

Origination Guidelines for the 2004A Minneapolis/Saint Paul City Living Program

Revisions

8-10-04, Page 2, Final Purchase Date

8-16-04, Page 8, Allowable Fannie Products verbiage updated; Pages 10 and 11, Revised "Credit Underwriting"

3-9-05, Pages 6 & 7, Income and Acquisition Limits Increased (Eff 2-21-05)

3-29-05, Page 7, Targeted Areas revised

4-13-06, Pages 6 & 7, Revised Income and Acquisition Limits (Eff 3-24-06)

Provided by Denihan and Associates



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To complete your Guide, please print "HFA Home", "HFA Community Solutions", the Delivery and Funding

Guidelines, and the Contact Directories that appear on the “Guide and Forms” page of the Website.
Page ii of this Table of Contents describes the forms that are provided on the Website.

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The following are not forms, but data submitted directly from the **Website**

PASSWORD AUTHORIZATION	All McWeb users must have a username and password. For those already having passwords, please submit request for updating profiles to include this program. For those who do not have passwords, complete the information requested and "Submit". A username and password will be forwarded to you.
PURCHASE/ REVIEW CONTACTS & WIRE INSTR.	Complete data online immediately and "submit". Data is transmitted to Servicer Operations. New form required for each series.
RESERVATIONS	Data completed and submitted online
CHANGES AND CANCELLATIONS	Changes/cancellations made and submitted online. Property address cannot be changed online. Contact Bond Compliance.

Program forms provided on the **Website: <http://www.denihanassoc.com>**

PROGRAM COMPLIANCE FORMS IN ORDER OF USE

AT APPLICATION	
NOTICES TO BUYERS	BOND FORM - Signed at application by those in title whether or not a Mortgagor; Lender's Underwriter verifies that Notices to Buyers has been signed. Send signed Original in Compliance File.
AT CLOSING	
AFFIDAVIT	BOND FORM - Three sections - Mortgagor Affidavit section for Mortgagor and those in title whether or not a Mortgagor to be signed at CLOSING and notarized; Seller/Builder Affidavit section to be signed at CLOSING by all Seller's named on Real Estate Purchase Contract and notarized; Lender Certification section to be signed by authorized representative of Lender. Send signed Original in Compliance File.
AT CLOSING	
TAX EXEMPT RIDER	BOND FORM - Use for all loan types, signed at closing by Mortgagor and all those in title whether or not a Mortgagor, record this document and send to Servicer with final documents.
AT CLOSING	
FINAL SUBSIDY RECAPTURE NOTICE	BOND FORM - Use for all loan types, CHOOSE CORRECT FORM FOR TARGET OR NON-TARGET AREAS, signed at closing by Mortgagor and all those in title whether or not a Mortgagor Send signed Original in Compliance File.
AT CLOSING	
MORTGAGOR AND SELLER SURVEYS	BOND FORM - Use for all loan types, completed at closing by Mortgagor Send in Compliance File.
SHIPPING	
COMPLIANCE FILE CHECKLIST	This is the cover sheet for your Compliance File. Use it as a guide in preparing the separate Compliance File folder; the complete Compliance File is to be sent with the Mortgage File after closing

SAMPLE FORMS provided on the **Website: <http://www.denihanassoc.com>**

FLOOD DISCLOSURE HAZARD	You may use your own form if approved by Servicer or this form.
FLOOD DISCLOSURE NON HAZARD	You may use your own form if approved by Servicer or this form.

MORTGAGE FILE DELIVERY STACKING SHEETS provided on the **Website: <http://www.denihanassoc.com>**

CONVENTIONAL LOAN DELIVERY CHECKLIST	Use as cover and guide for packaging conventional loans; pkg. sent after closing
FHA LOAN DELIVERY CHECKLIST	Use as cover and guide for packaging FHA loans; pkg. sent after closing
VA LOAN DELIVERY CHECKLIST	Use as cover and guide for packaging VA loans; pkg. sent after closing

FINAL DOCUMENT COVER SHEET

FINAL DOCUMENT DELIVERY COVER SHEET	Use as cover sheet and guide for final documents.
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OTHER FORMS REQUIRED FOR THE TRANSACTION

USE YOUR OWN STANDARD FORMS (i.e. first Mortgage/Deed of Trust, Note, required Disclosures, Assignment, etc.)

BACKGROUND

The U. S. Congress created tax exempt bond programs for housing. Officially they're referred to as Mortgage Revenue Bonds (MRB's). Congress created MRB's but bond programs are created by state, regional, county or city government agencies that are governed by volunteer Boards. The way it works, bonds are sold to private investors(aka bond holders). The private investors accept a lower rate of return on their bond investment because the interest they earn is exempt from federal income tax. Because the Issuer is paying the bond holder less, they can charge the borrower a lower mortgage interest rate. So federal involvement is -- Congress authorized the program and because the bonds are tax exempt the rules are written in the IRS Code. While the majority of program rules are tied to the IRS Code, there may be local regulations and/or the Issuer's Board's public policy considerations that may result in additional program rules.

The amount of funds available is limited by federal regulations. State or local laws may divide the funds among several users (in addition to those who provide housing).

Lenders originate loans and then all originating lenders sell their loans to the Master Servicer who either pools the loans and sells them to Ginnie Mae, Fannie Mae or sells them to the Trustee if the Issuer has a whole loan program. The Master Servicer continues to service the loans on behalf of Ginnie Mae, Fannie Mae or the Issuer.

In addition to reviewing the mortgage loan file, the Servicer must review other documents to determine that the loan qualifies with program regulations established by the IRS Code or local jurisdiction

ROLES OF PROGRAM PARTNERS

THE ISSUER

The Minneapolis/Saint Paul Housing Finance Board (the "Issuer") issues the bonds. The Issuer and working group members (Financial Advisor, Bond Underwriters, Bond Counsel, Issuer's Counsel, Trustee and others) fashion a bond and program structure. Then lenders are solicited and bonds sold.

THE SERVICER/PROGRAM ADMINISTRATOR

The Issuer has delegated administration of the program to **U S Bank Home Mortgage** (the Master Servicer/Program Administrator).

The role of the **Program Administrator** includes accepting Mortgage Loan reservations, tracking program funds, providing reports to lenders, the Issuer and members of the financing team, reviewing files for compliance with the IRS Code and tax law, answering compliance and allocation status report questions for lenders and communicating with the Issuer and lenders regarding compliance issues. Bond Compliance handles this responsibility.

The **Master Servicer** is U S Bank Home Mortgage. The Servicer purchases, funds and services the program loans. The Servicer answers questions regarding credit underwriting, delivery and funding.

The **Program Facilitator** is Denihan and Associates. Denihan and Associates coordinates communications, arranges lender training, produces Lender Guides and serves as an additional contact for Lenders (see "800" pager number below). Denihan and Associates will be forwarding If unable to reach The Servicer , Bond Compliance or are unsure to whom to direct questions, contact Denihan and Associates.

PROGRAM LENDERS

Program lenders agree to qualify borrowers, originate loans, fund subsidies, close and deliver the program loans to the Master Servicer for purchase.

PROGRAM SUMMARY

Program Funds

Approximately \$40,000,000 will be available in smaller commitment lots priced periodically during the Origination Period..

Eligible Area

Cities of Minneapolis and St. Paul

Important Dates - Revised 8-10-04

Loans in a Commitment Lot

For each Commitment Lot set on or before the 15th day of any month, the Final Purchase Date will be the first day of the 4th month after such date or such other date as announced in each Commitment Lot Notice.

For each Commitment Lot set on or after the 16th day of any month, the Certificate Acquisition Date will be the first day of the 5th month after such date or such other date as announced in each Commitment Lot Notice.

Final Documents must be delivered within 90 days of the date the loan is purchased by the Servicer.

All loans in the program must be purchased on or before December 1, 2006

Mortgage Rate

The Mortgage Rate will be determined with the sale of each Commitment Lot.

Origination and Discount

Origination Fee	1.00%	Discount Fee	0.00%
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For up to \$8,000,000 principal amount of Qualified Rehabilitation Loans, the Participant may charge and retain an additional origination fee of up to 1.5% of the smaller of (a) the cost of the Qualified Rehabilitation or (b) 50% of the total principal amount of the Mortgage Loan. A Participant must receive approval of the Servicer/Administrator in order to charge such additional Origination Fee, in order that the Servicer/Administrator can keep track of the aggregate principal amount of Qualified Rehabilitation Loans for which such fee is charged.

Assistance Grant

Assistance is calculated on the **full loan amount, funded by the Lender** at closing, **fully utilized** in the transaction and **reimbursed by** The Servicer at loan purchase. Assistance may be used toward down payment and closing costs to the extent permitted by the Insurer/Guarantor and/or Fannie Mae. Closing Costs mean prepaid taxes and insurance premiums, guaranty fees, credit report fees, survey fees, appraisal fees, inspection fees, title insurance premium, abstract and attorney's fees, escrow and courier fees, recording fees, the Origination Fee and similar fees and such closing costs may not exceed the reasonable and customary amounts charged by the Lender for mortgage loans not funded from the bond proceeds. Closing costs may include earnest money deposits provided (1) not prohibited by the insurer/guarantor and (2) any program required minimum borrower contribution (if any) has been met. In the event funds are applied to all the allowable costs stated above and funds remain available, assistance may be used for a principal reduction

Lender Net

Lenders will net 2.00% for each mortgage loan purchased by the Servicer..

Purchase Price

The price to be paid by the Servicer/Administrator to a Participant for a Mortgage Loan, which shall be (i) 101.00% of the unpaid principal balance of such Mortgage Loan, plus (ii) the Borrower Assistance Grant related to such Mortgage Loan, if any, plus (iii) any accrued interest thereon.

Cosigners

Cosigners are allowable in an FHA transaction when meeting the following conditions: (1) a co-signer cannot have any ownership interest in the property (they cannot be on the title) and (2) the cosigner cannot reside in the property being purchased. A cosigner's income is not considered for bond program purposes and co-signers do not sign any bond documents.

Cosigners are used for credit purposes only and cannot be on the title. attorney's fees, escrow and courier fees, recording

fees, the Origination Fee and similar fees and such closing costs may not exceed the reasonable and customary amounts charged by the Lender for mortgage loans not funded from the bond proceeds. Closing costs may include earnest money deposits provided (1) not prohibited by the insurer/guarantor and (2) any program required minimum borrower contribution (if any) has been met. In the event funds are applied to all the allowable costs stated above and funds remain available, assistance may be used for a principal reduction

Loan Purchases

Loans are purchased by the Servicer daily.

Quality Control

From time to time the Servicer may request additional documentation from Lenders.

Servicing

All Mortgage Loans will be sold servicing released to U S Bank Home Mortgage. The Lender shall service or cause to be serviced all Loans in accordance with Fannie Mae and GNMA requirements prior to purchase by the Servicer as outlined in the Origination Agreement. Also, see "Escrow Requirements" subsection "Taxes" in this Guide.

Supplemental Financing

Supplemental Financing is permitted in this program in accordance with the OSSA and subject to FHA, VA and Fannie Mae guidelines. Second mortgage and grant programs provided outside the program must be submitted to the Master Servicer for review and approval for use with the program. Such financing must be subordinate to the first lien. Contact The Servicer's Product Development Manager.

SYSTEM ACCESS AND INFORMATION

GENERAL

Each Program has a specific page, which displays a summary of the program parameters (on any open program for that issuer), and has links to log into the system, access the Guidelines, bond program forms, and Waiting Lists where applicable, and other useful information.

There are additional pages such as NEWS which highlight important dates or changes, CONTACTS which contains a directory of The Servicer , Bond Compliance and Denihan personnel, USERNAMES where you will register for a username and password into the secure system, CENSUS TRACTS where lenders can find any US address and locate the appropriate Census Tract Number (required for all loans), TRAINING which is a link to our training web-site, and EMAIL which is a direct email to Bond Compliance for any general questions.

Additionally there is a link that takes you into the secure system, where users need to Log In. In order to access the 'system', you must obtain a username and password from Bond Compliance, on line at: www.hdsoftware.com/usbhm-mrbp

The security features will control the information each user can access, what lenders may view, what they can change or what cannot be changed.

ONLINE GUIDELINES

The Origination Guidelines and Delivery and Funding Guidelines are available online.

We recommend that you periodically revisit the online forms and guidelines as they are sometimes updated. You are contacted via email when changes occur.

OBTAINING A PASSWORD

To obtain a username and password go to www.hdsoftware.com/usbhm-mrbp

Username/Password. Click on "New User", complete the information and SUBMIT. The new password will not be valid until a confirmation is received.

Underwriters have different security access. Only Underwriters may access the online "Underwriter's Certification". Underwriters must check "Underwriter" on the "New User" screen

FUNCTIONS/OPTIONS OF SECURE SYSTEM

VIEW ALLOCATION

Lenders are encouraged to select this option from the Main Menu. This selection provides a quick 'live' view of the allocation(s) available in the selected program. Program funds are tracked by allocation.

NEW RESERVATION

A new reservation should be submitted online, once a qualified loan application has been taken. Lenders access this feature and submit the homebuyer/loan information. As an additional feature, the available allocation is always displayed prior to each reservation.

CHANGE LOAN

During the processing of a loan, a Lender may need to change certain information related to the loan, such as the loan amount, purchase price and other pertinent information. While the loan is in RESERVATION STAGE, a Lender may change this information on line. This will ensure that the loan record is as accurate as possible prior to the underwriting process.

LOAN DETAIL CONFIRMATION

At any given time, a Lender may access a Loan Detail Confirmation. This confirmation is a full detail of the loan record plus the status of the loan.

UNDERWRITER CERTIFICATION

A required step in the loan process is the online 'Underwriter Certification', which can only be accessed by a Lender's underwriter. Underwriters have a special security level. The Underwriter Certification serves as the required COMMITMENT to a loan, if applicable. This process locks the loan and certifies to the lender that it can proceed to closing.

PIPELINE

The Pipeline is one of the most important features online, because it allows a lender to view all of their loans and the loan status. It also assists in the management of the program by making it easy for lenders to check the loans they have in any given stage and make sure that all their loans in the system are still active. It also details loans that are deficient, loans purchased and date of same.

FILE CONDITIONS TO CORRECT

Files are reviewed in two steps. The Compliance Files are reviewed by the Administrator and the Mortgage File is reviewed by the Servicer. Any deficiencies are immediately posted on line. This area should be checked often. This separate menu item was developed for the post-closing/shipping/corporate departments that cure file deficiencies. It consolidates in one area any files that have problems that may need to be resolved in order to be purchased. This provides a quick and easy means to check these loans.

CANCEL RESERVATION

From time to time a loan may not make it through processing. It is important for lenders to cancel loans as soon as they know the applicant does not qualify. The PIPELINE feature assists in this process, as lenders can easily view the loans in reservation stage and determine if any are inactive. Should that be the case, the canceling of a loan is a very easy step which lenders are encouraged to do as soon as they are so informed. This will release those funds and make them available for the next applicant.

E-REPORTS

e-Reports are a variety of reports, which allow users to see the performance of the program and their loans. The Program Summary, Loan Information Report and Loan Detail Report by Originator summarize these valuable elements for all authorized users.

DOWNLOAD CRYSTAL VIEWER

The e-Reports on the Web require a special download file (Crystal Viewer) in order for the user to view them on line. This file is downloaded from our secure site and installed on any computer you would like to access the reports. The Crystal Viewer download and installation is very similar to the download and installation of Adobe Reader and has similar functions

SPECIAL SERVICES

We also maintain a site available to the public that's linked to search engines. The URL is www.firsthome4u.com. An option from that site is a "pre-application". If a pre-application is submitted, the sender is contacted and then referred to a program lender. Referrals are made on a alphabetical, rotating basis.

Program flyers are also available online for your convenience on this website:

PURCHASE/REVIEW CONTACTS AND WIRE INSTRUCTIONS

This form is required for each program. Please complete it immediately and make sure your corporate office reviews so that the correct contacts are listed. It's submitted at the beginning of each program and only submitted again during the course of a program if there are changes. Remember only one warehouse bank per lender. The Purchase/Review Contacts and Wire Instructions screen is available online under the Forms area. Click on the Purchase/Review Contacts and Wire Instructions Icon, complete the screen and SUBMIT..

All the Websites used in this program are linked.

NOW YOU'RE READY TO BEGIN!

AT TIME OF LOAN APPLICATION

There are requirements imposed by the Issuer that are reviewed for compliance with the program guidelines. It is the responsibility of lenders to review program documents and to originate loans that meet the requirements. The Master Servicer is not obligated to purchase loans that do not comply with program terms. Bond Compliance reviews loans to assure compliance. An important requirement is that program funds are used for the purpose of acquiring, not refinancing, owner-occupied single family homes. There are two situations that permit refinance: (1) If the homebuyer is at or below 50% of median or (2) for all homebuyers, if the contract for deed has a term of 2 years or less. This also applies to other types of bridge financing that has a term of two years or less.

Follow your normal procedures modified to include the following program requirements

1. Qualify the Borrower

Borrowers must be first-time homebuyers. A first-time homebuyer is someone who has not owned and occupied their principal residence in the three year period preceding closing. Exceptions: Persons buying in a targeted area who do not have to be a first-time homebuyer but must reside in the property, those utilizing Rehabilitation Loans, as defined in this Guide or persons paying off or replacing Contracts for Deed where the household income is not more than 50% of median income.

2. Qualify the Household Income

Income used for credit qualifying a borrower is different from income used for bond program purposes. Follow the requirements listed below for bond compliance income.

- The program requires that the income of all persons residing in the household (related or unrelated) 18 yrs.of age or older must be included in the calculation of income for bond program purposes. Unlike income that is averaged for credit underwriting, the bond program is concerned with actual current income. You should be reviewing the income of the last 4 months not annualizing income. Current gross monthly income is multiplied by 12 to determine "total current annualized income".
- Gross monthly income is the sum of monthly gross pay; any additional income from overtime, part-time employment, bonuses, income from self-employment, dividends, interest, royalties, pensions, VA compensation and net rental income, other income (such as alimony, child support, public assistance, sick pay, social security benefits, unemployment compensation, income received from trusts, and income received from business activities or investments, continuation of which is probable based on foreseeable economic circumstances based upon the Mortgagor's Affidavit (to such effect), all as computed at the time of application for a Mortgage Loan, and confirmed at the time of Closing. Information with respect to gross monthly income may be obtained from the applicable certificates and affidavits provided in the Guide executed during the 4-month period ending on the date of the Closing of the Mortgage Loan, provided that any gross monthly income not included for credit underwriting purposes must be included in determining gross monthly income.
- The total annual income from all sources of all persons 18 years of age or older residing in the household cannot exceed the maximum allowable income. The limit is the limit and any amount over the limit is not acceptable. Count all persons who will permanently reside in the home being purchased. Include the income of non-borrower co-habitants who will reside in the property. However, do not include (1) dependents that are claimed on tax returns but who will not permanently reside in the home the majority of the time and (2) co-signers.
- The Affidavit, executed by the borrower(s), and certified by the lender, must include the total verified annual household income.
- Borrowers are not required to use all available assets when using the first mortgage bond program. The amount of remaining reserves required is determined by the type of financing used (i.e. FHA, VA.).

MAX HH INCOME LIMITS	1-2 person HH	3+ person HH	Rev. 3-24-06
General	\$78,500	\$86,350	
Targeted	\$86,350	\$86,350	

An amount equal to 50% of the principal amount of the Bonds will be reserved for the origination of Special Low-Income Mortgage Loans for a period beginning on the first date of the Origination Period and ending on February 4,2005. Income cannot exceed \$75,636. This requirement will be tracked by Bond Compliance.

3. Qualify the Property

MAXIMUM ACQUISITION PRICES Rev. 3-24-06

	1 Unit	2 Units	3 Units	4 Units
	New or Existing	Existing Only	Existing Only	Existing Only
General	\$259,050	\$326,280	\$396,415	\$457,402

Targeted \$345,400 \$398,786 \$484,507 \$559,046

Note: 2-4 units -- Existing housing must be at least 5 years old.

- Go to our Website and click on "Census Tract Searches". Enter the property address and the system will determine the census tract of the property. You will need the number when registering the loan. You will be entering a census tract number for all properties.

• **Targeted Area census tracts for the program are as follows: Revised 3-29-05 Inserted periods 4-05**

Minneapolis 22.00, 33.00, 35.01, 59.01, 59.02, 68.00, 73.01, 77.00, 78.01, 78.02, 79.00, 83.00, 84.00, 1014.00, 1015.00, 1016.00, 1021.00, 1028.00, 1029.00, 1034.00, 1041.00, 1048.00, 1054.00, 1057.00, 1060.00, 1069.00, 1070.00, 1071.00, 1072.00

Saint Paul 305.00, 327.00, 329.00, 331.00, 337.00

- MRB Program funds may be used to finance single family residences (detached, attached, rowhouse, townhouse, qualified condominium unit [including Spot approvals]. A primary residence is the legal residence of a person. It is also the place where the person lives on a full-time basis. Recreational, seasonal or other types of vacation or non-permanent homes are not eligible under the program.
- Land may not exceed the size required to maintain basic livability. Properties not meeting the minimum lot size zoning requirements for the area and type of property are not eligible under the program.
- The remaining economic life of the property may be no less than 30 years
- Existing Residence means that (1) it has been previously occupied or (2) has been available for occupancy for at least 12 months but has not been previously occupied. Newly constructed means that the home has never been previously occupied.
- Mobile homes, recreational and seasonal homes are not eligible under the program.
- Properties purchased in the program must be residential units. No more than 15% of the square footage of the home being purchased may be used in connection with a trade or business including Child Care services (other than incidental rental from eligible multi-unit structures).
- Sellers or builders sign the Seller's Affidavit attesting to the eligibility of the property as evidenced by an appraisal conducted by a qualified appraiser.

IRS Code Definition of Acquisition Cost

The IRS Code definition of Acquisition Cost describes items included in the calculation of Bond Acquisition Price and the items not included. The Code definition follows:

The Acquisition Price of a Single Family Residence may not exceed the Maximum Acquisition Price. The Acquisition Price of a Single Family Residence is the cost of acquiring the Single Family Residence from the seller as a completed residential unit. The Acquisition Price includes the following:

(a) All amounts paid, either in cash or in kind, by the purchaser (or a related party or for the benefit of the purchaser) to the seller (or a related party or for the benefit of the seller) as consideration for the Single Family Residence. A single Family Residence includes property that is a fixture under local law, such as light fixtures, or wall-to-wall carpeting. Thus, if the purchaser purports separately to purchase such items, the cost of those items must be included in the cost of acquisition. On the other hand, property which is not considered a fixture under local law, such as appliances, is not considered part of a Single Family Residence and the cost of acquiring such items does not have to be included in the cost of acquiring the residence (unless the acquisition cost of such items exceeds their fair market value, in which case the amount of the excess must be included in the acquisition cost of the residence). Thus, if the purchaser agrees to purchase the refrigerator, washer and dryer from the seller for \$1,000 more than the fair market value of such items, such \$1,000 must be included in the cost of acquisition. Similarly, if as part of the purchase of the Single Family Residence the purchaser agrees to pay or assume liability for a debt of the seller, the amount of such debt must be included as part of the cost of acquiring the Single Family Residence.

(b) If a Single Family Residence is incomplete, the reasonable cost of completing the Single Family Residence whether or not the cost of completing construction is to be financed with proceeds of the Mortgage Loan. Where a Mortgagor purchases a building which is so incomplete the occupancy of the building is not permitted under local law, the acquisition cost includes the cost of completing the building so that occupancy of the building is permitted. Thus, if a builder normally sells residences with an uncompleted recreation room but a completed third floor and a garage, but is selling a residence with no garage and an uncompleted recreation room and third floor to a Mortgagor, the cost of completion of the third floor (but not the recreation room) and the cost of addition of a garage must be included in the cost of acquisition of the Single Family Residence. On the other hand, if a Mortgagor purchases an existing home and then spends \$3,000 to paint it, refinish the floors and make minor repairs, such \$3,000 is not included in the cost of acquisition of the Single Family Residence.

(c) Where a Single Family Residence is purchased subject to a ground rent, the capitalized value of the ground rent. Such value shall be calculated using a discount rate equal to the yield on the Bonds calculated in accordance with Section 148 of the Code.

The Acquisition Price does not include the following:

(a) The usual and reasonable settlement or financing costs. Settlement costs include titling and transfer costs, title insurance, survey fees or other similar costs. Financing costs include credit reference fees, legal fees, appraisal expenses, "points" which are paid by the buyer (but not points paid by the seller, even though borne by the buyer through a higher Acquisition Price) or other costs of financing the Single Family Residence. However, such amounts will be excluded in determining acquisition cost only to the extent that the amounts do not exceed the usual and reasonable costs which would be paid by the buyer where financing is not provided through a qualified mortgage bond program. For example, if the purchaser agrees to pay to the seller more than a pro rata share of property taxes, such excess shall be treated as part of the Acquisition Price of a Single Family Residence.

(b) The value of services performed by the Mortgagor or member of the Mortgagor's family in completing the Single Family Residence (or a Dwelling Unit constituting part of the Single Family Residence). For purposes of the preceding sentence, the family of an individual shall include only the individual's brothers and sisters (whether by the whole or half blood), spouse, ancestors and lineal descendants. For example, where the Mortgagor builds a home alone or with the help of family members, the Acquisition Price includes the cost of materials provided and work performed by subcontractors (whether or not related to the Mortgagor) but does not include the imputed cost of any labor actually performed by the Mortgagor or a member of the Mortgagor's family in constructing the Single Family Residence. Similarly, where the Mortgagor purchases an incomplete Single Family Residence, the acquisition cost includes the cost of material and labor paid by the Mortgagor to complete the Single Family Residence but does not include the imputed value of the Mortgagor's labor or the labor of the Mortgagor's family in completing the Single Family Residence.

(c) The cost of land which has been owned by the Mortgagor for at least two years prior to the date on which construction of the Single Family Residence (or a Dwelling Unit constituting part of the Single Family Residence) begins.

4. Review the Loan and Mortgage Requirements of this Program

- All loans in this program will have a loan term of 30 years (360 months, level payments).
- Qualifying new mortgage loans must be FHA Insured, VA Guaranteed or insured by a private mortgage insurer acceptable to Fannie Mae and eligible for securitization by Ginnie Mae or Fannie Mae. All homes financed under the Program must be the primary residence of the owner-occupant. FHA 203 (b), FHA 203 (b) (2) Veteran Status FHA 234(c) Condominium, FHA 203(K) Rehab loans are permitted by the program. Also permitted are special Fannie Mae products listed in the "Credit Underwriting" section of this Guide.
- New and existing, single-family (one **to four** unit dwellings) detached, attached, condos, rowhouses, townhouses that meet Ginnie Mae requirements and are acceptable to Fannie Mae. Homes are considered new if never previously occupied.
- The program requires the minimum borrower contribution required by FHA, VA or Fannie Mae.
- Loans may be assumed by a qualified borrower meeting income and acquisition price restrictions in place at the time of the assumption. Such loans must continue to fully comply and be insured by FHA, guaranteed by VA or a private mortgage insurer acceptable to Fannie Mae.
- Mortgage Loans may be prepaid at any time without penalty.
- There is no minimum loan amount in this program.

QUALIFIED REHABILITATION

"Qualified Rehabilitation" means a Rehabilitation of a Residence if:

The Mortgagor to whom the Qualified Rehabilitation Loan is made will be the first resident of the Residence after completion of the Rehabilitation;

There is a period of at least twenty (20) years between the date on which the structure was first used and the date on which the physical work of Rehabilitation began;

Fifty percent (50%) or more of the existing external walls of the structure are retained in place as external walls in the Rehabilitation process, and (II) seventy-five percent (75%) or more of the existing external walls of the structure are retained in place as internal or external walls, and (III) seventy-five percent (75%) or more of the existing internal structural framework of the building is retained in place;

The total expenditure for the Rehabilitation equals twenty-five percent (25%) or more of the Mortgagor's "adjusted basis" in the Residence.

For purposes of this definition, the Mortgagor's "adjusted basis" in the Residence is his or her adjusted basis for purposes of determining gain or loss on the sale or exchange of a capital asset (as defined in Section 1221 of the Code). The Mortgagor's adjusted basis shall be determined as of the date of completion of the Rehabilitation, or, if later, the date the Mortgagor acquires the Residence. The amounts expended for the Rehabilitation include all amounts expended for the Rehabilitation work regardless of whether the expenditure is a capital expenditure, so long as it is made during the Rehabilitation of the Residence and is reasonably related to the Rehabilitation of the Residence (but excluding the value of any labor contributed by the Mortgagor or a member of the Mortgagor's family); provided, that only capital expenditures includable in "adjusted basis" shall be included for the purposes of clause iv above.

"Rehabilitation" means the improvement of existing single family housing to improve the basic livability of the housing or restore it to a decent, safe and sanitary condition. Improvements may include room additions, renovation, improvement or construction of a garage, repair of sidewalks and improvements used or useful to conserve energy. Improvements shall not include the construction or improvement of recreational facilities, routine or minor repairs or maintenance, or cosmetic improvements unless coupled with the cure of substantial accumulation of deferred maintenance or other permitted improvements

RENOVATION LOANS

"Renovation Loan" means a Mortgage Loan, the proceeds of which are applied to purchase and Rehabilitate a Residence, subject to the following conditions:

No Refinancing. The proceeds of a Renovation Loan may not be applied to refinance any existing indebtedness, other than a construction, bridge or interim loan as permitted under the definition of "Eligible Borrower."

Capital Costs. Any costs of Rehabilitation financed with proceeds of a Renovation Loan must be capital costs. In general capital costs are costs for permanent improvements or betterments which appreciably prolong the life or enhance the value of the Residence, for example, replacement of a furnace, roof, kitchen cupboards, bathroom fixtures or floor surfaces (new tile or wall to wall carpeting). Maintenance expenses generally are not capital costs, for example, painting or wallpapering (unless the painting or wallpapering is done in connection with the replacement or addition of a wall).

Minimum Renovation. The cost of Rehabilitation of a Residence financed by a Renovation Loan shall be not less than \$5,000.

Acquisition Cost. The cost of Rehabilitation of a Residence financed by a Renovation Loan shall be added to the Acquisition Cost of the Residence for purposes of determining whether the Residence meets the Maximum Acquisition Costs restrictions.

Escrow for Completion. If the Participant originating the Renovation Loan is a qualified Fannie Mae Rehabilitation Lender, or is otherwise approved by the Servicer/Administrator (and, if applicable, is an FHA

11. Review the Allowable Origination, Discount and Other Fees -Rev 3-12-04 Second Bullet to Include Compliance Review Fee

- The program determines the origination and discount that may be charged. The program also permits a commitment fee. See program summary for detail.
- The program includes a **Compliance Review Fee of \$225** and a Tax Service Fee of \$65. The fee is payable to the Servicer and netted at loan purchase and must be disclosed on the HUD-1 as being paid to the Servicer. **The Compliance Review Fee may be paid by the seller in a government loan transaction.**
- Lenders are permitted to charge reasonable and customary charges for out of pocket expenses and costs. Other financing costs such as legal fees and underwriting fees may be charged and courier fees may be charged if such fees are normally charged. Lenders may charge the usual and reasonable settlement costs. Settlement costs include titling and transfer costs, title insurance, survey fees or other similar costs. Other allowable fees include doc prep fees, notary fees, hazard, mortgage and life insurance premiums, recording or registration charges, prepaid escrow deposits and other similar charges allowable by FHA, VA. "Junk" fees are not a defined term and may not be charged. Excessive fees are not permitted in the program.

12. If the Borrower and Property Qualify, Have the Borrower(s) Sign and Date the Notices to Buyers/authorization

The Notice includes information about the consequences of selling the home and not paying off the loan if the sale is to a non-qualified buyer and a Borrower Authorization for Counseling. This form and all other program forms are found on the Website <http://www.denihanassoc.com> clicking on the "MRB Programs" button and then "Forms". Retain the original. The original will be sent to The Servicer in the Compliance Package that is submitted following closing.

13. Reserve the loan online. Go to the Website www.hdssoftware.com/usbhm-mrbp and click on the McWeb icon in the left margin Security features control the areas each lender/user can access. The screen will ask you for an entry as follows:

Username

Password

Enter information and then **Submit**

Process the loan as you normally would.

CREDIT UNDERWRITING

The credit underwriting for the program is the responsibility of the participating Lender's staff Underwriters. The Servicer's Underwriting Department only underwrites for approved participating Correspondent Lenders. The Servicer does not re-underwrite the loans, but all loans purchased are subject to audit review and re-verification of documentation. Therefore, it is vital for the underwriters to make sound credit underwriting decisions, assure data integrity and include the necessary documentation to support the underwriting decision.

The loans are subject to Agency (Fannie Mae, FHA, VA) guidelines for credit underwriting and program guidelines for eligibility. The Underwriters must always follow the Agency guidelines and Bond program guidelines for income and sales price limitation and program requirements. When underwriting a conventional loan, the underwriter must include the Special Feature Code in the comment section of the 1008.

Please note: There are no credit underwriting exceptions because these are Bond Loans. The only underwriting flexibilities allowed are those set by Fannie Mae, FHA, VA.

APPROVED LOAN TYPES: FHA, VA, Fannie Mae (Community Lending Products)

AUTOMATED UNDERWRITING SYSTEMS Fannie Mae Desk Top Underwriter and Freddie Loan Prospector are the only approved automated underwriting systems. These systems are approved to the extent that the agencies, insurer and or guarantors permit them. **Fannie Mae DU should be used for all Fannie Mae loan Products.** Either DU or LP may be used for government loans to the extent permitted by FHA or VA. No specialty lender approved DU systems are allowed. **BECAUSE THIS IS A BOND PROGRAM LOAN, we require written verification of income. (most recent paystub showing the YTD earnings okay).**

COMMUNITY SECONDS & ASSISTANCE PROGRAMS

Subsidies (grants or loans must be approved by The Servicer annually. The program guidelines and all associated documents and agency contact information must be submitted to the Servicer's Product Development Manager for approval prior to application.

FANNIE MAE LOAN PRODUCTS

NOTE: (The Loan Underwriter must write the Special Feature Code (SFC) for the loan products in the comment section of the 1008. Always show 088 (Bond Loan) and then choose from the applicable list below. If DU determine the special feature codes you must make sure they are correct (check the below referenced list), and write them on the 1008.

The following is a list of the approved Fannie Mae Loan Products for the Mortgage Revenue Bond Program and Special Feature Codes:

HFA Home (SFC 359) ... 97% LTV, minimum borrower contribution 1% or \$500.00 whichever is less

HFA Community Solutions (SFC 481) ... 97% LTV, minimum borrower contribution 1% or \$500.00 whichever is less

Community Home Buyers Program (SFC 061)...95% LTV, minimum borrower contribution 5.0%

Fannie 3/2 (SFC 074)... 95% LTV, minimum borrower contribution 3.0%, 2.0% from other approved source.

Fannie 97 (SFC 121)...97% LTV, minimum borrower contribution 3.0%

Homestyle SFC (215 & 001) – Rehab loan (for Fannie Mae approved Homestyle lenders only)

Homestyle Twin Cities – Homestyle Community Mortgage - SFC (022 & 001)

Homestyle Twin Cities – Enhanced Homestyle Community Mortgage SFC (022 & 001)

Homestyle Twin Cities – Enhanced Homestyle Standard Mortgage – SFC (215 & 001)

MyCommunityMortgage - Suite of Products

MCM 97(SFC460)...97% LTV, minimum borrower contribution \$500.00.

MCM 100 (SFC 480)...100% LTV,minimum borrower contribution \$500

MCM HomeChoice (325)...if you have a HomeChoice borrower and the qualify for the Standard MCM 97% or 100%

MCM Community Solutions (SFC 481)...LTV's 97% or 100% (manual underwrite)

MCM HomeChoice (SFC 222)...LTV's 97% or 100% (manual underwrite)

Community Seconds (118)...Second Mortgage, Silent mortgages or grants that have been approved by the Mortgage Servicer as a Fannie Mae Community Second.

Only the above referenced Fannie Mae Loan Products are approved for purchase under the program. For credit guidelines on the Fannie Mae Loan products, please refer to the Fannie Mae Seller Servicer Guide, Guide to Underwriting Desktop Underwriter, supplements/announcements.

For Manual Underwriting please follow the guide for documentation in the Fannie Selling Guide, and reference Chapter "X" for underwriting guidelines for Community Lending and traditional and non-traditional underwriting guidelines.

PLEASE NOTE: 100% Fannie Mae Products, Flexible Product and Expanded Approval Products are not allowed in the Bond Program. Exception MyCommunityMortgage suite of products allow 100% LTV and if you receive an EA I or EA II. The exception applies for the MyCommunityMortgage loan products only. Flexible loans are not allowed.

ALSO, please remember to enter the Fannie Mae loan information in DU using the Community Lending screen, and then you can select the appropriate product type.

FHA

Please follow HUD published credit underwriting guidelines. Includes 203(k) but no additional Origination or discount on Rehab portion. Available products: FHA 203 (b), 203 (b) (2) Veteran Status, FHA 234© Condominium, FHA 203(K) Rehab. (No additional origination or discount on Rehab portion).

NOTE: Remember that the first and second mortgage may not exceed HUD acquisition.

VA

Please follow VA published credit underwriting guidelines

Any questions regarding underwriting criteria should be directed to the Servicer's Underwriting Manager.

UNDERWRITER'S PROGRAM INCOME CALCULATION GUIDE

For bond program income calculation, you must use current income to establish an annualized total household income. However, if a person had commissions, bonuses paid in the current tax year that were one time payments, include the one time payment amount (do not annualize). If a person worked seasonal overtime or worked overtime for any reason and is no longer working overtime (verified by employer), include the actual amount (do not annualize).

"Alternate Documentation" (Alt Docs) as defined by FHA and other secondary market entities is acceptable Lender verification for compliance purposes. The Servicer requires a credit package as indicated on the various loan delivery checklists. However, the Servicer does not re-underwrite the loans for credit purposes.

Although reference is made to VOE's and VOD's in the guidelines below, they are not required if acceptable alternate documentation is in the file. This documentation includes, but may not be limited to, current pay stubs which delineate "current period", W-2's, for all borrowers and all employers, and bank statements to verify assets. If a VOE is in the file, the borrower does not have to provide W-2's unless the underwriter deems this necessary for prudent underwriting. Figures shown on all documents should be consistent.

Hourly Employees

- (1) Using last 4 to 6 weeks' pay stubs, identify hourly rate of pay and average number of regular hours worked per week. Multiply hourly rate times regular weekly hours. Multiply result times 52 for an annualized base salary.
- (2) If the person has no other sources of income (for example: overtime, bonus, commissions, second jobs, interest, dividends, child support, alimony, public assistance), this will be the Current Total Annual Income.
- (3) Compare the total annual income in #2 above to:
 - a. the total year to date income on the VOE
 - b. the previous year's income on the VOE
 - c. the previous year's income per W2's and tax returns

You should not find significant differences. In some cases, the Current Total Annual Income will be higher than the previous year's income. Variances should be attributable to increases/decreases in pay or number of hours worked.

Salaried Employees

- (1) Using last 4 to 6 weeks' pay stubs, identify weekly (or other frequency) rate of pay. Multiply rate times the number of regular pay periods in the year (52 weeks, 12 months, 24 semi-months)
- (2) If the person has no other sources of income (for example: overtime, bonus, commissions, second jobs, interest, dividends, child support, alimony, public assistance), this will be the Current Total Annual Income.
- (3) Compare the total annual income in #2 above to:
 - a. the total year to date income on the VOE
 - b. the previous year's income on the VOE
 - c. the previous year's income per W2's and tax returns

You should not find significant differences. In some cases, the Current Total Annual Income will be higher than the previous year's income. Variances should be attributable to increases/decreases in pay or number of hours worked.

Business, Self Employment

- (1) Use the quarterly tax returns and financial statements to identify the current year to date income.
- (2) Divide the year to date income by the number of months during which it was earned and multiply times 12 for an annualized total.
- (3) If the person has no other sources of income (for example: overtime, bonus, commissions, second jobs, interest, dividends, child support, alimony, public assistance), this will be the Current Total Annual Income.
- (4) Compare the total annual income in #2 above to the previous year's income per W2's and tax returns. You should not find significant differences.

Overtime, Bonus, Commissions

- (1) Using last 4 to 6 weeks' pay stubs, identify the year to date total earnings of the borrower. Subtract the Current Total Base Income (see above) to arrive at the total year to date extraordinary income.

- (2) Divide the year to date extraordinary income by the number of pay periods during which it was earned (to obtain an average). Multiply times the appropriate factor (52 weeks, 12 months, 24 semi-months, etc.) for an annualized figure.
- (3) Add the total annualized extraordinary income to the Current Total Base Income. If the person has no other sources of income (for example: second jobs, interest, dividends, child support, alimony, public assistance), this will be the Current Total Annual Income.
- (4) Compare the total annual income in #2 above to:
 - a. the total year to date income on the VOE
 - b. the previous year's income on the VOE
 - c. the previous year's income per W2's and tax returns. You should not find significant differences. In most cases, the Current Total Annual Income will be higher than the previous year's income. It will also generally be higher than the annualized year to date income. The variances should be attributable to increases/decreases in pay.

Interest, Dividends

- (1) Use current earnings statements issued by the bank, investment broker or agent. Identify the year to date interest or dividend earnings. Divide by the investment term year to date (for an average) and multiply times appropriate factor to annualize the earnings.
- (2) If statements are not available, and the terms of the investment agreement are available, multiply the principal amount of the asset times the annual interest yield factor for a projected interest earnings amount.
- (3) If neither are available, use the previous year's earnings statements or tax returns to identify total annual interest and dividend income. If the assets are still invested in the same instruments, use the previous year's figure.
- (4) Add the result of the computation in either #1, #2 or #3 above to the Current Total Annual Income.

Alimony, Child Support

- (1) Use the monthly amount appearing in the divorce decree, separation agreement or other support document.
- (2) If the borrower receives more than the amount stipulated in the agreements, use the monthly figure that the borrower declares and can be verified.
- (3) If the borrower receives less than the amount stipulated in the agreements and there is a verifiable history of the underpayments for at least 3 years (as evidenced by Court records), then use the past 3 years' historical monthly earnings. If there is no such history that can be verified, use the amount stipulated in #1 above.
- (4) Multiply the monthly amount of alimony or child support times 12. Add to the Current Total Annual Income (plus any other income sources).

Pensions, Temporary Payments

- (1) Use the benefits statement issued by the benefits provider (pensions, workers compensation, disability compensation, social security, AFDC, etc.) to identify the amount of the benefit, payment frequency and expected term of the benefit.
- (2) Multiply the amount of the benefit times the payment frequency for an annualized amount. Add to the Current Total Annual Income (plus any other income sources).
- (3) If the benefit is absolutely not payable to the recipient beyond a given date (that means a complete and permanent stop of benefits without extensions, exceptions, waivers or other conditions) and such date is within 12 calendar months of the anticipated closing date, then calculate the benefits expected through the end of the benefits term. That will be the total annual income amount from the specific benefits source. Add to the Current Total Annual Income (plus any other income sources).

Verified Termination of Overtime, Commission, Bonus

If verification of termination of overtime, commission or bonus is provided in writing (i.e. a letter from an employer) or such termination is due to a change of employment, use the current YTD overtime, commission or bonus, do not annualize and add as a lump sum to the Current Total Annual Income.

Following loan approval, the underwriter will access the system and from the Menu Selection Screen choose Underwriter's Certification. Underwriters are required to have an independent username and password. Their logon will be considered their name and signature, on behalf of the lender. This information is stored and protected in our system.

Any changes made by an underwriter to an initial loan reservation are checked for compliance by the system. Should any changes the underwriter makes not be within the allowable income, acquisition, loan type, etc. of the program, the system will post an error and will not let the change update the loan file. After a loan has been Underwriter certified, it cannot be changed. A lender will need to contact Bond Compliance to request any other changes and will be given direction for any other necessary steps.

Once the loan is submitted on the system by your underwriter, you are ready to prepare for closing.

NOW IT'S TIME TO PREPARE FOR CLOSING

Preparing the Program Forms

Program forms may be accessed on <http://www.denihanassoc.com>, click "Bond Programs", click Lender Guide and Forms, and follow prompts. The forms are interactive so you may tab from blank to blank (in some cases scroll from page to page and then tab from blank to blank). Enter information in each blank and then print as a completed document ready for signature and notarization.

The Affidavits/Certifications, Final Subsidy Recapture Notice and Tax Exempt Rider must be executed at closing. The Program also requires that a **Mortgagor Survey and Seller Survey** be completed.

AFFIDAVITS/CERTIFICATIONS

Mortgagor Affidavit And Certification

This section must be signed by all persons taking title to the property AND ONLY THOSE TAKING TITLE. The verified income of all persons 18 years of age and over planning to reside in the household must be included. The full street address of the property must be shown. The acquisition price section of the Affidavit must be completed. Finally, the Affidavit must be notarized and included in the Compliance File and sent with the Mortgage Loan File to The Servicer after closing.

Seller Affidavit

All sellers or the builder of the property must complete and sign this section. The total amount paid on or behalf of the borrower to the seller must be shown. If the property is owned by HUD or other government owned property, the requirement may be waived. Contact Bond Compliance. The Affidavit must be notarized and included in the Compliance File and sent with the Mortgage Loan File to The Servicer after closing.

Lender Certificate

This section must be fully completed by the Lender at closing and included in the Compliance File. The Compliance File is sent with the Mortgage Loan File to The Servicer after closing.

Final Subsidy Recapture Notice

Complete the few blanks on page 2 and have executed at closing by Mortgagors and include a copy in the Compliance File.

and send with the Mortgage File to the Servicer after closing.

Tax Exempt Rider has a few blanks at the top that must be completed (date, property address) and then must be dated and signed by the buyers at closing.

Forms Required by the Issuer

The Issuer requires that the Mortgagor Survey and Seller Survey be completed and submitted with the Compliance File as noted on the Compliance File Checklist.

Important Notes About Signatures

Original, personal signatures of all borrowers are required on all documents associated with the transaction.

Powers of Attorney and/or Personal Representatives for the Borrower Are Not Acceptable. Exception: Active Duty Military Personnel may provide an 'Alive and Well' letter.

Names and signatures of all Buyers must match throughout all documents. Whenever a party is known in any of the documents by more than a single name, a Name Affidavit Will Be Required. Whenever a signature is not recognizable, clarification and/or a Signature Affidavit may be required.

Other Documents Required for Bond Compliance Review

1. Federal Income Tax Returns (Tax returns for the preceding year are due April 15 of the current year.) Signed copies of the past 3 years' returns and all schedules are required for all borrowers and their spouses, regardless of whether the spouses are taking title to the property. IT IS THE RESPONSIBILITY OF THE BORROWER(S) TO SUPPLY THIS INFORMATION. If they do not have the required tax returns, they need to request a copy or transcript immediately to be provided prior to loan commitment. Please remember that the Underwriter is certifying that they have reviewed the appropriate returns. So returns must be provided to your Underwriter prior to Underwriter's Certification.

Acceptable Federal Income Tax Returns: Copies of returns filed with the IRS including 1040 REGULAR, 1040-A, 1040-EZ, Letter 1722, an IRS line-by-line transcript and a Telefile return that meets the following conditions: (1) has the preprinted taxpayer name and address - such name and address cannot be altered in any way (2) has the preprinted Code number, (3) has the 6 digit IRS confirmation number and (4) has the signature of the taxpayer(s). Electronic returns and PC returns are not acceptable. Also acceptable are the electronic cover sheet accompanied by copies of returns filed with the IRS and PC (i.e. Turbo Tax) returns. Requests for Extensions are not acceptable in lieu of tax returns.

Full tax returns (schedules included) are required. All returns must include names, social security number(s) and address and must be signed by all named taxpayers. Original signatures are not required. Other types of returns are not acceptable. If a borrower did not file federal income tax returns for any or all of the three year period and were required by law to do so, they cannot participate in the program until such returns are filed. If a borrower did not file federal income tax returns for any or all of the three year period and were not required by law to do so, use the space provided on the Mortgagor Affidavit and list the name(s) of the party(ies), the tax year(s) and the reason for not filing. A form 4506 is available on the IRS Website: www.irs.ustreas.gov for borrower requests for a line-by-line (aka Tax return transcript). Borrowers may request a Letter 1722 by calling 1-800-829-3676. There are IRS links on the Websites.

2. Real Estate Purchase Contract

The full address of the property, full names of all sellers and buyers, total purchase price of the property must be included. If there is not an address for new construction, a lot number and subdivision name are required. All named persons must sign. Include the name and title whenever a representative is signing for a corporation or for another person.

3. Loan Application (1003)

The typed application signed by the borrower(s) is required. Loan interviewer must complete and sign page 3 of 4 of the 1003. All persons taking title to the property must execute all bond documents. The income disclosed on the Affidavit must be the same or more than that shown on the 1003. The purchase price, loan amount, and other financial details must be the same as shown on all other documents.

3. HUD-1 Settlement Statement

- Buyer, seller and closing agent must fully execute the HUD-1.
- Borrowers on the HUD-1 must be all persons taking title to the property and match the Affidavit and application. Persons not taking title to the property may not appear or sign the HUD-1.
- Tax Service Fee of \$65 must be shown as being payable to U S Bank Home Mortgage..
- Please do not bundle charges. Itemize all charges to the transaction. Payoffs of other debt must appear on Page 1 under Section 100 of the HUD-1 as part of "Settlement Costs".

5. Warranty Deed

A copy of the Warranty Deed is required in the Compliance File.

Who Signs Bond Documents Chart

IF	Credit Income (1003)	Compliance Income	Title / Warranty Deed In Name(s) of	Who Signs Bond Documents
Married couples, both on title and mortgage, both work	Both	All in Household	Both	Both
Married couples, both on title, Husband only for credit and mtg, wife does not work	Husband	All in Household	Both	Both
Married Couples, Wife only on title, credit and mtg, husband works	Wife	All in Household	Wife	Wife
Married Couple, Both on title, credit, mtg. and Cosigner	Husband, Wife, Cosigner	Only those in Household	Husband and Wife Only	Husband and Wife Only
Single Woman, sole owner, living with roommate	Single Woman	All in Household	Single Woman	Single Woman
Two Unrelated Person Both on credit, mtg. and title	Both	All in Household	Both	Both

Cosigners Cannot Live in Property, Do Not Sign Bond Documents or Take Title. Under No Circumstances May a Cosigner's Name Appear on Title or Warranty Deed.

Having People Sign Documents Who Should Not Sign Is as Incorrect as Not Having All Sign Who Should.

THE SIMPLE RULE OF WHO SIGNS BOND FORMS – IF THE PERSON TAKES TITLE, THEY SIGN THE BOND FORMS. IF THEY DO NOT TAKE TITLE, THEY DO NOT SIGN THE BOND FORMS.