HOMEOWNERSHIP

FIRST HOME PROGRAM

LENDER MANUAL

4.1.2021

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Section 1 – Introduction

NIFA Background and Mission

Our Mission	Our Core Values
Growing Nebraska communities through affordable housing and agribusiness	***Integrity, Commitment, Collaboration, Innovation, Stewardship***

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

The First Home Program ("the Program") has assisted over 95,000 households in Nebraska since its inception. Every year, a portion of NIFA's profits are invested in rural and urban communities to increase housing access and affordability.

Program Overview

NIFA utilizes the sale of tax-exempt Mortgage Revenue Bonds ("MRBs") to purchase eligible mortgage loans typically at below market interest rates. All 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. NIFA will distribute daily rate sheets using an email distribution list. Reach out to homeownership@nifa.org to request being added to the email list.

This Lender Manual is a reference guide for the origination of mortgage loans pursuant to the Program. The use of MRBs to finance mortgage loans make them subject to regulation by the Internal Revenue Service Code ("IRS Code"). Certain criteria is required to retain the MRB tax-exempt status, including:

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

The Program is designed for low and moderate income households who are first-time homebuyers; unless purchasing a home 1) in a Targeted area, 2) meet the definition of a Qualified Veteran or 3) qualify for an exception. Some Program advantages include:

- Below 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 refinancing, other than refinancing a construction period loan or similar temporary initial financing of 24 months or less.

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Section 2 – Participating Lender Requirements

Participating Lenders are key partners who originate and close 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.

NIFA Approval Requirements

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

- Execute a Lender Participation 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

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Electronic Signature Policy

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

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

- Homebuyer Assistance 2nd Promissory Note
- Homebuyer Assistance 2nd Deed of Trust
- Tax-Exempt Financing Rider

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

1) Contact the U.S. Bank lender help desk to request an e-signature approval package by phone at 800.562.5165, option 2 or by email at hfa.programs@usbank.com. U.S. Bank will notify the Participating Lender in writing once approved.

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.

4) Annual recertification requirements must be satisfied to maintain the use of e-signatures.

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Section 3 – Contact Information

NIFA Homeownership Team

Sales/Outreach

Jacki Young
Chief Homeownership Officer
Phone: 402.434.3915
Email: jacki.young@nifa.org

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 Lineweber
Compliance Specialist
Phone: 402.434.3926
Email: cari.lineweber@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:	Mark McGregor
Email Address:	mmcgregor@archmi.com
Phone Number:	402-659-1768
Website Address:	www.archmi.com
Underwriting Number:	888-746-264 (Non-Delegated) or 800-897-4264 (Delegated)

Essent Guaranty

Account Manager:	Karla Martinet
Email Address:	Karla.Martinet@essent.us
Phone Number:	972-658-1588
Website Address:	www.essent.us
Underwriting Number:	877-330-3535

Genworth Financial

Account Manager:	Michael Walsh
Email Address:	michael.walsh@genworth.com
Phone Number:	515-661-9813
Website Address:	http://mortgageinsurance.genworth.com
Underwriting Number:	877-330-3535

MGIC

Account Manager:	Danielle Swerczek
Email Address:	danielle.swerczek@mgic.com
Phone Number:	402-669-2505
Website Address:	www.mgic.com
Underwriting Number:	800-255-4122

National MI

Account Manager:	Nick Campos
Email Address:	Nick.campos@nationalmi.com
Phone Number:	510-788-8674
Website Address:	www.nationalmi.com
Underwriting Number:	855-317-4664, Option 2

Radian Guaranty

Account Manager:	Jim Scott
Email Address:	jim.scott@radian.com
Phone Number:	816-804-7185
Website Address:	www.radian.biz
Underwriting Number:	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 Homebuyer

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

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

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

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

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

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

Borrower/Co-Borrower

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

Non-Borrowing Spouse

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

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Non-Borrowing Occupant

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

Co-Signer

A Co-Signer is considered any person who signs the Mortgage Note(s), will not reside in or take title to the Home, and their income is only used by the Participating Lender to qualify for the loan.

Examples of Ownership Interest

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

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

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

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

Mobile Homes

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

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Section 5 – Program Eligibility Income

Income Guidelines

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

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

Income Sources & Household Size Determination

NIFA's First Home Program requires the disclosure of ALL INCOME of adult members who will reside in the home and will be a Borrower or Co-Borrower, is a Non-Borrowing Spouse of a Borrower or is a Non-Borrowing Occupant who will have an ownership interest in the Home.

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

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

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

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

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Calculating Program Income

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

***Income Includes the Following*:**

1. The full amount, before payroll deductions, of wages and salaries, overtime pay, commissions, fees, tips and bonuses, and other compensation for personal services

2. Net income from operation of a business or profession

3. Interest, dividends and other net income

4. The full amount of periodic amounts received from social security, annuities, insurance policies, retirement funds, pensions, disability or death benefits and other similar types of periodic payments

5. Payments in lieu of earnings, such as unemployment, disability compensation, worker's compensation and severance pay

6. Welfare assistance

7. Periodic and determinable allowances, such as alimony and child support payments and regular contributions or gifts from those not expected to reside in the Home

8. All regular pay, special pay and allowances of a member of the Armed Forces, except as described below in "Income DOES NOT Include the Following"

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

1. Income from the employment of children (including foster children) under the age of 18 years

2. Payments received for the care of foster children or foster adults (usually persons with disabilities, unrelated to the family, who are unable to live alone)

3. Lump sum additions to family assets, such as inheritances, insurance payments (including payments under health and accident insurance and workmen's compensation), capital gains and settlement for personal or property losses (except as provided in paragraph (v) above in "Income Includes the following"

4. Amounts received by the family that are specifically for, or in reimbursement of, the cost of medical expenses for any family member

5. Income of a live-in aide

6. The full amount of student financial assistance paid directly to the student or the educational institution

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7. The special pay to a family member serving in the Armed Forces who is exposed to hostile fire

8. Amount received under training programs funded by HUD

9. Amounts received by a person with a disability that are disregarded for a limited time for purposes of Supplemental Security Income eligibility and benefits because they are set aside for use under a Plan to Attain Self Sufficiency

10. Amounts received by a participant in other publicly assisted programs which are specifically for or in reimbursement of out-of-pocket expenses incurred (special equipment, clothing, transportation, childcare, etc.) and which are made solely to allow participation in a specific program

11. Incremental earnings and benefits resulting to any family member from participation in qualifying State or local employment training programs

12. Temporary, nonrecurring or sporadic income (including gifts)

13. Reparation payments paid by a foreign government pursuant to claims filed under the laws of that government by persons who are persecuted during the Nazi era

14. Earnings in excess of $480 for each full-time student 18 years old or older (excluding the head of household and spouse)

15. Adoption assistance payments in excess of $480 per adopted child

16. Deferred periodic amounts from supplemental security income and social security benefits that are received in a lump sum amount or in prospective monthly amounts

17. Amounts received by the family in the form of refunds or rebates under State or local law for property taxes paid on the dwelling unit

18. Amounts paid by a State agency to a family with a member who has a development disability and is living at home to offset the cost of services and equipment needed to keep the developmentally disabled family member at home

19. Amounts specifically excluded by any other Federal statute from consideration as income for purposes of determining eligibility or benefits under a category of assistance programs that includes assistance under any similar program specifically designated by the federal government

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Income from an Employer or Self-Employment Income

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

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

Income from Other Sources

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

Income from Assets and Other Sources

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

What is an Asset?

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

Income from Assets

Assets of $5,000 or Less

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

Assets in Excess of $5,000

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

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

Household Assets Include the Following:

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

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

Household Assets DO NOT Include the Following:

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

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Program Income Examples

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

Calculating Income from an Employer

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

Calculating Base Pay from an Employer

Base Pay from an Employer	
Definition/Inclusions	Exclusions
Regular Hours/Pay: Borrower is scheduled for the same number of hours per pay period. Gross salary or wage income from part-time, full-time, or seasonal work with regular hours/pay Irregular Hours/Pay: Variable hours, seasonal work, etc., such as nursing, restaurant, construction, retail or part-time work with varied hours or pay.	• Income no longer available
Guidance	
• Determine whether base pay is regular hours/pay or irregular hours/pay and follow calculation instructions on page 3 and 4. • Borrowers can't manipulate income (quit job, etc.) to become eligible. • Include all income, including sick, holiday and vacation pay. • Income documentation is required, and could include, but is not limited, to, paystubs, VOE, tax returns, W-2's, etc. • Seasonal work requires the same documentation as "Base Pay from an Employer, irregular hours/pay," but should also include any unemployment benefits, if applicable. • 1099s, tax returns, and/or verification from unemployment office to verify unemployment benefits.	

Regular Hours/Pay

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

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Hourly Pay	Bi-weekly pay	Semi-monthly pay
Multiply the pay per hour by the number of hours worked per week. Multiply total by 52 weeks a year.	Multiply the bi-weekly pay by 26.	Multiply the semi-monthly pay by 24.
Example: 1. $15 per hour x 40 hours a week = $600 2. $600 x 52 weeks a year = $31,200 3. $31,200/12 = $2,600 gross monthly base pay	Example: 1. $1,200 every two weeks x 26 pay periods a year = $31,200 2. $31,200/12 months = $2,600 gross monthly base pay	Example: 1. $1,300 semi-monthly pay x 24 pay periods a year = $31,200 2. $31,200/12 months = $2,600 gross monthly base pay

Irregular Hours/Pay

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

Calculate Additional Pay from an Employer

Additional Income from an Employer	
Definition/Inclusions	Exclusions
Income over and above base pay, such as overtime, shift differential, bonuses, profit-sharing, tips, commissions, etc.	One-time (non-recurring) income; i.e. income received once that does not have a history and is unlikely to reoccur in the future, employer provides written notice additional pay is ending.
Guidance	
• Documentation of additional pay could include, but is not limited to, paystubs, VOE, etc. • Always use an average for overtime (unless employer and income history verifies OT was for onetime, special project, etc.), commissions, bonuses, shift differentials, and sick/vacation/holiday pay (if not already included in base pay). • Include all income that is included in the YTD Earnings Total on a paystub or on a VOE. Any income that is not included in YTD Earnings Total does not have to be included in the Program Eligibility Income calculation.	

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

Calculating Income from Other Sources

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

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Types of Income

Employee Allowances		
Definition/Inclusions	Exclusions	Guidance
Housing, car, cell phone, per diems, etc.	• Reimbursements for specific employee business expenses, such as mileage reimbursements for a business trip	• Include all allowances, per diems or stipends as income. • Include job-related unreimbursed expenses (i.e., union dues, computer/phone purchase, supplies needed, required training, etc). These expenses cannot be deducted from eligibility income.

Self-Employment/Business Income	
Definition/Inclusions	Guidance

Individuals who earn their income through conducting a trade or business that they directly operate instead of working for an employer who pays them a salary or a wage.	• Determine gross annual income.
	• Use a two-year average from the most recent federal income tax returns, if available.
	• Self-employment income documentation is required, and may include, but is not limited, to:
	  • Tax form Schedule C, most recent two years
	  • Tax form Schedule K-1 (Form 1120S)
	  • YTD Profit & Loss Statement
	• Request additional supporting documentation (i.e. current balance sheet and income statement) when necessary (to support P&L or other income documentation).
	• Deduct out-of-pocket business expenses such as office rent, telephone, etc., which are generally tax-deductible items.
	• Include all entertainment and travel expenses, private retirement contribution plans, and property or equipment depreciation. These items are generally tax-deductible, but must be added back for the Program Eligibility Income calculation if starting with the net income amount.
	• If a net loss, use $0. Do not subtract the loss from the Program Eligibility Income calculation.
	• If using a different timeframe to better reflect the borrower's current income, the underwriter should provide documentation and an explanation to support using a different timeframe.

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Income from Financial Assets		
Definition/Inclusions	Exclusions	Guidance
Income from: trusts, annuities, dividends, royalties, interest earned from non- retirement accounts (savings, checking, money market, investments, mutual funds, etc.), Certificate of deposit.	• One-time lump sum payments • Distributions from investments in retirement accounts (IRA, VIP, 403(b), 401(k)) • Any cash withdraws from retirements accounts	• Always check tax returns for income from financial assets. • Include average of periodic payments, including recurring, lump-sum payments. • Where assets after closing exceed $5,000, calculate interest income based on the greater of actual income or imputed income based on the current passbook savings rate, as determined by HUD.

Insurance or Benefit Payments		
Definition/Inclusions	Exclusions	Guidance
Periodic payments derived from: • Long-term care insurance • Disability insurance • Pensions • Death benefits	Do not include one-time, lump-sum payments.	Include periodic insurance or benefit payments at current level.

Government Transfer Payments			
Definition/Inclusions		Exclusions	Guidance
Government transfer payments involve payments for which no current services are performed and are a component of personal income.		• Food stamps • Government-paid child care paid directly to the provider • Foster care income • Section 8 vouchers • Adoption Assistance/Subsidy for children with special needs	• Include all sources of this income at current level. **Do not gross up.**
• Retirement benefits • Disability benefits • Income maintenance benefits • Pensions • Veterans benefits	• Federal education & training assistance • Public assistance • Worker's Compensation • Social Security benefits • Unemployment insurance compensation		

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Investment Property Net Rental Income		
Definition/Inclusions	Exclusions	Guidance
Income from an Investment Property	Potential roommate income or rental income of future duplex or accessory dwelling unit	Calculate investment property net rental income • Monthly Gross Rent - Vacancy Loss = Gross Adjusted Rent • Gross Adjusted Rent – PITI and maintenance costs = Net Rental Income. If rental income is negative, enter $0. In addition, an operating statement may be used in lieu of using the above-referenced formula.
Child/Spousal Support		
Definition/Inclusions	Exclusions	Guidance
Child support, child care, medical support, alimony, spousal maintenance	Court-ordered support not received; must document support was not received	• Use average of actual support received. • Review divorce/child support agreement. • Check with county social service agency to determine whether any payment adjustments have been made since the original payment schedule. • Cross-check payment schedule with bank statements, etc.
Regular Cash Contributions		
Definition/Inclusions	Exclusions	Guidance
Regular cash contributions from non-resident(s)		Check bank statements for regular cash contributions. Include all regular cash contributions from non-residents.

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Custodial Account Income		
Definition/Inclusions	Exclusions	Guidance
Unearned income paid to children age 20 or younger, who live with the Borrower(s) 50% of the time or more	• 529 plans • Accounts where someone other than the parents are named as custodian. • Unearned income of adult dependents age 21 or older	Include all custodial account income.
Other Sources of Income		
Definition/Inclusions	Exclusions	Guidance

• Contract-for-deed interest income
• Any other sources of income as identified or represented in the loan file and applicable documentation.
• Gambling winnings (unless proof of one-time earning is provided); gambling losses cannot be deducted from winnings.
	• Loans; scholarships; grants and tuition reimbursement;
	• Earned Income Tax Credit refund payments; health insurance premium reimbursements (deducted from gross pay) and any out-of-pocket expense (copays, etc.) reimbursements
	• One-time lump sum (non-reoccurring) payments from:
	  • Inheritances
	  • Insurance settlements
	  • Lottery winnings
	  • Gambling winnings
	  • Capital gains
	  • Liquidation of assets
	  • Settlements for personal loss
		• Always include other sources of income not specifically excluded.
		• For contract-for-deed interest income, include interest portion of payments per the terms of the agreement/contract

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Income Worksheet

NIFA uses the Household Income Worksheet to calculate household income and will post the final worksheet in the loan file. The Household Income Worksheet can be found on our website, www.nifa.org.

INCOME SOURCES	SALARY/ INCOME	HOURS RAISE REC'V	TIME WORKED	MONTHLY INCOME	TOTAL ANNUAL INCOME/COMMENTS
BORROWER NAME:					
Employer Name - Job #1:					
HOURLY RATE	0.00		0.00	0.00	
WEEKLY RATE	0.00			0.00	
BI-WEEKLY RATE	0.00			0.00	
SEMI-MONTHLY RATE	0.00			0.00	
MONTHLY RATE	0.00			0.00	
HOURLY /PART-TIME	0.00		0.00	0.00	
ANNUAL	0.00			0.00	
ANNUAL TO DATE	0.00		12.00	0.00	
OVER TIME	0.00		0.00	0.00	
OVER TIME YTD	0.00		12.00	0.00	
BONUS/COMMISSION/TIPS	0.00		12.00	0.00	
PROJECTED RAISE (HOURLY)	0.00	0.00	0.00	0.00	
PROJECTED RAISE (ANNUALLY)	0.00		0.00	0.00	
OTHER	0.00		12.00	0.00	
Total Job Income				0.00	
Other Sources of Income:					
CHILD SUPPORT	0.00			0.00	
NET RENTAL INCOME	0.00			0.00	
PENSION,SSI BENEFITS	0.00			0.00	
VA COMPENSATION	0.00			0.00	
UNEMPLOYMENT	0.00		1.00	0.00	
OTHER	0.00		1.00	0.00	
ACTUAL OR IMPUTED INCOME FROM ALL HOUSEHOLD ASSETS				0.00	
Additional Comments:					
Borrower Income				0.00	0.00

INCOME SOURCES	SALARY/ INCOME	HOURS RAISE REC'V	TIME WORKED	MONTHLY INCOME	TOTAL ANNUAL INCOME/COMMENTS
BORROWER NAME:	0				
Employer Name - Job #2:					
HOURLY RATE	0.00		0.00	0.00	
WEEKLY RATE	0.00			0.00	
BI-WEEKLY RATE	0.00			0.00	
SEMI-MONTHLY RATE	0.00			0.00	
MONTHLY RATE	0.00			0.00	
HOURLY /PART-TIME	0.00		0.00	0.00	
ANNUAL	0.00			0.00	
ANNUAL TO DATE	0.00		1.00	0.00	
OVER TIME	0.00		0.00	0.00	
OVER TIME YTD	0.00		1.00	0.00	
BONUS/COMMISSION/TIPS	0.00		1.00	0.00	
PROJECTED RAISE (HOURLY)	0.00	0.00	0.00	0.00	
PROJECTED RAISE (ANNUALLY)	0.00		0.00	0.00	
OTHER	0.00		1.00	0.00	
Total Job Income				0.00	
Employer Name - Job #3:					
HOURLY RATE	0.00		0.00	0.00	
WEEKLY RATE	0.00			0.00	
BI-WEEKLY RATE	0.00			0.00	
SEMI-MONTHLY RATE	0.00			0.00	
MONTHLY RATE	0.00			0.00	
HOURLY /PART-TIME	0.00		0.00	0.00	
ANNUAL	0.00			0.00	
ANNUAL TO DATE	0.00		1.00	0.00	
OVER TIME	0.00		0.00	0.00	
OVER TIME YTD	0.00		1.00	0.00	
BONUS/COMMISSION/TIPS	0.00		1.00	0.00	
PROJECTED RAISE (HOURLY)	0.00	0.00	0.00	0.00	
PROJECTED RAISE (ANNUALLY)	0.00		0.00	0.00	
OTHER	0.00		1.00	0.00	
Total Job Income				0.00	

Required Income Documents and Federal Tax Returns

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

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

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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.

Acquisition cost includes:

1. All amounts paid, either in cash or in kind, by the purchaser (or a related party or for the benefit of the purchaser), as consideration for the Home;

2. If the 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;

3. If the Home is purchased subject to a ground rent, the capitalized value of the ground rent.

Acquisition cost does not include:

1. The usual and reasonable settlement or financing costs. If the purchaser pays any portion of the real estate broker commission, other than that portion which is customarily paid by a purchaser, such amount so paid must be included in the acquisition cost for purposes of the Program and has, if applicable, been included in the purchase price of the Home;

2. The value of services performed by any purchaser's family in completing the Home. For purposes of the preceding sentence, the family of an individual includes only the individual's brothers and sisters (whether by whole or half-blood), spouse, ancestors, and lineal descendants);

3. The cost of land which has been owned by any purchaser 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 USDA Rural Development guarantee, a VA guaranty or PMI insurance, whichever is applicable.

Condominiums

All condominiums must meet U.S. Bank underwriting guidelines and be eligible for FHA insurance, a USDA Rural Development guarantee, 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 USDA Rural Development guarantee, a VA guaranty or PMI insurance, whichever is applicable. The Borrower must occupy at least one unit. It must have been built and occupied as a Home at least five years preceding the mortgage loan date (Note: New construction is only available in a NIFA designated targeted area).

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

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

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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	**Nebraska Revised Statute 19-902**		
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 mortgage loan.

Commercial Usage.

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

Appurtenant Land.

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

Remaining Life.

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

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Section 7 – Federally Designated Target Areas

Eligible Census Tracts

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

Adams County Census Tracts:

9661

Douglas County Census Tracts (City of Omaha)

3, 4*, 5, 6, 7, 8, 11, 12, 19, 21*, 22*, 26, 27, 29, 32, 40, 51, 52, 54, 59.01, 59.02, 60, 61.01, 66.03, 74.40

Jefferson County Census Tracts:

9638

Lancaster County Census Tracts (City of Lincoln)

4*, 5, 6, 8*, 17*, 19*, 20.01, 20.02, 21

Scotts Bluff County Census Tracts:

9537

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

Geocoding Website

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

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Section 8 – Loan Programs & Products

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

Loan Programs

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

NIFA offers the following programs:

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

Military Home

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

First Home Grant

First mortgage loan offering the lowest NIFA interest rate and a $5,000 grant for down payment and closing cost assistance. The household income limit is 50% of the Area Median Income ("AMI"). (LIMITED FUNDING PROGRAM)

First Home Targeted

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

First Home

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

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Homebuyer Assistance (HBA)

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:

First-Time Buyer Requirement	The Borrower must be a first-time homebuyer (as defined by NIFA), unless the Borrower is a qualified veteran or purchasing a home in a targeted area.
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 a combined household 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 HBA loan. The HBA 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.
First Mortgage Loan Rate	NIFA's rates are published on our website and are subject to change without notice.
HBA Second Loan Rate & Terms	The HBA loan will bear interest at an annual rate of 1%. Monthly payments of principal and interest will begin on the same date set forth in the first mortgage loan's Promissory Note. The term for the HBA loan will be 120 months (10 years). The Borrower may prepay the HBA Loan at any time, without penalty. The HBA loan is not assumable and will not be subordinated by NIFA for any reason.
HBA Second Loan Amount	The maximum amount of the HBA loan shall be 5% of the home's purchase price, not to exceed $10,000. 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 HBA 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 and the HBA second mortgage loan.
HBA Principal Loan Reductions	NIFA will permit a principal reduction to the HBA 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 HBA loan.

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Loan Products

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

Conventional Loan Products

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

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

Government Loan Products

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

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Section 9 – Agency Underwriting & Credit Overlays

Secondary Market Requirements

All 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% 2-4 Units - 95/105%	640-659	45%	Follow findings
			660+	50%	Follow findings
Freddie Mac HFA Advantage	LPA	1 Unit - 97/105% 2-4 Units – not allowed	640-659	45%	Follow findings
			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.					

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

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

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Section 10 – Allowable Closing Fees

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

Name of Fee	Buyer Paid		Seller Paid
Origination Fee	Not Allowed		Not Allowed
Tax Service Fee (retained by Master Servicer)	$80.00	**OR**	$80.00
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
3rd Party Lender Closing Fee – 1st Mortgage Loan (1) (retained by 3rd party company)	Reasonable & Customary Not to exceed - $350	**OR**	Reasonable & Customary No set limit
3rd Party Lender Closing Fee – 2nd Mortgage Loan (1) (retained by 3rd party company)	Reasonable & Customary Not to exceed - $75	**OR**	Reasonable & Customary No set limit
3rd Party Escrow Closing/Settlement Fee (retained by 3rd 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 - $350		Reasonable & Customary No set limit

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

Reasonable and customary is means that fees charged on NIFA loans are no greater than fees customarily charged by lenders originating mortgage loans in Nebraska. All other reasonable and customary closing costs are allowed as permitted by law and agency underwriting guidelines.

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Section 11 – Document and Signature Guide

The following guide includes all NIFA documents and required signatures:

REQUIRED DOCUMENTS - APPLICATION		
Document Name	**Description**	**Signatures**
Household Verification Affidavit	Documents the number of household members and income sources used for program eligibility	Borrower Co-Borrower Non-Borrowing Spouse
Notice of Potential Recapture Tax	Explains how and when the recapture tax could occur along with an example of the calculation	Borrower Co-Borrower Non-Borrowing Spouse
Notice to Borrower (HBA)	Loan disclosure for 2nd Homebuyer Assistance (HBA) loans only	Borrower Co-Borrower Non-Borrowing Spouse
Notice to Borrower (Grant)	Loan disclosure for the First Home Grant Program only	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
Tax Exempt Financing Rider	Sets forth the owner occupancy and loan assumption requirements	Borrower Co-Borrower Non-Borrowing Spouse
Notice of Potential Recapture Tax	Provides instructions to the Borrower that NIFA will send the final notice within 90 days of closing	Borrower Co-Borrower Non-Borrowing Spouse
2nd Promissory Note (HBA)	Used in connection with Homebuyer Assistance (HBA) 2nd mortgage amortizing loans	Borrower Co-Borrower Co-Signer (if applicable)
2nd Deed of Trust (HBA)	Used in connection with Homebuyer Assistance (HBA) 2nd mortgage amortizing loans	Borrower Co-Borrower Non-Borrowing Spouse
Borrower Acknowledgement Letter (HBA)	Letter stating that a Homebuyer Assistance (HBA) loan was awarded to the Borrower to comply with FHA guidelines	Borrower Co-Borrower
Borrower Acknowledgement Letter (Grant)	Letter stating that a First Home grant was awarded to the Borrower to comply with FHA guidelines	Borrower Co-Borrower

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OPTIONAL DOCUMENTS		
Qualified Veteran Affidavit	Used to document qualified veteran eligibility status	Signed at application
Profit & Loss Affidavit	Used for self-employed borrowers only	Signed at application
Letter of Explanation	Used by the borrower to explain specific situations related to the loan	Signed at application
Business Usage Affidavit	Completed when borrower will use the home for a trade or business	Signed at application

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Section 12 – Potential IRS Recapture Tax

Terms and Conditions

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

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

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

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

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

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

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

Refinancing

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

Lender Responsibility

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

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

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

Borrower Responsibility

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

NIFA Recapture Tax Reimbursement Policy

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

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

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Section 13 – Homebuyer Education

Pre-Closing Education Requirements

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

All classes must meet one of the following criteria:

1) The provider of the homebuyer education class or housing counseling must be a HUD-approved counseling agency. The approved list is available on HUD's website.

2) The provider of the homebuyer education class or housing counseling must meet the National Industry Standards. The approved list is available on the National Industry Standards for Homeownership Education and Counseling website.

Approved Class Provider List

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

Provider Name	Website
Blue Valley Community Action - Fairbury	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
Lincoln County Community Development Corp.	http://www.lincolncountyhousing.org/
NeighborWorks Lincoln	https://nwlincoln.org/
NeighborWorks Northeast Nebraska	http://nwnen.org/

The following online providers meet the National Industry Standards:

Provider Name	Website
Framework	https://homeready.frameworkhomeownership.org/
CreditSmart Homebuyer U	https://sf.freddiemac.com/working-with-us/creditsmart/courses/
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 14 – Lender Online ("LOL") Loan Reservation System

General

NIFA loans are reserved in the Lender Online Loan 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.

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 Features

Processing a Loan Reservation

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

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

Commitment Period of a Reservation

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

Changing a Loan Reservation

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

Changes are allowed for the following reasons:

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

Cancelling a Loan Reservation

In the event a loan 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.

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Submitting Loan Files for Review

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

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

Each 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 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 mortgage loan subject to agency underwriting requirements.

Checking the Loan Status

Participating Lenders can access the status of mortgage loans using the 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. You 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.

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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 radio button to narrow your search.

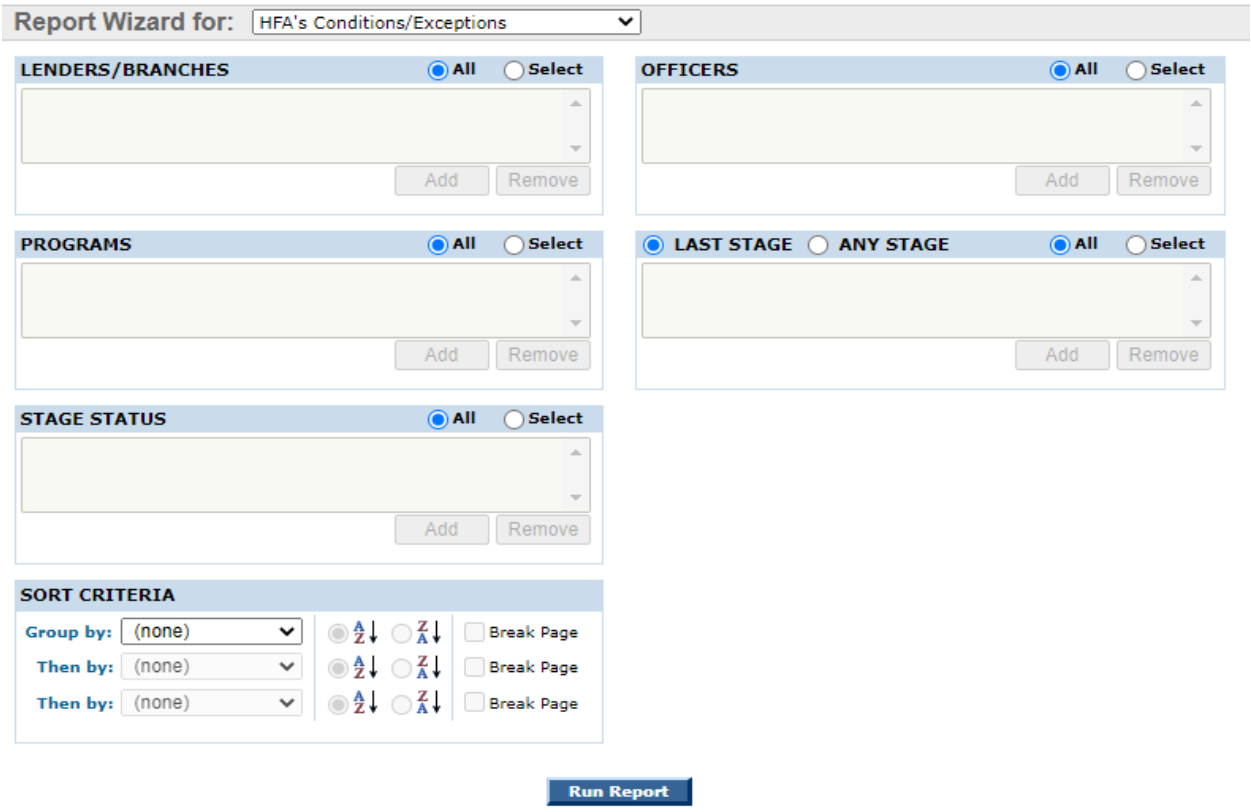
Stage Status: Choose the all radio button for every loan status, or click the select radio button to narrow your search. This selection list can be narrowed to find only loans with approved status, pending status, etc. Selecting the all radio button will give an overview of every loan in your pipeline.

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, PreClsAppr, HBAClosingAppr, Close Date, PostClAppr, 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.



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Section 15 – Pre-Closing Review Process

Purpose of Review

One of the principal reasons for the pre-closing compliance review process is to provide Participating Lenders a level of assurance that, given no changes in the basic conditions of the transaction, the loan is qualified 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 loans will be purchased. Additionally, if a 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 mortgage loan for program eligibility, the Participating Lender may close the loan. If HBA financing is included in the mortgage transaction, a mandatory review of the HBA closing package is required. See Section 16 for details regarding this review.

Pre-Closing Document Resource Guide

The Processing Resource Guide provides information in regards 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 – Home Buyer Assistance ("HBA") Closing Review Process

Purpose of Review

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

Federal Disclosure Requirement

The following closing procedures for HBA 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 HBA second mortgage loan until the following steps are completed and NIFA has approved the closing documents.

Loan Application Disclosures

- A separate second mortgage Loan Application (Form 1003) must be included in the Pre-Closing Package for HBA 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 U.S. Bank 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 U.S. Bank during their purchase review process.

HBA Closing Review

- A complete HBA 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.

HBA Closing Approval

- Once the HBA 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 Obligation Letter must be included in the FHA case binder for insuring purposes and in the loan file delivered to U.S. Bank for purchase.

HBA Closing Documents

- All Borrowers must execute the HBA Promissory Note, HBA Deed of Trust and Borrower Acknowledgement Letter at closing. A Non-Borrowing Spouse must execute the HBA Deed of Trust.
- The second mortgage loan amount on the Borrower Acknowledgement Letter must be the same as the 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 U.S. Bank 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 U.S. Bank.
- The purchase price of the second mortgage loan will be equal to the face amount of the HBA 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 HBA second mortgage loan.

HBA Closing Resource Guide

This HBA Closing Resource Guide provides information in regards 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 17 – 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 U.S. Bank 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 regards 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 18 – Lender Compensation

Loan Delivery Schedule

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

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

**Conditions:

(1) All first and second mortgage loans are subject to NIFA pre-close and post-close review.
(2) All second mortgage loans are subject to a separate NIFA pre-close review to satisfy agency underwriting requirements.
(3) All loans are subject to U.S. Bank post-close review.

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Section 19 – Master Servicer Information

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.

U.S. Bank Lending Manual

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

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Section 20 – Servicing Information

Loan Assumptions

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

HBA second mortgage loans are not assumable and must be paid in full prior to closing an assumption request for the first mortgage loan.

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

HBA 2nd Loan Subordination Policy

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

HBA 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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