

New Hampshire Housing

January
2020

SELLING GUIDE



UPDATED SEPTEMBER 30, 2020

New Hampshire Housing Selling Guide

This Selling Guide provides information for New Hampshire Housing’s products and processes. It is considered part of the “Program Guidelines” and therefore part of the New Hampshire Housing’s Mortgage Loan Purchase Agreement (MLPA) and Participating Originator Agreement (POA).

This Selling Guide is effective January 1, 2020. New Hampshire Housing reserves the right to amend this Guide by providing reasonable notice with an effective date of the change(s).

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TABLE OF CONTENTS

| | | |
|-------------------|--|-----------|
| SECTION 1. | DOING BUSINESS WITH NEW HAMPSHIRE HOUSING | 5 |
| 1.1 | OVERVIEW, PURPOSE AND APPLICABILITY | 5 |
| 1.2 | DEFINITIONS | 5 |
| 1.3 | HOMEOWNERSHIP PROGRAM RULES (HFA 301 – HFA 341) | 7 |
| 1.4 | REQUIREMENTS TO APPLY | 9 |
| SECTION 2. | RESERVATION AND RATE LOCK POLICY | 12 |
| 2.1 | MAKING A RESERVATION | 12 |
| 2.2 | PREREQUISITES FOR MAKING A RESERVATION | 12 |
| 2.3 | MORTGAGE RATE | 13 |
| 2.4 | RATE LOCK | 13 |
| 2.5 | UPDATING LOAN STATUS | 13 |
| 2.6 | NONCOMPLIANCE | 14 |
| SECTION 3. | OTHER LOAN POLICIES AND REQUIREMENTS | 15 |
| 3.1 | INCOME LIMITS POLICY | 15 |
| 3.2 | IRS TAX TRANSCRIPTS | 15 |
| 3.3 | TRAILING DOCUMENTS (AKA “POST-CLOSING DOCUMENTS”) POLICY | 16 |
| 3.4 | HOMEOWNERS INSURANCE REQUIREMENTS | 19 |
| SECTION 4. | HOME <i>FLEX</i> PURCHASE REHABILITATION LOANS | 20 |
| 4.1 | PRIOR TO CLOSING | 20 |
| 4.2 | CLOSING | 20 |
| 4.2.3 | Initial Disbursement | 20 |
| 4.2.4 | Final Disbursement | 20 |
| SECTION 5. | DELIVERY AND PURCHASE | 22 |
| 5.1 | LOAN DELIVERY BY PARTICIPATING LENDER | 22 |
| 5.2 | COMPLIANCE REVIEW BY NEW HAMPSHIRE HOUSING | 22 |
| 5.3 | PURCHASE | 22 |
| 5.4 | POST PURCHASE | 22 |
| 5.5 | HOME <i>FLEX</i> PLUS LOANS | 23 |
| SECTION 6. | LEGAL DOCUMENT COMPLIANCE | 24 |
| 6.1 | GENERAL GUIDELINES | 24 |
| 6.2 | IDENTICAL INFORMATION | 24 |
| 6.3 | DOCUMENTATION REQUIREMENTS | 25 |
| 6.4 | PRE-PURCHASE REVIEW OF THE LOAN | 27 |
| 6.5 | PURCHASE OF THE LOAN | 27 |
| 6.6 | POST-PURCHASE REVIEW OF THE LOAN | 27 |
| 6.7 | OMISSIONS AND REVISIONS | 27 |

New Hampshire Housing Selling Guide

| | |
|--|-----------|
| SECTION 7. LOAN PROGRAMS | 31 |
| 7.1 HOME <i>FLEX</i> PROGRAM | 31 |
| 7.2 HOME <i>PREFERRED</i> PROGRAM | 32 |
| 7.3 HOME <i>START</i> (MRB) | 33 |
| 7.4 VOUCHER ASSISTED MORTGAGE OPTION (VAMO) | 33 |
| SECTION 8. HOMEBUYER TAX CREDIT PROGRAM (MCC) | 34 |
| 8.1 MORTGAGE CREDIT CERTIFICATE PROGRAM | 34 |
| 8.2 PRE-APPROVAL POLICY AND PROCEDURES | 36 |
| SECTION 9. FEES..... | 39 |
| 9.1 HOME <i>FLEX</i> LOAN ACQUISITION FEES | 39 |
| 9.2 HOME <i>PREFERRED</i> LOAN ACQUISITION FEES | 40 |
| SECTION 10. SUPPORTING DOCUMENTS | 41 |
| SECTION 11. REVISION HISTORY..... | 42 |

SECTION 1. DOING BUSINESS WITH NEW HAMPSHIRE HOUSING

1.1 OVERVIEW, PURPOSE AND APPLICABILITY

1.1.1 Overview and Purpose

New Hampshire Housing offers homeownership programs through entities approved by the New Hampshire Housing Finance Authority. These rules outline how entities can apply to work with New Hampshire Housing on the Single-Family Mortgage Program as a Participating Lender and/or Participating Originator.

If approved, each Participating Lender and Participating Originator shall sign a Mortgage Loan Purchase Agreement (MLPA) (for participating lenders) and/or a Participating Originator Agreement (POA) (for participating originators). Participating Lenders and Participating Originators shall not conduct any business with potential borrowers or with New Hampshire Housing until the MLPA and/or POA has been fully executed and the approved Participating Lender and/or Participating Originator has completed any Authority-required training.

This document constitutes a program guideline under the MLPA between New Hampshire Housing and the Participating Lender.

1.1.2 Applicability

The guidelines found in this Selling Guide only apply to the Single-Family Mortgage Program. These guidelines do not apply to the Mortgage Credit Certificate (MCC) Program. For additional information, see Section 7.3.1, Mortgage Credit Certificate Program.

1.1.3 Amendments

New Hampshire Housing may amend policies by providing participating Lenders with written notice of the change and the effective date of such change. The amended policy shall then be posted on New Hampshire Housing's [website](http://www.nhhfa.org) (www.nhhfa.org).

1.2 DEFINITIONS

Administration

Administration includes the day-to-day, application-by-application decisions and procedures required to administer Homeownership Programs, including reviewing, processing, determining eligibility, establishing terms, and documenting program benefits to applicants.

Applicant

An applicant is an entity that is seeking New Hampshire Housing's approval to be a Participating Lender and/or Participating Originator.

Application

An application is the application form and all Authority required supporting documents, as detailed in New Hampshire Housing's [application](#) and supporting document checklist.

Approval

Approval includes the process and decision by which entities and individuals seek to work with the Homeownership Programs, e.g., Participating Lenders and Participating Originators, and New Hampshire Housing's decisions on such applications.

Complete Application

An application is completed when it contains all information and documents required by New Hampshire Housing to apply to be a Participating Lender or Participating Originator.

Deed

Legal document that conveys ownership of the subject property.

Error

Any legal document that does not comply with this policy, including noncompliance with the MLPA/POA, program guidelines, New Hampshire law or the requirements established by the mortgage insurer/guarantor and the secondary market/document custodian.

Homeownership Programs

Homeownership Programs include New Hampshire Housing's programs related to homeownership.

Homeownership Rules

Homeownership Rules include all of the administrative rules adopted by New Hampshire Housing that apply to the operations of New Hampshire Housing's Homeownership Programs.

Legal Documents

The term includes the note, mortgage, assignment of mortgage and loan title insurance policy and any other such documents required by New Hampshire Housing.

Material

Material means an application, documents, or notification that is permitted or required by New Hampshire Housing for an applicant to apply to New Hampshire Housing.

Mortgage Loan Purchase Agreement (MLPA)

The Mortgage Loan Purchase Agreement and all addenda define the contractual relationship between New Hampshire Housing and the Participating Lender.

Participating Lender

A Participating Lender is an entity that has been approved by New Hampshire Housing to originate, process, close, and fund mortgage loans that will be eligible for purchase by New Hampshire Housing.

Participating Originator

A Participating Originator is an entity that has been approved by New Hampshire Housing to originate mortgage loans for borrowers who will be eligible for New Hampshire Housing's Single-Family Mortgage Program.

Participating Originator Agreement (POA)

The Participating Originator Agreement and all addenda defines the contractual relationship between New Hampshire Housing and the Participating Originator.

Program Guidelines

All Program descriptions, product sheets, administrative rules, guidelines, forms, lender notices and procedures established by New Hampshire Housing (including the Selling Guide), any mortgage insurer, FHA, RD, VA, Ginnie Mae and Fannie Mae, all as may be amended from time to time.

Purchase

The transaction by which New Hampshire Housing compensates the Participating Lender for selling and assigning a mortgage loan to New Hampshire Housing pursuant to this Agreement, in conformity with the Program Guidelines.

Resident-Owned Community (ROC)

A resident-owned community is a cooperatively owned community of manufactured homes that are owned by the residents who live there, as opposed to an outside landlord. ROCs are allowed under the Home *Preferred* Manufactured Housing product in Fannie Mae approved ROCs.

Single-Family

Single-Family, unless more specifically defined, is a residence that has one to four attached living units intended to be owner occupied, including stand-alone houses; two-four families; and manufactured housing that meets all code requirements, is permanently affixed, and is considered real estate.

Single Family Mortgage Program

Single-Family Mortgage Program is the loan programs offered by New Hampshire Housing as described in this guide.

State

The state of New Hampshire.

Website

Any New Hampshire Housing websites, including www.nhhfa.org or www.GoNHHousing.com.

1.3 HOMEOWNERSHIP PROGRAM RULES (HFA 301 – HFA 341)

1.3.1 Overview and Purpose

Homeownership Program Rules address:

- Homeownership Program Rules can be found on our website;
- Information that New Hampshire Housing shall provide concerning the eligibility criteria and program terms for those seeking to use New Hampshire Housing's Homeownership Program;
- How parties, such as lenders, can work with New Hampshire Housing's Homeownership Programs; and
- Other matters within New Hampshire Housing's Homeownership Programs.

1.3.2 Applicability

Unless otherwise noted in specific Homeownership Program Rules, the New Hampshire Housing Selling Guide guidelines apply to all programs. If there is a conflict or ambiguity between the New Hampshire Housing Selling Guide and a specific Homeownership Program rule, the specific Homeownership Program rule shall control.

Authority homeownership programs are only available for properties that are located in the State of New Hampshire.

1.3.3 Rulemaking

The Homeownership Program Rules are adopted pursuant to RSA 204-C:9, which empowers New Hampshire Housing to adopt rules relative to programs and operations. In cases where more specific statutes or regulations require or permit rules, those specific rules shall cite those statutes or regulations.

1.3.4 General Eligibility and Decisions on Applications

New Hampshire Housing's Homeownership Programs offer various programs to assist eligible borrowers to become and remain homeowners. Eligibility and general requirements are stated in this Selling Guide, in program documents, including program/product sheets and on Authority websites.

The decision to grant or deny an application is based on several factors. Nothing in this Selling Guide or in any Authority communication or action creates any right in any party or requires New Hampshire Housing to grant an application. New Hampshire Housing retains its sole discretion and judgment when deciding on applications.

1.3.5 Funding Availability

New Hampshire Housing has the power to determine which Homeownership Programs may be offered. New Hampshire Housing has the power to eliminate or reduce programs and funding. Programs are only available when resources are authorized and available for specific programs.

1.3.6 Filing Applications, Documents and Notifications

All material shall be submitted in accordance with New Hampshire Housing's requirements.

Unless otherwise required, those wishing to apply for Authority programs may deliver material in writing addressed to New Hampshire Housing designated address.

New Hampshire Housing may also require or permit material to be delivered electronically to New Hampshire Housing designated address, portal, or system.

Material not properly addressed or delivered shall be considered not properly submitted. Unless specifically authorized by New Hampshire Housing, phone calls, texts, and emails are not considered valid delivery methods.

1.3.7 Fees and Costs

New Hampshire Housing may charge a fee to apply for or to access a program or to participate in doing business with New Hampshire Housing. The Selling Guide shall state when such a fee is authorized, and New Hampshire Housing shall publish that fee on the Website.

In addition, various Homeownership Programs have associated costs to the borrower, e.g., credit reports, appraisals, title, and inspections, which shall be paid by the borrower when required by New Hampshire Housing.

1.3.8 Delegation

Unless otherwise specified in the Homeownership Program Rules, New Hampshire Housing's Board of Directors delegates to the Executive Director:

- The Administration of the Homeownership Programs, including approving or denying loan and program applications; and
- The Approval authority for those seeking to apply to work with New Hampshire Housing's Homeownership Programs.

New Hampshire Housing Selling Guide

In the Administration of programs and the Approval of borrowers, the Executive Director has authority to vary from Homeownership Program Rules to accomplish program and participation goals, provided such variances are consistent with any applicable statutes and other program rules, and will help to ensure fair treatment of borrowers.

Pursuant to New Hampshire Housing's operating policies, the Executive Director may delegate the Administration and Approval authority to appropriate staff.

1.3.9 Board Waiver

As stated in HFA 301.10, New Hampshire Housing's Board of Directors may waive any rule when such waiver is warranted by good cause and when such waiver shall not be inconsistent with applicable law and regulation. The Board may delegate waiver authority to the Homeownership Committee.

1.3.10 Amendments

Program requirements, including these Homeownership Program Rules and all program documents, may be amended from time to time based on New Hampshire Housing's sole discretion.

1.3.11 Impact of Repeal

Unless explicitly stated by New Hampshire Housing, the repeal or amendment of a rule shall not impact existing borrowers. The loans of such borrowers shall remain subject to the rules in effect when their loan was executed, even if the rules have been repealed. Pending applications will be subject to the rules in place at time of application unless rule change was necessitated by statute. Such pending applications shall be subject to rules compliant with new statutory language and intent.

New Hampshire Housing shall maintain a list and a copy of all repealed rules for inactive programs. Upon request, those repealed rules shall be available for public inspection.

1.4 REQUIREMENTS TO APPLY

To request to be Participating Lender and Participating Originator, the following process shall be followed by the Applicant and New Hampshire Housing:

- The Applicant contacts New Hampshire Housing for the application;
- New Hampshire Housing sends the Applicant the application and, as appropriate, the MLPA and/or POA;
- The Applicant submits a complete application; and
- Once the Applicant has submitted a complete application, New Hampshire Housing reviews the complete application and either approves or denies the complete application.

An Applicant may apply to be both a Participating Lender and a Participating Originator, provided all required information is submitted.

By submitting a complete application, the Applicant is certifying, under penalties of perjury, that all information, statements, reports, or other documents furnished by the Applicant to New Hampshire Housing contain truthful and accurate statements and information. To the extent the Applicant relies on third parties, the Applicant shall take steps to ensure that information, statements, reports, or other documents from third parties are true and accurate.

While the complete application is pending review and approval, the Applicant shall notify New Hampshire Housing if anything in its application or supporting documents materially changes or is found to be materially inaccurate.

1.4.1 Eligibility for Participating Lender and Participating Originator

New Hampshire Housing shall establish criteria for qualifying to be a Participating Lender and/or a Participating Originator.

New Hampshire Housing shall create and provide an application packet that shall include:

- The application;
- Participation information and criteria;
- A list of eligibility requirement; and
- A list of all required information and documents.

The application packet shall require the Applicant to demonstrate the following:

- **Due Organization:** It is in good standing under the laws of the United States, the State, any applicable federal agencies, and the state of its formation or incorporation.
- **Authority and Capacity to Transact Business:** It is authorized to transact mortgage business in the State and possesses all requisite authority and licenses to conduct its business.
- **Authority to Participate in Mortgage Programs:** It has the requisite approvals, licenses, systems, and experience to perform all such program requirements and all MLPA and/or POA requirements for each mortgage program that the Applicant intends to participate in, e.g., Fannie Mae, Federal Housing Administration, Rural Development, Veterans Administration, or private mortgage insurance.
- **Office, Staffing, and Systems:** It has sufficient staffing and systems to perform all MLPA and/or POA requirements, including providing resumes/bios of owner and key personnel. It has a physical office in the State that is completely staffed with adequate systems to respond to borrowers, real estate professionals, and New Hampshire Housing, as well as to fulfill all MLPA and or POA requirements. The applicant may request permission to not have a physical office in the State.
- **Mortgage Experience:** It has experience as a mortgage lender and/or mortgage originator, which will include providing information on a history of the Applicant's loan volume.
- **Financial Capacity and Minimum:** It has sufficient financial resources to perform all Participating Lender and/or Participating Originator requirements. Unless otherwise established by New Hampshire Housing, the applicant shall have a minimum net worth consistent with the Fannie Mae or the Freddie Mac net-worth requirement.
- **No Litigation Pending:** There is no action, suit, proceeding, inquiry, or investigation pending or threatened against the applicant that, either individually or in the aggregate, would:
 - Result in any adverse change in the applicant's business, operations, financial condition, properties, or assets; or
 - Draws into question the applicant's ability to perform all MLPA and/or POA requirements.
- **No Consent Required:** No consent, approval, authority, or order of any court or governmental entity is required for the applicant to operate as a Participating Lender or Participating Originator.
- **No Federal or State Suspension or Investigation:** It is not subject to any federal, state, or other jurisdiction debarment, suspension, or current investigation related to its lending practices or mortgage operations.

New Hampshire Housing Selling Guide

- Fidelity Bond and Errors and Omissions Insurance: In accordance with New Hampshire Housing requirements, it has a blanket fidelity bond and an errors and omissions insurance policy, covering the applicant's officers, employees, and others acting for the applicant.

The applicant shall provide New Hampshire Housing with any other documents or information requested by New Hampshire Housing to evaluate the application.

1.4.2 New Hampshire Housing Decision

The decision to grant or to deny an Application is based on several factors. Nothing in the Homeownership Program Rules and Selling Guide or in any communication or action creates any right in the applicant or requires New Hampshire Housing to approve an application. New Hampshire Housing retains its discretion and judgment when deciding on such applications.

New Hampshire Housing shall send the applicant a written letter of denial or approval.

If New Hampshire Housing approves the application, the applicant shall, before taking any other action related to New Hampshire Housing's Single-Family Mortgage Program:

- Execute the MLPA and/or POA along with required Addenda;
- Complete any New Hampshire Housing-required training; and
- Complete any other New Hampshire Housing-required action.

If New Hampshire Housing denies an application, the applicant may seek a review of that decision by sending a request for review, stating the basis for the request, to New Hampshire Housing's Executive Director. The Executive Director shall review the request and provide the applicant with a decision. After receiving the Executive Director's decision, the applicant may seek further review by sending a request for review to New Hampshire Housing's Board of Directors.

1.4.3 Termination of Participation

The termination of New Hampshire Housing's approval to be Participating Lender and/or Participating Originator is governed by the MLPA and/or the POA.

SECTION 2. RESERVATION AND RATE LOCK POLICY

This policy governs how participating lenders can make reservations in New Hampshire Housing's loan reservation system, which is called "Lender Online." This policy constitutes a Program Guideline under the Mortgage Loan Purchase Agreement (the Agreement) between New Hampshire Housing and participating lenders. For additional information, participating lenders should consult the Agreement.

2.1 MAKING A RESERVATION

Participating Lender shall use Lender Online to:

- Make loan reservations;
- Check the status of existing reservations;
- Update reservation data; and
- Update the status of reservations.

Lender Online will be open for reservations from 9:30 a.m. to 8:00 p.m. on weekdays that New Hampshire Housing is open for business. New Hampshire Housing may shut down Lender Online or otherwise stop taking reservations even during normal reservation hours.

If Lender Online is not working during a time that New Hampshire Housing is taking reservations, the Participating Lender may submit a reservation using the Reservation Form, which may be faxed or emailed. New Hampshire Housing will then make the reservation and send the Participating Lender a reservation confirmation.

The Participating Lender shall complete all required fields in Lender Online or in the faxed reservation form.

2.2 PREREQUISITES FOR MAKING A RESERVATION

Certain loan programs require the Participating Lender to take steps before making a reservation. For such programs, the Participating Lender shall comply with all program guidelines before making a loan reservation. Reservations are not valid until such prerequisites have been completed.

Before the Participating Lender requests a reservation from New Hampshire Housing, the Participating Lender shall first obtain an "approve/eligible", "accept" finding", or "refer" ("Refer" for Home *Flex* only) using an automated underwriting system (AUS) and using the appropriate underwriting for the mortgage insurer, i.e., FHA, RD or VA.

Home Preferred Programs

Before making a reservation, the Participating Lender must have received the approve/eligible Desktop Originator (DO) finding, using New Hampshire Housing as the sponsor. Findings obtained that do not have New Hampshire Housing as the sponsor are not acceptable. Additionally, the reservation must be made within 20 days of receiving "approve/eligible" findings. A reservation is not valid, and thus the rate is not considered locked, unless the Participating Lender has:

- Received the DO approved findings; and
- Made the reservation within 20 days of receiving "approve/eligible" findings.

The Participating Lender must provide all required information for a loan reservation in Lender Online, to include an accurate DO case file number.

New Hampshire Housing Selling Guide

DO Findings must be accurate and complete, to include the following (not an all-inclusive list):

- Interest rate in DO must match New Hampshire Housing’s published interest rate at the time of reservation;
- All applicable Special Feature Codes must be reflected;
- New Hampshire Housing must be listed as sponsor;
- All borrower information must match reservation (e.g., names, Social Security numbers and property address); and
- The actual address for the property to be mortgaged must be included – the address on findings cannot be “TBD.”

If New Hampshire Housing is unable to commit a loan to Fannie Mae due to missing and/or inaccurate information, the Participating Lender will be contacted and asked to update as needed. Inconsistent and/or missing information will delay acceptance of the reservation and may result in a different interest rate based on market conditions. New Hampshire Housing shall not be responsible for changes in interest rate due to incomplete/inaccurate reservation submission.

2.3 MORTGAGE RATE

New Hampshire Housing will post the mortgage interest rates both online at New Hampshire Housing’s website and/or Lender Online. Such rates are subject to change, including changes throughout the day, and are not considered locked until the Participating Lender makes a valid reservation with New Hampshire Housing.

2.4 RATE LOCK

Once a reservation is made via Lender Online, the rate is locked for 60 days subject to the Participating Lender delivering the loan to New Hampshire Housing as required in the Agreement and the New Hampshire Housing Selling Guide guidelines.

Lenders are not required to extend Home *Flex* loans rates prior to expiration; loan funding will automatically be adjusted for loans delivered beyond the expiration date based on the schedule. See Section 9, Fees.

Home Preferred Programs

Lenders must request extensions in writing (email) prior to the expiration date of the original reservation. Extensions can be requested in increments of 5 days, with 30 being the maximum. Extension fees will be calculated based on the number of days extended then deducted from loan funding at time of purchase. Participating lenders shall be billed separately for loans extended but not delivered to New Hampshire Housing. Loans received after expiration will be subject to worst case pricing plus any additional fees imposed by Fannie Mae.

2.5 UPDATING LOAN STATUS

The Participating Lender shall periodically review its reservation pipeline and update the status of each reservation.

2.6 NONCOMPLIANCE

New Hampshire Housing has the right to reject reservations that do not comply with the New Hampshire Housing Selling Guide guidelines, regardless of when that noncompliance is discovered.

SECTION 3. OTHER LOAN POLICIES AND REQUIREMENTS

Refer to Sections 7 and 8 for specific policy and underwriting information.

3.1 INCOME LIMITS POLICY

3.1.1 Introduction

Under the Mortgage Loan Purchase Agreement (MLPA), lenders are required to ensure that a loan meets all of New Hampshire Housing's program requirements. The income limits for each program are part of those program requirements. Before making a loan reservation, the lender shall confirm that the borrower meets the applicable income limit. If the borrower's income exceeds these limits, New Hampshire Housing is not obligated to buy that loan and/or New Hampshire Housing is not authorized by the IRS to issue that mortgage credit certificate (MCC).

In reading this policy, lenders should keep in mind the following.

- For loan programs, the lender will use the borrower's income that is used to qualify the borrower for the loan. This is not necessarily based on all income or everyone in the household.
- For the MCC program, the income limit is based on all income for everyone in the household.

3.1.2 Home *Flex* Program Income Limits

This policy applies to all loans made pursuant to the Home *Flex* and Home *Flex* Plus loan programs.

New Hampshire Housing establishes a single, statewide [Income Limit](#) for all Home *Flex* loans. This limit applies regardless of family size. The limit is based on the income used by the borrower to qualify for the loan.

3.1.3 Home *Preferred* Program Income Limits

Applicability and Effective Date: This policy applies to all loans made pursuant to the Home *Preferred* and Home *Preferred* Plus programs made on or after May 28, 2019.

New Hampshire Housing establishes a single, statewide [Income Limit](#) for all Home *Preferred* loans. This limit applies regardless of family size. The limit is based on the income used by the borrower to qualify for the loan.

3.1.4 Homebuyer Tax Credit (Aka "Mortgage Credit Certificate") Income Limits

New Hampshire Housing sets income and purchase price limits for the Mortgage Credit Certificate program (MCC) based on IRS requirements. New Hampshire Housing cannot allow exceptions to these income and purchase limits. The [Income Limits](#), as previously mentioned, are based on household income not qualifying income.

3.2 IRS TAX TRANSCRIPTS

New Hampshire Housing may require IRS tax transcripts, depending on the loan program.

3.2.1 Home *Flex* and Home *Flex* Plus Programs

Most recent IRS transcripts are only required if the insurer requires them. AUS findings must be followed and documented.

3.2.2 Home Preferred and Home Preferred Plus Programs

Most recent two years of IRS tax transcripts are required.

3.2.3 MCC

Most recent three years of IRS tax transcripts and/or signed tax returns are required. These documents will not be required if the property is located in a “targeted” area.

3.3 TRAILING DOCUMENTS (AKA “POST-CLOSING DOCUMENTS”) POLICY

3.3.1 Definitions

- “Correct Document” means a required document that is complete, conforming, and accurate and is confirmed by New Hampshire Housing and the secondary-market document custodian as being complete, conforming, and accurate.
- “Incorrect Document” means a required document that is not complete, conforming, or accurate as determined New Hampshire Housing or the secondary-market document custodian.
- “Loan Purchase Date” means the date New Hampshire Housing purchased a loan from a lender.
- “Missing Trailing Document” means a required post-closing loan document that:
 - Has not been provided to New Hampshire Housing; or
 - Has been provided to New Hampshire Housing but is not a Correct Document, meaning the document is not complete, conforming or accurate.

3.3.2 Introduction

Lenders shall timely submit all Correct Documents that are required by the applicable stacking list. Failure to provide timely Correct Documents creates significant challenges and financial impacts. This policy aims to provide lenders with a reasonable opportunity to submit Correct Documents. However, if a lender does not comply, this policy creates penalties to motivate performance and to compensate New Hampshire Housing when it takes steps to address a lender’s nonperformance.

3.3.3 Deadlines/Timelines

To provide lenders with reasonable time while ensuring timely delivery of Correct Documents to New Hampshire Housing, the following timelines/deadlines apply to all loan programs. Lenders can view loan-level document data via Lender Online. Additionally, New Hampshire Housing will provide lenders with periodic reports that breakdown loans by the timeline in this table.

New Hampshire Housing Selling Guide

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|--------------------------|---|
| Day 1 | Loan Purchase Date |
| Day 15, 30 and 45 | New Hampshire Housing will provide reports to lender with a comprehensive list of loans with Missing Trailing Documents segregated based on the timelines in this table. |
| Day 60 | Correct Documents are due. Documents received after this deadline are considered untimely Missing Trailing Documents. |
| Day 61 | New Hampshire Housing will send lender a warning that documents are late. Lender shall submit such documents by day 90 or the penalty (see below) will be assessed. |
| Day 91 | Penalty assessed for <u>each</u> Missing Trailing Document that is over 90 days. |
| Day 120 | Penalty not due if lender provides New Hampshire Housing with the Correct Document. |
| Day 121 | Penalty becomes final and collectable if lender does not provide Correct Document. Without relieving lender of its obligations, New Hampshire Housing may take steps to obtain Missing Trailing Documents. |

Note: Timelines/deadlines in this table are based on calendar days since the Loan Purchase Date. Lenders can access each loan's status in Lender Online. Additionally, New Hampshire Housing will be reporting to lenders on a periodic basis the loans that are missing documents, and those reports will categorize the loans based on the timelines in the table. For example, while a loan may pass the 61-day mark, the loan will be reported on the next periodic report, and the lender will have the allotted time to address from the report date.

3.3.4 Incorrect Documents

If a lender submits an Incorrect Document, New Hampshire Housing shall:

- Notify the lender of the defect via Lender Online; and
- Provide the lender with 30 days from that notice to submit the Correct Document.

If the lender:

- Submits the Correct Document within this 30-day deadline, then, no penalty shall be due; or
- Fails to submit the Correct Document within the 30-day deadline, then a \$150 penalty shall be due and collectable on day 31 from the notice of defect via Lender Online. This 30-day deadline applies even if lender would have otherwise had additional time to submit under Section 3.3.3. above.

3.3.5 Penalties and Costs

If a lender fails to provide a Correct Document within the deadlines, New Hampshire Housing shall impose the following penalties and costs.

- **Penalty:** \$150 per Missing Trailing Document that remains outstanding (missing or incorrect). Thus, a loan file that includes more than one Missing Trailing Document will be assessed a separate \$150 penalty for each Missing Trailing Document.
 - The penalty will be assessed on day 91 for each Missing Trailing Document;
 - The penalty will not be due if the Correct Document is submitted by day 120; and
 - The penalty shall be final and collectable on day 121.
- **Collection of Penalties:** Monthly, New Hampshire Housing will provide lenders with a statement of

penalties that are final and collectable. The lender shall pay that statement of penalties within 30 days. If the lender fails to timely pay, New Hampshire Housing shall take additional steps to obtain payment, which could include withholding lender compensation on other loans and crediting that holdback towards the outstanding penalties.

- **Costs:** New Hampshire Housing may charge lenders for “costs” that exceed the penalty when New Hampshire Housing or a third-party vendor takes steps to obtain:
 - A Missing Trailing Document that is still missing 121 days after Loan Purchase; or
 - An Incorrect Document that has not been corrected within the 30-day deadline.“Costs” includes staff time, document preparation, shipping, or recording and other costs associated with New Hampshire Housing having to obtain the document.

3.3.6 Loan Sale/Assignment

The lender’s sale/assignment of a loan to New Hampshire Housing entitles New Hampshire Housing to work directly with the borrower and any third party that closed the loan or provided any service/insurance connected to the loan, e.g., title company or title insurer. Lenders shall support New Hampshire Housing’s exercise of this right such as informing borrowers and third parties to cooperate with New Hampshire Housing’s efforts to obtain Correct Documents.

3.3.7 Lender Contacts

To assist with reporting and to ensure performance, lenders shall provide New Hampshire Housing with staff contact(s) who work day-to-day on the post-closing documents. Additionally, lenders shall provide contacts for manager(s) of the post-closing process and the contact name for billing statements of penalties and costs. Lenders shall use the contact form to update the list with staffing changes. New Hampshire Housing shall use this contact list to send reports and to reach out when needed to address nonperformance. Please complete our Trailing Documents Staff Listing form and submit via email to mchadbourne@nhhfa.org.

3.3.8 Reporting and Check-ins

- **Lender Online:** Lenders may use Lender Online to view all loan files that have missing documents (initial and trailing).
- **Reports:** To assist lenders, New Hampshire Housing will provide lenders with periodic reports that show the status of loan files with Trailing Missing Documents. The reports shall provide a list of loans categorized by the time since the Loan Purchase Date.
- **Check-ins:** New Hampshire Housing will hold periodic calls with lenders to review the list of Missing Trailing Documents and to address any performance issues.

3.3.9 Other Remedies

Nothing in this policy, including the penalties and costs, limits New Hampshire Housing’s rights under the Mortgage Loan Purchase Agreement. Specifically, lenders that fail to meet the obligation to provide Correct Documents or to pay the penalties and costs may be:

- Suspended or terminated from participating in New Hampshire Housing’s programs; or
- Required to repurchase the loan; or
- Required to provide New Hampshire Housing with other compensation or assurances related to the lender’s nonperformance.

New Hampshire Housing Selling Guide

3.3.10 Effective Date

Lenders are **currently** obligated by the Mortgage Loan Purchase Agreement to timely (within 60 days) provide the documents required by New Hampshire Housing, including documents required by the secondary market. Nothing in this new policy relieves lenders from their existing obligations.

Here are effective dates:

- Loans with a Loan Purchase Date on or after June 1, 2020, the policy applies as stated above, including the deadlines in paragraph 3, meaning penalties will be assessed 91 days after the Loan Purchase Date.
- Loans with a Loan Purchase Date before June 1, 2020, the following deadlines apply. These loans are well past the existing 60-day deadline to submit documents, and so, lenders will be given one more opportunity to provide the document or be penalized.

| | |
|--------------|---|
| August 15 | New Hampshire Housing will send lenders the list of the Missing Trailing Documents and will assess \$150 for <i>each</i> Missing Trailing Document. |
| September 15 | Deadline for lenders to submit Missing Trailing Document and have the penalty not due. |
| September 16 | Penalty becomes final and collectable if lender has not provided the Correct Document. |

3.4 HOMEOWNERS INSURANCE REQUIREMENTS

3.4.1 Homeowners Coverage

Must equal the lesser of:

- 100% of the insurable value of the improvements, as established by the property insurer (lender must submit replacement cost calculator or binder must reflect 100% replacement cost); or
- the UPB of the mortgage loan.

Maximum Deductible

- Higher of \$1,000 or 1% of the face amount of the policy.

3.4.2 Flood Insurance

- The UPB of all property liens, or
- the maximum coverage available under the NFIP.

Maximum Deductible

- Higher of \$1,000 or 1% of the face amount of the policy.

3.4.3 Condominium

- Must have master insurance coverage.
- If master coverage does not have walls in coverage and/or the deductible is \$5000.00 or more, borrower must obtain HO6 coverage for at least 20% of the appraised value of the subject property.
- Escrow of HO6 coverage is not required but allowed.

SECTION 4. HOME FLEX PURCHASE REHABILITATION LOANS

4.1 PRIOR TO CLOSING

Lenders must submit all documents as listed on the [Rehabilitation Document Checklist](#). Allow 48 hours for review.

Upon review, lender will be notified of approval or of additional information needed. The approval will include specific disbursement instructions (amount and to who) as well as copies of:

- Initial Owners Affidavit;
- Notice of Construction Mortgage; and
- Closing Agent Disbursement Instructions.

These documents must be sent to the closing agent for execution and distribution.

4.2 CLOSING

4.2.1 Closing Disclosure

The Closing Disclosure must reflect all rehabilitation costs and disbursements per New Hampshire Housing approval referenced in section 4.1.

4.2.2 Posting of Notices

At the closing, the borrower will be provided with an [Initial Owner's Loan Disbursement Affidavit](#) and a [Notice of Construction Mortgage](#). The borrower must complete the Notice of Construction Mortgage and this notice must be posted at the property as soon as possible. It must remain posted for the duration of the rehab work. An affidavit will be relied upon as proof that the posting has taken place.

4.2.3 Initial Disbursement

Upon receipt of the fully executed and notarized Initial Owner's Loan Disbursement Affidavit, the closing agent is authorized to release the two-party check(s) indicated on the Closing Disclosure.

4.2.4 Final Disbursement

Upon purchase of the loan from the Lender, New Hampshire Housing will send the borrower a Welcome Package, which will include contact information, instructions on the final disbursement process, and the following documents:

- Mortgagors Letter of Completion
- [Final Owner's Loan Disbursement Affidavit](#) (one [per contractor](#))
- [Final Contractor's Loan Disbursement Affidavit](#) (one [per contractor](#))

New Hampshire Housing Selling Guide

When the work is complete, (must be completed within 180 days of closing) the borrower must contact New Hampshire Housing to request a final inspection. New Hampshire Housing will also order the title update.

- Fully Executed Mortgagors Letter of Completion
- Final invoices from all contractors
- Fully executed Final Owner's Loan Disbursement Affidavit (one per contractor
- Fully executed Final Contractor's Loan Disbursement Affidavit (one per contractor)

Upon receipt, review and approval of the above is required. New Hampshire Housing will issue the final two-party check and close out the file.

SECTION 5. DELIVERY AND PURCHASE

The following policy presents an overview of the process participating lenders shall follow when delivering loans that will be sold to New Hampshire Housing under an existing Mortgage Loan Purchase Agreement between New Hampshire Housing and a Participating Lender (the Agreement). For additional information, participating lenders should consult the Agreement.

5.1 LOAN DELIVERY BY PARTICIPATING LENDER

The Participating Lender shall deliver the closed loan to New Hampshire Housing in accordance with the Agreement and with all of the documents listed on the loan stacking sheet for the specific type of loan. Lender shall commit then close the loan reservation in Lender Online.

5.2 COMPLIANCE REVIEW BY NEW HAMPSHIRE HOUSING

New Hampshire Housing will review:

- The credit documents for compliance with AUS findings and the Program Guidelines
- The legal documents for compliance with the Program Guidelines and Legal Document Compliance policy to ensure documents are correctly completed and executed

New Hampshire Housing shall then notify the Participating Lender about the loan's purchase, suspension or rejection via Lender Online.

5.3 PURCHASE

Once the loan is approved by New Hampshire Housing staff for purchase, New Hampshire Housing shall email the Participating Lender a pre-purchase advice, listing the amounts due to lender. The pre-purchase advice will show an adjustment for the first payment if the loan will be purchased within 15 days of the first payment being due. The Participating Lender shall then review, verify and send New Hampshire Housing an email either approving the amounts stated in the pre-purchase advice or advising New Hampshire Housing of any discrepancies. Once the Participating Lender has approved the pre-purchase advice, New Hampshire Housing shall email the final purchase advice to the Participating Lender.

NOTE: The purchase advice merely addresses the amounts related to the loan; it does not address whether the loan complies with the Program Guidelines.

Lenders will be responsible to pay taxes and or insurance if due date is on or before first payment due to New Hampshire Housing.

5.4 POST PURCHASE

Upon notification of purchase, the Participating Lender shall:

- Send the borrower a transfer of servicing letter (aka "goodbye letter")
- Record the [Assignment of Mortgage](#) at the registry of deeds, with New Hampshire Housing as the addressee for the assignment once recorded

New Hampshire Housing Selling Guide

- Activate Private Mortgage Insurance certificate (if applicable)
- Notify the following providers servicing has been transferred (as applicable):
 - Master Condo Insurance
 - Hazard Insurance
 - Flood Insurance
 - PMI Company
 - Flood Determination Company
- Forward to New Hampshire Housing any missing Mortgage Documents
- Notify FHA/RD/VA of servicing transfer, as applicable

Upon purchase, New Hampshire Housing shall send the borrower a transfer of servicing letter (aka a “welcome letter”).

5.5 HOME FLEX PLUS LOANS

There are very specific FHA guidelines that Participating Lenders must follow to use New Hampshire Housing cash assistance with Home *Flex Plus*. If the required procedures and documents are not utilized, FHA may not insure the loan and New Hampshire Housing may not buy the loan.

SECTION 6. LEGAL DOCUMENT COMPLIANCE

The following policy presents an overview of the process which Participating Lenders and/or Participating Originators shall follow when delivering legal documents to New Hampshire Housing under the Agreement between New Hampshire Housing and the Participating Lender/Participating Originator.

This policy constitutes a “Program Guideline” under the MLPA, which means Participating Lenders and the loans they submit to New Hampshire Housing must comply with this policy.

This policy, and New Hampshire Housing’s actions hereunder, must consider requirements of:

- New Hampshire Housing
- New Hampshire Law
- Mortgage Insurers/Guarantors
- Secondary Markets
- Document Custodians

The legal documents shall comply with this policy, the Program Guidelines and all other requirements of the mortgage insurer or the secondary market program. In addition to this Policy, all loans are subject to the MLPA.

6.1 GENERAL GUIDELINES

This policy applies to all loans sold to New Hampshire Housing, including:

- Home *Flex*
- Home *Flex Plus*
- Home *Preferred*
- Home *Preferred Plus*

All missing items will be noted on Lender Online. Participating Lenders shall review the status of their loans on Lender Online periodically to ensure corrections are resolved in a timely manner. The legal documents will be delivered to the document custodian for review and compliance with applicable guidelines. In the event an error is not corrected by the lender the loan will be subject to repurchase by the Participating Lender.

This policy does not include all possible errors. If a loan includes an error not covered by this policy, the Participating Lender shall contact New Hampshire Housing to determine what corrective action is required by New Hampshire Housing and/or the document custodian; all corrections to be in accordance with New Hampshire law.

New Hampshire Housing may require participating lenders to provide a legal opinion about what corrective action suffices or is required.

6.2 IDENTICAL INFORMATION

In addition to the specific requirements stated below, all legal documents shall have the identical transactional information. This means the note, endorsement/allonge, mortgage and assignment of mortgage shall be identical in terms of all required information, including name of the borrower(s), mortgage property address, loan amount, interest rate, property description and other such required information. A loan that does not have identical information does not meet New Hampshire Housing’s requirements.

There is one exception: When a property owner is not a borrower. In such case, that non-borrower owner would:

- Not be on the note;
- Must be a signatory on the mortgage with a notation on the mortgage that the person is a non-borrower owner and waives their homestead rights; and
- Must be on the title policy when the section identifies the owners as compared to any section that identifies the borrower(s).

6.3 DOCUMENTATION REQUIREMENTS

6.3.1 Promissory Note and Endorsement/Allonge

The note shall conform to all requirements of the mortgage program under which the loan is being made. Specifically, the note shall include the following:

- Borrower(s) name(s)
- Mortgaged property address
- Lender loan number
- FHA/VA case number
- Date
- Due date
- Loan amount
- P&I amount
- Lender
- First payment due date
- Maturity date
- Interest rate
- Late charge rate
- Original signature(s) of borrower(s)
- Printed name(s) of borrower(s) adjacent to the signature

The note shall be endorsed/assigned to New Hampshire Housing (either on the note or using an allonge attached to the note), and that document shall include the following:

- Lender's name
- Original signature of authorized signer for lender
- Printed name and title of signer
- Proper endorsement language

The following is the required language for the endorsement:

“Payable without recourse to the order of the New Hampshire Housing Finance Authority.”

6.3.2 Mortgage

The mortgage shall conform to all requirements of the mortgage program under which the loan is being made. Specifically, the mortgage shall include the following:

- Date of mortgage
- Lender's information (name and address)

- Borrowers – all names shown on the deed, including marital status, and an annotation about any non-borrower owner or include the following language in the body of the mortgage: Borrower, and Borrower’s Spouse, if any, release all rights of homestead in the Property and release all rights of courtesy and other interests in the Property.
- Loan amount
- Maturity date
- Language that the Exhibit A is attached
- Property address that matches the note
- Riders – noted and attached
- Signatures and notarization (including any non-borrower owner)
- Exhibit A (property description)
- Waiver of Homestead
- Any corrections to the notary area must be initialed

Note: Every person is entitled to \$120,000.00 worth of his or her homestead. RSA 480:1. No deed shall convey or encumber the homestead right, except a mortgage made at the time of purchase to secure payment of the purchase money. RSA 480:5-a. In short, in the case of a purchase money mortgage, homestead of the title holders and their spouses does not have priority over the interest of the purchase money mortgage. NH Title Standards, 6-2.

The mortgage shall be recorded at the registry of deeds where the mortgaged property is located.

6.3.3 Assignment of Mortgage

The assignment of mortgage shall include:

- Lender’s (assignor) name and address
- Assignee’s name
- Mortgaged property address
- Mortgagor’s name as shown on mortgage
- Mortgage loan amount
- Mortgage date
- Mortgage book and page
- Execution and notarization

6.3.4 Loan Title Policy

The loan title policy shall include:

- Effective date and time that matches the date and time of the mortgage recording
- Schedule A #1 (name of insured/it’s successors or assigns as their interests may appear)
- Schedule A #4 (mortgage recording information)
- Any mortgage riders
- Property description
- Full policy jacket
- The identical policy number throughout the policy
- Deletion of standard exceptions 1, 2 and 3

6.3.5 Manufactured Housing

The following data points must be identified and be consistent within the loan documents, including the deed:

- Manufacturer's name;
- Model name and/or model number;
- Year of manufacture; and
- Serial number.

If the loan documentation references other data points (such as the size of the manufactured home), those data points must also be consistent throughout the loan file.

We urge lenders to review the deed and all loan documents prior to closing to ensure the above information is provided and consistent with the loan documents and to correct any inconsistencies prior to closing. New Hampshire Housing will not purchase a loan that does not comply with the requirements of this notice. Please refer to section 6.7.3 for corrective action.

6.4 PRE-PURCHASE REVIEW OF THE LOAN

The Participating Lender shall close and deliver loans pursuant to New Hampshire Housing's Loan Delivery and Purchase Policy. Before purchasing a loan, New Hampshire Housing shall review all legal documents (except the title policy that shall be reviewed post purchase) to ensure the legal documents comply with this Policy. If the legal documents comply with this policy, then New Hampshire Housing shall purchase the loan, provided the loan complies with the MLPA. If the legal documents do not comply with this policy (an error), then New Hampshire Housing shall not purchase the loan until the error has been corrected consistent with this policy.

6.5 PURCHASE OF THE LOAN

Once the loan has been cleared for purchase, the Participating Lender shall record the assignment of mortgage. The mortgage assignment shall

- Be the same mortgage assignment cleared by New Hampshire Housing before purchase; and
- Have the correct book and page for the recorded mortgage.

6.6 POST-PURCHASE REVIEW OF THE LOAN

The Participating Lender shall deliver the original recorded mortgage, the original recorded mortgage assignment and the final loan title insurance policy to New Hampshire Housing within 60 days of the loan purchase date. Upon receipt and before submitting the legal documents to document custodian, New Hampshire Housing shall again review the legal documents to ensure they comply with this Policy.

6.7 OMISSIONS AND REVISIONS

Legal documents that do not comply with this policy must be corrected consistent with this policy, which includes consistent with the requirements of the loan program under which the loan was made.

New Hampshire Housing Selling Guide

When an error is discovered in the legal documents, New Hampshire Housing shall note the error on Lender Online. The Lender shall correct the error consistent with the following paragraphs.

6.7.1 Promissory Note

If the note includes an error, the Lender shall obtain and provide New Hampshire Housing with a new note and/or a new note endorsement/allonge. These documents must have new original signatures and be delivered to New Hampshire Housing. (New Hampshire Housing will not accept a note that has initialed cross outs or additions.)

6.7.2 Mortgage

If a mortgage includes an error, the Lender shall correct that error consistent with the following table:

| ERROR TYPE | REQUIRED MINIMUM CORRECTION | CORRECTION TYPE Detailed in Section Below |
|--|--|---|
| Notary stamp incomplete/missing | Scriveners' affidavit with legal opinion | 6.7.3.1 |
| Notary acknowledgement incomplete | Scriveners' affidavit with legal opinion | 6.7.3.1 |
| Mortgage fails to state that the legal description is attached | Scriveners' affidavit with legal opinion | 6.7.3.1 |
| Mortgage rider incomplete/not attached | Corrective mortgage | 6.7.3.2 |
| Legal description error | Corrective mortgage | 6.7.3.2 |
| Missing pages | Corrective mortgage | 6.7.3.2 |
| Maturity date incorrect/missing | Corrective mortgage | 6.7.3.2 |
| Mortgage in MERS | Discharge and new mortgage | 6.7.3.3 |
| Names on mortgage do not match the deed | Corrective mortgage and/or new deed | * |
| Mortgage includes a non-borrower owner without proper annotation that the person is a non-borrower owner | Corrective mortgage that states name of non-borrower owner | 6.3.2 |
| County | Corrective mortgage | 6.7.3.2 |
| Address including zip code | Corrective mortgage | 6.7.3.2 |
| Marital status | Corrective mortgage | 6.7.3.2 |

**Depending on error type, Participating Lender may either obtain a corrective mortgage or a new deed, provided once corrected the mortgage and deed match.*

6.7.3 Corrective Requirements

6.7.3.1 Scrivener's Affidavit with Legal Opinion

For this category, the Participating Lender shall correct the error and provide New Hampshire Housing with the following:

- A scrivener's affidavit
- A legal opinion

A scrivener's affidavit shall include the following:

- Book and page of mortgage being corrected
- Borrower(s) name
- Property address
- Statement of the error and how the error is being corrected
- Proper signature and notarization

A legal opinion shall:

- Be prepared and signed by a licensed New Hampshire attorney
- Be provided on the attorney's letterhead
- Be addressed to New Hampshire Housing, its successors and or assigns
- Include a detailed reference to the scrivener's affidavit
- Include an attached copy of the scrivener's affidavit
- State the error
- Opine that the corrective action:
 - Corrects the errors;
 - The mortgage, as originally recorded and as corrected, creates a valid mortgage; and
 - The error does not in any way affect the validity, enforceability or recording priority of the mortgage as originally recorded.
- Include the legal citations/authorities relied on in providing the legal opinion

6.7.4 Corrective Mortgage

For this category, the Participating Lender shall provide a corrective mortgage, either by:

- Correcting the original recorded mortgage
- Obtaining a new mortgage document that will replace the original mortgage

If the Participating Lender chooses to correct the original mortgage, the corrective mortgage shall have a cover page that includes:

- Reference to the original mortgage, including borrower's name(s) and recording information for original mortgage
- Statement that the new corrective mortgage corrects the original mortgage but preserves the recording priority of the original mortgage
- Statement of what was corrected
- Borrower's signature and notarization
- Entire document in full needs to be recorded, including riders

If the Participating Lender chooses to obtain a new mortgage document, the corrective mortgage shall include:

- Reference to the original mortgage, including borrower's name(s) and recording information for original mortgage
- Statement that the new corrective mortgage corrects the original mortgage but preserves the recording priority of the original mortgage
- Statement of what was corrected
- Proper signature and notarization

Following the recording of the corrective mortgage, the Participating Lender shall provide New Hampshire Housing with an assignment that references the original mortgage and the corrective mortgage; and an endorsement to the loan title policy that references both mortgages.

6.7.4.1 Discharge and New Mortgage

For this category, the Participating Lender shall discharge the incorrect mortgage and provide New Hampshire Housing with a copy of the recorded discharge. A new mortgage will need to be executed, notarized and recorded.

6.7.5 Assignment of Mortgage

If the assignment of mortgage has an error, the Participating Lender shall provide New Hampshire Housing with a new assignment.

If the assignment of mortgage with the error was recorded, the lender shall provide a corrective assignment that will include:

- The word "Corrective" (only if already recorded)
- Recording information of the original assignment
- Statement of what was corrected
- Statement that the new corrective assignment replaces the original assignment
- Proper signature and notarization
- Book and page reference for original mortgage

The corrective assignment shall be executed by the Participating Lender and recorded. The Participating Lender shall also provide New Hampshire Housing with an endorsement to the loan title policy that references the corrected assignment.

SECTION 7. LOAN PROGRAMS

7.1 HOME FLEX PROGRAM

The Home *Flex* program provides low- and moderate-income persons with financing for the purchase of a home through a statewide network of Participating Lenders or correspondents. Required forms are available on our [website](#). See [Fact Sheet](#) for more information.

7.1.1 Home *Flex* Limited 203k

New Hampshire Housing/FHA's Limited 203(k) program permits homebuyers to finance up to an additional \$35,000 into their mortgage to improve or upgrade the purchase of their primary owner-occupied residence. See [Fact Sheet](#) for more information.

7.1.2 Home *Flex* Plus with Cash Assistance Second Mortgage

Provides financing for the purchase of a home along with “Cash Assistance” of 2%, 3% or 4% of base loan amount. Cash Assistance can be used towards FHA required downpayment or for closing costs and prepaid escrows (purchase only). See [Fact Sheet](#) for more information.

Effective July 16, 2018, the borrower will have to agree to repay the cash assistance under the following terms:

- If the cash assistance will be repaid to New Hampshire Housing the total cash assistance will be paid back in full. There will not be a tiered repayment.
- Cash assistance must be secured by a second mortgage (the Cash Assistance Mortgage)
- No interest will be charged
- No periodic payments are required
- Cash assistance will be forgiven in full four years after the closing date, unless during the first four years, the borrower:
 - Sells the home;
 - Refinances the home; or
 - Files for bankruptcy.

The Participating Lender will serve two distinct roles depending on which loan is involved:

1. Lender for the Home *Flex* Plus Mortgage: The Participating Lender will follow the usual steps for originating, underwriting, processing and closing the Home *Flex* Plus loan. This role is governed by the Mortgage Loan Purchase Agreement (MLPA).
2. Document Preparer for the Cash Assistance Mortgage: New Hampshire Housing is the lender for the Cash Assistance Mortgage. The following will be completed by the Document Preparer:
 - Disclose to the borrower, using New Hampshire Housing program disclosure and CFPB TRID disclosures, including the Loan Estimate and Closing Disclosure;
 - Prepare the Cash Assistance Mortgage, using the New Hampshire Housing provided form document;
 - Have the borrower execute the Cash Assistance Mortgage; and
 - Instruct the closing agent to record the Cash Assistance Mortgage

7.1.3 Home *Flex* Refinance

Provides low and moderate-income persons with financing for the refinance of a current government insured home mortgage. Provided through a statewide network of participating lenders or correspondents. See [Fact Sheet](#) for more information.

7.1.4 Home *Flex* Rural Development (RD) Rehab

New Hampshire Housing's RD Purchase Rehab program permits homebuyers to finance up to an additional \$35,000 of renovation plus inspection and contingency fees into their mortgage to improve or upgrade the purchase of their primary owner-occupied residence. See [Fact Sheet](#) for more information.

7.1.5 Home *Flex* Streamline Refinance

Provides low and moderate-income persons with financing for the refinance of a current government insured home mortgage. Provided through a statewide network of participating lenders or correspondents. See [Fact Sheet](#) for more information.

7.2 HOME PREFERRED PROGRAM

7.2.1 Home *Preferred*

New Hampshire Housing, in conjunction with Fannie Mae's Home Ready program, offers Home *Preferred*, with up to 97% LTV with low mortgage insurance coverage and no loan level-price adjustments. This program is ideal for borrowers with limited funds for downpayment and closing costs, including features offered in the Home Ready program. When you run DO always pick HFA *Preferred*. Required forms are available on our [website](#). See [Fact Sheet](#) for more information.

Applicable fees for the Home *Preferred* product are available below in Section 9 Fees.

7.2.2 Home *Preferred* Manufactured Housing ROCs

New Hampshire Housing, in conjunction with Fannie Mae, is making our Home *Preferred* program available for manufactured housing in Fannie Mae approved ROCs (resident owned community). The program offers up to 95% LTV with low mortgage insurance coverage, making it ideal for borrowers with limited funds. See [Fact Sheet](#) for more information.

7.2.3 Home *Preferred* Plus with Cash Assistance Second Mortgage

New Hampshire Housing in conjunction with Fannie Mae is offering Home *Preferred* Plus. This program offers up to 97% LTV with low mortgage insurance coverage along with "Cash Assistance" of 3% of base loan amount. This program is ideal for conventional borrowers with limited funds for downpayment and closing costs and features no low-level price adjustments. When running Desktop Originator (DO), always pick HFA *Preferred*. See [Fact Sheet](#) for more information.

7.2.4 Home *Preferred* Manufactured Housing ROCs with Cash Assistance Second Mortgage

New Hampshire Housing in conjunction with Fannie Mae is making our Home *Preferred* program available for manufactured housing in Fannie Mae approved ROCs (resident owned community). The program offers up to 95% LTV with low mortgage insurance coverage, making it ideal for borrowers

New Hampshire Housing Selling Guide

with limited funds. 3% Cash Assistance Mortgage (DPA) can be combined with the ROC program. See Fact Sheet for more information.

7.3 HOME START (MRB)

Program currently not available.

7.4 VOUCHER ASSISTED MORTGAGE OPTION (VAMO)

Voucher Assisted Mortgages provide an opportunity for very-low income families to purchase a home and use the Housing Choice Voucher as a portion of their monthly mortgage payment. This Initiative is an option to and follows all guidelines of the Single-Family Mortgage Program and is open to all Housing Choice participants. See [Fact Sheet](#) for more information.

SECTION 8. HOMEBUYER TAX CREDIT PROGRAM (MCC)

The Home *Start* Homebuyer Tax Credit Program is a Mortgage Credit Certificate (MCC) Program. The MCC Program is a federal program that aims to provide eligible borrowers with a long-term benefit to help them afford a home. An MCC works by reducing the federal income taxes that an eligible homebuyer must pay. The MCC can convert a percentage of the interest paid on a mortgage each year into a tax credit. The maximum tax savings could be up to \$2,000 per year. Required forms are available on our [website](#). See [Fact Sheet](#) for more information.

To be eligible to receive an MCC, a borrower must meet certain requirements:

- Be a first-time homebuyer or purchase in a targeted area
- Must occupy the home as a principal residence
- Must meet certain income and purchase price limits
- Have an eligible first mortgage
- Have a tax liability

As stated in Homeownership Program Rule HFA 341.16, all lenders legally authorized to originate residential mortgages in the state may participate in the MCC Program in one or both of the following capacities:

- Acting participating MCC Lender; and/or
- An underlying mortgage lender

To act as a participating MCC Lender, a lender must sign the MCC Lender Agreement found on our website.

8.1 MORTGAGE CREDIT CERTIFICATE PROGRAM

8.1.1 Maximum Rate on Underlying Mortgage

For fixed rate loans, it is the highest interest rate offered by New Hampshire Housing at the time of rate lock with lender. For ARM, refer to the variance for ARM policy.

8.1.2 MCC Fees

New Hampshire Housing set MCC Fees when establishing an MCC program requirements. MCC fees are subject to change at any time.

New Hampshire Housing Selling Guide

| Name | Description | Amount |
|--|---|----------------------------|
| MCC Application, Processing and Issuance Fee Loans being sold to New Hampshire Housing | Payable by the borrower to New Hampshire Housing; to be collected at closing. <ul style="list-style-type: none"> Lender shall provide New Hampshire Housing with a completed MCC application and all required MCC documents. Lenders shall <u>not</u> charge the borrower any additional MCC fee for an MCC connected with a loan being sold to New Hampshire Housing. Specifically, the lender shall not collect for its benefit any MCC fees from the borrower before, at or after closing. | \$300 |
| MCC Application and Processing Fee Loans not being sold to New Hampshire Housing | When Underlying Loan is not being sold to New Hampshire Housing, fee is payable to either New Hampshire Housing or the Participating MCC Lender, depending on who is completing the application and collecting the required documents; if fee is due to lender, lender may waive this fee. | \$150 |
| MCC Issuance Fee Loans under \$50,000 | Payable by the borrower to New Hampshire Housing. <ul style="list-style-type: none"> Underlying Loan of \$50,000 or less whether loan is being sold to New Hampshire Housing or not | \$100 |
| MCC Issuance Fee Loans over \$50,000 not being sold to New Hampshire Housing | Payable by the borrower to New Hampshire Housing. <ul style="list-style-type: none"> Underlying Loan over \$50,000 that is not being sold to New Hampshire Housing | \$400 |
| Veteran's Fee with New Hampshire Housing Loan or with non-New Hampshire Housing Loan | For MCC issued to a qualified veteran or service member: <ul style="list-style-type: none"> There shall be no application/processing fee charged by New Hampshire Housing If the lender processes the MCC, the lender may charge the application and processing fee If New Hampshire Housing processes the MCC, there will be no processing fee Issuance Fee | \$0 \$150 \$0 \$0 |
| Reissuance Fee | Payable for reissuing an MCC when the Underlying Loan is refinanced | \$150 |
| Substitute Original MCC Fee | Payable by the MCC Holder to New Hampshire Housing for the reprinting of a substitute original MCC | \$50 |
| MCC Reservation Fee | Payable to New Hampshire Housing. No fee currently. | None |
| MCC Reservation Extension Fee | Payable to New Hampshire Housing. Paid each time a 30-day extension is granted. | \$50 |

8.1.3 Closing Cost Limits

Lenders may not charge an MCC borrower any additional fees for the MCC. Other loan closing costs are limited to fees that are reasonable and customarily charged to a borrower applying for a mortgage without an MCC.

8.1.4 Specific MCC Program Guide

New Hampshire Housing will continue to issue MCCs under the 2018 MCC Program until the earliest of:

- All MCC capacity for the 2018 MCC Program has been allocated to homebuyers;
- December 31, 2020; or
- New Hampshire Housing terminates the 2018 MCC Program.

In addition to the Homeownership Program Rules outlined here, each MCC election will have a specific MCC Program Guide which will describe certain specifics for that MCC election.

8.1.5 MCC Reservations

Participating MCC Lenders must use Lender Online to reserve the MCC. If Lender Online is not available, the Participating MCC Lender must submit a reservation using the Reservation Form, which may be faxed or emailed.

MCC reservations shall automatically expire four months from the reservation date. Reservations shall automatically be extended if New Hampshire Housing is processing a complete MCC package. Reservations may be extended by New Hampshire Housing, provided:

- The borrower or lender initiates an extension request;
- The MCC, based on the extended reservation, can still be issued in compliance with IRS regulations and New Hampshire Housing rules; and
- There is MCC capacity still available to fulfill the reservation as extended.

8.2 PRE-APPROVAL POLICY AND PROCEDURES

New Hampshire Housing does not require lenders to seek an MCC Pre-Approval. Generally, the lender compiles the MCC application and provides it to New Hampshire Housing after the mortgage closing. New Hampshire Housing then reviews the application and issues the MCC, if the borrower qualifies. To accommodate lender's request, New Hampshire Housing will provide an MCC Pre-Approval, provided the lender complies with this policy.

NOTE: New Hampshire Housing asks lenders to seek MCC Pre-Approval only when essential to the mortgage transaction (e.g., borrower needs the MCC to qualify for the mortgage), therefore, New Hampshire Housing expects these requests to be limited.

8.2.1 MCC Pre-Approval Procedures

If a lender requests an MCC Pre-Approval, New Hampshire Housing and the lender shall follow these procedures. If there has been any material change, the lender shall ensure New Hampshire Housing has a current complete MCC packet.

This policy provides a process to obtain an MCC Pre-Approval. New Hampshire Housing's obligation to purchase a loan still depends on the lender ensuring that a loan meets all program guidelines. For example, if New Hampshire Housing has issued an MCC Pre-Approval but the borrower does not ultimately qualify for an MCC, and that impacts the ability to obtain insurance/guarantee on the loan, the lender bears that risk and New Hampshire Housing would not be required to buy that loan.

New Hampshire Housing Selling Guide

Step One: Before the Mortgage Closing

Lender Responsibilities

- The MCC Pre-Approval request must be submitted to New Hampshire Housing at least three business days before the scheduled mortgage closing.
- The lender must submit a complete MCC Pre-Approval packet (see next paragraph). New Hampshire Housing will not review an MCC Pre-Approval until the packet is complete.
- MCC Pre-Approval Packet: The lender must submit the following:
 - Copy of complete signed Loan Application (1003);
 - Online Homebuyer Tax Credit Training Certificate of Completion;
 - Copy of complete MCC Applicant(s) Affidavit and Recapture Notification;
 - Verification of the income for All household members, including:
 - Wages and other compensation (evidenced by most recent 30 days' paystubs);
 - Child support;
 - SSI;
 - SSDI;
 - VA Benefits;
 - Pension/Annuity; and
 - Current year-to-date business profit and loss statement.
 - Tax Returns - signed and dated, copies for the most recent three years, complete with all schedules and W-2s, or three years complete IRS tax transcripts for all household members with an ownership interest in the property.

NOTE: If the property is located in a Targeted Area, tax returns and/or transcripts are not required, unless the borrower is self-employed, in which case, two years would need to be provided.

New Hampshire Housing Responsibilities

Upon receiving a complete MCC Pre-Approval packet, New Hampshire Housing will:

- Review the packet; and
- Within three business days, provide the lender a decision on the MCC Pre-Approval request.

Step Two: After the Mortgage Closing

Lender Responsibilities

After the mortgage closing, the lender must, within 14 calendar days of the closing date, submit the remaining documents for a complete MCC Application. The remaining documents required for an MCC to be issued are:

- Underwriting and Transmittal Summary (completed and signed by the underwriter);
- Copy of Real Estate Sales Contract, signed, with all Addenda;
- MCC Program Disclaimer and Affirmation of Responsibility;
- Applicant(s) Closing Affidavit;
- Seller Affidavit;
- Lender Closing Certificate;
- Copy of executed Note;
- Copy of executed Mortgage;
- Copy of Closing Disclosure (fully executed); and
- MCC fee.

New Hampshire Housing Selling Guide

Complete copies of all MCC documents can be found here:

- [Application package with New Hampshire Housing mortgages](#)
- [Application package without New Hampshire Housing mortgages](#)

NOTE: If the lender is aware of any material change, the lender shall submit a new and complete application.

New Hampshire Housing Responsibilities

Provided New Hampshire Housing does not receive any information of a material change in circumstances that would disqualify the MCC applicant, New Hampshire Housing will issue the MCC.

8.2.2 Use of MCC When Underwriting a Mortgage

Provided the loan meets all applicable requirements, New Hampshire Housing will purchase loans that use an MCC in qualifying the borrower. In doing so, the lender must follow the MCC requirements established by the different loan programs or mortgage insurer/guarantor, which can vary based on the type of loan being underwritten (FHA, RD, VA and Fannie Mae). When a lender sells a loan to New Hampshire Housing, the lender is representing that it complied with those underwriting requirements for using the MCC.

SECTION 9. FEES

9.1 HOME FLEX LOAN ACQUISITION FEES

Loan Acquisition Fees: New Hampshire Housing shall pay the lender the following fee based on the loan’s “Delivery Date.” (“Delivery Date” shall mean the date New Hampshire Housing receives a closed loan with a fully complete loan file.)

Home Flex

| Calendar Days from Loan Reservation to Receipt of Ready-to-Purchase Loan | Loan Acquisition Fee Paid to Lender (as a % of Loan Amount) |
|--|--|
| 1–60 | 2.25 |
| 61–68 | 2.125 |
| 69–75 | 2.00 |
| 75–90 | 1.75 |
| 91–120 | 1.25 |
| 120+ | No acquisition fee paid; acquisition subject to New Hampshire Housing agreement and potential penalty; rate lock expired |
| Combined with MCC | .20 basis points added to fee listed above MCC’s will be net funded at time of purchase |

Home Flex Plus

| Calendar Days from Loan Reservation to Receipt of Ready-to-Purchase Loan | Loan Acquisition Fee Paid to Lender (as a % of Loan Amount) |
|--|--|
| 1–60 | 2.05 |
| 61–68 | 1.925 |
| 69–75 | 1.80 |
| 75–90 | 1.55 |
| 91–120 | 1.05 |
| 120+ | No acquisition fee paid; acquisition subject to New Hampshire Housing agreement and potential penalty; rate lock expired |
| Combined with MCC | .20 basis points added to fee listed above MCC’s will be net funded at time of purchase |

Notes

- In counting “calendar days,” the day of the reservation and day of delivery are counted as days. Example: If a reservation is made on April 1, the loan must be delivered within 60 calendar days, which would mean delivered to New Hampshire Housing by May 30. If the delivery deadline is a weekend or holiday, the lender has until the following business day to deliver the loan.
- A “ready-to-purchase loan” means a loan delivered in the format specified in New Hampshire Housing’s rules and including all documents as detailed in the Stacking List. Loan files that are

New Hampshire Housing Selling Guide

delivered to New Hampshire Housing that are not ready-to-be-purchased loans, shall earn the acquisition fee based on when the file becomes complete.

- New Hampshire Housing, in its sole discretion, may elect to purchase or not purchase a loan delivered more than 120 days after reservation. Such loans have an expired rate lock. New Hampshire Housing reserves the right to charge the lender a penalty of up to 1% of the mortgage amount.
- When combining either the Home *Flex* or Home *Flex Plus* with the MCC an additional .20 basis points will be added to the acquisition fee.
- The \$300 MCC fee collected from the borrower at time of closing will be net funded at time of purchase.

9.2 HOME PREFERRED LOAN ACQUISITION FEES

Loan Acquisition Fees: New Hampshire Housing shall pay the lender the following fee based on the loan's "Delivery Date." ("Delivery Date," shall mean the date New Hampshire Housing receives a closed loan with a fully complete loan file.)

Home Preferred

| Calendar Days from Loan Reservation to Receipt of Ready-to-Purchase Loan | Loan Acquisition Fee Paid to Lender (as a % of Loan Amount) |
|---|--|
| 1–60 | 2.05 |
| Combined with MCC | .20 basis points added to fee listed above MCC's will be net funded at time of purchase |

Notes:

- Extensions must be requested via email PRIOR to expiration.
- Minimum Extension 5 days, Maximum extension is 30 days.
- Extension fees will be net funded at loan purchase or invoiced if loan does not close.
- When combining with the MCC an additional .20 basis points will be added to the acquisition fee.
- The \$300 MCC fee collected from the borrower at time of closing will be net funded at time of purchase.

SECTION 10. SUPPORTING DOCUMENTS

Refer to our [website](#) for most of the following supporting documents.

| | |
|---|---|
| <ol style="list-style-type: none">1. Assignment of Mortgage2. Borrower's Authorization3. Cash Assistance Wire Transfer Request4. Contractor Approval Worksheet5. Document Preparation Agreement6. FHA Homeowner/Contractor Agreement7. Home <i>Flex</i> Notice of Construction Mortgage8. Home <i>Flex</i> Plus Stacking List9. Home <i>Flex</i> Stacking List10. Home <i>Preferred</i> MH ROCs Stacking List11. Home <i>Preferred</i> Stacking List12. Lender Exception Request and Acknowledgement13. Mortgage Credit Certificate Documents<ol style="list-style-type: none">a. Application Package for re-issuing an MCCb. Homebuyer Tax Credit Borrower Notificationc. Homebuyer Tax Credit Borrower Qualification Worksheetd. Homebuyer Tax Credit Income and Purchase Price Limitse. MCC Application with New Hampshire Housing Mortgagesf. MCC Application without New Hampshire Housing Mortgages ("Standalone")g. MCC Land Use Borrower Affidavith. MCC Limited Business Use Affidaviti. MCC Participating Lender Agreementj. MCC Reservation Formk. MCC Underlying Lender Acknowledgement | <ol style="list-style-type: none">14. Mortgage Loan Purchase Agreement (MLPA)15. Mortgagee Change Request Letter16. New Hampshire Housing LE Disclosure Submission Form17. New Hampshire Housing Letter on Legally Liable/Obligated18. Notice of Assignment, Sale, or Transfer of Servicing Rights19. Owner's Loan Disbursement Affidavit – Final20. Owner's Loan Disbursement Affidavit – Initial21. Participating Originator Agreement (POA)22. Reservation of Funds Form23. Rider for ROCs24. Tax Transfer Letter25. Uniform Condominium Questionnaire26. VAMO Closing Certificate |
|---|---|

SECTION 11. REVISION HISTORY

| Date | Section | Revision |
|--------------------|------------------------|---|
| May 2019 | All | Selling Guide created. |
| December 2019 | All | 3.0 dated 12/15/19 - Product sheets added. |
| February 2020 | Various | 4.0 dated 2/19/2020 – Product sheets deleted; section 6 updated per Lender Notice. |
| April 13,2020 | Various | 4.13.20 – Home <i>Preferred</i> program temporarily suspended effective date: 04/13/2020. |
| May 18, 2020 | Various | 5.18.20 – Reinstatement of Home <i>Preferred</i> program effective date: 05/18/2020. |
| May 21, 2020 | Home Flex Income Limit | 5.21.20 – Updated program income limit link. New Home Flex program income limit of \$135,300. |
| July 10, 2020 | | 7.10.20 – Added Trailing Documents Policy. |
| September 15, 2020 | Various | 7.1.2 – Updated Home Flex Plus with Cash Assistance Second Mortgage to include 4% downpayment assistance amount. 7.1.4 – Updated Home <i>Flex</i> Rural Development (RD) Rehab. 7.2.4 – Added Home <i>Preferred</i> Manufactured Housing ROCs with Cash Assistance Second Mortgage. |
| September 30, 2020 | 3 | Added Section 3.4, Homeowners Insurance Requirements |



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As a self-supporting public corporation created by the state legislature, New Hampshire Housing Finance Authority promotes, finances, and supports affordable housing.

