



**First Home Program  
Lender Manual  
June 5, 2024**

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## Section 1 – Introduction

### Definitions

The following words and phrases used in this Lender Manual shall have the following meanings:

*“Bonds”* means the related series of revenue bonds of the NIFA issued to fund the Program.

*“Conventional Mortgage Loans”* means a Mortgage Loan other than an FHA-Insured Mortgage Loan, an RD-Guaranteed Mortgage Loan, a VA-Guaranteed Mortgage Loan or a HUD-Guaranteed Mortgage Loan, satisfying the requirements of Fannie Mae or the requirements of Freddie Mac.

*“Eligible Persons and Families”* means a person or persons and families (i) who intend to principally and permanently reside as a household in a Home, (ii) whose family income does not exceed 100% for families of one or two persons, and 115% for families of three or more persons in Non-Target areas or 120% for families of one or two persons, and 140% for families of three or more persons in Targeted areas of the applicable median family income (as published by NIFA based upon a determination by the Secretary of the United States Treasury after taking into account the regulations prescribed under Section 8 of the United States Housing Act of 1937), and (iii) unless the Home is located within a Targeted Area, who is a First-Time Homebuyer. The total Program Eligibility Income limits applicable to First Home Mortgage Loans are set forth in this Lender Manual, which limits may be adjusted from time to time by NIFA. ([See Section 5](#))

*“Fannie Mae”* means Fannie Mae, or any successor thereto.

*“FHA”* means the Federal Housing Administration of the United States Department of Housing and Urban Development, or other agency or instrumentality created or chartered by the United States to which the powers of the Federal Housing Administration have been transferred.

*“FHA Insurance”* means FHA mortgage insurance issued under one of the following FHA Insurance programs pursuant to the National Housing Act: (a) FHA 203(b), Home Unsubsidized (i.e., 203, 503, 703 cases); (b) FHA 221(d)(2), Low and Moderate Income (i.e., 221, 521, 721); (c) FHA 203(i) Home Mortgage for Outlying Area Properties; (d) with the prior written approval of the Master Servicer and the NIFA, FHA 203(k); or (e) as specified from time to time by the NIFA, such other insurance or guaranties provided by FHA or any successor thereto.

*“FHA-Insured”* means insured under FHA Insurance.

*“FHA/VA/RD Mortgage Loans”* means Mortgage Loans which are FHA-Insured, VA-Guaranteed and/or RD-Guaranteed.

*“First Home Mortgage Loan”* means a first mortgage loan to an Eligible Person or Family evidenced by a Mortgage Note secured by a related Mortgage on a Home located in the State, the terms of which comply with the Origination Agreement, the Participating Lender Agreement and this Lender Manual.

*“First-Time Homebuyer”* means a Borrower (i) who has not had an ownership interest in a principal Home at any time during the three-year period ending on the date the Mortgage is executed or (ii) who is a Qualified Veteran, each as more fully described in this Lender Manual.

*“Freddie Mac”* means Freddie Mac, or any successor thereto.

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“GNMA” 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. Its powers are prescribed generally by Title III of the National Housing Act of 1934, as amended (12 U.S.C. §§ 1716 et seq.).

“HFA Advantage” means a Freddie Mac conventional loan product.

“HFA Preferred” means a Fannie Mae conventional loan product.

“HUD” means the United States Department of Housing and Urban Development, or other agency or instrumentality created or chartered by the United States to which the powers of the United States Department of Housing and Urban Development have been transferred.

“Home” means a residential unit located in the State, including a condominium unit if such unit is a Qualified Condominium Unit, and land appurtenant to the residential unit, (a) which is designed and intended primarily for residential housing for one to four families (not more than 15% of the total area of which is used in a trade or business), (b) which contains no more than four dwelling units, one of such units of which is occupied by the Borrower (with respect to a First Home Mortgage Loan, if two or more units, the Home must have been constructed and initially occupied as a Home at least five years before the Mortgage therefor was executed), (c) which is determined by a qualified appraisal to have an expected useful life of not less than 30 years, (d) which will be occupied by the owner as his or her principal Home within a reasonable time after which financing is provided but not more than 60 days, (e) the Purchase Price of which does not exceed the Maximum Purchase Price for the area within which the residential unit is located, (f) which appurtenant land reasonably maintains the basic livability of the Home and does not provide, other than incidentally, a source of income to the Borrower and (g) which satisfies other requirements which NIFA or the Master Servicer may from time to time establish pursuant to the Origination Agreement and this Lender Manual. “Lender Manual” means this NIFA Homeownership Program Lender Manual (First Home Program), as amended from time to time, with respect to First Home Mortgage Loans.

“Origination Agreement” means the Mortgage Origination Agreement (Homeownership Program) dated as of July 15, 2022, as such Origination Agreement may be amended from time to time by NIFA and which incorporates by reference the specific terms and conditions set forth in this Lender Manual.

“Non-Compliant First Home Mortgage Loan” means and includes any First Home Mortgage Loan (and related Second Mortgage Loan, if any) purchased hereunder with respect to which:

- a) Borrowers fail to occupy the related Homes as a principal Home within 60 days of execution of the related Mortgage;
- b) the Purchase Price of the related Home exceeded the applicable Maximum Purchase Price;
- c) except with respect to Homes located in Targeted Areas (and except as otherwise permitted by NIFA), Borrowers are not First-Time Homebuyers;
- d) the Mortgage Loan is a refinancing of an existing loan other than a construction period loan, bridge loan or similar temporary financing of 24 months or less; or
- e) Borrower has total Program Eligibility Income (as defined in this Lender Manual) in excess of the amount permitted by the Origination Agreement and [Section 5](#) of this Lender Manual.

*“Non-Qualifying Mortgage Loan”* means any Mortgage Loan (and related Second Mortgage Loan, if any) which does not conform to the Origination Agreement, the Participating Lender Agreement, the Lender Guide, this Lender Manual, and, as applicable, the GNMA Guide, the GNMA Guaranty, the Fannie Mae Guide, the Fannie Mae Guaranty, the Freddie Mac Guide or the Freddie Mac Guaranty, including, but not limited to, the following:

- a) the Participating Lender fails to deliver to the Master Servicer all documents of the Mortgage File on a timely basis, or the Master Servicer determines that such documentation for the Mortgage Loans does not conform to the requirements of the Program, the Origination Agreement, the Participating Lender Agreement, the Lender Guide, this Lender Manual, and, as applicable, the GNMA Guide, the Freddie Mac Guide or the Fannie Mae Guide;
- b) GNMA, Freddie Mac, Fannie Mae or the Master Servicer determines that the Mortgage Loan is not of acceptable quality or is not eligible for sale under the Program, or, as applicable, the GNMA Guide, the Freddie Mac Guide, the Fannie Mae Guide or the Lender Guide;
- c) the Mortgage Loan does not meet the guidelines of FHA, VA, RD, Freddie Mac, Fannie Mae or GNMA;
- d) there exists a false statement, misstatement or act of omission of material fact contained in the Mortgage Loan documentation resulting from the Participating Lender’s negligence or failure to exercise due diligence;
- e) the Participating Lender fails to obtain FHA insurance, VA or RD guaranty or private mortgage insurance, or, if such insurance or guaranty lapses or for any reason becomes unavailable, as a result of any negligent act or omission by the Participating Lender, or the failure by the Participating Lender to obtain such insurance or guaranty;
- f) there exists a representation or warranty made by the Participating Lender under this Origination Agreement or the Participating Lender Agreement with respect to any Mortgage Loan which, in the reasonable opinion of the Master Servicer, is, in whole or in part and with or without knowledge of the Participating Lender, false at the time when made by the Participating Lender or became false upon the occurrence of subsequent events; or
- g) there exists a material fraud, misrepresentation or act of omission with respect to the information submitted on a particular Mortgage Loan. This includes, but is not limited to, Borrower or other third-party fraud or misrepresentation, and any misrepresentation of the Borrower’s income, funds on deposit or employment, or of the occupancy status of the Mortgaged Property.

*“Participating Lender”* means (a) a home mortgage lending institution or entity (i) which is a duly organized, validly existing bank, trust company, savings bank, industrial bank, national banking association, savings and loan association, building and loan association, mortgage banker or other financial institution, or governmental agency which customarily provides service or otherwise aids in the financing of mortgages on single-family residential housing located in the State or any holding company for any of the foregoing, (ii) which is authorized to do business in the State, (iii) which can make the representations, warranties and covenants set forth in the Origination Agreement and (iv) which has agreed to originate First Home Mortgage Loans pursuant to the Origination Agreement. The foregoing conditions may be modified from time to time by the Master Servicer and the NIFA.



*“PMI Insurer”* means any private mortgage insurance company approved by Fannie Mae or Freddie Mac, as the case may be, and providing Private Mortgage Insurance on Conventional Mortgage Loans [as identified in the Invitation to Participate].

*“Private Mortgage Insurance”* means a private mortgage insurance policy issued by a PMI Insurer in accordance with the terms hereof in a form and providing coverage in an amount as shall be approved by Fannie Mae in accordance with the Fannie Mae Guide or Freddie Mac in accordance with the Freddie Mac Guide, as the case may be.

*“Purchase Price”* means the cost of acquiring the Home from the seller as a completed unit. The cost of acquiring a Home includes the following: (i) 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 Home. A Home includes property that is a fixture under local law, such as light fixtures or wall-to-wall carpeting. If the purchaser purports to separately 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 Home and the cost of acquiring such items does not have to be included in the cost of acquiring the Home (unless the acquisition costs 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 Home). For example, 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 Home 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 Home. (ii) If a Home is incomplete, the reasonable cost of completing the Home 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 that 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 Homes with an uncompleted recreation room but a completed third floor and a garage, but is selling a Home 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 Home. 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 Home. (iii) Where a Home is purchased subject to a ground rent, the capitalized value of the ground rent. Such value of the ground rent shall be calculated using a discount rate supplied by the NIFA. (b) The cost of acquiring a Home does not include the following: (i) 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 the seller, even though borne by the Mortgagor through a higher Purchase Price) or other costs of financing the Home. 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 cost of a Home. (ii) The value of services performed by the Mortgagor or members of the Mortgagor’s family in completing the Home. 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 cost 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 Home. Similarly, where the Mortgagor purchases an incomplete Home the acquisition cost includes the cost of material and labor paid by the Mortgagor to complete the Home but does not include the imputed value of the Mortgagor's labor or the labor of the Mortgagor's family in completing the Home. (iii) 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 Home begins.

*"Qualified Condominium Unit"* means a condominium unit meeting the requirements of (i) the GNMA Guide and which is eligible for FHA Insurance, a VA Guaranty or an RD Guaranty or (ii) the Fannie Mae Guides or the Freddie Mac Guide, as applicable, and subject to such rules and regulations as shall be established by the Master Servicer and NIFA from time to time for the financing of First Home Mortgage Loans on condominium units.

*"Qualified Insurer"* means FHA, HUD, VA or RD, as the case may be, or, in the case of a Conventional Mortgage Loan, an insurance company acceptable to Fannie Mae or Freddie Mac, as applicable, and to NIFA.

*"Qualified Veteran"* means a "veteran" within the meaning of 38 U.S.C. Section 101 as further described in [Section 4](#) of this Lender Manual.

*"RD"* means Rural Development, established within the United States Rural Housing and Community Development Service, or such other service, agency or administration designated as the successor to the RD.

*"RD-Guaranteed"* means guaranteed by the RD under the RD-Guaranteed Single Family Rural Housing Loan Program, or such other programs as specified by the Master Servicer and the NIFA.

*"RD Guaranty"* means a guaranty by the RD under its Guaranteed Single Family Rural Housing Loan Program, or such other programs as specified by the Master Servicer and the NIFA, meeting the requirements of the GNMA Guide.

*"Servicing Agreement"* means one or more servicing agreements between the NIFA and a Master Servicer in connection with the bonds.

*"State"* means the state of Nebraska.

*"Targeted Area"* means those areas within the State and as further described in [Section 7](#) of this Lender Manual, as such list of Targeted Areas may be amended from time to time.

*"VA"* means the Department of Veterans Affairs, an agency of the United States of America, or any successor to its functions.

*"VA-Guaranteed"* means guaranteed by the VA under the Serviceman's Readjustment Act of 1944, as amended, meeting the requirements of the GNMA Guide.

*"VA Guaranty"* means a guaranty by the VA under the Serviceman's Readjustment Act of 1944, as amended, meeting the requirements.

“*Wholesale Lender*” means an institution approved by the Master Servicer and NIFA who enters into a Wholesale Lender Agreement with a Mortgage Broker Third Party Originator to facilitate the origination of Mortgage Loans in the Program by the Wholesale Lender for Homes located in the State and which Wholesale Lender Agreement provides that the Wholesale Lender shall be responsible for all aspects of the Mortgage Loan origination process as evidenced by the Wholesale Lender Agreement, including closing the first and second loans originated by the Wholesale Lender and table funding the first and second loans, if needed. A Wholesale Lender is not required to have a physical branch office in the State. However, a Wholesale Lender without a physical branch office in the State may not otherwise originate or close Mortgage Loans in the Program without the participation of a Mortgage Broker Third Party Originator.

“*Wholesale Lender Agreement*” means an agreement by and between a Wholesale Lender and a Mortgage Broker Third Party Originator to facilitate the origination of Mortgage Loans (and Second Mortgage Loans, if any) by the Wholesale Lender for Homes located in the State with the assistance of the Mortgage Broker Third Party Originator as provided in the Wholesale Lender Agreement.

Capitalized terms not otherwise defined above have such meaning as defined in the Origination Agreement.

### NIFA Background and Mission

Our Mission	Our Core Values
<b><i>Growing Nebraska communities through affordable housing and agribusiness</i></b>	<b><i>Integrity, Commitment, Collaboration, Innovation, Stewardship</i></b>

The Nebraska Investment Finance Authority (“NIFA”), established in 1983, is a quasi-governmental agency created by the Nebraska Legislature to provide affordable housing resources and technical support for the benefit of qualified low to moderate income homebuyers, renters and farmers in the state. NIFA is a self-supporting agency that does not receive any federal or state funding.

The First Home Program (“the Program”) has assisted over 100,000 households in Nebraska since its inception. Every year, a portion of NIFA’s profits are invested in rural and urban communities to increase housing access and affordability.

## Program Overview

NIFA utilizes the sale of tax-exempt Mortgage Revenue Bonds (“MRBs”) to purchase eligible mortgage loans typically at below market interest rates. All First Home Mortgage Loans are originated through a network of approved Participating Lenders located in Nebraska.

Program interest rates are subject to change daily without prior notice. Interest rate notices are available by signing up for NIFA News [here](#).

This Lender Manual is a reference guide for the origination of First Home Mortgage Loans pursuant to the Program. The use of MRBs to finance First Home Mortgage Loans makes them subject to regulation by the Internal Revenue Service Code (“IRS Code”). Certain criteria are required to retain the MRB tax-exempt status, including:

- Maximum Income Limits
- First-Time Homebuyer Requirements (certain exceptions)
- Owner Occupancy Requirements
- Maximum Acquisition/Purchase Price Limits

The Program is designed for low- and moderate-income households meeting first-time homebuyer requirements, unless 1) the home is located within a Targeted Area, 2) the homebuyer is a Qualified Veteran or 3) the homebuyer qualifies for a NIFA approved exception. Some Program advantages include:

- Below market rate loans
- Down payment & closing cost assistance
- Government loan options (FHA, USDA/RD, VA)
- 97% LTV conventional loans (Fannie Mae & Freddie Mac)
- Factory built housing options
- Homebuyer education classes
- Reduced mortgage insurance premiums for conventional loans
- Work with Nebraska based Participating Lenders

Funds are not available for refinancing, other than refinancing a construction period loan or similar temporary initial financing of 24 months or less.

## Section 2 – Participating Lender Requirements

Participating Lenders are key partners who originate and close First Home Mortgage Loans for qualification and sale under the Program. All First Home Mortgage Loans must meet requirements set forth in this Lender Manual, requirements of NIFA's Master Servicer and requirements of the secondary market for securitization of loans in Mortgage-Backed Securities ("MBSs").

All Participating Lenders must be approved by NIFA and the Master Servicer. Both parties have a separate Lender Agreement for execution and there is an annual recertification process to remain active in the Program.

### Master Servicer Requirements

NIFA's current Master Servicer is U.S. Bank, HFA Division. Obtaining approval from U.S. Bank is the first step towards participation. The email address for the Lender Management Department is [lender.management@usbank.com](mailto:lender.management@usbank.com). Once approved, U.S. Bank will provide an approval letter that must be submitted to NIFA.

There are three different lender categories or channels of approval for the Program:

- 1) Delegated Lenders;
- 2) Non-Delegated Lenders; and
- 3) Wholesale Lenders

**Delegated Lender.** A delegated lender is allowed to underwrite loans directly using applicable agency underwriting guidelines or they have the option to outsource the underwriting function to an acceptable third-party company.

**Non-Delegated Lender.** A non-delegated lender is required to submit loans directly to U.S. Bank prior to closing for agency underwriting approval. U.S. Bank will charge an underwriting fee for services performed.

**Wholesale Lender.** A wholesale lender is a delegated lender, without a physical office in the State, who works with a Mortgage Broker Third Party Originator to facilitate the origination of Mortgage Loans in the Program by the wholesale lender for Homes located in the State. The wholesale lender shall be responsible for all aspects of the Mortgage Loan origination process.

## NIFA Approval Requirements

A Participating Lender must be a mortgage lending institution that meets all of the following requirements:

- Executes an Origination Agreement
- Licensed to do business in the State
- Maintains a physical presence in the State, either (x) directly by maintaining at least one physical branch office in the State or (y) in the case of a Wholesale Lender, indirectly through the oversight and management of one or more Mortgage Broker Third Party Originator(s), each of whom has at least one physical branch office located in the State which is regularly staffed by an NMLS licensed lender
- Ability to close the 1<sup>st</sup> mortgage loan in the Participating Lender's name
- Capable of issuing required federal regulatory disclosures on 1<sup>st</sup> and 2<sup>nd</sup> mortgage loans
- Ability to advance funds on 1<sup>st</sup> and 2<sup>nd</sup> mortgage loans at closing and being reimbursed at the time of purchase
- In the case of a Wholesale Lender, executes and submits to NIFA a Wholesale Lender Agreement with a Mortgage Broker Third Party Originator, which Wholesale Lender Agreement must provide that the Wholesale Lender shall be responsible for all aspects of the Mortgage Loan Origination process
- Annual recertification
- Required staff participation in annual and periodic training events to remain active in the program

## NIFA Recertification Requirements

A Participating Lender must complete an annual recertification to maintain and active status in the Program:

- eSignature approval from the Master Servicer
- Complete vendor information certification for eSignatures
- Confirmation of at least one physical branch office located in Nebraska
- Perform an audit of Lender Online authorized users, removing inactive users
- Required staff participation in annual and periodic training events to remain active in the program

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## Electronic Signature Policy

NIFA will accept e-signatures on certain Program Documents subject to all requirements set forth by federal law, state law, U.S. Bank, loan agency underwriting guidelines, and NIFA's policy. The use of e-signatures is voluntary, but highly recommended to help reduce loan processing timelines.

All NIFA specified Program documents are eligible for e-signature, with the exception of the following:

- Homebuyer Assistance 2<sup>nd</sup> Promissory Note
- Homebuyer Assistance 2<sup>nd</sup> Deed of Trust
- Tax-Exempt Financing Rider

Participating Lenders must complete the following steps for e-signature approval:

- 1) Contact the U.S. Bank lender help desk to request an e-signature approval package by phone at 800.562.5165, option 2 or by email at [hfa.programs@usbank.com](mailto:hfa.programs@usbank.com). U.S. Bank will notify the Participating Lender in writing once approved by U.S. Bank.
- 2) Contact the NIFA Homeownership Team by email at [homeownership@nifa.org](mailto:homeownership@nifa.org) to request an e-signature approval package.
- 3) NIFA will notify the Participating Lender in writing once approved by NIFA.
- 4) Annual recertification requirements must be satisfied to maintain the use of e-signatures.

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## Section 3 – Contact Information

### NIFA Homeownership Team

#### Sales/Outreach

##### **Jacki Young**

Chief Homeownership Officer

Phone: 402.434.3915

Email: [jacki.young@nifa.org](mailto:jacki.young@nifa.org)

#### Operations

##### **Stacy Fotinos**

Operations Manager

Phone: 402.434.3917

Email: [stacy.fotinos@nifa.org](mailto:stacy.fotinos@nifa.org)

##### **Susan Lauver**

Compliance Team Leader

Phone: 402.434.3914

Email: [susan.lauver@nifa.org](mailto:susan.lauver@nifa.org)

##### **Roni Vlasnik**

Compliance Specialist

Phone: 402.441.4643

Email: [roni.vlasnik@nifa.org](mailto:roni.vlasnik@nifa.org)

##### **Cari Buss**

Compliance Specialist

Phone: 402.434.3926

Email: [cari.buss@nifa.org](mailto:cari.buss@nifa.org)

#### Other Information

Address:	1230 "O" Street, 200 Commerce Court, Lincoln, NE 68508-1402
Main Phone Number:	402.434.3900 or 800.204.6432
Fax Number:	402.434.0780
Shared Email:	<a href="mailto:homeownership@nifa.org">homeownership@nifa.org</a>
Lender Online (LOL):	<a href="https://lol.nifa.org">https://lol.nifa.org</a>
Website:	<a href="http://nifa.org">http://nifa.org</a>
Social Media:	Follow us @NIFAHousing on Facebook, LinkedIn and Twitter

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## PMI Companies

### Arch MI

Account Manager:  
Email Address:  
Phone Number:  
Website Address:  
Underwriting Number:

Nick Mundorf  
[nmundorf@archmi.com](mailto:nmundorf@archmi.com)  
319-721-5611  
[www.archmi.com](http://www.archmi.com)  
888-746-264 (Non-Delegated) or  
800-897-4264 (Delegated)

### Essent Guaranty

Account Manager:  
Email Address:  
Phone Number:  
Website Address:  
Underwriting Number:

Natalie Miller  
[Natalie.Miller@essent.us](mailto:Natalie.Miller@essent.us)  
303-910-0403  
[www.essent.us](http://www.essent.us)  
877-330-3535

### ENACT

Account Manager:  
Email Address:  
Phone Number:  
Website Address:  
Underwriting Number:

Brooke Higgins  
[Brooke.Higgins@enactmi.com](mailto:Brooke.Higgins@enactmi.com)  
816-896-8322  
[www.enactMI.com](http://www.enactMI.com)  
877-330-3535

### MGIC

Account Manager:  
Email Address:  
Phone Number:  
Website Address:  
Underwriting Number:

Danielle Swerczek  
[Danielle.swerczek@mgic.com](mailto:Danielle.swerczek@mgic.com)  
402-669-2505  
[www.mgic.com](http://www.mgic.com)  
800-255-4122

### National MI

Account Manager:  
Email Address:  
Phone Number:  
Website Address:  
Underwriting Number:

Nick Campos  
[Nick.campos@nationalmi.com](mailto:Nick.campos@nationalmi.com)  
510-788-8674  
[www.nationalmi.com](http://www.nationalmi.com)  
855-317-4664, Option 2

### Radian Guaranty

Account Manager:  
Email Address:  
Phone Number:  
Website Address:  
Underwriting Number:

Kristin Isakson  
[kristin.isakson@radian.com](mailto:kristin.isakson@radian.com)  
612-469-5343  
[www.radian.biz](http://www.radian.biz)  
877-723-4261

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**Freddie Mac**

Freddie Mac has a dedicated team to assist with questions regarding HFA Advantage Loans.

800-FREDDIE (800-373-3343)	
Freddie Mac Approved Seller Servicer	Press 1
Underwriting Guideline Support	Press 1
Affordable Lending, HFA Advantage or Home Possible	Press 1
Enter your six-digit Seller Servicer number or 7-digit third party originator Number, followed by the pound sign.	
<a href="http://www.freddiemac.com">www.freddiemac.com</a>	

**Fannie Mae**

[www.fanniemae.com](http://www.fanniemae.com)

## Section 4 – Eligible Borrowers

### First-Time Homebuyer

All Borrower(s) and a Non-Borrowing Spouse must be a First-Time Homebuyer unless 1) the Home is located within a Targeted Area, 2) the Borrower is a Qualified Veteran, or 3) the Borrower qualifies for a NIFA approved exception. A First-Time Homebuyer is defined as someone who has not owned and occupied a primary residence at any time in the three years preceding the closing of the First Home Mortgage Loan.

In order to qualify as a “veteran” within the meaning of 38 U.S.C. Section 101, the following must be satisfied: 1) the Borrower must have actively served in any military branch or completed active duty training in any branch of the reserves or national guards, and 2) the Borrower has been discharged or released from the service under conditions other than dishonorable.

A Borrower may qualify if they owned other property such as an investment property, a vacation property, inherited property in which they did not reside, or a mobile home that is not affixed to real property and taxed as personal property.

Limited exceptions to the First-Time Homebuyer rule are allowed and must be approved by NIFA prior to closing. The following situations qualify for an exception:

- Loss of the previous Home by legal court action (i.e., divorce action). A copy of the divorce decree or property settlement agreement must be submitted to NIFA for review. The Borrower must not have received any proceeds from the sale of the previous Home to qualify.
- Loss of the previous Home by natural disaster (i.e., tornado, fire, flood). A copy of the insurance claim must be submitted to NIFA for review.
- Involuntary job relocation by the Borrower’s employer to another location of the same employer. A copy of an explanation letter on the employer’s letterhead must be submitted to NIFA for review.

NIFA requires a credit report for the Borrower(s) to determine if a previous mortgage loan occurred within the past three years. The federal income tax returns or IRS tax transcripts for the last three years are required for a Non-Borrowing Spouse and a Non-Borrowing Occupant who will have an ownership interest in the Home.

### Borrower/Co-Borrower

A Borrower/Co-Borrower is considered any person who signs the Mortgage Note(s), Deed of Trust(s) and/or has an ownership interest in the Home.

### Non-Borrowing Spouse

A Non-Borrowing Spouse will be included in the First-Time Homebuyer verification process. Either a credit report or the most recent three years federal income tax returns or IRS tax transcripts are required.

## Non-Borrowing Occupant

A Non-Borrowing Occupant is considered any person 18 years or older who will reside in the Home but will not have an ownership interest. The First-Time Homebuyer verification process only applies if the occupant will have an ownership interest in the Home. The most recent three years federal income tax returns or IRS tax transcripts are required.

## Co-Signer

A Co-Signer is considered any person who signs the Mortgage Note(s), will not reside in, or take title to the Home. Co-Signer income **must be included** in the total Household Income for program eligibility calculation (applies to Conventional Loans Only).

## Examples of Ownership Interest

The following examples of interests constitute present ownership interests resulting in a homebuyer failing to meet the First-Time Homebuyer requirement:

- A fee simple interest;
- A joint tenancy, a tenancy in common, or tenancy by the entirety;
- The interest of a tenant-shareholder in a cooperative;
- A life estate;
- A land contract (i.e., a contract pursuant to which possession, the benefits and burdens of ownership are transferred although legal title is not transferred until some later time);
- An interest held in trust for the Borrower that would constitute a present ownership interest if held directly by the Borrower; and
- A lease with an option to purchase for a nominal sum.

The following examples of interests do not constitute present ownership interests:

- A remainder interest;
- A lease without an option to purchase or a lease with an option to purchase at fair market value;
- A mere expectancy to inherit an interest in a principal Home;
- The interest that a buyer of a Home acquires on the execution of a purchase contract; and
- An interest in other than a principal Home during the previous three years.

## Mobile Homes

In the event a potential Borrower has had a previous ownership interest during the prior three years in a mobile home (which mobile home was such Borrower's principal residence), such Borrower will not qualify as a First-Time Homebuyer if such mobile home was "permanently fixed to the real property." The determination of whether the mobile home was "permanently fixed to real property" is to be made on the basis of the facts and circumstances of each particular case.

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## Section 5 – Program Eligibility Income

### Income Guidelines

To be eligible for the First Home Program, the combined income of the individuals identified in the next sentence may not exceed the applicable [Program Eligibility Income](#) for the household. [Program Eligibility Income](#) includes all income of the Borrower(s), together with the income of any adult member of the Household who will reside in the Home and will be a Borrower, Co-Borrower, is a Non-Borrowing Spouse or is a Non-Borrowing Occupant who will have an ownership interest in the Home.

To determine [Program Eligibility Income](#), income from all sources is required to be projected over a 12-month period. The sources of income to be included are generally described below. As part of their diligence, Participating Lenders are responsible for working with those whose income is required to be included in [Program Eligibility Income](#) in order to identify all sources of income, whether or not disclosed on the Mortgage Loan application.

### Income Sources & Household Size Determination

NIFA's First Home Program requires the disclosure of ALL INCOME of adult members who will reside in the home and will be a Borrower or Co-Borrower, is a Non-Borrowing Spouse of a Borrower or is a Non-Borrowing Occupant who will have an ownership interest in the Home. Co-Signer income **must be included** in the total Household Income for program eligibility calculation (applies to Conventional Loans only).

The following chart sets forth which household members are included to determine Program Eligibility Income:

Person	Signs Note	Signs Deed of Trust	Name on Warranty Deed	Resides in Home	Include in Eligibility Income	Include in Household Size
Borrower*	X	X	X	X	Yes	Yes
Co-Borrower	X	X	X	X	Yes	Yes
Non-Borrowing Spouse		X	Optional	X	Yes	Yes
Co-Signer++	X				Yes	No
Non-Borrowing Occupant**				X	No	No
Dependent Children of Borrower/Co-Borrower < 18 Years Old				X	No	Yes
Dependent Children of Borrower/Co-Borrower 18 Years & Older				X	No	No
Dependent Children of Non-Borrowing Occupant				X	No	No

\*If the Borrower is married and the spouse is not expected to reside in the property, the First Home Mortgage Loan File must include a Letter of Explanation stating that the spouse is not obligated to repay the First Home Mortgage Loan and will not be named in title to the Home.

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\*\*If the Non-Borrowing Occupant desires to be included on the title to the Home, such Occupant's income must be included when determining total Program Eligibility Income.

++ Including Co-Signer income in the total Household Income for program eligibility only applies to Conventional loans.

## Calculating Program Income

**Income to be considered:** Annual income includes all amounts anticipated to be received from a source outside the family during the 12-month period following the date of the Mortgage Loan application. When calculating Program Eligibility Income, there are two types of income to consider – income from employers and income from all other sources.

### **Income Includes the Following:**

1. The full amount, before payroll deductions, of wages and salaries, overtime pay, commissions, fees, tips and bonuses, and other compensation for personal services.
2. Net income from operation of a business or profession.
3. Interest, dividends and other net income.
4. The full amount of periodic amounts received from social security, annuities, insurance policies, retirement funds, pensions, disability or death benefits and other similar types of periodic payments.
5. Payments in lieu of earnings, such as unemployment, disability compensation, worker's compensation and severance pay.
6. Welfare assistance.
7. Periodic and determinable allowances, such as alimony and child support payments and regular contributions or gifts from those not expected to reside in the Home.
8. All regular pay, special pay and allowances of a member of the Armed Forces, except as described below in "Income DOES NOT Include the Following".

### **Income DOES NOT Include the Following:**

1. Income from the employment of children (including foster children) under the age of 18 years.
2. Payments received for the care of foster children or foster adults (usually persons with disabilities, unrelated to the family, who are unable to live alone).
3. Lump sum additions to family assets, such as inheritances, insurance payments (including payments under health and accident insurance and workmen's compensation), capital gains and settlement for personal or property losses (except as provided in paragraph (5) above in "Income Includes the Following").
4. Amounts received by the family that are specifically for, or in reimbursement of, the cost of medical expenses for any family member.
5. Income of a live in aide.

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6. The full amount of student financial assistance paid directly to the student or the educational institution.
7. The special pay to a family member serving in the Armed Forces who is exposed to hostile fire.
8. Amount received under training programs funded by HUD.
9. Amounts received by a person with a disability that are disregarded for a limited time for purposes of Supplemental Security Income eligibility and benefits because they are set aside for use under a Plan to Attain Self Sufficiency.
10. Amounts received by a participant in other publicly assisted programs which are specifically for or in reimbursement of out-of-pocket expenses incurred (special equipment, clothing, transportation, childcare, etc.) and which are made solely to allow participation in a specific program.
11. Incremental earnings and benefits resulting to any family member from participation in qualifying State or local employment training programs.
12. Temporary, nonrecurring or sporadic income (including gifts).
13. Reparation payments paid by a foreign government pursuant to claims filed under the laws of that government by persons who are persecuted during the Nazi era
14. Earnings in excess of \$480 for each full-time student 18 years old or older (excluding the head of household and spouse).
15. Adoption assistance payments in excess of \$480 per adopted child.
16. Deferred periodic amounts from supplemental security income and social security benefits that are received in a lump sum amount or in prospective monthly amounts.
17. Amounts received by the family in the form of refunds or rebates under State or local law for property taxes paid on the dwelling unit.
18. Amounts paid by a State agency to a family with a member who has a development disability and is living at home to offset the cost of services and equipment needed to keep the developmentally disabled family member at home.
19. Amounts specifically excluded by any other Federal statute from consideration as income for purposes of determining eligibility or benefits under a category of assistance programs that includes assistance under any similar program specifically designated by the federal government.



## **Income from an Employer or Self-Employment Income**

The Borrower must provide information to indicate whether the Borrower (and others whose income must be included in Program Eligibility Income receives base pay only or a combination of base pay and additional income from an employer. Employers will be asked for clarification if the Borrower/Co-Borrower/Non-Borrowing Spouse has not been on the job long enough to establish a history.

For Borrower's who are self-employed, net income from the operation of the business or profession must be included in Program Eligibility Income. Supporting documentation will be required.

## **Income from Other Sources**

Determine if there are other sources of income, apart from wages from an employer.

## **Income from Assets and Other Sources**

Determine if there are other sources of income, apart from wages from an employer or, if self-employed, net income from the Borrower's business or profession. Program Eligibility Income includes amounts derived from assets to which the household members have access.

### **What is an Asset?**

Assets are items of value that may be turned into cash. The amount the asset earns, or could earn, is included in Program Eligibility Income.

### **Income from Assets**

#### ***Assets of \$5,000 or Less***

When the total cash value of all household assets is \$5,000 or less, the actual income the family receives from assets is the amount that is included in annual income as income from assets.

#### ***Assets in Excess of \$5,000***

When the total cash value of all household assets exceeds \$5,000, annual income includes the greater of the following:

1. Actual income from assets; or
2. Imputed income from assets using the current HUD passbook savings rate.

### ***Household Assets Include the Following:***

- Cash held in Checking Accounts, Savings Accounts, Safe Deposit Boxes, Homes, etc.
- Certificates of Deposit
- Stocks, Bonds, Treasury Bills, Mutual Funds and Money Market Accounts
- Annuities
- Individual Retirement Funds (e.g., 401(k), IRA, Keogh)
- Retirement and Pension Funds
- HSA Accounts
- Real Estate or Rental Property

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- Revocable Trusts (cash value available to the family)
- Cash Value (if available prior to death) of life insurance policies
- Personal Property (if held as an investment)
- Lump Sum Receipts (e.g., inheritance, capital gains, lottery winnings; cash from sale of assets)
- Payments on a loan (mortgage/deed of trust)

***Household Assets DO NOT Include the Following:***

- Personal Property (clothing, furniture, cars, wedding ring, other jewelry not held for investment, vehicles)
- Interests in Indian trust land
- Term life insurance policies
- Assets that are part of an active business
- Assets that are not accessible to the family

**Program Income Examples**

When calculating Program Eligibility Income, there are two types of income to consider – income from an employer and income from all other sources.

**Calculating Income from an Employer**

Determine whether the borrower receives base pay only or a combination of base pay and additional income from an employer. Ask employer for clarification if the Borrower has not been on the job long enough to establish a history.

Calculating Base Pay from an Employer

Base Pay from an Employer	
Definition/Inclusions	Exclusions
<p>Regular Hours/Pay: Borrower is scheduled for the same number of hours per pay period. Gross salary or wage income from part-time, full-time, or seasonal work with regular hours/pay</p> <p>Irregular Hours/Pay: Variable hours, seasonal work, etc., such as nursing, restaurant, construction, retail or part-time work with varied hours or pay.</p>	<ul style="list-style-type: none"> <li>Income no longer available</li> </ul>
Guidance	
<ul style="list-style-type: none"> <li>Determine whether base pay is regular hours/pay or irregular hours/pay and follow calculation instructions on page 3 and 4.</li> <li>Borrowers can't manipulate income (quit job, etc.) to become eligible.</li> <li>Include all income, including sick, holiday and vacation pay.</li> <li>Income documentation is required, and could include, but is not limited, to, paystubs, VOE, tax returns, W-2's, etc.</li> <li>Seasonal work requires the same documentation as "Base Pay from an Employer, irregular hours/pay," but should also include any unemployment benefits, if applicable.</li> <li>1099s, tax returns, and/or verification from unemployment office to verify unemployment benefits.</li> </ul>	

**Regular Hours/Pay**

1. Determine frequency of income - weekly, bi-weekly, semi-monthly, etc.
2. Identify documentation needed to support payment frequency and calculation.
3. Apply Calculation - (Base Wage x Hours Worked in a Pay Period) x (# of Pay Periods Per Year)
4. This should approximate the annualized YTD on VOE or paystubs. If not, check for additional pay, such as overtime, bonus, shift differential, etc. (Employers don't always break this out on the VOE).
5. Don't double count by adding sick, vacation, and holiday earnings.
6. See "Calculate Additional Pay from an Employer" below.

Hourly Pay	Bi-weekly pay	Semi-monthly pay
Multiply the pay per hour by the number of hours worked per week. Multiply total by 52 weeks a year.	Multiply the bi-weekly pay by 26.	Multiply the semi-monthly pay by 24.
<p>Example:</p> <ol style="list-style-type: none"> <li>\$15 per hour x 40 hours a week = \$600</li> <li>\$600 x 52 weeks a year = \$31,200</li> <li>\$31,200/12 = \$2,600 gross monthly base pay</li> </ol>	<p>Example:</p> <ol style="list-style-type: none"> <li>\$1,200 every two weeks x 26 pay periods a year = \$31,200</li> <li>\$31,200/12 months = \$2,600 gross monthly base pay</li> </ol>	<p>Example:</p> <ol style="list-style-type: none"> <li>\$1,300 semi-monthly pay x 24 pay periods a year = \$31,200</li> <li>\$31,200/12 months = \$2,600 gross monthly base pay</li> </ol>

**Irregular Hours/Pay**

1. Add YTD Earnings total and prior year’s earnings total, if available. If using a different timeframe, the underwriter should provide documentation and an explanation to support using a different timeframe.
2. To annualize, divide the resulting amount by the number of months and days worked, and then multiply that number by 12 months to get total average pay from an employer.

**Calculate Additional Pay from an Employer**

Additional Income from an Employer	
Definition/Inclusions	Exclusions
Income over and above base pay, such as overtime, shift differential, bonuses, profit-sharing, tips, commissions, etc.	One-time (non-recurring) income; i.e. income received once that does not have a history and is unlikely to reoccur in the future, employer provides written notice additional pay is ending.
Guidance	
<ul style="list-style-type: none"> <li>• Documentation of additional pay could include, but is not limited to, paystubs, VOE, etc.</li> <li>• Always use an average for overtime (unless employer and income history verify OT was for onetime, special project, etc.), commissions, bonuses, shift differentials, and sick/vacation/holiday pay (if not already included in base pay).</li> <li>• Include all income that is included in the YTD Earnings Total on a paystub or on a VOE. Any income that is not included in YTD Earnings Total does not have to be included in the Program Eligibility Income calculation.</li> </ul>	

1. Review the earnings section of paystub or VOE and add up all additional income that is included in the YTD earning total and not included in base pay. (Sick, vacation, holiday, etc. are generally included in base pay.)
2. Add YTD additional pay total and prior year’s additional pay, if available on a VOE. If using a different timeframe, the underwriter should provide documentation and an explanation to support using a different timeframe.
3. To annualize, divide the resulting amount by the number of months and days worked, and then multiply that amount by 12 months to get an average of Additional Pay from an Employer.

**Calculating Income from Other Sources**

Determine if there are other sources of income, apart from wages from an employer.

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**Types of Income**

<b>Employee Allowances</b>		
<b>Definition/Inclusions</b>	<b>Exclusions</b>	<b>Guidance</b>
Housing, car, cell phone, per diems, etc.	<ul style="list-style-type: none"> <li>Reimbursements for specific employee business expenses, such as mileage reimbursements for a business trip</li> </ul>	<ul style="list-style-type: none"> <li>Include all allowances, per diems or stipends as income.</li> <li>Include job-related unreimbursed expenses (i.e., union dues, computer/phone purchase, supplies needed, required training, etc). These expenses cannot be deducted from eligibility income.</li> </ul>
<b>Self-Employment/Business Income</b>		
<b>Definition/Inclusions</b>	<b>Guidance</b>	
Individuals who earn their income through conducting a trade or business that they directly operate instead of working for an employer who pays them a salary or a wage.	<ul style="list-style-type: none"> <li>Determine gross annual income.</li> <li>Use a two-year average from the most recent federal income tax returns, if available.</li> <li>Self-employment income documentation is required, and may include, but is not limited, to:                             <ul style="list-style-type: none"> <li>Tax form Schedule C, most recent two years</li> <li>Tax form Schedule K-1 (Form 1120S)</li> <li>YTD Profit &amp; Loss Statement</li> </ul> </li> <li>Request additional supporting documentation (i.e. current balance sheet and income statement) when necessary (to support P&amp;L or other income documentation).</li> <li>Deduct out-of-pocket business expenses such as office rent, telephone, etc., which are generally tax-deductible items.</li> <li>Include all entertainment and travel expenses, private retirement contribution plans, and property or equipment depreciation. These items are generally tax-deductible, but must be added back for the Program Eligibility Income calculation if starting with the net income amount.</li> <li>If a net loss, use \$0. Do not subtract the loss from the Program Eligibility Income calculation.</li> <li>If using a different timeframe to better reflect the borrower’s current income, the underwriter should provide documentation and an explanation to support using a different timeframe.</li> </ul>	

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Income from Financial Assets		
Definition/Inclusions	Exclusions	Guidance
Income from: trusts, annuities, dividends, royalties, interest earned from non- retirement accounts (savings, checking, money market, investments, mutual funds, etc.), Certificate of deposit.	<ul style="list-style-type: none"> <li>• One-time lump sum payments</li> <li>• Distributions from investments in retirement accounts (IRA, VIP, 403(b), 401(k))</li> <li>• Any cash withdraws from retirements accounts</li> </ul>	<ul style="list-style-type: none"> <li>• Always check tax returns for income from financial assets.</li> <li>• Include average of periodic payments, including recurring, lump-sum payments.</li> <li>• Where assets after closing exceed \$5,000, calculate interest income based on the greater of actual income or imputed income based on the current passbook savings rate, as determined by HUD.</li> </ul>
Insurance or Benefit Payments		
Definition/Inclusions	Exclusions	Guidance
Periodic payments derived from: <ul style="list-style-type: none"> <li>• Long-term care insurance</li> <li>• Disability insurance</li> <li>• Pensions</li> <li>• Death benefits</li> </ul>	Do not include one-time, lump-sum payments.	Include periodic insurance or benefit payments at current level.
Government Transfer Payments		
Definition/Inclusions	Exclusions	Guidance
<p>Government transfer payments involve payments for which no current services are performed and are a component of personal income.</p> <ul style="list-style-type: none"> <li>• Retirement benefits</li> <li>• Disability benefits</li> <li>• Income maintenance benefits</li> <li>• Pensions</li> <li>• Veterans benefits</li> </ul>	<ul style="list-style-type: none"> <li>• Federal education &amp; training assistance</li> <li>• Public assistance</li> <li>• Worker's Compensation</li> <li>• Social Security benefits</li> <li>• Unemployment insurance compensation</li> </ul>	<ul style="list-style-type: none"> <li>• Food stamps</li> <li>• Government-paid childcare paid directly to the provider</li> <li>• Foster care income</li> <li>• Section 8 vouchers</li> <li>• Adoption Assistance/Subsidy for children with special needs</li> </ul> <ul style="list-style-type: none"> <li>• Include all sources of this income at current level. <b>Do not gross up.</b></li> </ul>

<b>Investment Property Net Rental Income</b>		
Definition/Inclusions	Exclusions	Guidance
Income from an Investment Property	Potential roommate income or rental income of future duplex or accessory dwelling unit	<p>Calculate investment property net rental income</p> <ul style="list-style-type: none"> <li>• Monthly Gross Rent - Vacancy Loss = Gross Adjusted Rent</li> <li>• Gross Adjusted Rent – PITI and maintenance costs = Net Rental Income. If rental income is negative, enter \$0. In addition, an operating statement may be used in lieu of using the above-referenced formula.</li> </ul>
<b>Child/Spousal Support</b>		
Definition/Inclusions	Exclusions	Guidance
Child support, childcare, medical support, alimony, spousal maintenance	Court-ordered support not received; must document support was not received	<ul style="list-style-type: none"> <li>• Use average of actual support received.</li> <li>• Review divorce/child support agreement.</li> <li>• Check with county social service agency to determine whether any payment adjustments have been made since the original payment schedule.</li> <li>• Cross-check payment schedule with bank statements, etc.</li> </ul>
<b>Regular Cash Contributions</b>		
Definition/Inclusions	Exclusions	Guidance
Regular cash contributions from non-resident(s)		Check bank statements for regular cash contributions. Include all regular cash contributions from non-residents.

<b>Custodial Account Income</b>		
Definition/Inclusions	Exclusions	Guidance
<p>Unearned income paid to children age 20 or younger, who live with the Borrower(s) 50% of the time or more</p>	<ul style="list-style-type: none"> <li>• 529 plans</li> <li>• Accounts where someone other than the parents are named as custodian.</li> <li>• Unearned income of adult dependents age 21 or older</li> </ul>	<p>Include all custodial account income.</p>
<b>Other Sources of Income</b>		
Definition/Inclusions	Exclusions	Guidance
<ul style="list-style-type: none"> <li>• Contract-for-deed interest income</li> <li>• Any other sources of income as identified or represented in the loan file and applicable documentation.</li> <li>• Gambling winnings (unless proof of one-time earning is provided); gambling losses cannot be deducted from winnings.</li> </ul>	<ul style="list-style-type: none"> <li>• Loans; scholarships; grants and tuition reimbursement;</li> <li>• Earned Income Tax Credit refund payments; health insurance premium reimbursements (deducted from gross pay) and any out-of-pocket expense (copays, etc.) reimbursements</li> <li>• One-time lump sum (non-reoccurring) payments from:                         <ul style="list-style-type: none"> <li>• Inheritances</li> <li>• Insurance settlements</li> <li>• Lottery winnings</li> <li>• Gambling winnings</li> <li>• Capital gains</li> <li>• Liquidation of assets</li> <li>• Settlements for personal loss</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Always include other sources of income not specifically excluded.</li> <li>• For contract-for-deed interest income, include interest portion of payments per the terms of the agreement/contract</li> </ul>



### Income Worksheet

NIFA uses the Household Income Worksheet to calculate household income and will post the final worksheet in the loan file.

NIFA Loan Number:		NIFA Loan Number:						0
<b>Household Information (Mandatory Completion)</b>		<b>Household Information (Mandatory Completion)</b>						
Property County:		Property County:						0
Household Size: (1-8, <8 enter 8)		Household Size: (1-8, if more than 8, enter 8)						0
Target/NonTarget		Target/NonTarget						0
NIFA Income Limit:		NIFA Income Limit:						-
Eligibility Status:		Eligible						
<b>Total Household Income</b>		<b>INCOME SOURCES</b>						
Borrower Income		Borrower Income						0.00
CoBorrower/Spouse Income		CoBorrower/Spouse Income						0.00
Occupant Income		Occupant Income						0.00
CoSigner Income		CoSigner Income						0.00
<b>Total Household Income:</b>		<b>Total Household Income:</b>						<b>0.00</b>
		<b>Income Calculation Guide</b>						
		Borrower Name:						
		Employer Name:						
	Pay Frequency	Salary Rate	Hours Raise Rec'd	Time Worked	Monthly Income	Comments		

### Required Income Documents and Federal Tax Returns

The following documentation must be included in the First Home Mortgage Loan File submitted to NIFA for review for the Borrower and each other individual whose income must be included in Program Eligible Income as described above:

- Written Verifications of Employment (VOEs) and 30-day consecutive paystubs
- Federal tax returns or IRS tax transcripts (1 year for Borrower/Co-Borrower; 3 years for Non-Borrowing Spouse or Non-Borrowing Occupant who will have an ownership interest in the Home)
- Checking accounts (one month/30-day account statements)
- Savings accounts (one month/30-day account statements)
- All other accounts (most current account statements)

## Section 6 – Eligible Properties

### Purchase Price Limits

The purchase price of a Home is the cost of acquiring the Home from the seller as a completed residential unit. Maximum [purchase price limits](#) apply to existing, new construction and 2-4 unit properties.

Purchase Price means the cost of acquiring the Home from the seller as a completed unit. The cost of acquiring a Home 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 Home. A Home includes property that is a fixture under local law, such as light fixtures or wall-to-wall carpeting. If the purchaser purports to separately 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 Home and the cost of acquiring such items does not have to be included in the cost of acquiring the Home (unless the acquisition costs 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 Home). For example, 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 Home 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 Home.
- b. If a Home is incomplete, the reasonable cost of completing the Home 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 that 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 Homes with an uncompleted recreation room but a completed third floor and a garage, but is selling a Home 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 Home. 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 Home.
- c. Where a Home is purchased subject to a ground rent, the capitalized value of the ground rent. Such value of the ground rent shall be calculated using a discount rate supplied by the NIFA.

The cost of acquiring a Home 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,

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“points” which are paid by the buyer (but not the seller, even though borne by the Mortgagor through a higher Purchase Price) or other costs of financing the Home. 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 cost of a Home.

- b. The value of services performed by the Mortgagor or members of the Mortgagor’s family in completing the Home. 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 cost 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 Home. Similarly, where the Mortgagor purchases an incomplete Home the acquisition cost includes the cost of material and labor paid by the Mortgagor to complete the Home but does not include the imputed value of the Mortgagor’s labor or the labor of the Mortgagor’s family in completing the Home.
- 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 Home begins.

### **Non-Arm’s Length Transactions**

If there is a less than arm’s length transaction (related parties), the greater of the purchase price or appraised value is used to determine whether the purchase price limitations are met.

### **Single Family Homes (including townhomes)**

Single family homes include townhomes, condominiums, 2-4 units, and factory built. GNMA requirements apply to all government loans and conventional loans must meet Fannie Mae or Freddie Mac requirements.

All single family homes must be eligible for FHA insurance, a RD guaranty, a VA guaranty or PMI insurance, whichever is applicable.

### **Condominiums**

All condominiums must meet U.S. Bank underwriting guidelines and be eligible for FHA insurance, a RD guaranty, a VA guaranty or PMI insurance, whichever is applicable.

### **2-4 Family Units**

All 2-4 family units must be eligible for FHA insurance, a RD guaranty, a VA guaranty or PMI insurance, whichever is applicable. The Borrower must occupy at least one unit. It must have been built and occupied as a Home at least five years preceding the Mortgage Loan date (Note: New construction is only available in a NIFA designated Targeted Area).

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Ordinarily, the Borrower's representations, confirmed by the Participating Lender's general knowledge of the community and neighborhood, should be sufficient to verify the eligibility of the Home. However, where a question exists as to location of the Home, the number of units involved or the age of the Home, further investigation is appropriate, including inquiries to taxing authorities or a physical inspection of the property.

Net rental income from units not occupied by the Borrower must be included as income of the Borrower. When determining "net rental income," the Borrower may not deduct principal payments on loans, expenses for expansion or outlays for capital improvements. The Borrower may deduct business expenses and interest payments on loans (unless the expenses or loans are for business expansion or capital improvement) and depreciation computed on a straight-line basis (not accelerated depreciation).

**Manufactured Housing (Factory Built)**

**Updated 9/6/23**

The following table is a summary of the Factory Built Housing guidelines and is not inclusive of all guidelines:

Criteria	Conv Loan - Fannie Mae HFA Preferred MH Advantage	Conv Loan – Fannie Mae HFA Preferred (Standard)	Conv Loan – Freddie Mac HFA Advantage CHOICEHomes	Conv Loan – Freddie Mac HFA Advantage (Standard)	Govt Loans FHA, USDA/RD, VA
Eligible Programs	All NIFA programs	All NIFA programs	All NIFA programs	All NIFA programs	All NIFA programs
Width of Unit	Double wide or greater	Double wide or greater	Double wide or greater	Double wide or greater	Double wide or greater
Square Footage	Minimum 900 square ft.	Minimum 900 square ft.	Minimum 900 square ft.	Minimum 900 square ft.	Minimum 900 square ft.
Age of Unit	New only	New or existing	New or existing	New or existing	Per agency guidelines
Automated Underwriting (AUS)	DU approve	DU approve	LPA approve	LPA approve	DU, LPA, or GUS approve
Manual Underwriting	Not allowed	Not allowed	Not allowed	Not allowed	Not allowed
Maximum LTV	97.00%	95.00%	97.00%	95.00%	Per agency guidelines
Maximum CLTV	105.00%	105.00%	105.00%	95.00%	Per agency guidelines
Minimum Credit Score	660	660	660	660	660
Maximum DTI	45%	45%	45%	45%	45%
Monthly Reserves	Per agency guidelines	Per agency guidelines	Per agency guidelines	Per agency guidelines	Per agency guidelines
Zoning Regulations	<b><u>Nebraska Revised Statute 19-902</u></b>				

*\* All loans are subject to U.S. Bank and NIFA loan purchase review requirements.*

- Website Resources:**  
[Genesis Homes Website](#)  
[U.S. Bank Lending Manual](#)  
[Fannie Mae Website](#)  
[Freddie Mac Website](#)  
[FHA Single Family Handbook](#)  
[USDA Rural Development Handbook](#)  
[VA Lender Handbook](#)

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## **Occupancy Requirements.**

The Home must be occupied by the Borrower as their principal Home within 60 days following the closing date of the First Home Mortgage Loan.

## **Commercial Usage.**

Not more than 15% of the total area of the Home may be used in a trade or business. See the Business Usage Affidavit.

## **Appurtenant Land.**

Appurtenant land to the Home must reasonably maintain livability of the Home and may not provide, other than incidentally, a source of income to the Borrower. Contact NIFA for questions about acreages.

## **Remaining Life.**

A qualified appraisal must show a remaining useful life of the Home of at least 30 years.

## Section 7 – Federally Designated Target Areas

Updated 4/1/24

### Eligible Census Tracts

There are eligible federally designated target areas in the First Home Program. If the Home is in a Targeted Area, the First-Time Homebuyer requirement does not apply to the Borrower. Also, household income and purchase price limits are higher in Targeted Areas.

#### Adams County Census Tracts:

9661.00

#### Douglas County Census Tracts (City of Omaha)

3\*, 4\*, 6, 7, 11, 12, 18\*, 19, 21\*, 22\*, 24, 29\*, 32\*, 51\*, 52, 53, 59.01, 59.02, 60, 61.01, 61.02

#### Jefferson County Census Tracts:

9638.00

#### Lancaster County Census Tracts (City of Lincoln)

3, 4, 5\*, 7, 8\*, 17\*, 18, 19\*, 20.01, 20.02, 21\*, 32.02

#### Saline County Census Tracts:

9606.02

#### Scotts Bluff County Census Tracts:

9537.00

\*Census tract numbers with asterisks are “Areas of Chronic Economic Distress” and qualify as eligible Targeted Areas.

### Geocoding Website

A geocoding website is available for use when determining if a census tract falls within a Targeted Area. The geocoding website is accessible when reserving a loan in Lender Online. The website address is <https://geomap.ffiec.gov/FFIECGeocMap/GeocodeMap1.aspx>.

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## Section 8 – Loan Programs & Products

NIFA’s Programs offer below market interest rates, down payment and closing cost assistance, reduced mortgage insurance premiums for conventional loans and pre-purchase homebuyer education.

### Loan Programs

All First Home Mortgage Loans have a fixed interest rate with a 30-year term. NIFA does not allow Participating Lenders to charge an origination fee. There is no pre-payment penalty on NIFA loans.

NIFA offers the following programs:

FIRST HOME PROGRAMS		
Program Name	1 <sup>st</sup> Mortgage Loan	2 <sup>nd</sup> Mortgage Loan
Military Home	Yes	No
First Home Targeted	Yes	No
First Home	Yes	No
Homebuyer Assistance (HBA)	Yes	Yes

#### Military Home

First mortgage loan only offering the lowest NIFA interest rate. Borrowers must be either 1) Active military or 2) Qualified veteran within the meaning of 38 U.S.C. Section 101. NIFA’s First-Time Homebuyer requirement does not apply to Qualified Veterans. A copy of the DD Form 214 must be provided in the pre-closing package for review.

#### First Home Targeted

First mortgage loan only offering the lowest NIFA interest rate. The Home must be located in a designated Targeted Area. The following counties have targeted census tracts: 1) Adams County, 2) Douglas County, 3) Jefferson County, 4) Lancaster County, or 5) Scotts Bluff County. The First-Time Homebuyer requirement does not apply to this program.

#### First Home

First mortgage loan only for Homes located in non-target areas.



## Homebuyer Assistance (HBA)

Updated 6/5/24

First mortgage loan combined with a second mortgage loan for down payment and closing cost assistance. First mortgage loan products include FHA, RD, VA, and Conventional.

HBA second mortgage loans are not assumable and must be paid in full prior to closing an assumption request for the First Home Mortgage Loan. NIFA will not subordinate a HBA second mortgage loan for any reason.

### *Eligibility Requirements*

The Borrower must be a first-time homebuyer (as defined by NIFA) unless the Borrower is a Qualified Veteran or purchasing a home in a Targeted Area. The Purchase Price of the home must not exceed NIFA's Maximum Purchase Price limits. The Home must be occupied by the Borrower as his or her principal residence within 60 days of closing. The Borrower(s) and Non-Borrowing Spouse must have a combined household income that does not exceed NIFA's maximum income limits.

### *Second Mortgage Loan Terms*

The maximum amount of the HBA loan cannot exceed 5% of the home's purchase price. The HBA loan will bear interest at an annual rate of 1%. Monthly payments of principal and interest will begin on the same date set forth in the first mortgage loan's Promissory Note. The term for the HBA loan will be 120 months (10 years). The Borrower may prepay the HBA Loan at any time, without penalty.

### *Underwriting Requirements*

Follow loan underwriting guidelines for both the NIFA first mortgage loan and the HBA loan. The HBA loan must be included in the total housing expense ratio. NIFA does not require a minimum investment. Participating Lenders should follow agency underwriting guidelines to ensure all requirements are satisfied.

### *Federal Disclosures - Application*

A Loan Estimate (LE) is required for the first mortgage loan and the HBA second mortgage loan. An initial Uniform Residential Loan Application is required for the second mortgage.

### *Federal Disclosures - Closing*

A Closing Disclosure (CD) is required for the first mortgage loan and the HBA second mortgage loan. A final Uniform Residential Loan Application is required for the second mortgage.

**The maximum amount of cash back allowed at closing is \$250.00.** This policy applies to all loans when NIFA is the provider of DPA. Any excess funds must be used to reduce the second mortgage loan amount prior to closing.

The full assistance loan amount and corresponding available funds must match between the first and second mortgage closing disclosures.

Principal reductions are allowed on a limited basis and not to exceed \$500. Amounts more than \$500 must be approved by NIFA prior to closing.

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If existing debt is paid off at the time of closing, the HBA loan funds cannot be used to pay off debt. The borrower must have the amount of debt payoff included in the cash to close figure.

### *Loan Servicing*

The Participating Lender will fund both the first and second mortgage loans at closing and is responsible for collection of monthly payments on both loans until such time the loans are purchased by the Master Servicer.

## **Loan Products**

NIFA offers conventional and government loan products in connection with all programs, except for Military Home, which is limited to government loans only.

### **Conventional Loan Products**

Conventional loan products include: 1) Fannie Mae – HFA Preferred, and 2) Freddie Mac – HFA Advantage. Private mortgage insurance is required for all conventional loans with a LTV greater than 80%. NIFA conventional loans offer the following benefits:

- 3% down product (97% LTV maximum)
- Combined maximum 105% LTV with subordinate financing (community seconds)
- Reduced mortgage insurance premium for borrowers with income below 80% AMI
- Loan underwriting flexibilities

### **Government Loan Products**

Government loan products include: 1) Federal Housing Administration (FHA), 2) USDA Rural Development, and 3) Veterans Administration (VA).

## **Mortgage Loan Terms**

First Home Mortgage Loans shall be made only to Eligible Persons and Families for the purpose of providing financing for the purchase of a Residence.

Each First Home Mortgage Loan must be secured by a first mortgage lien on the Residence acquired thereby and made in accordance with the then current underwriting policies of (a) FHA, VA or RD, as applicable, and all other requirements established by the Origination Agreement and the then current criteria set forth in the GNMA Guide, (b) Fannie Mae and all other requirements established by the Origination Agreement and the then current criteria set forth in the Fannie Mae Guide or (c) Freddie Mac and all other requirements established by the Origination Agreement and the then current criteria set forth in the Freddie Mac Guide. All First Home Mortgage Loans must be FHA Insured, VA Guaranteed, RD Guaranteed, or a Conventional mortgage loan and subject to such additional requirements or limitations as specified in the Program Agreements. Only deeds of trust will be accepted for purchase. Private Mortgage Insurance shall be obtained with respect to Conventional mortgage loans to the extent set forth in the Program Agreements.

Each Mortgage Note (a) shall bear interest at the rate or rates set forth in the reservation acceptance form relating to a particular Loan Reservation (including the servicing and guaranty fee, if any, to the Master Servicer and GNMA, Fannie Mae or Freddie Mac, as applicable (“Reservation Acceptance Form”), (b) will provide for substantially level monthly payments due the first day of each month (which payments shall include amounts for deposit in an escrow

account to provide for timely payment of taxes and insurance), (c) will have an original term as set forth in the Reservation Acceptance Form, (d) will be assumable only under the terms and conditions set forth in the Program Agreements and (e) will comply in all respects to the GNMA Guide and FHA/VA/RD rules and regulations, as applicable (if an FHA/VA/RD mortgage loan), and the Fannie Mae Guide or the Freddie Mac Guide, as applicable (if a Conventional Mortgage Loan). EACH FIRST HOME MORTGAGE LOAN SHALL HAVE ATTACHED A NONASSUMPTION AND/OR ACCELERATION PROVISION IN THE FORM INCLUDED IN THIS LENDER MANUAL, AS SUCH FORM MAY BE AMENDED FROM TIME TO TIME.

### **Secondary Financing**

Any secondary financing in connection with a First Home Mortgage Loan must meet the requirements of this Lender Manual. be acceptable to FHA, VA, RD, HUD, Fannie Mae or Freddie Mac, as applicable, and may not provide for or create any ownership interest of the provider of such secondary financing in the property subject to the Mortgage. (For example, certain types of shared appreciation arrangements in the value of the Home or repayment terms tied to an appreciation in value of the Home may create such an ownership interest in the provider of the secondary financing and thus make such type of secondary financing a violation of NIFA Program.)

## Section 9 – Agency Underwriting & Credit Overlays

### Secondary Market Requirements

All First Home Mortgage Loans must meet loan agency underwriting requirements and secondary market requirements for securitization in Mortgage-Backed Securities (“MBS”). Government loans are securitized in GNMA loan pools and conventional loans are securitized in Fannie Mae or Freddie Mac loan pools.

### Conventional Loan Underwriting Overlays

Updated 9/6/23

#### AUS Submissions – Accept/Approve Eligible

Summary of Credit Underwriting Requirements Effective Loan Reservation Date - On and after 9/6/23					
Property Type	Maximum LTV	Maximum LTV/CLTV	Maximum DTI	Credit Score	Required Reserves
1 Unit Condos/Townhomes	97%	105%	50%	640	As determined by DU or LPA
2 Units	95%	105%	50%	640	
3-4 Units	95%	105%	45%	640	
			50%	660	
Fannie Manufactured Homes	95%	105%	45%	660	
Fannie MH Advantage	97%	105%	45%	660	
Freddie Manufactured Homes	95%	95%	45%	660	
Freddie CHOICEHomes	97%	105%	45%	660	
All loans must be Approve/Eligible when using DU or Eligible/Accept when using LPA. Manufactured housing is allowed as noted above. <a href="#">Click here for additional guidelines.</a>					

#### Manual Underwriting Submissions – Fannie Mae HFA Preferred Only

Property Type	Maximum LTV	Maximum LTV/CLTV	Maximum DTI	Credit Score	Required Reserves
1 Unit Condos/Townhomes	95%	105%	36%	680	2
				660	6
			45%	720	2
				700	6
Manufactured housing and 2-4 unit properties are not allowed on manually underwritten loans.					

#### Manual Underwriting Submissions – Freddie Mac HFA Advantage Only

Property Type	Maximum LTV	Maximum LTV/CLTV	Maximum DTI	Credit Score	Required Reserves
1 Unit Condos/Townhomes	97%	105%	45%	660	2

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### Manual Underwriting Submissions – Non-Traditional Credit Loans

Loans may only be manually underwritten for erroneous credit, inaccurate credit, insufficient credit, or on loans with no FICO scores. See [US Bank website](#) for more information.

*This is only a summary of credit underwriting requirements and is not inclusive of all guidelines. Participating Lenders are responsible for all loans satisfying NIFA program guidelines, U.S. Bank guidelines, agency guidelines, PMI company guidelines (if applicable), and secondary market guidelines. Refer to U.S. Bank's website for more information:*

<https://www.usbank.com/hfadivision/lendingguide>

### Government Loan Underwriting Overlays

Updated 9/6/23

#### AUS Submissions – Accept/Approve Eligible

Summary of Credit Underwriting Requirements Effective Loan Reservation Date - On and after 9/6/23				
Product Type	Property Type	Maximum DTI	FICO	Required Reserves
VA USDA/RD	1-4 Units, Condos/Townhomes	45%	640	As determined by GUS, DU, or LPA
		50%	660	
	Manufactured Homes	45%	660	
FHA	1-4 Units, Condos/Townhomes	45%	640	As determined by GUS, DU, or LPA
		50%	660	
	Manufactured Homes	45%	660	
All loans must be Approve/Eligible when using DU or Eligible/Accept when using LPA. Manufactured housing is allowed. Click here for additional <a href="#">Factory Built Guidelines</a> .				

### Manual Underwriting Submissions

Product Type	Property Type	Minimum FICO	Maximum DTI		Required Reserves
			Housing	Total Debt	
VA	1-2 Units, Condos/Townhomes	640	N/A	41%	2
USDA/RD	1-2 Units, Condos/Townhomes	640	29%	41%	2
FHA	Not Allowed				

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## Manual Underwriting Submissions – Non-Traditional Credit Loans

Loans may only be manually underwritten for erroneous credit, inaccurate credit, insufficient credit, or on loans with no FICO scores. See [US Bank website](#) for more information.

***This is only a summary of credit underwriting requirements and is not inclusive of all guidelines. Participating Lenders are responsible for all loans satisfying NIFA program guidelines, U.S. Bank guidelines, agency guidelines, PMI company guidelines (if applicable), and secondary market guidelines. Refer to U.S. Bank's website for more information:***

***<https://www.usbank.com/hfadivision/lendingguide>***

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## Section 10 – Allowable Closing Fees

There are federal tax laws that require the regulation of certain closing fees charged to either the Borrower or Seller. The following fees are monitored by NIFA:

**Updated 2.9.24**

Name of Fee	Buyer Paid		Seller Paid
Origination Fee	Not Allowed		Not Allowed
Discount Fee	Not Allowed		Not Allowed
Tax Service Fee (retained by Master Servicer)	\$84.00	<b>OR</b>	\$84.00
Master Servicer Funding Fee (retained by Master Servicer)	\$400.00	<b>OR</b>	\$400.00
Lender Processing/Underwriting/Closing Fee (retained by Participating Lender)	Reasonable & Customary Not to exceed \$1200	<b>OR</b>	Reasonable & Customary Not to exceed \$1200
3 <sup>rd</sup> Party Lender Closing Fee – 1 <sup>st</sup> Mortgage Loan (1) (retained by 3 <sup>rd</sup> party company)	Reasonable & Customary Not to exceed - \$350	<b>OR</b>	Reasonable & Customary No set limit
3 <sup>rd</sup> Party Lender Closing Fee – 2 <sup>nd</sup> Mortgage Loan (1) (retained by 3 <sup>rd</sup> party company)	Reasonable & Customary Not to exceed - \$75	<b>OR</b>	Reasonable & Customary No set limit
3 <sup>rd</sup> Party Escrow Closing/Settlement Fee (retained by 3 <sup>rd</sup> party company)	Reasonable & Customary No set limit		Reasonable & Customary No set limit
Real Estate Agent/Broker Fee (retained by agent/broker)	Reasonable & Customary Not to exceed - \$600		Reasonable & Customary No set limit

In no situation will NIFA allow both the Participating Lender and the third-party company to charge a closing fee for the first or second mortgage loan.

Reasonable and customary is means (i) that fees charged on NIFA loans are no greater than fees customarily charged by lenders originating non-NIFA mortgage loans in Nebraska and (ii) the fees charged in connection with the sale and purchase of a home are no greater than fees customarily charged by realtors/agents/brokers in connection with the sale and purchase of a home in Nebraska which is not financed with a NIFA mortgage loan.

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## Origination Fees and Closing Costs

In connection with each First Home Mortgage Loan, Participating Lender may charge and collect fees not to exceed the maximum amount for each such fee as published from time to time by NIFA.

Such fees may be collected from the Borrower to the extent permitted by FHA, VA, RD, HUD, Fannie Mae or Freddie Mac, as applicable. Any amount of such fees which may not be collected from the Borrower may be collected from the seller of the Home. Such fees shall not in any event exceed the applicable FHA, VA, RD, HUD, Fannie Mae or Freddie Mac limits, as applicable, or NIFA limits. In addition, Participating Lender may collect from the Borrower and/or the seller, all reasonable and customary out-of-pocket costs permitted by law paid or incurred by Participating Lender, including but not limited to notary fees, hazard, mortgage or life insurance premiums, survey, title insurance premiums, appraisal fees, attorneys' fees, documentary and intangible taxes, recording or registration taxes and charges, credit reports, escrow fees, tax service fee (subject to a maximum of the then current standard fee for such tax service, to be paid only by the seller) and similar charges. Such fees and expenses may be collected only once in connection with the origination of the First Home Mortgage Loan and shall not exceed limits established from time to time by federal law or state law and in any event may not exceed like amounts charged in such area in cases where owner financing is not provided through tax-exempt revenue bonds. The Participating Lender shall collect from the seller of the Home that portion of any origination fee that may not be collected from Borrower due to federal or State law restrictions. NIFA reserves the right to limit any and all fees charged by the Participating Lender in connection with Program.



## Section 11 – Document and Signature Guide

### Independent Verifications by Participating Lenders

Participating Lenders must undertake reasonable investigations to determine with respect to each First Home Mortgage Loan that the following requirements are satisfied:

- a) The Borrower occupies or will occupy the related Home within 60 days of the date the Mortgage Note is executed and thereafter intends to maintain the property as his or her principal place of Home. Participating Lender must require Borrower to execute those certifications and forms as set forth in this Lender Manual.
- b) Unless the related Home is in a Targeted Area, each Borrower is a First-Time Homebuyer. Participating Lender shall obtain from each Borrower the documentation evidencing each Borrower's qualification as a First-Time Homebuyer as prescribed in this Lender Manual.
- c) The Purchase Price is correct (reasonable investigations include reviewing a copy of the contract of sale and the closing statement). The Purchase Price of the Home may not exceed the applicable Maximum Purchase Price.
- d) No part of the First Home Mortgage Loan proceeds are used to acquire or replace an existing mortgage, and the First Home Mortgage Loan must be to persons who did not have a mortgage (whether or not paid off) on the Home securing the Mortgage Note at any time prior to the execution of the Mortgage. (However, if NIFA so permits in writing, the Borrower could have a construction period loan or similar temporary initial financing of 24 months or less with respect to the Home securing the Mortgage Note and may use the proceeds of the Mortgage Note to repay such financing.) Reasonable investigations include reviewing the abstract of title or checking with the title insurance company, and reviewing the closing statement (e.g., with respect to cash payments made to persons at the Mortgage closing).
- e) The Home contains no more than four dwelling units, one of which shall be owned and occupied by the Borrower. If the Home contains two or more dwelling units, Participating Lender must determine that the Home meets the additional requirements set forth in this Lender Manual.
- f) The total Program Eligibility Income of the Borrower does not exceed the limits set forth in this Lender Manual for such Borrower's family size, determined in accordance with the provisions of this Lender Manual. (Reasonable investigations include reviewing the income tax returns, check stubs or employment records of the Borrower.) Participating Lender must require the Borrower to complete the Borrower's Affidavit.

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## Document and Signature Guide

The following guide includes all NIFA documents and required signatures:

<b>REQUIRED DOCUMENTS - APPLICATION</b>		
<b>Document Name</b>	<b>Description</b>	<b>Signatures</b>
Household Verification Affidavit	Documents the number of household members and income sources used for program eligibility	Borrower Co-Borrower Non-Borrowing Spouse
Notice of Potential Recapture Tax	Explains how and when the recapture tax could occur along with an example of the calculation	Borrower Co-Borrower Non-Borrowing Spouse
Notice to Borrower (HBA)	Loan disclosure for 2 <sup>nd</sup> Homebuyer Assistance (HBA) loans only	Borrower Co-Borrower Non-Borrowing Spouse
<b>REQUIRED DOCUMENTS - CLOSING</b>		
Borrower's Affidavit	A pledge by the Borrower of accurate information for program eligibility	Borrower Co-Borrower Non-Borrowing Spouse
Tax Exempt Financing Rider	Sets forth the owner occupancy and loan assumption requirements	Borrower Co-Borrower Non-Borrowing Spouse
Notice of Potential Recapture Tax	Provides instructions to the Borrower that NIFA will send the final notice within 90 days of closing	Borrower Co-Borrower Non-Borrowing Spouse
2 <sup>nd</sup> Promissory Note (HBA)	Used in connection with Homebuyer Assistance (HBA) 2 <sup>nd</sup> mortgage amortizing loans	Borrower Co-Borrower Co-Signer (if applicable)
2 <sup>nd</sup> Deed of Trust (HBA)	Used in connection with Homebuyer Assistance (HBA) 2 <sup>nd</sup> mortgage amortizing loans	Borrower Co-Borrower Non-Borrowing Spouse
Borrower Acknowledgement Letter (HBA)	Letter stating that a Homebuyer Assistance (HBA) loan was awarded to the Borrower to comply with FHA guidelines	Borrower Co-Borrower
<b>OPTIONAL DOCUMENTS</b>		
Qualified Veteran Affidavit	Used to document qualified veteran eligibility status	Signed at application
Profit & Loss Affidavit	Used for self-employed borrowers only	Signed at application
Letter of Explanation	Used by the borrower to explain specific situations related to the loan	Signed at application
Business Usage Affidavit	Completed when borrower will use the home for a trade or business	Signed at application

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## Section 12 – Potential IRS Recapture Tax

### Recapture Tax Notice

With respect to all First Home Mortgage Loans (including mortgage loans which are assumed), Participating Lender shall provide to each Borrower, both upon application for the First Home Mortgage Loan and at the closing of a First Home Mortgage Loan, a copy of the Notice of Recapture Tax to Mortgage Loan Applicants. Failure by Participating Lender to so provide such Notices to a Borrower will render such First Home Mortgage Loan ineligible for purchase.

### Terms and Conditions

A Federal Recapture Tax (additional federal tax) may be due to the Internal Revenue Service when a Home financed with a NIFA First Home Mortgage Loan is sold. The tax liability is based on income, family size, net gain realized on the sale of the Home and number of years from closing date to sale date. Generally, all of the following events must occur to trigger the recapture tax:

1. The Home is sold within the first nine years of the mortgage loan closing date; and
2. The Borrower realizes a gain on the sale of the Home (as defined by the IRS); and
3. The Borrower's income has increased since the mortgage loan closing and exceeds the limits established by the IRS.

Some Borrowers are more likely to pay a recapture tax than others:

- Borrowers who are employed in a potential high-growth income position;
- Borrowers who are close to the maximum income limit at the time of the mortgage loan closing;
- Borrowers who are in a high inflation environment; or
- Borrowers who are unmarried at mortgage loan closing that are married when the Home is sold.

Special rules may apply in certain circumstances. Recapture tax is not applicable in the following circumstances:

- The Home is transferred to a spouse, or former spouse in connection with a divorce, where no gain is included in income;
- The Home is destroyed by a casualty, and the Borrower repairs it or replaces it on its original site within two years after the end of the tax year when the destruction happened; or
- If the Home is disposed of as a result of the Borrower's death.

If recapture tax is due, the year in which the Home is sold is used in calculating the amount of the tax. The recapture tax is not paid to the IRS at the time of the sale, but rather at the time of filing the federal tax return for the year in which the sale occurred.

### Refinancing

Recapture tax is not due if the Borrower refinances the Home; however, refinancing does not cancel the recapture tax obligation. Each Borrower must sign the recapture tax disclosure form at the time of the initial mortgage loan application and again at mortgage loan closing. NIFA will deliver the Final Recapture Tax Notice within 90 days of closing. The final disclosure includes

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the information needed to assist the Borrower in determining if and when any recapture tax may be due.

### **Lender Responsibility**

At loan application, it is the Participating Lender's responsibility to make the applicant aware of the federally-imposed recapture tax by presenting to the applicant for signature the Notice of Potential Recapture Tax.

An example of the recapture tax calculation is provided with the Notice of Potential Recapture Tax based on the total amount of federal subsidy received by the Borrower.

At loan closing, the Participating Lender must provide the Borrower with another Notice of Potential Recapture Tax that provides instructions that NIFA will deliver the Final Recapture Tax Notice within 90 days of closing.

### **NIFA Recapture Tax Reimbursement Policy**

For all mortgage loans closed on or after June 1, 2004, and financed through the First Home Program, NIFA will reimburse any Borrower who sells his or her home and is required to pay the federal recapture tax.

The reimbursement from NIFA will be limited to the actual amount of the recapture tax. NIFA will not reimburse for any fees, interest, expenses or penalties incurred. NIFA will not calculate the amount of the recapture tax owed by the Borrower upon sale or disposition of the Home. NIFA will pay for fees associated with the IRS Form 4506 that is required as part of the Request for Recapture Tax Reimbursement.

### **Borrower Responsibility**

A Borrower seeking reimbursement for recapture tax will need to apply to NIFA by July 15th of the calendar year immediately following the calendar year in which the Home was sold. NIFA will reimburse the Borrower for payment of any recapture tax only if the NIFA-financed First Home Mortgage Loan was outstanding at the time of sale (i.e., NIFA will not reimburse the Borrower if the mortgage loan has been subsequently refinanced).

## Section 13 – Homebuyer Education

### Pre-Closing Education Requirements

Updated 9/6/23

NIFA requires homebuyer education for all First Home Mortgage Loans. Homebuyer education provides the greatest benefit when taken early in the home buying process (before searching for a home). All occupying Borrowers who execute the Promissory Note must complete an approved education class. The Borrower's name and the name of the education provider must be included on the completion certificate. Certificates are valid for 12 months from the issuance/completion date.

All classes must meet one of the following criteria:

- 1) The provider of the homebuyer education class or housing counseling must be a HUD-approved counseling agency. The approved list is available on [HUD's website](#).
- 2) The provider of the homebuyer education class or housing counseling must meet the National Industry Standards. The approved list is available on the [National Industry Standards for Homeownership Education and Counseling website](#).

### Approved Class Provider List

**The following non-profit organizations meet one of the above criteria:**

Provider Name	Website
Blue Valley Community Action - Fairbury	<a href="http://www.bvca.net/">http://www.bvca.net/</a>
Credit Advisors Foundation – Omaha	<a href="https://creditadvisors.org/">https://creditadvisors.org/</a>
Family Housing Advisory Services – Omaha	<a href="https://www.fhasinc.org/">https://www.fhasinc.org/</a>
Greenpath Financial Wellness	<a href="https://greenpath.com/locations/omaha/">https://greenpath.com/locations/omaha/</a>
High Plains Community Development - Chadron	<a href="https://www.highplainscc.com">https://www.highplainscc.com</a>
Wayne Community Housing Development Corporation	<a href="https://www.waynetworks.org/82/Housing">https://www.waynetworks.org/82/Housing</a>
Southeast Nebraska Community Action Council, Inc.	<a href="https://senca.org/">https://senca.org/</a>
NeighborWorks Lincoln	<a href="https://nwlincoln.org/">https://nwlincoln.org/</a>
NeighborWorks Northeast Nebraska	<a href="http://nwnen.org/">http://nwnen.org/</a>
Southwest Nebraska Community Betterment Corporation	<a href="https://southwestne.com/">https://southwestne.com/</a>

**The following online providers meet the National Industry Standards:**

Provider Name	Website
HomeView	<a href="https://www.fanniemae.com/education">https://www.fanniemae.com/education</a>
CreditSmart Homebuyer U	<a href="https://sf.freddiemac.com/working-with-us/creditsmart/courses/">https://sf.freddiemac.com/working-with-us/creditsmart/courses/</a>
Framework	<a href="https://homeready.frameworkhomeownership.org/">https://homeready.frameworkhomeownership.org/</a>
eHome America	<a href="https://www.ehomeamerica.org">https://www.ehomeamerica.org</a>
Finally Home!	<a href="https://www.finallyhome.org/en/homebuyer-education/">https://www.finallyhome.org/en/homebuyer-education/</a>

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There may be some situations where the provider charges a fee for the class. Contact NIFA's Homeownership Team by phone at 402-434-3900 or by email at [homeownership@nifa.org](mailto:homeownership@nifa.org) with any questions.

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## Section 14 – Lender Online (“LOL”) Loan Reservation System

### General

NIFA loans are reserved in the Lender Online Loan (“LOL”) Reservation System at <https://lol.nifa.org>. Reservations are allowed once a Borrower has a fully executed purchase agreement (signed by both parties), has completed a loan application with a Participating Lender, and appears to meet Program requirements.

### Acceptance of Applications and Requesting Reservations

Reservations submitted by Participating Lender will be effective only upon the generation of a Reservation Acceptance Form in LOL, which Reservation shall constitute a binding obligation of NIFA to cause the Master Servicer to purchase, and the Participating Lender to sell, such First Home Mortgage Loan in an amount not to exceed the amount of the Reservation, having the terms specified in, meeting the requirements of and in accordance with the provisions of the Program Agreements, including this Lender Manual.

Reservations shall be governed by the terms and conditions set forth in this Lender Manual. Any changes from the terms of the First Home Mortgage Loan and other information provided at the time of the Reservation will (unless approved in writing by NIFA) result in a loss of such Reservation.

The Reservation Acceptance Form will specify the interest rate and other terms and conditions applicable to each Reservation. Each First Home Mortgage Loan shall bear interest at a rate specified in the approved Reservation and shall have such other terms and conditions as may be specified in the Program Agreements.

All Reservations are based on the assumption, and upon each request for a Reservation the Participating Lender shall be deemed to represent and warrant, that the Participating Lender is in compliance with, and continues to meet all the requirements of the Program Agreements.

NIFA may cancel all or any portion of any Participating Lender’s Reservation if the Participating Lender has failed to close and deliver to the Master Servicer or has failed to satisfy any other term or condition specified by NIFA with respect to the corresponding First Home Mortgage Loan. Any such cancellation shall be in the sole discretion of NIFA, and, by participation in the Program, the Participating Lender expressly agrees to such provision for cancellation.

Each First Home Mortgage Loan must be secured by a first mortgage lien on the Home acquired thereby and made in accordance with the then current underwriting policies of (a) FHA, VA or RD, as applicable, and all other requirements established by the Origination Agreement and the then current criteria set forth in the GNMA Guide, (b) Fannie Mae and all other requirements established by this Origination Agreement and the then current criteria set forth in the Fannie Mae Guide or (c) Freddie Mac and all other requirements established by this Origination Agreement and the then current criteria set forth in the Freddie Mac Guide. All First Home Mortgage Loans must be FHA Insured, VA Guaranteed, RD Guaranteed, HUD Guaranteed or a Conventional First Home Mortgage Loan and subject to such additional requirements or limitations as specified in the Program Agreements. Only deeds of trust will be accepted for purchase. Private Mortgage

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Insurance shall be obtained with respect to Conventional First Home Mortgage Loans to the extent set forth in the Program Agreements.

Each Mortgage Note (a) shall bear interest at the rate or rates set forth in the Reservation Acceptance Form relating to a particular Loan Reservation (including the servicing and guaranty fee, if any, to the Master Servicer and GNMA, Fannie Mae or Freddie Mac, as applicable, (b) will provide for substantially level monthly payments due the first day of each month (which payments shall include amounts for deposit in an escrow account to provide for timely payment of taxes and insurance), (c) will have an original term as set forth in the Reservation Acceptance Form, (d) will be assumable only under the terms and conditions set forth in the Program Agreements and (e) will comply in all respects to the GNMA Guide and FHA/VA/RD rules and regulations, as applicable (if an FHA/VA/RD First Home Mortgage Loan), and the Fannie Mae Guide or the Freddie Mac Guide, as applicable (if a Conventional First Home Mortgage Loan or a HUD Guaranteed First Home Mortgage Loan).

### **Lender Online Administrator Role**

NIFA will assign login information for each Participating Lender's identified system administrators. System administrators are responsible for assigning staff login and temporary passwords. **Each Participating Lender is responsible for immediately removing login information for staff no longer associated with their company.**

### **Lender Online Access Levels**

#### **Contact ONLY (No Access to system)**

- Do not have access to the system.
- Appears at the bottom of the "New Reservation" page, as an informational field.

#### **View Documents ONLY**

- Can view bulletins and program document information only.

#### **View Reports ONLY**

- Can view bulletins, Program documents, and loan status information.
- Allowed to run and print reports in the system.

#### **Clerk**

- Can view bulletins, Program documents, and loan status information.
- Allowed to enter loan reservations.

#### **Officer**

- Can view bulletins, Program documents, and loan status information.
- Allowed to run and print reports for loans associated with the officer as an individual.
- Allowed to enter loan reservations.



## Lender Level

- Can view bulletins, Program documents, and loan status information.
- Allowed to run and print reports for the entire lender institution
- Allowed to enter loan reservations.
- Can authorize other users to access the system at the Lender or lower levels. *(Only when the **Admin** checkbox is marked)*

## Lender Online Features

### Processing a Loan Reservation

Loan reservations are allowed from 9:00 am – 6:00 pm Monday through Friday, Central Standard Time. NIFA reservations are not accepted on holidays in which the NIFA offices are closed for business.

NIFA reviews interest rates daily and does not provide advance notification for rate adjustments. No exceptions are allowed for loan reservations that were not processed prior to a rate adjustment.

### Commitment Period of a Reservation

The commitment period of a loan reservation is 120 days. If the post-closing loan package is not approved by NIFA and the Master Servicer on or before the expiration date, the loan may still be eligible for purchase, but with no Service Release Premium. See [Section 18](#) for the Loan Delivery Schedule.

### Changing a Loan Reservation

Changes to a loan reservation can be uploaded to the file in LOL by completing the Reservation Change Request Form.

Changes are allowed for the following reasons:

1. Increasing or decreasing the loan amount.
2. Increasing or decreasing the purchase price.
3. Adding or deleting a Borrower; however, one of the original Borrowers must remain with the reservation.
4. Changing from one loan type to another (i.e., Conventional to FHA).
5. Changing from one loan program to another (i.e., First Home to Homebuyer Assistance).
6. Corrections to the property address.

### Cancelling a Loan Reservation

In the event a mortgage loan with a reservation will not close, a Cancellation Request Form must be uploaded to the file in LOL as soon as possible. The cancellation reason must be included.

### Submitting Loan Files for Review

Once the Participating Lender obtains all items as listed on the Pre-Closing Compliance Review Checklist, the Participating Lender is strongly encouraged to submit the file early in the process, or at least 5 days prior to scheduled closing date to NIFA for review.

Files must be submitted in the order specified on the Pre-Closing Compliance Review Checklist. The checklist is located in the “Program Documents” section of LOL. Documents must be in PDF format. NIFA does not accept electronic “secured” files requiring passwords.

Each First Home Mortgage Loan file will be reviewed the next business day by NIFA staff for compliance with Program requirements. Courtesy emails with loan status will be sent to the contact email shown on the checklist.

The LOL system interfaces with the Master Servicer’s system exchanging information once loan files are approved by NIFA. NIFA’s approval is required in order for the loan to be purchased.

### Submitting Loan File Conditions for Review

Once the Participating Lender obtains all condition items listed in LOL, a PDF package containing all items should be uploaded to the file. Conditions submitted for each file will be reviewed the next business day by NIFA staff for compliance with various Program requirements. Courtesy emails with loan status will be sent to the contact email shown on the original Pre-Closing Checklist.

Once approved by NIFA, Participating Lenders may close the First Home Mortgage Loan subject to agency underwriting requirements.

### Checking the Loan Status

Participating Lenders can access the status of First Home Mortgage Loans using LOL.

Choose the “Loan Status” tab from the menu bar. Search for the loan by using the NIFA loan number, lender loan number, borrower name or social security number.

Once the loan is located, choose the appropriate action from the **Actions Menu**.

**View** —Provides loan details including loan terms, current status, outstanding conditions and name of the NIFA file reviewer.

**Reprint** —Allows lenders to save or re-print the reservation confirmation

**PDF Docs** —Provides access to all PDF documents available for the loan file. Participating Lenders may generate the checklists, Commitment Letters, Obligation Letters, and Program documents pertaining to the file. Check the appropriate box of item to print and click “Generate Documents” tab.

**eDocs** —Section for upload of files and conditions for review.

### Running Pipeline Reports

LOL has reporting capabilities allowing Participating Lenders to manage their individual pipelines.

Choose the “Reports” tab from the menu bar. Reports available for lender use are displayed. Select the report desired from the list of options.

Examples of reporting selection choices:

**Lenders/Branches:** Choose the “all” radio button for multiple branches of an organization, or click the “select” radio button to narrow your search.

**Programs:** Choose the “all” radio button for every loan program, or click the “select” radio button to narrow your search.

**Stage Status:** Choose the “all” radio button for every loan status, or click the “select” radio button to narrow your search. This selection list can be narrowed to find only loans with approved status, pending status, etc. Selecting the “all” radio button will give an overview of every loan in the Participating Lender’s pipeline.

**Officers:** Choose the “all” radio button for every loan officer, or click the “select” radio button to narrow your search to specific loan officers.

**Loan Stages:** Lock Date, App Received, PreCIsAppr, HBAClosingAppr, Close Date, PostCIAppr, and Fund Date

**Last Stage/Any Stage:** Paired with the “all” and “select” radio buttons, allows the Participating Lender to define specific details regarding loan files within defined pipeline stage statuses.

Examples	Outcome
Any Stage/All	Covers entire pipeline, shows any outstanding conditions necessary to receive NIFA Approval.

Report Wizard for: HFA's Conditions/Exceptions

**LENDERS/BRANCHES**  All  Select

**OFFICERS**  All  Select

**PROGRAMS**  All  Select

**LAST STAGE**  ANY STAGE  All  Select

**STAGE STATUS**  All  Select

**SORT CRITERIA**

Group by: (none)    Break Page

Then by: (none)    Break Page

Then by: (none)    Break Page

## Section 15 – Pre-Closing Review Process

### Purpose of Review

One of the principal reasons for the pre-closing compliance review process is to provide Participating Lenders a level of assurance that, given no changes in the basic conditions of the transaction, the mortgage loan may be submitted for purchase by the Master Servicer.

This pre-closing review process is in place only as a service to Participating Lenders and does not automatically guarantee that mortgage loans will be purchased. Additionally, if a mortgage loan is purchased and is subsequently found not to meet Program requirements, the Master Servicer has the authority to request that the Participating Lender repurchase the First Home Mortgage Loan.

Once NIFA has approved the First Home Mortgage Loan for NIFA-related Program eligibility, the Participating Lender may close the loan. A Legally Enforceable Obligation Letter will be available in Lender Online under PDF Documents section. The Legally Enforceable Obligation Letter must be included in the loan file delivered to the Master Servicer for purchase.

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## Section 16 – Post-Closing Review Process

### Purpose of Review

All closed loans are expected to be delivered to NIFA and the Master Servicer within a reasonable time period (10 business days or less). It is the responsibility of the Participating Lender to ensure all documents are properly executed and notarized where necessary. It is also the responsibility of the Participating Lender to provide any noted conditions/deficiencies to NIFA or the Master Servicer prior to purchase.

Typically, NIFA will review post-closing packages within one business day of submission. Courtesy file status emails are sent to the contact person's email included on the submission checklist.

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## Section 17 – Lender Compensation

### Loan Delivery Schedule

#### Effective Loan Reservation Date – On and after 2/1/2020

Reservation Date to Purchase Date	Minimum Service Release Premium	Maximum Service Release Premium
1-90 Days	\$1,000	2.00%
91-105 Days	\$800	1.75%
106-120 Days	\$600	1.50%
120+ Days	Loan may be eligible for purchase with no SRP	

\*\*Conditions:

- (1) All first and second mortgage loans are subject to NIFA pre-close and post-close review.
- (2) All second mortgage loans are subject to a separate NIFA pre-close review to satisfy agency underwriting requirements.
- (3) All loans are subject to post-close review by the Master Servicer.

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## Section 18 – Delivery and Purchase of First Home Mortgage Loans

### Loan Delivery Requirements

All closed loans are expected for delivery within 10 business days or less of the closing date. Loan delivery delays could have a negative impact on purchase eligibility and will impact the Participating Lender's service release premium.

### First Home Mortgage Loan Submission; Purchase Documents

Participating Lender shall submit to the Master Servicer, with respect to each First Home Mortgage Loan (and any related Second Mortgage Loan) to be purchased, a package containing the documents described in this Lender Manual and the Program Agreements.

With respect to Conventional First Home Mortgage Loans, each Participating Lender must be a Fannie Mae-approved seller/servicer or otherwise be acceptable to each of NIFA, the Master Servicer and the PMI Insurer or such other contract underwriter selected by NIFA. A Participating Lender that is a Fannie Mae-approved seller/servicer has the option to underwrite the First Home Mortgage Loan for Fannie Mae eligibility or may choose to submit the First Home Mortgage Loan to an acceptable contract underwriter for approval. Participating Lenders that are not Fannie Mae-approved seller/servicers must submit conventional First Home Mortgage Loans to an acceptable contract underwriter for approval.

After Participating Lender has closed the First Home Mortgage Loan (and, if applicable, a Second Mortgage Loan), Participating Lender shall deliver to the Master Servicer the related Mortgage File in a form eligible for purchase by the Master Servicer. The submission of each First Home Mortgage Loan shall take place no later than 10 calendar days after the closing of a First Home Mortgage Loan at the office of the Master Servicer or at such other place as may be mutually agreeable to the Master Servicer and Participating Lender. Participating Lender upon submission of each Mortgage Loan for purchase is deemed to warrant that all permitted copies will be true and accurate copies of the respective original documents and instruments. The Master Servicer will review such documents and instruments and will notify Participating Lender, for appropriate curative action, pursuant to the Origination Agreement and this Lender Manual, of any such document or instrument which is defective in any material respect.

The delivery of the original executed Mortgage Note, the certified copy of the related Mortgage and Assignment of Mortgage to the Master Servicer shall be made in the manner set forth in the Program Agreements, including this Lender Manual. Participating Lender shall deliver the recorded copy of the Mortgage and the recorded copy of the Assignment of Mortgage and the title insurance policy, together with any other documents referred to in the Program Agreements, to the Master Servicer upon receipt of such documents and FHA/VA/RD Insurance Certificates or documentation that the Mortgage is HUD Guaranteed or Private Mortgage Insurance certificates with respect to Conventional First Home Mortgage Loans, as applicable, and in no event later than the time set forth in the Program Agreements. Participating Lender shall further perform any other action or deed as the Master Servicer and/or NIFA may direct to cause the proper filing or recording of the Mortgage in such other places and in such other manner, form or condition satisfactory to the Master Servicer and/or NIFA and which may be necessary to perfect any

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security interest in each Mortgage Note and related Mortgage in accordance with the Program Agreements and this Lender Manual.

At the time of the closing of a First Home Mortgage Loan, Participating Lender must collect from the Borrower escrow payments (a) with respect to hazard insurance; (b) with respect to real estate taxes; (c) any insurance premium or guaranty fee due with respect to the mortgage insurance or guaranty.

Upon the submission of the Mortgage File to the Master Servicer, Participating Lender shall submit to the Master Servicer all additional documents required by the GNMA Guide, the Fannie Mae Guide or the Freddie Mac Guide, as applicable, for purposes of submission to GNMA, Fannie Mae or Freddie Mac, as the case may be, of the corresponding Pool Documentation Package.

ALL FINAL FIRST HOME MORTGAGE LOAN DOCUMENTS REQUIRED TO BE SUBMITTED BY PARTICIPATING LENDER TO THE MASTER SERVICER IN CONNECTION WITH THE PURCHASE BY THE MASTER SERVICER OF A FIRST HOME MORTGAGE LOAN SHALL BE SUBMITTED BY PARTICIPATING LENDER IN ACCORDANCE WITH THE TERMS OF THE PROGRAM AGREEMENTS AND THIS LENDER MANUAL.

If a First Home Mortgage Loan meets the requirements of (a) the Origination Agreement, including the requirements in the Program Agreements and this Lender Manual, and (b) the GNMA Guide, the Fannie Mae Guide or the Freddie Mac Guide, as applicable, and all required documentation has been submitted to NIFA and the Master Servicer, the Master Servicer will purchase such First Home Mortgage Loan on a Purchase Date.

### **Defective Documents and Repurchase Requirements**

First Home Mortgage Loans which do not meet the requirements of the Program Agreements will not be purchased by the Master Servicer and the Mortgage File will be returned to the Participating Lender. NIFA shall have no further obligation to cause the Master Servicer to purchase (and the Master Servicer shall have no obligation to purchase) such First Home Mortgage Loan. All references to a “First Home Mortgage Loan” in this Section shall include and refer to any related Second Mortgage Loan.

If any document or documents constituting a part of a Mortgage File are defective in any material respect (including, but not limited to, a lapse in or termination of any insurance or guaranty related to a First Home Mortgage Loan), or if it is determined that a First Home Mortgage Loan is a Non-Qualifying First Home Mortgage Loan or a Non-Compliant First Home Mortgage Loan, the Participating Lender will be notified by the Master Servicer and/or NIFA (or, if the Participating Lender shall become aware, the Participating Lender shall immediately notify NIFA and the Master Servicer), and the Participating Lender shall cure the defect within a period of 30 days from the time the Participating Lender is notified of or discovers such defect (the “Post Purchase Cure Period”).

In connection with the submission of each Mortgage Loan, the Participating Lender is deemed to covenant and agree that, if any defect is not, or cannot be, cured within the Post-Purchase Cure Period, the Participating Lender will repurchase the related Non-Qualifying First Home Mortgage Loan or Non-Compliant First Home Mortgage Loan from the Master Servicer or NIFA, as applicable, at a price equal to (i) the principal remaining unpaid on such First Home Mortgage Loan plus the amount of the purchase price in excess of the par amount of the First Home Mortgage Loan paid to the Participating Lender for such First Home Mortgage Loan (as specified

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in this Lender Manual), plus (ii) interest thereon to the next First Home Mortgage Loan installment due date plus 30 days' interest on such First Home Mortgage Loan at the interest rate(s) applicable to such First Home Mortgage Loan, plus (iii) any additional repurchase fees set forth in the Program Agreements. The purchase price for the repurchased First Home Mortgage Loan shall be delivered by the Participating Lender to the Master Servicer or NIFA, as applicable, whereupon the First Home Mortgage Loan, together with the Mortgage Note and Mortgage, shall be released and reassigned to the Participating Lender.

## Representations, Warranties and Covenants

At the time of purchase of each First Home Mortgage Loan and Second Mortgage Loan, if applicable, Participating Lender is deemed to represent and warrant to, and covenant with, NIFA and the Master Servicer with respect to each First Home Mortgage Loan and Second Mortgage Loan that:

- a) the information set forth in each Loan Delivery Checklist (as provided for in the Program Agreements) will be true and correct at the Purchase Date thereof and each First Home Mortgage Loan and Second Mortgage Loan satisfies all applicable requirements set forth in the Origination Agreement, including the requirements in the Program Agreements and in the GNMA Guide, the Fannie Mae Guide or the Freddie Mac Guide, as applicable;
- b) each First Home Mortgage Loan (and related Second Mortgage Loan) will be made by Participating Lender at par with origination and processing fees not to exceed those set forth in this Lender Manual, will be secured by a Mortgage (Second Mortgage in the case of a Second Mortgage Loan) which shall constitute a first mortgage lien on a Residence occupied by the Borrower as such Borrower's permanent place of Residence (not more than 15% of the total area of Residence may be used in a trade or business) and will be located within the boundaries of the State, will be made in accordance with the underwriting standards of FHA, VA, RD, HUD, Fannie Mae or Freddie Mac, as applicable, and the requirements established by the Origination Agreement, including the requirements in the Program Agreements, and the GNMA Guide, the Fannie Mae Guide or the Freddie Mac Guide, as applicable, will be made for the purpose of purchasing or providing permanent financing for such Residence and not for the purpose of refinancing any existing loan (other than a temporary or construction period loan, bridge loan or similar temporary initial financing of 24 months or less if NIFA so permits in writing), will have substantially level payments due the first day of each month (which payments shall include amounts for deposit in an escrow account to provide for the timely payment of taxes and insurance), will have an original term as set forth in the related Reservation Acceptance Form, will be made to an Eligible Person or Family, as Borrower, will be made for a Residence the Purchase Price of which does not exceed the applicable Maximum Purchase Price set forth in this Lender Manual and will contain assumption restrictions required by this Lender Manual and Program Agreements;
- c) the principal amount of a First Home Mortgage Loan will not exceed any applicable loan to value limits as established by FHA, VA, RD, GNMA, HUD, Fannie Mae, Freddie Mac or NIFA, as applicable (as set forth in this Lender Manual and including the Program Agreements);
- d) each First Home Mortgage Loan will be (i) FHA Insured, (ii) VA Guaranteed, (iii) RD Guaranteed, (iv) HUD Guaranteed or (v) in the case of Conventional First Home Mortgage Loans, insured by a Qualified Insurer (as described in the Program Agreements), and, in

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- each case, will meet all other requirements of the GNMA Guide, the Fannie Mae Guide or the Freddie Mac Guide, as applicable, and the Origination Agreement;
- e) as of the Purchase Date, the First Home Mortgage Loan will be secured by the Mortgage as required under the GNMA Guide, the Fannie Mae Guide or the Freddie Mac Guide, as applicable, and is current as to principal and interest payments due thereunder and there is no default, breach, violation or event of acceleration existing under the Mortgage or Mortgage Note;
  - f) as of the Purchase Date, Participating Lender shall have in its possession with respect to the property financed by the First Home Mortgage Loan and secured by the Mortgage a title insurance policy or binder as required under the GNMA Guide, the Fannie Mae Guide, or the Freddie Mac Guide, as applicable;
  - g) as of the Purchase Date, the improvements upon the real property subject to the First Home Mortgage Loan will be covered by a valid standard hazard insurance policy, condominium insurance and flood insurance as applicable and as required by FHA, VA, RD, the GNMA Guide, HUD, the Fannie Mae Guide or the Freddie Mac Guide, as applicable;
  - h) the terms, covenants and conditions of the First Home Mortgage Loan (and related Second Mortgage Loan, if any) shall not have been and shall not prior to the Purchase be waived, altered, impaired or modified in any respect which would materially affect the value, validity, enforceability, prompt payment of the First Home Mortgage Loan, or the enforceability of the lien securing the First Home Mortgage Loan (and Second Mortgage Loan), except for such waivers, alterations and the like accomplished by Participating Lender prior to the Purchase Date and acceptable to NIFA and to GNMA pursuant to the GNMA Guide with respect to FHA/VA/RD/HUD First Home Mortgage Loans and acceptable to Fannie Mae pursuant to the Fannie Mae Guides or to Freddie Mac pursuant to the Freddie Mac Guide, as applicable, with respect to Conventional First Home Mortgage Loans;
  - i) as of the Purchase Date, there shall be no delinquent tax or delinquent assessment lien against the property financed by the First Home Mortgage Loan unless permitted by the GNMA Guide, the Fannie Mae Guide, the Freddie Mac Guide or NIFA, as applicable.
  - j) as of the Purchase Date, Participating Lender shall not have done and shall not be aware of any act, fact or circumstance to create an offset, defense or counterclaim to the enforceability of the First Home Mortgage Loan (and Second Mortgage Loan, if any), including the obligation of the Borrower to pay the unpaid principal of and interest on the First Home Mortgage Loan (and related Second Mortgage Loan, if any);
  - k) as of the Purchase Date, each Mortgage shall be filed and recorded in the office of the registrar of deeds and any different or other recording that might hereafter be required by the laws of the State to perfect the lien of real estate mortgages against the adverse or competing claim of third parties as required by the GNMA Guide, the Fannie Mae Guide, the Freddie Mac Guide or NIFA, as applicable;
  - l) as of the Purchase Date, as to each Mortgage, there shall be no construction, mechanic's, laborers or materialmen's liens or claims therefor outstanding for work, labor, or materials affecting the property encumbered by the Mortgage securing the First Home Mortgage Loan that are or might be or become liens prior to, or equal with, the lien of the Mortgage, unless the title insurance insures against such risks;

- m) to the best knowledge of Participating Lender, the physical property financed or improved by the First Home Mortgage Loan shall be free of material damage and shall be in general good repair on the Purchase Date;
- n) each First Home Mortgage Loan (and related Second Mortgage Loan, if any), at the time it shall have been made, shall have conformed to all disclosures required to be made by the Federal Consumer Protection Act, the Real Estate Settlement Procedures Act, the Federal Truth in Lending Act and all other applicable State and federal laws and regulations, including, but not limited to, the Mortgage Bankers Registration and Licensing Act, as applicable and as required by GNMA, Fannie Mae or Freddie Mac;
- o) each First Home Mortgage Loan (and Second Mortgage Loan, if any) at the time it shall have been made shall have complied with applicable State and federal laws, including federal and state usury laws;
- p) to the best knowledge of Participating Lender, the Borrower of a First Home Mortgage Loan shall not have conveyed such Borrower's right, title to or interest in the property to any party;
- q) as of the Purchase Date, Participating Lender has no knowledge of any facts or circumstances, economic or otherwise, which may have an adverse effect on the credit of any Borrower, the prospect of prompt payment of any First Home Mortgage Loan or the value of any security therefor;
- r) Participating Lender has reviewed applicable credit reports and related documents required in connection with any application by the potential Borrower to assure itself, prior to approving such application, that such potential Borrower has the capacity to repay the First Home Mortgage Loan;
- s) as of the Purchase Date, Participating Lender has no knowledge of any circumstances or condition with respect to the Borrower, the Residence, the First Home Mortgage Loan or any related document that could reasonably be expected to cause prudent private investors in the secondary market to regard the First Home Mortgage Loan as an unacceptable investment, or cause the First Home Mortgage Loan to become delinquent or to adversely affect the value or the marketability of the First Home Mortgage Loan and Participating Lender has no knowledge of any circumstances which would cause the invalidation or cancellation of the FHA Insurance, VA Guaranty, RD Guaranty, HUD Guaranty or otherwise cause the First Home Mortgage Loan to not conform to the Fannie Mae Guide or the Freddie Mac Guide, as applicable;
- t) each Mortgage and Assignment of Mortgage shall have been filed and properly recorded prior to the submission of the related First Home Mortgage Loan to the Master Servicer, and any different or other recording that might hereafter be required by laws of the State to perfect the lien of real estate mortgages against the adverse or competing claims of third parties by giving public notice thereof shall also have been accomplished;
- u) to the best of Participating Lender's knowledge, information and belief, the mortgaged property is in compliance with all applicable laws, rules, zoning ordinances and regulations existing as of the date of closing;
- v) no interest or participation in the First Home Mortgage Loan has been assigned by Participating Lender to any third party, nor the first lien of the Mortgage subordinated by Participating Lender to any third party, nor any portion of the property released from the first lien of the Mortgage, nor has any instrument of release, cancellation or satisfaction been executed by Participating Lender relating to the First Home Mortgage Loan;

- w) as of the Purchase Date, Participating Lender, being the sole owner and holder of the First Home Mortgage Loan, has full right to sell and assign the First Home Mortgage Loan to the Master Servicer, and such assignment conveys a good and marketable mortgagee's title to the Master Servicer free and clear of all liens, pledges, charges or encumbrances of any nature and subject only to real property taxes and assessments not yet due and encumbrances customarily accepted in accordance with applicable title standards and disclosed to the Master Servicer prior to the Purchase Date; and
- x) each Second Mortgage Loan originated by the Participating Lender in connection with a First Home Mortgage Loan shall meet the requirements of this Lender Manual and each Second Mortgage shall have been filed and properly recorded prior to the submission of the related First Home Mortgage Loan and Second Mortgage Loan to the Master Servicer for the funding thereof in order to perfect the lien of the Second Mortgage against the adverse or competing claims of third parties.

### **Participating Lender to Transfer Mortgage Loan and Servicing to Master Servicer**

Within 10 calendar days after the closing of a First Home Mortgage Loan, Participating Lender shall, with servicing released, transfer, in a form sufficient for the purchase thereof, the First Home Mortgage Loan (and any related Second Mortgage Loan) to the Master Servicer in accordance with this Origination Agreement and the Program Agreements. Pursuant to the Servicing Agreement, the Master Servicer will perform all servicing functions relating to each First Home Mortgage Loan (and related Second Mortgage Loan, if any) transferred to the Master Servicer.

## Section 19 – Master Servicer Lending Manual

Participating Lenders must follow the guidelines and requirements published in U.S. Bank's Lending Manual. The manual is available at: <https://www.usbank.com/corporate-and-commercial-banking/industry-expertise/correspondent-lending.html>. Scroll down to the section titled "Enjoy Housing Finance Agency Services" and click on Learn more to access AllRegs.

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## Section 20 – Servicing Information

### Loan Assumptions

NIFA first mortgage government loans may be assumed by an eligible Borrower who meets the first-time homebuyer definition, and income and purchase price limits that are in effect at the time of the assumption. NIFA first mortgage conventional loans are not assumable.

All assumptions are processed and approved by the Master Servicer in accordance with NIFA requirements and any credit underwriting requirements.

### HBA 2<sup>nd</sup> Loan Payoffs & Releases

All payoff quotes for NIFA first and second mortgage loans are provided by the Master Servicer. The Master Servicer prepares all releases for execution and sends them to the recording office for filing.

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