



First Time Homebuyer Program Mortgage Tax Credit (MTC) Plus Government Program Term Sheet Effective December 1, 2015

This Program Term Sheet (“Program Term Sheet” as referenced in the Master Origination and Sale Agreement, “HFA Guidelines” as expressed in the Servicer’s Participating Lender Agreement) has been adopted by the Ohio Housing Finance Agency (“OHFA”) for the Program and is incorporated by reference in the Lender Guide. Capitalized terms used herein shall have the meanings given to such terms in the Mortgage Origination and Sale Agreement and the Lender Guide.

Agency	Ohio Housing Finance Agency (the “OHFA”) qualifies as a HUD approved Provider of Secondary Financing.
Servicer	All qualified Mortgage Loans, including all servicing rights, must be sold to and serviced by U.S. Bank. All Mortgage Loans must be delivered to U.S. Bank in “purchasable form” within the time periods specified herein. Several states and local municipalities have enacted legislation that define high cost loans based on annual percentage rate (APR) and fee thresholds, which may or may not relate to the Home Ownership and Equity Protection Act (HOEPA) thresholds. These types of loans typically have various restrictions. It is the policy of US Bank not to purchase any loan defined as “high cost” under any federal or state law/regulation or local ordinance any subsequent amendments thereto.
Funding Source	The Program is a continuous lending program, which means there is no set limit on funding available, but loan rates are subject to change on a daily basis.
Eligible Properties	<ul style="list-style-type: none"> • 1-4 unit single family properties (Grants for Grads Program limited to 1-unit only), Condominiums, Planned Unit Developments (PUDs) • 2 acres or less – within municipal corporations • 5 acres or less – outside municipal corporations • Manufactured homes are <i>not</i> eligible
Purchase Price Limits	Maximum purchase price limits by County are posted online at www.myohiohome.org .
MTC Credit Rate	40%
Recapture Tax	If a borrower sells the residence within nine years of the date of closing, the borrower may owe recapture tax if the household income has increased more than the amount allowed under the Internal Revenue Code and the house is sold at a net profit. However, OHFA will reimburse homebuyers for the actual amount of recapture tax paid to the IRS. In order to benefit from the MTC a borrower must have income tax liability, and must file using the “long form” IRS 1040. Borrowers who have low tax liability due to other deductions may not be able to use the entire MTC benefit.
Income Limits and Qualifying Income	Income Limits are posted online at www.myohiohome.org . Must comply with MTC Income Guidelines. All income of the individuals who will <i>both</i> live in the property and be obligated on the mortgage Note will be used in determining borrower income eligibility.
Borrower Investment	No minimum Borrower investment is required by OHFA, other than those required per FHA, VA, USDA-RD guidelines.
Occupancy Requirement	Owner-occupied properties only. Occupant borrower(s) must agree to occupy the home as their principal residence within 60 days of the loan closing date and must occupy the property as their principal residence for a minimum of one (1) year after the loan closing date.

Borrower Eligibility

<p>First Time Homebuyer</p>	<p>Principal residence only, owner occupied. Co-signers/Co-mortgagors are permitted per OHFA, FHA, VA, USDA-RD guidelines. A Borrower must be a “first time homebuyer”, unless otherwise specified herein, defined as:</p> <ul style="list-style-type: none"> • Borrower who has not had an ownership interest in a principal residence at any time during the three (3) year period ending on the date the Mortgage Loan is executed. • Qualified military veterans who have received an honorable discharge from the U.S. military are eligible even if they previously owned a home. • Borrowers do not have to qualify as a First Time Homebuyer if the home they select for purchase is located in a designated target area census tract. Please refer to the http://ohiohome.org/geodata/ to see if the property is in an OHFA target area census tracts.
<p>Ohio Heroes</p>	<p>At least one borrower must be a qualifying Active Military or Veteran, Fireman/Emergency Medical Technician/Paramedic, Healthcare Worker, Police Officer or Teacher as defined herein, and the annualized gross income must be at or below OHFA guidelines for the county in which the property is located.</p> <p><u>Active Military and Veterans.</u> Qualified Active Duty Service personnel, including Armed Services or Reserve Forces. Reserve Forces must have at least 90 days of Active Duty service, excluding boot camp. Qualified veterans include military members honorably discharged from any branch of the US Armed Forces. Military identification and/or DD214 are required to validate credentials.</p> <p><u>Fire Fighter/Emergency Medical Technician/Paramedic.</u> Sworn full time members of a fire department whose regular duties include fire suppression or prevention, emergency medical response or hazardous materials. Full time is considered paid service for a minimum of 1,200 hours per year. Fire Fighter or an EMT certification card and paystubs are required to validate credentials. Volunteer Fire Fighters may qualify with acceptable documentation evidence volunteer status for minimum of most current 12 months.</p> <p><u>Health Care Workers.</u> Certified or licensed direct patient caregivers (direct patient care is defined as an individual who provides direct care to a patient) who are employed full time. License of certification and paystubs are required to validate credentials.</p> <p><u>Police Officers.</u> Commissioned as a law enforcement officer or correctional officer by a federal, state, county or municipal or township government or a public or private college or university, and employed full time. Law enforcement officer includes a sworn officer responsible for crime prevention and detection, law enforcement or response to terrorism, and must be sworn to uphold, and make arrests for violations of federal, state, county, municipal, or township law. Employer must certify commission status with the general power of arrest. Copy of Commission, Peace Officer Certification and paystubs are required to validate credentials.</p> <p><u>Teachers.</u> Employed full time by an accredited or state recognized public school, private school or federal, state county, municipal educational agency as a state-certified classroom teacher, guidance counselor or administrator/principal in grades K-12, or a full time academic instructor at a post-secondary educational institution. Full time instructors must teach a minimum 12 credit hours per academic term. License and paystubs from educational facility are required to validate credentials.</p>
<p>Grants for Grads</p>	<p>An Ohio resident and first-time homebuyer who has received an associate, baccalaureate, masters, doctoral or other postgraduate degree from any accredited college or university within 48 months from graduation date to reservation date with OHFA.</p>

First Loan Terms and Guidelines

First Loan Types	FHA (Including Streamlined 203K, 203b with Repairs, and 203b Weatherization), VA, USDA-RD.
Maximum LTV/CLTV	<ul style="list-style-type: none"> • First Loan mortgage amount per FHA, VA, USDA-RD guidelines, however, subject to OHFA purchase price limits. • Maximum CLTV 105%. If combined with any other HUD approved down payment assistance programs will allow for higher CLTV on case by case basis. OHFA to have second lien position in all instances.
Transaction Type	Purchase transactions only; refinance transactions are <u>not</u> permitted.
First Loan Terms	30-year fixed rate fully amortizing purchase mortgage loans.
Mortgage Loan Rates and Reservations	Mortgage Loan Rates and prices will be posted daily by OHFA between 9:45 AM and 8:00 PM Eastern time, Monday through Friday excluding holidays, and are subject to change on a daily or intra-day basis. Lenders reserve loans through the Lender On-Line Reservation System at www.ohiohome.org .
Rate Locks and Extension Fee	<p>Loans reserved through the Lender On-Line Reservation System at www.ohiohome.org will have a rate lock to the Lender of up to 70 calendar days at which time the Mortgage Loan must be purchased and funded by US Bank.</p> <p>Any loan cancelled during the rate lock period may not be re-reserved for 60 days from the original reservation expiration date or cancellation date, whichever is later, for the same borrower purchasing the same property.</p> <p><u>There is a .375% extension fee charged every 30 days beyond the original 70 day lock period. Extension fee(s) may not be charged to the Borrower or Seller unless there are documented Borrower or Seller delays. Extension fees charged to the Borrower or Seller must approved by OHFA prior to closing.</u></p>
Mortgage Note and Mortgage	<p>The delivery of the original executed Mortgage Note and the certified copy of the related Mortgage to Servicer shall be made in the following manner: (i) the Mortgage Note shall bear the endorsement set forth on the back thereof “Payable without recourse to [Servicer],” and be executed by a duly authorized officer of the Participant payee; (ii) the related Mortgage shall be a certified copy of the original executed Mortgage accepted for recording in the public office in which recordation is necessary to perfect the security interest therein; and (iii) the related Assignment of Mortgage (which may be a marginal assignment) shall be a certified copy of the original executed Assignment of Mortgage in recordable form.</p> <p>Participant shall deliver the recorded copy of the Mortgage and the title insurance policy, together with any other documents referred to in the Lender Guide and Term Sheet to Servicer, including, but not limited to, FHA mortgage insurance, VA loan guaranty certificate, USDA-RD/RHS guaranty certificates, as applicable, and in no event later than sixty (60) days after the purchase of the related Mortgage Loan.</p>
Reserves	<ul style="list-style-type: none"> • Per FHA, VA and USDA-RD guidelines.
Underwriting	<p>Follow VA, USDA-RD, underwriting guidelines except for the following Debt to Income (DTI) limitations:</p> <ul style="list-style-type: none"> • 45% DTI for credit scores 640 – 659 • 50% DTI for credit scores 660 and up • DU, LP or manual underwrite <p>Follow FHA underwriting guidelines except for the following Debt to Income (DTI) limitations:</p> <ul style="list-style-type: none"> • 45% DTI • No manually underwritten loans permitted.
Credit Score Minimum	<ul style="list-style-type: none"> • 640 minimum credit score for all borrowers and co-borrowers applying for VA-USDA-RD Program with or without OHFA Down Payment Assistance.

	<ul style="list-style-type: none"> • 660 minimum credit score for FHA loans with or without OHFA Down Payment Assistance. • In cases where Borrowers have no minimum credit score the use of non-traditional credit and a manual underwrite are permitted subject to the following additional guidelines as found in US Bank Memo 2015-07: <ul style="list-style-type: none"> ▪ Maximum 36% Debt-to-income ratio ▪ Minimum two months PITI reserves after closing (or per product guide if greater) ▪ Follow government guidelines for VA and USDA Loans. ▪ <i>Manually underwriting not permitted on FHA loans.</i>
Discounts	Discounts points are not permitted.
Seller Contributions	Permitted subject to FHA, VA, USDA-RD guidelines.
Assumable	Permitted on FHA, VA per guidelines.
Escrow Waivers	Not permitted.
Mortgage Tax Credit	Qualified borrowers may combine the OHFA Mortgage Tax Credit (aka MCC) with the First Time Homebuyer Program. See OHFA's MTC Guidelines and Term Sheet on the Lender On-Line Reservation System at www.ohiohome.org .

OHFA Down Payment Assistance (First Time Homebuyer and Ohio Heroes Programs)

Form, Size and Use of Proceeds	<ul style="list-style-type: none"> • Second Loan with a 7 year term, no accrued interest, due upon sale or refinance. • Sized at exactly 2.5% or 5% of the home purchase price rounded down to the nearest dollar. Funds are automatically reserved once the Mortgage Loan is reserved and confirmed on the OHFA reservation system. • May be applied against the Borrower's down payment, closing costs, prepaid items and other related program and mortgage loan fees and expenses. • The obligation to repay the Second Loan is secured by a Note and Subordinate Mortgage recorded in OHFA's name as beneficiary. • The obligation to repay shall be forgiven on the 7th anniversary of the Note date, at which time the lien is released. • The Second Loan is subject to repayment in its entirety if the property is sold or refinanced within the first 7 years from when the Mortgage Loan closed. Subordination will not be granted if first mortgage is refinanced. • May not be combined with Grants for Grads.
Lender Advance	Lenders will advance the 2.5% or 5% Second Loan at the loan closing for the benefit of the Borrower, to be reimbursed based upon binding legal commitment from OHFA upon the purchase of the Mortgage Loan by US Bank.
Compliance Issues	The Second Loan is evidenced by a Second Note and secured by a subordinate mortgage; Lenders should abide by standard disclosure procedures and documentation.
Limitations on Down Payment Assistance	<p>At closing, an Eligible Borrower may not receive cash back except for the following reasons:</p> <ul style="list-style-type: none"> • Overpayment of fees and/or expenses paid outside of closing; i.e. earnest money deposit, appraisal fees, home inspection fees, credit report charges, etc. <p>The Eligible Borrower may be reimbursed up to the amount of overpayment with documented expenditures. In the event there are funds remaining after the Eligible Borrower have been reimbursed for appropriate requested amounts, the Eligible Borrower shall not receive the additional funds; however, surplus funds may be applied as a principal curtailment on the first mortgage and be documented on the settlement statement.</p>

OHFA Down Payment Assistance (Grants for Grads)

<p>Form, Size and Use of Proceeds</p>	<ul style="list-style-type: none"> • Assistance in the amount of exactly 2.5% or 5% of the home purchase price rounded down to the nearest dollar. Funds are automatically reserved once the Mortgage Loan is reserved and confirmed on the OHFA reservation system. • May be applied against the Borrower’s down payment, closing costs, prepaid items and other related program and mortgage loan fees and expenses. • The obligation to repay the Assistance is secured by a Note and Subordinate Mortgage recorded in OHFA’s name as beneficiary. • The Assistance may be subject to repayment if the property is sold within the first 5 years from the Mortgage Loan closing date. For each year the Borrower remains in the property, 20% of the obligation to repay shall be forgiven, until the 5th year, at which time the lien is released. • If the Borrower moves out of the State within the first 5 years, the remaining pro-rated balance of the lien is due in full upon sale of the property. • If the Borrower moves to another residence in Ohio within the first 5 years, the remaining pro-rated indebtedness is forgiven and the lien is released upon receipt by OHFA of evidence of continued residency. • If the Borrower refinances within the first 5 years, OHFA will re-subordinate the Grants for Grads subordinate lien. • May not be combined with OHFA’s other down payment assistance programs.
<p>Lender Advance</p>	<p>Lenders will advance the 2.5% or 5% Second Loan at the loan closing for the benefit of the Borrower, to be reimbursed based upon binding legal commitment from OHFA upon the purchase of the Mortgage Loan by US Bank.</p>
<p>Compliance Issues</p>	<p>The repayment is evidenced by a Second Note and secured by a subordinate mortgage; Lenders should abide by standard disclosure procedures and documentation.</p>
<p>Limitations on Down Payment Assistance</p>	<p>At closing, an Eligible Borrower may not receive cash back except for the following reasons:</p> <ul style="list-style-type: none"> • Overpayment of fees and/or expenses paid outside of closing; i.e. earnest money deposit, appraisal fees, home inspection fees, credit report charges, etc. <p>The Eligible Borrower may be reimbursed up to the amount of overpayment with documented expenditures. In the event there are funds remaining after the Eligible Borrower have been reimbursed for appropriate requested amounts, the Eligible Borrower shall not receive the additional funds; however, surplus funds may be applied as a principal curtailment on the first mortgage and be documented on the settlement statement.</p>

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<p>RESPA Compliance GFE/HUD-1 Settlement Statement</p>	<p><u>All</u> assisted loans will require a Good Faith Estimate (GFE) within 3 business days of reservation. OHFA is responsible to send the GFE to the borrower. Lenders can find a copy of the GFE on the eDocs screen of the Lender Online.</p> <p>Lenders are required to provide a HUD-1 settlement statement at closing listed only the recording fee for the second mortgage for all loans <i>reserved</i> on OHFA’s Lender Online Reservation System on or after 10/3/15. Any fees in addition to the recording fee listed on the 2nd mortgage HUD-1 settlement statement will be required to be refunded to the borrower prior to compliance approval. Any excessive recording fees charged will require detail explanation/breakdown and any fees not proven to be for recording will require a refund to the borrower prior to compliance approval</p>
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Homebuyer Education

Homebuyer Education	Required for all Borrowers, even for a non-first time homebuyer. Certificate from HUD approved Counseling Agency issued within the previous 12 months, or participation in OHFA streamlined homebuyer education (On-Line course and telephone counseling).
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Lender Process

Application and Reservation	<ul style="list-style-type: none"> • Lender determines Borrower eligibility per first time homebuyer status, credit score minimum, debt-to-income, income limits, purchase price limits. • Lender reserves the loan through OHFA’s website at www.ohiohome.org using the Lender On-Line Reservation System.
Documentation Requirements	<p>OHFA requires, at a minimum, the following documentation be provided for commitment approval:</p> <ul style="list-style-type: none"> • Borrower(s) 1003 Mortgage Loan Application • 92900A HUD Addendum to 1003 • 92900LT Transmittal for FHA/VA Loan Analysis (26-6393)/1008 USDA • 3 years most recent years signed tax returns for borrower(s) and spouse releasing dower, if applicable. IRS transcripts are acceptable in lieu of signed returns. • 2 most recent paystubs within the last 60 days or one recent paystub and a written VOE. • Copy of executed purchase contract. • If Ohio Heroes, see Heroes section for required documentation. • If Grants for Grads, provide evidence of graduation date and type of degree. <p>Other documentation as needed per transaction. Reviewed on case by case basis.</p>
Commitment Compliance Package	<p>Within 25 calendar days from the Loan Reservation Date, the Lender must forward a Compliance Package to OHFA. A commitment compliance documentation checklist can be found on OHFA’s Lender On-Line Reservation System. Once the commitment package is approved, OHFA will make the commitment package documents available on the Lender On-Line Reservation System for signature by the buyer and seller. The Lender is authorized to proceed with the Loan closing once compliance approval has been issued. The Lender is responsible to have the commitment package documents signed by the buyer and seller.</p>
Purchase Compliance Package	<p>Lenders must submit a purchase Compliance Package to OHFA before the Mortgage Loan may be purchased by U.S. Bank. A purchase compliance documentation checklist is available on the Lender On-Line Reservation System along with the Second Mortgage note, subordinate mortgage and tax exempt rider. Only documents provided by OHFA on the Lender On-Line Reservation System will be accepted. Once the purchase compliance package is approved by OHFA, US Bank is authorized to purchase the Mortgage Loan.</p>
Delivery to US Bank for Purchase	<p>Lenders should submit a complete Mortgage Loan file to US Bank with sufficient time for U.S. Bank to review, address deficiencies, request additional documentation, purchase and fund the Mortgage Loan by the 70th calendar day. Lender is encouraged to send the Mortgage Loan file to US Bank via US Bank’s DocVelocity imaging system.</p>

Compensation, Fees and Loan Purchase Price

Lender Compensation	<ul style="list-style-type: none"> • Lenders will charge the Borrower a .50% Origination Fee as part of the lenders compensation. • Lender shall receive a Service Release Premium (SRP) equal to 2.50% of the first mortgage amount paid by the Servicer at the time of purchase. • A minimum \$1,500 in compensation will be paid on all Mortgage Loans. Loans at or less than \$60,000 will qualify for the minimum compensation.
Allowable Fees	<ul style="list-style-type: none"> • Reasonable and customary fees and closing costs may be charged as long as such compensation payments are fully disclosed to the borrower in accordance with federal, state and local laws and regulations.
Program Fees	<p>Program fees are as follows:</p> <ul style="list-style-type: none"> • \$400 Funding Fee payable to US Bank • \$85 Tax Service Fee payable to US Bank • \$100 Administration Fee payable to OHFA • \$250 MTC Loan Fee payable to OHFA* <p>*Lender may charge an additional \$250 MTC Loan fee payable to Lender. Must be disclosed separately on HUD-1/Closing Disclosure.</p>

Mortgage Insurance

Required Mortgage Insurance Coverage	<ul style="list-style-type: none"> • FHA, VA, and USDA-RD MI coverage per HUD, VA, USDA-RD requirements.
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Servicer Information

Loan Purchases	Mortgage Loans must be purchased and funded within 70 calendar days of the Loan Reservation Date. Failure to comply with the 70 day purchase deadline will be subject to a .375% Extension Fee for every 30 days beyond the original 70 days.
Loan Delivery Information	Final document delivery information and checklist are posted on www.mrbp.usbank.com , or contact the US Bank Help Desk. A \$50 late fee will be assessed on final documents not delivered within 90 days of purchase.
Delivery Address	US Bank Home Mortgage 17500 Rockside Road Bedford, Ohio 44146-2099
US Bank Lender Help Desk	For underwriting questions, contact the US Bank Help Desk at 800-562-5165, option 2 or hfacommunications@usbank.com