

HOMEOWNERSHIP

Welcome Home Program Lender Manual

August 15, 2022

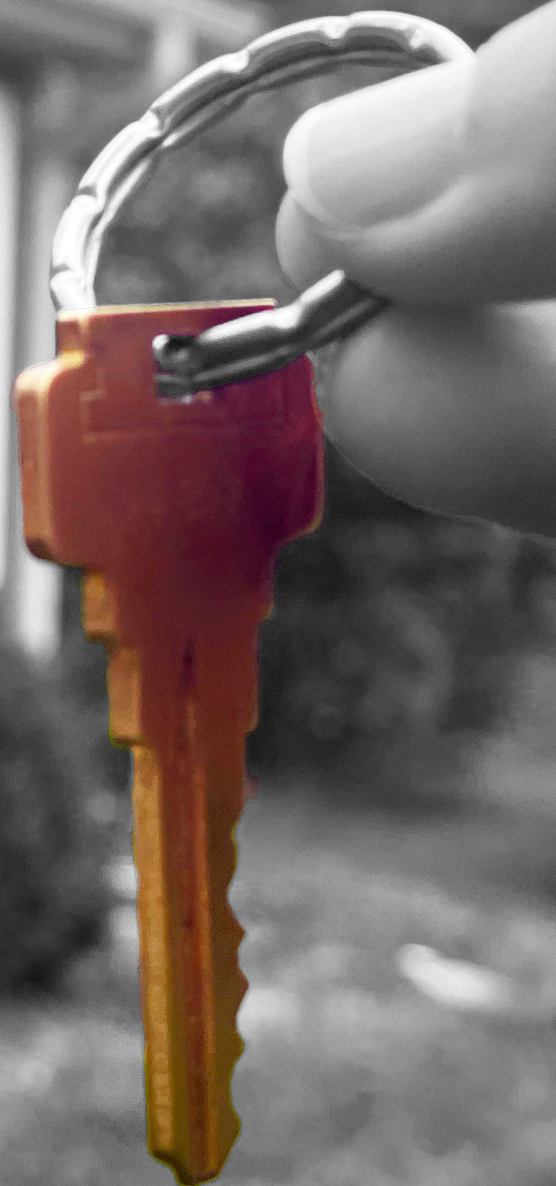


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Section 1 – Introduction

Definitions

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

“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 150% of the applicable median family income (as published by NIFA). The total Program Eligibility Income limits applicable to Welcome 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.

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

“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, (b) which contains no more

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than four dwelling units, one of such units of which is occupied by the Borrower, (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 (Welcome Home Program), as amended from time to time, with respect to Welcome 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.

“Lender Qualifying Income” means all income sources used to determine loan eligibility for borrowers based on agency guidelines.

“Non-Compliant Welcome Home Mortgage Loan” means and includes any Welcome 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; or
- c) the 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 Mortgage 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 Welcome 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. Refer to NIFA's approved provider list.

"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

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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 Welcome 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.

“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 NIFA, meeting the requirements of the GNMA Guide.

“Servicing Agreement” means one or more servicing agreements between NIFA and the Master Servicer.

“State” means the state of Nebraska.

“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

“Welcome 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.

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

NIFA Background and Mission

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

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.

NIFA’s Homeownership Programs have assisted over 96,000 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 taxable bonds or other funding sources to purchase eligible mortgage loans at market interest rates. All 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 mortgage loans pursuant to the Program. Certain criteria is required:

- Maximum Income Limit
- Maximum Acquisition/Purchase Price Limit
- Owner Occupancy Requirements

The Program is designed for low- and moderate-income households including 1) repeat homebuyers or 2) first-time homebuyers who do not qualify for the First Home Program. Some Program features include:

- Market rate mortgage 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 MI Premiums for conventional loans
- Work with Nebraska based Participating Lenders

Funds are not available for refinance transactions at this time.

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Section 2 – Participating Lender Requirements

Participating Lenders are key partners who originate and close Welcome Home Mortgage Loans for qualification and sale under the Program. All 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. Once approved, U.S. Bank will provide an approval letter that must be submitted to NIFA.

There are two different lender categories:

- 1) Delegated Lenders; or
- 2) Non-Delegated Lenders

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.

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.

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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 Nebraska
- Maintain at least one physical branch office located in Nebraska
- Ability to close the 1st mortgage loan in the Participating Lender's name
- Capable of issuing required federal regulatory disclosures on 1st and 2nd mortgage loans
- Ability to advance funds on 1st and 2nd mortgage loans at closing and being reimbursed at the time of purchase
- 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

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:

- Welcome Home Assistance 2nd Promissory Note
- Welcome Home Assistance 2nd Deed of Trust

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. U.S. Bank will notify the Participating Lender in writing once approved by U.S. Bank.

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- 2) Contact the NIFA Homeownership Team by email at 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.

Notices

All notices, certificates or other communications hereunder shall be sufficiently given and shall be deemed given when delivered or mailed by certified or registered mail, postage prepaid, return receipt requested, addressed to the appropriate Notice Address. NIFA, the Master Servicer or Participating Lender may, by notice given hereunder, designate any further or different addresses to which subsequent notices, certificates or other communications shall be sent.

Section 3 – Contact Information

NIFA Homeownership Team

Sales/Outreach

Jacki Young

Chief Homeownership Officer

Phone: 402.434.3915

Email: jacki.young@nifa.org

Operations

Stacy Fotinos

Operations Manager

Phone: 402.434.3917

Email: stacy.fotinos@nifa.org

Susan Lauver

Compliance Team Leader

Phone: 402.434.3914

Email: susan.lauver@nifa.org

Shelley Abraham

Compliance Specialist

Phone: 402.434.2949

Email: shelley.abraham@nifa.org

Cari Buss

Compliance Specialist

Phone: 402.434.3926

Email: 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: homeownership@nifa.org
Lender Online (LOL): <https://lol.nifa.org>
Website: <http://nifa.org>
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:

Scott Warren
swarren@archmi.com
515-314-2713
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:

Karla Martinet
Karla.Martinet@essent.us
972-658-1588
www.essent.us
877-330-3535

Genworth Financial

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

David Showalter
David.Showalter@enactmi.com
405-639-9681
www.enactMI.com
877-330-3535

MGIC

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

Danielle Swerczek
Danielle.swerczek@mgic.com
402-669-2505
www.mgic.com
800-255-4122

National MI

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

Nick Campos
Nick.campos@nationalmi.com
510-788-8674
www.nationalmi.com
855-317-4664, Option 2

Radian Guaranty

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

Kristin Izakson
kristin.izakson@radian.com
612-469-5343
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.	
www.freddiemac.com	

Fannie Mae

www.fanniemae.com

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Section 4 – Eligible Borrowers

First-Time and Repeat Homebuyers

The Welcome Home Program is designed for (i) First-Time Homebuyers who do not qualify under the First Home Program and (ii) Repeat Homebuyers who meet all program requirements.

Borrower/Co-Borrower

A Borrower/Co-Borrower is considered any person who will occupy the property, 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 is considered any person who will occupy the property, will sign the Deed of Trust(s), and has an ownership interest in the Home.

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.

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Section 5 – Program Eligibility Income

Income Guidelines

To be eligible for the Welcome Home Program, the income of the individuals identified below may not exceed the Program Eligibility Income for the program. There is one statewide Program Eligibility Income limit regardless of household size. **Program Eligibility Income is based on the Participating Lender qualifying income calculation for credit underwriting purposes.** Program Eligibility Income is all sources of income included on the Uniform Residential Loan Application.

Borrower/Co-Borrower/Co-Signer

All sources of income on the Uniform Residential Loan Application, Final AUS findings, and FNMA 1008 are included in Program Eligibility Income calculation.

Non-Borrowing Spouse

All sources of income are included in the Program Eligibility Income calculation. Acceptable documentation is the most recent 30 days consecutive paystubs for all income sources. A written Verification of Employment is required. If self-employed, a copy of the most recent federal tax return and a current Year to Date profit and loss statement is required.

Person	Signs Note	Signs Deed of Trust	Resides in Home	Include in Eligibility Income
Borrower	X	X	X	Yes
Co-Borrower	X	X	X	Yes
Non-Borrowing Spouse		X	X	Yes
Co-Signer	X			Yes

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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.

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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, “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 the Master Servicer underwriting guidelines and be eligible for FHA insurance, a RD guaranty, a VA guaranty or PMI insurance, whichever is applicable.

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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.

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.

Factory Built Housing

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

Criteria	Conv Loan - Fannie Mae MH Advantage	Conv Loan – Fannie Mae HFA Preferred (Standard)	Govt Loans FHA, USDA/RD, VA
Eligible 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
Square Footage	Minimum 900 sq. ft.	Minimum 900 sq. ft.	Minimum 900 sq. ft.
Age of Unit	New only	New or existing	Per agency guidelines
Zoning Regulations	<u>Nebraska Revised Statute 19-902</u>		
Automated Underwriting (AUS)	DU approve	DU approve	DU, LPA or GUS approve
Manual Underwriting	Not allowed	Not allowed	Not allowed
Maximum LTV	97.00%	95.00%	Per agency guidelines
Maximum CLTV	105.00%	105.00%	Per agency guidelines
Minimum Credit Score	680	680	680
Maximum DTI	45%	45%	45%
Monthly Reserves	Per agency guidelines	Per agency guidelines	Per agency guidelines

**Freddie Mac HFA Advantage loans are not eligible at this time. 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](#)

[FHA Single Family Handbook](#)
[USDA Rural Development Handbook](#)
[VA Lender Handbook](#)

Partner Contact Information

Dave Busche, Skyline Champion Homes
dbusche@championhomes.com
 512-797-6343

John Wright, Fannie Mae
john_a_wright@fanniemae.com
 972-861-6705

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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 Welcome Home Mortgage Loan.

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 – Loan Programs & Products

The Welcome Home Program offers market interest rates, down payment and closing cost assistance, reduced mortgage insurance premiums for qualifying conventional loans. Pre-purchase homebuyer education is required for First-Time Homebuyers.

Loan Programs

All Welcome Home Mortgage Loans have a fixed interest rate with a 30-year term. NIFA will permit Participating Lenders to charge an origination fee, see [Section 9](#) for allowable fees. There is no pre-payment penalty on NIFA loans.

WELCOME HOME PROGRAMS		
Program Name	1 st Mortgage Loan	2 nd Mortgage Loan
Welcome Home	Yes	No
Welcome Home Assistance (WHA)	Yes	Yes

Welcome Home

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

Welcome Home Assistance (WHA)

First mortgage loan combined with a second mortgage loan for down payment and closing cost assistance. The interest rate for the second mortgage loan is 1% and the term is 10 years. See the summary below for more information:

Eligible Borrowers	First-Time borrower(s) who do not qualify under the First Home Program and Repeat borrower(s).
Purchase Price Limit Requirement	The Purchase Price of the home must not exceed NIFA's Maximum Purchase Price limits.
Owner-Occupancy Requirement	The Home must be occupied by the Borrower as his or her principal residence within 60 days of closing.
Income Limit Requirement	The Borrower(s) and Non-Borrowing Spouse must have income that does not exceed NIFA's maximum income limits.
Eligible Loan Types	FHA, RD, VA and Conventional loans.
Underwriting Guidelines	Follow loan underwriting guidelines for both the NIFA first mortgage loan and the WHA loan. The WHA loan must be included in the total housing expense ratio. In all situations, the borrower is not allowed to receive any cash back at closing.
Minimum Borrower Investment	All Borrowers must have a minimum investment of \$1,000. Gifts are permitted subject to loan underwriting guidelines.
Welcome Home Mortgage Loan Rate	NIFA's rates are published on our website and are subject to change without notice.
WHA Second Loan Rate & Terms	The WHA 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

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	for the WHA loan will be 120 months (10 years). The Borrower may prepay the WHA Loan at any time, without penalty. The WHA loan is not assumable and will not be subordinated by NIFA for any reason.
WHA Second Loan Amount	The maximum amount of the WHA loan shall be 5% of the home's purchase price. The Borrower is not allowed to receive any cash back at closing. If an adjustment needs to be made in order to comply with the \$1,000 minimum borrower investment and no cash back requirements, the WHA loan amount (not the NIFA first mortgage loan amount) will be adjusted accordingly.
Required Disclosures & Documents	A Loan Estimate (LE) and Closing Disclosure (CD) is required for the first mortgage loan <u>and</u> the WHA second mortgage loan.
WHA Principal Loan Reductions	NIFA will permit a principal reduction to the WHA loan in an amount not to exceed \$500. Exceptions may be granted by NIFA on a case by case basis.
Monthly Payment Statement	Once the loan is purchased by the Master Servicer, the Borrower will receive a separate mortgage statement for the NIFA first mortgage loan and WHA loan.

Loan Products

NIFA offers conventional and government loan products in connection with all programs.

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 an 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).

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Mortgage Loan Terms

Welcome 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 Welcome 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 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).

Secondary Financing

Any secondary financing in connection with a Welcome 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 8 – Agency Underwriting & Credit Overlays

Secondary Market Requirements

All Welcome 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.

Summary of Overlays

Summary of Credit Underwriting Requirements Effective Loan Reservation Date - On and after 6/1/21					
AUTOMATED UNDERWRITING SYSTEM (AUS) - APPROVE/ELIGIBLE LOANS ONLY					
Loan Type	AUS	Maximum LTV/CLTV	Minimum FICO	Maximum DTI	Required Reserves
Fannie Mae HFA Preferred	DU	1 Unit - 97/105%	640-659	45%	Follow findings
		2-4 Units - 95/105%	660+	50%	Follow findings
Freddie Mac HFA Advantage	LPA	1 Unit - 97/105%	640-659	45%	Follow findings
		2-4 Units – not allowed	660+	50%	Follow findings
FHA	DU or LPA	Agency guidelines	640-659	45%	Follow findings
			660+	50%	Follow findings
			660+	50%	Follow findings
USDA Rural Development	GUS	Agency guidelines	640-659	45%	Follow findings
			660+	50%	Follow findings
VA	DU or LPA	Agency guidelines	640-659	45%	Follow findings
			660+	50%	Follow findings
*All loans must be Approve/Eligible when using DU or Eligible/Accept when using LPA. Factory built housing is allowed with Fannie Mae conventional loans and all government loans.					
Click here for Factory Built Housing Guidelines.					

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MANUAL UNDERWRITING/AUS DOWNGRADED LOANS					
Loan Type	Property Type	Maximum LTV/CLTV	Minimum FICO	Maximum DTI	Required Reserves
Fannie Mae HFA Preferred	1 unit, condos,	95/105%	660	36%	6 months
	townhomes	95/105%	680	36%	2 months
		95/105%	700	45%	6 months
		95/105%	720	45%	2 months
FHA	Not Allowed	Not Allowed	Not Allowed	Not Allowed	Not Allowed
USDA Rural Development	1-4 units	Agency guidelines	640	29/41%	2 months
VA	1-4 units	Agency guidelines	640	41%	2 months
*Factory built housing and 2-4 unit properties are not allowed on manually underwritten conventional and government loans.					
MANUAL UNDERWRITING/NON-TRADITIONAL CREDIT LOANS					
Loan Type	Property Type	Maximum LTV/CLTV	Minimum FICO	Maximum DTI	Required Reserves
Fannie Mae HFA Preferred	1 unit, condos, townhomes	Agency guidelines	No score	Agency guidelines	2 months or agency guidelines
FHA	Not Allowed	Not Allowed	Not Allowed	Not Allowed	Not Allowed
USDA Rural Development	1-4 units	Agency guidelines	No score	Agency guidelines	2 months or agency guidelines
VA	1-4 units	Agency guidelines	No score	Agency guidelines	2 months or agency guidelines
*Factory built housing and 2-4 unit properties are not allowed on manually underwritten conventional and government loans.					
<i>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:</i> https://www.usbank.com/hfadivision/lendingguide					

Section 9 – Allowable Closing Fees

The following fees are monitored by NIFA:

Name of Fee	Buyer Paid		Seller Paid
Origination Fee	Not to exceed 0.50%	OR	Not to exceed 0.50%
Tax Service Fee (retained by Master Servicer)	\$84.00	OR	\$84.00
Master Servicer Funding Fee (retained by Master Servicer)	\$400.00	OR	\$400.00
Lender Processing/Underwriting/Closing Fee (retained by Participating Lender)	Reasonable & Customary Not to exceed \$900	OR	Reasonable & Customary Not to exceed \$900
3 rd Party Lender Closing Fee – 1 st Mortgage Loan (1) (retained by 3 rd party company)	Reasonable & Customary Not to exceed - \$350	OR	Reasonable & Customary No set limit
3 rd Party Lender Closing Fee – 2 nd Mortgage Loan (1) (retained by 3 rd party company)	Reasonable & Customary Not to exceed - \$75	OR	Reasonable & Customary No set limit
3 rd Party Escrow Closing/Settlement Fee (retained by 3 rd 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 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 Welcome 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 Mortgage Loan and shall not exceed limits established from time to time by federal law or state law. 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.

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Section 10 – Document and Signature Guide

Independent Verifications by Participating Lenders

Participating Lenders must undertake reasonable investigations to determine with respect to each 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. 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.
- c. 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.
- d. The total Program Eligibility Income of the Borrower does not exceed the limits set forth in this Lender Manual. Participating Lender must require the Borrower to complete the Borrower's Affidavit.

Document and Signature Guide

The following guide includes all NIFA documents and required signatures:

REQUIRED DOCUMENTS - APPLICATION		
Document Name	Description	Signatures
Notice to Borrower (WHA)	Loan disclosure for 2 nd Mortgage Loans (WHA)	Borrower Co-Borrower Non-Borrowing Spouse
REQUIRED DOCUMENTS - CLOSING		
Borrower's Affidavit	A pledge by the Borrower of accurate information for program eligibility	Borrower Co-Borrower Non-Borrowing Spouse
2 nd Promissory Note (WHA)	Used for 2 nd Mortgage Loans (WHA)	Borrower Co-Borrower Co-Signer (if applicable)
2 nd Deed of Trust (WHA)	Used for 2 nd Mortgage Loans (WHA)	Borrower Co-Borrower Non-Borrowing Spouse
Borrower Acknowledgement Letter (WHA)	Letter stating that a 2 nd Mortgage Loan (WHA) was provided to the Borrower for compliance with FHA guidelines	Borrower Co-Borrower
OPTIONAL DOCUMENTS		
Letter of Explanation	Used by the borrower to explain specific situations related to the loan	Signed at application

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Section 11 – Homebuyer Education

Pre-Closing Education Requirements

NIFA requires homebuyer education for all First-Time Homebuyers. Homebuyer education provides the greatest benefit when taken early in the home buying process (before searching for a home). All occupying First-Time Homebuyers who execute the Promissory Note must complete an approved education class. The Homebuyer'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	http://www.bvca.net/
Credit Advisors Foundation – Omaha	https://creditadvisors.org/
Family Housing Advisory Services – Omaha	https://www.fhasinc.org/
Greenpath Financial Wellness	https://greenpath.com/locations/omaha/
High Plains Community Development - Chadron	https://www.highplainscc.com
Wayne Community Housing Development Corporation	https://www.waynetworks.org/82/Housing
Southeast Nebraska Community Action Council, Inc.	https://senca.org/
NeighborWorks Lincoln	https://nwlincoln.org/
NeighborWorks Northeast Nebraska	http://nwnen.org/

The following online providers meet the National Industry Standards:

Provider Name	Website
HomeView	https://www.fanniemae.com/education
CreditSmart Homebuyer U	https://sf.freddiemac.com/working-with-us/creditsmart/courses/
Framework	https://homeready.frameworkhomeownership.org/
eHome America	https://www.ehomeamerica.org

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 with any questions.

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Section 12 – 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 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 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 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 in accordance with the Reservation Procedures with respect to the corresponding 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 Welcome 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) FHLMC and all other requirements established by this Origination Agreement and the then current criteria set forth in the Freddie Mac Guide. All 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.

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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 Welcome Home Mortgage Loan), and the Fannie Mae Guide or the Freddie Mac Guide, as applicable (if a Conventional Welcome Home Mortgage Loan or a HUD Guaranteed Welcome 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 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

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- 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 16](#) 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., Welcome Home to Welcome Home 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 in the “Program Documents” section of LOL. Documents must be in PDF format. NIFA does not accept electronic “secured” files requiring passwords.

Each 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 Welcome Home Mortgage Loan subject to agency underwriting requirements.

Checking the Loan Status

Participating Lenders can access the status of 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,

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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

Add Remove

PROGRAMS ☒ All ☐ Select

Add Remove

STAGE STATUS ☒ All ☐ Select

Add Remove

Sort Criteria

Group by: (none) ☐ Break Page

Then by: (none) ☐ Break Page

Then by: (none) ☐ Break Page

OFFICERS ☒ All ☐ Select

Add Remove

☒ LAST STAGE ☐ ANY STAGE ☒ All ☐ Select

Add Remove

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Section 13 – 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 Welcome Home 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 mortgage loan.

Once NIFA has approved the Welcome Home Mortgage Loan for NIFA-related Program eligibility, the Participating Lender may close the loan. If WHA financing is included in the mortgage transaction, a mandatory review of the WHA closing package is required. See [Section 14](#) for details regarding this review.

Pre-Closing Document Resource Guide

The **Processing Resource Guide** provides information with respect to NIFA's compliance review process for Program eligibility. This is intended to be used as a tool to assist Participating Lenders with submitting complete loan files for review and is not inclusive of all guidelines or Program requirements.

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Section 14 – Welcome Home Assistance (“WHA”) Closing Review Process

Purpose of Review

The WHA closing review process provides Participating Lenders a level of assurance that, given no changes in the basic conditions of the transaction, the loan meets WHA guidelines for closing.

Federal Disclosure Requirement

The following closing procedures for WHA second mortgage loans should be followed for compliance with the TILA-RESPA Integrated Rule (“TRID”).

Participating Lenders are not authorized to close either the first mortgage loan or WHA second mortgage loan until the following steps are completed and NIFA has approved the closing documents.

Loan Application Disclosures

- A separate second mortgage Uniform Residential Loan Application must be included in the Pre-Closing Package for WHA loans.
- The Participating Lender is responsible for providing a “Notice to Borrower” and a “Loan Estimate” in accordance with TRID requirements at the time of loan application. Either the Participating Lender or NIFA is named as the creditor on the Loan Estimate for the second mortgage loan.
- The Loan Estimate must comply with TRID requirements and will be reviewed by the Master Servicer during their purchase review process.

Pre-Closing Review

- A complete Pre-Closing Package is required for review and approval before closing (at least five business days prior to closing).
- The Participating Lender will be notified immediately of any conditions/deficiencies.

Closing Disclosure

- The Participating Lender is responsible for providing a “Closing Disclosure” in accordance with TRID requirements. Whichever party is named as the creditor on the Loan Estimate must also be named as the creditor on the Closing Disclosure for the second mortgage loan.
- The Closing Disclosure must comply with TRID requirements and will be reviewed by the Master Servicer during their purchase review process.

WHA Closing Review

- A complete WHA Closing Package is required for review and approval before closing (at least one business day prior to closing).
- The Participating Lender will be notified of any conditions/deficiencies as soon as possible.

WHA Closing Approval

- Once the WHA Closing Stage is approved, the Participating Lender is authorized to close the first and second mortgage loans.
- LOL will generate a “Legally Enforceable Obligation Letter”, including the final second mortgage loan amount.

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- The Legally Enforceable Obligation Letter must be included in the FHA case binder for insuring purposes and in the loan file delivered to the Master Servicer for purchase.

WHA Closing Documents

- All Borrowers must execute the WHA Promissory Note, WHA Deed of Trust and Borrower Acknowledgement Letter at closing. A Non-Borrowing Spouse must execute the WHA Deed of Trust.
- The second mortgage loan amount on the Borrower Acknowledgement Letter must be the same as the Legally Enforceable Obligation Letter and all other closing documents.
- The Borrower Acknowledgement Letter is required by FHA to document the borrower's minimum cash investment and must be included in the FHA case binder and in the loan file that is delivered to the Master Servicer for purchase.

Disbursement of Closing Funds

- The Participating Lender will fund both the first and second mortgage loans at closing. NIFA is obligated to fund the second mortgage loan and has an equitable interest in the loan and any monthly payments.
- The Participating Lender will collect monthly payments on both loans until such time the loans are purchased by the Master Servicer.
- The purchase price of the second mortgage loan will be equal to the face amount of the WHA second mortgage loan less the amount of any principal payments collected by the Participating Lender on behalf of NIFA. Any interest payments collected by the Participating Lender, on behalf of NIFA, will be retained as a fee for collecting monthly payments on the WHA second mortgage loan.

WHA Closing Resource Guide

This **WHA Closing Resource Guide** provides information in regard to NIFA's compliance review process for program eligibility. This is intended to be used as a tool to assist Participating Lenders with submitting complete loan files for review and is not inclusive of all guidelines.

Section 15 – 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.

Post-Closing Document Resource Guide

The **Delivery Resource Guide** provides information in regard to NIFA's compliance review process for program eligibility. This is intended to be used as a tool to assist Participating Lenders with submitting complete loan files for review and is not inclusive of all guidelines.

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Section 16 – Lender Compensation

Loan Delivery Schedule

Effective Loan Reservation Date – On and after 8/15/2022

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 the Master Servicer post-close review.

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Section 17 – Delivery and Purchase of Welcome 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 the Participating Lender's service release premium.

Mortgage Loan Submission; Purchase Documents

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

With respect to Conventional Welcome 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 Welcome Home Mortgage Loan for Fannie Mae eligibility or may choose to submit the Welcome Home Mortgage Loan to an acceptable contract underwriter for approval. Participating Lenders that are not Fannie Mae-approved seller/servicers must submit conventional Welcome Home Mortgage Loans to an acceptable contract underwriter for approval.

After Participating Lender has closed the Welcome Home Mortgage Loan (and, if applicable, a Second Mortgage Loan), Participating Lender shall deliver to the Master Servicer the related Welcome Home Mortgage File in a form eligible for purchase by the Master Servicer. The submission of each Welcome Home Mortgage Loan shall take place no later than 10 calendar days after the closing of a Welcome 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 hereby warrants 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, 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 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 security interest in each Mortgage Note and related Mortgage in accordance with the Program Agreements.

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At the time of the closing of a 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 Welcome Home 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 WELCOME 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 MORTGAGE LOAN SHALL BE SUBMITTED BY PARTICIPATING LENDER IN ACCORDANCE WITH THE TERMS OF THE PROGRAM AGREEMENTS.

If a Welcome Home Mortgage Loan meets the requirements of (a) the Origination Agreement, including the requirements in the Program Agreements, 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 Welcome Home Mortgage Loan on a Purchase Date.

Defective Documents and Repurchase Requirements

Welcome 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 Welcome Home Mortgage Loan. All references to a "Welcome 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 Welcome Home Mortgage Loan), or if it is determined that a Welcome Home Mortgage Loan is a Non-Qualifying Welcome Home Mortgage Loan or a Non-Compliant Welcome 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").

The Participating Lender hereby covenants and agrees 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 Welcome Home Mortgage Loan or Non-Compliant Welcome Home Mortgage Loan from the Master Servicer or NIFA, as applicable, at a price equal to (i) the principal remaining unpaid on such Mortgage Loan plus the amount of the purchase price in excess of the par amount of the Mortgage Loan paid to the Participating Lender for such Welcome Home Mortgage Loan (as specified in this Lender Manual), plus (ii) interest thereon to the next Mortgage Loan installment due date plus 30 days' interest on such Mortgage Loan at the interest rate(s)

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applicable to such Welcome Home Mortgage Loan, plus (iii) any repurchase fees set forth in the Program Agreements. The purchase price for the repurchased Welcome Home Mortgage Loan shall be delivered by the Participating Lender to the Master Servicer or NIFA, as applicable, whereupon the Welcome 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 Welcome Home Mortgage Loan and Second Mortgage Loan, if applicable, Participating Lender represents and warrants to, and covenants with, NIFA and the Master Servicer with respect to each Welcome 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 Welcome 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 Welcome 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 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 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;
- c) the principal amount of a Welcome 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 Welcome Home Mortgage Loan will be (i) FHA Insured, (ii) VA Guaranteed, (iii) RD Guaranteed, (iv) HUD Guaranteed or (v) in the case of Conventional Mortgage Loans, insured by a Qualified Insurer (as described in the Program Agreements), and, in 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 Welcome 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

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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 Welcome 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 Welcome 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 Welcome 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 Welcome Home Mortgage Loan, or the enforceability of the lien securing the Welcome 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 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 Mortgage Loans;
- i) as of the Purchase Date, there shall be no delinquent tax or delinquent assessment lien against the property financed by the Welcome 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 Welcome 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 Welcome 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 Welcome 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 Welcome Home Mortgage Loan shall be free of material damage and shall be in general good repair on the Purchase Date;
- n) each Welcome 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 Welcome 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 Welcome 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 Welcome 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 Welcome 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 Welcome Home Mortgage Loan or any related document that could reasonably be expected to cause prudent private investors in the secondary market to regard the Welcome Home Mortgage Loan as an unacceptable investment, or cause the Mortgage Loan to become delinquent or to adversely affect the value or the marketability of the Welcome 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 Welcome 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 Welcome 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 Welcome 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 Welcome Home Mortgage Loan;
 - w) as of the Purchase Date, Participating Lender, being the sole owner and holder of the Mortgage Loan, has full right to sell and assign the Welcome 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 Welcome 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 Welcome 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 Welcome Home Mortgage Loan, Participating Lender shall, with servicing released, transfer, in a form sufficient for the purchase thereof, the Welcome 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 Welcome Home Mortgage Loan (and related Second Mortgage Loan, if any) transferred to the Master Servicer.

Section 18 - 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 19 – Servicing Information

Loan Assumptions

All government Welcome Home Mortgage Loans are assumable. Conventional Welcome Home Mortgage Loans are not assumable.

WHA second mortgage loans are not assumable and must be paid in full at the time or refinance of the first mortgage loan.

WHA 2nd Loan Subordination Policy

NIFA will not subordinate a WHA second mortgage loan for any reason. Contact NIFA's office with any questions.

WHA 2nd 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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