



## HOMEBUYER ASSISTANCE (“HBA”) PROGRAM Second Mortgage Closing Procedures

The following closing procedures for HBA second mortgage loans have been revised to comply with the TILA-RESPA Integrated Rule (“TRID”). ***These procedures are effective for all HBA second mortgage loan applications dated on and after October 3, 2015.***

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. All loan documents will be uploaded and submitted using NIFA’s secure website called Lender Online (“LOL”). The website address is <https://lol.nifa.org>.

### **Loan Application Disclosures**

- NIFA will require a separate Loan Application (Form 1003) to be included in the Pre-Closing Package (see checklist) for HBA second mortgage loans.
- The Participating Lender is responsible for providing a HBA Notice to Borrower (Form F) and a Loan Estimate in accordance with TRID requirements at the time of loan application. Either the Participating Lender or NIFA may be named as the creditor on the Loan Estimate for the HBA second mortgage loan.
- The Loan Estimate must comply with TRID requirements and will be reviewed by U.S. Bank Home Mortgage once the closed first and HBA second mortgage loans are delivered for purchase.

### **Pre-Closing Review**

- A complete Pre-Closing Package (see checklist) is required to be submitted in LOL for review and approval at least five business days prior to closing.
- The Participating Lender will be notified of any deficiencies as soon as possible.

### **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 should also be named as the creditor on the Closing Disclosure for the HBA second mortgage loan.
- The Closing Disclosure must comply with TRID requirements and will be reviewed by U.S. Bank Home Mortgage once the closed first and HBA second mortgage loans are delivered for purchase.

### **HBA Closing Review**

- A complete HBA Closing Package (see checklist) must be submitted in LOL for review and approval at least one business day prior to closing.
- NIFA will review documents for program compliance only and will verify the final HBA second mortgage loan amount.
- The Participating Lender will be notified of any deficiencies as soon as possible.



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### **HBA Closing Approval**

- Once the HBA Closing Stage is approved, the participating lender is authorized to close the first and HBA second mortgage loans.
- LOL will generate a Legally Enforceable Obligation Letter (“Obligation Letter”) including the final HBA second mortgage loan amount.
- The Obligation Letter must be included in the FHA case binder for insuring purposes and in the loan file that is delivered to U.S. Bank Home Mortgage for purchase.

### **HBA Closing Documents**

- All occupying borrowers must execute a HBA Promissory Note (Form G), a HBA Deed of Trust (Form H) and a Borrower Acknowledgement Letter (Form J) at closing.
- The HBA second mortgage loan amount included on Form J must be the same as the Obligation Letter and all other closing documents.
- Form J is required by FHA to document the borrower’s minimum cash investment and must be included in the FHA case binder for insuring purposes and in the loan file that is delivered to U.S. Bank Home Mortgage for purchase.

### **Disbursement of Closing Funds**

- The Participating Lender will fund both the first and HBA second mortgage loans at closing. NIFA is obligated to fund the HBA 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 Home Mortgage.
- The purchase price of the HBA 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.

### **Post-Closing Review**

- A complete Post-Closing Package (see checklist) is required to be submitted in LOL for review and approval no later than ten business days after closing.
- The closed first and HBA second mortgage loan files must be delivered to U.S. Bank Home Mortgage no later than ten business days after closing.
- The Participating Lender will be notified by NIFA and U.S. Bank Home Mortgage of any deficiencies. Once all deficiencies are cleared, both loans will be purchased.

***Revised Date: 10/1/15  
Effective Date: 10/3/15***