



Nortex Housing Finance Corporation 2013 Mortgage Origination Program



Administrator Guidelines

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Revisions on page 4



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UPDATES

Date	Effective immediately for all new loan reservations unless otherwise noted	Page
7-2-13	Purchase Price Limits, updated to reflect no limits; Pages 10 11, 15 Further clarification 2013-14	7
6-9-14	U.S. Bank Funding Fee increases effective June 9, 2014 for all new loan reservations	13

NORTEX HFC PROGRAM TEAM



NORTEX HFC

Creates and sponsors a first mortgage program and a down payment assistance program, sets the rate, term and points wires grant assistance funds to title company for closing, markets the program

Participating Lenders

Take applications, reserve first mortgage in their own systems for closing, process, underwrite, approve, fund, close and sell qualified home mortgage loans to the program. Lenders are responsible for servicing program loans in accordance with Agency requirements until they're purchased by the Master Servicer.

**US Bank
Master Servicer**

Provides information on acceptable loan products and delivery and funding, receives all first mortgage files, reviews first mortgage files, notifies lenders of first mortgage file exceptions, approves first mortgage files, purchases pools and delivers loans, delivers certificate.

**eHousingPlus
Program Administration**

Maintains the program reservation system, website, and posts Administrator's guide, forms, training materials, provides program and system training, answers program and system questions, receives compliance files, reviews, posts and notifies of exceptions and approves compliance file.

THE PROGRAM PRODUCTS

Borrowers receive a 30-year, fixed rate, fully amortizing first mortgage loan with 360 level monthly payments.

Daily Rate Lock Reservation Availability

Loans may be reserved from 9 a.m. to 4 p.m. Central Time, Monday through Friday excluding holidays. PLEASE NOTE THAT RATES AND ASSISTANCE GRANT AMOUNTS ARE SUBJECT TO CHANGE AT ANY TIME. With respect to reserved loans, the rate and assistance will not change as long as loans are delivered according to the timetable included in this Guide.

Current rates and assistance are found on the NORTEX web page on the eHousingPlus website www.ehousingplus.com.

All loans in this program are Assisted Rate Loans.

The following mortgage products are offered in this program: FHA, VA, USDA: RD. No conventional loans are offered. US Bank provides the specific government loan products permitted.

Funds are available in a first-come, first-served pool that provides continuous funding. Funds are released in \$5,000,000 sub-series amounts to allow for the timely introduction of new loan features.

Assisted Rate Loan with 4.00% Assistance Grant

In addition to the first mortgage, the borrower receives an Assistance payment equal to 4.00% of the original full principal Note amount.

Funding is provided at closing. The Assistance may be used to fund up to 100% of the Borrower's cash to close, including the down payment, closing costs, pre-pays, and other related mortgage loan fees and expenses. While there is no cash back in this program, borrowers are permitted a reimbursement of pre-pays and overage of earnest money deposit as permitted by Agency guidelines and to the extent any minimum contribution, if any, has been satisfied.

Assistance is in the form of a non-repayable grant. It is not repayable under any circumstances with the exception of fraud or similar circumstances. Because the Grant is a full 4.00% of the original principal amount of the Note, lenders simply reserve the first mortgage and the Grant is automatically reserved. That also means that every penny must be spent in the transaction. If any funds remain there is NO cash back to the borrower. So lenders simply do a principal reduction. When you close the loan there are no second mortgages, second notes, deed restrictions or liens.

The Assistance will be funded by the NORTEX HFC. Lenders are required to submit a Wire Transfer Request Form prior to any loan closing date. The form may be found in the secure section of the eHousingPlus Lender Portal. The Underwriter Certification must be completed prior to the submission of the Wire Transfer Request Form. Follow instructions provided in these Guidelines regarding the delivery of the Wire Transfer Request Form.

PLEASE NOTE: RATES AND ASSISTANCE ARE SUBJECT TO CHANGE WITHOUT NOTICE.

PROGRAM REQUIREMENTS

Eligible Borrowers

- **There is no first-time homebuyer requirement in this program.**
- Borrowers and all those secondarily liable must meet Agency (FHA, VA, RD) requirements.
- Buyers must occupy the property within 60 days of closing.
- Applicants must be considered irrespective of age, race, color, religion, national origin

Minimum Credit Score

Buyers must have a minimum FICO credit score of 640, the mid score must be the minimum or above. If an Agency (FHA, etc) has a higher minimum, follow Agency guidelines. If a participating lender has a higher minimum for other loans and wishes to require a higher minimum for loans, then lenders must use the higher minimum. For home buyers with NO FICO score, manual underwriting shall be permitted. Underwriters must follow the manual underwriting guidelines for the loan product.

Maximum Debt-to-Income (DTI) Ratio

The maximum DTI ratio is 45%.

Homebuyer Education

Homebuyer education is recommended, but not required.

Income Limits

Use Form 1003 Credit Qualifying Income
Income Limit is \$65,560 regardless of family size.

Eligible Area

Mortgage loans under the program may be made to qualifying borrowers throughout the Counties of Archer, Baylor, Clay, Cottle, Foard, Hardeman, Jack, Montague, Wichita, Wilbarger, and Young.

Purchase Price Limits Rev 7-2-13

There are no purchase price limits in this program.

Property Requirements

- Properties purchased in the program must be residential units.
- New or existing, one-two units, detached or attached, condos, town homes
- Mobile, recreational, seasonal or other types of vacation or non-permanent homes are not permitted.
- Land may not exceed the size required to maintain basic livability (no rural/farm acreage, property not permitted to be purchased if property can be subdivided and such parcels sold separately).

ABOUT THE FINANCING

FHA, VA, RD loans are permitted. No conventional loans are offered. US Bank provides types of government loans permitted. Lenders are expected to review preliminary documentation and believe applicants will qualify for credit. Excessive cancellations are reviewed to assure that program funds are not being utilized inappropriately.

Appraisal

The appraisal must indicate that the home has at least a 30 year remaining useful life.

Buydowns

FHA 2/1 Buydowns permitted. Follow Agency Guidelines.

Cash Back

Cash Back to the borrower is not permitted. However, borrowers are permitted a reimbursement of pre-pays and overage of earnest money deposit as permitted by Agency guidelines and to the extent any minimum contribution, if any, has been satisfied. To utilize all downpayment assistance, first apply additional down payment to lower the borrowers monthly payment. after all other uses if \$500 or less of funds remain, please do a principal reduction. If funds exceed \$500, all funds must be returned to Bank of Texas for credit to the NORTEX HFC account.

Construction to Perm

Not permitted.

Cosigners

Permitted to the extent permitted by applicable Agency (FHA, VA, RD). Treat cosigner/income as directed by the Agency. A cosigner cannot reside in the property and cannot have any ownership interest in the property (they cannot be on the Mortgage/Deed/WarrantyDeed).

Minimum Contribution

There is no minimum contribution imposed by the program.

Minimum Loan Amount

There is no minimum loan amount in this program.

Non-occupant Co-borrowers

Non-occupant co-borrowers are NOT permitted. Cosigners permitted under specific conditions listed above.

Prepayments

The first mortgage may be prepaid at any time without penalty.

Recapture Tax

There is **NO RECAPTURE TAX IN THIS PROGRAM.**

Refinances

Refinances are not permitted in this program. However, temporary, bridge or construction loans with a term or 2 years or less may be taken out with a program loan.

Seller Concessions permitted subject to FHA, VA or USDA:RD guidelines.

THE PROCESS SUMMARY TRAIN

Lender training provided by the Administrator and Servicer -- See TRAINING tab located on the eHousingPlus web page for the NORTEX HFC Program.

Training is a 2-step process that involves Program Training and Lender Portal System Training. eHP University Program training is offered 24/7 -- username and passwords, added to email notice directory once weekly on Wednesdays.

LENDER PORTAL SYSTEM TRAINING

Following eHP University training, first-time users of the eHousingPlus Lender Portal are REQUIRED to attend system training. System training is conducted every Friday via live Webinar. To attend system training please [click on this link to register](#) to attend.

LENDER PORTAL USER CREDENTIALS

Lenders who currently have access to other eHousingPlus programs in the lender portal will retain their current username and password. However, a form must still be submitted so the compliance office can add the new program to your credentials. New users must first attend system training and then request user credentials.

QUALIFY

Lenders qualify applicants for the program. Buyers must present an executed sales agreement before being entered into the program reservation system.

RESERVE

To reserve funds in program's online system go to the program web page. Log in and reserve the first mortgage that automatically provides Assistance. You will receive a loan number and a message that you've completed the reservation successfully.

PROCESS

Lenders process the loan as they would normally keeping in mind the program timelines.

UNDERWRITE AND CERTIFY

Lenders underwrite & are responsible for credit decisions of the loans in the program. Servicer does not re-underwrite loans. Following credit approval AND WITHIN 15 DAYS OF LOAN RESERVATION, Underwriter completes the online Underwriter Certification Form. Access system on the ehousingplus website.

GRANT FUNDS WIRE REQUEST FOR CLOSING

Lenders are required to submit a Wire Transfer Request Form at least 2 business days prior to any loan closing date. **The Requisition Form may be found in the secure section of the eHousingPlus Lender Portal.** An Underwriter Certification must be completed prior to the submission of the Request. Follow instructions on the Form to deliver the Form timely.

CLOSE 7-1-13

It's important to provide accurate closing instructions to closing agents. All program docs must be returned to you. **AT CLOSING, BORROWERS MUST SIGN THE 2013-14 LETTER. Original remains with Lender, copy to borrower, US Bank (with USB002) and in FHA Case Binder. THE LETTER MUST BE USED FOR ALL LOANS THAT CLOSE ON OR AFTER JULY 1, 2013.** Find all forms behind security at the eHousingPlus web site.

SHIP / SUBMIT

Use the Compliance Checklist to assemble the Compliance File. The Compliance File is submitted directly to eHousingPlus. The first mortgage file and credit package are submitted to US Bank. US Bank checklists are on their website. Recorded mortgage documents should be submitted to US Bank.

EXCEPTIONS

Following review of Compliance File by eHousingPlus. if there are exceptions,

1. Lenders will receive notice from eHousingPlus via email
2. Exceptions will be posted online. Exceptions may be viewed online in two places
 - a. at the loan level and
 - b. in an exceptions report

Files with exceptions remain subject to the purchase timelines.

Loans are reviewed weekly by eHousingPlus to assure compliance with timelines.

Questions regarding exceptions should be directed to: services@ehousingplus.com

US BANK also notifies lenders of Exceptions via email, posts exceptions online and sends a weekly summary of outstanding exceptions.

APPROVALS

Following approval of Compliance File by eHousingPlus, lenders are notified and reminded of the purchase deadline.

PROCESS GUIDELINES FOR REQUESTING DOWN PAYMENT ASSISTANCE FUNDS

DPA funds MUST be provided directly to the Closing Agent by Nortex Housing Finance Corporation. Lenders may not advance these funds. These requirements apply to all loan types.

1. Lender reserves first mortgage(that automatically reserves GRANT) and processes normally.
2. Once the loan has been approved internally, the Lender's Underwriter will complete the online Underwriter's Certification.
3. **With a minimum 2 business day notice prior to the Loan Closing Date**, Lenders will be asked to email to Bank of Texas, N.A. at pblack@bankoftexas.com, courtney.miller@bankoftexas.com, and cmcdaniel@bankoftexas.com a Grant Funding/Wire Request Form. As a reference, please include the US Bank Loan Number assigned when the Loan Reservation was made through eHousing.
4. Please make sure that the internal Processor/Closer and Title Company/Closing Agent receive instructions indicating that the HUD-1 Settlement Statement should reflect the grant as follows: **"Nortex HFC Grant". Please remember, all the assistance must be used in the transaction. After all other permitted uses have been utilized, APPLY ADDITIONAL DOWN PAYMENT so that the buyer benefits from reduced monthly benefits.**

Rev 7-2-13

IT'S IMPORTANT that lenders (1) have the borrower(s) sign the letter that meets requirements of 2013-14 (appears in the auto-fill Forms available for closing labeled as 2013-14) and retain original with copies to borrower, US Bank and a copy in the FHA Case Binder. FOLLOW US BANK requirements USB002.

NOTE: The Lender will be required to repay the DPA Grant to the Nortex HFC if the mortgage loan is not ultimately pooled into a GNMA Certificate sold under the program.

PROGRAM TIMETABLE

Buyers MUST HAVE A FULLY- EXECUTED SALES CONTRACT FOR A SPECIFIC PROPERTY in order to have funds reserved or be on a waiting list. The contract may be dated prior to the date of the loan application. Buyers may be pre-qualified. However, if the buyer does not have a contract on a property, program funds cannot be reserved for the buyer until such time as the buyer presents a valid contract.

To assure that loans are purchased, please follow the Processing, Delivery and Purchase Timetable below. Please DO NOT reserve loans that cannot meet the timetable. **Please wait until loan can meet timeline before reserving funds for all loans BUT MOST IMPORTANTLY for new construction, short sales and foreclosures. Loans not purchased within the timeframe below cannot be purchased.**

The revolving pool of funds assures continuous funding. Fund availability makes it unnecessary to rush to reserve funds.

Loan Processing, Delivery and Purchase Timetable

Once a loan is reserved in the eHousingPlus system and is provided the Servicer’s Loan number, the loan must be

- **underwriter certified within 20 days of loan reservation and**
- **purchased within 70 days of loan reservation.**

Extension Request

Any loan not purchased within 70 days is ineligible for purchase unless the lender chooses a one-time only 30-day extension. The cost of the extension is \$375. The \$375 extension fee is due whether or not loans are ultimately delivered and/or purchased. The \$375 will be netted by the Servicer when loans are purchased. **If an extension is permitted, but the loan is not purchased, the originating lender will be billed for the extension fee of \$375. Any outstanding fees owed by the lender may result in that Lender becoming ineligible to participate in the program.**

At 101 days, a loan that hasn’t been delivered is cancelled and cannot be reinstated.

Again, the extension is offered once per loan and no further extensions will be allowed. Furthermore, regardless of choosing an extension, any loan not purchased within the approved timeframe will become the liability of the originating lender.

To the extent that Assistance is advanced on loans that do not close, are not purchased by the Servicer under the program or are to be repurchased by the lender prior to being pooled into a mortgage-backed security, the lender will be required to reimburse Nortex HFC with respect to such Assistance so advanced.

An extension request is available on the NORTEX HFC web page on the eHousingPlus.com web site. “Program Documents” have the Extension Request Form that is completed and submitted online. Remember that the form must be submitted BEFORE the 70th day.

PROGRAM FEES

First Mortgage Fees

An Origination Fee as 1.00% of the original principal loan amount to be retained by lender. No additional points may be charged. Lenders are not required to charge, but not doing so will affect Lender Compensation.

The program includes a Program Compliance Fee of \$225. The fee is payable at closing and remitted to eHousingPlus with the Compliance File. The fee must be disclosed on the HUD-1 as being paid to eHousingPlus and can't be financed.

US Bank fees of \$85 Tax Service Fee and **\$300 Funding Fee (effective June 9, 2014 for new loan reservations)** are payable at closing. Both must be disclosed on the HUD-1 as being paid to US Bank. They will be **netted** at loan closing and can't be financed.

Lenders are permitted to charge reasonable and customary charges for out of pocket expenses and costs. Other financing costs such as legal fees and underwriting fees may be charged and courier fees may be charged if such fees are normally charged. Lenders may charge the usual and reasonable settlement costs. Settlement costs include titling and transfer costs, title insurance, survey fees or other similar costs. Other allowable fees include doc prep fees, notary fees, hazard, mortgage and life insurance premiums, recording or registration charges, prepaid escrow deposits and other similar charges allowable by the insurer/guarantor. "Junk" fees are not a defined term and may not be charged. Excessive fees are not permitted in the program.

Lender Compensation

On each loan the lender collects and retains the 1.00% origination point explained above from buyer or seller (follow Agency guidelines).

US Bank purchases loans at 101.50% for FHA and RD loans and at 101.00% for VA loans.

Total lender net is 2.50% for FHA and RD loans and 2.00% for VA loans.

**PROGRAM FORMS
PRE-CLOSING**

Extension Request Form

This form is completed online and available online at www.ehousingplus.com.

Grant Funds/Wire Request

Underwriter Certification must be completed prior to submission of the Wire Transfer Request Form. The form is available online behind security.

CLOSING DOCUMENTS

Mortgagor Certificate

To be sent to eHousingPlus in Compliance file

Notice of Down Payment and Closing Cost Assistance

This is the **2013-14** Document. **Under Forms behind security in eHP system, it will show as 2013-14-** Follow instructions on bottom of form for distribution of Form.

DOCUMENTS REQUIRED FOR COMPLIANCE FILE

Compliance File Checklist

Available online www.ehousingplus.com

Compliance Review Fee of \$225 (no personal checks accepted - cashier's or corporate checks only)

Mortgagor Certificate (see above)

Copies of the following:

Real Estate Purchase Agreement

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

Final Typed Loan Application (1003)

The typed application signed and dated by all parties is required. Loan interviewer must complete and sign pages 3 of 4 of the 1003. If this is not possible, then an Officer must sign in place of the interviewer.

HUD-1 Settlement Statement

Buyer, seller and closing agent must fully execute the HUD-1. Borrowers on the HUD-1 must be all persons taking title to the property and match other documents. Persons not taking title to the property may not be named or sign the HUD-1. The TBA Application Fee must be shown as being payable to eHousingPlus and US Bank fees must be disclosed as being paid to US Bank.. Please do not bundle charges. Itemize all charges to the transaction. Payoffs of other debt must appear on Page 1 under Section 100 of the HUD-1 as part of "Settlement Costs". **Program assistance may NOT be used to payoff other debt.**

Warranty Deed

A copy of the Warranty Deed is required.

U.S. BANK WEBSITE

Down Payment Assistance Funding Verification Form - USB002

U.S. Bank checklists, program manuals, lender training

All may be found on the US Bank ALL Regs web site.

Click on this link: www.mrbp.usbank.com

Click on **US Bank Lending Manuals**

Pop-up box will appear, click on **Continue**

Web page will be redirected to US Bank All Regs site.

Click on **Housing Finance Authority** folder

Click **Texas**

Click **Nortex**

Then click **on the information you want to access**