

Step-by-Step Procedures

Step	Non-Bond DPA Program Only (No MCC)	MCC Program Only is discontinued on 11/01/2023	Combined Non-Bond DPA & MCC	Bond DPA Program Now Available - Limited	Stage/Status
Step 1. Qualify Borrower	<ul style="list-style-type: none"> <u>NO</u> First-Time Homebuyer Requirement <u>NO</u> Recapture Tax Income based on 1003 qualifying income. Available for TX Hero and Home Sweet Texas <p>FICO's & DTI: Government loans:</p> <ul style="list-style-type: none"> FICO \geq 620 No max DTI w/AUS Approval .50% fee for 620-639 FICO <u>FHA manual - Max DTI of 43% with 640+ FICO</u> Manufactured homes: 640+ FICO <p>HFA Preferred and HFA Advantage Conventional loans:</p> <ul style="list-style-type: none"> LTVs \leq 97% > 80% AMFI = Standard MI \leq 80% = Charter MI FICO \geq 640 No max DTI w/DU or LPA Approval 	<ul style="list-style-type: none"> The standalone MCC program is discontinued indefinitely for new reservations on 11/01/2023 Must be a First-Time Homebuyer Potential Recapture Tax Income based on household (All family members signing deed of trust.) The loan must be a fixed rate loan with <u>no restriction on loan type</u>, term, or credit score. Available for TX Hero and Home Sweet Texas 	<ul style="list-style-type: none"> Must be a First-Time Homebuyer Potential Recapture Tax Income based on household (All family members signing deed of trust.) Available for TX Hero and Home Sweet Texas <p>FICO's & DTI: Government loans:</p> <ul style="list-style-type: none"> FICO \geq 620 No max DTI w/AUS Approval .50% fee for 620-639 FICO <u>FHA manuals - Max DTI of 43% with 640+ FICO</u> Manufactured homes: 640+ FICO <p>HFA Preferred and HFA Advantage Conventional loans:</p> <ul style="list-style-type: none"> LTVs \leq 97% > 80% AMFI = Standard MI \leq 80% = Charter MI FICO \geq 640 No max DTI w/DU or LPA Approval 	<ul style="list-style-type: none"> Available only to First-Time Homebuyers \leq 80% AMFI Potential Recapture Tax Income based on household (All family members signing deed of trust.) Available for TX Hero and Home Sweet Texas <p>FICO's & DTI: Government loans only:</p> <ul style="list-style-type: none"> FICO \geq 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

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Step 3. Underwrite the Loan	HFA Conv., FHA, VA or USDA loans: Lender underwrites the loan in-house.	MCC: No restriction on loan type. Lender underwrites the loan in-house.	HFA Conv., FHA, VA or USDA loans: Lender underwrites the loan in-house.	Government Loans Only: Lender underwrites the loan in-house.	N/A
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 URLA w/Lender Loan info (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 URLA w/Lender Loan info (1003) 4. Copy of Purchase Contract 5. <u>3 Years signed Tax Returns/Transcripts 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. Underwriter Cert Form 3. Program Affidavit 4. Initial URLA w/Lender Loan info (1003) 5. Copy of Purchase Contract 6. <u>3 Years signed Tax Returns/Transcripts 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. Underwriter Cert Form 3. Program Affidavit 4. Initial URLA w/Lender Loan info (1003) 5. Copy of Purchase Contract 6. <u>3 Years signed Tax Returns/Transcripts Required</u> 7. Notice of Potential Recapture Tax (review with borrower) 	<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, print and bring to closing.</p> <p>TSAHC Closing docs:</p> <ol style="list-style-type: none"> 1. Reaffirmation of Mortgagor 2. Notice of DPA 3. Note & Deed of Trust (3yr. def. forgivable) 4. Notice of Transfer of Servicing Rights (3yr. def. forgivable) 	<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, print and bring to closing.</p> <p>TSAHC Closing docs:</p> <ol style="list-style-type: none"> 1. Seller's Affidavit 2. Reaffirmation of Mortgagor 3. Recapture Tax Notice 	<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, print and bring to closing.</p> <p>TSAHC Closing docs:</p> <ol style="list-style-type: none"> 1. Seller's Affidavit 2. Reaffirmation of Mortgagor 3. Notice of DPA 4. Note & Deed of Trust (3yr. def. forgivable) 5. Notice of Transfer of Servicing Rights (3yr. def.) 6. Recapture Tax Notice 	<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, print and bring to closing.</p> <p>TSAHC Closing docs:</p> <ol style="list-style-type: none"> 1. Seller's Affidavit 2. Reaffirmation of Mortgagor 3. Notice of DPA 4. Note & Deed of Trust (3yr. def. forgivable 2nd lien) 5. Calculation Notice of Potential Recapture 6. Tax Exempt Mortgage Rider (Record with 1st lien deed) 	Committed

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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% fee, if applicable 1% origination fee <p>Compensation: Reservations on and after 12/5/22: Lenders can now charge 1% origination fee in addition to the .50% origination fee for FICO's of 620-639, if applicable. Lakeview pays 1.50% 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% fee, if applicable 1% origination fee <p>Compensation: Reservations on and after 12/5/22: Lenders can now charge 1% origination fee in addition to the .50% origination fee for FICO's of 620-639, if applicable. Lakeview pays 1.50% 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% fee, if applicable 1% origination fee <p>Compensation: Reservations on and after 12/5/22: Lenders can now charge 1% origination fee in addition to the .50% origination fee for FICO's of 620-639, if applicable. Lakeview pays 1.50% in SRP at loan purchase.</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.	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.	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>	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>	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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Step 10. Upload Post-Closing Compliance Package	<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 URLA w/Lender Loan info (1003) 4. Homebuyer Education Cert. 5. Notice of DPA 6. Final Closing Disclosure 7. Copies of Final Note & Deed of Trust (3yr. def. forgivable) only) 8. Notice of Transfer of Servicing Rights (3yr. def. forgivable only) 	<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. Homebuyer Education Cert. 4. Final URLA w/Lender Loan info 5. Final Closing Disclosure 6. Sellers Affidavit 7. MCC Payment Form 8. Recapture Tax Notice 	<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. Homebuyer Education Cert. 4. Final URLA w/ Lender Loan info 5. Notice of DPA 6. Final Closing Disclosure 7. Sellers Affidavit 8. Copies of Final Note & Deed of Trust (3yr. def. forgivable) only) 9. Notice of Transfer of Servicing Rights (3yr. def. forgivable only) 10. Recapture Tax Notice 	<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 URLA w/Lender Loan info (1003) 4. Homebuyer Education Cert. 5. Notice of DPA 6. Final Closing Disclosure 7. Sellers Affidavit 8. Calculation Notice of Potential Recapture (give to borrower) 9. Tax Exempt Mortgage Rider (Record with 1st lien deed) 10. TSAHC Note & Deed of Trust (3yr. def. forgivable 2nd lien) 	<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>	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>	<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. 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).	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 and 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 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.	Once all TSAHC and Lakeview conditions have been met, the loan will be purchased by Lakeview.	Stage: 1. TSAHC Purchased

¹If the loan is not eligible for purchase within the 60-day purchase period, the lender may request a 15, 30 or 45-day extension for 0.125, 0.25 or 0.375bps respectively.

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.