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<td>Closing and Funding of Down Payment Assistance – Revised compliance delivery to eHousingPlus</td>
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<td>Compliance File for all programs – Added <strong>See Section 16.2 Attachments (Pages 21-24) – eHousingPlus NEW INSTRUCTIONS FOR THE DELIVERY OF COMPLIANCE FILES, FEES AND CORRECTED DEFI’S</strong>.</td>
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THE TDHCA PARTNERSHIP TEAM

TDHCA

The Texas Department of Housing and Community Affairs (TDHCA) is the state agency responsible for affordable housing, community and energy assistance programs, colonia activities, and regulation of the state's manufactured housing industry. The Department currently administers $2 billion through for-profit, nonprofit, and local government partnerships to deliver local housing and community-based opportunities and assistance to Texans in need. The overwhelming majority of the Department's resources are derived from mortgage revenue bond financing and refinancing, federal grants, and federal tax credits.

The Texas Homeownership Division is primarily responsible for the creation, oversight, and administration of the Department's homeownership programs, which are designed to assist low-to-moderate income First time homebuyers. The program does this through both bond proceeds and a TBA program in which funds are generated through private investors.

The Division's homeownership options are made available to Texas consumers through the Department's network of approved participating lender partners.

Participating Lenders

The participating lender(s) play a very important role in the TDHCA homeownership programs. Lenders assist homebuyers to qualify for more home using programs offered by TDHCA, including our low-rate First mortgage, down payment assistance, and mortgage credit certificates. TDHCA homeownership programs can help lenders increase loan production serving more customers and their community.

As a participating lender, you will handle the process of reserving the mortgage loan and/or mortgage credit certificate in the EHPortal; and process, underwrite, approve, fund, close and sell qualified loans to the program's Master Servicer (as applicable). If using only the MCC program, participating lenders may sell their loan to their investor of Choice. Check with your company on how to reserve a loan in your own system so that you have funds available for closing. Lenders are responsible for servicing First and second program loans in accordance with Agency requirements until they're purchased by the Master Servicer.
*Starting February 1, 2019, MCCs will only be offered in combination with a My First Texas Home mortgage loan. MCCs reserved as a stand-alone option prior to February 1, 2019, will be honored (assuming receipt of compliance approval).*

Idaho HFA, Master Servicer

TDHCA’s master servicer for First mortgage loans and second loans with down payment assistance is Idaho Housing and Finance Association (IHFA). All loans originated through the TDHCA My First Texas Home and My Choice Texas Home option(s), whether with or without an MCC, will be sold to and serviced by IHFA. As master servicer, IHFA provides information and training concerning the mortgage loan file including acceptable loan products delivery and funding, receives all mortgage (loan purchase) files, reviews mortgage files, notifies lenders of mortgage file exceptions, approves mortgage files, purchases and service First and second mortgage loans.

eHousingPlus, Program Administrator/Compliance Agent

eHousingPlus serves as the Program Administrator/Compliance Agent for the TDHCA Homeownership programs. As program administrator, eHousingPlus maintains the program reservation system and related website, posts guidelines, provides auto-fill forms, provides training on compliance issues and system, sends program notices, assist with compliance questions, sends program notices regarding program timelines, receives compliance files, reviews, posts and notifies participating lenders of exceptions, and approves compliance file.
Starting February 1, 2019, MCCs will only be offered in combination with a My First Texas Home mortgage loan. MCCs reserved as a stand-alone option prior to February 1, 2019, will be honored (assuming receipt of compliance approval).

Contacts

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www.MyFirstTexasHome.com

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eHousingPlus
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www.eHousingPlus.com

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All other questions or assistance - (888) 643-7974 ext. 216

Idaho Housing & Finance Association
Phone: (208) 331-4870
www.lendertx.com

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Section 1 - Program Summary

TDHCA currently offers homeownership options through the following programs:

- **My Choice Texas Home** is a TDHCA First mortgage loan program that is available to low and moderate income First time and non-First time homebuyers. Down-payment and/or closing cost is available with each loan option. Income eligibility is based on the standard credit qualifying (1003) income used by the lender for loan qualifying. No IRS tax provisions apply.

- **My First Texas Home** offers expanded mortgage loan opportunities to qualifying First-time homebuyers, including government and conventional 30-year fixed rate First mortgage loan options that may include down-payment and/or closing cost assistance. Borrowers must meet IRS tax-exempt guidelines.

- **Texas Mortgage Credit Certificate (“MCC”)** assists in making homeownership more affordable by providing First-time homebuyers a federal income tax credit, reducing the homebuyer’s potential federal income tax liability. By having an MCC, the homebuyer has the ability to convert a portion of their annual mortgage interest into a direct income tax credit of up to $2,000 on their U.S. individual income tax return. The credit may be applied for the life of the loan, as long as it continues to be the borrower’s primary residence. The Texas MCC Stand-alone option can be used with a conventional or government First mortgage loan.

Section 2 – Mortgagor Eligibility

2.1 First Time Homebuyer Requirement

**My Choice Texas Home:** Homebuyer(s) using this option are not required to be First-time homebuyers. Borrowers may have previously owned or may currently own a home, provided that the home being purchased becomes the borrower’s principal residence upon loan closing.

**My First Texas Home / Texas Mortgage Credit Certificate:** Homebuyer(s) using this option cannot have had a present ownership interest in any principal residence during the last three years. The homebuyer and spouse, and any other adult who will have ownership interest in the property (named on the Deed of Trust) must meet this requirement. The homebuyer(s) may be exempt from the First time homebuyer requirement if:

- Homebuyer or spouse is a qualified veteran, honorably discharged as evidenced by DD-214 discharge papers. Have not previously had a mortgage financed through a mortgage revenue bond program.
- Purchasing in a Qualified Targeted Census Tract (Targeted Area).

**Verification of First-time homebuyer status** - the following evidence is required to determine First-time homebuyer status and must be included with each loan submission file (compliance file) for each applicant:

- Signed and dated Form 1040, 1040A or 1040EZ federal income tax returns (or IRS tax transcripts obtained through a 4506T) for the past three (3) years with all schedules that show no deductions for mortgage interest or real estate taxes for a Principal Residence.

**Note:** IRS Tax Code requires the previous year tax return or tax transcript on any mortgage loan closing with a Mortgage Credit Certificate (MCC) after February 15th. Lenders may proceed with loan closing; however, the MCC will not be issued by TDHCA until the required
Starting February 1, 2019, MCCs will only be offered in combination with a My First Texas Home mortgage loan. MCCs reserved as a stand-alone option prior to February 1, 2019, will be honored (assuming receipt of compliance approval).

tax information is provided by the borrower, co-borrower and spouse (including Non-Purchasing Spouse).

- In the event the applicant was not obligated to file federal income tax returns for any of the preceding three (3) years, it will be necessary for the applicant to state so on the Applicant Affidavit. An applicant who cannot provide tax returns because they did not file them when required to do so (and failed to file for any applicable permitted extension), are not eligible for the option(s) under the My First Texas Home or Texas Mortgage Credit Certificate.

If one or more of the applicant’s tax returns reflect that the applicant took a deduction for a mortgage interest or real estate taxes on property claimed not to be the principal residence, documentation is required to demonstrate the rental status for that property during the relevant period (for example, rent receipts or canceled checks). Documentation of the rental history may be required for the period from the last tax return filed to the program application date.

An ownership interest in a mobile home will be considered a prior ownership interest in a principal residence if the mobile home was permanently attached or anchored to land and has had the wheels and other components used in transportation removed; and taxed as real property.

Copies of tax documentation is to verify First time homebuyer status, NOT to verify income (with the exception of a self-employed borrower).

2.2 Maximum Income (Family Income)

My Choice Texas Home: For the purposes of meeting the eligibility criteria, only the income of the borrower(s) will be considered. The income of a non-purchasing spouse (NPS) will not be included in the calculation. For example, only the income used to qualify the mortgagor for repayment of the mortgage loan (from the 1003 loan application and/or the applicable underwriting worksheet) will be compared against the program limits.

My First Texas Home / Texas Mortgage Credit Certificate*: For the purposes of meeting the eligibility criteria, the borrower(s) annual income may not exceed the most recent maximum income limits as published by TDHCA. The maximum income limits are calculated based on median family income data published by the Department of Housing and Urban Development (HUD) and/or the IRS. The income limit applicable to the household is based on the county where the property is being purchased and the family size. **Family income includes the Applicant’s current gross income, as well as that of anyone else who is expected to live in the Residence and become liable on the Deed of Trust or Mortgage (including a non-purchasing spouse).** Family income includes but is not limited to Annual Wages, Commissions, Bonuses, Self-Employment (Plus Depreciation), Dividends, Interest, Annuities, Pensions, Child Support, Alimony and Public Assistance. Income of a non-purchasing spouse will need to be included. Current family income may or not be the same income amount used to qualify for credit underwriting purposes. However, in no case may current annual family income be less than the income used to qualify borrowers (excluding co-signors income, if applicable). Current Income/Purchase Price Limits can be found on the TDHCA website: 1 and 2 Unit: http://www.tdhca.state.tx.us/homeownership/fthb/docs/limits.pdf.
2.3 Cosigners and Guarantors

For TDHCA purposes, cosigners are non-occupying loan guarantors only. They are not permitted to occupy the property and may not be on title (sign the Deed of Trust), purchase agreement or have any vested interest in the property.

Cosigners are permitted per agency (loan product) guidelines, and will be required to execute the Affidavit of Cosigner/Guarantor. The income of the Cosigner is not required to be considered when determining income eligibility for the purposes of the program.

Non-occupant co-borrowers are not permitted.

2.4 Homebuyer Education

Each Homebuyer must complete pre-purchase counseling provided by:

- Housing counselor(s) certified through TDHCA’s Texas Statewide Homebuyer Education Program (TSHEP)
- HUD counseling agencies
- Online counseling offered by MI companies, HUD, Fannie Mae, Freddie Mac or eHome America

A Certificate of Completion will be required for each borrower.

2.5 Recapture Tax

My First Texas Home / Texas Mortgage Credit Certificate*: All Mortgage Loans and MCCs may, under certain circumstances, be subject to federal income tax recapture provisions. At the time of loan application, a brochure regarding recapture will be provided to the Eligible Borrower with the Notice to Buyers. The Lender will provide to Eligible Borrower at loan closing information to assist in determining the possible applicability of such recapture provisions.

My Choice Texas Home: Recapture Tax does not apply to this option.

Section 3 - Eligible Properties

3.1 Location

The property being purchased must be located within the State of Texas.

3.2 Type

Eligible properties include new or existing: Single family homes; Condominiums; Planned Unit Developments (“PUD”); Manufactured Homes and Duplexes as long as one unit is occupied by the Eligible Homebuyer as their Principal Resident and if the Duplex was first occupied as residential property at least 5 years prior to the closing date for the Mortgage Loan. The five-year requirement does not apply to a duplex if it is located in a qualified census tract that has been designated as a “targeted area” and the family income of the borrower meets the income limits for targeted area loans (120% or 140% of applicable median family income, as appropriate). 2-Unit Purchase Price Limits can be found on the TDHCA website.

Triplexes and fourplexes and shares in housing cooperatives are not eligible for the Program(s).
Additionally, the land appurtenant to a Residence shall be considered as part of such Residence only if such land does not exceed one acre (unless such restriction is waived by the Master Servicer with the written approval of the Department), reasonably maintains the basic livability of such Residence and does not provide, other than incidentally, a source of income to the Mortgagor. TDHCA will consider an exception to the one acre maximum if the lot size is commensurate with other lots in the area and is not being used to generate any income for the mortgagor. See agency guidelines (loan product) for additional property restrictions.

### 3.3 Ineligible properties

Rental homes, cooperative housing; investment homes, recreational, vacation or “second homes”; motor homes, campers and similar vehicles.

### 3.4 Principal Residence Requirement

Property being purchased must be owner occupied and become their principal residence within 60 days of loan closing.

### 3.5 Residency Requirement

Mortgage loans must conform to the requirements of FHA, VA, USDA or Fannie Mae as it relates to non-U.S. citizen applicants.

### 3.6 Usage of Residence in a Trade or Business

The land attached to a Residence will be considered a part of the Residence only if such land reasonably maintains the basic livability of the Residence and does not provide, other than incidentally, a source of income to the mortgagor. Except for a unit rented in a two unit dwelling, where one unit is owner-occupied, the Applicant cannot use more than 15% of the Residence in a trade or business. The Lender will review the Applicant(s) tax returns to see if the Applicant(s) deducted any portion of the cost of the Residence as a home business expense and determine whether more than 15% of the Residence was used. Applicants providing childcare in the home are assumed to be using more than 15% of the residence for business purposes and, therefore, do not qualify for the Program.

### 3.7 Acquisition Cost

Each Residence financed by a Mortgage Loan under the Program must have an Acquisition Cost not exceeding the maximum Purchase Price limits applicable to the county in which the property is located in. For current maximum Purchase Price figures, see the Fact Sheet on the Program Administrator’s website at: [1 and 2 Unit Limits](http://www.tdhca.state.tx.us/homeownership/fthb/docs/limits.pdf);

### 3.8 Targeted Areas

A Targeted Area is defined as a census tract in which 70% or more of the families have incomes that are 80% or less of the statewide median income or an area on chronic economic distress. Homebuyers purchasing properties located in a Targeted Area do not have to be a First time homebuyer and purchase price and income limits are generally higher. To verify that a property is located within a Qualified Targeted Census Tract visit our website at: [http://www.tdhca.state.tx.us/homeownership/fthb/buyer_reqs_step2.htm](http://www.tdhca.state.tx.us/homeownership/fthb/buyer_reqs_step2.htm).
Starting February 1, 2019, MCCs will only be offered in combination with a My First Texas Home mortgage loan. MCCs reserved as a stand-alone option prior to February 1, 2019, will be honored (assuming receipt of compliance approval).

Section 4 – Loan Eligibility and Underwriting

4.1 Loan types

- **FHA** – Originated and guaranteed in accordance with FHA guidelines or any other acceptable FHA program as determined by the Department from time to time. FHA 203(k)s allowed.

- **VA** – Originated and guaranteed in accordance with VA guidelines 1810 and 1810A or other acceptable VA program as determined by the Department from time to time.

- **USDA** - Originated and guaranteed in accordance with USDA.

- **FNMA HFA Preferred** – Fannie Mae’s FHA Preferred product enables eligible state Housing Finance Agencies (HFAs) to deliver loans up to 97% loan-to-value (LTV) ratio with low mortgage insurance (MI) coverage requirements. HFA Preferred is ideal for borrowers with limited funds for down payment and closing costs and for those needing extra flexibilities on credit and income sources. It does not require a minimum contribution from the borrower’s own funds for one-unit properties. FNMA HFA Preferred mortgage loans must be run through Fannie Mae’s DU (Special Feature Code 741) and receive an “Approve/Eligible”.

**Texas Mortgage Credit Certificate (MCC)** – When considering the Texas MCC as a Stand-alone (MCC only) option, combining with the lender’s first mortgage, there are no restrictions on the mortgage financing with regard to loan type or rate. However only fixed-rate First mortgages qualify, with a loan term of 15 or 30 years. In addition, mortgages funded with a qualified mortgage bond are not eligible.

4.2 FICO and DTI requirements

**My First Texas Home / My Choice Texas Home / Texas Mortgage Credit Certificate**: 
- Minimum FICO – 620
- No max DTI with AUS approval

**Texas Mortgage Credit Certificate (Stand-alone)**: When using the TX MCC as a stand-alone option (meaning not combining with a TDHCA loan program), there are no FICO or DTI overlays. Lender should follow the applicable loan product underwriting guidelines and any internal overlays.

4.3 Mortgage Loan Payments and Terms

All mortgage loans must be a 30 year loan, fully amortized with a fixed rate. All loans must be originated in accordance with agency guidelines. No loan level or discount pricing allowed.

15 and 30 year fixed rate mortgage terms are allowed on the stand-alone MCC option.

4.4 Down Payment Assistance Loan

My First Texas Home / My Choice Texas Home – the “assisted” option(s) available through My First Texas Home and My Choice Texas Home provide down-payment and closing cost assistance (DPA) to the borrower in the form of a deferred, repayable second lien. The assistance funds may be used to
Starting February 1, 2019, MCCs will only be offered in combination with a My First Texas Home mortgage loan. MCCs reserved as a stand-alone option prior to February 1, 2019, will be honored (assuming receipt of compliance approval).

fund the borrower’s cash requirement to close, including the down payment, closing cost, pre-paid items and other related mortgage loan fees and expenses.

Cash back to borrower - no portion of the DPA can be paid to the borrower unless the borrower is being reimbursed for an overage of deposits for earnest money and/or items paid outside of closing, to the extent the minimum borrower contribution has been satisfied. Any remaining funds should be applied as a principal reduction to the First mortgage loan.

Terms of 2nd Loan (DPA loan):
- 0% interest
- No required monthly payments
- Due upon sale, refinancing, transfer or payoff of 1st mortgage.
- No cost (other than recording fees), interest, pre-payment penalties or finance charges related to the 2nd mortgage loan.

Assumption of the Mortgage Loan will result in acceleration of DPA loan. The DPA loan amount is automatically calculated based on the total loan amount of the 1st lien mortgage, and is determined at reservation. The Mortgage Loan and the DPA Loan will be purchased simultaneously by the Servicer.

FHA Loans - by participating in the Program, the Mortgage Lender acknowledges and agrees that the purchase of DPA Loans creates a legally enforceable obligation of the Department to provide funds towards the Mortgagor’s required minimum cash investment in accordance with HUD Handbook 4000.1.II.A.2.c.ii. If the DPA Loan is defective or the documentation is inaccurate in any respect, the Mortgage Lender will be required to repurchase the DPA Loan.

4.5 2nd loan Disclosure Requirements

TDHCA’s second lien meets the TRID partial exemption. The Disclosure of 2nd Mortgage Loan Terms was created (per 12 CFR 1026.18) to further clarify the terms of the 2nd mortgage to the borrower. This disclosure is generated from the eHPortal with all other applicable program forms, and is required on all mortgage loans using TDHCA “assisted” funds. No additional disclosures are required.

4.6 New Mortgage

Each Mortgage Loan must be made to an Eligible Homebuyer (per loan option requirements).

4.7 Desktop Underwriting

Loans originated under Fannie Mae HFA Preferred are required to be processed through Desktop Underwriter (DU), using the HFA Preferred loan product only. Freddie Mac’s Loan Product Advisor (LPA) is allowed for the purposes of automated underwriting only. Lenders must run the loan in LP as a Home Possible Advantage for HFAs. If the loan is run through LP not as the Home Possible Advantage for HFAs, the loan will be ineligible for purchase under the program.

4.8 Buydowns

Buydowns are subject to FHA guidelines and are limited to a 2-1 buydown. Buydowns are not permitted in the Fannie Mae HFA Preferred product.
4.9 Assumptions

All First Mortgage Loans originated under the Program may be assumed by a qualified Borrower meeting the income requirements in place at the time of the assumption. Such Mortgage Loans must continue to be insured or guaranteed by FHA, VA, or USDA. Please note that conventional fixed rate mortgages are not assumable per Fannie Mae guidelines with limited exception.

If an Assisted Mortgage Loan (TDHCA First mortgage with down payment assistance) is assumed, the related DPA Loan will be accelerated and become due and payable in full.

Releases of Liability are not permitted.

4.10 Refinances

Temporary, construction or bridge financing with a term of 2 years or less may be taken out.


4.11 Prepayment

Each Mortgage Loan and DPA Loan will allow prepayment, in whole or in part, at any time, without penalty.

Section 5 - The Texas Mortgage Credit Certificates Program (MCC)*

5.1 What is a Texas Mortgage Credit Certificate?

An MCC is a non-refundable federal income tax credit designed to assist persons of low to moderate income to better afford home ownership. The MCC holder is eligible to claim a portion of the annual interest paid on the mortgage as a tax credit, not to exceed $2,000, during each year that they owe amounts on their mortgage loan and occupy the home as their Principal Residence. The portion or amount of the tax credit is equal to the **mortgage credit rate** on the MCC multiplied by the annual interest paid (for example a 40% MCC credit rate allows the MCC holder to take a tax credit of 40% up to $2,000). This credit reduces the federal income taxes of the buyer, resulting in an increase in the buyer’s net earnings. Increased buyer income results in increased buyer capacity to qualify for the mortgage loan. The MCC has the potential of saving the MCC holder thousands of dollars over the life of the loan. **The MCC holder must have a tax liability to benefit from the annual credit in any given year.**

5.2 Texas MCC Tax Credit Rate

In an effort to maximize the amount of MCC funds available through each allocation, TDHCA issues MCCs based on the following tiered structure:

<table>
<thead>
<tr>
<th>Loan Amount</th>
<th>Credit Rate</th>
<th>Max. Annual Tax Credit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Up to $150,000</td>
<td>40%</td>
<td>$2,000</td>
</tr>
<tr>
<td>$150,001 up to $200,000</td>
<td>35%</td>
<td>$2,000</td>
</tr>
<tr>
<td>$200,001 and greater</td>
<td>25%</td>
<td>$2,000</td>
</tr>
</tbody>
</table>
Starting February 1, 2019, MCCs will only be offered in combination with a My First Texas Home mortgage loan. MCCs reserved as a stand-alone option prior to February 1, 2019, will be honored (assuming receipt of compliance approval).

Regardless of the loan amount or MCC credit rate, the maximum annual tax credit allowed per IRS is $2,000.

5.3 The Difference Between a “Tax Credit” and a “Tax Deduction”

A “tax credit” entitles taxpayers to subtract the amount of the credit from their total federal income tax liability, receiving a dollar-for-dollar savings. A “tax deduction” is subtracted from the adjusted gross income before federal income taxes are computed. Therefore, with a deduction, only a percentage of the amount deducted is realized in savings.

5.4 MCCs and the Federal Income Tax Mortgage Interest Deduction

A taxpayer receiving an MCC reduces the portion of his/her normal deduction taken for interest paid on the mortgage loan by the amount of the tax credit. However, the homebuyer can deduct the portion of the annual mortgage interest payment in excess of the credit. Although the interest deduction is reduced, the holder of the MCC still pays considerably less in taxes.

The example (1) below assumes the family purchases a home with a loan amount of $120,000 at a 6.00% interest rate. Interest paid the First year is approximately $7,200. An MCC tax credit rate of 40% of the interest paid would equal $2,880. (40% x $7,200 = $2,880). However, the maximum annual credit allowable is $2,000.

**EXAMPLE 1 Calculation of Mortgage Interest Paid and Annual MCC Tax Credit**

<table>
<thead>
<tr>
<th>Loan Amount</th>
<th>$120,000</th>
</tr>
</thead>
<tbody>
<tr>
<td>x Interest Rate</td>
<td>6.0%</td>
</tr>
<tr>
<td><strong>Total Annual Mortgage Interest Paid</strong></td>
<td><strong>$7,200</strong></td>
</tr>
</tbody>
</table>

| Total Annual Mortgage Interest Paid | $7,200 |
| x MCC Credit Rate | 40% |
| **Maximum Annual MCC Tax Credit Allowed** | **$2,000** |

The example (2) below assumes this same taxpayer is married with two children and has an annual income of $60,000.

**EXAMPLE 2 Benefit Realized with an MCC**

<table>
<thead>
<tr>
<th>Annual Income</th>
<th>With MCC</th>
<th>No MCC</th>
</tr>
</thead>
<tbody>
<tr>
<td>$60,000</td>
<td>$60,000</td>
<td>$60,000</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Taxable Income</th>
<th>With MCC</th>
<th>No MCC</th>
</tr>
</thead>
<tbody>
<tr>
<td>$34,441</td>
<td>$34,441</td>
<td>$34,441</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Tax from Table</th>
<th>With MCC</th>
<th>No MCC</th>
</tr>
</thead>
<tbody>
<tr>
<td>$4,434</td>
<td>$4,434</td>
<td>$4,434</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Child Care Credit</th>
<th>With MCC</th>
<th>No MCC</th>
</tr>
</thead>
<tbody>
<tr>
<td>$2,000</td>
<td>$2,000</td>
<td>$2,000</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>MCC Credit</th>
<th>With MCC</th>
<th>No MCC</th>
</tr>
</thead>
<tbody>
<tr>
<td>$2,000</td>
<td>$2,000</td>
<td>$0</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Total Tax Liability</th>
<th>With MCC</th>
<th>No MCC</th>
</tr>
</thead>
<tbody>
<tr>
<td>$434</td>
<td>$434</td>
<td>$2,434</td>
</tr>
</tbody>
</table>

The same taxpayer owes $2,000 less with an MCC than without one.

The MCC may reduce the amount of federal income tax liability otherwise due to the federal government from the homebuyer; however, the benefit to the homebuyer in any one year cannot exceed the amount of federal taxes owed for that year, after other credits and deductions have been taken into account. In other words, the IRS will not make a refund to the homebuyer if the MCC amount is greater than the tax liability owed. Tax credit amounts not used in a given year may be carried forward into subsequent years. In addition, the amount paid for an MCC is not refundable.
Starting February 1, 2019, MCCs will only be offered in combination with a My First Texas Home mortgage loan. MCCs reserved as a stand-alone option prior to February 1, 2019, will be honored (assuming receipt of compliance approval).

5.5 How an MCC Holder Uses the MCC

The MCC holder may receive the MCC credit savings annually at the time they file their tax returns or on a pro rata basis monthly by filing a revised Form W-4 with his or her employer to adjust his or her federal income tax withholding. When revising Form W-4, the number of exemptions will increase, reducing the amount of taxes withheld and increasing the buyer’s disposable net income by approximately $166.67 per month ($2,000/12 = $166.67).

When the MCC holder files his or her taxes each year, he or she must fill out IRS Form 8396 (Mortgage Interest Credit) and attach a copy of his or her MCC with his or her filed taxes. If the taxpayer is filing electronically, he or she must complete the Mortgage Interest Credit section to receive the MCC credit. This is not intended to be a full explanation of the tax laws governing MCCs or an assurance that such information will guarantee compliance with the tax laws. The MCC holder should contact his or her tax advisor or their employer to help them with the necessary tax forms and, if they so choose, to properly adjust their tax withholding. Refer to IRS Tax Information for Homeowners – Publication 530 for additional information.

5.5 When the MCC Credit Exceeds the Tax Liability

If the amount of the MCC credit exceeds the MCC holder’s tax liability, reduced by any other personal credits for the tax year, the unused portion of the MCC credit can be carried forward to the next three tax years or until used, whichever comes first. The MCC holder is responsible for keeping track of the unused credit each year. The current year credit is applied first, and the oldest amount of unused credit applied next.

5.6 Recapture of MCC Tax Credit

All MCCs may, under certain circumstances, be subject to federal income tax recapture provisions. At the time of MCC application, a brochure regarding recapture will be provided to the Eligible Borrower with the Notice to Buyers. The Lender will provide to Eligible Borrower at loan closing information to assist in determining the possible applicability of such recapture provisions.

Section 6 – Available Options

6.1 My First Texas Home

My First Texas Home is exclusive to first-time homebuyers. The option provides a 30-year fixed interest rate mortgage loan and may include assistance in an amount up to 5% of the mortgage loan, to be used towards down payment and/or closing cost. The homebuyer must meet IRS Tax-Exempt Mortgage Revenue Bond income eligibility requirements, which include the income of a Non-Purchasing Spouse and anyone else who will have ownership interest in the property (sign the Deed of Trust). Several rate, assistance, and combo options are available.

6.2 My Choice Texas Home

My Choice Texas Home provides homebuyer(s) with a 30-year fixed interest rate mortgage loan and down payment/closing cost assistance in an amount up to 5% of the mortgage loan. There is no first-time homebuyer requirement on the My Choice Texas Home option. For the purposes of income eligibility, the credit qualifying/1003 income used by the lender for loan qualifying is allowed.
6.3 Texas Mortgage Credit Certificate (Stand-alone)*

The Texas Mortgage Credit Certificate may be combined with a Government or Conventional, 15 or 30 year fixed rate First mortgage. TDHCA MCC's combined with the TDHCA First mortgage and assistance, must meet the underwriting guidelines of the First mortgage. As a stand-alone option, there are no credit overlays and lenders may underwrite, sell, and/or retain loans as they choose. *Starting February 1, 2019, MCCs will only be offered in combination with a My First Texas Home mortgage loan. MCCs reserved as a stand-alone option prior to February 1, 2019, will be honored (assuming receipt of compliance approval).

Section 7 - Available Funds and Rates

7.1 Rates / Offerings

Current interest rates are available as Rate Notices posted on eHousings website: http://www.ehousingplus.com/available-programs/texas/texas-department-of-housing-community-affairs/ under "RATE / OFFERINGS" tab.

Section 8 – Program Fees and Charges

8.1 Program Fees

My First Texas Home / Texas Mortgage Credit Certificate*: The following fees apply to Bond and Combo loans originated and closed under this option:

- $225 Compliance Review (payable to eHousingPlus)
- $150 Loan Review Fee (deducted from the mortgage loan purchase price by Idaho HFA)
- $85 Tax Service Fee – effective Nov. 1, 2018 (deducted from the mortgage loan purchase price by Idaho HFA)
- $0 MCC Issuance Fee - for TDHCA First mortgage combined with TDHCA MCC.

My Choice Texas Home: The following fees apply to loans originated and closed under this option:

- $225 Compliance Review (payable to eHousingPlus)
- $150 Loan Review Fee (deducted from the mortgage loan purchase price by Idaho HFA)
- $85 Tax Service Fee – effective Nov. 1, 2018 (deducted from the mortgage loan purchase price by Idaho HFA)

Texas Mortgage Credit Certificate Stand-alone (no TDHCA First mortgage)*: The following fees apply to loans closed with a TDHCA MCC: *Starting February 1, 2019, MCCs will only be offered in combination with a My First Texas Home mortgage loan. MCCs reserved as a stand-alone option prior to February 1, 2019, will be honored (assuming receipt of compliance approval).

- $200 Compliance Review (payable to eHousingPlus)
- $500 MCC Issuance Fee (payable to eHousingPlus)

8.2 Lender Compensation

Lenders will be compensated by Idaho HFA upon loan purchase for mortgage loans delivered under the TDHCA My First Texas Home and My Choice Texas Home. Lender compensation will be in the form of a Servicing Release Premium (SRP) equal to 2.75%,
Starting February 1, 2019, MCCs will only be offered in combination with a My First Texas Home mortgage loan. MCCs reserved as a stand-alone option prior to February 1, 2019, will be honored (assuming receipt of compliance approval).

8.3 Loan Origination / Discount Points / Closing Cost

Lenders may not charge origination or discount points on the My First Texas Home/ My Choice Texas Home option(s). Lenders may collect all reasonable / customary fees and closing costs, provided all fees are fully disclosed in accordance with federal, state and local regulations.

For the Texas Mortgage Credit Certificate (MCC) stand-alone option – 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.

8.4 Fees and Charges on the Closing Disclosure

All fees and charges must be properly listed on the Closing Disclosure.

8.4 Extension Cost

My First Texas Home / My Choice Texas Home – mortgage loans originated not purchased within the sixty (60) day purchase deadline will incur an extension fee that is applicable to the extension time necessary. The following cost will apply:

<table>
<thead>
<tr>
<th>Rate Lock Extension</th>
<th>Extension Fee</th>
</tr>
</thead>
<tbody>
<tr>
<td>7 days</td>
<td>0.0625%</td>
</tr>
<tr>
<td>15 days</td>
<td>0.125%</td>
</tr>
<tr>
<td>22 days</td>
<td>0.1875%</td>
</tr>
<tr>
<td>30 days</td>
<td>0.25%</td>
</tr>
</tbody>
</table>

The extension fee (if applicable) will be netted out of the lender service release premium (SRP) upon loan purchase by Idaho Housing and Finance Association (master servicer).

Section 9 – How to Become a Participating Lender

9.1 Correspondent Lenders

To be accepted into My First Texas Home / My Choice Texas Home, qualified lenders must:

- be either:
  - a Federal Housing Administration (“FHA”) approved;
  - an eligible lender in good standing for Veteran’s Administration (“VA”); or
  - an eligible lender in good standing for USDA / Rural Housing Service’s (“RHS”) guaranteed rural housing loan program;
  - a lender currently participating in the conventional home lending market for loans originated in accordance with Fannie Mae or Freddie Mac guidelines.

- agree to originate mortgage and assign mortgage and servicing to the Master Servicer
- originate, process, underwrite, close and fund originated loans in your own name
- execute and submit for approval the TDHCA Master Mortgage Origination Agreement and provide all documentation required under the agreement
- must be approved/active Seller/Servicer with programs Master Servicer, Idaho HFA

9.2 Texas MCC Lenders*

To be accepted in the Texas Mortgage Credit Certificate (MCC) program, qualified lenders must:
Starting February 1, 2019, MCCs will only be offered in combination with a My First Texas Home mortgage loan. MCCs reserved as a stand-alone option prior to February 1, 2019, will be honored (assuming receipt of compliance approval).

- qualify as a lending institution as defined in the TDHCA Master MCC Program Participation Agreement pay a one-time lender participation fee of $1,000 (payable to TDHCA) *Starting February 1, 2019, MCCs will only be offered in combination with a My First Texas Home mortgage loan. MCCs reserved as a stand-alone option prior to February 1, 2019, will be honored (assuming receipt of compliance approval).
- execute and submit for approval the TDHCA Master MCC Program Participation Agreement

Section 10 – eHousingPlus eHPortal / Loan Reservation


You do not need a username or password to access the TDHCA webpage of the eHousingPlus website. This is where you will find Program Summary, Current Rates and Programs, Guides and Forms, Participating Lender List, Blackboard (Program updates); and Training.

10.2 eHPortal

The eHPortal is an interactive, web-based application that Lenders use to reserve funds, check the status of loans in their pipeline, complete the underwriter certification, view compliance conditions, print loan confirmation and program related forms, and run reports. A username and password (available once training has been completed) is required to enter the eHPortal.
10.3 Lender Training

Lenders are required to participate in training in order to use TDHCA’s home buyer programs and to gain access to the EHPortal. Training is a 2-step process and involves program specific training and systems (eHPortal) training.

- **Program Training** - eHP University program training is offered 24/7. Follow directions provided within the TRAINING tab. Usernames and passwords are added to the email notice directory once weekly on Wednesdays.

- **EHPortal System Training** - Following eHP University training, First-time users of the eHousingPlus EHPortal are required to also participate in system training.

Lenders may request in-person / live training or a webinar training call from TDHCA directly. Contact TDHCA for additional information on other training options. See Contacts, Page 8.
Starting February 1, 2019, MCCs will only be offered in combination with a My First Texas Home mortgage loan. MCCs reserved as a stand-alone option prior to February 1, 2019, will be honored (assuming receipt of compliance approval).

10.4 eHPortal User Credentials

Lenders who currently have access to other eHousingPlus programs in the eHPortal 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.

10.5 Qualify

Lenders qualify applicants for the program.

10.6 Disclose

Lenders have borrowers sign the Notice to Buyers prior to reserving a loan in the system and provide the borrower with a copy Combined Income and Purchase Price Limits Table and the About Recapture Tax brochure. That’s it for paperwork upfront.

Combined Income and Purchase Price Limits Table and the About Recapture Tax brochure. All three forms are available at: https://new-www.ehousingplus.com/available-programs/texas/texas-department-of-housing-community-affairs/ under the GUIDE & FORMS tab.

Section 11 – Reservation, Compliance and Closing Steps

11.1 Reserving Funds

At the time the Lender reserves a mortgage loan or MCC in the eHPortal, the Lender must have a mortgage loan application from a borrower, and the Lender must have made a preliminary determination that the borrower qualifies for the program(s). In addition, the borrower must have provided to the Lender the property sales contract/agreement or construction contract executed by the borrower and the seller or builder of the property.

Reservation locks are available on business days between 9:00 a.m. and 7:00 p.m. Central Time. All other system features are available 24/7.

- Login to the eHPortal.
- Select “Single Family Web Management”
- Select “Reserve a Loan” in the Management section
- Select the appropriate program from the list.
- Complete all screens
- If reserving under a “Combo” option, go back to the Main Menu and click on “Additional Mortgage” to add the MCC. Following this process will automatically reserve the MCC by duplicating the information used for the loan reservation and assign the MCC number.
- Print the Loan Confirmation for the file. Borrower may want a copy to confirm reservation of mortgage loan with or without DPA and MCC.
- No documentation required to be sent to TDHCA or eHousingPlus prior to loan closing.
- Lender processes and underwrites the loan following applicable loan product guidelines and any TDHCA/Servicer credit/DTI overlays.
- MCC Stand-alone reservations have a 90 day expiration.
- Loans must be delivered and purchased by Idaho HFA (master servicer) within 60 days of loan reservation. Extension options are available. See Section 8.4 - Extension Request.

11.2 Underwriter Certification

The Underwriter must complete the Underwriter Certification process in the eHPortal prior to loan closing. The loan cannot be modified by the lender once a loan has been “Underwriter Certified”. Any additional changes can be made by the eHousingPlus compliance staff or by TDHCA staff.
11.3 Closing and Funding of Down Payment Assistance

Following the Underwriter Certification, the Lender will access and generate all program related documents specific to the borrower directly from the eHPortal. An invoice can also be generated to confirm any TDHCA program related fees (compliance fee, MCC issuance fee- if applicable).

All program related forms must be signed at closing and will be required as part of the compliance file sent to eHousingPlus after loan closing via the eHP Digital Docs portal. Borrower, Co-Borrower, Spouse (including Non-Purchasing Spouse) must sign all program documents (unless specifically noted in program description).

Co-signers are only required to sign the Affidavit of Co-signer/Guarantor.

The Lender will advance the down payment assistance funds at loan closing. Lenders will be reimbursed the amount of the funds advanced when the Mortgage Loan is purchased by Idaho HFA.

11.4 Post-Closing

First mortgage and down payment assistance loans originated under My First Texas Home / My Choice Texas Home (with or without MCC):

- Upon closing, the Lender will deliver the closing package to Idaho HFA for purchase. Delivery and funding information for the mortgage loan (purchase file) may be found on the Idaho HFA/Lender Connect Seller Portal at www.lendertx.com.

- The closing package must be delivered to Idaho HFA, via electronic upload into Seller Portal, promptly after closing and must be purchased by Idaho HFA within 60 calendar days of loan reservation.


- Documentation requested to clear file deficiencies are uploaded directly into the portal.
Starting February 1, 2019, MCCs will only be offered in combination with a My First Texas Home mortgage loan. MCCs reserved as a stand-alone option prior to February 1, 2019, will be honored (assuming receipt of compliance approval).

- Compliance file must be approved by eHousingPlus before a loan can be purchased by Idaho HFA.
- If the loan is not eligible for purchase within the 60-day purchase period, the Lender may incur an extension cost based on the additional days for purchase. See Section 8.4 - Extension Request.
- In the event a loan was closed under the program but not eligible for purchase, the Lender must notify TDHCA immediately for instructions on the 2nd lien release.

Compliance File for all programs:
See Section 16.2 Attachments (Pages 29-32) – eHousingPlus NEW INSTRUCTIONS FOR THE DELIVERY OF COMPLIANCE FILES, FEES AND CORRECTED DEFI'S.

Section 12 – Modifications to Loan / MCC Reservation*

12.1 Changes in Applicant Name(s)
Transfer of any reservation of funds from one eligible Applicant to another is not allowed. Changes to the Applicant name(s) can be made by the Lender prior to the completion of Underwriter Certification. Once the loan has been underwriter certified, request for the change must be sent (via phone or email) to eHousingPlus or TDHCA.

12.2 Changes in Current Income
The eligibility of the Applicant is based upon the Applicant’s current income. Increases in income from sources already reported (i.e. salary increase) should be updated in the EHPortal. A change in income reported after the loan has been underwriter certified, must be sent (via phone or email) to eHousingPlus or TDHCA for update in the EHPortal.

12.3 Changes in Purchase Price
The eligibility of the Applicant is based upon the acquisition cost / purchase price of the property being purchased under the program(s). Changes in purchase price should be updated in the EHPortal. A change in purchase price reported after the loan has been underwriter certified, must be sent (via phone or email) to eHousingPlus or TDHCA for update in the EHPortal.

12.4 Changes in Loan Amount
Any change to the mortgage loan amount that occurs after the loan reservation, but before loan closing, must be reported to eHousingPlus via email. eHousingPlus will revise the commitment with the new mortgage loan amount and notify the Lender when the revision is completed.

Any change to the mortgage loan amount at closing, not reflected in the eHousingPlus EHPortal, must be reported to eHousingPlus immediately. Keep in mind that the down payment / closing cost assisted available through the program is based on the total loan amount. Changes to the First mortgage loan amount will result in a change to the 2nd loan amount.

12.5 Changes in Property Address
If a borrower has a pending reservation and changes the property, the Lender must obtain a new signed property sales agreement and notify eHousingPlus of the change. eHousingPlus will provide instructions on how to keep the current loan reservation with changing the property address.
Section 13 – Additional Provisions

13.1 Cancellation and Loan Reservation Expirations

The Lender is responsible for cancelling the loan reservation if the mortgage loan and / or MCC will not be delivered. Please note, should the Lender cancel a reservation, the Lender will be prohibited from making another reservation for that borrower for a period of 60 days unless otherwise authorized by TDHCA.

For MCC reservations expired or approaching expiration, the lender should contact TDHCA if additional time is needed to deliver the MCC compliance file.

13.2 Penalties for Applicant Misrepresentation

Penalties may be imposed on any Applicant making a material misstatement, misrepresentation or fraudulent act on an application or other document submitted to obtain a mortgage loan, assistance and / or mortgage credit certificate from TDHCA. Further, any person making a material misstatement or misrepresentation in any affidavit or certification made in connection with the application shall be subject to all applicable fines and penalties. See Applicant Affidavit for additional information.

13.3 Revocations of MCC

- Revocation of an MCC will occur when the residence for which the MCC was issued ceases to be the MCC holder’s principal residence.

- Revocation will occur upon discovery by TDHCA or a participating Lender of any material misstatement, whether negligent or intentional, made in connection with the issuance of the MCC.

- Revocation will occur if the original (First) mortgage loan is refinanced, unless the borrower applies for a re-issued MCC after the refinancing has closed. For more information click on Refinancing of MCC Loan Application (PDF).

13.4 Reissued MCCs

TDHCA shall reissue an MCC for certain refinance transactions based on the following:

- Property - the refinance loan pertains to the same property to which the original MCC related, which is the Residence described on the original MCC.

- Replacement of Entire MCC – the new MCC replaces the original MCC in its entirety. No portion of the original MCC is being retained with respect to any portion of the outstanding balance of the original loan amount specified on the original MCC.

- Loan Amount – the refinanced loan amount does not exceed the outstanding balance of the original mortgage loan as of the date of the refinancing.

- MCC Credit Rate – the new MCC will be at the same credit rate as the original MCC.

- No Increase in Tax Credit Amounts – the MCC holder acknowledges that in the event the maturity of the refinanced loan is a date later than the maturity of the original loan, the new MCC will expire as of the original maturity date so that there shall be no increase in the tax credit amounts under
the new MCC for any tax year over the amounts which would have been available under the original MCC.

- **Reaffirmation of the Original Obligations** – the MCC holder further reaffirms all of the representations, obligations and agreements covered under the documents signed in connection with obtaining the original MCC and acknowledges that all such obligations and agreements shall continue in full force and effect in connection with the new MCC.

- The [Refinancing of MCC Loan Application (PDF)](#) must be submitted to TDHCA for reissuance of the original MCC.

### 13.5 Replacement MCCs

Request for replacement of MCC shall be made directly to TDHCA.

### Section 14 – MCC Record Keeping and Federal Report Filing

#### 14.1 Lender Reports

The Lender is required by the IRS to file a report on or before January 31 for all of the MCCs issued during the previous calendar year. In early January, TDHCA will send the Lender the completed IRS Form 8329 with the MCCs issued the previous year. It is the Lender’s responsibility to verify that the information on the form is correct and, if necessary, make any changes or additions and then submit the form to the IRS.

For six years after each Closing, the Lender must retain:

- Name, mailing address, and tax identification (“TIN”) or social security number of the MCC holder.
- Name, mailing address, and TIN of the Issuer
- Date of issuance for each MCC, the certified amount of indebtedness and the credit rate of the MCC.

TDHCA may conduct audits of Lender records to ensure compliance with the recordkeeping provisions.

#### 14.2 TDHCA Reports

TDHCA must make quarterly reports on IRS Form 8330, beginning with the quarter in which the election for the MCC program is made. The report must include:

- Name, address and TIN of the Issuer;
- Date of election;
- The sum of the products of the certified indebtedness amount (the mortgage loan amount or the initial principal balance) and the MCC credit rate for each MCC issued; and
- Name, address, and TIN of each MCC holder for whom an MCC was revoked.

TDHCA shall make an annual report to the IRS for each year beginning July 1 and ending June 30. The report will include:

- Number of MCCs issued by Income and Purchase Price; and
- Volume of MCCs issued by Income and Purchase Price.
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In January following each year during which MCCs are issued, TDHCA will mail an IRS Form 8396, Mortgage Interest Credit, to each MCC holder of record as a reminder to properly declare the MCC tax credit for federal income tax purposes.

Section 15 – Additional Income Guidance

15.1 My First Texas Home / Texas Mortgage Credit Certificate Income Eligibility*

TDHCA is relying on the Lenders and borrowers to provide correct information on income. This reliance is based upon the Lender certifications about reasonable investigation of the borrower and statements by the borrower that facts are correct.

Each Lender and Applicant provides information and signed certifications, which are specific about the information provided and its correctness. In the event of false statements or fraud, there are substantial penalties which may be levied. Therefore, TDHCA encourages the Lenders and the Applicants to provide accurate information and assure that calculations are within the limits.

The TDHCA My First Texas Home / Texas Mortgage Credit Certificate Income Eligibility Worksheet is available to provide guidance on income calculations for Program Eligibility. This worksheet is NOT required to be submitted with the TDHCA Compliance File to eHousingPlus. If there are any questions please contact TDHCA Texas Homeownership Staff.

15.2 My Choice Texas Home Income Eligibility

For the purposes of meeting the eligibility criteria, only the income of the borrower(s) will be considered. The income of a non-purchasing spouse (NPS) will not be included in the calculation. For example, only the income used to qualify the mortgagor for repayment of the mortgage loan (from the 1003 loan application and/or the applicable underwriting worksheet) will be compared against the program limits.

Section 16 – Forms / Affidavits / Attachments

16.1 Program Forms and Affidavits

For reference, all applicable Forms and Affidavits can be found on the eHousingPlus website. Auto-filled Program Forms and Affidavits are generated directly from the eHousingPlus eHPortal. When completing these documents, be sure they are legible and accurate. Changes to the Affidavits must be initialed by the Lender and the appropriate party.

Signatures under Power of Attorney are acceptable, provided they conform to agency/loan product guidelines, and are accompanied by a copy of the Power of Attorney in the Compliance File submitted to eHousingPlus.

The following is a list of applicable Forms, Affidavits, and other required documentation:
Starting February 1, 2019, MCCs will only be offered in combination with a My First Texas Home mortgage loan. MCCs reserved as a stand-alone option prior to February 1, 2019, will be honored (assuming receipt of compliance approval).

<table>
<thead>
<tr>
<th>Required Forms and Documents</th>
<th>My First Texas Home Bond Eligible Loans, No MCC</th>
<th>My First Texas Home Combo Loans with MCC</th>
<th>My First Texas Home Taxable Loans, No MCC</th>
<th>My First Texas Home Tax Exempt Bond Loan - Unassisted</th>
<th>My First Texas Home Tax Exempt Bond Loan - Assisted w/DPA</th>
<th>Texas MCC Stand-alone</th>
</tr>
</thead>
<tbody>
<tr>
<td>Compliance File Documents</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Notice to Buyers</td>
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<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
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<tr>
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<td>✓</td>
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<tr>
<td>Applicant Affidavit (TBA-Taxable) – My Choice Texas Home - includes Lender Certification</td>
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<tr>
<td>Certificate of Lender</td>
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<tr>
<td>Affidavit of Co-Signer (If applicable)</td>
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<td>Notice of Potential Recapture Tax</td>
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<tr>
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<td>✓</td>
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<td>✓</td>
<td>✓</td>
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<td>TDHCA Closing Instructions to Title Company</td>
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<td>✓</td>
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<td>✓</td>
<td>✓</td>
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</tr>
<tr>
<td>Purchase File Documents</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>(refer to the IHFA Checklist for complete list of documents)</td>
<td></td>
<td></td>
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<td></td>
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<tr>
<td>Tax Exempt Rider to 1st Lien Deed of Trust</td>
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<tr>
<td>Legally Enforceable Obligation Letter</td>
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<td>Subordinate 2nd Note</td>
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<td>✓</td>
<td>N/A</td>
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</tr>
</tbody>
</table>
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16.2 Attachments

NEW INSTRUCTIONS FOR THE DELIVERY OF COMPLIANCE FILES, FEES AND CORRECTED DEFI’S.

Effective December 10, 2018 Compliance Files and Corrections to previously submitted files with erroneous or missing required documents will be managed through the NEW eHousingPlus Digital Docs Portal. This NEW Portal provides lenders with all the tools necessary to deliver the required documents for the approval of the originated loan(s) in their respective affordable homebuyer programs. This Portal is a secure, easy to use and efficient way for lenders to deliver the Compliance File, Correct DEFI’s and pay the required Compliance Review Fees via our new eHPay on line fee approval, and related tools.


HELPFUL TIPS FOR UPLOADING THE COMPLIANCE FILE

- The site works best with the Google Chrome browser. All other browsers may encounter problems.
- If you cannot remember your

FIRST STEPS

- You will need a Username and Password to access eHP Digital Docs
  a. If you are already an existing Active User of the eHPortal Lender Portal, you will automatically be set up to use eHP Digital Docs. Your Username and Password will be the same, but you may be prompted to change the password if it does not meet security guidelines.
  b. If you are NEW to any of the eHousingPlus Portals, you will need to request User Credentials at www.ehousingplus.com/user-credentials

NEXT, ACCESS THE NEW EHP DIGITAL DOCS PORTAL

- As a participating lender to various programs, you already know that our website at www.ehousingplus.com is where you access both Program Info and the Systems. Click on the PROGRAM Tab and select the desired Agency’s available Program(s).

- There are two icons you will immediately see:
  - This is the existing Lender Origination Portal

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**Now you are ready to deliver your Compliance File...**

The Compliance File should be a PDF file composed of all required documents on the Checklist.

- By clicking “NEW UPLOAD” on the Digital Docs Menu, you will be able to upload the file easily.
- Currently, there are three file types you will upload into the new DD Portal: Compliance Files, DEFI’s, and/or pre-closing documents as required. Additional uploads after the Compliance File are identified as Defis.
- There is a NOTES Feature in case there is any pertinent information you want to add to the compliance documents.
- Once Submitted, the System will confirm that the document was uploaded successfully, or it will present an error.
- All Files Uploaded, can be seen immediately in UPLOADED DOCS.
- All documents must be a PDF format and must not be locked or encrypted.
- Documents must be uploaded upright and in a clear legible format.
- Use the Checklist to make sure you are delivering all required documents.

**...And submit the required Compliance Review Fee**

- Compliance Review Fees may now be submitted separately from the Compliance File.
- The NEW eHPay is a secure, efficient method for lenders to pay the fees ON-LINE by enrolling in this FREE Program. Loans managed through eHPay are processed faster, without fee errors or other unnecessary delays. Accounting Staff can access eHP Digital Docs and process the compliance fees payment easily via eHPay.

Not sure of the required fee for your loan? Use the FIND MY FEE feature under PAYMENT CENTRAL and get the instant answer.

- Compliance Files Uploaded are NOT ready for review until the Compliance Review Fee Payment has been received by eHP.
- FILES PENDING PAYMENT lists Compliance Files that have been uploaded successfully, but whose fee payment is still pending. Lenders can monitor this area to ensure their fees have been delivered in a timely manner.
- UNIDENTIFIED PAYMENTS are payments received from your company without the proper identification to apply it to the intended loan. Lenders can monitor this area to ensure that payments made are being properly identified with OUR LOAN NUMBER.
- SHORT PAYMENTS If an incomplete payment is submitted, it will be displayed indicating the amount paid and the correct fee amount.

**TIPS**

- Sign up for eHPay. This is a secure solution for the payment of fees. Talk to one of our eHousingPlus Business Representatives about how you can sign up, and to answer any questions related to this new service.
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- Make sure that every payment made is properly identified with OUR LOAN NUMBER. This is particularly a problem with Wires and ACH payments, as well as bundled payments. ACH/Wires do not properly identify loans in most cases and hold up the processing of your loans!
- If submitting a paper check, print the INVOICE/RECEIPT. You can submit the fee for one or several loans at one time by attaching this receipt to your check.

**Not Quite Ready to Upload Your Compliance Files?**

During this initial transition of delivering Compliance Files Digitally on our NEW eHP Digital Docs portal, eHousingPlus will continue to accept paper Compliance Files from those lenders that need a little extra time. If you are sending the paper files, please continue to ship them as you currently do to:

```
eHousingPlus
3050 Universal Boulevard, Suite 190
Weston, FL 33331
```

WE trust that you will soon be utilizing all the new features that have been developed to make the delivery of Compliance Files easier and less costly via our NEW eHP Digital Docs portal available for you, the participating lenders.

**Correcting Deficient Files**

- **As of 12/10/2018 Corrected Loan Deficiencies Will No Longer Be Accepted Via Email.**

The eHPortal (Lender Origination Portal) has various tools that alert lenders when a Compliance File is delivered DEFICIENT. These multiple tools assist you, the lender, in easily correcting these deficiencies and allow your file to be Compliance Approved in a timely manner.

- System generated DEFI emails sent at time of review with corrective actions.
- Loan’s TIMELINE Tab depicts pending deficiencies ANYTIME you log in and view your loan.
- EXCEPTIONS/DEFICIENCY Reports are available on the REPORTS Menu.

**When You Are Ready to Submit Your Corrected DEFI’s or Missing Documents**

**New:** The Corrected DEFI’s will now be submitted and UPLOADED via eHP Digital Docs, using the same easy method the Compliance File is delivered.

- Log in to eHP Digital Docs
- Search for your loan
- **NEW UPLOAD:** select your file(s), and if prompted select Corrected DEFI as ‘Type’.
- The NOTES Feature is available to add any relevant information if needed.
- **YOU’RE DONE!**
- Defi’s may be uploaded as a lender receives a document.
- Corrected Defi’s may be view in eHP Digital Docs under, Uploaded Docs.
Starting February 1, 2019, MCCs will only be offered in combination with a My First Texas Home mortgage loan. MCCs reserved as a stand-alone option prior to February 1, 2019, will be honored (assuming receipt of compliance approval).

QUICK TIPS

- Save time by trying to consolidate corrections to your loan files.
- Working on DEFI’s might be easier if grouped by loan & Program; typically, the same types of errors occur based on varying Program Criteria.
- Use the reports available on the eHPortal (EXCEPTIONS/DEFICIENCIES) as a guide and deliver them easy using eHP Digital Docs.