

Step-by-Step Procedures

Step	Bond DPA Program Only	Non-Bond DPA Program Only	MCC Program Only	Combined Gov't Non-Bond DPA/MCC	Stage/ Status
Step 1. Qualify Borrower	<ul style="list-style-type: none"> Available to Texas Heroes only Must be a First-Time Homebuyer Potential Recapture Tax Income based on household income. (All family members signing the deed of trust.) <p>FICO's & DTI: <i>Government loans only:</i></p> <ul style="list-style-type: none"> FICO ≥ 620 No max DTI w/AUS Approval .50% fee for 620-639 FICO <u>FHA manual underwrites allowed - Max DTI of 43% with 640+ FICO</u> Manufactured homes: 640+ FICO 	<ul style="list-style-type: none"> <u>NO</u> First-Time Homebuyer Requirement <u>NO</u> Recapture Tax Income based on 1003 qualifying income. <p>FICO's & DTI: <i>Government loans:</i></p> <ul style="list-style-type: none"> FICO ≥ 620 No max DTI w/AUS Approval .50% fee for 620-639 FICO <u>FHA manual underwrites allowed - Max DTI of 43% with 640+ FICO</u> Manufactured homes: 640+ FICO <p><i>HFA Preferred loans LTVs ≤ 97%:</i></p> <ul style="list-style-type: none"> FICO ≥ 640 2nd lien: FICO ≥ 680 DU Approval 	<ul style="list-style-type: none"> Must be a First-Time Homebuyer Potential Recapture Tax Income based on household income. (All family members signing the deed of trust.) The loan must be a fixed rate loan with <u>no restriction on loan type</u>, term or credit score. 	<ul style="list-style-type: none"> Must be a First-Time Homebuyer Potential Recapture Tax Income based on household income. (All family members signing the deed of trust.) Combo DPA/MCC allowed on government loans only <p>FICO's & DTI: <i>Government loans only:</i></p> <ul style="list-style-type: none"> FICO ≥ 620 No max DTI w/AUS Approval .50% fee for 620-639 FICO <u>FHA manual underwrites allowed - Max DTI of 43% with 640+ FICO</u> Manufactured homes: 640+ FICO 	N/A
Step 2. Loan Reservation and download documents	Reserve ¹ the loan on the Lender Portal at www.tsm-online.org .	Reserve ¹ the loan on the Lender Portal at www.tsm-online.org .	Reserve ¹ the loan on the Lender Portal at www.tsm-online.org .	Reserve ¹ the loan on the Lender Portal at www.tsm-online.org .	Reserved
Step 3. Underwrite the Loan	Government Loans Only: Lender underwrites the loan in-house.	HFA Preferred Conv., FHA, VA or USDA loans: Lender underwrites the loan in-house.	MCC: No restriction on loan type. Lender underwrites the loan in-house.	FHA, VA or USDA loans: Lender underwrites the loan in-house.	N/A

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Step 4. Upload Pre-Closing Compliance Package	<p>At least 5 calendar days prior to loan closing, upload the documents listed on the Pre-Closing Compliance Checklist.</p> <p>Required Documents:</p> <ol style="list-style-type: none"> 1. Compliance Checklist 2. Underwriter Cert Form 3. Program Affidavit 4. Initial Loan Application (1003) 5. Copy of Purchase Contract 6. <u>3 Years Tax Returns Required</u> 7. Rental Verification 8. Initial Recapture Tax Notice 	<p>At least 5 calendar days prior to loan closing, upload the documents listed on the Pre-Closing Compliance Checklist.</p> <p>Required Documents:</p> <ol style="list-style-type: none"> 1. Compliance Checklist 2. Underwriter Cert Form 3. Program Affidavit 4. Initial Loan Application (1003) 5. Copy of Purchase Contract 6. <u>NO Tax Returns Required</u> 	<p>At least 5 calendar days prior to loan closing, upload the documents listed on the Pre-Closing Compliance Checklist.</p> <p>Required Documents:</p> <ol style="list-style-type: none"> 1. Compliance Checklist 2. Program Affidavit 3. Initial Loan Application (1003) 4. Copy of Purchase Contract 5. <u>3 Years Tax Returns Required</u> 6. Rental Verification 	<p>At least 5 calendar days prior to loan closing, upload the documents listed on the Pre-Closing Compliance Checklist.</p> <p>Required Documents:</p> <ol style="list-style-type: none"> 1. Compliance Checklist 2. Underwriter Cert Form 3. Program Affidavit 4. Initial Loan Application (1003) 5. Copy of Purchase Contract 6. <u>3 Years Tax Returns Required</u> 7. Rental Verification 	<p>Stage:</p> <ol style="list-style-type: none"> 1. Comp. Pkg. Recd., then 2. Comp. Pkg. Rev. <p>Status: Incomplete = Incomplete documentation. Click "view" icon for clearing conditions. Approved = Stage changes to "Committed"</p>
	Step 5. Download and Print Commitment Letter and closing docs	<p>Once the Pre-Closing Compliance Package is approved, a Commitment Letter and closing docs will be in the "PDF Docs" section specific for the reservation to download and print.</p> <p>Closing docs:</p> <ol style="list-style-type: none"> 1. Seller's Affidavit 2. Reaffirmation of Mortgagor 3. Notice of DPA 4. Calculation Notice of Potential Recapture 5. Tax Exempt Mortgage Rider (Record with deed) 	<p>Once the Pre-Closing Compliance Package is approved, a Commitment Letter and closing docs will be in the "PDF Docs" section specific for the reservation to download and print.</p> <p>Closing docs:</p> <ol style="list-style-type: none"> 1. Reaffirmation of Mortgagor 2. Notice of DPA 3. Note & Deed of Trust (2nd lien only) 4. Notice of Assignment, Sale or Transfer of Servicing Rights (2nd lien only) <p>2nd Lien Product: Must create MIN (mortgage identification number) in MERS and add to the 2nd lien DOT. MIN should be different from what is on the 1st lien. TSAHC will register loan in MERS.</p>	<p>Once the Pre-Closing Compliance Package is approved, a Commitment Letter and closing docs will be in the "PDF Docs" section specific for the reservation to download and print.</p> <p>Closing docs:</p> <ol style="list-style-type: none"> 1. Seller's Affidavit 2. Reaffirmation of Mortgagor 	<p>Once Pre-Closing Compliance Package is approved, a Commitment Letter and closing docs will be in the "PDF Docs" section specific to the reservation to download and print.</p> <p>Closing docs:</p> <ol style="list-style-type: none"> 6. Seller's Affidavit 7. Reaffirmation of Mortgagor 8. Notice of DPA

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Step 6. Review Program Fees & Lender Compensation	<ul style="list-style-type: none"> • \$200 Compliance Fee • \$250 Funding Fee • \$75 Tax Service Fee • \$10 Flood Transfer Fee • 620-639 FICO - .50% origination charge <p>Compensation: Do not charge origination or discount points, only the .50% origination charge for FICO 620-639, if applicable. Lakeview pays 2.50% in SRP at loan purchase.</p>	<ul style="list-style-type: none"> • \$200 Compliance Fee • \$250 Funding Fee • \$75 Tax Service Fee • \$10 Flood Transfer Fee • 620-639 FICO - .50% origination charge <p>Compensation: Do not charge origination or discount points, only the .50% origination charge for FICO 620-639, if applicable. Lakeview pays 2.50% in SRP at loan purchase.</p>	<ul style="list-style-type: none"> • \$500 Issuance Fee • \$200 Compliance Fee <p>Compensation: Loans will NOT be purchased by Lakeview. The lender may retain or sell such loans. Lenders are compensated according to internal policies.</p>	<ul style="list-style-type: none"> • \$500 Issuance Fee (waived for Texas Heroes) • \$200 Compliance Fee • \$250 Funding Fee • \$75 Tax Service Fee • \$10 Flood Transfer Fee • 620-639 FICO- .50% origination charge <p>Compensation: Do not charge origination or discount points, only the .50% origination charge for FICO 620-639, if applicable. Lakeview pays 2.50% in SRP.</p>	N/A
Step 7. DPA Funds From TSAHC	Lender will advance the DPA funds at loan closing and will be reimbursed the amount of the funds advanced when the Mortgage Loan is purchased by Lakeview.	Lender will advance the DPA funds at loan closing and will be reimbursed the amount of the funds advanced when the Mortgage Loan is purchased by Lakeview.	TSAHC does not provide DPA funds through the MCC Program.	Lender will advance the DPA funds at loan closing and will be reimbursed the amount of the funds advanced when the Mortgage Loan is purchased by Lakeview.	Committed
Step 8. Payment Method of Program Fees	Lakeview will deduct all above fees referenced in Step 6 from the lender's wire at loan purchase. <u>DO NOT SEND PAYMENT TO TSAHC.</u>	Lakeview will deduct all above fees referenced in Step 6 from the lender's wire at loan purchase. <u>DO NOT SEND PAYMENT TO TSAHC.</u>	Fees must be paid directly to TSAHC through ACH or corporate check.	Lakeview will deduct all above fees referenced in Step 6 from the lender's wire at loan purchase. <u>DO NOT SEND PAYMENT TO TSAHC.</u>	
Step 9. Close/Fund Mortgage Loan	Close and fund loan according to Agency and Program Guidelines. Look at POST-CLOSING CHECKLIST for the documents borrower must sign at closing.	Close and fund loan according to Agency and Program Guidelines. Look at POST-CLOSING CHECKLIST for the documents borrower must sign at closing.	Close and fund loan according to Agency and Program Guidelines. Look at POST-CLOSING CHECKLIST for the documents borrower must sign at closing.	Close and fund loan according to Agency and Program Guidelines. Look at POST-CLOSING CHECKLIST for the documents borrower must sign at closing.	Committed

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<p>Step 10. Upload Post-Closing Compliance Package</p>	<p><u>NO LATER than 5 days</u> following loan closing, upload the documents listed below on the Lender Portal.</p> <p><u>Post Closing Compliance Package:</u></p> <ol style="list-style-type: none"> 1. Compliance Checklist 2. Reaffirmation of Mortgagor 3. Final Loan Application (1003) 4. Homebuyer Education Cert. 5. Notice of DPA 6. Final Closing Disclosure 7. Sellers Affidavit 8. Calculation Notice of Potential Recapture Tax Notice (give to borrower) 9. Tax Exempt Mortgage Rider (Record with deed) 	<p><u>NO LATER than 5 days</u> following loan closing, upload the documents listed below on the Lender Portal.</p> <p><u>Post Closing Compliance Package:</u></p> <ol style="list-style-type: none"> 1. Compliance Checklist 2. Reaffirmation of Mortgagor 3. Final Loan Application (1003) 4. Homebuyer Education Cert. 5. Notice of DPA 6. Final Closing Disclosure 7. Copies of Final Note & Deed of Trust (2nd lien only) 8. Notice of Assignment, Sale or Transfer of Servicing Rights (2nd lien only) <p><u>2nd Lien Product:</u></p> <p>For timely registration of loans in MERS, it is IMPERATIVE that TSAHC get the post-closing package <u>NO LATER than 5 days</u> following closing. Those who repeatedly turn in late files may be fined or suspended. Please note that TSAHC will register the loan in MERS. However, if you register it, please use TSAHC's org ID: 1014711.</p>	<p><u>NO LATER than 5 days</u> following loan closing, upload the documents listed below on the Lender Portal.</p> <p><u>Post Closing Compliance Package:</u></p> <ol style="list-style-type: none"> 1. Compliance Checklist 2. Reaffirmation of Mortgagor 3. Final Loan Application (1003) 4. Homebuyer Education Cert. 5. Notice of DPA 6. Final Closing Disclosure 7. Sellers Affidavit 8. MCC Payment Form 	<p><u>NO LATER than 5 days</u> following loan closing, upload the documents listed below on the Lender Portal.</p> <p><u>Post Closing Compliance Package:</u></p> <ol style="list-style-type: none"> 1. Compliance Checklist 2. Reaffirmation of Mortgagor 3. Final Loan Application (1003) 4. Homebuyer Education Cert. 5. Notice of DPA 6. Final Closing Disclosure 7. Sellers Affidavit 	<p>Stage:</p> <ol style="list-style-type: none"> 1. Close Pkg. Recd., then 2. Close Pkg. Rev.

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Step 11. Deliver Loan to Lakeview for Purchase¹	<u>Closing package must be approved by TSAHC and the loan delivered to and purchased by Lakeview within 60 calendar days of loan reservation.¹</u>	<u>Closing package must be approved by TSAHC and the loan delivered to and purchased by Lakeview within 60 calendar days of loan reservation.¹</u>	Lender follows their own company's secondary marketing policies for distribution of the loan. Loan must be closed, funded and fully approved by TSAHC within 60 days of loan reservation.	<u>Closing package must be approved by TSAHC and the loan delivered to and purchased by Lakeview within 60 calendar days of loan reservation.¹</u>	Loan will stay in "Close Pkg. Rev." stage until purchased by Lakeview.
Step 12. Check Loan Status	Check the status of your loan periodically through the "Loan Status" tab on the Lender Portal. Once the Pre and Post Compliance Packages have been fully approved by TSAHC, Lakeview will be authorized to purchase the loan (subject to compliance with Lakeview requirements).	Check the status of your loan periodically through the "Loan Status" tab on the Lender Portal. Once the Pre and Post Compliance Packages have been fully approved by TSAHC, Lakeview will be authorized to purchase the loan (subject to compliance with Lakeview requirements).	Check the status of your loan periodically through the "Loan Status" tab on the Lender Portal. The Pre and Post-Closing compliance packages must be fully approved by TSAHC before the Borrower is eligible to receive his/her MCC.	Check the status of your loan periodically through the "Loan Status" tab on the Lender Portal. Once the Pre and Post Compliance Packages have been fully approved by TSAHC, Lakeview will be authorized to purchase the loan (subject to compliance with Lakeview requirements).	Stage: 1. MS Purchased (not applicable to MCC-only loans.), then TSAHC Purchased
Step 13. Loan Purchased/MCC Issued	Once all TSAHC and Lakeview conditions have been met, the loan will be purchased by Lakeview.	Once all TSAHC and Lakeview conditions have been met, the loan will be purchased by Lakeview. <u>2nd Lien Product:</u> TSAHC reimburses the 2 nd lien after Lakeview purchases the 1 st lien. This is done in aggregate, the following month.	Once all conditions have been met, the Mortgage Credit Certificate will be mailed to the Borrower.	Once all TSAHC and Lakeview conditions have been met, the loan will be purchased by Lakeview and the Mortgage Credit Certificate will be mailed to the Borrower.	Stage: 1. TSAHC Purchased or 2. MCC Issued (For MCC-only loans.)

¹If the loan is not eligible for purchase within the 60 day purchase period, the lender may request a 7, 15 or 30-day extension for 1 bp per day. The Extension Request Form can be found under the "Loan Status" tab on the Lender Portal (click on the "PDF Forms" tab associated with the specific loan). The Servicer shall permit Mortgage Loans to be purchased beyond the 90-day period (initial 60-day period plus 30-day extension), subject to additional per diem charges.