

LOUISIANA HOUSING CORPORATION

2018A TAX-EXEMPT PROGRAM NOTICE

TO: PARTICIPATING LENDERS
FROM: LOUISIANA HOUSING CORPORATION
RE: 2018A TAX EXEMPT SINGLE FAMILY PROGRAM NOTICE
DATE: March 1, 2018

Attached is the program bulletin for the 2018A Program. There are two programs offered in the 2018A Tax-Exempt Program, both 30-year fixed rate programs, namely the **ASSISTED PROGRAM** and the **HOME/MRB PROGRAM**.

ASSISTED PROGRAM: There is a total of \$15,000,000 available in the Assisted Program. The initial interest rate is **4.875%** but this initial rate is subject to change daily. The Assisted Program Loan offers 4% assistance (based upon the original principal amount of the first mortgage loan) in the form of a forgivable second loan. Borrowers are required to execute a second mortgage note in the amount of the Assistance, which will be subordinate to the first mortgage lien note. The second mortgage note is forgivable 1/36th per month as long as the residence is occupied by the borrower as a principal residence and the first mortgage is not refinanced or paid off in full during such period.

HOME/MRB PROGRAM: There is a total of \$10,000,000 available in the HOME/MRB Program. The initial interest rate is **3.75%** but this initial rate is subject to change daily. All loans are 30-year fixed rate. The HOME/MRB Program Loan offers between 5% and 9% assistance (based upon the original principal amount of the first mortgage loan) in the form of a forgivable grant.

Please review the program notice and program bulletin very carefully for details and call us if you have any questions.

Beginning March 1, 2018, LHC will begin accepting reservations of funds through our website at www.lhc.la.gov.

THE RESERVATION PROCESS

The Single Family Staff will monitor the reservation and compliance processes. The telephone number for inquiries is 225-763-8800.

Borrowers who have an existing reservation through LHC’s Market Rate Programs are **ineligible** for a reservation under the MRB Program for a period no less than 30 days from the date of the original market rate reservation expiration date. Any such re-reserved loan for the same property

address as under the Market Rate Program shall be made at the higher of (i) the original loan rate reserved under the Market Rate Program on the original reservation and (ii) the loan rate then offered under the 2018A Program when such loan is re-reserved. Be reminded that unless lenders cancel a loan under the Market Rate program by day 70, an extension fee will be applied.

Confirmation of reservations will occur on line. Should there be a problem with your reservation you will be contacted by a member of the Single Family Team. A complete compliance package must be received by LHC within 40 days from the date the reservation is confirmed. A Compliance Fee of \$75 is required on each loan under the 2018A Tax Exempt Program and will be netted at closing. Should the loan not close, the lender will be billed the Compliance Fee.

LOUISIANA HOUSING CORPORATION

BULLETIN

To: Approved Participating Lenders
From: Louisiana Housing Corporation
Date: March 1, 2018
Re: Louisiana Housing Corporation
Single Family Mortgage Revenue Bonds
Series 2018A Tax Exempt (Non-AMT)

2018A TAX-EXEMPT PROGRAM BULLETIN

In June 2018, the Louisiana Housing Corporation is expected to deliver the above captioned bonds to finance the purchase of GNMA/FNMA/FHLMC Certificates backed by mortgage loans to be originated by Lenders participating in the Corporation's 2018A Tax Exempt Program.

Please distribute this Program Bulletin and Program Notice to all your offices. Feel free to contact a member of the LHC Single Family Staff with any questions.

Program	Available Funds	Assistance	*Initial Interest Rate
Assisted	\$15,000,000	4% of first mortgage – Forgivable Second Loan	4.875%
HOME/MRB	\$10,000,000	5% to 9% of first mortgage – Forgivable Grant	3.75%

*Interest Rates on the 1st mortgage loan are subject to change daily. Interest rates will be posted daily to LHC's website and emailed out by 9:00 am. **Funds are available on a first come, first served basis.**

Program Deadlines

- Reservation lock in period is 75 days from reservation date to loan closing date.
- Compliance Package must be delivered to LHC (singlefamily@lhc.la.gov) within 40 days of initial lock.
- All Compliance Conditions must be delivered to LHC (singlefamily@lhc.la.gov) within 15 days of receipt of conditions identified by LHC.
- Standard Mortgage must purchase the mortgage loan file within 100 days from the reservation date. Closed and complete loan files must be delivered on or before the 85th day from the registration date. Incomplete loan files will not be reviewed by Standard Mortgage and will cause delays, which will cause an extension fee.

Targeted Area Loans: Targeted area loans are subject to special benefits. The following special benefits are available only to Assisted Program Loans and not to HOME/MRB Loans:

- a) 1st time homebuyer requirements are fully waived but the residence financed under the Series 2018A Tax-Exempt Program must be the principal residence of the homebuyer borrower.
- b) Purchase Price Limits for residences in Targeted Areas are generally increased by 20%.
- c) Family income limits are generally increased to 140% of applicable median family income and, subject to precise oversight and approval by the LHC, one-third of the principal amount of mortgage loans in a Targeted Area may be made available to homebuyers without any restriction on family incomes. This is only available for up to 1/3 of production and must be requested by the lender. Please note that a request **does not** guarantee a reservation for the 140% exception. Lenders may request an AMI exception by submitting Exhibit R. LHC staff will notify the lender concerning the status of the request.

Assisted Loans in Certain Federally Declared Disaster Parishes: For a two-year period following a federally declared disaster, some but not all parishes specified in the federal disaster declaration will be treated as Targeted Areas. To be treated as a Targeted Area Loan in such specified parishes, an Assisted Loan in such specified parish must be closed **prior to the expiration two year deadline for which Assisted Loans in such parishes qualify as Targeted Area Loans (See Exhibit P)**. Any Assisted Loan in a federally declared disaster parish (not in a standard Targeted Area) that is not closed within the two-year period will **not be eligible for purchase by Standard Mortgage**.

Existing Reservations

Borrowers who have an existing reservation through LHC's Market Rate Programs are **ineligible** for a reservation under the MRB Program for a period no less than 30 days from the date of the original market rate reservation expiration date. Any such re-reserved loan for the same property address as under the Market Rate Program shall be made at the higher of (i) the original loan rate reserved under the Market Rate Program on the original reservation and (ii) the loan rate then offered under the 2018A Program when such loan is re-reserved.

Assistance Funds

The assistance for both the Assisted Program and the HOME/MRB Program will be provided by Louisiana Housing Corporation at loan closing. Lenders must provide the preliminary Closing Disclosure and Wire Requisition Form -Exhibit Q at least 36 hours in advance of the of the closing so that funds can be wired to the closing attorney.

2017A Tax Exempt MRB Required Compliance Exhibit Forms

All required exhibits are located on LHC's single family website. All required exhibits are fillable. Checklists are provided for a) Compliance Submission Package, b) Wire Requisition and c) Closing Documents submitted to LHC.

Closing Documents required by Louisiana Housing Corporation

Assisted Loans: The forgivable second mortgage note for the Assisted Program will be provided to the closing attorney upon final Compliance Approval. Should the lender require the Forgivable Loan Note to be expressed to the closing attorney, please provide the applicable Express Billing information.

For the Assisted Program only, the Lender must submit to LHC the following after closing:

1. Certified copy of executed recorded second mortgage instrument for the forgivable assistance
2. Original forgivable second loan assistance note

HOME/MRB Loans: The HOME/MRB Assistance is in the form of a forgivable grant, therefore there is no note or mortgage instrument in connection with such Assistance.

For the HOME/MRB Program only, the lender must submit to LHC the following after closing:

- 1.Homeownership Summary and Income Certification (Exhibit E1)
- 2.Certified recorded copy of Regulatory Agreement with property description (Exhibit E2)

ASSISTED PROGRAM Loans will bear interest at **4.875%** at the launch of the 2018A Tax-Exempt Program on March 1st, but rates are subject to change daily. Assistance payments equal to 4% of the original principal First Mortgage Loan Amount will be provided at closing by Louisiana Housing Corporation. Eligible borrowers that receive an Assisted Program Loan Assistance Payment will be required to execute a Borrower Note in an amount equal to the assistance payment, which Borrower Note will be subordinate to the first mortgage lien note. Each month that the property is occupied by the Borrower as their principal residence and the 1st mortgage remains outstanding, the Borrower Note will be reduced by 1/36th of the original principal amount. The form of the note and mortgage can be found at www.lhc.la.gov and will be executed at closing and returned to Louisiana Housing Corporation.

HOME/MRB PROGRAM Loans will bear interest at **3.75%** at the launch of the 2018A Tax-Exempt Program on March 1st, but rates are subject to change daily. Assistance Payments equal to 5.00% to 9% of the original principal amount of the First Mortgage Loan Amount will be provided at closing by Louisiana Housing Corporation.

Assistance Payments on HOME/MRB Program Loans shall not exceed the lesser of (i) the actual charges shown on the HUD I or (ii) the maximum percentages as scheduled below:		
Loan Amount		Maximum Home Assistance Payment Allowed
\$0	\$25,000	9.00% of loan amount
\$25,001	\$35,000	7.50% of loan amount
\$35,001	\$45,000	6.75% of loan amount
\$45,001	\$55,000	5.75% of loan amount
\$55,001	\$75,000	5.25% of loan amount
\$75,001	and greater	5.00% of loan amount

Lenders’ Compensation and Fees

In support of a zero point/zero discount loan, the Master Servicer will pay lenders a **2.0%** lender fee. The Master Servicer will deduct an \$85 tax service fee, \$300 funding fee, \$14.50 flood certificate fee, \$20 wire fee, \$150 HQS Inspection Fee for HOME/MRB loans and a \$75 compliance fee at the time of loan purchase.

Please Note: Mortgage loans including the Lender Mortgage Loan Closing Certificate (Exhibit E) not submitted to the Master Servicer within 85 days of the reservation date will be assessed a \$375.00 Extension Fee. Delivery of a complete loan file is required by the Master Servicer before they will begin review of the loan. Loans submitted more than 45 days following closing are subject to GNMA/FNMA/FHLMC guidelines. A lender may be required to update certain loan documents prior to the Master Servicer’s review of the loan file. All post closing documents must have been received by LHC prior to the loan being purchased.

Assisted Program Targeted Waivers Only:

Assisted Mortgage Loans with respect to properties located in parishes identified under Louisiana Disaster Declaration FEMA-4277-DR and FEMA-4263-DR as well as designated Targeted Louisiana Census Tracts are eligible for treatment as Targeted Area Loans. Targeted area loans are subject to special benefits. The following special benefits are available only to Assisted Program Loans and not to HOME/MRB Loans:

- a) 1st time homebuyer requirements are fully waived but the residence financed under the Series 2018A Tax-Exempt Program must be the principal residence of the homebuyer borrower.
- b) Purchase Price Limits for residences in Targeted Areas are generally increased by 20%.
- c) Family income limits are generally increased to 140% of applicable median family income and, subject to precise oversight and approval by the LHC, one-third of the principal amount of mortgage loans in a Targeted Area may be made available to homebuyers without any restriction on family incomes. This is only available for up to 1/3 of production and must be requested by the lender. Please note that a request **does not** guarantee a reservation for the 140% exception. Lenders may request an AMI exception by submitting Exhibit R. LHC staff will notify the lender concerning the status of the request.

Assisted Loans in Certain Federally Declared Disaster Parishes: For a two-year period following a federally declared disaster, some but not all parishes specified in the federal disaster declaration will be treated as Targeted Areas. To be treated as a Targeted Area Loan in such specified parishes, an Assisted Loan in such specified parish must be closed **prior to the expiration two year deadline for which Assisted Loans in such parishes qualify as Targeted Area Loans (See Exhibit P)**. Any Assisted Loan in a federally declared disaster parish (not in a standard Targeted Area) that is not closed within the two-year period will **not be eligible for purchase by Standard Mortgage**.

Processing Requirements and Forms

The following revisions apply only with respect to submissions required by the Corporation and not to submissions required by RESPA, FHA, VA, FNMA, FHLMC or RD.

- A. Appraisal Report Submissions: Pages one, two, and six of FNMA Form 1004, floor plan sketch plus any pages containing comments must be submitted to the Corporation for compliance review.
- B. Lenders must complete the required compliance bond documents located on the Corporation's website. Re-created forms are not acceptable. Bond documents may be obtained from the Corporation's website at lhc.la.gov.

- C. Three years complete, signed federal income tax returns including all schedules, 1099s and W-2s are required if the property is not located in a targeted area. If the property is located in a targeted area, the most recent complete tax return is required. If an IRS detailed line-by-line print is submitted the corresponding IRS W-2 detail must also be submitted or a copy of the W-2 form.

- D. Verification of Funds – LHC and HOME rules requires verification of all checking and savings accounts on HOME/MRB and ASSISTED loans. The following are acceptable forms of verification:
 - a) Current savings account statement (within 30 days of file submission).
 - b) 6 months of checking account statements to determine an average balance for cash value.
 - c) Current verification of deposit (VOD) as long as the depositor indicates a 6 month average.

In connection with the Assisted Program and the HOME/MRB Program, the borrower's investment will be regulated only by the particular type of loan being made – FHA, VA, RD or Conventional. All federal tax law requirements, including the first-time homebuyer requirement will apply except as noted below for Targeted Area loans.

2018A TAX-EXEMPT PROGRAM LIMITATIONS/REQUIREMENTS

Program Type	ASSISTED	HOME/MRB
Program Dollar Amount	\$15,000,000	\$10,000,000
Mortgage Loan Rate on March 1	4.875%	3.75%
Assistance Provided	4% forgivable second loan based on first mortgage amount	5.00% to 9% forgivable grant based on first mortgage amount
Loan Term	30 years	30 years
Start Date	March 1, 2018	March 1, 2018
MRB Code Compliance Fee	\$75.00	\$75.00
HQS Inspection	N/A	\$150.00
Number of Living Units	1	1

Note: Only single unit properties are allowed under the 2018A Tax Exempt Program. This is a change from material presented during training. FH, VA, RD and Conventional loans are allowed. **Funds are available on a first come, first served basis.**

*The Compliance Package for each loan must be received by Louisiana Housing Corporation within forty (40) days from the date of the Confirmation of Reservation. The loan must close within seventy-five (75) days from the date of Confirmation of Reservation. **Please note: Purchase price paid by Standard Mortgage Corporation will be reduced if loan is not closed and/or delivered within the prescribed time period.**