

**NEVADA HOUSING DIVISION**  
**LENDER MANUAL**  
**MORTGAGE REVENUE BOND PROGRAM**

This Manual, located on the NHD website [www.housing.nv.gov](http://www.housing.nv.gov) is a comprehensive handbook for participating lenders that details Nevada Housing Division (NHD) policies, procedures, and loan program guidelines. The purpose of this Lender's Manual is to provide lenders with specific information relating to the NHD bond programs.



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## Nevada Housing Division Bond Program At A Glance

### Allocation:

On-going allocation.

Second Mortgage Loan available for assistance: 3% of the purchase price or appraised value whichever is less (amortized 20-year term), effective January 27, 2014,  
Second mortgage can be originated with FHA/VA/RHS and HFA-Preferred Conventional loans. First-Come, First-Served Reservations.

### Interest Rates:

~~30-year Term First Time Homebuyer Program~~ Mortgages: 4.00% effective August 18, 2014. Not available effective 9/19/14.

30-year Term First Mortgage with **Teachers First-Payment Assistance\***: 4.00% effective August 18, 2014.

30-year Term **Hero to Home Mortgage Program**: 2.75% effective **June 10, 2014**.

20-year Term Second Mortgage to follow NHD Teacher First Mortgage: 6.00% effective August 18, 2014.

20-year Term Second Mortgage to follow Hero to Home First Mortgage: 4.75% effective **June 10, 2014**.

\*First mortgages with Teachers First-Payment Assistance are originated only by Evergreen Moneysource Mortgage Company and iMortgage.

### Approved Loan Types:

FHA: 203(b), 234(c), 203(h), Streamline 203K(s)\*, and other acceptable FHA programs. 2-1 Temporary buy-downs are permitted per limits and rules.

\*Participating lenders must be designated as Approved for 203K(s) by U.S. Bank and Nevada Housing Division. 203K(s) Application forms must be requested by the lender through the Division.

VA: Originated and guaranteed in accordance with VA guidelines under 1810 and 101A. 2-1 Temporary buy-downs are permitted per limits and rules.

RHS: Originated and guaranteed in accordance with USDA. 2-1 Temporary buy-downs are permitted per limits and rules.

Fannie Mae Conventional/HFA Preferred. 2-1 Temporary buy-downs permitted per limits and rules.

Refer to Selling Guide requirements in sections B5-6 My Community Mortgage and B2-2 Borrower Eligibility. Manufactured homes, as defined by Fannie Mae, are not permitted. Mandatory 0.25% Adverse Market Delivery Fee applies. Please refer to U.S. Bank's Program Bulletin 2013-38 dated December 19, 2013 for additional overlays.

### Fees and Points That Lender May Charge Borrower/Seller

Origination Fee: 1.00%

FHA 203K(s) Supplement Fee: Greater of 1.5% of the Rehab Amount or \$350

Other Closing Costs: In accordance with agency policies. Must be fully disclosed on HUD-1

Fees to Nevada Housing Division (NHD) and U.S. Bank, master servicer from Lender

Compliance Review Fee: \$75.00 (NHD collects at compliance review, check or money order from lender)

Funding Fee: \$300.00 (U.S. Bank, master servicer nets at purchase) effective **June 9th, 2014**

Tax Service Fee: \$85.00 (U.S. Bank, master servicer nets at purchase)

Adverse Market Delivery Fees (Conventional Loans only): 0.25% of the first mortgage loan amount

### Funds to Lender at Purchase by USB via Wire Transfer (USB will Purchase after April 1, 2013)

Base Price: 100% of outstanding principal amount of the first mortgage loan

Servicing Release Premium: 1.50% of the outstanding principal amount of the first mortgage loan.

1% of the outstanding principal amount for VA loans.

1.25% of the outstanding principal loan amount for HFA Preferred loan with an LTV of 95.01-97%



## INTRODUCTION

This Introduction section provides an overview of the mortgage revenue bond loan origination process.

- Mortgage Revenue bond programs are designed primarily for low- and moderate-income families who are first-time home buyers. Advantages to borrower include:
- Below market interest rates
- Down Payment assistance grants (when applicable)
- Down Payment second mortgage loans which can be used for down payment assistance and/or closing costs (if applicable)

Mortgage revenue bonds, which can either be taxable or tax-exempt, are purchased by investors. When tax-exempt bonds are used to finance mortgage loans, certain criteria is required to retain the bonds' tax-exempt status, including:

- Sales price limits
- Income limits
- First-time home buyer requirements (in Non-Targeted Areas)\*
- Owner occupancy requirements
- Geographic restrictions may apply

\* Properties in Non-Targeted Areas require the borrower to be a first-time homebuyer or qualified Veteran.

### **Recapture Provisions of Revenue Bond loans:**

In 1990, Congress passed a law requiring a “recapture tax” on the gain, or profit, from the sale of a residence financed with mortgage revenue bond proceeds, under certain circumstances. The objective of recapture is to enable the federal government to collect or “recapture” the subsidy received by the borrower. Borrowers are subject to the possibility of recapture tax if the property is sold within nine years after closing. The maximum recapture tax that can ever be paid is 6.25% of the original mortgage amount or 50% of the gain realized on the sale of the property, whichever is less. The recapture tax represents an additional tax liability, payable with the homeowner’s federal income tax.

Note: Effective September 1, 2011, Nevada Housing Division has instituted a Recapture Tax Reimbursement Program.



### **Underwriting:**

Bond loans are underwritten by lenders according to agency guidelines, as applicable. Compliance files are then sent to Nevada Housing Division (NHD) – to ensure that loans meet the bond program’s specifications. Lenders should also follow USB Product descriptions and any bulletins issued by U.S. Bank, please visit [www.mrb.usbank.com](http://www.mrb.usbank.com). Once approved by NHD, loans may be closed by lenders. Effective March 1, 2013, Down Payment Assistance loan will be wired directly to the closing agent by NHD.\* The wire request must be sent to NHD by noon one business day prior to date funds required and borrower must sign U.S. Bank’s Down Payment Assistance Verification Form (USB002) available at: [http://housing.nv.gov/programs/FTH/Lender\\_Forms/](http://housing.nv.gov/programs/FTH/Lender_Forms/) First mortgage purchase files are then sent to U.S. Bank for purchase review. When suspensions are cleared and files are complete, loans are purchased by U.S. Bank and funds are sent to lenders via wire transfer.

Manual underwrite permitted if a borrower has a NO credit score, alternative credit sources may be used that are acceptable to the product guidelines for manual underwrite to be performed by the underwriter.

\*DPA – Second Mortgage Post Purchase packages are delivered to NHD.



## FREQUENTLY ASKED QUESTIONS

### Registration:

**Q: How do I cancel a loan?**

**A:** All registration changes and cancellations must be done by Nevada Housing Division (NHD), by completing the cancellation section of the original registration form, and faxing or email scanning it to NHD at the fax number and/or emails listed on the “Contact Information” page at the end of this manual.

**Q: I have a borrower whose property fell through because the seller wasn't willing to make some necessary repairs. He found another property in the same city. The bond loan on the original property was registered through NHD on a first-come, first-served program. Does the original loan need to be cancelled? I'm afraid this borrower will lose out if we have to cancel.**

**A:** Our general rule of thumb is that unless the borrower is changing bond programs, we do not have to cancel the loan. Simply fax over a change request (refer to question about loan changes for more information). If the compliance review has already been done by NHD, you must fax us the purchase contract (for sales price verification) as well as updated documents, showing the new property address. There would not be another compliance fee charged, and a new compliance approval letter would be faxed or emailed to you.

### Compliance

**Q: DO I need the NHD compliance approval before I close a loan?**

**A:** Yes. Compliance files must be sent to NHD within 45 days of application, and at least 10 days before closing. NHD reviews each mortgage loan for compliance with tax code requirements. Full documentation is mandatory for current employment and other requirements for the NHD compliance review. A Compliance Review Fee is charged. The fee of \$75.00 is due upon receipt of compliance file for review and payment should accompany the compliance file. A Money Order, Cashier's Check or Lender check payable to NHD.



**Q: Underwriters often take a 24-month income average. Is this how compliance income is calculated?**

A: Generally, compliance income is calculated using the current year-to-date base income. However, if the borrower has additional income (such as commission, bonuses, etc), NHD adds a 12-month average of the additional income to the borrower(s) current year-to-date base pay when calculating compliance income.

**Q: If my underwriter doesn't use child support to qualify a borrower, does it have to be added to income calculation for compliance?**

A: Yes. Compliance review differs from underwriting in that it must include all forms of income, such as alimony and child support, Social Security, pensions, dividends, interest income, bonuses, overtime, commissions, etc.

**Q: What if a borrower received a bonus or overtime in the past, but his job changed and he isn't going to be receiving it again?**

A: In that case, it will not be included when calculating his income for compliance. In order for income to be included, it must be continuous and on-going. However, we would need some documentation from his employer, stating that he will no longer be receiving bonus or overtime income.

**Q: Are co-signors or non-occupant co-mortgagors allowed on this program?**

A: No. Nevada Housing Division does not allow co-signors nor non-occupying co-borrowers.

**Q: If a borrower inherited a home and takes a mortgage interest deduction on her taxes, but has never occupied the property as her primary residence, is she still considered a first-time buyer?**

A: Yes. If she has not occupied the property as her primary residence in the last three years, then she is considered a first-time buyer.

**Q: If a borrower owns land with a mobile home on it, and has occupied the mobile home as his primary residence, is he a first-time buyer?**

A: The issue of mobile homes can often be confusing when it comes to bond loan programs, but there are some principles that will help bring clarification. If the loan and the improvements (the mobile home) are taxed as real property – and the mobile home is permanently affixed to the land – then the borrower is NOT considered a first-time buyer. On the other hand, if the mobile home is taxed as personal property and is not permanently affixed, then he is a first-time buyer.





**Q: I have a borrower who is married and is going on title by himself. Does his wife need to sign affidavits?**

A: By law in a community property state such as Nevada, the non-purchasing spouse must sign the mortgage/deed of trust or a quit claim deed. The non-purchasing spouse must sign the bond affidavits as well as qualify for the bond program regarding income and first-time buyer status. The compliance file must include the spouse's income documentation, verification of rent, and tax returns for the past three years. Spousal Income also includes any income for spouse who may not reside with borrower. Absent spouse income is included in household income calculations due to IRS regulations.

**Q: Are originals required in the compliance file, and how old can documents be?**

A; Originals are needed for the Buyer's Affidavit (Exhibit D), Seller's Affidavit (Exhibit E), Notice to Buyers (Attachment 6), Subordination Disclosure Notice (Exhibit Q), Recapture Tax Notice – signature page only (Attachment 11). Copies of other documents are acceptable. Pay stubs must be dated within 30 days of closing. All other NHD compliance documents should be dated within the current year.

\*Nevada Housing Division has issued a waiver for the Seller's Affidavit, Exhibit E, on real estate owned (REO) properties owned by banks, government entities, FHA/VA/FNMA/FHLMC, Etc. If the lender is unable to obtain an executed Seller's Affidavit on a REO property, Nevada Housing Division will accept a completed un-executed Seller's Affidavit. The lender is still required to complete the Seller's Affidavit with all information and include the words "REO OWNED" on the signature line.

### **Purchasing:**

**Q: What is the Nevada Housing Division (NHD) turnaround time for reviewing and funding purchase files?**

A: NHD has set a benchmark of reviewing received purchase files within three to five business days. If you have not received an approval/suspense or denial within three to five (3-5) business days, please check the status of your package on the Lender Online portal by visiting the website at: <https://lenders.housing.nv.gov/Bin/Display.exe/ShowSection>. When the purchase package has been approved for purchase, it will be funded by the next business day's transaction group and the lender will receive the Purchase Advice from U.S. Bank within 24 hours detailing the wire funding.

**Q: What are some common suspensions of purchase files?**



A: Funding is delayed when there are suspensions of a file, therefore lenders are encouraged to be thorough when putting together purchase files. Common suspensions on purchase files include:

- No six-month title history
- Compliance conditions not in the funding file
- No payment history
- Affidavits are not originals

**Q: How should I identify my purchase files when I send them to U.S. Bank?**

A: Due to the tremendous volume of files that come through U.S. Bank's mailroom, it is critical for lenders to properly identify files. Be sure to write the bond program name, borrower(s) name, and the loan reservation number provided by the Lender Online portal legibly on the front of the file. This will help our staff to process and review your files more efficiently.

## MERS

**Q: Is MERS allowed?**

A: Effective with all loans registered April 1<sup>st</sup>, 2013 via the Lender Online portal MERS assignments will be allowed.

All First Mortgage Notes should be drawn in the originating lender's name and endorsed to U.S. Bank National Association in the purchase package. All Deeds of Trust must be closed and recorded in the lender's name and then have assignments from the lender to U.S. Bank National Association. Purchase package will contain copies of the assignment(s) which must be sent from originating lender to County Recorder for recording at Lender's expense. First Mortgage Loans may be registered via (MERS) in lieu of Assignment of Mortgage. **U.S. Bank MERS ID #1000212**, refer to Delivery & Funding Guide information about MERS at <http://www.mrbp.usbank.com>.

Additionally, **NHD Down Payment and Closing Cost Loan Program mortgages CANNOT** be originated under MERS. They must close in the name of Nevada Housing Division. Note & DOT are available on NHD's website at [www.housing.nv.gov](http://www.housing.nv.gov).



## ELEMENTS OF NEVADA HOUSING DIVISION BOND PROGRAM

### Loan Allocation and Rates:

**Allocation:** On-going

Second Mortgage Loan available for assistance: **3% of the purchase price or appraised value whichever is less**, maximum loan amount (amortized 20-year term), effective January 27<sup>th</sup>, 2014.

Second mortgage can only be originated with FHA/VA/RHS/ HFA Preferred Conventional loans. First-Come, First-Served Reservations Registration and Compliance review by Nevada Housing Division (NHD). Purchase and Servicing of all First Mortgage Loans by U.S. Bank. Effective for loans closing on or after March 1, 2013, NHD will be table funding the second mortgage loan directly to closing agent.

### Interest Rates:

30-year Term First Mortgages: 3.50% effective January 27<sup>th</sup>, 2014.

30-year Term First Mortgage with Teachers First-Payment Assistance\*: 3.50% effective January 27<sup>th</sup>, 2014.

20-year Term Second Mortgage to follow NHD First Mortgage: 5.50% effective January 27<sup>th</sup>, 2014.

\*First mortgages with Teachers First-Payment Assistance are originated only by Evergreen Moneysource Mortgage Company and iMortgage.

### Targeted Areas

A targeted area is 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 of chronic economic distress. Properties in Targeted Areas generally have higher income limits, and the borrower does not have to be a first-time homebuyer. For a listing of Targeted Area census tracts, see Targeted Area Census Tracts on the NHD website.

### Borrower's Assets

At the sole discretion of NHD, assets, including, without limitation, savings accounts, stocks, bonds, and equity in real estate, may not exceed 50% of the acquisition cost of the qualified residence, unless the borrower is disabled or elderly and NHD determines that such assets are



the primary source of income for the borrower. 401K/Retirement accounts that are not accessible/liquid (penalty to withdraw funds) are not included in the borrower's assets.

#### **Program Area:**

The geographical area within the state of Nevada.

#### **Servicing Release Premium:**

1.50% of the outstanding principal amount of the first mortgage loan.

1% of the outstanding principal amount for VA loans.

1.25% of the outstanding principal loan amount for HFA Preferred loan with an LTV of 95.01-97%. There is no Service Release Premium on the Second Mortgage Loan and no fees other than recording fees for second mortgage deed of trust and per diem may be charged to the second mortgage loan.

#### **Eligible Loan Types and Other Financing:**

##### **FHA Loans:**

Must be originated and insured in accordance with FHA guidelines. The following FHA insured program options are available: 203(b), 234(c), 203(h), Streamline 203K(s) and other acceptable FHA programs. 2-1 Temporary buy-downs are allowed, per limits and rules. Automated underwriting is permitted; refer to the Lender Underwriting Guidelines section of this Lender's Manual for more information or underwriting guidelines with U.S. Bank at [www.mrbp.usbank.com](http://www.mrbp.usbank.com)

\* Streamline 203(k) loans will be allowed after April 1, 2013. Lenders must be approved by US Bank to offer Streamline 203(k) loans. Please contact the Lender Help Desk at 800-562-5165 or by e-mail at [mrbp.helpdesk@usbank.com](mailto:mrbp.helpdesk@usbank.com).

##### **VA Loans:**

Must be originated and guaranteed in accordance with VA guidelines under 1810 and 181A. 2-1 Temporary buy-downs are allowed, per limits and rules. Automated underwriting is permitted; refer to the Lender Underwriting Guidelines section of this Lender's Manual for more information.

##### **RHS Loans:**

Must be originated and guaranteed in accordance with USDA. 2-1 Temporary buy-downs are allowed per limits and rules\*\*.



**Fannie Mae Conventional Loans:**

Maybe originated under Fannie Mae Conventional HFA Preferred program. 2-1 Temporary buy-downs permitted per limits and rules. Condominiums and Manufactured homes, as defined by Fannie Mae, are not permitted. Automated underwriting is permitted (DU underwriting using the “HFA Preferred” loan product only); refer to the Lender Underwriting Guidelines section of this Lender’s Manual for more information or refer to U.S. Bank’s Lending Manuals. A mandatory 0.25% Adverse Market Delivery fee must be charged / collected.

\*Participating lenders must be designated as Approved for 203K(s) by U.S. Bank and NHD.

**Down Payment & Closing Cost Loan Program:**

Borrowers obtaining a first mortgage loan may be eligible to receive an amortized 20-year term second mortgage with a maximum loan amount of 3% of the purchase price or appraised value, whichever is less.

Effective for new reservations on and after November 8, 2011, second mortgage can be originated with FHA, VA, RHS, and HFA Preferred Conventional loans. Effective March 1, 2013 NHD will table fund Second Mortgage loans directly to the closing agent. Lender must send the Wire Request Form 11 to the Division at (702) 486-7227 before noon, Pacific Standard Time, the day prior to closing. It is the responsibility of the Participating Lending Institution to confirm the Division receives this fax. Requests received after noon will be processed the following business day.

**Interest Rate Changes:**

The interest rate for both first mortgage and second mortgage are variable until lock-in. Refer to the NHD website for updates to the current mortgage loan rates for first mortgage and second mortgage loans.

**Loan Registration:**

Loan registration for first mortgage and second mortgage loans will be via the Lender Online portal at <https://lenders.housing.nv.gov/Bin/Display.exe/ShowSection>. See registration section for details about loan registration procedures.

**Down Payment Loan Program Eligibility Criteria:**

Borrowers must meet eligibility criteria of the first mortgage (i.e., income limits, purchase price limits, etc.).



**Second mortgage loans are *NOT* assumable.** Input “\$0.00” for the assumption fee on the Deed of Trust for the second mortgage if applicable. This field cannot be blank. Second Mortgage Deed of Trust is available on NHD’s website under “Lender Forms”at:

[http://housing.nv.gov/programs/FTH/Lender\\_Forms/](http://housing.nv.gov/programs/FTH/Lender_Forms/)

**No title policy is required on the second mortgage.**

### **Subsidy Programs:**

Additional subsidy programs are allowed with the bond program, such as Community Down Payment Assistance Programs, Section 8 Homeownership Vouchers, Grants and Deed Restrictions, provided that all additional guidelines for such program are followed.

All additional subsidy programs must be approved with Nevada Housing Division. Please contact the Single Family Loan Department (see contact page at end of Lender’s Manual) to ensure the program is approved.

### **Cash Back to the Borrower at Closing:**

If cash remains at loan closing, it may only be applied as follows:

- (1) To the borrower only to the extent of his/her earnest money deposits or payments for prepaid items
- (2) As a principal reduction of the loan balance of the first mortgage when the borrower has not made an earnest money deposit or made payments for any prepaid items – or when the amount of cash remaining exceeds the borrower’s earnest money deposit or payments for prepaid items.

### **Escrow Holdbacks:**

Escrow holdbacks are used to hold a portion of a loan in an escrow account until an additional requirement is completed. This borrower accommodation allows the loan to close and the borrower to occupy the property while incidental work is finished. Escrow for repairs are permitted on external items only. All Origination Lenders are responsible to follow FHA guidelines and the DE Underwriter must be in a position to properly document the file with all necessary paper work. The Origination Lender will be responsible to maintain and complete the escrow.



Nevada Housing Division requires loans with escrow holdbacks to be submitted for prior compliance approval before the lender can submit to U.S. Bank for loan purchase. To obtain approval, lenders must provide detail on the repairs required as well as amount of escrow holdback and submit it with the following additional documentation to the Single Family Department at Nevada Housing Division.

- Appraisal
- Escrow Work Order
- Only escrow holdback approved by NHD will be allowed. Originating lender and title company are responsible to monitor and clear all escrow holdbacks. Provide final inspections to U.S. Bank as a trailing document.
- Escrows for well/septic, other health/safety issues will not be permitted

#### **Loan Terms:**

Each first mortgage loan must be a level payment mortgage, amortized for 30 years (360 months).

Each second mortgage loan must be a level payment mortgage amortized for 20 years (240 months.).

Each mortgage loan must be evidenced by a mortgage note and secured by a mortgage creating a lien on such residence, subject to permitted encumbrances.

Payments are due the first day of each month and must include amounts for deposit into an escrow account to provide for the timely payments of taxes and insurance, including mortgage insurance (MI), as applicable.

The first payment of the mortgage loan will be no later than the first day of the second month following the closing. There must be provision for a grace period not to exceed 15 days and late payment charges in amounts not in excess of the customary charges permitted by the applicable agency.

#### **Fees and Charges**



**Allowable Fees and Points That Lender May Charge Borrower/Seller:**

The mortgage lender may collect and retain from the borrower, seller, or another person, the following fees and charges:

- Origination Fee: 1.00% of first mortgage loan amount
  
- FHA 203(k) Supplemental Fee: Greater of 1.50% of Rehab Amount or \$350 (netted from wire at purchase)
  
- Other Closing Costs: Including appraisal fee; credit report fee, FHA or VA insurance premium; survey fee; title insurance premium; and other closing costs as permitted by the respective agency. Must be fully disclosed on the HUD-1.

**Fees to Nevada Housing Division from Lender:**

- Compliance Review Fee \$75.00 payable at submission of compliance package to NHD. Lender check is preferred payment method.**

**Fees netted from Wire at Funding:**

- Funding Fee: \$250.00 currently, **\$300 Effective June 9<sup>th</sup>, 2014**
- Tax Service Fee \$85.00
- Adverse Marketing Delivery Fee 0.25% (Conventional loans only)
- FHA 203(k) Supplemental Fee 1.50% of Rehab Amt or \$350 – whichever is greater

There are no fees associated with the second mortgage loan. Lenders may not charge any fees other than per diem and recording fees for the second mortgage.

Lenders may not charge any warehousing or similar fees for the use of funds during the period prior to purchase of the mortgage loan by U.S. Bank.

The fees listed above may be collected only once in connection with the origination of a mortgage loan and cannot exceed limits established by federal or state law; and they cannot exceed corresponding fees charged on mortgage loans not provided through tax-exempt revenue bonds.

Lenders will pay all costs of preparing and furnishing mortgage loan files to U.S. Bank or NHD if applicable, including original and certified copies of documents and instruments. Lenders may recover such costs from the mortgagor or the seller to the extent permitted above.





## Additional Information:

### Compliance:

At least 10 days prior to the closing of a mortgage loan, Nevada Housing Division must receive a compliance package from lenders for tax compliance pre-approval. All files are reviewed on a first-come, first-served basis. A check for the payment of the \$75.00 compliance review fee (payable to NHD) must accompany the compliance file. Within 24-120 hours (1-5 business days) of receipt of the compliance file, Nevada Housing Division will notify the lender of approval status. Loan status can also be viewed on Lender Online portal. For detailed information regarding compliance, refer to the Compliance section of this Lender's Manual.

### Purchase by U.S. Bank:

The closed loan purchase file must be submitted to U.S. Bank within:

- 60 days after loan registration for existing properties or 90 days after loan registration for new construction; *or*
- 15 days after closing the mortgage loan; whichever is first.

If U.S. Bank does not receive a closed loan purchase file within these timeframes, then the loan will automatically be cancelled.

Lenders must service loans prior to purchase by U.S. Bank; and loans must be current in principal, interest, taxes, and insurance payments at the time of purchase. Loans will be purchased on a daily basis during the origination period upon approval by U.S. Bank. For detailed information regarding purchase by U.S. Bank, refer to the Loan Purchase section of this Lender's Manual.

**U.S. Bank will pay lenders 100% of the outstanding principal amount of the mortgage loan, plus other applicable reimbursements – such as service release premium.**

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Consider this example of a simple disbursement summary:

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Note: This is only an example and does not represent an actual loan on this program.

Loan Amount	\$200,000.00
Funding Fee	(300.00)

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Tax Service Fee	( 85.00)
Escrow Balance	(500.00)
Servicing Release Premium	<u>2,000.00</u>
Total Amount of Wire	\$202,885.00

**Eligible Property Types**

Eligible property types under this bond program are single family attached or detached structures, including qualified Condominium Developments\* and Planned Unit Developments (PUDs). Manufactured Homes are permitted on government loans only. Reference U.S. Bank’s website for manufactured housing guidelines at [www.mrbp.usbank.com](http://www.mrbp.usbank.com); select U.S. Bank Lending Manuals, click on Manufactured Housing icon.

Properties *NOT* allowed under this bond program include: 2- to 4-unit properties, rental homes, cooperative housing; homes used as investment property; and recreational, vacation, or second homes. Factory-made housing not meeting applicable agency standards, as well as manufactured homes not permanently affixed to the ground, are not permitted.

**Note: Manufactured homes, as defined by Fannie Mae, are not permitted on Fannie Mae conventional mortgage revenue bond loans.** According to Fannie Mae, “any dwelling unit built on a permanent chassis and attached to a permanent foundation system is a ‘manufactured home.’ Other factory-built housing (not built on a permanent chassis), such as modular, prefabricated, panelized, or sectional housing, is not considered manufactured housing and continues to be eligible under the guidelines stated in the FNMA Selling Guide.”

**\*Condominium Developments are not allowed with HFA Preferred loans with LTVs 95.01-97%.**

**Home Buyer Education:**

A six- to eight-hour, face-to-face, HUD-approved home buyer education class is required for all borrowers obtaining a first mortgage loan under this program. A list of approved education providers can be found on the NHD website [www.housing.nv.gov](http://www.housing.nv.gov). Certification of attendance must be sent to Nevada Housing Division prior to loan closing if not provided in the Compliance Package.

**Permitted Encumbrances:**

All mortgage loans must be secured by a first lien on a residence, subject only to those liens, covenants, conditions, restrictions, right-of-way, easements, and other matters permitted by the applicable agency, which are public knowledge as of the date of the recording of the mortgage.



### Allowable Replacement of Existing Mortgages:

The proceeds of the mortgage loan must be used to provide purchase financing of a principal residence and not to acquire or replace an existing mortgage, except:

A mortgage loan under the program may be made to replace an existing mortgage **only** if such mortgage is securing a construction period loan, a bridge loan, or a similar temporary or initial financing, having a stated maturity date within 24 months after the date the temporary financing was closed and not providing for scheduled payments of principal during such term.

### Recapture Tax:

- At the time of application, lenders must provide **Attachment 11, Recapture Tax Notice**, to each mortgagor. The original signature page must be included in the compliance file.
- At the time of closing, lenders must provide, **Exhibit N, Recapture Tax Notice**, to each mortgagor. The signed original must be included in the closed mortgage file submitted to Nevada Housing Division
- Nevada Housing Division (NHD) will reimburse eligible borrowers who obtained a First-Time Homebuyer loan that was MRB funded *and* the borrower/seller incurred a recapture tax liability which they reported to the IRS on their tax return.

For additional information about recapture tax and reimbursement, refer to the Recapture Tax Section of this Lender's Manual.

### IRS Form W-9

Lenders must obtain the social security number of the mortgagor(s) by using IRS Form W-9. The IRS Form W-9 is required in every closed loan file submitted to Nevada Housing Division.

### Escrow/Impound Accounts:

Escrow, or impound, accounts are required on *all* mortgage revenue bond loans, regardless of LTV, for the payment of taxes, mortgage insurance, and hazard and flood insurance (if applicable). **If the property is "new construction" and/or SID's/LID's due, the lender should include these as part of the escrow account to ensure timely payment processing of these.**

### Lender Servicing of Mortgage Loans:

Lenders are required to service each mortgage loan originated under this program from the closing date to the purchase date. (Excluding the servicing of Second Mortgage loans after March 1, 2013.) Servicing will include processing, posting payments, and paying taxes and



insurance. Lenders will be obligated to pay any fees or penalties associated with late payment of taxes and/or insurance premiums that were due with respect to a mortgage loan during the period prior to purchase by Nevada Housing Division.

**Purchase/Repurchase Provisions:**

U.S. Bank will not purchase mortgage loans from a lender that has not performed its obligations and duties under the Nevada Housing Division Loan Purchase Agreement, this Lender’s Manual, the GNMA or FNMA guides, or in its regular course of business with U. S. Bank, if applicable, lenders will be required to repurchase loans in accordance with the circumstances outlines in the Nevada Housing Division Loan Purchase Agreement.

**Assumptions:**

Conventional mortgage loans may not be assumed. Other mortgage loans may be assumed, subject to the prior written approval of Nevada Housing Division, only if the new borrower meets the guidelines of the program. Nevada Housing Division may charge assumption fees and charges as permitted by agency guidelines, as applicable. For additional information, call the Nevada Housing Division Assumption Department at 1-888-486-8775.

Second mortgage loans are *NOT* assumable. Input “\$0.00” for the assumption fee on the Deed of Trust for the second mortgage. This field cannot be blank. Please use forms available on NHD’s website at [www.housing.nv.gov](http://www.housing.nv.gov).



## LENDER UNDERWRITING GUIDELINES

### Mortgage Loans: General Information:

Mortgage loan applications must be accepted on a controlled first-come, first-served, fair and equal basis. Mortgagors must be considered irrespective of race, color, national origin, religion, age, sex, or marital status.

Lenders must originate all mortgage loans in accordance with the loan origination, eligibility, and credit underwriting standards in effect during the origination period according to the applicable loan product. (Refer to the Program parameters section of this Lender's Manual for more information):

Eligible loan products for this bond program:

**FHA:** 203(b), 234(c), 703(b) 203(h) Streamlined 203K(s) and other acceptable FHA loan programs

**VA:** Originated and guaranteed in accordance with VA guidelines under 1810 and 181A.

**RHS:** Originated and guaranteed in accordance with USDA.

**Fannie Mae Conventional:** Fannie Mae HFA Preferred

Loan files must be submitted utilizing the applicable guidelines, to include information within this Lender's Manual and any additional guidelines listed in this section or required by U.S. Bank. U.S. Bank lending manuals can be found on their website at [www.mrbp.usbank.com](http://www.mrbp.usbank.com).

### Underwriting Guidelines:

#### AUS Underwriting:

Nevada Housing Division (NHD) will purchase mortgage revenue bond loans underwritten and approved by Fannie Mae Desktop Underwriter (DU), or Freddie Mac Loan Prospector (LP) (not allowed on HFA Preferred), as applicable.

#### Manual Underwriting:

Manual underwriting is acceptable if all required documentation is obtained per loan product guidelines. Manually underwritten loans must follow Agency loan product underwriting guidelines as applicable.



**Non-Traditional Credit:**

All loans utilizing non-traditional credit must obtain a non-traditional credit report from Landsafe or other equivalent service.

**First Mortgages With Teacher's First-Payment Assistance:**

NHD first mortgage with Teacher's First-Payment Assistance: effective September 3, 2008, the maximum Loan-to-Value (LTV) is 97% for Conventional first mortgages originated under HFA Preferred Conventional first mortgages, DU approved only. The maximum Combined Loan-to-Value (CLTV) is 105%. Borrowers receiving NHD Teacher's First-Payment Assistance loans cannot receive any down payment loan funding from Nevada Housing Division loan programs.

**Credit Scores:**

All NHD loans will require a minimum 640 credit score for all loan products, regardless of automated underwriting system (AUS) or manual approval. Minimum credit score for Manufactured Housing is 660. Minimum credit score of 680 for HFA Preferred loans with an LTV of 95.01-97%.

Borrowers with no traditional credit history may take advantage of manual underwriting guidelines as described in the appropriate FHA/VA/RHS/FannieMae regulations and handbooks.

**Debt to Income Ratios:**

Maximum DTI cannot exceed 45%. (Note: In the event FHA/VA/RD or FannieMae guidelines differ, the stricter limits shall prevail.)

**Additional Requirements:**

Nevada Housing Division (NHD) will allow the 90-day waiver for all property sellers, including private sale transactions on Bond FHA loans. Waivers will require complete documentation as required by FHA.

All government loans sold to U.S. Bank must be insured within ninety (90) days from the settlement date on the HUD-1 Settlement Statement. This insurance requirement applies to FHA and VA transactions.

The maximum age of credit documents is 90 days from existing construction and 120 days for new construction. Credit documents include credit reports and employment, income, and asset documentation. The age of the documents is measured from the date of the document to the date the note is signed.



Loans cannot be seasoned more than 90 days for conventional and 120 days for government insured loans.

### **Temporary Buydowns:**

Under this program, 2-1 temporary buy-downs are permitted, per loan product guidelines.

### **Section 8 Homeownership Program:**

Section 8 Voucher Funding provides housing assistance for low- and very low- income families. Housing choice vouchers allow these families to purchase safe, decent, and affordable privately owned housing. The primary impact for Section 8 Voucher Funding is to allow the monthly subsidy to assist in conjunction with calculating the borrower's ratios and home loan qualifications.

Section 8 programs are developed and administered by local Public Housing Authorities (PHAs), and must be approved by Nevada Housing Division. They are not stand-alone programs; they must be combined with a corresponding loan product. The only payment option available is the "Single Payment Option," which pays the subsidy directly to the borrower or to a limited access bank account. Other requirements must be met when a Section 8 program is used.

### **Section 8 Requirements**

- The monthly subsidy must be treated as income in determining the home buyer's qualifying ratios.
- The amount of the non-taxable subsidy may be "grossed up" by twenty-five (25) percent. In other words, the amount of the subsidy plus 25% of that amount may be added to the borrower's employment and/or other income sources in calculating the qualifying ratios.
- The borrower's income may be considered acceptable stable income if the income from part-time or multiple-job employment is needed to qualify for the mortgage, but the borrower has not been receiving the income for a full two years. However, the borrower must have held the job(s) between 12 and 24 months and an average monthly income can be determined for the part-time jobs or multiple jobs.
- During the 12-month period preceding mortgage application, the borrower must have continuously participated in a Family Self Sufficiency (FSS) program with the PHA or completed the FSS program to the satisfaction of the PHA within the 24-month period preceding mortgage application.
- An award letter must be obtained from the Public Housing Authority (PHA), issued from a HUD-approved housing authority. A list of HUD-approved housing authorities is available at:



<http://www.hud.gov/offices/pih/pha/contacts/index.cfm>

- All PHA requirements for qualifying the borrower and the property must be met even if they are more restrictive than the corresponding loan program guidelines.
- Any additional servicing or closing documentation requirements from the PHA such as recording of additional riders *are not allowed* due to system constraints.

**Single Payment Option:**

With the Single Payment Option, the subsidy is paid directly to the borrower or to a limited access bank account, and the borrower makes one payment to U.S. Bank. The borrower may mail the payment or set up an ACH (Automatic Clearing House) to draft the payment from his/her bank account.

**IRS Tax Return Transcripts:**

NOTE: This requirement this is a separate/additional requirement from the three years of tax returns required for tax compliance purposes.

U.S. Bank requires that all loan files must contain documentation from the IRS to validate the income used for qualification. The most recent year’s available IRS Tax Return Transcripts (1040) dated prior to the closing date for all borrowers must be included in the loan file. Additional IRS verifications such as W2 or 1099 transmittals should also be included if they are required to validate income.

If a borrower is not required to file an income tax return, the loan file must include a written explanation as to why the borrower was not required to file an income tax return. A copy of the Attachment 13 – No Required Tax Return Affidavit, included in the compliance package can be used. Form available on NHD’s website.

A completed and signed **IRS Form 4506-T: Request for Transcript of Tax Return** must be obtained at application and again at loan closing.

The following table reflects the number of years of transcripts required based on the level of income documentation conditioned for by the Automated Underwriting System (AUS) and/or used in the borrower qualification:

Income Documentation in Loan File or as conditioned by AUS	Number of years of IRS 1040 Transcript(s) Required
YTD paystub	One Year
YTD paystub and one W-2	One year
YTD paystub and two W-2s	Two Years
Personal returns (1040) for one year	One Year





Personal returns (1040s) for two years	Two Years
Personal and business returns for two years	Two years

*When multiple tax returns are used (ex: 1040, 1120, 1065, etc) the borrower's personal tax returns, at a minimum, must be validated.*

**Note:** If the IRS returns “no transcripts available” for the time period requested, proof of extension and the most recent years’ IRS transcripts available based on the above guidance are required.

## LOAN REGISTRATION

### How to Register a Nevada Housing Division Bond Loan:

All first mortgage loans will be registered on a first-come, first-registered basis. Loan amount requested must include any UFMIP, VA funding fee, etc.; as applicable. Loans must be registered via the Lender Online portal at <https://lenders.housing.nv.gov/Bin/Display.exe/ShowSection>. Lender Online training PowerPoint available on NHD’s website or use link provided: <http://housing.nv.gov/uploadedFiles/housingnv.gov/content/programs/FTH/NV-LenderOnlineTraining.pdf>.

A Registration Acceptance form will be provided via on-line instantly after your registration has been completed successfully on-line. Please print the registration acceptance form to include in your compliance package.

### Making Changes to a Mortgage Revenue Bond Loan Registration:

All changes to the status of the loan (such as revisions to the sales price, loan amount, or even spelling of the borrower’s name or amount of household income) must be submitted to NHD in writing via Fax or email scan. **Lenders must indicate changes by lining through the incorrect data in red (if color scan available), write the correct data on the Registration Acceptance form printed from the portal, sign and date it, then fax the form to the NHD at fax number (702) 486-7227 or email scan to [mcassara@housing.nv.gov](mailto:mcassara@housing.nv.gov) or [ncromwell@housing.nv.gov](mailto:ncromwell@housing.nv.gov).**

At the discretion of NHD, changes made on the loan will either be marked on the faxed/scanned registration form or a new registration confirmation will be printed. The form/confirmation will be faxed/emailed to the lender.



If additional information is needed or if the requested change cannot be made, NHD will contact the lender by phone or email.

### **Canceling a Mortgage Revenue Bond Loan:**

Canceling a bond loan is very similar to making changes on a bond loan – and is also processed by NHD via fax or email scan. Lender must send NHD the registration acceptance form marked Cancelled, signed and dated. NHD will cancel the loan and send notification of the cancellation via email or you can verify status on-line via the Lender Online portal.

If the borrower changes properties but is staying within the same bond program, the loan does not need to be canceled. The lender can fax or email scan a change request, and the change will be made. If the compliance file has already been approved by NHD and the borrower changes properties, the lender must fax/email scan updated documents, showing the new property address. Another compliance review fee will not be charged, and a new compliance approval letter will be faxed or email scanned to the lender.

### **Using Other NHD sponsored Down Payment Loan Programs with First Mortgage Loans.**

From time-to-time Nevada Housing Division (NHD) has alternate down payment loans that can be used with the First Mortgage Loan Program. These programs have additional program requirements. Registration for these alternate programs may have alternate registering and approval requirements. Please refer to the specific program guidelines and requirements that will be listed on the NHD website [www.housing.nv.gov](http://www.housing.nv.gov).



## COMPLIANCE

### Compliance Files, Submissions and Nevada Housing Division (NHD) Procedures:

**At least 10 days before closing a mortgage loan**, lenders must submit a compliance file to NHD for tax compliance pre-approval.

All files are reviewed on a first-come, first-served basis. **There will be no expedited cases.**

The compliance file must be submitted via mail in a legal-sized manila folder with the borrower's name, property address, lender and Bond Registration Loan Number printed on the front of the file. All documents must be "Acco" fastened in the order found on **Form 2: Compliance File Stacking Sheet**. **Include a copy of the stacking sheet, with the lender information filled out and items checked off. Mail the compliance file to:**

NEVADA HOUSING DIVISION SINGLE-FAMILY LOAN DEPARTMENT 7220 BERMUDA ROAD. SUITE B LAS VEGAS NV 89119
--

First mortgages with Teachers First-Payment Assistance are originated only by Evergreen Moneysource and iMortgage. A copy of the Teachers First-Payment Assistance Program Certificate (completed for the borrower) must be included in the compliance package.

**The \$75 compliance review fee is required at time of compliance package review. Lender check payable to Nevada Housing Division in the amount of \$75.00 is required in the compliance package.**

Within 24-120 hours (one to five business days) of receipt of the compliance file, NHD will review and update (via the Lender Online portal) the loan status.



Loan status will be available on-line and lender will be able to print compliance / commitment approval (if stage has been reached) which will indicate any conditions/exceptions if applicable.

**Note:** This preliminary approval does not assure the subsequent purchase by U.S. Bank if factual changes occur to the mortgage file or the program between the date of the preliminary approval and the mortgage loan purchase date. If, at the time of purchase, the loan no longer meets the guidelines of the bond program, it will be ineligible for purchase by U.S. Bank and will not be considered for pooling under a GNMA or FNMA Certificate.

- (2) If conditions are needed, a suspense sheet will be faxed or email scanned to the lender by the NHD compliance underwriter, indicating the items that are required before compliance approval can be issued.
  - Lenders must fax or email scan compliance conditions to fax number and/or email addresses as listed above for NHD compliance and registration section.
  - If suspense items are not faxed to NHD within 10 business days, the lender will be contacted by phone and advised that the compliance file will be returned that day if conditions are not received.
- (3) If it is determined by NHD that the mortgage loan does not meet the guidelines of the bond program, it will not be eligible for purchase and a loan denial letter will be issued stating reason for denial.
- (4) It is NHD policy that if three or more items are missing in a compliance file, the file will be returned to the lender. The lender will be phoned first, though, and given until the end of the day to fax or email scan the needed items. In order for NHD to review compliance files in a timely manner, lenders are advised to be aware of the importance of submitting complete files. Not only do incomplete files take longer to process, they also slow down the process for other compliance files.
- (5) All contact will be between NHD and the lender **only**. Do not ask the mortgagor, realtor, builder, or Client to call NHD for any reason.

### Eligibility Guidelines:

**Note:** NHD does not allow co-signors nor non-resident co-mortgagors.

Power-of-Attorney is not allowed on Bond Affidavits (Exhibits D, E, and/or F).

For additional information, see Exhibit I “Income Guidelines” and Exhibit II “Qualifying Guidelines” in the Supplements subsection



### **First-Time Home Buyer Requirement:**

Eligible borrowers must be first-time home buyers. Exceptions to the first-time buyer requirement are borrowers purchasing Targeted Area properties and qualified veterans.

A first-time home buyer is defined as a person:

- (1) Who has not had a present ownership interest in his or her principal residence within the past three years; and
- (2) Who has not taken a real estate tax deduction (on IRS Schedule A) for a principal residence within the past three years; and
- (3) Who has not taken a mortgage interest deduction (on IRS Schedule A) for a principal residence within the past three years.
- (4) Who has not been married to someone who has taken a real estate tax deduction or mortgage interest deduction for a principal residence within the past three years.

Applicants who own or have owned rental property may be considered eligible as a first-time homebuyer as long as they can prove the following:

- (1) They did not live in any of the rental property for which they held ownership interest at any time within the past three years; and
- (2) A mortgage interest deduction was not taken as a personal deduction on Schedule A of their federal tax return; or
- (3) A real estate tax deduction was not taken as a personal deduction on Schedule A of their federal tax returns. Note: The person would have probably have a rental schedule showing rental income on the tax return. This would be the rental Schedule E, not on Schedule A.

### **Qualified Veteran Exception to First-Time Homebuyer Requirement:**

A qualified veteran, having served on active duty, ~~and applied for the financing before the date 25 years after the last date on which such veteran left active service~~ (Revised 8/21/14), who has not previously received financing as a first-time homebuyer through a single family mortgage revenue bond program is exempt from the first-time homebuyer requirement. The veteran must certify that he or she has not previously obtained a mortgage loan financed by single family mortgage revenue bonds and is utilizing the veteran exemption set forth in Section 143(D)(2)(d) of the Code (as such provision may be amended from time to time to the extent such amendment is effective with respond to the Mortgage Loan), and must complete the bottom portion of the Exhibit D-Buyer's Affidavit (Certificate of Eligibility) evidencing qualification as a veteran and provide copies of discharge papers, evidencing date veteran left



active service, if applicable. Such documentation must be included in the compliance file sent to NHD.

#### **Prior Ownership of Mobile Home as Primary Residence:**

A potential home buyer that previously occupied a mobile home as his/her primary residence, that was NOT permanently affixed to the ground, may still be considered a first-time home buyer and may still be eligible to purchase a single family home under the program guidelines. However, if the previously occupied mobile home WAS permanently affixed to the ground and if the potential home buyer owned the home and the land, and if he/she claimed mortgage interest or real estate tax deductions on the property, then he/she would not be considered a first-time home buyer; and therefore, would not qualify under the program guidelines.

#### **Establishing Eligibility as First-Time Home Buyer:**

Eligibility as a first-time home buyer is established in two ways:

- (1) Buyer's Affidavit
- (2) Copies of the borrower's Federal income tax returns for the preceding three years
  - Signed tax returns are required before a compliance approval will be issued by Nevada Housing Division (NHD). Computer printouts from the IRS will be accepted in lieu of the 1040EZ, 1040A, or 1040.
  - Electronic filing forms **will not** be accepted in lieu of the 1040EZ, 1040A, or 1040.
  - If a borrower was not required to file federal tax returns in a particular year(s), an IRS printout stating "No Record Found" must be provided. In addition, a completed **Attachment 13, No Required Tax Return Affidavit** (to include year not filed and valid reason for not filing) must be provided.
  - In the event that a home buyer did not retain a copy of one or more tax returns for the previous three years, a letter from the IRS for the respective year(s) is acceptable.
  - Verification of rent must cover the time period beginning January 1, following the most recent tax return, through the current date.

#### **Owner Occupancy:**

Mortgagor(s) must occupy the property within 30 days of closing and must continue to occupy the property as a principal residence as long as the Nevada Housing Division first mortgage loan remains in place on the property. Mortgagor(s) may not use the property, or any part thereof, as an investment property, rental property, vacation or second home, or recreational home.



Mortgagor(s) may not use more than 15% of the residence in a trade or business (including childcare services) on a regular basis for compensation. If the residence is to be used, in part, for a trade or business, a schematic drawing from an appraiser must be provided in the compliance file.

### **Current Annual Household Income**

In determining gross monthly income, the income of **all mortgagors and any other person who is expected to live in the residence being financed and is over 18 years of age, as well as absent spouse(s) of any of the mortgagors** must be taken into account.

- Gross monthly income means the sum of current monthly gross pay AND any additional income from investments, pensions, VA compensation, part-time employment, bonuses, dividends, interest, current overtime pay, net rental income, royalties, etc. Other types of income must also be included such as alimony and child support, public assistance, sick pay, social security benefits, unemployment compensation; or income derived from trusts, business activities, or investments.
- In order to comply with the tax code, fully completed VOEs are required according to the compliance file stacking sheet. However, if an employer will not provide a fully completed VOE, Nevada Housing Division (NHD) will look at each situation on a case-by-case basis – and will accept other documentation included on the stacking sheet for income verification (i.e. past year’s W-2s, tax returns, and pay stubs). If this information is not sufficient to make a decision, NHD will request more information and/or an affidavit from the borrower, explaining his/her anticipated income.

*NOTE: Current annual household income may or may not be the same income amount used to qualify borrowers for credit underwriting purposes. However, in no case may current annual household income be less than the income used to qualify borrowers, except in cases where non-taxable pensions (such as social security income) has been grossed up for credit underwriting purposes. Income is not to be grossed up when calculating income for compliance underwriting.*

### **Income Limits:**

In order to be eligible for a mortgage loan under this bond program, the mortgagor’s current annual household income must not exceed the maximum household income limits. The limits shown below are effective with all new reservations on or after **June 10<sup>th</sup>, 2014**.



**Non-Targeted Areas – Maximum Income Limits  
(Household income may not exceed)**

County	1 - 2 Persons	3 + Persons
Clark	\$ 69,035	\$ 79,390
Washoe / Storey MSA	\$ 79,216	\$ 91,098
Carson City	\$ 69,500	\$ 79,925
Douglas	\$ 84,370	\$ 97,025
Humboldt	\$ 73,400	\$ 84,410
Elko	\$ 79,900	\$ 91,885
Eureka	\$ 74,500	\$ 85,675
Lyon / Nye	\$ 64,700	\$ 74,405
Churchill	\$ 67,600	\$ 77,740
Esmeralda, Lincoln, Mineral	\$ 64,700	\$ 74,405
Lander	\$ 69,300	\$ 79,695
Pershing	\$ 65,300	\$ 75,095
White Pines	\$ 66,900	\$ 76,935

**Target Areas – Maximum Income Limits  
(Household Income may not exceed)**

County	1 - 2 Persons	3 + Persons
Clark /Mineral	\$ 77,640	\$ 90,580
Churchill	\$ 81,120	\$ 94,640
Washoe	\$ 81,480	\$ 95,060

**Borrower's Assets**

At the sole discretion of NHD, assets, including, without limitation, savings accounts, stocks, bond and equity in real property, may not exceed 50% of the acquisition cost of the qualified residence, unless the borrower is disabled or elderly and NHD determines that such assets are the primary source of income for the borrower. 401K/retirement accounts that are not accessible/liquid (penalty to withdraw funds) are not included in the borrower's assets.

**Note: Watch for refunds to borrower on new construction.**





**Purchase Price Limits:**

In order to be eligible for a mortgage loan under the NHD bond program, the purchase price (acquisition cost) must not exceed the following maximum purchase price limits. The limits shown below are effective with all new reservations on or after **June 10th, 2014**.

**Maximum Purchase Price Limits – Non-Targeted Census Tracts**

<b>County</b>	<b>New Construction or Existing</b>
<b>Clark</b>	\$ 281,250
<b>Washoe / Storey MSA</b>	\$ 318,375
<b>Carson City</b>	\$ 280,125
<b>Douglas</b>	\$ 343,125
<b>Nye / Elko / Eureka</b>	\$ 265,158
<b>Lyon</b>	\$ 265,158
<b>All Others</b>	\$265,158

**Maximum Purchase Price Limits – Targeted Census Tracts**

<b>County</b>	<b>New Construction or Existing</b>
<b>Clark</b>	\$ 343,750
<b>Washoe/Storey</b>	\$ 389,125
<b>Mineral</b>	\$ 324,082
<b>Churchill</b>	\$ 324,082



## Targeted Area Census Tracts

Nevada Targeted Area census tracts include:

County	Targeted Area Census Tracts
Clark	3.01,3.02,4.02,4.03,5.14,5.21,5.14,5.21,5.22,5.23,5.24,5.28, 6,7,8,11,15.01,16.12,17.18,19.01,22.04,22.07,24.03,24.04, 24.05,25.06,28.10,29.54,29.56,29.96,34.28,34.31,38,40,43.1,43.02,46.01,46.02,47. 07,47.09,47.10,47.12,47.13,47.15,71
Mineral	9708
Washoe	1.02,2.01,9,10.08,17.01,18.02,19.01,19.02,21.07,22.11,27.03,30,9800
Churchill	9504



**Determination by Lender:**

The eligibility of a mortgagor from a tax compliance perspective will be initially determined by the lender, subject to the final review and determination by Nevada Housing Division. It is the lender's responsibility to review the application form and related documents to determine their completeness in accordance with the origination agreement and this Lender's Manual. Reasonable efforts should be undertaken to verify the information given. All mortgage loans must be originated in accordance with the provisions of the Origination Agreement and this Lender's Manual, and must comply with agency guidelines and U.S. Bank, master servicer requirements.



**SUPPLEMENTS**



## EXHIBIT I: INCOME GUIDELINES

**Note: refer to the main text of this section for borrower asset requirements.**

### **Background:**

Nevada Housing Division is relying on lenders and borrowers to provide correct information on income, first-time homeownership, purchase price, assets, and owner occupancy. This reliance is based upon lender certifications about reasonable investigation of the borrower and statements by the borrower that facts are correct.

Each lender and borrower provides information and signed certifications that are specific about the information provided and its correctness. In the event of false statements or fraud, there are substantial penalties that may be levied. Therefore, Nevada Housing Division encourages lenders and borrowers to provide accurate information and assure that calculations are within limits as outlined in the legal documents.

In most cases, standard agency credit underwriting procedures are acceptable, as applicable. For tax compliance purposes, all sources of income must be included, whether or not they are used to qualify borrowers under standard underwriting guidelines. Under no circumstances will the income used for bond compliance be less than the income used by the lender when qualifying borrowers for repayment of their mortgage loan, with the exception of circumstances where the lender has grossed up pension income. For purposes of income calculation for compliance purposes, the amount of the actual pension will be used rather than the grossed up estimate allowed for credit underwriting.

It is important to understand the basis upon which these guidelines are written. Congress has instituted maximum income limits under which mortgagors may qualify for loans made available through tax-exempt bonds. Congress and the Department of Treasury have determined that the total of all sources of income of the mortgagors may not be above the maximum income levels in order to receive the benefits of below-market interest rates.

As the prospective borrower's income is calculated, the basic approach is based on the income calculated in the credit underwriting calculations for agency insured/guaranteed loans. For tax



compliance purposes, all income must be included to assure that the maximum income limits are not exceeded. The total income is to be recorded in the Buyer's Affidavit, Exhibit D. This document is signed at the time of loan application and confirmed at the closing of the loan by the Buyer's Confirming Affidavit, Exhibit F.

#### **Master Servicer:**

Nevada Housing Division will be maintaining the registration system via the Lender Online portal, compliance review will be handled by NHD. Effective April 1, 2013, purchase audit, funding, and servicing requirements for all first mortgage loans will be handled by U.S. Bank. Program Bulletins will be issued on a recurring basis as changes occur. Current Manuals, documents, and program bulletins will be available on the Nevada Housing Division website [www.housing.nv.gov](http://www.housing.nv.gov) and will be available on U.S. Bank's [www.mrbp.usbank.com](http://www.mrbp.usbank.com).

#### **Income Guidelines: Outline**

##### **I. Household Income**

###### **A. Definition**

Current annual household income means the current annualized household income at the time of closing, as determined in accordance with the IRS code. Current annual **household** income means the sum of the current gross monthly income of **the mortgagor(s) and any expected to live in the residence and is at least 18 years of age as well as any absent spouses on any mortgagor**, multiplied by 12.

Gross monthly income includes the sum of current monthly gross pay AND any additional income from investments, pensions, VA compensation, part-time employment, bonuses, dividends, interest, current overtime pay, net rental income, royalties, etc. Other income must also be included such as alimony and child support, public assistance, sick pay, social security benefits, un employment compensation, or income received from trusts, business activities, or investments.

###### **(1) Current Period**

The definition of "current period" is the time period beginning 12 months prior to the loan application and ending on the loan closing date.

Information with respect to gross monthly income may be obtained from available loan documents which include, but are not limited to, Verifications of Employment dated less than four months prior to



closing, paycheck stubs dated within 30 days of closing, loan application, tax returns, and W-2 forms.

Any gross monthly income not included on the loan documents must be included in determining gross monthly income. All household income must be documented.

#### B. Current annualized Income

To determine the current annualized income, the lender must verify the gross monthly income and multiply that figure by 12. The following tax compliance guidelines should be used in determining the current annualized income:

If the prospective borrower has earned income during the current period and has a history of such earning, then the income is to be calculated and included in household income.

If the income is earned ONLY WITHIN the current period and has no history, nor will it continue after closing, then the total income generated during that time will be averaged over an entire 12-month period. The resulting figure will be an average that will then be added to the gross monthly income.

Under no circumstances will the income used for bond compliance be less than income used by the lender when qualifying borrowers for repayment of their mortgage loan (with the exception of pension income that has been grossed up for calculating loan qualifying) .

Base pay is only averaged in the case of an hourly employee. (For example, if someone earning a salary has received a raise in the current period, the income used is his or her current salary – not an average of the two.) If the employee is paid hourly, compute a monthly average based on previous earnings.

When calculating additional or other income, it is important to calculate the income on a pro-rata, monthly basis. This will assist in calculating the current annualized income accurately.

#### C. Overtime.

Income earned from overtime will be included if the borrower has a history of such income or if the income was earned during the current period.



Note: Even though overtime is NOT used in calculating ratios for repayment of their mortgage loan, it is always included in tax compliance household income.

Overtime will be calculated using a 12-month history.

#### D. Bonus

The gross amount of bonus earnings before any payroll deductions is to be included in the household income calculation

Bonus Income:

(1) The bonus IS to be included in the household income if:

- (a) The bonus is part of a collective bargaining agreement and must be paid;
- (b) The bonus is included in the computation of income by the employer or if there is a history of bonuses.

If there is a history of bonuses but the applicant does not know if a bonus is planned, nor does the employer divulge its plans for a bonus nor the projected bonus amount, the lender is to use an average of the past two years' bonuses to calculate income.

A bonus history for tax compliance purposes is to be considered one year or more. Information with respect to gross monthly income may be obtained from available loan documents which include, but are not limited to, Verifications of Employment dated less than four months prior to closing, paycheck stubs dated within 30 days of closing, loan application, tax returns, and W-2 forms.

Any gross monthly income not included on the loan documents must be included in determining gross monthly income. All household income must be documented.





(2) The bonus is NOT included in the household income if:

The bonus is totally discretionary by the employer, there is no previous bonus history, and the wages of the applicant are the basic source of income.

E. Seasonal/Part-Time/Temporary Income

Include part-time or seasonal employment in calculating household income. For example, if the mortgagor worked for three months during the summer and earned an average of \$3,600 during each of the past two summers, then divide the \$3,600 by 12 months, which equals \$300 per month. Add the \$300 per month to the gross monthly income. Multiply by 12 to determine the household income.

Include short-term, part-time, or seasonal employment in calculating household income if the mortgagor earned it in the last 12 months. If the mortgagor earned \$1,000 during the application period by a side job of painting a friend's house, add this amount to the household income.

F. Self-Employment

Lenders should watch for all types of self-employment (i.e., 1099 income received from employer, run through Schedule C, Form 2109, etc.) The procedure for calculating household income for self-employed mortgagors is the same as under the applicable agency underwriting guidelines.

As in standard underwriting, depreciation and depletion are to be "added back" to determine annual income. Tax returns and a self-employed case flow analysis/Profit and loss statement dated to within 4 months of loan closing are required for all self-employed borrowers.

G. Interest, Dividend, and Royalty Income

Interest, dividend, and royalty earnings are considered income for tax compliance purposes – but interest earned from IRAs, VIPs and 401(k)'s need not be included.

If it is estimated that the borrower will have 50% of the acquisition cost or more in liquid assets at closing, after down payment and closing costs, calculate the



earnings at an interest rate of three percent (3%) annually. If the projection shows less than 50%, then it is not necessary to calculate interest earnings.

#### H. Rental Property

Net rental income is to be used to calculate household income. Mortgagors must provide current leases and applicable tax forms.

#### I. Pension and Stock Withdrawals

Withdrawal of principal funds from pension or stock sources is not considered income. However, annuity or interest payments under a pension or stock investment program are considered income.

#### J. Child Support

Income from child support as verified by divorce decree must be included in the household income calculation.

#### K. Gambling, Lottery, Lotto Winnings

Money from gambling, lottery, or lotto sources is to be considered in calculating household income. Even if funds are a one-time occurrence, the winnings are to be added to the household income.

#### L. Miscellaneous Income

##### (1) Education Grants

The portion of the income from grants that is used for living expenses is to be added to the household income.

##### (2) Car Allowance

Income received from employers for car allowance must be included in the household income calculation if the borrower has no accounting responsibility to his/her company.

**Example:** If the borrower received \$300 per month from his employer for car allowance and is not required to file a monthly mileage/expense report, then this income must be included in the household income calculation.



### (3) Capital Gains/Losses

Both taxable and non-taxable portions of capital gains are to be included as income if a history of these incomes exists. If a two-year average results in a gain, then it must be added to the gross monthly income, and losses are to be disregarded (loses cannot be used to reduce gross monthly income).

### (4) Lump Sum Payments

Lump sum payments including, but not limited to, inheritance, reenlistment bonuses, and disbursements from insurance policies do not have to be included in the household income calculation. If the income is received in any other form than a lump sum (i.e., monthly or annual), then it must be treated as permanent income and added to the household income calculation.

## Examples of Income

In an effort to comply with all bond guidelines pertaining to income, it is important for lenders to understand what income to disclose and how it is calculated. The following examples should help clarify some common questions about calculating household income correctly.

All income earned in the last 12 months should be disclosed on the Buyers Affidavit, Exhibit D. This includes income such as child support, overtime, bonuses, rental income, education grants, etc. Such income is to be disclosed and considered for bond income regardless of whether it was used for loan qualifying purposes.

### **Example 1: Hourly Paid Employee**

VOE: \$13.50 per hour; \$2,340 per month for 40 hours; \$28,080 base pay per year

Averages 50 hours per week

YTD earnings = \$29,250 (through 10/31)

Past year W-2 = \$33,400

Pay stub: YTD earnings of \$29,250 (through 10/31)

Current YTD paystub: \$29,250



÷ 10 months (pay stub is reflecting 10 months) = \$2,925 per month

\$2,925 x 12 months = \$35,100 annual income

### Example 2: Salaried Employee

VOE: \$36,600 per year (no overtime/employee is eligible for bonus)

YTD bonus (VOE) = \$0

YTD pay stub gross:	\$13,000.00	(4 months)
Base (4 months):	<u>\$12,200.00</u>	(4 months)
YTD bonus	\$800.00	(4 months)

(YTD bonus income did not show up on VOE;  
therefore, rely on pay stubs and W-2s.)

To calculate 12 months of bonus income:

YTD bonus	=	\$800.00
Previous year's bonus ÷ 12 x 8 months	=	\$1,600.00
12 months bonus	=	\$2,400.00

The income Certification would show

Base Pay	=	\$36,600.00
Bonus	=	<u>\$ 2,400.00</u>
		\$39,000.00

### Example 3: Interest Income

To determine interest/dividend income:

Borrower's savings account	=	\$4,000.00
Money Market Account	+	<u>\$8,000.00</u>
Total		\$12,000.00

If the borrower has \$5,000 or more in liquid assets, calculate the interest income at 3% annually.



$\$12,000.00 \times 3\% = \$360.00$

\$360.00 should be disclosed as interest income on the Buyer's Affidavit, Exhibit D.

If the mortgagor has less than \$5,000 in liquid assets, it is not necessary to calculate interest income.



## **EXHIBIT II:**

### **QUALIFYING GUIDELINES**

#### **Childcare Services in the Home:**

Nevada Housing Division (NHD) has determined that borrowers who provide childcare in their home WILL NOT qualify for the bond program.

#### **Legal Separation/Prenuptial Agreements**

Legal separation agreements are not acceptable documentation in the determination of separated borrowers' eligibility. Bond program compliance requires verification of a spouse's income and property ownership status. Lenders must treat separated borrowers as married, and both borrowers must meet the bond program income guidelines.

Prenuptial agreements are not acceptable in cases where borrowers have filed joint tax returns and real estate tax deductions have been realized at any time in the three previous years.

#### **Land Owned Less Than Two Years:**

If the land has been owned less than two years from date construction began on a residence (whether or not financed with proceeds of the bond program loan), acquisition cost for maximum purchase price limits is determined by adding cost of the land to the cost of the improvements.

In cases where the land is received through inheritance or as a gift, acquisition cost for maximum purchase price limits is determined by adding the value of the land to the cost of improvements.

#### **Land Owned More Than Two Years:**

If a borrower has owned the land for more than two years prior to the date construction began on a residence, acquisition cost for maximum purchase price limits is based on the cost of improvements only.



### **Incidental Income:**

The following criteria should be used to determine if income produced in or on a residence or land is considered “incidental” per bond program guidelines. If a property meets one or more of the following criteria, the borrower(s) are not eligible for the bond program:

- (1) Income produced from a trade, business, or service located in or on the residence or land is used to qualify the borrower(s) for repayment of the mortgage loan.
- (2) Income produced from a trade, business, or service located in or on the residence or land not used to qualify borrower(s) for repayment of the loan equals 10% or more of the total annualized income of the household.
- (3) The trade, business, or service comprises 15% or more of the total area of the residence. (The lender will be required to provide a schematic drawing as evidence that the trade, business, or service comprises less than 15% of the total area of the residence.)



## Submission of Mortgage Loans

The closed loan purchase file must be submitted to U.S. Bank within:  
60 days after loan registration for existing properties or 90 days after loan registration for new construction; and/or

15 days after closing the mortgage loan; whichever is first.

If U.S. Bank does not receive a closed loan purchase file within these timeframes, then the loan will automatically be cancelled.

Lenders are responsible for servicing mortgage loans prior to purchase by U.S. Bank. Mortgage loans must be current in payments of principal, interest, taxes, and insurance at the time of purchase.

## Purchase of Mortgage Loans:

U.S. Bank will review loans within three to five business days of receipt. Complete loans will be approved for purchase within the next transaction group cycle, and lenders will receive wire confirmation via fax or email scan.

### Purchase Information:

Base Price	100%
Servicing Release Premium	1.00% to 1.50%
Second Mortgage (if applicable)	<u>Varies*</u>
TOTAL	101.0%* to 2.50%

## Net Escrow Funds from Purchase Wire:

With the exception of any escrow payments that are the lender's responsibility per U.S. Bank policy, the following items will be netted from the lender's purchase:

### Escrows deposited with the lender

Escrow amounts included in any payments due the lender





## Fees to NHD or U.S. Bank from Lender

### Compliance Review Fee

\$75 (NHD collects at compliance review, check or money order from lender must accompany the package)

### Funding Fee

\$250 (U.S. Bank, master servicer nets at purchase), **Effective June 9<sup>th</sup>, 2014 \$300**

### Tax Service Fee

\$85 (U.S. Bank, master servicer nets at purchase)

### Adverse Market Delivery Fee (Conventional loans only)

0.25% of the first mortgage loan amount effective for all Conventional loans.

## Delivery of Closed Loans

Since this is a first and second mortgage program, lenders will be required to send TWO separate files. First mortgage purchase file will be delivered to U.S. Bank for purchase review within 15 days of closing the loan. Second mortgage file for the Down Payment and Closing Cost Loan Program; will be delivered directly to NHD. U.S. Bank will not purchase the first mortgage until it is “Compliance Approved” and “Exception Free”. Any compliance exceptions must be sent to NHD to clear outstanding compliance exceptions.

Closed loan purchase files must be submitted via mail in a legal-sized manila folder. Write the bond program name, borrower(s) name(s), and Nevada Housing Division loan number legibly on the front of the loan file. All documents must be “Acco” fastened according to either the:

- (1) FHA Checklist
- (2) VA Checklist
- (3) Rural RD Checklist
- (4) Conventional Checklist
- (5) Second Mortgage Loan Stacking Sheet (NHD Form 8), if applicable to NHD



The stacking sheets list all the documents required for submission of a closed loan package to U.S. Bank for purchase. The file must be delivered with the documents in the order shown on the applicable stacking sheet within 15 days of closing the loan.

Loan packages must be sent to the following address:

Loan File Delivery Address: U.S. Bank Home Mortgage - MRBP Division 17500 Rockside Road Bedford, OH 44146 Attn: MRBP Operations Department
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U.S. Bank will review each file to verify that all documentation is complete and that the loan file is in conformity with the terms and conditions of this Lender's Manual, Origination Agreement and U.S. Bank's requirements. You can contact the Help Desk at 800 562-5165 or via email at [mrb.helpdesk@usbank.com](mailto:mrb.helpdesk@usbank.com)

All applicable affidavits must be accurately completed and included in the file submitted to U.S. Bank. U.S. Bank has no authority to alter or waive any applicable affidavits.

All first mortgage loans must include **Exhibit J, Tax-Exempt Financing Rider**, attached to and recorded with the mortgage/deed of trust. On the mortgage/deed of trust, in the section referring to riders attached, "Other" must be marked; and it must specify the **Tax-Exempt Financing Rider**. A copy of the **Tax-Exempt Financing Rider** must be included in the closed loan file submitted to U.S. Bank.

#### **Suspended Loans:**

Immediately after a purchase review is completed by U.S. Bank, suspense conditions will be sent to the originating lender via fax or email scan to the contact numbers listed on the purchase file package. Conditions required prior to loan purchase must be clearly identified with the U.S. Bank loan number and the borrower name and address and lender loan number. Provide a separate cover sheet identifying the U.S. Bank loan number and the exception items you are submitting or attach the exception report identifying the specific exception items you are submitting. Partial submissions of exceptions or "piecemeal" documentation are acceptable. Please email the exceptions to [mrbp.excpetions@usbank.com](mailto:mrbp.excpetions@usbank.com).



**The most common suspensions occur for:** missing original note, incorrect endorsement to the note; incomplete copy of the mortgage/deed of trust; missing riders to the mortgage/deed of trust; mortgage/deed of trust not showing recording information to prove it was recorded; incomplete assignments, missing final HUD-1s, missing or incomplete hazard insurance, tax, mortgage insurance or flood information; incorrect recapture tax table; and missing or incomplete affidavits.

\*Name of lender must match Note/Deed/Endorsements and Assignments.

### **Cancellation Policy:**

Our goal is to work with lenders to clear suspensions quickly and fund all loans possible in a timely manner. It is our responsibility to ensure lenders are fulfilling their obligation to originate and sell loans quickly and to maintain the integrity of the Nevada Housing Division's pipeline at all times. To clarify, below is the process for handling "aged" loans:

- (1) If, after continuous communication of outstanding suspense items, the lender is still unable to clear the conditions for purchase after 60 days from the original suspension notification, the loan will be cancelled and returned.
- (2) Once the loan reaches 55 days on suspension, a notice will be faxed and/or email scanned to the contact name on the purchase package file, notifying the lender that the loan will be cancelled if conditions are not received by the 60<sup>th</sup> day. Attempts will also be made to contact the lender by phone notifying the lender of the pending action. If a commitment to resolve the outstanding issues is made as a result of the call, NHD suspense coordinator will make a note to follow up with the lender if the conditions are not received by the date committed to by the lender.
- (3) If all efforts to resolve the outstanding conditions are ultimately exhausted, the loan will be canceled and returned.

### **Payment History:**

If any payment activity has occurred on a mortgage loan prior to the loan purchase by U.S. Bank, a payment history is required. This is necessary in order to assist in the accurate



purchase of the principal and escrow balances, taking into account any adjustments that have been made after the initial disbursement. All mortgage loans must be current at the time of purchase, as evidenced by a payment history.

## DOCUMENTATION REQUIREMENTS

### Original Note Endorsement:

All mortgage Notes must be endorsed to U.S. Bank and must include:

- The wording “Pay to the order of U.S. Bank National Association without recourse”
- Name of the lender
- Typed name and corporate title of officer signing the endorsement
- Signature of authorized corporate officer.

<p style="text-align: center;"><b>Sample Endorsement</b></p> <p style="text-align: center;">Pay to the order of U.S Bank National Association without recourse</p> <p style="text-align: center;">_____</p> <p style="text-align: center;">(Name of Lender)</p> <p>By: _____</p> <p style="text-align: center;">(Signature of Corporate Officer)</p> <p>Title: _____</p> <p style="text-align: center;">(Printed Name and Corporate Title)</p>
--

### Assignments:

All mortgage loan deeds of trust must be assigned to U.S. Bank and must be executed by an officer of the lender (assistant vice president or higher, in accordance with lender board resolutions).

These assignments must be recorded and cost of recording borne by the lender. First Mortgage Loans may be registered via (MERS) in lieu of Assignment of Mortgage. U.S. Bank MERS ID #1000212, refer to Delivery & Funding Guide information about MERS at <http://www.mrbp.usbank.com>.

### Second Mortgage Note and Deed of Trust:

**Second Mortgage Note:** Number 4(A) on page 1 should indicate a late charge that is 5.00% of the overdue payment. Please use Note available on NHD’s website.



**Second Mortgage Deed of Trust:** NHD Down Payment and Closing Cost Loan Program mortgages CANNOT be originated under MERS. They must close in the name of Nevada Housing Division. Note & DOT are available on NHD's website at [www.housing.nv.gov](http://www.housing.nv.gov). Second mortgage loans are NOT assumable. Input "\$0.00" for the assumption fee (number 23, page 7). This field cannot be blank. Please use DOT available on NHD's website. Effective March 1, 2013, NHD will begin to table fund all Second Mortgages. Lenders will close in Nevada Housing Division's name and send Form 11, 2<sup>nd</sup> Mortgage Wire Requests to NHD. Form to be faxed with required documents to 702 486-7227.

#### Certified "True and Correct" Copies Required:

On FHA, and VA loans, **U.S. Bank requires** copies of select collateral and income documentation to be certified as "true and correct" when delivered for purchase. Documents in the loan package that must be certified are:

- Security Instrument (Mortgage/Deed of Trust)
- Riders to the Security Instrument
- All Assignments
- Other documents applicable to the Note and/or Security Instrument (for example, Power of Attorney)

#### Escrow/Impound Accounts

Escrow, or impound accounts are required on ALL mortgage revenue bond loans, regardless of LTV, for the payment of taxes, mortgage insurance, and hazard and flood insurance (if applicable). **If the property is "new construction" and/or SID's/LID's due, the lender must include these as part of the escrow account to ensure timely payment processing of these.**

#### Aggregate Analysis:

The Real Estate Settlement Procedures Act (RESPA) regulates the amounts that lenders may hold in impound/escrow accounts established for the payment of real estate taxes and insurance. RESPA requires impound/escrow accounts to be established using the aggregate analysis method.



With the aggregate analysis method, the total annual disbursements of all items impounded (i.e., property insurance, mortgage insurance and property taxes) is calculated, and then divided into 12 equal installments.

When an escrow account is established at the time of loan closing, the lender must provide borrowers a disclosure detailing the anticipated disbursements from the impound/escrow account for the 12 months following loan closing. The disclosure must also state the amount of the monthly impound/escrow payment that will be made by the borrowers. If the exact amounts of the disbursements are not known at the time of loan closing, the statement is to be prepared using the lender's best estimate.

Although lenders have the option of analyzing the impound/escrow account at closing or within 45 days of settlement, U.S. Bank requires a copy of the initial escrow account statement. For new construction loans, estimated taxes should be based on the value of the improved property. **SID's/LIDS, if applicable must be included in the impound/escrow account.**

## MONTHLY MORTGAGE INSURANCE PREMIUM REQUIREMENTS

### Private Mortgage Insurance (PMI) on Conventional Loans:

The first monthly mortgage insurance premium on a FNMA or FHLMC Conventional loan is due at the time the loan closes. Lenders are responsible for the initial monthly premium and all monthly premiums due **through the month the loan is purchased by U.S. Bank. The lender typically collects two months' of mortgage insurance at the time of loan closing and forwards the total amount directly to the mortgage insurance company.**

#### Example #1:

The lender closed the mortgage loan on January 5, based on the HUD-1 settlement date. The first loan payment is due on the note on February 1, and Nevada Housing Division purchases the mortgage loan on January 20. The mortgage loan has monthly PMI premiums, and the PMI premium for one month is collected at closing and immediately sent to the mortgage insurance company by the lender. Nevada Housing Division will pay the February installment.



**Note:** Nevada Housing Division will purchase the loan at the balance after the February 1 payment has been applied, reflecting the March 1 payment as the first payment owed to Nevada Housing Division from the borrowers.

Example #2:

The lender closed the mortgage loan on September 5, based on the HUD-1 settlement date. And Nevada Housing Division purchases the mortgage loan on January 1. The lender is responsible for the payment of all monthly PMI premiums due September 5 through January, including the payment due January 5. Nevada Housing Division will pay the February PMI premium due February 5.

### **Government Loans (MIP):**

#### **Mortgage Insurance Premium (MIP) on FHA loans:**

On government loans, the first premium due to HUD on the monthly MIP is due with the first loan payment. Lenders are responsible for payment of the monthly MIP, from the initial MIP payment **through the month that U.S. Bank purchases the loan.** If the mortgage loan is purchased prior to the first payment due date, U. S. Bank will be responsible for all monthly MIP payments on the mortgage loan. **The lender should collect one month of mortgage insurance at the time of loan closing to be included in the escrow/impound account.**

Example #1:

A mortgage loan was closed by the lender on December 15, with the first loan payment due on the note of February 1. **The MIP premium for one month was collected at closing and is reflected on the HUD-1.** U.S. Bank purchases the loan on January 20, at the balance remaining after the February 1 payment is applied. (The first payment due to U.S. Bank from the borrower is March 1), even though the February 1 escrow payment will be made to the lender, U.S. Bank amortizes the loan for the February payment and assumes responsibility for making the MIP payment. Therefore, the MIP amount showing collected on the HUD-1 is due to U.S. Bank, along with the February payment, and will be deducted from the wire amount.

Example #2:

The lender closed the mortgage loan on February 1, with the first loan payment due on the note on March 1. U.S. Bank purchases the mortgage loan on March 20. The lender is responsible for the payment of the March MIP installment. U.S. Bank will pay the April installment.

Example #3:



The lender closed the mortgage loan on September 1, with the first loan payment due on the note on October 1. U.S. Bank purchases the mortgage loan on February 20. The lender is responsible for all MIP premiums due from September 1 to February 1. U.S. Bank assumes responsibility for making the MIP payment with the March installment.





## FINAL COLLATERAL DELIVERY

### Post Purchase Documentation:

U.S. Bank accepts original recorded documents. In some instances, U.S. Bank accepts photocopies of documents. Refer to the chart below for post-purchase documentation requirements and photocopy acceptance:

Document	Photocopy Allowed?	Additional Requirements
Recorded Deed of Trust	Yes	All pages with complete recording information including county stamp
Recorded Corporate Assignment	Yes	All pages with complete recording information including county stamp
Title Policy	Yes	All pages of the title policy and endorsements
Mortgage Insurance(MIC) /Loan Guarantee Certificate(LGC)	No	N/A

### Follow-up Documentation:

All follow-up documentation should be delivered to U.S. Bank Home Mortgage within 90 days from the date of purchase. A late fee of \$50 may be assessed after 120 days. If the required documentation is not received, U.S. Bank provides the lender with a Quarterly analysis report based on the performance of loans purchased.

### Mailing Address:

Send all trailing Documents to:



DOCUMENT CONTROL  
17500 ROCKSIDE RAD  
BEDFORD, OHIO 44146-2099

Contact Final Doc Supervisor:  
Darlene Kreigh – (216) 475-7739  
Darlene.kreigh@usbank.com

### Missing Documentation

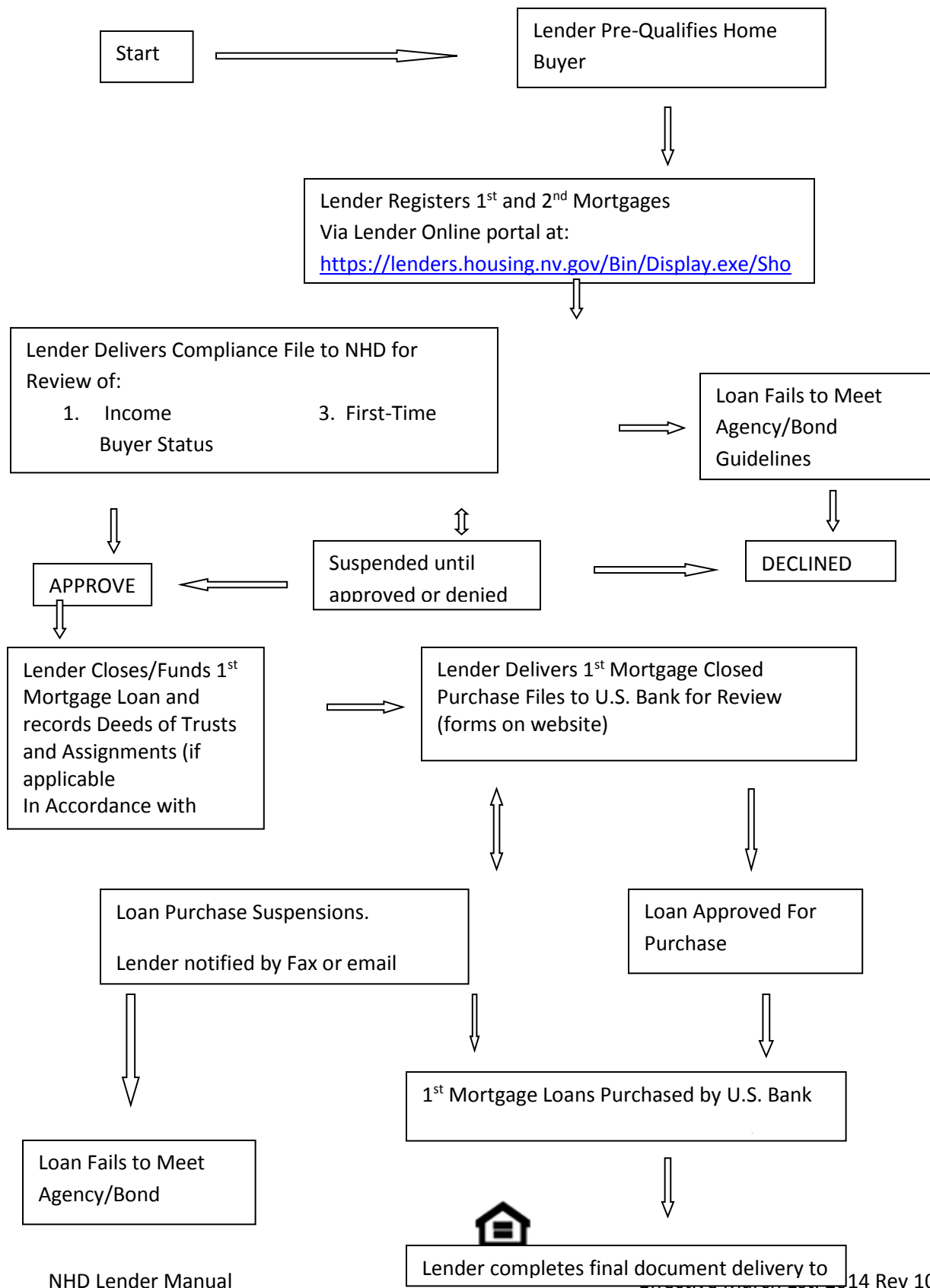
All required documentation must be received by U.S. Bank no later than 120 days from date of loan purchase by U.S. Bank. If the document is not on record with the county or title company, the lender shall be obligated to assist U.S. Bank in locating the document.

Aged documents, **over 360 days**, are automatically deleted from the Monthly Outstanding Document Report. Lenders are then billed for the fees associated with U.S. Bank obtaining the documents.

All fees associated with procuring these documents, including any out-of-pocket, third-party fees such as title premiums and recording fees, will be charged to the Lender. Nevada Housing Division will send an invoice for the charges to the lender.

Neither efforts by U.S. Bank to obtain outstanding documents or its assumption of the responsibility for procuring outstanding documents will relieve the lender from its obligation to provide documents to U.S. Bank or Nevada Housing Division. Further, any actions taken by U.S. Bank to procure outstanding document, and any fees paid by the lender to U.S. Bank in connection with such efforts, shall not release lender from its repurchase and indemnification obligations as a program participant for failing to deliver such documents.





## CONTACT INFORMATION

### **Nevada Housing Division Las Vegas office address:**

**Nevada Housing Division  
7220 Bermuda Road, Suite B  
Las Vegas NV 89119**

Fax Number: (702) 486-7227  
Office Main Number: (702) 486-7220

Loan Administration Officer: Maggie Cassara ext 222, email: [mcassara@housing.nv.gov](mailto:mcassara@housing.nv.gov)

Loan Programs Officer: Nnika Cromwell ext 225, email: [ncromwell@housing.nv.gov](mailto:ncromwell@housing.nv.gov)

**Registrations / Compliance Packages** should be sent to the Las Vegas office or, if you email scan any documentation, email to Nnika Cromwell or Maggie Cassara to avoid delay.

### **U.S. Bank Help Desk**

**U.S. Bank Home Mortgage  
MRBP Division  
17500 Rockside Road  
Bedford, Ohio 44146-2099**

**Purchase Packages / Post-Purchase Documentation** should be sent to U.S. Bank. You can contact the Help Desk at (800) 562-5165 (no voice mail), email [mrbp.helpdesk@usbank.com](mailto:mrbp.helpdesk@usbank.com).

Use the Help Desk Team for:

- Status of loan funding
- Status of documents received
- Program Guidelines
- General Information



## **DOCUMENT LISTS**

### **Documents for Registration and File Organization**

#### **NHD Agency Documents**

#### **Exhibits**

#### **Attachments**

Can be found on NHD's website at [www.housing.nv.gov](http://www.housing.nv.gov) or U.S. Bank's website at [www.mrbp.usbank.com](http://www.mrbp.usbank.com)



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