Section 203(b)(2), Veterans Status; or

(c) FHA Section 234(c), Condominium Ownership; or

(d) FHA Section 203(h), Disaster Victims; or

(e) FHA Section 203(k), Streamline

(f) Section 184 Native American Loans

(g) such other FHA insurance program or programs acceptable to MoFi and the Servicer.

“FHA Mortgage Loan” means a Mortgage Loan that is insured by the FHA.

“FNMA” or “Fannie Mae” means the Federal National Mortgage Association, a publicly owned, government-sponsored corporation organized and existing under the laws of the United States, or any successor thereto

“FNMA Certificate” means a fully-modified, mortgage-backed certificate bearing interest at the applicable Pass-Through Rate, issued by the Servicer, registered in the name of the Trustee, guaranteed as to timely payment of principal and interest by FNMA.

“FNMA Guaranty Agreement” means the one or more Guaranty Agreements between the Servicer and FNMA now or hereafter in effect pursuant to which FNMA has agreed or will agree to guarantee FNMA Certificates.

“FNMA Guide” means the Fannie Mae Selling and Servicing Guides, their updates, including Guide Announcements and Release notes, found on their website.

“Funding Fee” means the nonrefundable fee in the amount set forth in the Program Guidelines (currently \$400.00) payable by the Lender to the Servicer upon purchase of a Mortgage Loan.

“GNMA” or “Ginnie Mae” means the Government National Mortgage Association, a wholly owned corporate instrumentality of the United States of America within the Department of Housing and Urban Development or any successor agency, corporation, or other instrumentality of the government of the United States of America.

“GNMA Certificate” means a fully-modified, mortgage-backed certificate (whether issued as a “GNMA I” or a “GNMA II” Certificate) bearing interest at the applicable Pass-Through Rate, issued by the Servicer, registered in the name of the Trustee, guaranteed as to timely payment of principal and interest by GNMA pursuant to Section 306(g) of Title III of the National Housing Act of 1934, as amended, and the regulations promulgated thereunder, maturing no later than December 1, 2041, and backed by FHA Insured Mortgage Loans or VA Guaranteed Mortgage Loans or USDA-RD Mortgage Loans made by a Lender.

“GNMA Guaranty Agreement” means the one or more Guaranty Agreements between the Servicer and GNMA now or hereafter in effect pursuant to which GNMA has agreed or will agree to guarantee GNMA Certificates.

“GNMA Guide” means the GNMA Mortgage Backed Securities Guide, HUD Handbook 5500.3, in effect from time to time.

“Law” or “Laws” means all applicable statutes, laws, Acts, regulations, orders, writs, injunctions or decrees of the United States or any agency thereof, or any state or political subdivision thereof, or any court of competent jurisdiction thereof.

“Lender” means the mortgage lending institution executing a Participating Lender Agreement with the Servicer and any other applicable Program Document, which agrees to originate Mortgage Loans hereunder and thereunder and sell such Mortgage Loans and the servicing in connection therewith to the Servicer.

“Lender Guide” means the guide prepared by the Servicer for the Programs for the origination and delivery of Mortgage Loans to be purchased by the Servicer and the eligibility, credit and security

underwriting standards applicable thereto, and for servicing of Mortgage Loans included in a Pool for a Certificate, as may be amended from time to time by the Servicer. (<https://hfa.programs@usbank.com>)

“Lender Portal” means the web-based Mortgage Loan reservation and compliance system administered by FSC and found at <https://homenowdpa.org/>.

“Maximum Family Income” means the applicable amounts set forth in the Program Guidelines. Such amounts shall be effective until the Lenders receive an announcement from MoFi or the Servicer of revised Maximum Family Income limits.

“Mortgage” means the instrument, including the deed of trust, securing a Mortgage Loan that creates a first lien on a Residence subject to Permitted Encumbrances, and that shall be in form acceptable to FHA, VA or USDA-RD, as applicable.

“Mortgage File” means such documents as may be required by the Servicer or MoFi with respect to a particular Mortgage Loan submitted to the Servicer for purchase.

“Mortgage Loan” means a qualified first lien mortgage loan originated by a Lender under the Program to an Eligible Borrower evidenced by a Mortgage Note and secured by a related Mortgage on a Residence located in the Program Area, satisfying the requirements of this Agreement and any other Program Document. Down Payment Assistance grants are not included in the meaning of “Mortgage Loan” or “Mortgage.”

“Mortgage Loan Purchase Price” means the price to be paid by the Servicer to a Lender for a Mortgage Loan, which shall be the percentage, of the unpaid principal balance of such Mortgage Loan as set forth in the [Rate Lock Notice], plus accrued interest to the date of purchase and service release premium.

“Mortgage Loan Rate” means the applicable interest rate or rates on a Mortgage Loan.

“Mortgage Insurer” means one of the following MI Companies: Arch, Essent, Genworth, MGIC, National, Radian, United Guaranty, or as approved by US Bank.

“Mortgage Note” means the promissory note evidencing the obligation to repay a Mortgage Loan, which shall be in the form acceptable to FHA, VA and USDA-RD depending on whether the Mortgage Note evidences an FHA Mortgage Loan, a VA Mortgage Loan or a USDA-RD Mortgage Loan, respectively, with such additions or modifications as may be required hereunder as approved by MoFi and the Servicer and provided to the Lender by the Servicer.

“Mortgagor” means any person who has a Present Ownership Interest in the Residence and is the obligor(s) on a Mortgage Note, or a subsequent owner of a Residence who has assumed the Mortgage in accordance with this Agreement (but does not include a person who is liable on the Mortgage Note solely as a guarantor or cosigner, who does not have a Present Ownership Interest in the Residence).

“Non-Qualifying Mortgage Loan” means any Mortgage Loan which does not conform to the applicable Program, the Program Documents, the GNMA Guide and/or the GNMA Guaranty Agreement, including, but not limited to, the following examples:

(a) The Lender fails to deliver to the Servicer all documents of the Mortgage File (described in the Lender Guide) on a timely basis, or the Servicer determines that such documentation for Mortgage Loans do not conform to the requirements of the applicable Program;

(b) GNMA or the Servicer determines that the Mortgage Loan is not of acceptable quality or is not eligible for sale under the applicable Program or Program Document or the GNMA Guide.

"Notice Address" means:

As to MoFi: MoFi
229 E. Main St.
Missoula, MT 59802
Attention: Jenn Marrow
Telephone: (406) 728-9234
E-mail: jennm@mofi.org

As to the Servicer: US Bank Home Mortgage,
HFA Division
17500 Rockside Road
Bedford, OH 44146-2099
Telephone: (800) 526-5165
hfa.programs@usbank.com

As to the Lender: At the address provided to MoFi or the Servicer by the Lender.

"Origination Fee" means a reasonable and customary fee as a percentage of the unpaid principal amount of a Mortgage Loan, which amount may be collected and retained by the Lender in connection with each Mortgage Loan originated hereunder, as allowed by Agency guidelines.

"Participating Lender Agreement" means the agreement signed between the Servicer and each Lender as to the terms and conditions under which the Servicer will purchase a Mortgage Loan from a Lender and the duties, obligations, representations, warranties, and covenants of the Lender to the Servicer.

"Pass-Through Rate" means the interest rate per annum accruing on a Certificate, which will equal the Mortgage Loan Rate of the Mortgage Loans backing the Certificate less the applicable servicing fee and the applicable guaranty fee.

"Permitted Encumbrances" means those liens, covenants, conditions, restrictions, rights of way, easements, and other matters that are of public record as of the date of the recording of a Mortgage and that are permitted by FHA, VA and USDA-RD, as applicable.

"Planned Unit Development" means a real estate development of separately owned lots, other than a de minimus PUD, with: (i) contiguous or noncontiguous areas or facilities normally owned by an owners association in which the owners of the lots have a stock or membership interest; (ii) title to the real estate under the dwelling units being held by the individual lot owners and not by the owners association; (iii) the association having title to and responsibility for the administering of the common areas, and levying monthly charges against the lot owners for common areas expenses; and (iv) membership in the owners association not being severed from the ownership of an individual unit.

"Pool" means with respect to a Certificate, the pool of Mortgage Loans the beneficial ownership of which is represented by such Certificate, as described in the schedule of pooled mortgages pertaining to such Certificate.

"Post-Closing Compliance Package" means the compliance package submitted to the Program Administrator after Closing for final review of the eligibility criteria established for the applicable Program.

“Pre-Closing Compliance Package” means the compliance package submitted to the Program Administrator prior to loan Closing for preliminary review of the eligibility criteria established for the applicable Program.

“Principal Residence” means a Residence (i) that is real property and improvements permanently affixed thereon (but does not include property not constituting “fixtures” under State law); (ii) that consists of a single family detached or attached structure consisting of not more than two (2) connected dwelling units intended for residential housing for one family or a single unit in a Condominium Development, Planned Unit Development, a single unit in a duplex, or an entire duplex to be financed, provided that one of the units will be occupied by the Mortgagor or a single unit in a duplex (but not including a mobile home or any personal property); (iii) that is located within the Program Area and (iv) that can reasonably be expected to be occupied by the Mortgagor as the principal Residence of the Mortgagor. The term “Principal Residence” does not include a home used as an investment property or as a recreational home, a home that is primarily intended to be used in a trade or business. However, modular, panelized or prefabricated housing may be allowed if meeting the FHA and US Bank Home Mortgage guidelines.

“Program” means the MoFi HomeNow \$0 Down Payment Program.

“Program Area” means the geographical area within the State of Montana.

“Program Documents” means, the Program Guidelines, the Lender Guide and any other document, instrument, certificate or other writing relating to the Programs.

“Program Guidelines” means the Program guidelines established by MoFi for the origination of Mortgage Loans to be purchased by the Servicer and the eligibility, credit, and security underwriting standards applicable thereto, as may be amended from time to time.

“Purchase” means the purchase of a Mortgage Loan by the Servicer from a Lender on a Purchase Date pursuant to Section 9 of this Agreement.

“Purchase Date” means the date of any Purchase of a Mortgage Loan by the Servicer.

“Purchase Price” means the cost to a Mortgagor of acquiring a Residence from the Seller as a completed residential unit indicated in the contract of sale entered into between the Mortgagor(s) and the Seller(s).

“Qualified Insurer” means any insurance company that is approved by FHA, VA, USDA-RD as applicable, to provide insurance on single family residences in the State.

“Seller” means, with respect to a Mortgage Loan, the seller of the Residence being financed with such Mortgage Loan.

“Servicer” means U.S. Bank National Association, or any successor to its duties hereunder, and any additional Servicer appointed under Section 2 of this Agreement.

“State” means the State of Montana.

“Tax Service Fee” means the nonrefundable tax service fee in the amount set forth in the Program Guidelines payable by each Lender to the Servicer upon purchase of a Mortgage Loan.

"Title Policy" means a mortgage guaranty title insurance policy with respect to a Mortgage Loan in form approved by the Montana Insurance Department in an amount equal to the original principal amount of the Mortgage Loan, issued as of the Closing Date of such Mortgage Loan, and insuring the Lender and its successors and assigns.

"USDA-RD" means the Rural Housing Service of the United States Department of Agriculture, its successors and assigns.

"USDA-RD Guaranty" means a guaranty of a Mortgage Loan pursuant to the USDA-RD Single Family Housing Guaranteed Loan Program.

"USDA-RD Mortgage Loan" means a Mortgage Loan guaranteed by the USDA-RD.

"VA" means the Veterans Administration, an agency of the United States of America.

"VA Guaranty" means a guaranty of a Mortgage Loan by VA pursuant to the provisions of the Servicemen's Readjustment Act of 1944, as amended.

"VA Mortgage Loan" means a Mortgage Loan guaranteed by VA in accordance with the provisions hereof and under the Servicemen's Readjustment Act of 1944, as amended.

"Veteran" means a person who:

(A)(i) served not less than 90 days, unless sooner discharged by reason of a service-connected disability, on active duty in the Army, Navy, Air Force, Coast Guard, United States Public Health Service (as constituted under 42 U.S.C. Section 201 et seq.), or Marine Corps of the United States after September 16, 1940, and who on the date of filing an application under the program has not been dishonorably discharged from the branch of the service in which the person served;

(ii) has at least 20 years of active or reserve military service as computed when determining the person's eligibility to receive retired pay under applicable federal law;

(iii) has enlisted or received an appointment in the Montana National Guard, who has completed all initial active duty training required as a condition of the enlistment or appointment, and who on the date of filing the person's application has not been dishonorably discharged from the Montana National Guard; or

(iv) served in the armed forces of the Republic of Vietnam between February 28, 1961, and May 7, 1975, if the board adopts a rule regarding these veterans under Subsection (b);

(B) at the time of the person's enlistment, induction, commissioning, appointment, or drafting was a bona fide resident of this state or has resided in this state at least one year immediately before the date of filing an application under this chapter; and

(C) at the time of the person's application under this chapter is a bona fide resident of this state. The term includes the unmarried surviving spouse of a veteran who died or who is identified as missing in action if the deceased or missing veteran meets the requirements of this section, with the exception that the deceased or missing veteran need not have served 90 days under Paragraph (A)(i) of this subdivision, and if the deceased or missing veteran was a bona fide resident of this state at the time of enlistment, induction, commissioning, appointment, or drafting.

APPENDIX B: INCOME LIMITS

Current income limits for all programs are available in the Lender Portal and in the Program Summary

APPENDIX C: SAMPLE CHECKLISTS AND FORMS

(Will Vary Depending on Program and DPA)

Form 1 – PRE-CLOSING COMPLIANCE PACKAGE CHECKLIST

Form 2 – FUNDING REQUEST CHECKLIST

Form 3 – FUNDING REQUEST FORM

Form 4 – POST-CLOSING COMPLIANCE PACKAGE CHECKLIST

Form 5 – EXTENSION REQUEST FORM

OTHER PROGRAM DOCUMENTS:

Only Available in Lender Portal

Commitment Letter

Notice of Down Payment Assistance Grant (Gift Letter)

2nd Lien TIL Disclosure Statement, Promissory Note and Deed of Trust



PRE-CLOSING COMPLIANCE CHECKLIST – FORM 1

BORROWER(S) LOAN INFORMATION –SECTION I

MoFi Loan Number	
Borrower(s) Name(s)	
Property Address	
1 st Mortgage Total Loan Amount	\$
Down Payment Assistance Amount	\$
Rate Lock - @ %	

LENDER CONTACT INFORMATION – SECTION II

Company Name	
Contact Name	
Phone Number	
Email Address	

Please submit items 1 - 5 below through the Lender Portal into the “Pre-Closing Compliance Package” found at <https://homenowdpa.org/>.

1. **This Checklist** – Please review **Section I** for accuracy and notify Program Administrator of any changes.
2. Copy of **Executed Underwriter’s Certification Transmittal Form 1008 or 92900, etc.**
 - a. Is this a Manual Underwrite? YES NO
3. Copy of Current **Loan Application (1003)**
4. Copy of Current **Loan Estimate**
5. Copy of **Purchase Contract** executed by Borrower and Seller. **Please include any counter offers.** (This requirement is only applicable to purchase transactions, not refinances.)

Comments/Notes: _____

Important: *Pre-Funding Request Requirement*****

MoFi must review the final Closing Disclosure at least one (1) day prior to delivery to the borrower.

Please email Final CD to dprequest@mofi.org

In order to meet program timelines please submit the above items as soon as possible.



FUNDING CHECKLIST – FORM 2

BORROWER(S) INFORMATION

MoFi Loan Number	
Borrower(s) Name(s)	
Property Address	
1 st Mortgage Total Loan Amount	\$ _____

Down Payment Assistance	
3.0 to 5.0% of Total Loan Amount	\$ _____

LENDER CONTACT INFORMATION

Company Name	
Contact Name	
Phone Number	
Email Address	

Please submit items 1 – 3 through the Lender Portal into the “Funding Request Package” found at <https://homenowdpa.org> at least **TWO** business days prior to the scheduled loan closing.

1. Copy of **Funding Request - Form 3, including Wire Instructions**
2. Copy of **Final Closing Disclosure**
 - ❖ Note: If applicable, a recording fee for the Deed of Trust (9 pages) is the only allowable fee on the Deferred 2nd Lien; this fee should be disclosed on the 1st Mortgage CD.
3. Copy of **Down Payment Assistance documentation:**
 - a. If DPA as Grant – copy of **Gift Letter**
 - b. If DPA as 2nd Lien – copy of:
 - i. **Federal Truth In Lending Disclosure Statement (TIL) for 2nd Lien**
(Borrower(s) will sign at Closing prior to signing the 2nd Lien Note & Deed of Trust)
 - ii. **Completed 2nd Lien Deed of Trust** *(Borrower(s) will sign at Closing)*
 - iii. **Completed 2nd Lien Note (unsigned)** *(Borrower(s) will sign at Closing)*



FUNDING REQUEST - FORM 3

The Wire Request Form will not be processed, nor will funds be wired to the escrow/title agent, until MoFi is in receipt of the Final Closing Disclosure. At that time, the information provided below will be verified. Funds will be wired per the instructions below on the scheduled closing date.

MORTGAGE INFORMATION

Name(s):	Principal Borrower	Co-Borrower

LENDER INFORMATION

Company Name:	
Contact Name:	
Phone Number:	
Email Address:	

LOAN INFORMATION

Final Loan Amount:		Final Sales Price:	
Interest Rate:		Loan Type:	
Term:		Closing Date:	
MoFi Loan Number:		Closing Time:	
HomeNow Program:			

DOWN PAYMENT ASSISTANCE FUNDS REQUESTED

\$

PLEASE ATTACH WIRE INFORMATION

Mofi Down Payment Administrative Uses Only:

Approved By:		Date:	
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POST-CLOSING COMPLIANCE CHECKLIST – FORM 4

BORROWER(S) INFORMATION

MoFi Loan Number	
Borrower(s) Name(s)	
Property Address	
1 st Mortgage Total Loan Amount	\$

LENDER CONTACT INFORMATION

Company Name	
Contact Name	
Phone Number	
Email Address	

Please submit items 1 – 4 through the Lender Portal into the “*Post-Closing Compliance Pkg.*” found at <https://homenowdpa.org>

1. **This Checklist**
2. Copy of Final **Executed Closing Disclosure**
 - ❖ Note: If applicable, a recording fee for the Deed of Trust (9 pages) is the only allowable fee on the Deferred 2nd Mortgage; this fee should be disclosed on the 1st Mortgage CD.
3. Copy of Final **Executed Loan Application (1003)**
4. Copy of **Executed Down Payment Assistance documentation**
 - a. If DPA as Grant – copy of **Gift Letter**
 - b. If DPA as 2nd Lien – copy of:
 - i. **Federal Truth In Lending Disclosure Statement (TIL) for 2nd Lien**
 - ii. **Completed 2nd Lien Deed of Trust**
 - iii. **Completed 2nd Lien Note**

Please submit items 5 & 6 via mail as indicated below:

5. **Corporate Check payable to Hilltop Securities Inc. in the amount of \$225.00** (Compliance Review Fee) to: 1201 Elm Street, Suite 3500, Dallas, TX 75270, Attn: Housing Department.
6. **Original of 2nd Lien Promissory Note (if applicable) to:** MoFi, Attn: HomeNow Accounting, 229 E. Main St., Missoula, MT 59802.

Important: In order to meet program timelines please make sure to submit the above items as soon as possible. Hilltop Securities Inc. cannot approve the loan for purchase by U.S. Bank until all items on this checklist are received.



EXTENSION REQUEST – FORM 5

If the extension is approved, this form will be signed by the Program Administrator and emailed back to the referenced Lender Representative.

Please email form to htshousing@hilltopsecurities.com

MoFi Loan Number	
Lender Loan Number	
Borrower(s)	
Property Address	
Initial Commitment Expiration	
Loan Closing Date	

LENDER REQUEST

A one-time extension can be purchased at the following terms and rate (check one):

7-day extension for the above referenced Mortgage Loan at 0.06250%.

15-day extension for the above referenced Mortgage Loan at 0.12500%.

22-day extension for the above referenced Mortgage Loan at 0.18750%.

30-day extension for the above referenced Mortgage Loan at 0.25000%.

**** The Extension Fee will be deducted from the Mortgage Loan Purchase Price ****

_____ **Date**

_____ **Mortgage Lender Name**

_____ **Authorized Lender Representative**

_____ **Lender Representative Email Address**

PROGRAM ADMINISTRATOR APPROVAL

As the Program Administrator, Hilltop Securities Inc. hereby grants the requested extension from the original commitment expiration date for the above referenced Borrower(s).

This extension expires on: _____ *(To be completed by the Program Administrator)*

_____ **Date Approved**

_____ **Hilltop Securities Inc.
Program Administrator**

_____ **Name and Title**

_____ **Signature**