

October 20, 2016

Dear Mortgage Lender:

Thank you for your interest in the Washington State Housing Finance Commission's (the Commission) Homeownership programs. Attached please find a brief program description, the Application to Participate/Lender Questionnaire and links to both master servicer mortgage origination agreements. We invite your mortgage lending institution to join us in helping homebuyers in Washington State achieve the dream of homeownership with our Single Family programs and suite of downpayment assistance programs. Since 1983, the Commission has financed over 60,000 loans.

In order to participate in our programs, your lending institution must have the ability to approve, close and fund eligible loans in your own name with your own money. You must have the ability to deliver loans using MERS. Application and signed Mortgage Origination Agreements for **both** master servicers are required. Each Master Servicer must also agree to your participation in the program. Brokered loans do not work under the program.

ServiSolutions:

ServiSolutions, a Department of the Alabama Housing Finance Authority, must also agree to your participation as an Originator I, II, or III, Level approval:

An **Originator I** must (i) have originated single family residential mortgage loans (such loans having been regularly made to members of the general public and not solely through affiliates of the lending institutions) and be qualified to do business in the State, (ii) be an FHA-approved mortgagee and an approved Fannie Mae seller/servicer, (iii) in its Lender Questionnaire or other submissions to the Commission have satisfied the Commission, based on the submitted information, representations and certifications, as to its ability to properly carry out its obligations as an Originator I under the Mortgage Origination Agreement, (iv) if participating in a previous program of the Commission, be in good standing under such previous program, (v) not be, and their parent company, if applicable, must not be, on any form of "watch list" or under any program of specified supervision of the FDIC, Federal Home Loan Bank Board, NCUA, or other regulatory body, (vii) and must be a MERS approved lender.

An **Originator II** must; (i) have originated single family residential mortgage loans (such loans having been regularly made to members of the general public and not solely through affiliates to the lending institutions) and be qualified to do business in the State, (ii) be an FHA approved mortgagee, (iii) furnish audited financial statements evidencing \$1,000,000 net worth, (iv) maintain and furnish evidence of \$500,000 in Errors and Omissions coverage, (v) maintain and furnish evidence of Fidelity Bond coverage, (vi) in its Lender Questionnaire or other submissions to the Commission have satisfied the Commission, based on the submitted information, representations and certifications, as to its ability to properly carry out its obligations as an Originator II under the Mortgage Origination Agreement, (vii) if participating in a previous program of the Commission, be in good standing under such previous program, and (viii) not be, and their parent company, if applicable, must not be, on any form of "watch list" or under any program of specified supervision of the FDIC, Federal Home Loan Bank Board, NCUA, or other regulatory body, and (x) must be a MERS approved lender.

An **Originator III** must (i) be any credit union, banking corporation or trust company organized under the laws of this State, under the jurisdiction of the superintendent of banks of the State, or organized under the law of the United States having its principal place of business in this State and is conducting the business of making mortgage loans and taking deposits in this State, (ii) have originated single family residential mortgage loans in

the State (such loans having been regularly originated and not solely through affiliates of the bank) and be qualified to do business in the State, (iii) have maintained an office in the State for origination of single family residential mortgage loans for a minimum of 12 months, (iv) if participating in previous programs of the Commission, be in good standing under such previous programs, (v) not be, and their parent company, if applicable, must not be, on any form of “watch list” or under any program of specified supervision of the FDIC, Federal Home Loan Bank Board, NCUA, or other regulatory body, (vi) be a MERS approved lender (vii) furnish audited financial statements evidencing \$1,000,000 net worth, (viii) in its Lender Questionnaire or other submissions to the Commission have satisfied the Commission, based on the submitted information, representations and certifications, as to its ability to properly carry out its obligations as an Originator III under the Mortgage Origination Agreement.

Lakeview Loan Servicing (LLS):

Contact LLS at crm@lakeviewloanservicing.com to obtain a Lakeview Correspondent Application. Lakeview must also agree to your participation as an originator.

Please feel free to review our complete program manual at www.wshfc.org/sf/downloads.html and click on the Program Manual and Forms Download links towards the top. The current interest rate can be found on our Web site at www.wshfc.org.

Please send completed Participate/Lender Questionnaire and required documents to:

Washington State Housing Finance Commission
ATTN: Corinna Obar, Manager, Homeownership Division
1000 Second Avenue, Suite 2700
Seattle, WA 98104-3601

Please contact Corinna Obar, Manager, Homeownership Division at corinna.obar@wshfc.org, or (206) 287-4414 with any questions you may have regarding our programs.

Mortgage Lenders must furnish the Commission with the information requested in the Commission’s Lender Questionnaire in sufficient detail acceptable to the Commission. The Commission may, in its sole discretion, waive or modify any or all of the foregoing requirements.

Upon receipt of your completed application, we will forward documents to the appropriate master servicer to also approve. It will take approximately three weeks to receive your dual approval.

I look forward to your participation.

Sincerely,

Lisa DeBrock

Lisa DeBrock
Director
Homeownership Division

Enclosure

Benefits of the Commission's Loan Program

The Commission's programs are designed for low and moderate-income households who are typically first time homebuyers. Advantages include:

- Program *advantages for Borrower*:
 - Qualifies for a larger mortgage.
 - Flexible underwriting criteria.
 - For Fannie Mae's HFA Preferred, reduced loan level pricing adjustments.
- Program *advantages for Loan Originator*:
 - Builds customer loyalty.
 - Stops the rate shoppers.
 - Special conventional underwriting guidelines offered.
 - Promotes community awareness and involvement.
- Downpayment assistance programs for downpayment and closing costs:
 - Wraps the borrower's downpayment and closing costs into the loan.
 - Combines with other community downpayment assistance programs.
 - Allows higher Combined Loan-to-Value.
 - Serves special populations (i.e., people with disabilities & Veterans).

Program Descriptions

Home Advantage Program

In order to qualify for our Home Advantage Program, Borrowers must:

- Not have income exceeding our income limits based upon the final Automated Underwriting System (AUS) approval and underwriter's signed 1008/92900-LT/VLA;
- Attend a Commission-sponsored homebuyer education seminar;

The IRS guidelines followed in the House Key program below are waived as per the Home Advantage Manual. There is no first time homebuyer requirement, acquisition cost limit, business use of home limitations, IRS property restrictions, IRS forms, or recapture provision.

In regards to the Home Advantage Program, the following sections of the Mortgage Origination Agreement are waived because compliance to the IRS code is not required:

- Recapture requirements – 5th paragraph in Section 4.02; Section 4.13(v); Section 4.18(h)
- First time homebuyer requirement – Section 4.04(b); Section 4.07; Section 4.12(d)(4); Section 4.18(c)
- Acquisition Cost – Section 4.04(c); Section 4.04 paragraph 2 under (e); Section 4.06; Section 4.12(3)(6); Section 4.18(d)
- Income limit calculation – Section 4.04(d)
- Business Use of Home – 4.12(d)(2)

Program Rates and Points

The current interest rate can be found on our Web site at www.wshfc.org , with loans purchased by Master Servicers for the Home Advantage Program as follows:

Borrower Points	Loan Sale by Lender to Servicer	Net Compensation to Lender
1.00	101.00%	2.00%
0.00	102.00%	2.00%

Additional overages are not allowed.

Rate Locks & Mandatory Delivery Dates

The Mortgage Lender can reserve funds using the On-line Reservation System. Rate locks on a reservation may be made from 9:00 am – 4:00 pm Prevailing Pacific Time Monday through Friday excluding holidays.

ServiSolutions: Lenders will have 40 days from the date of closing to clear the loan exception with no penalty. If the loan is not cleared until 41 days from the date of loan closing, the lender will be charged a late delivery fee of 50 basis points (0.50%) of the principal purchased. Applicable extension fees still apply. If the file is not cleared by the 71st day from the date of loan closing, original Notes will be returned to the lender and the loan(s) will not be purchased.

Lakeview Loan Servicing: Loans must not be aged more than 45 days from the loan closing date until the time the loan is delivered to Lakeview for purchase. This includes the date the credit and closing file is received and the loan is eligible for purchase. All loans must be purchased by Lakeview within 60 days of the note date.

It is recommended the lender close the loan within 30 days of reservation to allow enough time for delivery and purchase by the Master Servicer. Lenders not meeting mandatory delivery dates will pay extension fees. Lenders not meeting mandatory delivery dates on a regular basis are subject to removal from the Program at the sole discretion of the Commission.

An extension (either 7, 15 or 30 days) to a reservation must be made electronically in writing **prior** to the expiration of the lock. An extension will require approval by the Commission and will be subject to market conditions. The cost for extension fees can be found on the Rate Lock Extension Form on the Commission's Website at <http://www.wshfc.org/sf/HAforms.html> . Fees may be higher depending on market conditions. If the Lender fails to extend the lock prior to expiration of the reservation, the Commission is not obligated to purchase the loan.

Lenders may charge the Borrower an extension fee at loan closing. If the loan is purchased within 10 days of loan closing and before day 60, the Lender will refund the extension fee back to the appropriate party and provide proof to the Commission of the refund.

House Key Program

In order to qualify for our House Key State Bond Program, Borrowers must:

- Meet the definition of a first-time homebuyer, unless the residence is located in a targeted area;
- Annualized Gross Household Income must not exceed our income limits;
- Maximum Acquisition Cost for residence must not exceed limits;
- Attend a Commission-sponsored homebuyer education seminar.

Recapture Tax Provision

Please note the House Key State Bond program uses the proceeds of tax-exempt bonds to provide financing for first-time homebuyers. Federal tax law requires that certain homeowners may have to pay to the U.S. Treasury a portion of the sale proceeds of their residences. A portion of the sale proceeds representing the benefit derived by the borrower from the Program would be payable to the U.S. Treasury if the residence financed by a Mortgage Loan were sold within nine years of purchase at an appreciated price and if the borrower exceeds the federal income limits.

The Commission provides Mortgage Lenders with disclosure information concerning this provision of federal tax law. Mortgage Lenders will be required to disclose to borrowers this potential payment obligation at time of loan application and loan closing, but will not have any additional monitoring, collection, or enforcement responsibilities.

Program Rates and Points

The current interest rate can be found on our Web site at www.wshfc.org, with loans purchased by the Master Servicer for the House Key Program as follows:

Borrower Points	Loan Sale by Lender to Servicer	Net Compensation to Lender
1.00	101.00%	2.00%
0.00	102.00%	2.00%

Additional overages are not allowed. Loan originators are notified of new funds and program updates through Program Announcements via e-mail.

Home Advantage and House Key Similarities

Loan Types

The Borrower(s) must qualify through the Mortgage Lender for the first mortgage loan. The Program Loans may be a 30 year fixed rate FHA, VA, HUD Section 184, Fannie Mae Conventional, or USDA Rural Development loan. Qualifying Mortgage Loans must be FHA Insured, or VA or USDA Rural Development and eligible for securitization by Ginnie Mae **or** conventional Mortgage Loans eligible for purchase by Fannie Mae as specified in the Program Manual.

Lender Fees

Fees for loan processing, loan documents, etc., may be charged by the Lender if usual and customary for the program and cannot exceed \$1,500.

First Serve Reservation System

Program funds are allocated on a first-come/first-served basis, through an online reservation system.

Servicing

All Mortgage Loans are sold servicing-released to the appropriate Master Servicer.

Pre-Closing Compliance

All Mortgage Loans are reviewed by the Commission's Seattle office prior to closing to ensure the Mortgage Loans meet compliance guidelines.

Eligible Loan Originators

Lending staff employed by a participating Mortgage Lender who have completed the Commission's lender training are eligible to originate Program Loans. In order to remain eligible to teach Commission-sponsored homebuyer education seminars, loan originators must close, and have purchased by the Commission, at least one Program Loan during a one-year period.

Home Advantage/Homebuyer Education Instructor Training

All loan originators who wish to originate the Commission's Program Loans are required to attend a three-hour lender training session. Processors, closers, underwriters and shippers are also encouraged to attend.

Loan originators who wish to teach homebuyer education seminars sponsored by the Commission must also attend a three-hour Homebuyer Education Instructor training session, held in the afternoon of the same day.

Once the Mortgage Lender is approved to participate, program contacts can register interested lending staff for these trainings on our Web site at www.wshfc.org. The training fee is \$60.00 per participant.

In addition, the Commission offers free quarterly Web-based training for back office lending staff on how to process and close our loans. Please contact Corinna Obar at (206) 287-4414 for further information.

**APPLICATION TO PARTICIPATE
WASHINGTON STATE HOUSING FINANCE COMMISSION
LENDER QUESTIONNAIRE**

Legal Name of Institution: _____

List DBA's (if applicable): _____

Type of Institution: Mortgage Company National Bank State Bank
 Credit Union Other: _____

OFFICE IN CHARGE OF WASHINGTON OPERATIONS:

Name: _____ Title: _____

Phone: _____ Fax: _____

E-mail Address: _____

Street Address: _____

City: _____ State: _____ Zip Code: _____

Mailing Address: _____

City: _____ State: _____ Zip Code: _____

Is your lending institution currently conducting business with ServiSolutions?

Yes No

Please list the name of other state housing finance agencies with which your lending institution participates: _____

Please list three correspondent lenders with which your lending institution currently conducts business:

Federal Tax Identification # _____

FNMA Seller/Servicer Approval Number: _____

FHA Approved Mortgagee Number: _____

FHA Approved Direct Endorsement Underwriter(s) Name and CHUMS Number:

VA Approved Mortgagee Number: _____

GNMA MBS Issuer ID Number: _____

RHS Approved Mortgagee Number: _____

Government supervision by: _____

What is your MERS ID Number? _____

Private Mortgage Insurers (*please give approval numbers for all insurers with which your institution has current contracts*):

Mortgage Insurance Company	Approval Number
_____	_____
_____	_____
_____	_____

Does your errors and omissions policy cover the Commission as an Additional Insured?

Yes No

Please state the name of the Insurer and limits of liability for your errors and omissions coverage:

_____ \$ _____

Does your fidelity bond name or cover the Commission as an Additional Insured?

Yes No

Please state the name of the guarantor and the amount of your fidelity bond:

_____ \$ _____

Please indicate whether you or your parent company are, or have received, notice or knowledge that you or your parent company are on any form of “watch list”; or under any program of specified supervision of the FDIC, FSLIC, Federal Home Loan Bank Board, NCUA, or other regulatory body: Yes No

If “Yes”, please indicate name of regulatory body involved: _____

ORIGINATION INFORMATION

Date of Qualification to do Business in the State of Washington: _____

Number of Loan Origination Employees based in Washington: _____

Number and Amount of One-to-Four-Family Mortgages originated in Washington:

<u>2015</u>		<u>2014</u>		<u>2013</u>	
# _____	\$ _____	# _____	\$ _____	# _____	\$ _____

LENDER CONTACT INFORMATION

- The Lender Contact receives all critical information, including Program Announcements, and serves as a resource to trained originators within your organization.
- The Lender Contact is responsible for monitoring loan reservations.
- The Lender Contact has the first opportunity to spot trends and monitor completeness of the loan process, creating enhanced performance.
- Lender Contacts who call the Commission and the Master Servicer on behalf of their loan originators will have controls in place to ensure consistency with loan file submittals.

The person named below will be the Primary Contact person for Program Administration. Responsibilities include distribution of program information to all branch offices, and acting as liaison between the Mortgage Lender, Borrower, Commission and the Master Servicer.

_____ Name	_____ Title
_____ Street Address	_____ Phone #
_____ City, State, ZIP	_____ Fax #
_____ E-mail Address	_____ Sample Signature

Contact for Payment Verification:

The following named person should be contacted regarding payments and verification of account balances for any Commission Program Loans to be sold to the Master Servicer:

_____ Name	_____ Title
_____ Street Address	_____ Phone #
_____ City, State, ZIP	_____ Fax #
_____ E-mail Address	_____ Sample Signature

GENERAL FINANCIAL INFORMATION

Are your financial statements audited? Yes No

By whom? _____

Organization Fiscal Year ends on _____ of each year.

The information provided below is for Fiscal Year ended _____

A. Please provide the following information if your institution is a credit union, savings or commercial bank:

- Profit (Loss), year to date
- Total assets.....
- Conventional mortgage loans
- FHA-VA mortgage loans.....
- Cash.....
- Total capital accounts
- Total deposits
- Total capital notes and long-term debt outstanding.....
- Net Worth (capital, surplus, UP & R)

B. Please provide the following information if your institution is a mortgage company:

- Profit (Loss), year to date
- Total assets.....
- Conventional mortgage loans
- FHA-VA mortgage loans.....
- U.S. Government obligations.....
- Construction and development loans (net of possible losses)
- Foreclosed properties
- Net Worth.....

CERTIFICATIONS:

There is _____, is not _____, any litigation, fidelity losses, or federal program suspensions pending against our company or any of our employees which could materially affect our ability to perform our obligations under the Commission’s Program. (If there is, attach explanation.)

I hereby certify that the foregoing information (and our company’s previous origination experience as set forth in an accompanying form) is true and correct to the best of my knowledge and belief. I understand that an audited financial statement may be requested.

It is understood that Commission may use the information contained in this Lender Questionnaire, along with other factors and information (including any data furnished by the undersigned in connection with prior programs of Commission), in selecting Participating Lenders for the Program. We hereby authorize such use and certify to the best of our information, belief and knowledge, that the information presented in this Lender Questionnaire is true and accurate to the extent possible given available information. We understand that if any information is materially misrepresented in this Lender Questionnaire, the Commission shall have the right to modify or terminate our participation in its Program. In certain instances, estimates have been based upon reasonable assumptions using such reliable sources of data and information as are available to this institution. We further certify that as of the date hereof there is no aspect of our financial condition or operations that could reasonably be expected to adversely affect our ability to perform our obligations to Commission under the Mortgage Origination Agreement applicable to the Program.

Lending Institution

Name	Title
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Signature	Date
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ServiSolutions Home Office Contact Form

Legal Name of Institution: _____

Home Office contact person and address for closed loan curative information:

Phone: _____ Fax: _____

E-mail Address: _____

Contact People from Your Accounting Department for Loan Funding:

Please complete the following information with a *key* contact person, along with two other backup contacts and their information.

Key Contact: _____

Title: _____

Phone: _____

Fax: _____

E-mail: _____

Backup Contact: _____

Title: _____

Phone: _____

Fax: _____

E-mail: _____

Backup Contact: _____

Title: _____

Phone: _____

Fax: _____

E-mail: _____

FUNDING AUTHORIZATION

Transfer Type: ACH Wire (additional fees applicable)
Affiliated HFA: AHFA MHDC WSHFC MHC

Company Name: _____

Beneficiary

Account Name: _____

Account Number: _____

Beneficiary Bank

Account Name: _____

Routing or Account Number: _____

Intermediary Bank Information (if applicable)

Routing Number: _____

Address: _____

Additional Information:

The undersigned lender accepts responsibility to report to ServiSolutions any financial institution changes, account number changes, lender name changes or any other vital information necessary for transfer of funds. Failure to notify ServiSolutions could result in funding delays. ServiSolutions may rely on this authorization until it receives written notice of any change.

Signature

Title

Type Name

Date

Do Not Write Below This Line — for AHFA Use Only

Date Received

Date Entered

Initials

LENDER PARTICIPATION FEE CALCULATION

Participating Branches

PLEASE LIST BELOW ALL BRANCHES ORIGINATING PROGRAM LOANS:

1. Branch Name: _____

Branch Site Address: _____

Branch Mail Address: _____

Branch Phone # _____ Branch Fax # _____

2. Branch Name: _____

Branch Site Address: _____

Branch Mail Address: _____

Branch Phone # _____ Branch Fax # _____

3. Branch Name: _____

Branch Site Address: _____

Branch Mail Address: _____

Branch Phone # _____ Branch Fax # _____

4. Branch Name: _____

Branch Site Address: _____

Branch Mail Address: _____

Branch Phone # _____ Branch Fax # _____

5. Branch Name: _____

Branch Site Address: _____

Branch Mail Address: _____

Branch Phone # _____ Branch Fax # _____

PLEASE LIST ADDITIONAL BRANCHES AND INFORMATION ON A SEPARATE SHEET IF NECESSARY.

Participation Fee for New Lending Institutions

The program participation fee requirement for new lending institutions is \$500.00 per institution. This includes up to five branches. For institutions wishing to register more than five branches, the participation fee is \$100.00 per branch.

Fee Calculation

Number of Branches _____

CHECK ONE: _____ \$500.00 Total (1-5 branches)

_____ x \$100.00 each (6 or more branches)

Total Participation Fee: \$ _____

This is the participation fee required from your institution. Please enclose a check for this amount, payable to the "Washington State Housing Finance Commission."

Additional Information

We welcome you to include contact information for additional operations staff at your corporate office who would like to receive our program update e-mails.

Name Title

E-mail Phone

Name Title

E-mail Phone

Name Title

E-mail Phone

Name Title

E-mail Phone