OREGON HOUSING AND COMMUNITY SERVICES

Flex Lending FirstHome

Guideline Manual

Updated as of April 14, 2025

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SECTION 1 – INTRODUCTION

1.1 Forward

The Flex Lending FirstHome Loan Product, developed by Oregon Housing and Community Services (OHCS or Department), aims to provide mortgage financing to help low to moderate income Oregonians purchase homes using proceeds from both tax exempt and taxable bonds sold by the Department. These bond proceeds are used to purchase and hold mortgage loans within mortgage-backed securities (MBS).

Approved Lenders delivering Mortgage Loans to the Department must be approved by both OHCS and the Department's Servicer.

OHCS's expectation is that Mortgage Loans originated by Approved Lenders are underwritten and approved using prudent and sound rationalization. The Department aims to avoid purchasing Mortgage Loans that may cause financial hardship to borrowers or result in default.

1.2 Mortgage Loan Requirements

To deliver Mortgage Loans to the Department, the following requirements must be met:

- Credit and Underwriting Requirements: The loans must adhere to the credit and underwriting standards set by the Department.
- Section 143 of the Internal Revenue Code (IRC): All loans must comply with the requirements of Section 143 of the IRC of 1986, as amended.
    - To include the IRS Recapture Provision: IRS recapture requirements apply to the FirstHome loan programs. OHCS form SFMP 25 outlines these provisions. For more information consult a tax professional.
- OAR Chapter 813 Division 20: Loans must adhere to this section of the Oregon Administrative Rules.

1.3 Lender Requirements

OHCS has a Local Office requirement for lenders participating in Flex Lending programs and products. As part of the Mortgage Lending Program Origination Agreement & Mortgage Loan Purchase Contract (Section 4.01, Lender General Requirements, item J) lenders and staff originating and processing mortgages under the Program Lenders must be in Oregon or within 50 miles of Oregon.

These offices should be:

- Open to the public.
- Fully staffed with experienced personnel who make purchase money mortgages for owner-occupied homes located in Oregon.
- The staff originating and processing mortgages under the Program must be in Oregon or within 50 miles of Oregon's border.

SECTION 2 - BORROWER ELIGIBILITY

2.1 Eligible Borrower(s)

A borrower is eligible to receive a Mortgage Loan under the Program if, on the dates of application and closing the following requirements are met:

1. **Income Limitation:** The annual gross income of all household members age 18 and older must not exceed the income limits established by the Department pursuant to Section 143 of the Code of 1986, as amended, and published annually by the U.S. Department of Housing and Urban Development (HUD). (See Section 2.5).
2. **Residency:** The borrower must be a resident or intend to become a resident of Oregon.
3. **Occupancy:** The residence financed by the Mortgage Loan must be occupied as a principal

residence within 60 days of loan closing.

4. **Existing Mortgage Loans:** The borrower must not be acquiring or replacing any existing Mortgage Loan on the property, with certain exceptions (e.g., construction loans, bridge loans, or qualified rehabilitation loans).
5. **Legal Capacity:** The borrower must possess the legal capacity to incur the obligations of the Mortgage Loan.
6. **Credit:** The borrower must have a credit standing acceptable to the Department.
7. **First Time Homebuyer Requirement:** The borrower must not have held a present ownership interest in any principal residence during the three-year period preceding the Program mortgage loan was executed, with certain exceptions. (See Section 2.2).
8. **Compliance:** The borrower must meet the requirements established by Section 143 of the Internal Revenue Code of 1986 and described in OAR 813-020-0070.

2.2 First-Time Homebuyer Requirement

Previous Ownership - Borrowers may not have had a present ownership interest in a principal residence at any time during the 3-year period immediately preceding the closing date of obtaining the Mortgage Loan.

All borrowers purchasing a property in a non-targeted area must be a first-time homebuyer (see Section 2.1). To verify compliance with IRS Code the most recent three-year federal tax return immediately preceding the Program closing date must be provided to the Department.

Exceptions to the First-Time Homebuyer Requirement

1. **Targeted Area Exemption:** If the subject property being purchased is in a targeted area the homebuyer is not required to be a first-time homebuyer. To verify compliance with IRS Code the most recent one-year federal tax return immediately preceding the Program closing date must be provided to the Department.
2. **Veteran's Exemption:** Borrowers who have served in active duty and were honorably discharged and have not previously used a mortgage revenue bond program are exempt from the first-time homebuyer requirement. All other requirements remain. Completed Veteran Exemption form SFMP 7-VA must be included with the application.
3. **Borrowers who have ownership in:**
    a. Bare Land
    b. Inherited property (if a residence, must be sold prior to closing date)
    c. A manufactured home in a park on leased land (must be sold prior to closing date)

Please note: borrowers may not own any additional property at the time of closing.

2.3 Homebuyer Education

Homebuyer education is required for all first-time homebuyers. Homebuyers must complete homebuyer education through an OHCS homeownership center or other approved OHCS resource. See below link for list of participating homeownership centers.
https://www.oregon.gov/ohcs/homeownership/pages/homebuyer-education.aspx

In the event homebuyer education cannot be completed with an OHCS homeownership center, homebuyer education may be completed using Finally Home.

- Approved Lender must retain a copy of the certificate of course or counseling completion in the loan file.
- Certificate of course or counseling completion certificate is good for 1 year from date of completion.

2.4 Occupancy

Principal Residence Requirement

The borrower must occupy the residence as their principal residence within sixty (60) days of the

Mortgage Loan closing. The residence must be used by the borrower exclusively as a single-family residence. At no time may the borrower:

- Use the residence as an investment property.
- Use the residence as a vacation or recreational home.
- Conduct trade or business activities from the residence.

Year-Round Occupancy
Properties must be accessible year-round regardless of location, mortgage loans for inaccessible properties ineligible for purchase by the Department.

Ineligible Occupancy Types
The following types of residences are not eligible for any Mortgage Loan products offered in the Program:

- Homes intended for use as investment properties.
- Recreational, vacation, or second homes.

Usage of Residence in a Trade or Business – A residence with more than 15 percent of the total area used primarily in a trade or business does not qualify as a principal residence.

2.5 Income Limits

The **Annualized Gross Household Income (AGHI)** must not exceed the limits set by the Department, as outlined in Section 143 of the Code of 1986, as amended.

Definition: AGHI includes the total gross income of all household members aged 18 or older, from any source, before taxes and withholdings This applies to all individuals who will reside in the property purchased with the Program Loan, regardless of whether they are listed on the Program Loan application.

Annual Income Types: Refer to U.S. Code of Federal Regulations 24 CFR Section 5.609 – Annual income and Section 143(f) of the Code, as amended.

Responsibilities of Approved Lenders: Approved Lenders must ensure that the income meets the AGHI guidelines and requirements. Loans that exceed AGHI limits are ineligible to be purchased by the Department.

2.6 Penalties for Misstatement

Any individual who makes a material misstatement in any affidavit or certification related to the Mortgage Loan application may face liability under applicable civil or criminal law. This applies if the misstatement is due to either negligence or fraud on the part of that individual.

2.7 Ownership Interest and Title

Vesting:
Ownership must be vested solely in the name of the eligible borrower. Ownership may not be held in trust or through a Limited Liability Company (LLC).

Non-Purchasing Spouse (NPS) Title Requirements:
A non-purchasing spouse (NPS)may be added to title, provided the following conditions are met:

- A title report with a clear lien and judgement search is provided to the Department.
- Evidence that the NPS does not currently own any other residential property.
- Evidence that the NPS has not owned a primary residence within the past three years.

2.8 Co-Signers and Non-Occupying Co-Borrowers
Co-signers and non-occupant co-borrowers are not permitted.

SECTION 3 – PROPERTY ELIGIBILITY

3.1 Eligible Loan Area
Only residential real estate located in the State of Oregon is eligible for this Program.

3.2 Property Requirements
Eligible Properties:
- One-unit Single Family Residence
- Condominiums
- Townhomes
- Planned Unit Development (PUD)
- Manufactured Homes (both single-wide and multi-wide) on real property, built after June 15, 1976.
- Community Land Trust
- Leasehold

Ineligible Properties:
- Multiplexes (2-4 units, 5+ units)
- Accessory Dwelling Units (ADUs)

3.3 Purchase Price or Appraised Value Limitation
- **Purchase price limits:** Purchase price limits are established annually following guidance set forth by the Internal Revenue Service and are published on the Department's website.
- **Housing Stability Council:** Mortgage loans equal to or exceeding 95% of the local area purchase price limit must receive approval from the Housing Stability Council prior to the Department purchasing the Mortgage Loan.

3.4 Targeted Area Census Tract
Borrowers purchasing properties in targeted areas are not required to be first-time homebuyers.

Targeted Area Defined
A Targeted Area means the areas refers to locations within the State designated as Qualified Census Tracts.
- A Qualified Census Tract is defined under 26 USCA § 143(j)(2)(A) as a census tract in which 70% or more of the families have income that is at or below 80% of the statewide median family income or an area of "chronic economic distress" as designated and approved in accordance with 26 USCA § 143(j).
- Census tracts can be identified using the FFIEC Geocoding System and a list of targeted and non-targeted areas by county in Oregon is published on the Department's website.

3.5 Hazard Insurance
Maximum deductible for hazard insurance is $2,000.00.

3.6 Flood Insurance
Maximum deductible for flood insurance is $5,000.00.

3.7 Escrow payments
A reserve/escrow account for the collection of hazard insurance premiums, flood insurance premiums, taxes, and mortgage insurance premiums (if applicable) are required for all Mortgage

Loans.

SECTION 4 – MORTGAGE LOAN UNDERWRITING

Approved Lenders are responsible for all underwriting decisions for all mortgages originated under the Program. Mortgage Loans must be underwritten to the standards of the applicable loan type.

4.1 Loan Types

- Federal Housing Administration (FHA) Loans – 96.5% LTV/Follow HUD guidance for CLTV
  - FHA Section 203(b), Single Family Residences
  - FHA Section 234(c), Condominiums
  - FHA Section 184, Indian Home Loan Guarantee Program
- Veterans Administration (VA) Loans – 100% LTV/Follow VA guidance for CLTV
- U.S. Department of Agriculture Rural Housing Service (USDA-RHS) Loans 100% LTV/Follow USDA guidance for CLTV
- Conventional Loans – Maximum combined loan-to-value ("CLTV") 105%
  - Fannie Mae (FNMA) HFA Preferred / Freddie Mac (FHLMC) HFA Advantage - up to 97.00% LTV.

4.2 Seller Contributions

First Mortgage Loan Seller Contribution Limitations. Follow Department guidelines.

- FHA, USDA-RHS Loans have a maximum seller contribution of 6%
- VA follow VA agency guidelines.
- Fannie HFA (Housing Finance Agencies) Preferred and FHLMC (Federal Home Loan Mortgage Corp.) HFA Advantage Loans have a maximum seller contribution of:
  - 3% with CLTV's greater than 90%.
  - 6% with CLTV's less than or equal to 90%.
  - May be used for closing costs and/or single or split mortgage insurance ("MI") premiums.
- Lender-paid MI may not be paid with seller contributions.

4.3 Mortgage Insurance

- Government Loans (FHA, VA, USDA-RHS) follow standard FHA, VA, and USDA-RHS mortgage guidelines.
- Conventional loans that require MI must acquire the policy from one of the following mortgage insurance providers:
  - Arch
  - MGIC
  - Enact
  - National MI
  - Essent
  - Radian

Coverage Requirements for Fannie Mae HFA Preferred and Freddie Mac HFA Advantage:

LTV Range	Coverage Amount	
	Under 80% AMI	Over 80% AMI
>95% and < = 97%	18%	35%
>90% and < = 95%	16%	30%
>85% and < = 90%	12%	25%
>80% and < = 85%	6%	12%

Payment Options:
- Borrower Paid – monthly with annual renewal
- Split Premium
- Single Premium
- Lender Paid (LPMI) – Not Allowed

Approved Lender is responsible for activating any MI policy and remitting any MI payments due to the mortgage insurer prior to the sale of the Mortgage Loan to the Department's Servicer. The Approved Lender is also responsible for transferring the MI policy to the Department's Servicer after the sale of the Mortgage Loan.

4.4 Credit
All borrowers are required to have a minimum credit score of 620 for Mortgage Loans underwritten using AUS (Automated Underwriting Systems). Manually underwritten Mortgage Loans require a minimum credit score of 640, see Section 4.5 Manual Underwriting for available loan types.

4.5 Manual Underwriting
Manual underwriting is permitted for FHA, VA, USDA-RHS and Section 184 Mortgage Loan types. Borrowers must have a credit score of at least 640 and two (2) months of reserves after closing. Minimum credit score is required for all borrowers who have a credit score. Borrowers with no credit scores are eligible, follow all agency guidelines.

4.6 Debt to Income Ratio (DTI)
- Borrowers' maximum qualifying DTI may not exceed 50%.
- VA loans with AUS approval and 2 months reserves may have DTI ratios of 50.01% - 55%.

SECTION 5 – FOCUSED DEMOGRAPHICS
In an effort to address disparities in homeownership, the department has developed a Focused Demographics DPA option using loan demographic data and providing increased DPA with more favorable terms to borrowers who apply for and meet the Focused Demographics criteria.

5.1 Focused Demographics Criteria
To be eligible for Focused Demographics borrowers must apply for and meet the Flex Lending NextStep Product Guidelines and two of four demographic criteria below:
- Household of four or more people.
- A household member with a disability
    - Disability is defined under ORS 456.515 (10) "Person with a disability" means a person who has a physical or mental impairment that substantially limits one or more major life activities. "Major life activity" is defined under ORS 456.515 (8).
- Front-End Debt Ratio of 28% or higher
- Sole Head of Household** with one (1) or more eligible dependents residing in the household who are:
    - Under 18
    - A household member with a disability
    - Age 62 or older

  ** Household must include only **one adult** that is not an Eligible Dependent.

5.2 Focused Demographics DPA
Focused Demographics DPA means down payment assistance for borrowers who meet the Focused Demographics criteria. Focused Demographics DPA is 5% of total loan amount.

5.3 Focused Demographics DPA

- Forgivable Second, for borrowers whose income is at or below 80% of the Area Median Income (AMI). DPA is in the form of a forgivable second mortgage loan bearing 0% interest and no payments. Additional loan terms below in 6.3.
- Amortizing Second, for borrowers whose income is above 80% and up to 120% AMI. DPA is in the form of a 30-year amortizing second mortgage loan with an interest rate 1% above the interest rate of the first mortgage loan.

5.4 Standard DPA

Standard DPA is 4% of total loan amount.

- Forgivable Second, for borrowers whose income is at or below 80% AMI DPA is in the form of a forgivable second mortgage loan bearing 0% interest and no payments. Additional loan terms below in 6.3.
- Amortizing Second, for borrowers whose income is above 80% and up 120% AMI, DPA is in the form of a 20-year amortizing second mortgage loan. For borrowers above 120% AMI, DPA is in the form of a 10-year amortizing second mortgage loan. All amortizing second mortgage loans have an interest rate 1% above the interest rate of the first mortgage loan.

SECTION 6 – DOWN PAYMENT ASSISTANCE (DPA)

6.1 DPA Options

Standard DPA is 4% and the Department's Focused Demographics DPA is 5%. Second mortgages must be in second lien position.

6.2 DPA Types

DPA is calculated as a percentage of the first Mortgage Total Loan Note amount. Terms are income based using Fannie Mae's AMI limits.

- Forgivable Second, for borrowers at or below 80% AMI. DPA is in the form of a forgivable second mortgage loan bearing 0% interest and no payments, terms below in 6.3.
- Amortizing Second, for borrowers above 80% AMI. DPA is in the form of an amortizing second mortgage loan with an interest rate 1% above the interest rate of the first mortgage loan. Additional loan terms below in 6.4.

6.3 Forgivable Second Terms & Repayment

- The Forgivable Second Mortgage Loan is a Second Mortgage Loan that has no monthly payments and no interest accruing.
- Standard DPA - 4% of the total first Mortgage Loan Note amount with a loan term of 30-years.
- Focused Demographics DPA - 5% of the total first Mortgage Loan Note amount with a loan term of 15-years.
- Repayment - Any outstanding balance is repayable as follows:
    - Sale or Transfer - If all or any part of the property, or any interest in the property (including a beneficial interest), is sold, conveyed, or transferred, whether voluntary, involuntary or by operation of law.
    - Refinance or Payoff - Refinancing or paying off the first mortgage.
    - Rental of Property - If borrower rents or leases (whether by written or oral agreement) the property or any portion of the property.
    - Failure to Occupy Property as Principal Residence - If borrower fails to occupy the property as the borrower's principal residence within sixty (60) days following the first mortgage loan closing.
    - Default or Acceleration - Upon default or acceleration of the first Mortgage Loan for any

reason.

6.4 Amortizing Second Terms
Amortizing Second Mortgage Loans are provided to qualifying borrowers with income greater than 80% AMI at an interest rate 1% over the first mortgage loan interest rate.

- Standard DPA of 4%
  - Income >80% AMI up to 120% AMI – 240 month fully amortizing term.
  - Income >120% AMI – 120 month fully amortizing term.
- Focused Demographics DPA of 5%
  - Income >80% AMI up to 120% AMI – 360 month fully amortizing term.

6.5 Use of DPA Funds
DPA funds may be used for up to 100% of the borrower's cash requirement to close, including down payment, closing costs, pre-paid items, upfront borrower paid mortgage insurance and other related Mortgage Loan fees and expenses.

The borrower may not receive cash back at close with exception of the earnest money deposit and items paid prior to closing. Any unused DPA funds must be applied to the Note principal as a principal reduction.

DPA may not be used to pay the difference between the sales price and appraised value if the sales price is higher (gap financing).

6.6 Additional Funds
Additional DPA or subsidy programs may be used in conjunction with the DPA provided they meet requirements of Department. OHCS Second mortgage DPA must be in 2nd lien position.

SECTION 7 – FEES AND CHARGES

7.1 Servicer Fees
The following fees, which may be passed onto the borrower, will be charged by the Department's Servicer, and deducted from the mortgage loan purchase price:

Fee	Amount	Payor/Payee
Loan Acquisition Fee	$200.00	Lender Fee to the Servicer
Tax Service	$85.00	Lender Fee to the Servicer
Flood Cert	$18.00	Lender Fee to the Servicer

Please note: No fees may be charged on the 2nd mortgage (DPA) except recording fees and interest, if applicable.

7.2 Program Administrator Fees
The following fee, which may be passed onto the borrower, will be charged by Hilltop Securities (the "Program Administrator"):

Code Compliance Review Fee	$225.00	Lender Fee to the Program Administrator

7.3 Mortgage Loan Purchase Price and Lender Compensation

Mortgage loans originated under the Program will be purchased by the Department's Servicer.

- Lender Compensation - Total lender compensation for Mortgage Loans originated in the Program will be as follows:
  - 1.25% SRP (Servicing Release Premium) for each FHA, USDA-RHS, VA or Conventional Loan
  - Lenders may collect and retain origination fees from borrower or seller as allowed by the Department's guidelines.
- Fees – Approved Lenders may collect all reasonable and customary fees and closing costs, provided all fees are fully disclosed in accordance with federal, state, and local regulations. Ancillary fees collected by an Approved Lender may not exceed the amount collected on the Approved Lender's similar Mortgage Loans not sold to the Department.
- <u>DPA Second Mortgages - No fees may be charged on DPA second mortgages, except for interest and recording fees if applicable.</u>

7.4 Extension Fees

Approved Lenders must close, fund and deliver Mortgage Loans to the Servicer within sixty (60) calendar days of the date the Mortgage Loan is locked on the Lender Portal. It is highly recommended that Approved Lenders provide the borrower with a forty-five (45) day lock. Adequate time should be allowed for the Servicer to perform a compliance review of the credit loan package to cure any conditions prior to their approval to purchase the loan. Approved Lenders may request a one-time extension at the following cost. These fees will be netted out upon loan purchase.

Extension Term	Cost
7days	0.0625%
15days	0.1250%
22days	0.1875%
30days	0.2500%

SECTION 8 – LOCKING LOANS

"Lock" means the reservation of funds at a specified interest rate, for a specified period of time for, a specific borrower, on a specific program, for a specific property type, purchase price and loan amount on a specific address.

a. Loan Locking Hours

The Lock window is open on business days, Monday through Friday between 9:00 a.m. and 4:00 p.m. (Pacific Time) and unavailable on Saturdays, Sundays, State of Oregon holidays and days on which the financial markets are closed.

b. Lender Portal

The Lender Portal is used by Approved Lenders to:

- Reserve funds and manage locks.
- Submit pre- and post-closing compliance packages.
- Check status of compliance conditions.
- Run reports.

8.3 Locking Loans

The Approved Lender commits to accept applications in all its lending offices within the eligible loan area. Funds must be made available on a first-come, first-served basis, irrespective of the borrower's race, color, religion, national origin, age, or gender. There will be no restrictions as to the total number of locks issued to any Approved Lender.

Before requesting a lock, Approved Lenders must have taken the mortgage loan application and pre-qualified the borrowers and must have a fully executed purchase contract at the time the loan/interest rate is locked.

Locks may not be transferred from one borrower to another or from one Approved Lender to another. In the event another Approved Lender tries to make a Lock for a currently Locked loan, we will need a cancellation confirmation from the original Approved Lender before allowing a new Approved Lender to relock. This will only be allowed one time.

- Locks are to be made at https://www.oregonlendingprograms.com/
- Approved Lenders must close, fund, deliver and purchase FirstHome Mortgage Loans to the Department 's Servicer within sixty (60) calendar days of the date the Mortgage Loan is locked.
- It is highly recommended that Approved Lenders provide the borrower with a forty-five (45) calendar-day lock.
- Adequate time should be allowed for the Department's Servicer to perform a compliance review of the credit loan package to cure any conditions prior to the Department's Servicer's approval to purchase the Mortgage Loan on the Department's behalf.

8.4 Lock Changes

- If there are changes in purchase price, loan amount, or property address, the Approved Lender must submit the following documents through the Lender Portal and notify the Program Administrator via phone or email, @oregonflexlendinghelp@hilltopsecurities.com, in order to complete the loan revision:
    a. Copy of Revised Checklist
    b. Copy of Revised 1003
    c. Copy of Revised 92900LT or 1008
    d. LE/CD
    e. Second Lien Documents
    f. Copy of property sales contract addendum (purchase price & address changes only)
- The Program Administrator will revise the loan to reflect the changes requested and will notify the Approved Lender when the revision(s) are completed and available via the Lender Portal.

8.5 Cancellation and Commitment Expirations

Cancellations are subject to a sixty-days wait period.

- <u>Sale Fail/Contract Terminations</u> – Upon a Sale Fail/Contract Termination borrowers retain their loan lock. Borrowers may continue to shop for a property without cancelling their lock.
- The Approved Lender is responsible for cancelling all Mortgage Loans subject to a Lock if the Mortgage Loan will not be delivered.
    - <u>Cancellations</u> – When the borrower cancels or withdraws their application with the Approved Lender, the Approved Lender must promptly cancel the Lock. Unless the withdrawal is due to the sale fail/termination.
    - <u>Expirations:</u>
        - When the loan commitment expires, the Approved Lender must request an extension and provide a new estimated closing date.
        - Expiration of the loan commitment without cancellation may result in the Approved Lender being placed on "Inactive Status," meaning the Approved Lender may not submit new Locks until the problem is resolved. Failure to comply with this provision may result in the Approved Lender's expulsion from the Program.

SECTION 9 – LOAN COMPLIANCE, FUNDING, DELIVERY AND PURCHASE

9.1 Mortgage Loan Delivery Timeframes

Approved Lenders must comply with the following requirements:

1. Pre-Closing Compliance Package - The Pre-Closing Compliance Package should be submitted to the Program Administrator (through the Lender Portal) three to five (3-5) calendar days prior to loan closing.
2. Post-Closing Compliance Package - The Post-Closing Compliance Package should be submitted to the Program Administrator (through the Lender Portal) within ten (10) calendar days following the closing date of the Mortgage Loan, but in no event after the Commitment Expiration Date.
3. Closed Mortgage Loan Package - The closed Mortgage Loan must be delivered to and purchased by the Servicer prior to the Commitment Expiration Date unless an extension is purchased to cover the amount of time required for the Servicer to complete the purchase of the Mortgage Loan.

9.2 Pre-Closing Compliance

Pre-Closing Compliance Packages submitted to the Program Administrator (through the Lender Portal) must contain the following documentation:

- Pre-Closing Compliance Checklist
- Executed Underwriter's Certification (Form 92900, 1008, etc.)
- Final AUS Certification
- Borrower Fraud Report
- Initial URLA/1003
- Unsigned Final URLA/1003
- Executed Purchase Contract w/Addendums
- Homebuyer Education Certificate for all first-time homebuyers on transaction
- Other program specific documents such as the 2nd lien LE or Focused Worksheet, depending on the program chosen.
- Pre-Closing Borrower's Acknowledgment Form* - signed
  NOTE: Borrower will sign a final copy at closing reaffirming their understanding of the terms
- All required SFMP documents

The down payment assistance documents will be made available after the pre-closing compliance approval.

Note: Approved Lenders must use all required forms that are preloaded in the lender portal. Forms from the Approved Lenders individual loan operating system will not be accepted.

9.3 Post-Closing Compliance

The Post-Closing Compliance Package submitted to the Program Administrator (through the Lender Portal) within will contain the following documentation:

- Post-closing Compliance Checklist
- Executed Final Closing Disclosures 1st Lien and/or 2nd Lien (depending on the program)
- Executed Final URLA's – (Approved Lender, Borrower, and any addendums)
- Executed Second Mortgage Subordinate Deed of Trust (if applicable)
- Executed Second Mortgage Note (if applicable)
- Executed Legally Enforceable Obligation Letter
- Executed Reaffirmation - Borrower's Acknowledgment Form*
  - *NOTE: Borrower is reaffirming their understanding of the terms Electronic submission of the HTS compliance file to www.Oregonlendingprograms.com

- No original documents should be sent to the Hilltop Securities team.

  Note: Both HTS and IHFA files must be cleared and approved for loan purchase.

9.4 Delivery of the Closed Mortgage Loan Package

The closed Mortgage Loan package must be delivered and purchased prior to the Commitment Expiration Date unless an extension is purchased to cover the amount of time required to complete the Servicer's purchase of the Mortgage Loan and must include:

- Loan Delivery Checklist
- Compliance Review – All loans must be approved for compliance at pre-closing to ensure the Program criteria have been met, as well as post-closing to receive final, executed documents.
- Executed Final Closing Disclosure
- Executed Final URLA's ("Uniform Residential Loan Application") – (Approved Lender, Borrower, and any addendums)
- Executed Second Mortgage Subordinate Deed of Trust
- Executed Second Mortgage Promissory Note
- Executed Borrower's Acknowledgement Letter
- All documents required by the Department

9.5 OHCS Compliance Review (Post-Closing)

Loans are required to have a compliance review by OHCS to validate that the loan meets IRS requirements. Approved Lender is responsible to provide the following documentation to OHCS within 10 days after closing to ensure program requirements have been met. Loan will be eligible for purchase after the compliance review has been completed and all requirements are met.

Upload the following documents to the lender portal to eDocs and put documents under OHCS Household Income Compliance File (FIRST HOME PROGRAM ONLY).

1. Loan application – 1003
2. Loan transmittal – 1008/LT/VALA
3. Household Income documents – tax returns, VOE, award letters, support orders, etc. OHCS reserves the right to ask for any additional income documentation they deem necessary.

9.6 Purchase of Down Payment Assistance Mortgage Loans

- The Approved Lender will advance the funds for DPA at closing. In conjunction with the purchase of the first mortgage loan the Servicer will reimburse the Approved Lender the amount of the DPA Mortgage Loan advanced at closing.
- If the Department's Servicer cannot purchase the first mortgage loan, the Approved Lender may request the Department reimburse the Approved Lender for the DPA Mortgage Loan if the first mortgage loan meets the Department's requirements. Reimbursements are at the discretion of the Department, and an administrative fee may be charged to the Approved Lender in an amount not to exceed the amount of the DPA Mortgage Loan.

9.7 Delinquent Closing Documentation

Loan documents are due to the Department prior to the Commitment Expiration Date, unless the Approved Lender purchases an extension to cover the amount of time required to complete the purchase the Mortgage Loan by the Servicer.

If the Post-Closing Compliance Package is not submitted through the Lender Portal within ten (10) calendar days of loan closing, the Program Administrator may contact the Approved Lender to request the status of the Mortgage Loan. If the Approved Lender fails to timely provide to the Program Administrator the required closing documentation, the corresponding Lock will be subject to cancellation. Such action may also result in the Approved Lender being suspended or terminated from the Program until the problem is remedied.

9.8 Assumptions

First Mortgage Loans may be assumed subject to the consent of the Department and compliance with the requirements of Section 143 of the Internal Revenue Code of 1986. Contact your mortgage servicer for details.

9.9 Early Payoff/Early Payment Default

Early Payoff - For any Program Loan that is prepaid in full on or before 120 days following the applicable Delivery Date, the Approved Lender agrees to refund to the Department, within 30 days after the Department notifies the Approved Lender of the prepayment, an amount equal to the servicing release premium paid for such Program Loan, plus any premium pricing paid to Approved Lender for such Program Loan.

Early Payment Default - In the event that any of the first three (3) scheduled monthly payments due and payable to the Department after the Delivery Date are not paid within 30 days of the due date and such default is not cured within 90 days following such default, then within 30 days after the Department notifies the Approved Lender of such uncured default, the Approved Lender shall, in the Department's sole discretion, repurchase the loan.