

GEORGIA DEPARTMENT OF
COMMUNITY AFFAIRS

Office of Homeownership



Seller Guide

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Georgia Dream Homeownership Program

SELLER GUIDE

Georgia Department of Community Affairs

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Introduction

The State of Georgia provides mortgage financing for low and moderate income home buyers through the resources of: the Georgia Department of Community Affairs (DCA) and the Georgia Housing and Finance Authority (GHFA). DCA is a part of the executive branch of Georgia state government with a mission to partner with communities to help create a climate of success for Georgia's families and businesses. DCA provides financial assistance, technical assistance and programmatic initiatives under the governance of a Board of Directors appointed by the Governor.

GHFA is a public corporation created by the General Assembly to increase the supply of decent, safe and affordable housing for low and moderate income Georgians. As a part of this effort, GHFA is specifically authorized to issue mortgage revenue bonds (MRBs) and accept federal funds for programs that encourage and assist homeownership.

As of July 1, 1996, the operations of GHFA were merged into DCA. GHFA's Single Family Programs and staff were transferred to the DCA Housing Finance Division. The Georgia Dream Homeownership Program, now a DCA responsibility, is funded with GHFA funds. GHFA remains as a legal entity, issuing bonds and owning mortgages, among other things.

A list of key DCA Office of Homeownership Staff is included on the next page.

Use of this Guide

The purpose of this Seller Guide is to provide Participating Lenders with the information they need to carry out their responsibilities under the Loan Seller Agreement of which this Seller Guide is a part. These responsibilities include the origination, processing, underwriting, closing and funding of Georgia Dream Homeownership Program Loans. If, in the course of using this Seller Guide, inconsistencies or ambiguities are found by the user, it is the responsibility of the user to contact DCA for clarification. Such clarifications will be provided by DCA in its sole and absolute discretion.

This Seller Guide will be applicable (until amended or superseded) for all Loans submitted for Reservation to DCA on or after February 1, 2009, unless another effective date is specified in this Guide. Forms executed after February 1, 2009, must be the version of the form contained in this Guide.

All words and phrases used in this Guide and not otherwise defined shall have the same meaning as in the Loan Seller Agreement of which this Seller Guide is a part. Throughout this Guide, the term "Lender" shall mean "Seller" as defined in the Loan Seller Agreement.

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Chapter 1 Lender Relationships

Our relationships with DCA Lenders are central to the success of our Georgia Dream Homeownership Program. Throughout the year, a mortgage lender may apply to be a DCA Lender using the funds that we make available during that calendar year. DCA Lenders are responsible for originating, underwriting, closing and funding Georgia Dream Loans and for all communication with borrowers about their Georgia Dream Loans.

101 DCA

A DCA Lender must:

Lenders

- a) be a legally organized business entity with a properly licensed business office located in the State of Georgia or in a State contiguous to and licensed in Georgia; different branch offices of the same legal entity will not qualify as individual Lenders; different wholly owned subsidiaries may qualify as individual Lenders if they constitute separate legal entities and otherwise qualify;
- b) have, as a principal purpose, the origination of secured single family residential mortgage loans;
- c) be approved as an FHA Direct Endorsement lender and VA lender, or (i) have been approved as a DCA Lender prior to January 1, 1991, or (ii) be a federally regulated financial institution, or (iii) be a state or federal agency;
- d) be an approved Fannie Mae Seller/Servicer, Freddie Mac Seller/Servicer, or Ginnie Mae Insurer, or (i) have been approved as a DCA Lender prior to January 1, 1991, (ii) be a federally regulated financial institution, or (iii) be a state or federal agency;
- e) demonstrate a proven ability to originate mortgage loans for sale in the secondary market;
- f) maintain quality control and management systems to evaluate and monitor the quality of loan production and compliance with DCA procedures; and
- g) have in effect and maintain fidelity bond and errors and omissions coverage in amounts equal to that established for Fannie Mae Seller/Servicers and agree to any modifications needed to meet our requirements.
- h. have a minimum net worth of \$1,000,000.00.

102 Application Process for New Lenders

The Lender Application (Form SF-1) and all required attachments must be completed and returned to DCA for review and approval. The application package must contain:

- a) a completed Lender Application (Form SF-1) and all required attachments;
- b) two (2) original Loan Seller Agreements executed by a duly authorized senior officer;
- c) two (2) original Loan Servicing Release Agreements,

- d) the three (3) most recent year-end financial statements available, certified by an independent certified public accountant;
- e) evidence of fidelity bond and errors and omissions coverage in amounts equal to that established for Fannie Mae Seller/Serviceicers; and
- f) a copy of your company's Quality Control Plan.

**103 Application
Review Process**

Upon receipt of your application package described in Section 102, we will analyze your ability to originate our Georgia Dream Loans in compliance with our procedures and requirements. Upon completion of our review of a new Lender Application, we will notify you in writing of the approval or denial of your application. Substantially incomplete application packages will not be reviewed, but will be returned for completion.

Information and/or documentation submitted to DCA as a part of this application process may be subject to public disclosure.

**104 Loan Seller
Agreement**

Our Loan Seller Agreement with you, among other matters:

- a) sets forth the requirements with which you must comply in order to maintain your status as a DCA Lender;
- b) provides the terms and conditions of your sale of Georgia Dream Loans to GHFA; and
- c) incorporates this Seller Guide by reference.

As a Lender, you will perform origination and selling functions as an independent contractor and principal, not as an agent or representative of GHFA or DCA.

**105 Lender's
Basic Duties
and
Responsibilities**

As a DCA Lender, you are responsible for, among other matters:

- a) Ensuring that you comply with the requirements set forth in this Seller Guide and the Loan Seller Agreement;
- b) Ensuring that Georgia Dream Loans originated and sold under our Georgia Dream Homeownership Program meet our requirements and all applicable mortgage insurer requirements;
- c) Reserving, underwriting and submitting approved Georgia Dream Loans to DCA for our compliance underwriting approval before closing;
- d) Funding, or arranging for funding, and closing our Georgia Dream Loans;
- e) If applicable, submitting required documents to the Mortgage Insurer and obtaining the mortgage insurance, and arranging for the transfer of the insurance to GHFA;
- f) Having adequate staff and facilities to originate and sell quality Georgia Dream Loans on a timely basis;
- g) Ensuring that your staff is knowledgeable in all aspects of loan origination and selling;

- h) Having fully documented written procedures and quality control measures to determine that those procedures are being followed;
- i) Submitting required documents to DCA following our Quality Control Review of a Loan, if applicable;
- j) Protecting GHFA and DCA against fraud, misrepresentation or negligence by any parties involved in the origination process;
- k) Assisting each Applicant with the requirements of the Georgia Dream Homeownership Program and advising each Applicant of the status of his or her Loan application; and
- l) Designating a Georgia Dream Homeownership Program Contact as described in Section 108 of this Guide.

*105.1
Electronic
Media*

If you elect to transfer the paper copy of this Seller Guide into electronic form, you, as Lender, expressly warrant that all such electronic Seller Guide forms and material used in connection with our Georgia Dream Loans shall be exactly identical in content to the paper copy of the Seller Guide and have only minor variations in format.

Acceptable minor format variations include:

- a) change in type font,
- b) change in type size, so long as the document is easily readable, and
- c) absence of the form borders.

Unacceptable format variations include:

- a) absence of Georgia Dream Homeownership Program form number,
- b) absence of Georgia Dream Homeownership Program form version designation, and
- c) any change in content, including substitution, omission or addition of one (1) or more words.

You should contact us with any questions about form or Seller Guide reproduction before distribution of these documents for use in originating Georgia Dream Loans.

*105.2
Authorized
Originators*

You may submit Georgia Dream Loans that have been originated and/or processed by an Authorized Originator, provided that the Georgia Dream Loans comply with all provisions of this Guide. Authorized Originators are those individuals or entities who interview the borrowers in connection with the borrower's application for a residential mortgage loan and signs the loan application on behalf of the DCA Lender. Georgia Dream Loans originated by an Authorized Originator will be governed by the DCA Lender's Loan Seller Agreement with GHFA and this Guide. Authorized Originators do not have a contractual relationship with GHFA or DCA and, therefore, may not receive any acknowledgement or communication from GHFA or DCA.

106 *Lender
Organiza-
tional
Changes*

You must send us written notice of any major organizational changes contemplated, including, but not limited to:

- a) resignation or replacement of any senior management personnel;
- b) mergers, consolidations or reorganizations;
- c) changes in ownership of over 5% by whatever means;
- d) a change in corporate name;
- e) a change in a savings and loan association's charter from federal to state or vice versa or change to a banking association; and/or
- f) a change in your financial position which would render you unable to honor the Loan Seller Agreement.

You must notify our Production Manager in writing of any changes in your primary business office address, email, wiring instructions or fax number within five (5) Business Days of the change. On a periodic basis, we may ask you to verify the correct addresses, telephone numbers, Primary Contacts, email addresses, and fax numbers of any of your offices.

107 *Loan Servicing*

You must release the servicing rights on your Georgia Dream Loans to DCA's servicing division, State Home Mortgage. Servicing rights released must be transferred immediately after closing in accordance with Section 215 of this Guide. All servicing activities and any sale or transfer of servicing rights are subject to the applicable provisions of the Servicing Agreement, the Servicing Guide, the Loan Seller Agreement and the Seller Guide.

**108 Georgia
Dream
Program
Contact**

On your Lender Application (Form SF-1) or Lender Application Renewal (Form SF-2) you must designate one (1) employee to serve as the Program Contact for the purpose of participating in the Georgia Dream Homeownership Program. We will direct all Rate Sheets, changes to this Guide or the Loan Seller Agreement, and other official GHFA or DCA notices to the Program Contact. We expect the Program Contact to disseminate this information to the appropriate persons in your company involved with the origination, underwriting, closing, servicing, and other mortgage activities associated with Georgia Dream Loans.

While we may direct specific questions related to underwriting, reservations, purchase or final documents to other staff at your company as indicated in your most recent Lender Application (Form SF-1), or Lender Application Renewal (Form SF-2), or to other persons as you may direct, we will expect the Program Contact to resolve problems, answer questions or represent your company's position to us on various issues related to your participation in our Georgia Dream Homeownership Program. You should select as your Program Contact an individual who can fulfill these responsibilities on a timely and informed basis.

You must notify our Production Manager in writing, within five (5) Business Days, of your decision to designate a new Program Contact. In the event your Program Contact leaves your company, you must notify the Production Manager of the new Program Contact, in writing, within five (5) Business Days of the previous Program Contact leaving your company.

Failure to provide this notification may result in immediate limited participation, as provided in Section 110.1 of this Guide, and may result in other sanctions as well.

**109 Lender's
Repurchase
Obligation**

The Loan Seller Agreement requires you to repurchase any Loan sold to GHFA by the 15th Business Day following our demand if any of the following occurs:

- a) any of the warranties contained in the Lender Certification (Form SF-60) are found to be untrue or misleading in any material aspect;
- b) the Loan is found to be in violation of any applicable Georgia Dream Homeownership Program or Mortgage Insurer requirements;
- c) you fail to deliver any required documents and/or certifications;
- d) you take action which impairs GHFA's security and/or causes the Loan to no longer meet the requirements of the Seller Guide, either before or after the sale of the Loan to GHFA and your execution of the Lender Certification (Form SF-60); and/or

- e) you fail to take action that protects GHFA's security and/or causes the Loan to no longer meet the requirements of the Seller Guide, either before or after the sale of the Loan to GHFA.

In the event that we require you to repurchase a Loan, the amount due to DCA on GHFA's behalf will be governed by the terms of the most recent Loan Seller Agreement executed by your company and GHFA.

**110 Remedies for
Non-
Performance**

We retain the right to either (i) limit, (ii) suspend, or (iii) terminate your company's participation in our Georgia Dream Homeownership Program for any failure to abide by the terms of the Loan Seller Agreement or this Guide, or any statement proves in your Lender Application (Form SF-1) or your Lender Application Renewal (Form SF-2) or any attachments to be untrue or misleading in any material respect.

**110.1
Limited
Participation**

Limited participation means that you will be unable to make a reservation until the specific violations as detailed in this Guide and/or the Loan Seller Agreement which caused the limited participation have been resolved to our satisfaction. The duration of the period of limited participation is solely at the discretion of DCA, and does not relieve you of any of your responsibilities under the Loan Seller Agreement or this Guide. At the conclusion of the period of limited participation, we will notify you of (i) when you can again be issued Reservations or (ii) any further remedies for non-performance, up to and including those contained in the Loan Seller Agreement.

**110.2
Suspension**

Suspension means that your company will no longer be able to make a reservation and your company's name will be removed from all DCA materials intended for the public as soon as practical. The duration of any suspension will be not less than three (3) months and not more than two (2) years. It will be based upon the severity and magnitude of the violation, and will be solely within our discretion. At the conclusion of the period of suspension, you may apply to us for reinstatement by submitting a Lender Application (Form SF-1) along with a written explanation of the steps you have taken to prevent a reoccurrence of the problem that led to the suspension. The Lender Application and written explanation should be directed to the Director of the Office of Homeownership. We will review the Lender Application and notify you of our decision.

*110.3
Termination*

Termination means that your company will no longer be allowed to participate in our Program and your company's name will be removed from all DCA materials intended for the public as soon as practical. The decision to terminate your participation in our Program will be based upon the severity and magnitude of the violation and will be solely within our discretion. The duration of any termination will be no less than two (2) years. You may reapply by submitting to the Director of the Office of Homeownership, a Lender Application (Form SF-1) along with a written explanation of the steps you have taken to prevent a reoccurrence of the problem that led to the termination. We will review the Lender Application and notify you of our decision.

*110.4
Notification and
Appeal*

DCA Lenders will be notified of limited participation, suspension or termination by DCA by certified mail, return receipt requested. DCA Lenders will have 15 Business Days from the date of the notice to appeal the action in writing to the Director of the Office of Homeownership. You must demonstrate in the appeal why the action was unwarranted, describe any measures underway to correct the deficiencies, and demonstrate measurable progress toward correcting them. Upon receipt of your appeal, we may, in our sole discretion, schedule an informal conference with you to gather information related to the limited participation, suspension or termination. We will decide on your appeal within 15 Business Days of receipt of your appeal.

*110.5
Other
Remedies*

We also may impose, at our sole discretion, any of the remedies set forth in the Loan Seller Agreement.

**111 Lender Online
(LOL)**

Lender Online (LOL) is DCA's internet based system that allows Lenders to enter Reservations, complete and print DCA required forms, check the status of Reservations, and access various reports via the internet. Lenders are required to utilize Lender Online to reserve funds with DCA except when the Lender does not have internet access.

**112 Georgia
Dream
Homeowner-
ship Program
Compliance**

You are responsible for ensuring that each Loan submitted to DCA complies with our Program requirements and the requirements of the Mortgage Insurer as set forth in the Loan Seller Agreement and this Guide.

Even if we grant prior approval based upon our review of the Underwriting Package and purchase the Loan, we reserve the right to require you to repurchase the Loan if we discover that the Loan does not comply with the applicable Program requirements and/or the requirements of the Mortgage Insurer as set forth in the Loan Seller Agreement and/or this Guide.

- 113 Annual Lender Renewal** Each calendar year, a Lender Application Renewal (Form SF-2) and all required attachments must be completed and returned to DCA within the time specified by DCA. The renewal package must contain:
- a) a completed Lender Application Renewal (Form SF-2) and all required attachments;
 - b) if required by DCA, two (2) original Loan Seller Agreements executed by a duly authorized senior officer;
 - c) the most recent year-end financial statements available, certified by an independent certified public accountant; and
 - d) evidence of fidelity bond and errors and omissions coverage in amounts equal to that established for Fannie Mae Seller/Serviceers.

- 114 Changes to the Georgia Dream Homeownership Program** The provisions of the Loan Seller Agreement and this Guide may be amended from time to time. Each DCA Lender must abide by any such changes or withdraw from participation by written notice that we must receive within ten (10) Business Days following our written notification to you of any such changes.

Federal and State laws governing the Georgia Dream Homeownership Program are subject to change. When you sign the Loan Seller Agreement, you are acknowledging and agreeing that Federal or State legislation or both could be enacted in the future that would require amendment of the provisions of this Guide and/or the Loan Seller Agreement. You are also acknowledging and agreeing that future DCA Program changes might require an amendment of the provisions of this Guide and/or the Loan Seller Agreement.

You also acknowledge and agree that the requirements and procedures of Mortgage Insurers applicable to our Georgia Dream Homeownership Program may change. When you sign the Loan Seller Agreement you are agreeing to comply with any such future changes in the Mortgage Insurers' requirements or procedures.

Chapter 2

DCA Loan Process

Our Loan Process is designed to allow us to manage the Georgia Dream Homeownership Program pipeline and provide DCA Lenders with information about the Loans in their pipeline. It is critical that correct information be maintained and that timely action is taken to ensure that Loans meet our deadlines.

201 *General*

As a DCA Lender, it is your responsibility to ensure each Loan submitted to DCA complies with our Program requirements and the requirements of the Mortgage Insurer and to assist eligible borrowers throughout the loan process.

(1) Eligible borrowers may apply for Georgia Dream Homeownership Program Loans through DCA Lenders by completing a standard mortgage application to obtain a fixed rate FHA, USDA, VA, or Conventional mortgage loan.

(2) Lenders underwrite the application for credit approval based on the requirements of the Mortgage Insurer. The Lender also determines if the loan is in compliance with DCA's guidelines.

(3) Once the Lender completes the compliance review and credit underwriting process, approved loans are submitted to DCA for compliance underwriting approval. The DCA compliance underwriting review is performed after the Lender's credit underwriting process is complete and the Lender's underwriter has approved the loan, subject to DCA's compliance review.

(4) If the application meets the applicable compliance underwriting guidelines, DCA will issue a compliance underwriting approval and commitment to purchase the loan from the Lender.

DCA purchases closed Loans pursuant to the purchase requirements and schedule set forth in this Guide.

Lenders should submit Underwriting Packages and Purchase Packages as early as possible to allow sufficient time for DCA to review each package and for the Lender to address any issues. DCA will review Underwriting Packages, clear underwriting conditions, and review Purchase Packages on a first-come, first-served basis.

202 *Funds Availability*

Generally, DCA expects to make funds for the Georgia Dream Homeownership Program available to Lenders on an ongoing basis. DCA must, however, comply with certain

State and Federal laws relating to the geographic allocation of its funds. Therefore, we reserve the right to select Reservations that meet those requirements and hold other Reservations for a later date if sufficient funds are not available to allow us to issue Reservations for all Reservation requests presented to us.

In the unlikely event that funds are not available for all expected Reservations, DCA will immediately notify the Program Contact of such fact by fax and thereafter on the Rate Sheet and on Lender Online. We may then create a waiting list for Reservation Requests on a first-come, first-served basis.

203 Loan Origination

DCA recognizes that there are procedural variations among Lenders. Consequently, the procedures outlined in this section only suggest the sequence of events for loan origination:

1. The Lender is encouraged to provide Applicants who inquire about the Georgia Dream Homeownership Program with a Georgia Dream Homeownership Program brochure and answer any questions the Applicant may have regarding the Georgia Dream Homeownership Program, eligibility requirements and the loan process.
2. The Lender should advise the Applicant to attend homebuyer education. If the Applicant is interested in the Georgia Dream Second Mortgage Loan, he or she will need to provide the Lender with evidence of completion of homebuyer education. The Lender should include this evidence in the Underwriting Package.
3. The Lender determines if the Applicant is eligible for the Georgia Dream Homeownership Program based on information received for Household Annual Income, Acquisition Cost, and prior homeownership and other relevant information. If the Applicant is eligible, the Lender takes a formal application. The Lender is required to obtain completed and signed copies of the Georgia Dream Homeownership Program documents required at application.
4. The Lender reserves funds pursuant to the Reservation procedures in Chapter 2, Section 204 of this Guide.

5. The Lender completes credit and compliance underwriting, obtains an appraisal and submits the Underwriting Package to DCA for compliance underwriting review and approval.

204 ***Issuance of
Reservations***

In order to request a Reservation for the Georgia Dream Homeownership Program, you must enter the required information via Lender Online, unless your company does not have internet access. If you do not have internet access you must fax to us a fully completed Reservation Form (Form SF-4) to the Underwriting Assistant. Reservations may not be requested by telephone or delivered to our office, we must receive them via Lender Online or fax.

If the Reservation request you submit through Lender Online meets our Georgia Dream Homeownership Program requirements and funds are available, you will receive a Reservation Number via the “Application Accepted” response from Lender Online. The “Application Accepted” screen must be printed and placed in the Underwriting Package sent to DCA.

If DCA receives your Reservation by fax and the Reservation Form is complete, meets our Georgia Dream Homeownership Program requirements, and funds are available, we will fax the Reservation Form back to you, giving you the Reservation Number, the expiration dates, and confirming the interest rate.

If the Reservation Form is not complete, we will return it to you by fax, without issuing a Reservation for that Loan. This notification will be made as soon as possible, generally within 24 hours of receipt of your Reservation Form, but usually not longer than three (3) Business Days after receipt of your Reservation Form.

You must make note of the DCA Reservation Number and make it accessible to all your personnel involved with the Loan. You must include the Reservation Number in all verbal and written communication with us regarding the Loan to facilitate our accessing information about the Loan.

After a Reservation Number has been issued, if any information needs to be changed (property address, income, purchase price, loan amount, etc.), you must complete the Reservation Change Form (SF-7) and include it in the Underwriting Package you send to DCA. DCA will make the changes upon receipt of the Reservation Change Form.

We will not issue a Reservation for any Applicant who has previously had a Reservation with us, unless the previous Reservation was cancelled or rejected more than six (6) months prior to the new Reservation request, or there are circumstances which we, in our sole discretion, determine would be beneficial to the goals of Georgia Dream Homeownership Program.

In no case will a second Reservation Number be issued for the purpose of avoiding the deadlines and Extension Fees specified in Section 205.2 or for the purpose of receiving a lower interest rate.

DCA does not allow substitution of a borrower on any Reservation.

*204.1
Georgia Dream
First Mortgage
Loan Interest Rates*

The interest rate for Georgia Dream First Mortgage Loans is the rate that is effective at the time the Reservation is received by DCA. DCA will notify Lenders of the interest rate and the effective period for the rate each Thursday. If Thursday is not a Business Day, then DCA will send the Rate Sheet on the previous Business Day. DCA will deliver a Rate Sheet (via fax or e-mail) to the Program Contact every Thursday afternoon before 5:00 p.m.

If the Program Contact does not receive a Rate Sheet by 8:00 a.m. on Friday, they must notify the Production Manager. Otherwise, DCA will assume that the Rate Sheet has reached you. All Reservations will be issued at the interest rates that are in effect at the time the Reservation request is received, whether or not you received the most recent Rate Sheet.

The Georgia Dream Program now has five rate categories for first mortgage loans. Please be sure to select the correct category for the loan you are reserving as interest rates may vary. The categories are as follows:

1. FHA/VA/RD
2. Conventional loans with a low middle FICO of 680 or higher
3. Conventional loans with a low middle FICO less than 680 and LTV less than 95%.
4. Conventional loans with a low middle FICO less than 680 and LTV between 95.01% and 97.00%
5. Conventional loans with a low middle FICO less than 680 and LTV between 97.01% and 100.00%

Interest rates are also available 24 hours a day on Lender Online and by dialing the Lender Information Line at 404/679-0581.

205 **Reservation/
Commitment
Period**

The Reservation/Commitment Period is 75 calendar days for existing properties and 120 days for new construction. The Reservation Period is the period of time the Lender has to submit the Underwriting Package to DCA for approval, close the Loan, and deliver the Purchase Package to DCA for funding.

*205.1
Reservation/
Commitment Period
Extension*

If you cannot deliver a Purchase Package for funding within the Reservation/Commitment Period, you may request an extension of the Reservation Period and commit to pay an Extension Fee, using the Extension Form (Form SF-5) or submit a Reservation Cancellation Form (Form SF-6) to request a cancellation of the Reservation. Within three (3) Business Days of our receipt of your Extension Form, we will notify you by fax of its approval or denial. If approved, the approval will show the new Expiration Date and the total Extension Fees due.

We reserve the right to deny any request for extension of the Reservation Period.

We reserve the right to deny a construction-related Reservation Period extension for a home being built or developed by any builder or developer who, in our opinion, fails to satisfy industry and/or governmental standards for residential housing construction or fails to proceed with the construction on a timely basis.

Extension fees are not assessed for Loans originated by USDA-Rural Development.

*205.2
Extension Fees*

A \$75 Extension Fee extends the Reservation Period for 30 calendar days for a Loan. After the first 30 day extension, DCA will determine, in its sole discretion, whether additional extensions will be granted. Extension Fees are not refundable. Extension Fees will be deducted from the net purchase amount when we purchase the Loan. You may collect Extension Fees from the borrower or seller prior to selling us the Loan. Extension Fees can not be pro-rated for less than a 30-day period.

If a Reservation has expired and we receive the Purchase Package prior to our cancellation of the Reservation, we may, in our sole discretion, process the Purchase Package, calculate the Extension Fees due and deduct the Extension Fees from the Loan Purchase Price or cancel the Reservation and return the Purchase Package.

206 ***Cancellation of
Reservation***

Immediately upon learning that a Loan for which you have an active Reservation will not be presented for purchase under our Georgia Dream Homeownership Program, you must notify us by completing the Reservation Cancellation (Form SF-6) requesting that we cancel the Reservation.

*206.1
Extension Fees on
Cancelled Loans*

If the Reservation is cancelled after Extensions Fees have accrued, or we are unable to purchase a Loan as described in Section 212, we will calculate the Extension Fees due as of the date of cancellation and bill you for that amount. If fees are not paid within 90 days of original invoice date, we reserve the right to place your company on Limited Participation as described in Section 110.1.

207 ***Underwriting***

DCA has delegated the credit decision on each Loan to our Lenders, as described further in Section 207.2 of this Guide. Each Loan submitted to DCA for underwriting must also meet the requirements set forth in this Guide, as well as the applicable Mortgage Insurer's requirements, as determined by the Lender's underwriter.

DCA will underwrite Loans for compliance with the Georgia Dream Homeownership Program guidelines prior to issuing an underwriting decision to the Lender. DCA will conduct a Quality Control Review following purchase on a sampling of Loans to evaluate the credit decisions made by the Lender. Our Quality Control Review process is described further in Section 214 of this Guide.

*207.1 Compliance
Underwriting*

DCA's compliance underwriting decision will be based on, but is not limited to, a review of the documentation in the Underwriting Package that documents satisfactory compliance with the following criteria:

- a) Applicant meets the first time homebuyer requirements;
- b) Applicant's total Household Annual Income meets Georgia Dream Homeownership Program requirements;
- c) Acquisition Cost of the subject property is within the published Acquisition Cost limits for the county in which the property is located;

- d) DCA required forms are complete and accurate;
- e) Loan proceeds are utilized for purchase only transactions;
- f) Complete and accurate information provided on the loan application, support documents and verifications prior to loan closing, data integrity with the information contained in the DU or LP findings and all underwriting approval conditions set forth by the Lender's Underwriter are satisfied and adequately documented; and
- g) Collateral assessment of the subject property meets DCA's Georgia Dream Homeownership Program requirements and the requirements set forth by the Mortgage Insurer.

Lenders are required to review the file for compliance with the Georgia Dream Homeownership Program requirements prior to submitting the Underwriting Package to DCA for compliance underwriting. We reserve the right to require further information to insure compliance with Georgia Dream Homeownership Program requirements and/or Mortgage Insurer requirements.

207.2 Credit Underwriting

DCA Lenders must follow the underwriting guidelines set forth by DCA and/or the Mortgage Insurer of the first mortgage when underwriting a Loan. You must evaluate the creditworthiness of each Applicant and submit approved Loans to DCA for compliance underwriting.

All Underwriting Packages submitted to DCA must include the appropriate Mortgage Insurer approval documents in the file. A copy of the approved Mortgage Insurance certificate, Mortgage Credit Analysis Worksheet, and Conditional Commitment completed and signed by the Direct Endorsement Underwriter, signed Conditional Commitment form (USDA-RD Form 3550.7), or proof of the VA automatic or Lender Appraisal Processing Program approval must be in the Underwriting Package. The package must also contain the credit reports used to determine the interest rate category assigned to each loan at time of reservation. Without this information, the Underwriting Package will not be considered complete and will not be placed in underwriting on that date.

207.3 Credit Report

You must submit to DCA a complete copy of the Residential Mortgage Credit Report (RMCR) or a tri-merged credit report. We will also accept the credit report utilized by an Approved Automated Underwriting System. The credit report may not be older than one hundred and twenty (120) days at the time of your final underwriting approval.

207.4
*Automated
Underwriting*

DCA will accept an Underwriting Package that has received a credit recommendation of “Accept” from Loan Prospector (LP), or “Approve” from Desktop Underwriter (DU). Conventional Loans requiring a manual review must meet all insurer requirements. The information provided on the loan application, source documents and verifications prior to loan closing must conform to the information contained in the DU or LP recommendation and all approval conditions must be satisfied and adequately documented.

DCA will also accept automated credit recommendations from FHA Total Scorecard which meet the minimum credit score requirement in Section 207.4b.

For all loans underwritten by an Automated Underwriting System, the maximum Housing Expense ratio may not exceed 40% and the maximum Debt-to-Income (DTI) ratio may not exceed 45%.

DCA reserves the right to require further information to insure compliance of the Underwriting Package with Mortgage Insurer requirements.

Credit recommendations other than “Approve” or “EA1” from Desktop Underwriter, FHA Total Scorecard must be manually underwritten and approved by your underwriter.

Conventionally insured Loans underwritten through Loan Prospector to HomePossible guidelines must receive a credit recommendation of “Accept”. HomePossible Loans which require a manual review are not eligible for purchase by DCA.

When a Georgia Dream Program Second Mortgage Loan or other subordinate debt is part of the financing, the subordinate loan must be entered in DU as a Community Second, in LP as an Affordable Second, and in FHA Total Scorecard as Subordinate Financing. All subordinate financing must be included in the combined loan-to-value ratio.

You must submit to DCA, in the Underwriting Package, all documentation used or required by the Approved Automated Underwriting System in determining the credit recommendation. DCA will accept the streamlined documentation required by the Approved Automated Underwriting System, with the exception of the Appraisal, as further described in Section 311 of this Guide. Additional

documentation for compliance underwriting will be required in the Underwriting Package, as specified in the Underwriting Package Checklist

*207.4a
Manual
Underwriting*

DCA will accept an Underwriting Package that has been manually underwritten and approved by the Lender's designated underwriting staff.

Conventionally insured HomePossible Loans submitted to Loan Prospector must receive a credit recommendation of "Accept" HomePossible Loans which require manual reviews are not eligible for purchase by DCA.

FHA and VA loans must comply with the manual underwriting requirements as set forth in HUD 4155.1 or the VA Lenders Handbook.

For all manually underwritten loans, the maximum Housing Expense ratio may not exceed 40% and the total Debt to Income ratio may not exceed 45%.

*207.4b
Minimum Credit
Score Requirements
for FHA ,VA
&USDA/ RD Loans*

All manual and automated underwritten FHA, VA and USDA/RD loans must have a low middle FICO credit score of at least 620 for the Georgia Dream First Mortgage Program and a low middle FICO credit score of at least 660 for the Georgia Dream Rewards First Mortgage Program. Applicants with no credit scores that meet FHA's non-traditional credit policy as outlined in the HUD 4155.1 Rev-5 will continue to be accepted as meeting the minimum credit score requirement.

*207.5
Underwriting
Package Format*

The Underwriting Package must include at least the items listed on the Underwriting Package Checklist in this Guide. The Lender must insure that the Underwriting Package includes all documentation that was deemed necessary to obtain credit underwriting approval including all documentation required to clear all prior to closing credit underwriting conditions. The documents in each Underwriting Package must be arranged in the order listed on the checklist and fastened at the top of the page with a two-pronged Acco-type fastener. The Underwriting Package must not be placed in a folder or fastened with a binder clip. A cover letter from the processor or underwriter must be included to explain any unusual circumstances or documents regarding the Loan.

The Loan Applicant Profile (Form SF-10) must be the first page of the Underwriting Package.

*207.6
Incomplete
Underwriting
Package*

We will notify you by fax if your Underwriting Package is substantially incomplete and give you the option of picking it up from the DCA office or having it returned to you by first class mail. Our receipt of such a substantially incomplete Underwriting Package will not be considered to have met the deadline requirements of Section 205.

*207.7
DCA's
Underwriting
Period*

Upon our receipt of a complete Underwriting Package, we require up to five (5) Business Days to review the Package and notify you of our underwriting decision. You should consider this underwriting period in your plans to close the Loan. If the Underwriting Package is incomplete when we receive it, you will be notified by fax or email of the missing documentation. When the requested documentation is received by DCA, your Underwriting Package will be considered complete and will be placed into underwriting on that date. The five (5) Business days begins when an Underwriting Package is placed in underwriting.

In periods of unusually heavy activity or due to circumstances beyond our control, it may be necessary for us to extend beyond five (5) Business Days the time required for our underwriting review. If it becomes necessary to extend beyond our five (5) day underwriting time, we will extend your Reservation Period. One day is given, at no charge, for each day beyond our five (5) day underwriting period. You may check the status of our underwriting turnaround time by calling the Lender Information Line at (404) 679-0581.

*207.8
Requests to
Expedite DCA
Underwriting*

If we are outside our normal five (5) Business Day underwriting turnaround time, or you otherwise need expedited handling (“move up”) of an Underwriting Package, you may request that we expedite our underwriting of the file. The request must be in writing transmitted by fax or email, addressed to our Underwriting Coordinator, be signed by your Program Contact, and include documentation as to why the Underwriting Package needs faster handling.

Instances in which Lenders make excessive use of this procedure will be referred to the Production Manager. Loans will not be moved up during the last five (5) Business Days of the month.

207.9
*Preliminary
 Underwriting
 Review*

We recognize that many first-time home buyers have limited funds and want to avoid the cost of an appraisal if their Loan might not be approved. Therefore, if your underwriter is uncertain as to the compliance eligibility of a borrower, we will accept an Underwriting Package without an appraisal. In order to qualify for this procedure: (i) the Loan must be underwritten by your underwriter, (ii) a letter from your underwriter must be included in the Underwriting Package that explains your underwriter's concerns with the Loan, and (iii) the Underwriting Package must be complete except for the appraisal.

If the Loan otherwise complies with our underwriting guidelines, we will defer the Loan until receipt of the appraisal. We expect this process to be used on a limited basis.

207.10
*Underwriting
 Communication*

General questions about DCA underwriting requirements outlined in Chapter 3 of the Seller Guide should be addressed to our Underwriting Department. Underwriting questions about specific files should be directed to your underwriter who may then contact our Underwriting Department if additional guidance is needed.

If we have rejected, deferred or conditioned a Loan, and you disagree with our action, your underwriter (and only an underwriter) should contact the DCA underwriter who reviewed the Loan. If a loan officer or representative in your company disagrees with our actions, he or she should contact your underwriter, who may then contact the DCA underwriter if assistance is needed.

In any case in which your underwriter and the DCA underwriter disagree, your underwriter may contact our Underwriting Coordinator or Production Manager.

Loan officers and processors may contact our underwriters only for clarification of items contained on an approval, deferral, or rejection letter.

208
*Underwriting
 Decisions*

We will send you an approval, deferral or rejection letter by fax as outlined in this section.

- 208.1
Underwriting Approval Letter
- The underwriting approval letter states that this is a "Firm Commitment..." and includes any conditions which are to be satisfied and included in the Purchase Package.
- 208.2
Underwriting Approval Letter with Prior to Closing Conditions
- The underwriting approval letter with prior to closing (PTC) conditions states that this is a "Firm Commitment..." and includes conditions which are to be cleared and faxed back to us for review prior to closing. The approval may also contain other conditions that are to be satisfied at closing and included in the Purchase Package.
- 208.3
Underwriting Deferral Letter
- The deferral letter states that "...an underwriting decision cannot be made until receipt of all of the following documents..." We defer an Underwriting Package when it appears that the Loan may not meet critical Georgia Dream Homeownership Program requirements, such as Household Annual Income, first-time home buyer status or Acquisition Cost limits. Upon receipt of the necessary information, we will again review the Underwriting Package and fax you the results of our review.
- 208.4
Underwriting Rejection Letter
- The rejection letter is sent to you when we determine that a Loan does not meet the guidelines for the Georgia Dream Homeownership Program. The letter states: "The Loan referenced below has been denied for delivery to DCA for the reason stated below..." We will cancel your Reservation for these Loans ten (10) Business Days from the date of the rejection unless you notify us within that period that you wish to try to "cure" the rejection. If you wish to "cure" the rejection and require an Extension of the Reservation/Commitment Period, you must request an Extension in accordance with Section 205.1.
- 209 ***Clearing Conditions***
- To clear PTC conditions or to respond to a deferral or rejection, you must send the requested information with a copy of our underwriting decision letter to the DCA underwriter assigned to the file. The inclusion of our underwriting letter will allow the DCA underwriter to quickly identify the Loan and review the conditions.
- Failure to follow these procedures may cause delays in our response to your conditions. The DCA underwriter will respond by faxing you a new letter if our underwriting decision changes or by faxing the previous letter with an indication of which conditions have been cleared.
- Failure to clear PTC conditions prior to closing and submission of the Loan for funding may delay or prevent our

funding the Loan. We are not obligated to purchase Loans that have not been closed in accordance with our underwriting conditions.

210 ***Status Reports***

You must periodically review the status reports available in Lender Online to monitor your Loans in our pipeline and notify DCA of any cancellations or extensions needed.

211 ***Closing***

The Underwriting Approval Letter which we fax or email to you is our commitment to purchase the Loan after closing as long as it is closed in accordance with:

- a) any conditions or instructions contained in the Underwriting Approval Letter;
- b) the provisions of this Guide and the Loan Seller Agreement; and
- c) applicable Federal, State and local laws and regulations.

The Underwriting Approval Letter contains a restatement of the terms under which the Loan has been underwritten. The Loan must close in accordance with these terms.

The Loan closing must occur in sufficient time to allow for the delivery of the Loan to us prior to the expiration of the Reservation Period. A Servicing Package must be delivered to the Servicer in accordance with Section 215.

212 ***Loan Purchase***

DCA purchases loans three times each week, pursuant to the purchase schedule described in Section 212.5 of this Guide. Lenders must submit Purchase Packages to DCA within 15 calendar days after Loan closing. The Georgia Dream Second Mortgage Loan will be purchased on the next purchase date within 3 business days of receipt of a complete package. A servicing package must be delivered to State Home Mortgage within 15 calendar days of Loan closing, as further described in Section 215 of this Guide.

212.1
Purchase Deadline

If we have not received a Purchase Package for a Loan within the Reservation/Commitment Period, your Reservation will expire and will be cancelled (unless the Reservation/Commitment Period is extended in accordance with Section 205).

212.2
Contents of

Purchase Packages must include the items listed on the

Purchase Packages

Purchase Package Checklists in this Guide. The documents in each Purchase Package must be arranged in the order listed on the checklist and fastened to the appropriate side of a legal manila folder with a two-pronged Acco-type fastener at the top of the pages. The servicing package must be Acco-fastened with a two-pronged Acco-type fastener and inserted loose inside the folder.

*212.3
Purchase Package
Review*

If we determine that your Purchase Package is substantially complete and begin processing it, we will notify you by fax or email of any missing or incorrect items. The Lender is responsible for submitting or correcting all deficiencies in the Purchase Package within 15 business days of DCA's notice to you.

*212.4
Incomplete
Purchase Packages*

We will notify you by telephone of any Purchase Package which we determine is substantially incomplete and give you the option of picking it up or having it returned by first class mail. Our receipt of such a substantially incomplete package will not be considered to have met the deadline requirements of Section 205.

*212.5
Purchase Schedule*

Generally, we will review Purchase Packages within two (2) business days of receipt. All Purchase Packages that are complete as of 2:00 p.m. on Monday will be funded on Wednesday. All Purchase Packages that are complete as of 2:00 p.m. on Wednesday will be funded on Friday. All Purchase Packages that are complete as of 2:00 p.m. on Thursday will be funded on Monday.

The Georgia Dream Second Mortgage Loan will be reviewed within two (2) business days of receipt and purchased within three (3) business days of receipt of a complete Georgia Dream Second Mortgage Purchase Package.

We reserve the right to periodically amend this purchase schedule due to State holidays, domestic or foreign bank holidays, acts of God and/or any circumstances which, in our opinion, warrant a change.

*212.6
Purchase Delay
Penalty Fee*

If the Purchase/Servicing Package items are not provided or corrected within 15 Business Days of our notification to you, then beginning with the 16th Business Day, a Purchase Delay Penalty Fee of \$5.00 per Business Day will be charged until the missing or incorrect documents are provided. The Purchase Delay Penalty Fee will be subtracted from the Loan

Purchase Price for the applicable Georgia Dream First Mortgage Loan.

If the Reservation for the Loan is cancelled after Purchase Delay Penalty Fees have accrued or we are unable to purchase a Loan as described in this Section, we will calculate the Purchase Delay Penalty Fees due as of the date of cancellation and bill you that amount. If fees are not paid within 90 days of the original invoice date, we reserve the right to place your company on Limited Participation as described in Section 110.1.

*212.7 Conventional
Loan Fees*

An Adverse Market Delivery Charge of 0.25% and a MyCommunity Mortgage Loan Level Price Adjustment of 0.5625% will be deducted from DCA's remittance to you when we purchase all conventionally insured and uninsured loans you deliver to us. You may collect the 0.25% Adverse Market Delivery Charge and the 0.5625% MyCommunity Loan Level Price Adjustment as a third-party charge on the HUD-1 as described in Section 313.

*212.8 Loan
Purchase Price*

At the time of funding, the amount disbursed to you will be the original principal balance, plus or minus any adjustments for accrued interest, earned servicing fees, Extension Fees, Adverse Market Delivery Charges, Loan Level Price Adjustments and Purchase Delay Penalty Fees at time of purchase. The amount paid (if any) by State Home Mortgage (DCA's loan servicing division) for the right to service the Loan is not included in the Loan Purchase Price and will be paid separately, if applicable.

We will wire funds to you for Loan purchase using the wiring instructions you have provided until you provide written notification of any change to the DCA Loan Funding Coordinator.

*212.9
Non-Purchase of
Closed Loan*

If items are not provided so that we can purchase a Loan within 60 days of our purchase review, we may, in our sole discretion, elect not to purchase the Loan and notify you that the Reservation is cancelled. We will arrange to transfer the Loan back to you and execute all necessary documents. We will bill you for any Extension Fees and Purchase Delay Penalty Fees accrued at time of cancellation. If fees are not paid within 90 days of the original invoice date, we reserve the right to place your company on Limited Participation as described in Section 110.1.

If the Georgia Dream Second Mortgage Loan has been purchased and we are unable to purchase the Georgia Dream First Mortgage Loan, you will be required to repurchase the Georgia Dream Second Mortgage Loan and reimburse DCA for any origination fees paid to you by DCA.

If DCA has purchased five (5) Georgia Dream Second Mortgage Loans from a Lender without purchasing that Lender's corresponding Georgia Dream First Mortgage Loans, DCA may, in its sole discretion, elect not to purchase additional Georgia Dream Second Mortgage Loans from the Lender until one or more of the outstanding Georgia Dream First Mortgage Loans have been purchased by DCA.

*212.10
Non-Purchase of
Delinquent Loan*

If a Loan is 15 or more calendar days delinquent (calculated from the first of the month), we will not purchase the Loan until the Loan payment is made. However, if the Loan becomes 45 calendar days or more delinquent, we will not purchase the Loan, even if the Loan subsequently becomes current. We will notify you that the Reservation is cancelled, arrange to transfer the Loan back to you and execute all necessary documents.

We will bill you for any Extension Fees and Purchase Delay Penalty Fees accrued at time of cancellation. If fees are not paid within 90 days of the original invoice date, we reserve the right to place your company on Limited Participation as described in Section 110.1

If Purchase Packages and State Home Mortgage Servicing Packages are submitted quickly after closing and are complete and correct, you should be funded before the first payment due date for each Loan. Any failure by the borrower to make payments after we purchase the Loan does not automatically create a liability for you, as long as the Loan is otherwise eligible.

213 *Final Documents*

For each Loan we purchase, we will fax you a letter listing the final documents required for that Loan. These documents include those listed on the Checklists in this Guide and may include other items. All final documents must be provided to us within 90 days of our purchase of the Loan or we may, in accordance with the Loan Seller Agreement, require you to repurchase the Loan.

Our failure to include in the final document letter a document contained on the applicable Final Document or Purchase

Package Checklist does not relieve you of the requirement that the document be provided to us within 90 days of the date that we purchased the Loan.

All final documents must be accompanied by a copy of the Final Documents Letter we send you and must be addressed "Office of Homeownership Final Documents." Any final documents we receive that we can not identify, may be returned to you via certified mail. In such event, your obligation to provide final documents will not have been satisfied.

214 ***Quality Control
Review***

In order to monitor the overall quality of the Loans we purchase, DCA will conduct Quality Control Reviews to evaluate the credit and compliance underwriting decisions made on our Loans.

The purpose of our Quality Control Review is to:

- a) provide assistance to our Lenders for the timely correction of deficiencies if and when identified;
- b) provide efficiency and prevent costly errors; and
- c) ensure that Mortgage Insurer and DCA guidelines and State and/or Federal regulations are met.

Quality Control Reviews will be conducted monthly. Loans will be selected for review from Loans we purchased during the previous month.

Upon completion of each monthly Quality Control Review, we will provide written feedback to the Lender on any Loan in which we find a discrepancy in Mortgage Insurer and/or DCA guidelines, and state and/or federal regulations. The feedback from DCA to the Lender will do one or more of the following:

- a) Remind the Lender of certain guidelines that did not appear to be met on a particular Loan;
- b) Request that missing information or documentation on a Loan be sent to DCA within a specified time;
- c) Request an explanation from the Lender regarding a specific finding on a Loan;
- d) Request that the Lender refund charges that the borrower and/or Seller paid, as reflected on the HUD-1, that are not allowed by DCA or the Mortgage Insurer; and/or
- e) Request that the Lender conduct a quality control review or review appraisal on a certain file due to the number or seriousness of the discrepancies found with the Loan.

If you disagree with any finding, you must respond in writing and submit your documentation to support your dispute within thirty (30) calendar days of the date of the letter. Your response, if applicable, must be accompanied by a copy of the Quality Control Review feedback letter and sent to: DCA, Attn: Homeownership Quality Control Coordinator.

If the corrective action required by our Quality Control Review feedback letter is not received within ninety (90) calendar days of our initial request or we have not received a written response disputing our finding, we may exercise our remedies for non-performance in accordance with the Loan Seller Agreement and/or this Guide, which may include requiring you to repurchase the Loan.

215 *Loan Servicing*

Loans released to State Home Mortgage for servicing must not be “set-up” on your servicing system, but must be transferred immediately after closing to State Home Mortgage.

The Servicing Package must be included in the Purchase Package and must be delivered to DCA within 15 calendar days after closing.

You must provide the borrower with a “good-bye” letter at closing, informing him or her that State Home Mortgage is the original Servicer of record and provide the address to which payments must be mailed.

215.1 *State Home Mortgage*

In addition to the above requirements,

- a) you must use the appropriate Purchase Package Checklist, which includes the required servicing package documents;
- b) you may use (i) the combined “Good-Bye/Hello Letter” (with a generic first payment coupon) found in Appendix IX (Notice of Assignment, Sale or Transfer of Servicing Rights) or (ii) you may also use your company’s standard “good-bye letter” (so long as your notice meets the combined notice requirements of RESPA) with the information about State Home Mortgage found in Appendix IX;
- c) you must include the escrow check and any buydown check, made payable to State Home Mortgage, in the Purchase/Servicing Package; and
- d) you must forward to State Home Mortgage any payments received from the borrower immediately upon receipt of the payments.

*215.2 Loan
Payment History*

If the purchase date is 16 calendar days or more after the first payment due date, we will obtain the payment history directly from State Home Mortgage.

We will not purchase your Loan until the requirements of Section 212.10 are met.

*215.3 Georgia
Dream Second
Mortgage Loan
Servicing*

We will service all Georgia Dream Second Mortgage Loans. However, we do not require a Servicing Package for a Second Mortgage Loan. We already have sufficient documentation to service the Second Mortgage Loan.

*215.4 Georgia
Dream Second
Mortgage Loan
Payoff*

As Loan servicer for all Georgia Dream Second Mortgage Loans, DCA will process the payoffs on these loans. Mortgagors or their agents must contact DCA directly for payoff quotes on Georgia Dream Second Mortgage loans. Payoff quotes may be obtained by submitting a written request, signed by the Mortgagor, to DCA. This request can be faxed to our Document Specialist at (404) 679-5839. We will provide the payoff quote within twenty-four (24) hours of receipt of the written request.

Chapter 3

Georgia Dream Homeownership Program Requirements

Through the Georgia Dream Homeownership Program, we provide affordable mortgage financing for low and moderate income homebuyers. This Chapter describes the requirements common to all Georgia Dream Homeownership Program Loans.

301 Eligible Loans Federal and State law and regulatory guidelines define what types of Loans are eligible for the Georgia Dream Homeownership Programs. Eligible Georgia Dream First Mortgage Loans are fixed rate FHA, USDA, VA or Conventional loans. The Applicant may use a Georgia Dream Second Mortgage Loan for down payment and closing cost assistance only with the Georgia Dream First Mortgage Loan. Georgia Dream Second Mortgage Loans are 0% interest delayed repayment subordinate mortgage loans.

DCA cannot purchase a Loan that is not a new permanent loan on the property for the Applicant. Thus, if the Applicant has paid off a previous permanent loan on the property or is seeking to refinance an existing permanent loan, the Applicant is ineligible for the Georgia Dream Homeownership Program.

*301.1
Warranties
and
Representations*

Georgia Dream Homeownership Program Loans may be closed in your name as the originating Lender or in the name of an Authorized Originator. In either case, you are fully responsible for all warranties and representations made to us under the Loan Seller Agreement, regardless of who originates and/or packages the Loan.

**302 Georgia
Dream First
Mortgage
Loans**

The Georgia Dream First Mortgage Loan is financed with proceeds of certain tax-exempt bonds issued by GHFA pursuant to certain state laws and federal income tax laws. The tax-exempt status of such bonds is dependent, in part, on GHFA's purchase of Loans that are in compliance with the applicable sections of the Internal Revenue Code and applicable Georgia state laws. The Georgia Dream First Mortgage Loan requirements are contained in this Chapter and must be used in conjunction with the requirements for all Georgia Dream Homeownership Program Loans contained throughout the Seller Guide.

*302.1
Interest Rate*

The interest rate for Georgia Dream First Mortgage Loans is the rate that is in effect at the time the Reservation is received by DCA. We post our interest rates on Lender On Line, the Rate Sheet, and on our Lender Information Line (404-679-0581).

302.2
Mortgage Insurance Requirements

Georgia Dream First Mortgage Loans must be (i) insured by FHA or a Private Mortgage Insurer or (ii) guaranteed by VA or USDA/RD. No insurance or guarantee is required if the LTV is 80% or less. We expect you to ensure that the Loan meets the requirements of the Mortgage Insurer. You should check with the Mortgage Insurer to verify the precise requirements.

302.3
FHA Loans

Georgia Dream First Mortgage Loans insured by FHA must conform to one of the following Sections of the Federal Housing Code: (We will not purchase co-insured Loans.)

- a) FHA Section 203(b), (h) or (i) – unsubsidized
- b) FHA Section 203(k) – Rehabilitation
- c) FHA Section 220(d) (3) (A) - Urban Renewal
- d) FHA Section 221(d)(2) - Low and Moderate Income
- e) FHA Section 222 – Service Members
- f) FHA Section 223(e) – Miscellaneous
- g) FHA Section 234(c) - Condominiums
- h) FHA Section 809 - Civilian Armed Service Employees
- i) FHA Section 810(h) - Armed Service Housing

302.4
VA Loans

Georgia Dream First Mortgage Loans guaranteed by VA must conform to Title 38, Chapter 37, Section 810 of the United States Code. The sum of any down-payment plus the VA guaranty must equal at least twenty-five percent (25%) of the lower of the Purchase Price or the Appraised Value of the mortgaged property.

302.5
Conventional Loans

Conventional Loans with LTVs up to 100% are eligible for our Program. Private Mortgage Insurance coverage must be obtained for any Conventional Loan with an LTV of over 80% of the lower of the Purchase Price or Appraised Value at the time of Loan closing. In case of an owner/builder of new construction, the LTV will be based on the lower of Acquisition Cost or Appraised Value. The minimum Private Mortgage Insurance (“PMI”) coverage allowed for each LTV is:

<u>LTV</u>	<u>PMI Coverage</u>
95.01 - 100.00%	25%
90.01 – 95.00%	22%
85.01 - 90.00%	17%
80.01 - 85.00%	12%

Private Mortgage Insurance must be provided by a company that meets our requirements. See Appendix VI for our requirements and a list of the companies known to us as eligible under those requirements.

- 302.6
USDA/RD
Loans* USDA/RD Loans are eligible for our Georgia Dream Homeownership Program. All Loans guaranteed by USDA/RD must be underwritten to meet the current Program requirements and the current USDA/RD requirements.
- 302.7
Pool
Insurance* At the present time, Mortgage Pool Insurance is not required. If it is required in the future, we will notify you by updating this Seller Guide. In such case, you would be responsible for obtaining Pool Insurance for the specified Loans from the designated Mortgage Pool Insurer. You would be required to submit the necessary documents to the Mortgage Pool Insurer in order to obtain the required coverage.
- 302.8
Buydowns* DCA allows a Buydown on any type of Georgia Dream First Mortgage Loan as described in Appendix IV. The initial Buydown rate must not be more than 2% below the final Note rate. A 2-1 Buydown is permitted, as are more gradual plans which meet the requirements of Appendix IV. A signed Buydown Disclosure Letter (sample in Appendix IV) and Buydown payment schedule with applicable interest rates indicated must be included in the Underwriting Package. A Buydown cannot be shown on the HUD-1 as discount points. A Georgia Dream Second Mortgage Loan may not be used to fund the Buydown.
- 302.9
Subordinate
Financing* We will not purchase a Georgia Dream First Mortgage Loan that is subject to subordinate financing, unless the subordinate financing is a Georgia Dream Second Mortgage Loan, or another government sponsored or other affordable housing program approved by DCA and reflected in the Underwriting Package documentation.
- We encourage the combination of our Georgia Dream First Mortgage Loan with publicly and privately sponsored down payment and closing cost assistance programs, especially the Georgia Dream Second Mortgage Program. These programs may provide subordinate loans or grants to Applicants to assist them in their home purchase. If the assistance is in the form of a loan, it must be subordinate to our Georgia Dream First Mortgage Loan, and any monthly payment must be included in the computation of the underwriting ratios.
- The Lender must include in the Underwriting Package an approval letter or other document, which evidences the Applicant's approval for the subordinate financing. The document evidencing approval must provide the dollar amount of the loan or grant, interest rate, monthly payment, and number of monthly payments, and other repayment or forgiveness terms as applicable. The subordinate financing must be reflected in the CLTV and meet the Mortgage Insurer's guidelines.

- 302.10
Loan Amount* The first mortgage Loan amount must not differ from the amount stated in the Underwriting Approval Letter without our prior written approval of the change.
- 302.11
Determining
the Down
Payment* All loans must meet the mortgage insurer's down payment requirements.
- 302.12
Construction
Loans* DCA does not consider a construction loan, bridge loan or similar temporary financing which has a term of less than 24 months to be a permanent loan. If the First Mortgage Loan is used to pay-off the construction loan, DCA requires that the construction be satisfactorily completed and that the Applicant not receive "cash out" at closing that would exceed the sum of the Applicant's own funds used for earnest money, credit report, appraisal and application fees. Any costs, with the exception of verified earnest money deposit, the Applicant paid on the construction loan may be applied toward funds required on the Georgia Dream First Mortgage Loan.
- The LTV is to be calculated using the total Acquisition Cost or the Appraised Value, whichever is less.
- 302.13
Amortization
of First
Mortgage* Generally, the term of the Georgia Dream First Mortgage Loan may not exceed 30 years. DCA may waive this requirement in its sole and absolute discretion. Loans must be amortized in equal monthly installments of principal and interest payable on the first day of each month.
- 302.14
Designated
Disaster
County
Assistance* The counties of Carroll, Catoosa, Chattooga, Cherokee, Cobb, Crawford, Dawson, DeKalb, Dooly, Douglas, Fulton, Gwinnett, Heard, Houston, Newton, Paulding, Peach, Rockdale, Stephens, Taylor and Walker, have been designated as federal disaster areas. Provisions of the Housing Assistance Tax Act of 2008 permit areas designated as federal disaster areas to receive special consideration regarding first time homebuyer requirements, income limits, and purchase price limits. Consequently, we are making the following temporary changes to Georgia Dream Homeownership Program requirements for these twenty one (21) counties.
- a) The first time homebuyer requirement is waived.

b) Household income limits:

Household Size	Catoosa, Chattooga, Crawford, Dooly, Houston, Peach, Stephens, Taylor and Walker Counties	Carroll, Cherokee, Cobb, Dawson, DeKalb, Douglas, Fulton, Gwinnett, Heard, Newton, Paulding and Rockdale Counties
1 or 2 people	\$73,000	\$86,000
3 or more people	\$85,000	\$100,000

c) Purchase price limits:

Catoosa, Chattooga, Crawford, Dooly, Houston, Peach, Stephens, Taylor and Walker Counties	Carroll, Cherokee, Cobb, Dawson, DeKalb, Douglas, Fulton, Gwinnett, Heard, Newton, Paulding and Rockdale Counties
\$250,000	\$300,000

303 *Georgia Dream Second Mortgage Loans*

The Georgia Dream Second Mortgage Program provides first-time home buyers with a deferred repayment subordinate mortgage for principal reduction, down payment, closing costs and prepaid expenses associated with their home purchase. The requirements specific to the Georgia Dream Second Mortgage Program contained in this Chapter must be used in conjunction with the requirements for all Georgia Dream First Mortgage Loans. For detailed information on special Georgia Dream Second Mortgage Programs, see Chapter 4 of this Guide.

The Georgia Dream Second Mortgage Program must be used in conjunction with the Georgia Dream First Mortgage Program.

303.1 Loan Terms

The Georgia Dream Second Mortgage Loan is a deferred repayment subordinate mortgage loan. In general, the Georgia Dream Second Mortgage Loan is in second lien position. However, DCA may, in its sole discretion, approve the Georgia Dream Second Mortgage Loan in a different subordinate lien position.

The Georgia Dream Second Mortgage Loan must be paid in full if the Applicant:

- 1) sells or transfers the property;
- 2) refinances the first mortgage; or
- 3) no longer uses the mortgaged property as the principal residence.

- 303.2
Interest Rate* The interest rate for Georgia Dream Second Mortgage Loans is 0% per annum.
- 303.3
Loan Amount* The Georgia Dream Second Mortgage Loan amount is \$5,000, except for participants in special Georgia Dream Second Mortgage Loan Programs as further described in Chapter 4 of this Guide. The special Georgia Dream Second Mortgage Loans have additional program requirements. See Chapter 4 of this Guide for more information on special Georgia Dream Second Mortgage Loans.
- 303.4
Debarred and
Suspended
Lists* DCA will not approve or purchase a Georgia Dream Second Mortgage Loan if the borrower(s), seller(s), realtor(s) or any other parties to the second mortgage transaction appear on the current HUD Debarred or Suspended lists. You are responsible for certifying that you have checked the most recent HUD lists and the parties to the transaction do not appear on either list by signing page 2 of the SF-60, Lender Certification.
- 303.5
Mortgage
Insurer
Requirements* You must ensure that the Georgia Dream Second Mortgage Loan meets the requirements of the Mortgage Insurer of the Georgia Dream First Mortgage Loan. You should check with the Mortgage Insurer to verify the precise requirements.
- a) *FHA Loans.* FHA has approved the Georgia Dream Second Mortgage Program as provided under Mortgagee Letter 94-2. The combined LTV for all mortgages cannot exceed 100% of the cost to acquire the property plus any normal prepaid expenses, as described in HUD Handbook 4155.1.
 - b) *Conventional Loans.* The Georgia Dream Second Mortgage Loan may be used with a Conventional Loan. The LTV and CLTV for all mortgages must not exceed the Mortgage Insurers' requirements.
 - c) *VA Loans.* The Georgia Dream Second Mortgage Loan may be used with a VA guaranteed Loan.
 - d) *USDA/RD Loans.* The Georgia Dream Second Mortgage Loan may be used with USDA/RD Loan. The USDA/RD Loan and the Georgia Dream Second Mortgage Loan amounts may exceed the appraised value of the property only by an amount equal to closing costs and prepaid expenses.

- 303.6
Other
Government
Funding* The federal regulations governing the Georgia Dream Second Mortgage Program require that we ensure that excessive government subsidies are not applied to any one project. In order to monitor this requirement, Lenders must identify to us any other state, local or federal government funds used to finance a home purchase in conjunction with a Georgia Dream Second Mortgage Loan.
- 303.7
Use of the
Georgia
Dream Second
Mortgage
Loan Amount* The Georgia Dream Second Mortgage Loan funds may be used for principal reduction, down payment, allowable closing costs, and prepaid expenses associated with the home purchase. If the Applicant's required costs for principal reduction, down payment, closing costs, and prepaid expenses associated with the home purchase are more than the Georgia Dream Second Mortgage Loan amount, the amount over the Loan amount must be provided by the Applicant, the seller or another party acceptable to the Mortgage Insurer.
- Georgia Dream Second Mortgage Loan proceeds may not be used for Buydowns.
- 303.8
Recapture Tax* The potential exists for payment of a Recapture Tax imposed by Federal law with respect to all Georgia Dream Second Mortgage Program Loans which close on or after January 1, 1991 and were financed with tax exempt bond funding. In the event that a Second Mortgage loan is financed with tax exempt bond funding, we will note so on the Underwriting Approval letter. Lenders must refer to Section 316 Recapture Tax for information regarding Recapture Tax requirements and disclosures.
- 304** *Eligible
Applicants* Federal and state laws and regulatory guidelines define for us who is eligible for assistance under our programs.
- 304.1
First-Time
Home Buyer
Requirement* Generally, we can purchase a Loan only if it is made to an Applicant(s) who:
- i. is a first-time home buyer, or
 - ii. does not have a present ownership interest and has not had an ownership interest in a home used as his or her principal residence in the three (3) years prior to closing on the Loan, or
 - iii. is purchasing a home in a Targeted Area

304.2
*Ownership
Interests*

Ownership interests include:

- a) a fee simple interest;
- b) a joint tenancy;
- c) a tenancy in common;
- d) a tenancy by the entirety;
- e) a tenant-share hold in a cooperative;
- f) a life estate;
- g) a land contract pursuant to which possession and burdens of ownership are transferred, but legal title is not transferred until some later time; and
- h) a beneficial interest in a trust that would constitute a present ownership interest if it were held directly by the mortgagor.

If the Applicant(s) holds ownership interest as defined above, the Applicant(s) would not be classified as a first-time homebuyer.

Interests that are not considered to be ownership interests are:

- a) a remainder interest;
- b) a lease (without regard to any purchase option);
- c) a mere expectancy to inherit an interest in a principal residence;
- d) an interest that a purchaser of a residence acquires upon the execution of a purchase contract;
- e) an interest in a residential property other than a principal residence during the previous three (3) years; and
- f) an interest in a vacation timeshare.

An Applicant is not considered to have had a prior ownership interest in a single family residence if:

- a) the Applicant did not hold title to the home but did receive the benefits of the mortgage interest deduction through the filing of a joint federal income tax return with a spouse;
- b) the Applicant did not hold title to the home, but did receive all or a portion of the proceeds of the sale of the residence;
- c) the Applicant continued to hold title following a divorce which granted property to other spouse, but the Applicant has not used the property as a principal residence in the last three (3) years; or
- d) the residence is or was a manufactured home whose structure is not permanently affixed to a permanent foundation in accordance with local codes and taxed as personal property (subject to ad valorem taxes). If the manufactured home was or is taxed as real property, then the Applicant is considered to be a prior homeowner.

Applicants may own vacant land or a manufactured home taxed as personal property at the time they close on their Loan, because neither vacant land nor a manufactured home taxed as personal property is

considered by DCA to be residential real estate.

We reserve the right to investigate or require further substantiation of the Applicant's first time homebuyer status.

*304.3
Exceptions for
Georgia
Dream First
Mortgage
Loans*

An Applicant who is not a first time homebuyer who purchases a home in a Targeted Area is eligible for the Georgia Dream First Mortgage Loan. However, the Applicant cannot have an ownership interest in residential real estate at the time of closing of the Georgia Dream First Mortgage Loan.

*304.4
Exceptions for
Georgia
Dream
Second
Mortgage
Loans*

The following are exceptions to the first-time homebuyer requirement:

- a) An Applicant who is not a first time homebuyer may qualify for a Georgia Dream Second Mortgage Loan if he or she meets one of the following criteria and purchases a home in a Targeted area. The Applicant can demonstrate that he or she is a displaced homemaker even if the Applicant owned a home with his or her spouse or resided in a home owned by the spouse, provided that the Applicant is no longer married to this spouse and no longer owns a principal residence. (A displaced homemaker is defined as an adult who has not worked full-time, full-year in the labor force for a number of years, but has during such years, worked primarily without remuneration to care for the home and family and is unemployed or under-employed and is experiencing difficulty in obtaining or upgrading employment);
- b) The Applicant is a single parent even if the individual, while married, owned a home with his or her spouse or resided in a home owned by the spouse, provided that the single parent no longer owns a principal residence. (A single parent is defined as an individual who is unmarried or legally separated or legally divorced from a spouse and (i) has one or more dependent children; or (ii) is pregnant);
- c) The Applicant owns or owned (as a principal residence during the three years preceding the closing of the Loan) a home which is not in compliance with applicable building codes and cannot be brought into compliance with such codes for less than the cost of constructing a permanent structure.

*304.5
No Ownership
of Other
Residential
Real Estate*

An Applicant may not own any other residential real estate within or outside the United States as of the date of closing on a Loan. For example, an Applicant may have owned a residential rental property during the previous three (3) years, but must terminate his or her interest in such property prior to closing on a Loan.

*304.6
Principal
Residence
Requirement*

Each Applicant must occupy the mortgaged property as his or her principal residence within 60 days after closing the Loan. You must make the Applicant aware of this requirement when you take an application and originate the Loan.

An Applicant is temporarily exempt from this 60-day occupancy requirement if his or her employment or military orders require that he or she reside temporarily away from the mortgaged property and (i) his or her principal residence is the mortgaged property, (ii) he or she expects to return to the mortgaged property to live, and/or (iii) a co-Applicant will occupy the mortgage property within 60 days of closing.

You must make clear to the Applicant that he or she **will not be allowed to rent** the property after closing, except that the Applicant may rent the property back to the property seller for up to, but no more than, 60 days after closing.

*304.7
Co-Signers*

Co-signers are permitted in the circumstances described below:

a) Co-signers cannot take title to the property or live in the property securing our Loan. (Co-signers who live in the mortgaged property are considered co-Applicants.)

b) Co-signers must sign the Note. Co-signers may not sign the Security Deed or DCA forms nor may they hold title to the property.

c) The co-signers' income is not included in the Household Annual Income but may be used as qualifying income.

d) If a co-signer is proposed for a Loan, the Underwriting Package must contain complete credit documentation for the co-signer along with a completed MCAW or 1008 underwriting worksheet;

e) Co-signers' credit and ratios must meet the requirements of the applicable Mortgage Insurer.

*304.8
Liquid Assets
Limitation*

The Applicant(s) must not have liquid assets in excess of the following amounts at time of loan closing unless the liquid assets over the allowable amount have been or will be consumed by a documented emergency or other extraordinary event beyond the control or planning of the Applicant or will be used in the purchase transaction:

Asset Limit	Asset Limit
Georgia Dream First Mortgage Program or Georgia Dream Rewards First Mortgage Program	Georgia Dream First Mortgage coupled with a Georgia Dream Second Mortgage
\$20,000 or 20% of sales price, whichever is greater	\$5,000

Gifts of substantial amounts are considered liquid assets. Stocks and other readily salable securities are considered liquid assets, unless they are restricted by IRA, 401(k) or other similar requirements. IRAs, 401(k) plans and other similarly qualified retirement accounts are not considered to be liquid assets.

If a Georgia Dream Second Mortgage Loan Applicant owns a mobile home which is not being sold, then you must document the Applicant's equity by providing the value of the mobile home from a published source and the amount owed on the mobile home. Equity in excess of \$5,000 may disqualify the Applicant. Net rental income from a mobile home must be included in the calculation of Household Annual Income.

Applicants approaching retirement age may have retirement savings, which do not disqualify them, unless such savings exceed an amount that would be considered reasonable for a person of low or moderate income. Some exceptions may also be made due to the nature of the source of funds. For example, insurance settlements that compensate an Applicant for lost wages during disability or death of a spouse may not be considered excessive.

DCA Lenders are not required to re-verify bank accounts immediately prior to closing in order to document this Loan's compliance with this Section unless such requirement is shown as a condition on our Underwriting Approval Letter.

305 Household Annual Income

Household Annual Income is defined as all amounts, which go to, or are provided on behalf of, the Applicant(s) or spouse (even if temporarily absent), or any household member who will occupy the subject property within the 12-month period immediately following loan closing.

Household Annual Income is the sum of the anticipated income for each Household member during the 12-month period commencing with the date of application. Household Annual Income is determined by ascertaining the income received from each source over the most recent representative period and projecting those amounts over a one (1) year period.

The Lender is required to insure that the household income for all household members who will occupy the property within 12 months of the closing date have disclosed their income as required on form SF-12 and form SF-15, Affidavit of Non-Applicant Household Member, (if applicable).

305.1
Household
Members

“Household members” include:

- a) the Applicant, co-Applicant, spouse (unless it can be shown that a spouse resides elsewhere), parents, and children who live with the Applicant and co-Applicant at least six (6) months of each year;
- b) any related or un-related person who will reside in the mortgaged property during the 12-month period immediately following closing, regardless of previous address; and
- c) any person who has resided with the Applicant and/or co-Applicant prior to closing and whose financial affairs are combined with the Applicant’s and/or the co-Applicant’s according to the documents in the Underwriting Package. (If such person will not occupy the mortgaged property, his or her income can be excluded from Household Annual Income only if the Underwriting Package contains an explanation from the Applicant(s) as to the person’s future residence plans.)
- d) “Household members” does not include: foster children; live-in aides and children of live-in aides; unborn children; and children being pursued for legal custody or adoption who are not currently living with the household.

Spouses and other adults (18 years old or older) who will live in the mortgaged property and who are not co-applicants and will not be on the Note or Deed are not required to be first-time home buyers. However, any Non-Applicant adult household member’s income must be considered as Household Annual Income.

Non-Applicant adults (18 years of age or older) who are also full time high school or college students must provide evidence of enrollment from the high school or college at the time of application.

We understand that it is not common lending practice to request this information for Non-Applicants, but we require it for Loans made through our Georgia Dream Homeownership Program in order to verify that the Household Annual Income is within our Program's Household Annual Income limits.

305.2 The Applicant’s total Household Annual Income (as stated on Forms SF-12 and SF-15) must not exceed the following amounts based on the Household size and the location of the property:

Household Income Limitations	<u>Household Size</u>	<u>Statewide</u>	<u>Atlanta MSA*</u>
	1 to 2 persons	\$61,000	\$71,000
	3 or more persons	\$70,000	\$82,000

*** See Appendix II for counties in the Atlanta Metropolitan Area**
The Household Annual Income for Applicants seeking a Georgia Dream First Mortgage Loan coupled with a Georgia Dream Second Mortgage Loan cannot exceed the Georgia Dream Second Mortgage Loan income requirements as set forth in Appendix VII of this Guide.

305.3 The Georgia Dream Second Mortgage Applicant’s total Household Annual Income (as stated on Forms SF-12 and SF-15) must not exceed the amounts provided for each county and Household size as described in Appendix VII of this Guide.

Second Mtg. Loan Household Income Limitations

305.4 Each Underwriting Package must include a completed Household Income Worksheet. The income figure shown on the Household Income Worksheet and source documents for each Household member must agree. Income calculations for compliance underwriting are different from income calculations for credit underwriting. The compliance underwriting income figure will not necessarily be the same as the income figure used in credit underwriting. Lenders must make every reasonable effort to include the income of all Household members on Forms SF-12 and SF-15, as applicable. DCA will review copies of the Verifications of Employment (VOE), W-2’s, pay stubs and/or copies of additional income verifications to substantiate income calculations. The Household Income Worksheet is located in the Worksheet section of this Guide. We may, in our sole discretion, require additional documentation to determine Household Annual Income.

Calculating Household Income

Each individual Non-Applicant must complete and sign the Affidavit of Non-Applicant Household Member (Form SF-15). The Non-Applicant's income must be documented by providing the most recent W-2 and a current pay-stub (or similar third party document for other types of income) dated within forty-five (45) days of Lender’s underwriter’s approval.

No adjustments or deductions are made to Household Annual Income with respect to child care expenses, medical expenses, or adjustments for family size.

Household Annual Income includes, but is not limited to:

- a) the full amount, before any payroll deductions, of wages and salaries, overtime, commissions, fees, tips, bonuses and other compensation for personal services (including raises indicated by the employer on the VOE which are expected to take effect prior to closing);
- b) net income from operation of a business or profession;
- c) income from trusts, investments, interest, dividends, royalties, net rental income and other net income from real or personal property;
- d) periodic payments from Social Security (including that received on behalf of children), annuities, insurance policies, retirement funds, pensions, disability or death benefits and other similar types of periodic payments;
- e) payments in lieu of earnings, such as unemployment and disability compensation, worker's compensation and severance pay;
- f) Welfare Assistance, where payments include amounts specifically designated for shelter and utilities;
- g) periodic and determinable allowances such as alimony and child support, and regular contributions or gifts received from organizations or persons not residing in the dwelling;
- h) all housing allowances and similar allowances which are not reimbursement for job-related expenses;
- i) all regular and special pay, and allowances of members of the Armed Forces (whether or not living in the dwelling) who are the head of the family or the spouse;
- j) relocation payments;
- k) undocumented non-payroll deposits, extrapolated to an annualized amount;
- l) earnings up to \$480 annually for each full-time student 18 years or older (excluding the head of household and spouse); and
- m) adoption assistance payments up to \$480 annually per adopted child.

Household Annual Income excludes:

- a) non-reoccurring, sporadic, or irregular income, including gifts;
- b) amounts received by an employee as employer-paid benefits under a "cafeteria plan" and included as income on pay documents, but which would be discontinued if employee declined benefits;
- c) amounts included as income on a W-2, but claimed by the employee as un-reimbursed business expenses for federal tax purposes;

- d) amounts which are specifically for reimbursement of medical expenses of a family member;
- e) lump sum additions to family assets, such as inheritances, insurance payments (including payments under health and accident insurance and worker's compensation), capital gains and settlement for personal or property losses;
- f) amounts of educational scholarships paid directly to the student or the educational institution;
- g) special pay to a military head of a family who is away from home and exposed to hostile fire;
- h) foster child or foster adult care payments;
- i) the value of coupon allotments for the purchase of food pursuant to the Food Stamp Act of 1977 which is in excess of the amount actually charged for the allotments;
- j) income from the employment of children (including foster children) under the age of 18 years;
- k) income of a live-in aide;
- l) amounts received under training programs funded by HUD
- m) amounts received by a disabled person that are disregarded for a limited time for purposes of Supplemental Security Income eligibility and benefits because they are set aside for use under a Plan to Attain Self-Sufficiency (PASS);
- n) amounts received by a participant in publicly assisted programs which are specifically for or in reimbursement of out-of-pocket expenses incurred (special equipment, clothing, transportation, child care, etc.) and which are made solely to allow participation in a specific program;
- o) reparation payments made by a foreign government pursuant to claims filed under the laws of that government by persons who were persecuted during the Nazi era;
- p) payments received under the Alaska Native Claims Settlement Act (43 U.S.C. 1626(c));
- q) income derived from certain sub marginal land of the United States that is held in trust for certain Indian tribes (25 U.S.C. 459(e));
- r) payments or allowances made under the Department of Health and Human Services' Low-Income Home Energy Assistance Program (42 U.S.C. 8624(f));
- s) payments received under programs funded in whole or in part under the Job Training Partnership Act, now referred to as the Workforce Investment Act of 1998;
- t) income derived from the disposition of funds of the Grand River Band of Ottawa Indians (Pub. L. 94-540, 90 Stat. 2503-04);
- u) the first \$2,000.00 of per capita shares received from judgment funds awarded by the Indian Claims Commission or the Court of Claims (25 U.S.C. 1407-08) or from funds held in trust for an Indian tribe by the Secretary of the Interior (25 U.S.C. 117b, 1407);

- v) amounts of scholarships funded under Title IV of the Higher Education Act of 1965, including awards under the Federal work-study program or under the Bureau of Indian Affairs student assistance programs (20 U.S.C. 1087uu);
- w) payments received from programs funded under Title V of the Older Americans Act of 1965 (42 U.S.C. 3056(f));
- x) payments received from the Agent Orange Settlement Fund or any other fund established pursuant to the settlement in the *In Re Agent Orange* product liability litigation, M.D.L. No. 381 (E.D.N.Y.);
- y) payments received under the Maine Indian Claims Settlement Act of 1980 (Pub. L. 96-420, 94 Stat. 1785);
- z) the value of any child care provided or arranged (or any amount received as payment for such care or reimbursement for costs incurred for such care) under the Child Care and Development Block Grant Act of 1990 (42 U.S.C. 99858q);
- aa) earned income tax credit (EITC) refund payments received on or after January 1, 1991 (26 U.S.C. 32(j));
- bb) earnings in excess of \$480 annually for each full-time student 18 years or older (excluding the head of household and spouse);
- cc) adoption assistance payments in excess of \$480 annually per adopted child;
- dd) a resident service stipend (not to exceed \$200 per month);
- ee) compensation from state or local employment training programs and training of a family member as resident management staff;
- ff) deferred period payments of Supplemental Security Income and Social Security benefits that are received in a lump-sum payment;
- gg) amounts received by family in form of refunds or rebates under state or local law for property taxes paid on the dwelling unit;
- hh) amounts paid by state agency to a family with a developmentally disabled family member living at home to offset the cost of services and equipment needed to keep the disabled family member at home; and
- ii) amounts specifically excluded by any other Federal statute from consideration as income for purposes of determining eligibility or benefits under a category of assistance programs that includes assistance under any program to which the exclusions set forth in 24 CFR 5.609 (c) apply.

305.5
*Termination of
 Employment*

Household members who have terminated employment of their own accord less than three (3) months before the date of Loan application must provide a detailed explanation of the reason for termination and their intent of future employment. Verification from the employer of the termination of employment will be required. We will be alert to any indication that the employment termination is temporary and/or may be for the purpose of meeting our Household Annual Income guidelines.

- 305.6
Child Support/
Alimony*
- Child support and/or alimony will be included in the calculation of Household Annual Income in the amounts actually received by the Applicants. If the Underwriting Package contains legal documents (such as divorce decrees) detailing the amount of child support to be paid, and a different amount is actually received, the actual amount received will be included in Household Annual Income so long as a reasonable explanation is included in the Underwriting Package.
- 305.7
Overtime/
Bonuses*
- For applicants with variable earnings (overtime, bonus, commission, and/or shift differential), Household Annual Income is determined using the appropriate method on the Household Income Worksheet located in the Worksheet Section, which is as follows:
- a) if the employer separates the variable earnings from the base pay, average the total of the year-to-date and the previous year's variable earnings and add it to the current base salary up through paystubs dated June 30 of the calendar year; after June 30, average only year-to-date variable earnings (Method B); or
 - b) if the employer does not separate variable earnings from the base pay, average the total of year-to-date and the previous year's total income up through paystubs dated June 30 of the calendar year; after June 30, average only year-to-date (Method C).
- 305.8
Unemployment
Compensation*
- Unemployment compensation is available to certain unemployed persons who are actively seeking work. Therefore, we will include unemployment compensation in the calculation of Household Annual Income by multiplying the weekly benefit times 52 weeks, regardless of the amount of unemployment benefits remaining. This approach is based upon the assumption that the discontinuance of unemployment compensation will be accompanied by re-employment.
- 305.9
Non-Payroll
Deposits*
- All non-payroll deposits of \$300 or more reflected on the bank statements must be included as Household Annual Income as shown on the Household Income Worksheet located in the Non-Payroll Deposits Section. Any deposits not used in calculating Household Annual Income must be clearly and fully explained in the Underwriting Package. This explanation must:
- a) include a complete description of the deposit that lists the date of deposit as shown on the bank statement, amount, source of the funds, and why each deposit should not be included as income;

b) include the following certification:

Warning: Section 1010 of Title 18, U.S.C. Federal Housing Administration Transactions provides: "Whoever, for the purpose of influencing in any way the action of such administration... Makes, Passes, Utters, or publishes any statement, knowing the same to be false... shall be fined not more than \$5,000 or imprisoned not more than two years or both".

c) indicate the frequency of the deposits; and

d) be signed and dated by the Applicant(s).

We may, in our sole discretion, require a statement from the Lender's underwriter that the Applicant's explanation is reasonable and consistent with all other information in the Underwriting Package.

*305.10
Self-Employed
Applicants*

To calculate Household Income for a self-employed Applicant, you must use the previous year's filed income tax return and the income reported on Schedule C and the current Profit and Loss Statement (P&L). When completing the Household Income Worksheet, the DCA Lender must complete Method C.

**306 Homebuyer
Education**

DCA strongly encourages you to arrange for home buyer education or individualized housing counseling for Georgia Dream First Mortgage Applicants. Such education or counseling is not generally required for Georgia Dream First Mortgage Loans unless specifically required by the Mortgage Insurer.

Evidence of homebuyer education must be included in the Underwriting Package for all USDA/RD Loans and for all FHA and VA insured Georgia Dream First Mortgage Loans that are coupled with Second Mortgage Loan subordinate financing. Evidence of homebuyer education is required for all Conventional Loans.

The home buyer education may be provided by:

- a) *Community-based organizations under contract with DCA.* DCA contracts with a number of community based non-profit organizations around the State for the provision of home buyer education seminars. These organizations are listed in Appendix VIII. We accept applications from non-profits for this purpose on an ongoing basis. We encourage you to direct interested groups in your market area to us for additional information. The seminars are provided free of charge.

- b) *Other non-profit or for profit organizations.* The Applicant may complete the home buyer education from other providers (non-profits, Mortgage Insurers, etc.) and is allowed to pay for the service. These fees must be paid to a third party provider and may not exceed \$100.00. Please note this fee is generally paid prior to closing and must appear on the HUD-1. DCA will not pay for this home buyer education and will not be responsible for insuring the fees are paid to the provider. If the Applicant pays for the home buyer education it can be counted towards meeting the Applicant's Required Funds, but cannot be part of the Second Mortgage Loan amount since it is not an approved closing cost.
- c) *Online counseling.* In the case of a Conventional Loan that is not coupled with a Georgia Dream Second Mortgage Loan, the Applicant may take the homebuyer education on-line from Fannie Mae, an approved Mortgage Insurer or from our website www.dcaloans.com, if homebuyer education is not otherwise available.

The Underwriting Package must contain a copy of the Certificate of Completion issued by the home buyer education provider, evidencing the Applicant's completion of the home buyer education course within the past 12 month period. However, if the home buyer education has not been completed and we otherwise approve the Loan, we will condition our approval upon receipt of this Certificate.

**307 Bank
Statements
and Paystubs**

For all Applicants, the Underwriting Package must include;

- 1) the most recent bank statement for all accounts and must cover thirty (30) consecutive days.
- 2) current year to date paystubs from each employer. Documents must be dated within forty-five (45) days of the Lender's underwriting approval.

308 Tax Returns

Legible copies of signed federal income tax returns for each Applicant for the most recent three (3) year period and the most recent W-2s for each Applicant must be submitted with the Underwriting Package. Signatures may be photocopies.

These tax returns may be:

- a) signed copies of the paper copies filed with IRS;
- b) computer print-outs of IRS Form 1040 or 1040EZ, accompanied by IRS Form 8453, Electronic Filing Form;
- c) IRS TeleFile Tax Record;
- d) signed print-outs from tax software computer programs; or
- e) computer print-outs of IRS Tax Return Listing from a tax return

reporting service.

If the Applicant itemized deductions during any of the three (3) previous years, we must have a copy of the IRS Form 1040 and Schedule A. The IRS Letter 1722 (DO) (Rev. 8-96) is acceptable for a Applicant who itemized if the printouts attached include Schedule A.

If federal income tax returns are not available, we must have a copy of the IRS Letter 1722 (DO) (Rev. 8-96) and printout from the IRS covering the period for which the tax returns are not available. You can obtain this letter by contacting the IRS at (800) 829-1040 and following the prompts for “tax return transcript” or by submitting to the IRS a completed IRS Form 4506.

Exceptions to this requirement are:

- 1) If the Applicant was under 18 years of age during any portion of the previous three (3) years for which tax returns are required and are unavailable, IRS 1722 (DO) (REV. 8-96) is not required for those years;
- 2) If the Applicant(s) was not required to file taxes pursuant to IRS Code Section 6012 during any portion of the previous three (3) years for which tax returns are required, IRS Letter 1722(DO) (Rev. 8-96) is not required for those years.

However, the Applicant is required to submit a completed and notarized form SF-6012 Tax Return Affidavit for the portion of the previous three (3) years for which they were not required to file taxes pursuant to IRS Code Section 6012; or

- 3) The Applicant(s) is purchasing a home in a DCA designated Targeted area, unless these returns are (i) needed to document income or (II) the Applicant has applied for a Georgia Dream Second Mortgage Loan

We will review the tax returns for evidence of a mortgage interest deduction or payment of real estate taxes, either of which could indicate prior homeownership. We will also review basic demographic information (such as names, social security numbers, addresses, marital status and dependents) for consistency with the remainder of the Underwriting Package. We reserve the right to review other aspects of the tax return and its supporting schedules if it is deemed necessary in order to make a determination of the applicant's eligibility for our Loan(s).

309 Eligible Properties

Georgia Dream Homeownership Program Loans must be secured by property which:

- a) is located in the state of Georgia;
- b) the title is held by the mortgagor at the time of closing as fee simple or under an eligible leasehold interest (the terms of the ground lease must extend beyond the maturity date of the Loan and only the land may be under a ground lease; the improvements must be owned by the mortgagor);
- c) is a one (1) unit single family dwelling (attached or detached) designed for residential use, condominiums or planned unit developments approved by Fannie Mae, Freddie Mac or the Mortgage Insurer, townhomes and modular homes that are located in an area consistent with such use and intended for owner occupancy; and
- d) is eligible for insurance through the Mortgage Insurer.

309.1 Maximum Purchase Price

We define the Purchase Price or Acquisition Cost as the total cost to acquire the completed residential unit excluding financing costs such as closing costs and prepaid items. Form SF-16 must be used to calculate the Acquisition Cost.

The Maximum Purchase Price for existing and newly constructed properties must be equal to or less than the following amounts based on the location of the property:

Statewide
\$200,000

Atlanta MSA*
\$250,000

*See Appendix II for a listing of all counties in the Atlanta MSA.

When the Applicant is also the builder, DCA requires the following: a copy of the construction contract or cost to build (including receipts) to be in the Underwriting Package to document the Acquisition Cost and to ensure it is not over the Maximum Purchase Price limit; the LTV ratio is to be calculated using the total Acquisition Cost or the Appraised Value, whichever is less; and all credit and closing documents to indicate the transaction as a purchase or construction to permanent financing. It must not be presented as a refinance transaction.

309.2 Manufactured & Modular Homes

Manufactured home loans are not eligible for purchase under the Georgia Dream Homeownership Program.

We will purchase a Loan for a factory-built home providing that the home meets the following criteria:

Modular homes (Industrialized Buildings)

We will purchase Loans for modular homes which bear the “DCA insignia”. Modular homes are factory built under the standards of the State of Georgia’s Industrialized Building Program.

As stated in O.C.G.A. 8-2-112(b)(1): “All industrialized buildings (modular homes) bearing an insignia of approval issued by the Commissioner of Community Affairs pursuant to this part shall be held to comply with the requirements of all ordinances or resolutions enacted by any local government which are applicable to the manufacture or installation of such buildings.” Modular homes must also be built to comply with all city and county building codes which apply to site built homes.

*309.3
Condominium*

We reserve the right to reject any Loan for the purchase of a condominium if we determine, in our sole discretion, that it would constitute an excessive underwriting risk.

Lenders must provide evidence of project approval for any loan secured by a condominium, PUD, or town home and the property must meet Mortgage Insurers’ requirements.

*309.4 Trade,
Business, or
Investment
Property*

To comply with federal requirements, we will not approve a Loan on any property used to conduct a trade or business or any property that is an investment property. Examples of residential property business use which are not acceptable include:

- a) car repair;
- b) child care;
- c) hair styling;
- d) merchandise distribution; and
- e) farming.

All the examples above involve the movement of people and/or materials onto the property and the use of the property is crucial to the business' income.

Examples of acceptable home-based businesses include:

- a) sales positions requiring some record keeping and telephoning at the home, but no storage or distribution of goods; and
- b) production of craft items involving only a small area in the house.

If there is any question as to whether a type of business is acceptable, contact our Underwriting Coordinator before processing the Loan.

310 Property Standards

Georgia Dream Homeownership Program Loans must be secured by properties that are safe, decent, sanitary, structurally sound, and functionally adequate to meet the present and foreseeable housing needs of the Applicant. Properties with indoor pools are not eligible.

To ensure satisfactory long-term security, the subject property should be compatible with the surrounding properties in terms of those factors that affect marketability, such as function, design, and quality of construction.

Further, we will examine the following:

- a) Appraisers assessment of the property and market conditions of the neighborhood;
- b) adequate sewer, water, and other utilities;
- c) accessibility by roads that meet local standards;
- d) the present or anticipated use of adjacent real estate should not adversely affect the livability, value, or marketability of the property for residential use; and
- e) neither the mortgaged property nor any adjacent property should pose a specific physical or environmental risk which could endanger the health and/or safety of the occupants.

310.1 Private Wells

If the subject property has a private well as its water source, we require that the local or county health inspector test and certify to the safety and adequacy of the water source. This certification must be dated within 30 days prior to closing. In the case of a shared well, we require a recorded shared well agreement to be in force prior to closing, or we will accept the approval of the Mortgage Insurer. The well certification must comply with all requirements of the Mortgage Insurer.

310.2 Septic Systems

If the property is new construction and it is served by a private or shared septic system, we require that the system be tested by a licensed plumbing contractor or local government health or building inspector. The inspector must certify to the adequacy and proper functioning of the septic system as of the date of inspection and that it does not contaminate the water source to the subject property.

For existing properties, the septic system must be tested by a licensed plumbing contractor or local government health or building inspector prior to Loan approval, if: (i) the appraiser suggests that problems may exist with the septic system,(ii) the property is guaranteed by USDA/RD, and/or (iii) the property is vacant. The inspector's certification as to the adequacy of the septic system must be dated within 30 days of the Lender's Underwriting approval. In the case of a shared septic system, for new or existing properties, we require a

recorded septic system agreement to be in force prior to closing.

*310.3
New
Construction*

DCA considers a property to be new construction when it is being sold to the Applicant(s) by the builder and all of the original warranties are in place. All newly constructed residences must be inspected during construction to ensure compliance with all applicable minimum building and housing codes. The inspections must be done in accordance with the requirements of the Mortgage Insurer.

For USDA/RD Guaranteed Loans originated by USDA/RD, the RD form HB-1-3550 Attachment 5-B, Single Family Housing Site Checklist and Form FmHA 1940-22, Environmental Checklist for Categorical Exclusions must be complete and signed by the Community Development Manager (CDM).

All construction must be complete and a clear final inspection included in the Purchase Package in order for us to buy the Loan. If the Loan was closed with the establishment of an escrow account for minor completion work (including landscaping), you must ensure the work is complete, disburse the escrow funds, and provide a clear final inspection in order for us to purchase the Loan.

*310.4
Acreage*

The full value of the land may be financed by the Loan only if documentation is provided verifying that such land is needed to reasonably maintain the basic livability of the residence and does not provide, other than incidentally, a source of income to the mortgagor. Unless we have given prior written approval specific to this issue, we will not purchase a Loan where the land value is equal to more than 30% of the total Appraised Value of the subject property

*310.5
Environmental
Review*

During the physical inspection of the property, the appraiser must be alert for any indication of the presence of any hazardous materials on the subject property or any adjacent or nearby properties (including, but not limited to, asbestos or polychlorinated biphenyls (PCBs) or any indication that the property or any nearby site is or has been used as a landfill or the site of activity related to or used for the storage of oil, asbestos, PCBs, other hazardous wastes or other toxic substances). You must notify us in writing of any report by the appraiser indicating the possible presence of hazardous materials at the time that you submit the Underwriting Package to us.

*310.6 Georgia
Dream Second
Mortgage
Loan
Environmental
Impact*

All new construction properties secured by a Georgia Dream Second Mortgage Loan (homes for which a certificate of occupancy has not been issued at the time of the appraisal) must be screened for environmental impact. This is accomplished by the appraiser's completion of the Collateral Inspection Form, SF-200.

A copy of the completed form must be submitted with the Underwriting Package if the home is new construction. If any items are checked "Yes" by the appraiser, reflecting the existence of an environmental concern (even if the appraiser determines that there is no adverse impact on value), we will defer the Loan until we can make an independent determination as to the acceptability of the property.

*310.7
Flood Hazard
Zone
Certification*

A flood hazard zone certification must be obtained in accordance with federal law and the guidelines of the Mortgage Insurer and included in our Underwriting Package. The flood hazard zone certification must be for the life of the Loan and transferable to the Servicer of the Loan.

If the Georgia Dream Second Mortgage Loan is secured by a newly constructed property, improvements to the property must not be located in a flood hazard zone.

*310.8
Plumbing,
Electrical
and/or Heating*

Lenders must provide a copy of clear plumbing, electrical, and heating certifications if the appraiser indicated that the property was vacant and/or the systems were not operational at the time of the appraisal inspection. Clear plumbing, electrical and heating certifications will also be required if the appraiser recommends them or there is an indication in the appraisal or the agreement of sale that there is an existing or potential problem with the plumbing, electrical and/or heating system(s).

*310.9
Lead Paint*

The Applicant(s) must be provided with a copy of the HUD/EPA pamphlet "Protect Your Family From Lead in Your Home" on properties securing Second Mortgage Loans that were built prior to 1978. The "Notice to Purchasers of Housing Constructed Before 1978" exhibit must be signed and made a part of the Sales Contract.

The above requirements in Section 310.9 apply only to the Georgia Dream Second Mortgage Loans subordinate to FHA, Conventional or USDA/RD Guaranteed Georgia Dream First Mortgages.

311 *Appraisal
Guidelines*

All appraisals contained in Underwriting Packages must be reported on the most recent version of the Uniform Residential Appraisal Report (URAR). All appraisals must conform to the Uniform Standards of Professional Appraisal Practice, the Home Valuation Code of Conduct (conventional loans only) and the DCA appraisal guidelines contained in this Guide. The appraiser must complete these forms in a manner that will clearly reflect the thoroughness of his or her investigation and analysis and provide the rationale for the estimate of market value. The Lender must disclose to the appraiser any and all information about the subject property that affects either the marketability of the property or

the appraiser's estimate of its market value.

The property must have been appraised within the six (6) months that preceded the date of the note and mortgage. The appraiser must identify the subject property by its complete property address and legal description. All appraisals must show the census tract or block number in which the subject property is located.

For existing properties, any improvements to the subject property must be completed when the Purchase Package is delivered to us. The appraisal may be based on the "as is" condition of the property if minor conditions exist that do not affect the livability of the property. The Lender must carefully review the appraisal for a property appraised in an "as is" condition to assure that the property does not have any physical deficiencies or conditions that would affect its livability, or health and safety of the occupants.

When there are incomplete items or conditions that affect the livability of the property or physical deficiencies that could affect the soundness or structural integrity of the improvements, the property must be appraised subject to completion of the specific alterations or repairs. In such cases, the Lender must obtain a clear final inspection from an appraiser before they deliver the Purchase Package to us.

For proposed construction, the appraisal may be based on plans and specifications if the Lender obtains a certification of completion before it delivers the Purchase Package to us. This certification should be completed by the appraiser and must be accompanied by photographs of the completed improvements. The appraiser must certify that the improvements are completed in accordance with the requirements and conditions stated in the original appraisal report.

We require certain exhibits to support each appraisal report:

- 1) Clear, descriptive original color digital images or color photographs of the front, back, and street scene of the subject property.
- 2) Clear, descriptive color digital images or photographs that show the front of each comparable sale and that are appropriately identified.
- 3) Certification of completion and value, either as a letter or as a form that provides the necessary information, if applicable.
- 4) A street map that shows the location of the subject property and of all comparables that the appraiser used.
- 5) Any other information, as an attachment or addendum to the appraisal report form, which is necessary to provide an adequately supported estimate of market value.

The appraiser's neighborhood analysis must identify the area (based on common characteristics or trends) that is subject to the same influences as the subject property. The sales prices of comparable properties in the identified area should reflect the positive and negative influences of the neighborhood. The results of the neighborhood analysis should enable the appraiser to define the area from which to select comparables, to understand market preferences and price patterns and to identify any other value influences affecting the neighborhood. The appraiser and the Lender's underwriter must be sensitive to the varying conditions that characterize different types of locations.

If the subject property is located in an area in which there is a shortage of recent truly comparable sales – either because of the nature of the improvements of the subject property or the relatively low number of sales transactions in the neighborhood- and the appraiser utilizes comparables that are not truly comparable to the subject property, the appraiser must adequately document his or her analysis in the appraisal report and explain why such comparable(s) are used.

Any and all additional comments made by the appraiser and the limiting conditions statement must accompany the appraisal in the Underwriting Package.

*311.1
Standards for
Appraisers*

Upon our request, you must furnish evidence that the appraiser has appropriate experience and approvals from the applicable Mortgage Insurers. This generally means that the appraiser:

- a) is a real estate appraiser duly licensed or certified with the State of Georgia;
- b) has successfully completed a nationally recognized basic appraisal course and has appropriate appraisal experience;
- c) has demonstrated a high level of integrity, professional ethics, and technical ability; and
- d) is approved by HUD to perform FHA and/or VA appraisals, as applicable (for Conventional Loans, the FHA or VA status is not required unless there is an accompanying Georgia Dream Second Mortgage Loan (see 311.3).

*311.2
FHA
Appraisals*

For FHA Loans, the appraisal must be accompanied by a HUD Form 92800.5B, "Conditional Commitment/Direct Endorsement Statement of Appraisal Value." For VA Loans, the appraisal must be accompanied by a VA Form 26-1843, "Certificate of Reasonable Value" (CRV) or the Notification of Value letter for automatic approval lenders.

If an FHA Loan is submitted with a VA CRV, photos of the property are not required. We will accept a VA Certification of Reasonable Value that has been converted from a HUD Conditional Commitment or vice versa.

- 311.3 Georgia Dream Second Mortgage Loan Appraisal Requirement* Georgia Dream Second Mortgage Loans must be supported by an FHA appraisal conducted by an FHA-approved appraiser in order to satisfy federal regulatory requirements. The appraisal must reflect that the subject property meets HUD minimum property standards. This applies in cases in which the first mortgage is a Conventional Loan, USDA/RD Leveraged or Guaranteed Loan, as well as if it is an FHA Loan.
- 311.4 FHA Property Disposition Program* Under the Georgia Dream Homeownership Program you may use the FHA appraisal obtained by HUD on FHA Property Disposition Program Loans. It is your responsibility to obtain a copy of the appraisal from HUD and submit it in the Underwriting Package. If the value of the property is less than the sales price, the property is not eligible for a Georgia Dream Loan.
- 311.5 USDA/RD Guaranteed Loans* USDA/RD Guaranteed Loans must be supported by an FHA appraisal conducted by an FHA-eligible appraiser in order to satisfy federal regulatory requirements.
- 312 Loan Closing Documents** All closing documents and legal documents must reference GHFA (Georgia Housing and Finance Authority), not DCA. GHFA is the legal entity that will purchase the Loan from the DCA Lender.
- The Deed to Secure Debt, title policy and survey each must have a legal description of the mortgage property which corresponds exactly with the other documents.
- 312.1 Sales Contract Addendum* Property sellers and Georgia Dream Second Mortgage Applicants must execute the Georgia Dream Second Mortgage Sales Contract Addendum (Form SF-72). Federal law requires that we make the property seller aware that even though the Applicant is using federal funds to purchase the home, the Applicant does not have the power of eminent domain often associated with government activities. Further, the use of federal money through the Georgia Dream Second Mortgage Program does not make the property owner eligible for the relocation assistance that may be associated with federally assisted projects.
- The Georgia Dream Second Mortgage Sales Contract Addendum is not required on Loans under the FHA Property Disposition Program where the Department of Housing and Urban Development is the property seller.

312.2
Warranty Deed

All property purchased under the Georgia Dream Homeownership Program must be conveyed by a Warranty Deed and an interest in the same property granted to you (and subsequently transferred to us) by a Deed to Secure Debt. If the Deed to Secure Debt was closed in the name of MERS[®] (Mortgage Electronic Registry System) as nominee for the Lender, Form SF-44 must transfer the Deed from MERS[®] as nominee for the Lender to GHFA.

312.3
Survey

A survey is required in accordance with the requirements of the Mortgage Insurer. The survey must be signed and sealed by a licensed surveyor or engineer showing the boundaries, improvements, setback lines, easements and encroachments onto or off of the mortgaged property, and certifying whether the mortgaged property or any portion thereof is located in a special flood hazard area as identified by the Mortgage Insurer (see Section 312.6 below).

312.4
Title Insurance Policy

Each Loan must be insured by a mortgagee's title insurance policy on the current standard form of the American Land Title Association in an amount at least equal to the principal amount of the mortgage indebtedness. The title insurance policy must show the insured as the Lender, Mortgage Insurer and successors and assigns as their interest may appear. The title insurance policy must be endorsed to Georgia Housing Finance Authority, showing all recorded transfers and assignments.

The title insurer must be licensed to conduct business in the State of Georgia and approved by Fannie Mae, Freddie Mac, or Ginnie Mae. The policy must insure that the Loan is a valid and recorded first lien on the mortgaged property, except for Second Mortgage Loans, which must be the second priority lien, unless otherwise approved by DCA prior to loan closing. Additionally, the policy cannot be subject to any exceptions other than those previously approved by the Mortgage Insurer. You must receive prior written approval from us for any deviation in the title policy from this requirement.

The Short Form Residential Loan Policy or Master Residential Loan Policy showing the Lender, the Mortgage Insurer, and its successors and assigns as the insured is also acceptable.

When using full title policies for loans with a subordinate Georgia Dream Second Mortgage Loan, Schedule B of the title policy must reference the Georgia Dream Second Mortgage Loan.

312.5
*Hazard
Insurance*

You must ensure that the property securing each Loan is covered by hazard insurance that, at a minimum, meets the following requirements:

- a) *Term.* Policies must be for a period of at least one (1) year. Insurance must be in effect on the date of closing of the Loan
- b) *Ratings.* Policies must be issued by an insurance carrier specifically licensed or authorized by law to transact business within the State of Georgia. The firm must have a financial rating of Class VI or better by Best's Insurance Reports and a Best's general policyholder's rating of B or better. We will allow coverage with a Reinsurance Agreement, whereby an insurer with a classification lower than Class VI is covered by reinsurance from a company satisfying the aforesaid rating requirements
- c) *Fire and Extended Coverage.* Policies must afford protection against loss or damage from fire and other hazards covered by the standard extended coverage endorsement in an amount at least equal to the lesser of the outstanding principal balance of the Loan at the time you deliver it for purchase or the maximum insurable value of the improvements, determined by subtracting the land value as shown on the Uniform Residential Appraisal Report from the final reconciliation of value as calculated on the report
- d) *Mortgagee Clause.* Policies must contain a standard mortgagee clause endorsed in favor of the Lender and/or its successors or assigns, as their interest may appear. Upon assignment of the Loan to GHFA, an endorsement must be obtained which contains the standard mortgagee clause endorsed in favor of GHFA and/or its successors or assigns, as their interest may appear
- e) *Other Hazards.* If you are aware at any time that a mortgaged property is exposed to any appreciable hazard against which standard fire and extended coverage does not afford protection, you must advise us of the nature of the hazard within 10 Business Days of your discovery of the hazard and the additional insurance coverage, if any, which should be obtained or which you have obtained due to the mortgagor's failure to obtain adequate insurance. We may require you to obtain additional coverage, in accordance with the terms of the mortgage documents, as we determine necessary. You are responsible to us for the portion of the loss not covered by insurance if you fail to notify us of the hazard.
- f) *Deductible.* Policies must contain a deductible clause equal to or less than \$1,000.

312.6
*Flood
Insurance*

If any portion of the mortgaged property is located in an area identified by the Federal Emergency Management Agency (FEMA) as an area having special flood hazards (unless the improvements themselves are not located in a special flood hazard area), and if insurance is available under the National Flood Insurance Act of 1968, you must ensure that flood insurance is obtained in the amount of the outstanding principal balance of the Loan or the maximum limit of coverage available under the 1968 Act, whichever is less. A flood insurance policy containing a deductible clause of \$500 or less is acceptable; policies with a higher deductible must be approved by DCA prior to closing. You must also comply with provisions of the Flood Disaster Protection Act of 1973 whenever applicable to any Loan.

312.7
Termite Letters

The property securing each Loan must have been inspected for termites and other pest infestation in accordance with the requirements of the Mortgage Insurer. New construction must be built on ground which has been treated prior to the construction of the property.

If there is evidence of previous infestation, the graph showing locations of the infestation must be attached. If a structural engineering inspection is required by the termite inspector, then you must provide us with a copy of the report. The Applicant must sign the termite letter.

312.8
Note

Each Loan must be evidenced by a properly executed Note, endorsed to GHFA. The endorsement must read "Pay to the Order of the Georgia Housing and Finance Authority Without Recourse." An Allonge for endorsement of the Note, if necessary, will be accepted only if sent with the original Note.

You must include in the Note for Georgia Dream First Mortgage Loans a provision for an enforceable late charge of the monthly principal and interest payment on any installment that is not received by the 15th day after it is due. A late charge of 4% is required on FHA and VA Loans and a late charge of 5% is required for Conventional Loans (including the Georgia Dream First Mortgage Loan portion of Leveraged Loans) and USDA/RD Guaranteed Loans.

312.9
*Georgia
Dream First
Mortgage
Truth-In-
Lending*

GHFA waives the 30 calendar days notice allowed by the FHA Deed and also waives all interest beyond the date of the payment in full. The Truth-In-Lending Disclosure Statement should state that there will not be a prepayment penalty and that the loan can and may be assumed. GHFA does not require or allow a prepayment penalty on any type of Loan.

312.10
*Addenda to the
 Deed*

You must execute and record the appropriate DCA addendum with the Georgia Dream First Mortgage Loan:

- a) for FHA Georgia Dream First Mortgage Loans, you must execute and record the Tax Exempt Financing Rider (Form SF-40); or
- b) for VA, USDA and Conventional Georgia Dream First Mortgage Loans, you must execute the Addendum to the Note (Form SF-42). The original SF-42 must be sent with the original Note.

312.11
*Georgia
 Dream Second
 Mortgage
 Loan
 Closing and
 Purchase*

Georgia Dream Second Mortgage Loans require the following purchase documentation. (See Purchase Package Checklist.)

- a) *Note and Deed.* All Georgia Dream Second Mortgage Loans must be evidenced by the Georgia Dream Second Mortgage Note (Form SF-82) and the Georgia Dream Second Mortgage Subordinate Security Deed (Form SF-84)
- b) *Truth In Lending Disclosure Statement.* All Georgia Dream Second Mortgage Loans must have an original signed Georgia Dream Second Mortgage Truth In Lending Disclosure Statement (Form SF-80).
- c) *Transfer and Assignment (Form SF-44),* All Georgia Dream Second Mortgage Loans must have a completed and signed original recorded Transfer and Assignment (Form SF-44) reflecting the second mortgage loan amount.
- d) *HUD 1 Settlement Statement.* The Georgia Dream Second Mortgage Loan must be shown on Lines 204-209 of the Georgia Dream First Mortgage Loan HUD 1.
 A HUD 1 Settlement Statement for the Georgia Dream Second Mortgage Loan should reflect only the allowable fees in Section 313.1.

The Georgia Dream Second Mortgage Loan will be purchased within three (3) business days of receipt of a complete Georgia Dream Second Mortgage Loan Purchase Package, except as indicated in Section 212.9.

DCA will pay an origination fee on the Georgia Dream Second Mortgage. The origination fee is 1% of the principal amount plus \$100. At the time of funding, the amount disbursed to a DCA Lender will be the original principal balance, plus the origination fee for the Georgia Dream Second Mortgage loan. DCA will wire funds to you for the Georgia Dream Second Mortgage Loan purchase using the wiring instructions that you have provided. Loans originated by USDA/RD are exempt from the origination fee payment for the Georgia Dream Second Mortgage Loan.

**313 Closing Costs
for First
Mortgage
Loans**

The closing costs (whether paid by the property seller or the mortgagor) may not exceed the aggregate of:

- a) The actual amounts expended for the following third party costs:
 - 1) title examination;
 - 2) title insurance;
 - 3) attorney's fees;
 - 4) credit reports;
 - 5) termite reports;
 - 6) tax service fees (\$67.00, if State Home Mortgage is the Servicer);
 - 7) flood certification fees;
 - 8) surveys;
 - 9) photographs;
 - 10) appraiser's fees;
 - 11) filing and recording fees;
 - 12) transfer tax and intangible taxes;
 - 13) mortgage insurance;
 - 14) Georgia Mortgage Licensing per-loan fee (\$6.50);
 - 15) express mail and courier fees paid to company other than Lender;
 - 16) application, processing or underwriting fees, only if paid to an independent third party; and
 - 17) Adverse Market Delivery Charge of 0.25% and MyCommunity Mortgage Loan Level Price Adjustment of 0.5625% payable to GHFA.
- b) The following fees payable to you as a lender:
 - 1) an origination fee of no more than 1.50% of the Georgia Dream First Mortgage Loan amount;
 - 2) an origination fee of no more than 2.00% of the Georgia Dream Rewards First Mortgage Loan amount;
 - 3) FHA 203(k) fees to the extent allowed by FHA; and
 - 4) Other fees

**313.1
Other Fees**

You may charge certain customary lender fees in connection with Georgia Dream First Mortgage Loans. Such fees may not exceed the amount of such fees charged for non-DCA loans, and may not in the aggregate, exceed \$600. The fees may be called an application, processing or underwriting fee, or other similar name, as long as the name is not unique to our Loans and does not include GHFA, Georgia Dream or DCA by name. None of such fees may be based on the size of the Loan.

The Applicant may not pay any application, processing, underwriting or other similar fees attributable to the Georgia Dream Second Mortgage Loan. The only fees which may be collected on the Georgia Dream Second Mortgage Loans are recording fees and the Georgia Residential Mortgage Act (GRMA) fee of \$6.50. You are responsible for complying with all Federal and State legal requirements related to the charging of all fees. You must also ensure that all fees meet the requirements of the Mortgage Insurer.

*313.2
Calculating the
Prepays*

The prepaid expenses which are eligible for payment with the Georgia Dream Second Mortgage Loan proceeds include the amounts required by the Mortgage Insurer to be deposited in the escrow account for property taxes, hazard insurance, homeowner association or condominium fees and prorated interest expenses up to the first payment date.

*313.3
Applicant's
Funds
Required*

The dollar amount of Applicant's Funds Required is based on the purchase price of the home and the Georgia Dream Homeownership Program for which the Applicant applies. Applicant's funds may be a gift or a grant for the Georgia Dream First Mortgage Loan, which must be documented in accordance with standard FHA, Conventional or USDA-Rural Development requirements. Applicant's Funds Required for a Georgia Dream Second Mortgage must be the borrower's funds and may not be from a gift or a grant. The minimum amounts for Applicant's Funds Required are listed below:

- | | |
|--|--|
| a) Georgia Dream First Mortgage Loan | Pursuant to Mortgage Insurer Requirements, if applicable |
| b) Georgia Dream Second Mortgage Loans | \$500, may <u>not</u> be a gift or a grant |
| c) USDA/RD Loans (originated by Rural Development) | \$350 for USDA/RD loans \$50,000 and less

\$500 for USDA/RD loans \$50,001 and over |

The Applicant's Funds Required may be contributed to the transaction prior to closing and/or at closing. Examples of items which must be included in determining the amount contributed by the Applicant include:

- a) earnest money;
- b) credit report fee (paid outside of closing (POC)) (even if credited back at closing);
- c) appraisal fee (POC) (even if credited back at closing);
- d) hazard insurance if paid for by Applicant prior to closing;

- e) homeowner's title insurance if paid for by Applicant prior to closing;
- f) Extension Fees paid (POC) by the Applicant in accordance with Section 205.2 of this Guide;
- g) home inspection fees paid (POC) by the Applicant; and/or
- h) cash brought to closing.

*313.4 Interest
Credit At
Closing*

If the Loan closes during the first seven (7) calendar days of the month, the first payment due date may be no later than the first day of the second complete calendar month after closing. (Example: the Loan closes March 7, the first payment due date may be April 1 with interest credit given at closing or may be May 1 with interest paid at closing). Interest credit given at closing must be shown on the HUD 1 Settlement Statement.

If the Loan closes after the 7th day of the month, the first payment due date must be the first day of the second complete month after closing. (Example: the Loan closes March 17, the first payment due date must be May 1 with interest paid at closing.)

*313.5 Cash
Out At Closing*

We require that the amount of cash paid to the Applicant at the closing of a Loan be no greater than the sum of the Applicant's own funds used for earnest money, credit report, appraisal and application fees, regardless of any greater allowances permitted by the Mortgage Insurer.

*313.6 Taxes
and Special
Assessments*

We require taxes due within 45 days of Loan closing to be paid by the closing attorney. In addition, all outstanding contractors' liens must be satisfied prior to your submission of the Loan to us for purchase.

314 *Loan
Assumptions*

You must make the Applicant aware that when he or she seeks to sell his or her home, if he or she offers a Loan Assumption, the household assuming any Georgia Dream First Mortgage Loan made since 1981 must:

- a) occupy the property as a principal residence;
- b) must be an eligible Applicant as defined in Section 304 of this Guide;
- c) purchase the residence at a price that does not exceed the federal Purchase Price limitations in effect for existing property at the time of the assumption (See Appendix V, "Loan Assumptions");
- d) have a Household Annual Income that does not exceed the limits established by the Internal Revenue Code at the time of the assumption. (See Appendix V, "Loan Assumptions"); and
- e) be aware that as the new owner(s), he or she will be subject to potential Recapture Tax as outlined in this Guide.

When the assumption occurs, the property is considered to be an existing property for our purposes. Thus the new buyer cannot assume the Loan for a Purchase Price that is higher than the federal maximum Purchase Price for an existing property, nor have a higher income than federal law allows at the time of assumption.

315 *High Cost Loans*

The Georgia Department of Community Affairs will not purchase any “High Cost” loans as defined by the Georgia Fair Lending Act (GFLA).

316 *Recapture Tax*

The potential exists for payment of a Recapture Tax imposed by Federal law with respect to all Georgia Dream First Mortgage Loans which close on or after January 1, 1991. In the unlikely event that a Georgia Dream First Mortgage Loan is exempt from the Recapture Tax, we will note such in the Underwriting Approval Letter. Generally, if a Applicant sells or otherwise disposes of the property in the first nine (9) years after the closing, the benefit of the below market loan may be “recaptured” by an increase in the Applicant’s federal income taxes in the year the home is sold or otherwise disposed of.

Not all Applicants under the Georgia Dream First Mortgage Loan Program or the Georgia Dream Second Mortgage Loan Program will owe Recapture Tax when they sell or otherwise dispose of their home. No Recapture Tax is due if:

- a) the home is sold more than nine (9) years after the Georgia Dream First Mortgage Loan closing;
- b) the home is sold as the result of the death of the Applicant;
- c) the home is transferred to a spouse or former spouse incident to divorce and no gain or loss is included in Applicant’s income tax calculation;
- d) the home is sold at a loss; or
- e) in the year the home is sold or disposed of, the Applicant’s income does not exceed the federal income limits for the area based on the household size at the time of the Georgia Dream First Mortgage Loan closing. The limits increase by 5% for each year or part year after closing.

*316.1
IRS Reporting
and
Calculation of
Recapture Tax*

All Applicants will need to complete IRS Form 8828, Recapture of Federal Mortgage Subsidy, when they file their federal income taxes for the year in which the home is sold. (For the purposes of this Section only, the term "sale" includes other types of disposition of the property.) IRS Form 8828 calculates any Recapture Tax that may be due.

The details of the Recapture Tax calculation are included in the Notice to Purchaser of Potential Recapture Tax on Sale of Home (Form SF-50) to which you should refer for additional information. It is important to remember that most Applicants whose homes appreciate an average amount and whose incomes increase modestly will not owe any Recapture Tax. In the event that Recapture Tax is due, it will be only a portion of the Applicant's gain on the sale of the home. The law states that the maximum Recapture Tax is either 50% of the gain on the sale (regardless of whether the Applicant must include that gain as income) or 6.25% of the original Loan amount, whichever is less. Many Applicants will not owe any Recapture Tax.

*316.2
Refinancing*

If the Applicant refinances his or her Loan which is subject to Recapture Tax, the refinancing does not trigger the calculation of Recapture Tax because the property has not been disposed of or sold. If the Applicant does not sell or dispose of the home within nine (9) years of the closing date of the Georgia Dream First Mortgage Loan, a Recapture Tax will not be due. If the Applicant, after a refinance, does sell or dispose of the home within nine (9) years of the closing date of the Georgia Dream First Mortgage Loan, the Notice to Purchaser of Potential Recapture Tax on Sale of Home (Form SF-50) cannot be used to calculate the Recapture Tax, if any, that is due. The assistance of the IRS or a tax preparer will be required to calculate any Recapture Tax due.

*316.3
Assumptions*

If the Loan, which is subject to Recapture Tax, is assumed within nine (9) years of the closing date of the Georgia Dream First Mortgage Loan, calculation of any Recapture Tax due is triggered because the property has been sold or transferred. The Applicant who assumes the Loan will also be subject to Recapture Tax for a nine (9) year period beginning on the date of assumption.

The Servicer of the Loan can provide information to the Applicant about processing the assumption.

*316.4
Lender's
Responsibility*

The Applicant is made aware of the federally imposed Recapture Tax law at the time of Loan application by the disclosure provided in the Application Affidavit (Form SF-12). At Loan closing, you must complete and have the Applicant(s) sign the Notice to Applicant of Potential Recapture Tax on Sale of Home (Form SF-50).

You should be prepared to respond to questions from Applicants about the Recapture Tax, but you should refrain from actually assisting Applicants in calculating their expected tax. There is no way to predict the exact potential tax liability, IF ANY, since it is based on when the Applicants sell their home, their income and family size at the time of sale, and the amount of profit, if any, that they realize from the sale. You should advise the Applicant to consult with a tax advisor or the IRS office for further information.

*316.5
Recapture Tax
Notice at
Closing*

The Notice to Applicant of Potential Recapture Tax on Sale of Home (Form SF-50) must be executed at closing for all Georgia Dream First Mortgage Loans.

Applicants' signatures must appear on page 1 of The Notice to Applicant of Potential Recapture Tax on Sale of Home (Form SF-50) and you must complete the information on page 2 as follows:

- a) *Address of Property.* Insert the street address of the mortgaged property.
- b) *Lending Institution.* Insert the name and address of your company.
- c) *Loan Closing Date.* Insert the date of the closing of the Georgia Dream First Mortgage Loan.
- d) *Federal Subsidized Amount.* Multiply the original Loan amount by 6.25% and insert that number in the blank.
- e) *Targeted Area.* If the mortgaged property is located in one of these counties, complete this item by indicating whether or not the mortgaged property is in a targeted census tract or other Targeted Area.

Chapter 4

Special Georgia Dream Second Mortgage Loan Programs

The Georgia Dream Second Mortgage Program provides a deferred payment Loan for the down payment, closing costs, prepaid expenses or principal reduction associated with the purchase of a home. This Chapter outlines special programs that have unique features using Georgia Dream Second Mortgage Loan funds. The program requirements specific to the Special Georgia Dream Second Mortgage Loan Programs contained in this Chapter must be used in conjunction with the requirements for all Georgia Dream Homeownership Program Loans contained in Chapter 3 of this Guide.

401 ***Protectors,
Educators, and
Nurses (PEN)***

The PEN program provides Georgia's heroes, who help others in times of need, with an increased amount of down payment assistance to assist with the purchase of a home. An Applicant for the PEN program must meet one of the eligible borrower definitions in Section 401.2.

401.1
Loan Amount

The PEN Loan amount is \$7,500. The PEN Loan may not be combined with any other Georgia Dream Second Mortgage Loan Program.

401.2
Eligible Applicants

Applicants must meet the requirements outlined in Chapter 3 of this Guide. In addition, an Applicant must meet the definition of a Protector, Educator, or Nurse (Health Care Workers) as defined below:

- a) Protectors are employees and/or active duty personnel of (i) a police department, sheriff's office, corrections department*, or other law enforcement agency administered by or part of a local, state, or federal government or other political subdivision of the state, that is responsible for the enforcement of the penal, traffic, or highway laws or the incarceration or detention of offenders; (ii) a local, state, or federal fire department, including volunteer firefighters, that are responsible for at least one of the following: natural disaster response, fire suppression, emergency medical response and patient care, fire and injury prevention, arson investigation, hazardous materials, incident response and management, and/or response to acts of terrorism; (iii) the armed forces of the United States of America consisting of the United States Army, United States Navy, United States Air Force, United States Marine Corps, United States Coast Guard; (iv) the

Army National Guard; and/or (v) the Air National Guard.

*Including Homeland Security and/or the correction departments that are administered by a private corporation under State or Federal guidelines.

- b) Educators are employees of (i) a local, city or county school board that is recognized by the state or accredited by a state or regional accrediting association. This would include Head Start programs, Pre-K, elementary and high school teachers and all other employees of a school or board of education; (ii) a private school system that is recognized by the state or accredited by a state or regional accrediting association; (iii) state-certified teachers of a Head Start, Pre-K program or day care provider not connected to a local school board system that can provide evidence of current certification in the state of Georgia at time of DCA underwriting; and (iv) employees of post-secondary institutions.
- c) Nurses (health care workers) are employees of a state licensed health care facility including, but not limited to, hospitals, medical and dental offices, health departments and nursing homes.

*401.3
Eligible Properties*

Properties secured by a PEN Loan must meet the property requirements described in Chapter 3 of this Guide.

*401.4
Use of the PEN
Loan Amount*

The PEN Loan must meet the requirements in Chapter 3 except that the loan amount is \$7,500.

*401.5
Documentation for
DCA
Underwriting
Package*

The following is required in the DCA Underwriting Package as evidence that the Applicant meets the requirement of a Protector, Educator or Nurse (health care worker):

- a) Protector - current pay stub or Verification of Employment (VOE) or letter stating volunteer fire fighter status, if applicable, from an appropriate source as defined in Section 401.2;
- b) Educator – current pay stub or Verification of Employment from an appropriate source as defined in Section 401.2 or evidence that Applicant is a current Georgia certified teacher if not employed by a school

board system or private school system.

- c) Nurse (health care workers) – current pay stub or Verification of Employment from a state licensed health care facility.

**402 CHOICE
(Consumer Homeownership and Independence Choices for Everyone)**

The *CHOICE* program will assist individuals with disabilities who, because of income considerations alone, cannot afford to purchase a home in their community. An applicant for the *CHOICE* program must meet one of the eligible borrower definitions in Chapter 3 of this Guide.

402.1 Loan Amount

The *CHOICE* program Loan amount ranges from \$7,500 to \$10,000 based on the Household Annual Income and the location of the home to be purchased. The *CHOICE* program Loan may not be combined with any other Georgia Dream Second Mortgage Loan Program.

Loan amounts under this program are as follows:

<u>CHOICE Loan Amount</u>	<u>Total Household Income</u>	
	<u>Atlanta MSA *</u>	<u>Balance of State*</u>
\$ 7,500	\$30,000 and Over	\$25,000 and Over
\$10,000	\$29,999 and Less	\$24,999 and Less

* The Applicant’s Household Annual Income cannot exceed the Georgia Dream Second Mortgage income limits as defined in Appendix VII of this Guide.

402.2 Eligible Applicants

All Applicants must meet the income, credit and program requirements of the Georgia Dream Homeownership Program. In addition, *CHOICE* Applicants must be disabled or have a disabled dependent who will be a Household member.

402.3 Eligible Properties

Properties secured by a *CHOICE* Loan must meet the property requirements described in Chapter 3 of this Seller Guide.

402.4 Use of the CHOICE Loan Amount

The *CHOICE* Loan must meet the requirements in Chapter 3 except that the loan amount may be \$7,500 or \$10,000 based on the total household income.

402.5
*Documentation for
 DCA
 Underwriting
 Package*

Applicants must provide documentation to the Lender verifying the status of the disability and dependency. Eligible documentation will include either (1) a Social Security Disability Determination Letter or (2) a certified denial from SSI which states that a disability exists but the applicant is not income eligible for funds, or documentation from an acceptable medical source that indicates the existence of an impairment listed on the Social Security Administration's website "listing of Impairments", www.ssa.gov/disability/professionals/bluebook/listing-imparments.htm. and (3) evidence of dependent status (if applicable). A disability determination is only acceptable for the applicant, the applicant's spouse or a dependent of an applicant.

In addition, all participants must provide evidence that they have completed comprehensive individualized housing counseling from a DCA or HUD approved Housing Counseling Agency or a certified housing counselor.

403 ***Single Family
 Development***

The Single Family Development Second Mortgage loan program is designed to encourage the construction, rehabilitation and purchase of homes developed under the Georgia Department of Community Affairs' Single Family Development Program

403.1
Loan Amount

The Single Family Development Second Mortgage Loan amount is determined by the Georgia Department of Community Affairs upon approval of the developer applications submitted for the Single Family Development Program. The maximum loan amount is \$30,000. The Single Family Development Program Loan cannot be combined with any other Georgia Dream Second Mortgage Loan Program.

403.2
Eligible Applicants

Single Family Development Second Mortgage Loan Applicants must meet the requirements outlined in Chapter 3 of this Guide. In addition, Applicants must be purchasing a home that is constructed or rehabilitated under the Georgia Department of Community Affairs' Single Family Development Program.

- 403.3
Eligible Properties Single Family Development Second Mortgage Loans must be secured by properties that have been constructed or rehabilitated under the Georgia Department of Community Affairs' Single Family Development Program and that meet the requirements of Chapter 3, of this Guide.
- 403.4
Use of the Single Family Development Program Loan Amount The Single Family Development Second Mortgage Loan must meet the requirements of the Georgia Dream Second Mortgage Loan Program in Chapter 3, except that the maximum loan amount is \$30,000.
- 403.5
Documentation for DCA Underwriting or Purchase Package The DCA Underwriting Package must contain a copy of the Single Family Development Program Homebuyer Subsidy Reservation Form (SFD-6) which has been provided by the developer as evidence that the property meets the requirements of the Single Family Development Program.
- 404 ***Signature Communities*** The Signature Communities Second Mortgage Loan program provides local government employees in Signature Communities with an increased amount of down payment assistance to assist them with the purchase of a home. An Applicant for the Signature Communities Second Mortgage Loan program must meet one of the eligible borrower definitions in Section 404.2.
- 404.1
Loan Amount The Signature Communities Second Mortgage Loan amount is \$7,500. The Signature Communities Second Mortgage Loan may not be combined with any other Georgia Dream Second Mortgage Loan Program.
- 404.2
Eligible Applicants Applicants must meet the requirements outlined in Chapter 3 of this Guide. In addition, an Applicant must be a local government employee in the DCA designated Signature Community.
- 404.3
Eligible Properties Properties secured by a Signature Communities Second Mortgage Loan must meet the property requirements described in Chapter 3 of this Guide.
- 404.4
Use of the Signature Communities Loan Amount The Signature Communities Second Mortgage Loan must meet the requirements in Chapter 3 except that the loan amount is \$7,500.

404.5 Documentation for DCA Underwriting Package A current pay stub or Verification of Employment (VOE) or letter stating employment from an appropriate source as defined in Section 404.2 is required in the DCA Underwriting Package as evidence that the Applicant meets the requirement of a local government employee in a Signature Community.

405 Georgia Dream Rewards Second Mortgage Loan Program The Georgia Dream Rewards Second Mortgage Loan Program offers down payment and closing cost assistance to borrowers whose incomes are greater than the maximum income allowed for existing federally funded programs. This assistance comes in the form of a silent second mortgage loan, repaid when the home is sold, refinanced, or no longer used as the principal residence of the borrower.

405.1 Loan Amount The Georgia Dream Rewards Second Mortgage Loan Program amounts are listed below and must be combined with a Georgia Dream Rewards First Mortgage Loan originated by a DCA approved Lender.

\$5,000 if purchase price is \$150,000 or less
 \$7,500 if purchase price is greater than \$150,000

405.2 Eligible Applicants Georgia Dream Rewards Second Mortgage Loan Program Applicants must meet the requirements of the Georgia Dream Second Mortgage Program outlined in Chapter 3 of this guide.

In addition, Applicants must have a low middle FICO credit score of **660** or higher.

405.3 Eligible Properties Properties secured by a Georgia Dream Rewards Second Mortgage Loan Program must meet the property requirements described in Chapter 3 of this guide.

405.4 Household Income Limits The household income limits for the Georgia Dream Rewards Second Mortgage Loan Program are:

Atlanta MSA
 1 or 2 persons \$71,000
 3 or more persons \$82,000

Purchase price up to \$250,000

Statewide

1 or 2 persons	\$61,000
3 or more persons	\$70,000

Purchase price up to \$200,000

*405.5
Applicant Funds
Required*

The Applicant must contribute a minimum of \$1,000 towards the purchase transaction. The \$1,000 must be the Applicant’s own funds and cannot be a gift or grant. Cash paid to the applicant at closing must be no greater than the amount of Applicant’s funds used less the required \$1,000 contribution.

*405.6
Liquid Assets
Limitation*

The Applicant(s) must not have liquid assets in excess of the following amounts at time of loan closing unless the liquid assets over the allowable amount have been or will be consumed by a documented emergency or other extraordinary event beyond the control or planning of the Applicant or will be used in the purchase transaction:

**Asset Limit
Georgia Dream
Rewards First Mortgage**

\$20,000 or 20% of sales price, whichever is greater

**Asset Limit
Georgia Dream Rewards
First Mortgage coupled
with a
Georgia Dream Rewards
Second Mortgage**

\$20,000 or 20% of sales price, whichever is greater

*405.6
Documents for
DCA Underwriting
Or Purchase
Package*

Documentation as listed on the underwriting, closing and purchase package checklists for the Georgia Dream Rewards Second Mortgage Loan Program.

See Checklist Section of this Seller Guide

Chapter 5

Georgia Dream NSP Purchase Program

501 Georgia Dream NSP Purchase Program

The Georgia Dream NSP Purchase Program is funded with proceeds from an allocation of federal funds from the Housing and Economic Recovery Act of 2008 (HERA). Funds may be used for down payment and rehabilitation assistance on NSP eligible properties. Funds may not be applied to closing costs, discount points, or prepaid items.

NSP funds must be used first for repairs to bring the property up to Housing Quality Standards (HQS). Any remaining funds must be used for down payment assistance. If repairs are not needed or are not made a part of the financing, the entire \$14,000.00 must be used for down payment assistance. The Georgia Dream NSP Purchase Program loan will be provided in the form of a subordinate lien that will be released over a five year period at a rate of 20% each year.

502 Eligible Properties

The subject property must be in an area of greatest need as specified in Section 3201(c) (2) of HERA. (Refer to NSP Appendix I for DCA's determination of eligible counties.)

Eligible properties must have been foreclosed and are now Real Estate Owned (REO) by Fannie Mae, Freddie Mac, HUD, VA, the United States Department of Agriculture's Rural Development, another governmental entity, a non-profit organization, a financial institution or mortgage lender which is federally regulated or federally-insured, or a financial institution or mortgage lender which is regulated by Georgia Department of Banking & Finance and has not been debarred. All properties must meet the requirements specified in Chapter 3, Section 309 of this Seller Guide.

All properties must be vacant.

The following one-unit single family property types are eligible for this program:

- Detached
- Attached
- PUD
- Condominium

Manufactured Homes are not eligible.

The subject property must meet HUD's Housing Quality Standards (HQS) Inspection Requirements.

503 Purchase Discount Requirements

Properties purchased under this program must meet the discount requirements of HERA. In order to determine the statutory purchase discount, an appraisal that meets the requirements for property acquired through federally-assisted programs as set forth at 49 CFR 24.103 and completed within 60 days prior to an offer made for the property is required (i.e., within 60 days from the date of the final offer). Refer to link below for requirements:

The sales contract must reflect the NSP Purchase Discount and supporting documentation must be submitted to DCA to support this provision.

The purchase discount must be at least 1.00% from the current market appraised value of the home or property as determined by the required appraisal. NSP requires any purchase of a foreclosed-upon home or residential property be at a discount from the current market-appraised value of the home or property. Such discount shall ensure that purchasers are paying below-market value for the home or property. For purchases under the Georgia Dream NSP Purchase Program, a 1% discount is required. An appraisal for purposes of determining this statutory purchase discount is required.

504 Eligible Loans

The Georgia Dream NSP Purchase Program must be used with a fixed rate FHA, VA, or USDA/RD first mortgage. NSP funds may be used for rehabilitation and down payment assistance. The loan may not be layered with any other type of down payment assistance.

DCA will not fund a Georgia Dream NSP Loan that is not made in conjunction with a new first mortgage loan on the property for the Applicant. Thus, if the Applicant has paid off a previous first mortgage on the property or is seeking to refinance an existing first mortgage, the Applicant is ineligible for the Georgia Dream NSP Purchase Program.

Georgia Dream NSP Loan must be closed in your name as the originating Lender or in the name of an Authorized Originator. In either case, you are fully responsible for all warranties and representations made to us under the Loan Seller Agreement, regardless of who originates and/or packages the Loan.

505 Mortgage Insurance Requirements

All first mortgage loans must be (i) insured by FHA or (ii) guaranteed by VA or (iii) USDA/RD. We expect you to ensure that the Loan meets the requirements of the Mortgage Insurer. You should check with the Mortgage Insurer to verify the precise requirements.

506 Loan Terms

The Loan amount is \$14,000.00 and will be a second mortgage lien closed with a DCA-approved Lender's first mortgage.

The interest rate for the Georgia Dream NSP Loan is 0% per annum.

The Georgia Dream NSP Loan is a second lien with a five year and six month period of affordability with a portion released each year as follows:

20% within the first 18 months of the affordability period
20% within the 19th through 30th month of the affordability period
20% within the 31st through 42nd month of the affordability period
20% within the 43rd through 54th month of the affordability period
20% within the 55th through 66th month of the affordability period
0% after the 66th month of the affordability period

507 Eligible Applicants

Applications will be evaluated in accordance with normal underwriting requirements. Standard FHA, VA, or USDA/RD credit underwriting requirements apply. In addition to meeting FHA or VA underwriting guidelines, all applicants must meet the NSP HUD income requirements of being at or below 120% of Area Median Income. (Refer to NSP Appendix II for Household Income limits)

Borrowers must occupy the property as their primary residence.

Applicants are not required to be first time homebuyers.

Applicants must complete eight (8) hours of homebuyer pre-purchase counseling provided by a HUD-approved housing counseling agency as referenced in Section 306 and Appendix VIII. The homebuyer counseling requirement must be fulfilled using a classroom style, individual (one on one) or a combination of both formats. Online homebuyer education classes will not meet this requirement.

508 Loan Origination

DCA recognizes that there are procedural variations among Lenders. Consequently, the procedures outlined in this section only suggest the sequence of events for loan origination:

1. The Lender is encouraged to provide Applicants who inquire about the Georgia Dream NSP Purchase Program with Georgia Dream NSP Purchase Program information and answer any questions the Applicant may have regarding the Georgia Dream NSP Purchase Program, eligibility requirements, and the loan process.
2. The Lender should advise the Applicant to attend homebuyer education. The Applicant will need to provide the Lender with evidence of completion of pre-purchase homebuyer education. The Lender must include this evidence in the Underwriting Package.
3. The Lender determines if the Applicant is eligible for the Georgia Dream NSP Purchase Program based on information

received for Household Annual Income, Acquisition Cost, and other relevant information. If the Applicant is eligible, the Lender takes a formal application. The Lender is required to obtain completed and signed copies of the NSP Purchase Program documents at Application.

4. The Lender reserves funds pursuant to the Reservation procedures in Chapter 2 of this Seller Guide.
5. The Lender completes credit and compliance underwriting and submits a complete Underwriting Package to DCA for compliance underwriting review and approval.

*508.1
Maximum Rate and
Closing Costs for
First Mortgage*

The interest rate on the Lender's first mortgage may not exceed the current 60-day price for Fannie Mae's 30-year fixed rate mortgages by more than 2.00%. The Lender will need to provide DCA with a copy of the interest rate commitment for the first mortgage loan at the time the loan is submitted for Underwriting review. Please see our website at www.dcaloans.com for a daily listing of the Fannie Mae 60-day rate.

The origination fee may not exceed the maximum allowable by the Mortgage Insurer. However, the total of the origination fee and discount points charged by the Lender may not exceed 2.00%. Such fees may not exceed the amount of such fees charged for non-DCA loans and may not in the aggregate exceed \$600. The fees may be called an application, processing or underwriting fee, or other similar name, as long as the name is not unique to our loans and does not include GHFA, Georgia Dream or DCA by name. None of these fees may be based on the amount of the first mortgage loan.

Refer to Chapter 3, Section 313 for a complete list of closing costs.

509 *NSP
Origination Fee*

The Georgia Dream approved Lender will receive a NSP Origination Fee in the amount of \$900.00 when the loan is funded by DCA.

510 *Issuance of
Reservation*

In order to request a Reservation for the Georgia Dream NSP Purchase Program, you must enter the required information via Lender Online as outlined in Chapter 2 Section 204 of this Guide.

*510.1
Monitoring of NSP
Reservation
Pipeline*

NSP Reservations will be monitored on a daily basis. If the NSP file has not been received by our office 45 days after the date of reservation, the Lender will be contacted for a status update.

If DCA has not received documentation evidencing an active loan after initial contact, the reservation will be cancelled.

If DCA receives evidence of an active loan, the file must be in our office for review no later than 15 days after the expiration

of the initial reservation. If the file is not received within that timeframe, the reservation will be cancelled.

511 Underwriting

DCA has delegated the credit decision on each Loan to our Lenders. Each Loan submitted to DCA for review must meet the requirements set forth in this Guide as well as the applicable Mortgage Insurer's requirements, as determined by the Lender's underwriter.

DCA will underwrite Loans for compliance with the Georgia Dream NSP Purchase Program guidelines prior to issuing an underwriting decision to the Lender.

DCA will not approve or fund a Georgia Dream NSP Loan if the borrower(s), seller(s), realtor(s) or any other parties to the second mortgage transaction appear on the current HUD Debarred or Suspended lists.

512 Property Standards/HQS Inspections

A Housing Quality Standard Inspection (HQS) must be performed on all Eligible Properties. The Lender is responsible for contacting the HQS Inspector and must provide the inspection report to the FHA appraiser prior to the FHA appraiser inspecting the property.

Housing Quality Standards (HQS) are property standards that have been approved by the U.S. Department of Housing and Urban Development for all federally assisted properties to insure that all properties are decent, safe, and sanitary. An HQS Inspection is completed on the most recent HCV Inspection Form, ref handbook 7420.8 form HUD-52580-A (9/00) OMB Approval No. 2577-0169(exp. 9/30/2010). See NSP Appendix III for a list of qualified inspectors.

All eligible properties must meet HUD's HQS property requirements. In addition, all properties must meet the property standards outlined in Chapter 3, Section 310 of this Seller Guide.

513 Appraisals

All appraisals must comply with the requirements listed in Chapter 3, Section 311 of this Seller Guide.

The FHA, VA, or USDA/RD appraiser must be provided with a copy of the HQS Inspection Report and fully executed sales contract. Interior and exterior photos are required.

514 Environmental Review

The Lender must provide evidence that reflects whether or not the project is located in a FEMA-identified Special Flood Hazard area. If the project is located in a Flood Zone, then the applicant must obtain Flood Insurance under the National Flood Insurance Program. This documented coverage must be maintained throughout the period of affordability and copy of the policy declaration must be kept on file.

Evidence must be obtained that reflects any impact to the Coastal Barriers Resource Act.

Evidence must be obtained that reflects whether or not the project involves the sale or acquisition of existing property within a Civil Airport's Runway Clear Zone or a Military Installation's Clear Zone. Acceptable evidence is a map of the appropriate Clear Zone that shows that the project is located outside the area of concern, or a signed letter from the Airport Authority that indicates the project is outside of the affected area.

Documentation must be provided to DCA for review with the underwriting package.

515 Repairs and Final Inspection

You will be responsible for establishing the repair escrow at closing, monitoring repairs, payment of contractors, and obtaining inspection reports to document compliance with the Georgia Dream NSP Purchase Program.

516 Loan Closing Documents

All closing documents and legal documents must reference GHFA (Georgia Housing and Finance Authority), not DCA. GHFA is the legal entity that will fund the Loan.

The Deed to Secure Debt, title policy, and survey each must have a legal description of the subject property which corresponds exactly with the other documents.

Property sellers and Georgia Dream NSP Purchase Program Applicants must execute the Georgia Dream NSP Notice to Seller (Form NSP-72). Federal law requires that we make the property seller aware that even though the Applicant is using federal funds to purchase the home, the Applicant does not have the power of eminent domain often associated with government activities. Further, the use of federal money through the Georgia Dream NSP Purchase Program does not make the property owner eligible for the relocation assistance that may be associated with federally assisted projects.

517 Prepayment

If the Eligible Property is sold, refinanced, or is not occupied as the Borrower's principal residence during the affordability period, the repayment amount will be determined as specified below:

100% within the first 18 months of the affordability period
 80% 19th through 30th month of the affordability period
 60% 31st through 42nd month of the affordability period
 40% 43rd through 54th month of the affordability period
 20% 55th through 66th month of the affordability period

CHECKLISTS

Georgia Dream NSP Purchase Program Underwriting Package Checklist

SHIP ALL FILES TO: UNDERWRITING DEPT.
DEPARTMENT OF COMMUNITY AFFAIRS
60 EXECUTIVE PARK SOUTH, N.E.
ATLANTA, GEORGIA 30329-2231

Acco-Fasten COPIES of all applicable items in the order below (Seller Guide 207.6)

- 1. "Loan Applicant Profile," (Form NSP-10)
- 2. "Reservation Accepted " screen printed from LOL @ time loan reserved
- 3. Copy of Lender's Interest Rate Commitment on First Mortgage
- 4. Cover letter from processor or underwriter
- 5. Total Household Income Worksheet, completed for applicant(s) and adult non-applicant(s) (based on 120% of HUD Area Median Income)
- 6. Borrower NSP Loan Agreement (fully executed)
- 7. Final FNMA Form 1003: "Application"
 - ___ Signed FHA or VA Addendum (page 1 and 2), if applicable
 - ___ Typed, signed and dated by lender and applicant
 - ___ All financing sources listed in details of transaction
- 8. Fully executed "Application Affidavit (Form NSP-12)
 - ___ Annual Income Section complete
- 9. "Affidavit of Adult (18 yrs or older) Non-Applicant Household Member," (Form NSP-15), if applicable
 - ___ Signed by non-applicant and notarized
 - ___ Documentation for all sources of income: current pay stub or similar third party documentation
- 10. "NSP Notice to Seller For the Acquisition of Property with Federal Funds," (Form NSP-72)
 - ___ Signed and dated by all Borrowers
 - ___ Signed and dated by Seller
- 11. Copy of the applicable:
 - a. FHA Form 92900.LT: "FHA Loan Underwriting and Transmittal Summary" and "Direct Endorsement Approval" HUD Form 92900-A, page 3 (must be signed/dated by Lenders Underwriter)
 - b. VA form 26-6393: "Loan Analysis" (must be signed/dated by Lenders Underwriter)
 - c. The final findings report approved through AUS (must be signed/dated by Lenders Underwriter)
- 12. Internal Underwriting Approval with conditions listed
- 13. Scratch application, signed and dated by Lender and Borrower(s)
- 14. Copy of First & Second Mortgage Good Faith Estimates
- 15. Federal Tax returns for each Borrower for the most recent year or IRS Filing Status Verification (IRS Letter 1722 with printouts) and current years W-2 form. **(State tax returns not required)**
 - ___ Signed by Borrower(s)
 - ___ Number of dependents consistent with loan application?
- 16. Verbal Verification of Employment or documentation required from DU or LP (Seller Guide 305.4)
- 17. Verification of Income dated within forty five (45) days of your underwriting decision
 - ___ Copy of most recent paystub for borrower and co-borrower, must reflect year-to-date earnings
 - ___ Other sources of income such as child support, SSI, etc
- 18. Bank Statement(s) for the most recent 30 day period dated within forty- five (45) days of your underwriting decision
 - ___ Explanation for non-payroll deposits greater than \$300 over a 1010 warning (attached)
 - ___ Assets on bank statement(s) must agree with figures on 1003 and Automated Underwriting Findings. Seller Guide 304.7
- 19. Copy of HQS Inspection form(s) and license/certification of HQS Inspector

- 20. Sales Contract and applicable Addenda signed by all parties
 - ___ a. NSP Purchase Discount documentation (NSP-72 and copy of Current Market Appraisal with legible photo)
 - ___ b. Addendum referencing disclosure of Lead-Based paint and Lead-Based paint hazards if property built prior to 1978
 - ___ c. Copy of title work w/chain of title
 - ___ d. Copy of recorded Deed Under Power
- 21. Uniform Residential Appraisal Report and all attachments including legible photographs (interior & exterior) with one of the following, if applicable:
 - a. If VA Loan, VA Form 26-1843: "Certificate of Reasonable Value" or VA Notification of Value Letter (must be signed/dated by Lenders Underwriter) along with the VA Case Number Assignment and CAIVRS
 - b. If FHA Loan, FHA Form 92800.5B: "Conditional Commitment/Direct Endorsement Statement of Appraised Value" (must be signed/dated by Lenders Underwriter) along with the FHA Case Number Assignment, CAIVRS, LDP/GSA Appraisal can be emailed.
 - c. Market Appraisal must have five year sales history and Certificate of Appraiser to meet NSP guidelines.
 - d. Copy of all invoices from Appraiser(s), HQS Inspection(s), and Final Inspection(s)
- 22. FEMA Flood Certification
- 23. Home Buyer Education Certificate of Completion must be within 12 months of date of commitment date from DCA

GEORGIA DREAM NSP PURCHASE PROGRAM
Closing Checklist
(Documents to send to Closing)

- 1. Form NSP-82 - "Georgia Dream NSP Purchase Program Note"
- 2. Form NSP-84 - "Georgia Dream Second Mortgage NSP Purchase Program " Subordinate Deed to Secure Debt"***
- 3. Form NSP-44 - "Transfer and Assignment"***
- 4. Form NSP-46 – "Mortgagor's Closing Affidavit"
- 5. Form NSP-80 "Original Truth In Lending Disclosure Statement"
- 6. Form NSP-72 – "Georgia Dream NSP Purchase Program "Notice to Seller" (must have both seller and buyer original signatures)

** This document must be recorded after the First Mortgage Deed.

*** This document must be recorded after the Georgia Dream NSP Purchase Program Subordinate Deed to Secure Debt

GEORGIA DREAM NSP PURCHASE PROGRAM

Funding Package Checklist

SHIP ALL FILES TO: LOAN FUNDING DEPT.
DEPARTMENT OF COMMUNITY AFFAIRS
60 EXECUTIVE PARK SOUTH, N.E.
ATLANTA, GEORGIA 30329-2231

On the right side of folder, Acco-fasten the following:

- 1. Original signed "Loan Funding Profile," (Form NSP-30)
- 2. Copy of First Mortgage Note
- 3. Copy of HUD-1 Settlement Statement for first and second mortgage loans and all attachments including:
 - Addendum to HUD-1 Settlement Statement, if applicable
 - Acknowledgement and Receipt of Settlement Statement
- 4. Copy of the signed First Mortgage Deed to Secure Debt with "Waiver of Borrower's Rights and Closing Attorney's Affidavit" attached
- 5. Copy of Title Insurance Binder/Commitment or Original or copy of Short Form Policy for first mortgage
Copy of final title work with chain of title
- 6. Copy of the Survey, if applicable
- 7. Original "Mortgagor's Closing Affidavit" (Form NSP-46)
- 8. Copy of Truth in Lending Statement for the First Mortgage Loan
- 9. Clear termite letter with attachments, if applicable
- 10. Copy of the signed " Georgia Dream NSP Second Mortgage Loan "Subordinate Deed To Secure Debt," (Form NSP-84)
- 11. Copy of interim Transfer and Assignments, if applicable
- 12. Copy of the "Transfer and Assignment," (Form NSP-44) transferring the Georgia Dream NSP Second Mortgage to GHFA
- 13. Original Georgia Dream NSP Second Mortgage Truth in Lending Disclosure Statement (Form NSP-80)

On the left side of the folder, Acco-fasten the following:

- 1. Original "Georgia Dream NSP Second Mortgage Note," (Form NSP-82) endorsed to GHFA
- 2. Any documents required to clear conditions in the Underwriting Approval letter for Georgia Dream Georgia Dream NSP Second Mortgage Loans
- 3. Original executed NSP Second Mortgage Loans Notice to Seller (Form NSP-72)

GEORGIA DREAM NSP PURCHASE PROGRAM Final Documents Checklist

SHIP ALL DOCUMENTS TO: FINAL DOCUMENT DEPT.
DEPARTMENT OF COMMUNITY AFFAIRS
60 EXECUTIVE PARK SOUTH, N.E.
ATLANTA, GEORGIA 30329-2231

- 1. Copy of the Final Documents Letter sent to you by DCA after purchase
- 2. Original, recorded "Georgia Dream NSP Second Mortgage Loan " Subordinate Deed to Secure Debt"**, (Form NSP-84 and evidence of payment of intangible tax)
- 3. Original, recorded "Transfer and Assignment" of the Georgia Dream NSP Mortgage Loan from you to GHFA, (Form NSP-44)
- 4. Original "Lender Certification," (Form NSP-60)
- 5. Any other documents included in the Final Documents Letter

NSP Second Mortgage Loan # _____

GLOSSARY

Georgia Dream NSP Purchase Program Glossary Terms

“Affordability Period”

means the period starting with the date of the Deed and continuing for 5 ½ years

“Anniversary Period”

means 1 ½ years from the date of the Deed (which would be the first Anniversary) and the same day of each subsequent year through the end of the Affordability Period

“Current Market Appraised Value”

means the current market appraised value means the value of a foreclosed upon home or residential property that is established through an appraisal made in conformity with the appraisal requirements of the URA at 49 CFR 24.103 and completed within 60 days prior to an offer made for the property by a grantee or individual homebuyer.

“Foreclosed”

means a property “has been foreclosed upon” at the point that, under state or local law, the mortgage or tax foreclosure is complete. HUD generally will not consider a foreclosure to be complete until after the title for the property has been transferred from the former homeowner under some type of foreclosure proceeding or transfer in lieu of foreclosure, in accordance with state or local law.

“HERA”

means Housing and Recovery Act of 2008

“Housing Quality Standards (HQS)”

means property standards that have been approved by the US Department of Housing and Urban Development for all federally assisted properties. The OMB Approval No.2577-0169 (exp 9/30/2010) form is utilized for HQS inspections.

“Neighborhood Stabilization Program (NSP)”

means HUD's Neighborhood Stabilization Program that provides emergency assistance to state and local governments to acquire and redevelop foreclosed properties that might otherwise become sources of abandonment and blight within their communities. The Neighborhood Stabilization Program (NSP) provides grants to every state and certain local communities to purchase foreclosed or abandoned homes and to rehabilitate, resell, or redevelop these homes in order to stabilize neighborhoods and stem the decline of house values of neighboring homes. The program is authorized under **Title III of the Housing and Economic Recovery Act of 2008** (HERA).

“NSP Purchase Discount”

means the NSP requirement that any purchase of a foreclosed-upon home or residential property be at a discount from the current market-appraised value of the home or property. Such discount shall ensure that purchasers are paying below-market value for the home or property. For purchases under the Georgia Dream NSP Purchase Program, a 15% discount is required. An appraisal for purposes of determining this statutory purchase discount is required.

APPENDICES

APPENDIX I
 GEORGIA DREAM NSP PURCHASE PROGRAM
 AREAS OF GREATEST NEED

Subject property must be in an area of greatest need.

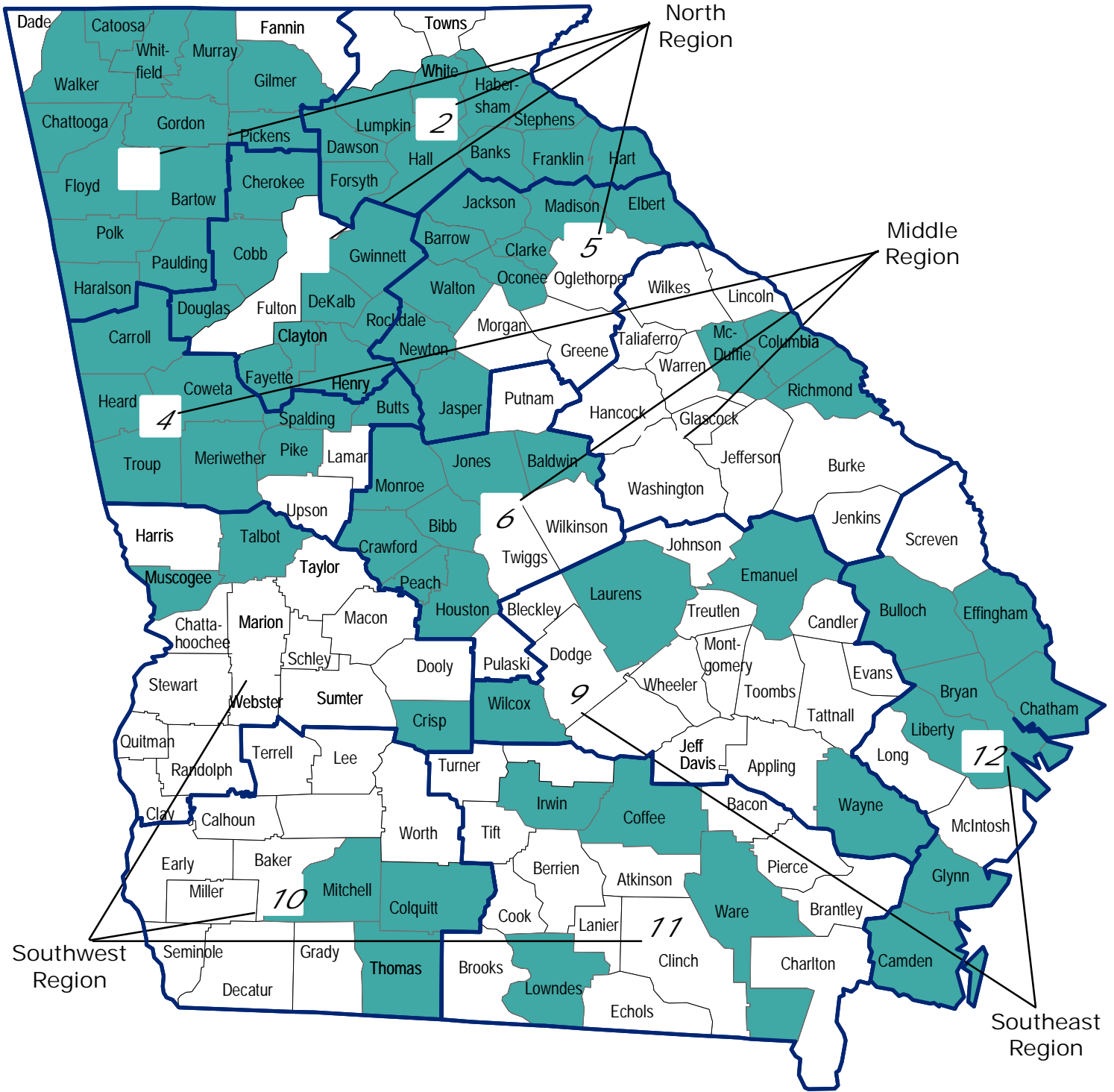
DCA has determined the State's areas of greatest need and potential allocations for all jurisdictions through a calculation that uses the data elements required in Section 2301(c) (2) of HERA. The methodology calculates need on a county basis and ranks all counties based on a methodology that considers the percent and number of actual residential foreclosures (including remnant Residential Owned Properties [REO]), the percent and number of subprime mortgages used to purchase residential properties along with variables that consider residential vacancies and severe housing cost burdens for households with low, moderate and middle incomes.

Additional information on the State of Georgia NSP Needs Analysis and Potential Allocations can be found on DCA's website.

Baldwin	Effingham	McDuffie
Banks	Elbert	Meriwether
Barrow	Emanuel	Mitchell
Bartow	Fayette	Monroe
Ben Hill	Floyd	Murray
Bibb	Forsyth	Muscogee
Bryan	Franklin	Newton
Bulloch	Fulton	Oconee
Butts	Gilmer	Paulding
Camden	Glynn	Peach
Carroll	Gordon	Pickens
Catoosa	Gwinnett	Pike
Chatham	Habersham	Polk
Chattooga	Hall	Richmond
Cherokee	Haralson	Rockdale
Clarke	Hart	Spalding
Clayton	Heard	Stephens
Cobb	Henry	Talbot
Coffee	Houston	Thomas
Colquitt	Irwin	Troup
Columbia	Jackson	Union
Coweta	Jasper	Walker
Crawford	Jones	Walton
Crisp	Laurens	Ware
Dawson	Liberty	Wayne
Dekalb	Lowndes	White
Dougherty	Lumpkin	Whitfield
Douglas	Madison	Wilcox

NSP

Georgia Areas of Greatest Need



Source: Georgia Housing and Finance Authority, 2008
Map prepared by: Georgia Department of Community Affairs, 2009

Appendix II
Georgia Dream NSP Purchase Program
Income Limits by Family Size

FY 2009 Income Limits for 120% of HUD Area Median Income

<u>County/Town Name</u>	<u>1 person household</u>	<u>2 person household</u>	<u>3 person household</u>	<u>4 person household</u>	<u>5 person household</u>	<u>6 person household</u>	<u>7 person household</u>	<u>8 person household</u>
Baldwin County	44450	50800	57150	63500	68550	73650	78700	83800
Banks County	46850	53550	60250	66950	72300	77650	83050	88400
Barrow County	60250	68850	77450	86050	92900	99800	106700	113550
Bartow County	60250	68850	77450	86050	92900	99800	106700	113550
Ben Hill County	39000	44550	50100	55700	60150	64600	69050	73500
Bibb County	46200	52800	59400	66000	71300	76550	81850	87100
Bryan County	49550	56650	63700	70800	76450	82150	87800	93450
Bulloch County	44950	51350	57800	64200	69350	74450	79600	84750
Butts County	46950	53650	60350	67100	72450	77800	83200	88550
Camden County	46850	53550	60250	66950	72300	77650	83050	88400
Carroll County	60250	68850	77450	86050	92900	99800	106700	113550
Catoosa County	47100	53850	60600	67300	72700	78100	83500	88850
Chatham County	49550	56650	63700	70800	76450	82150	87800	93450
Chattooga County	39000	44550	50100	55700	60150	64600	69050	73500
Cherokee County	60250	68850	77450	86050	92900	99800	106700	113550
Clarke County	47450	54250	61000	67800	73200	78650	84050	89500
Clayton County	60250	68850	77450	86050	92900	99800	106700	113550
Cobb County	60250	68850	77450	86050	92900	99800	106700	113550
Coffee County	39000	44550	50100	55700	60150	64600	69050	73500
Colquitt County	39000	44550	50100	55700	60150	64600	69050	73500
Columbia County	46600	53300	59950	66600	71950	77250	82600	87900
Coweta County	60250	68850	77450	86050	92900	99800	106700	113550
Crawford County	46200	52800	59400	66000	71300	76550	81850	87100
Crisp County	39000	44550	50100	55700	60150	64600	69050	73500
Dawson County	60250	68850	77450	86050	92900	99800	106700	113550
DeKalb County	60250	68850	77450	86050	92900	99800	106700	113550
Dougherty County	41250	47150	53050	58900	63650	68350	73050	77750
Douglas County	60250	68850	77450	86050	92900	99800	106700	113550
Effingham County	49550	56650	63700	70800	76450	82150	87800	93450
Elbert County	39000	44550	50100	55700	60150	64600	69050	73500
Emanuel County	39000	44550	50100	55700	60150	64600	69050	73500
Fayette County	60250	68850	77450	86050	92900	99800	106700	113550

Appendix II
Georgia Dream NSP Purchase Program
Income Limits by Family Size

Floyd County	43700	49900	56150	62400	67400	72400	77400	82350
Forsyth County	60250	68850	77450	86050	92900	99800	106700	113550
Franklin County	41100	46950	52800	58700	63350	68050	72750	77450
Fulton County	60250	68850	77450	86050	92900	99800	106700	113550
Gilmer County	40500	46250	52050	57850	62450	67100	71700	76350
Glynn County	46950	53650	60350	67100	72450	77800	83200	88550
Gordon County	44500	50900	57250	63600	68700	73800	78850	83950
Gwinnett County	60250	68850	77450	86050	92900	99800	106700	113550
Habersham County	43250	49450	55600	61800	66750	71700	76650	81600
Hall County	50050	57200	64350	71500	77250	82950	88700	94400
Haralson County	40650	46450	52250	58100	62750	67350	72000	76650
Hart County	41250	47150	53050	58900	63650	68350	73050	77750
Heard County	60250	68850	77450	86050	92900	99800	106700	113550
Henry County	60250	68850	77450	86050	92900	99800	106700	113550
Houston County	55200	63050	70950	78850	85150	91450	97750	104050
Irwin County	39000	44550	50100	55700	60150	64600	69050	73500
Jackson County	47900	54700	61550	68400	73850	79350	84800	90300
Jasper County	60250	68850	77450	86050	92900	99800	106700	113550
Jones County	46200	52800	59400	66000	71300	76550	81850	87100
Laurens County	40250	46000	51750	57500	62100	66700	71300	75850
Liberty County	39000	44550	50100	55700	60150	64600	69050	73500
Lowndes County	41350	47250	53150	59050	63750	68500	73200	77950
Lumpkin County	48300	55200	62100	69000	74500	80050	85550	91100
McDuffie County	46600	53300	59950	66600	71950	77250	82600	87900
Madison County	47450	54250	61000	67800	73200	78650	84050	89500
Meriwether County	39550	45200	50850	56500	61050	65550	70100	74600
Mitchell County	39000	44550	50100	55700	60150	64600	69050	73500
Monroe County	53500	61150	68800	76450	82550	88650	94800	100900
Murray County	43000	49150	55300	61450	66350	71250	76200	81100
Muscogee County	42850	48950	55100	61200	66100	71000	75900	80800
Newton County	60250	68850	77450	86050	92900	99800	106700	113550
Oconee County	47450	54250	61000	67800	73200	78650	84050	89500
Paulding County	60250	68850	77450	86050	92900	99800	106700	113550
Peach County	46200	52800	59400	66000	71300	76550	81850	87100
Pickens County	60250	68850	77450	86050	92900	99800	106700	113550
Pike County	60250	68850	77450	86050	92900	99800	106700	113550
Polk County	39400	45000	50650	56300	60800	65300	69800	74300

Appendix II
Georgia Dream NSP Purchase Program
Income Limits by Family Size

Richmond County	46600	53300	59950	66600	71950	77250	82600	87900
Rockdale County	60250	68850	77450	86050	92900	99800	106700	113550
Spalding County	60250	68850	77450	86050	92900	99800	106700	113550
Stephens County	39000	44550	50100	55700	60150	64600	69050	73500
Talbot County	39000	44550	50100	55700	60150	64600	69050	73500
Thomas County	43100	49250	55400	61550	66500	71400	76350	81250
Troup County	42100	48100	54100	60100	64950	69750	74550	79350
Union County	42000	48000	54000	60000	64800	69600	74400	79200
Walker County	47100	53850	60600	67300	72700	78100	83500	88850
Walton County	60250	68850	77450	86050	92900	99800	106700	113550
Ware County	39000	44550	50100	55700	60150	64600	69050	73500
Wayne County	41100	46950	52800	58700	63350	68050	72750	77450
White County	42400	48500	54550	60600	65450	70300	75150	80000
Whitfield County	44450	50800	57150	63500	68550	73650	78700	83800
Wilcox County	39000	44550	50100	55700	60150	64600	69050	73500

HOUSING QUALITY STANDARD INSPECTION RESOURCES

HQS INSPECTOR &/or Contact Person	TEL. NO.	EMAIL ADDRESS	SERVICE AREAS
James Perry (Jim Perry)	770-351-7229	jameswperry@bellsouth.net	Metro Atlanta, Winder, Gainesville, Brasselton, Jefferson, Madison, Monroe and Athens area
John A Settle (John Settle)	912-656-6338	johnasettle@comcast.net	All regions south of I20 to Florida line and east of 175 to Georgia coast
Cook & Associates Consulting (Elayne Cook)	229-382-7416	epcook@bellsouth.net	from Macon south incl SW & SE Ga areas
Jerry Evans (Gerald Evans)	478-731-4742	evanscvcs@gmail.com or www.hqsinspectionsga.com	from Macon south incl SW & SE Ga areas
Gunther & Associates (Andy or Victoria)	770-262-6246 or 770-537-0855	Andreas_Gunther@hotmail.com	Regions 1,3,4,5,6,7,8
John D Fendley (John Fendley)	404-392-3376 or 678-957-6269	Jfendley@CertifiedLiving.com	Region 3, Braselton, Jefferson, Madison, Monroe, Athens area & I-75 corridor to Macon
Housing Authority of DeKalb County (Steve Harben)	404-270-2533		Region 3
Carroll County Housing Authority (Sandra Morris)	678-378-0985	updated# sandraamorris4590@gmail.com	Carroll County only
Bernard J Morosco, Consulting, Training & Inspection; provides on-line HQS Inspection Training	315-794-0825	bernie1603@aol.com or www.morosco.org	All Regions
Building Inspection Service Incorporated (Marvin Goldstein)	888-540-4592 or 215-357-8055	mgoldstein@inspectpro.com	All Regions
Landmark Inspection Services (Beth)	828-894-0450	landmarkinspect.com	All Regions
McCright & Associates (Bruce Dodd)	423-468-1621 or 423-267-1300	bruced@mccright.com or mccright@mccright.com	All Regions
George Haynie (George Haynie)	770-641-9280; cell: 678-234-1485	ghaynie@mindspring.com or www.Scopereport.com	Regions 1, 2 & 3

Appendix III

HQS INSPECTOR &/or Contact Person	TEL NO:	EMAIL ADDRESS	SERVICE AREAS
Standard Services (Stacey Fluellen)	478-731-7549	stacey.fluellen@cox.net or staceyfluellen@att.blackberry.net	All Regions
Parsons Housing Services (Terry or Randi Parsons)	229-251-3701 or 229-444-3242	parsonshousingservices@yahoo.com	Southern Georgia
Accredited Inspection Services, Inc.(James Day)	770-995-0925 or 770-378-9274	jameseday1@msn.com	Regions 1, 2 ,3 & 4
Integrity Home Inspection (Melvin Robinson)	678-521-6454	melvinrobinson@integrityinspect.com	Region 3
Concord Services (Gregory Andrews)	706-444-5244;cell 478-320-2742	Andrews@850964@aol.com	Middle Ga incl Atlanta, Augusta, Albany & Columbus
Madison-Poss & Assoc (Russell Poss)	478-746-7060	www.madison-poss.com	Entire state of Georgia
Robbie Hattaway (Robbie Hattaway)	478-456-2267	rohattaway@yahoo.com	Central Georgia
Premiere Inspections (Delford Murphy)	770-514-9359	www.premiereinspection.com	Atlanta area & south to Columbus, Georgia
A-1 Quality Inspection Company(Rodney Bailey)	706-235-1372	www.inspectGA.com	Region 1
Accurate Home Inspection of Atlanta (Curtis Petty)	404-680-4578	www.findmeaninspector.com	50 mile radius of Atlanta
Safe & Sound Home Inspections (Tyrus Parrish)	678-777-8346	tparrish@safehomeatlanta.com www.safehomeatlanta.com	Regions 1,2, 3, 4 & 5
ALS Inspections LLC (Alvin Smith)	404-405-4753	als@alsinspections.com or www.alsinspections.com	Atlanta Metropolitan Area
AmeriSpec Home Inspection Service (David Bigham)	Athens (706-548-9906); Conyers (770-935-4990); Cell (404- 307-0267)	www.amerispec.biz	All Regions

FORMS

GEORGIA HOUSING AND FINANCE AUTHORITY
Georgia Dream NSP Purchase Program

LOAN AGREEMENT

This Loan Agreement is executed _____, 20____, between _____ (“Borrower”) and _____ (“Lender”).

RECITALS:

A. Borrower has applied to Lender for a loan (the “Loan”) to assist Borrower in purchasing a single-family home that will be Borrower’s principal residence, which home is located at _____, Georgia (the “Property”). The Loan is being made under the Georgia Dream NSP Purchase Program, which is administered by the Georgia Department of Community Affairs (“DCA”).

B. This Agreement will set forth the parties’ agreements relating to the Loan.

For good and valuable consideration, including the making of the Loan, the parties agree as follows:

1. The Loan.

(a) Terms and Security. The Loan amount shall be \$14,000.00, and the Loan is a deferred payment loan. The payment terms, interest rate, and other requirements are specifically set forth in the Promissory Note from Borrower to Lender for the Loan amount (the “Note”), which will be executed contemporaneously with this Agreement or at the closing of the purchase of the Property (the “Closing”). The terms of the Note are incorporated in this Agreement by reference. The payment of the Note shall be secured by a Deed to Secure Debt (the “Deed”) from Borrower to Lender for the Property.

(b) Conditions for Closing and Disbursement. Lender shall not be obligated to close the Loan or disburse any of the Loan proceeds until it has received a copy of the sales contract for the Property, a satisfactory appraisal, confirmation of other funds needed to complete the purchase, and satisfactory proof or confirmation of satisfaction of all other Georgia Dream NSP Purchase Program requirements and the NSP regulations.

2. Use of Loan Proceeds. Borrower shall use the Loan proceeds, first, for repairs needed to bring the Property in compliance with DCA’s Housing Quality Standards and, second, if there are Loan proceeds remaining, for all or part of the down payment on the purchase of Property.

3. Restrictions.

(a) Use and Transfer Restrictions. During the entire “Affordability Period” (as defined below), Borrower or Borrower’s family shall continuously use and occupy the

Property as its principal residence. Borrower shall not lease or voluntarily sell or transfer all or any part of the Property or any interest in the Property during the Affordability Period. Any abandonment of the Property, the filing of a bankruptcy petition by or against Borrower, or other breach of this covenant shall be an "Event of Default." As used in this section, "family" has the same meaning as in the HOME regulations (currently found at 24 CFR §92.1 *et seq.*) and the "Affordability Period" is the period starting on the date of the Deed and continuing for 5-1/2 years from that date. If this covenant is breached before the expiration of the Affordability Period or if Borrower refinances the debt on the Property, the percentage of the Loan amount set forth below shall be subject to recapture by Lender:

100% within the first 18 months of the Affordability period
80% from the beginning of the 19th month through the end of the 30th month
60% from the beginning of the 31st month through the end of the 42nd month
40% from the beginning of the 43rd month through the end of the 54th month
20% from the beginning of the 55th month through the end of the 66th month.

(b) Foreclosure and Revival of Restrictions. Subject to the remainder of this section, if there is an assignment of an FHA mortgage to HUD, or a VA mortgage to the Veterans Administration, or if a person forecloses Borrower's interest in the Property or takes a deed in lieu of foreclosure and such person's mortgage or security deed was prior to the Deed, the restrictions and covenants in this section shall terminate and no longer affect the Property. Notwithstanding such a foreclosure or deed in lieu of foreclosure, however, the covenants and restrictions in the Deed and this section shall be revived and shall remain in force for the remainder of the Affordability Period when and if the owner of record before such foreclosure acquires or obtains any ownership interest in the Property at any time during the Affordability Period.

4. Inspections. Until the Loan is paid in full, Borrower shall permit Lender or its representatives to enter upon the Property to inspect the Property. This provision shall not impose upon Lender any obligation to inspect the Property or any liability for the failure to detect any defect or problem with the Property or for the failure to act with respect to any such defect or problem.

5. Federal Requirements. Borrower shall comply with all regulations governing the NSP Program and all DCA requirements, and the failure to do so shall be an Event of Default. Borrower acknowledges and agrees that the following NSP requirements apply to the Loan: (a) Borrower's total household income cannot exceed 120% of the area median income (b) upon purchase of the Property and during the Affordability Period, Borrower must have fee simple title to the Property; (c) the Property must be the principal residence of Borrower; (d) the Property must comply with all environmental law, rules, and regulations; (e) Borrower must comply with the insurance requirements set forth in the Deed, including obtaining and maintaining fire and hazard insurance on the Property in an amount sufficient to cover the amount of the Loan and any other mortgage encumbering the Property.

6. Indemnification. Borrower shall indemnify Lender, and its officials, officers, agents, and employees against all claims, liabilities, losses, costs, or expenses caused by the performance of this Agreement.

7. Borrower's Representations and Warranties. Borrower warrants and represents as follows (and acknowledges that all of these warranties and representations are material): (a) The matters contained in the Application for the Loan were true and complete in all material respects as of the date of filing and remain true and complete now. (b) No official, officer, agent, or employee of Lender or any member of the immediate family of such person has any interest in this Agreement or any proceeds or benefits from it or the Property. (c) Borrower is not presently debarred, suspended, proposed for debarment, suspension, declared ineligible, or voluntarily excluded from participation in this transaction or the NSP Program by any federal department or agency. (d) Borrower will be the owner in fee simple of the Property and will use it as Borrower's principal residence. (e) All representations and warranties made in this Agreement shall survive the closing of the Loan and the closing of the purchase of the Property.

8. Event of Default. In addition to any other "Events of Default" set forth elsewhere in this Agreement, the following shall constitute Events of Default under this Agreement: (a) Borrower's breach of any covenant under this Agreement, including Borrower's failure to occupy the Property as Borrower's principal residence; (b) a default under the Note or Deed; (c) any warranty or representation in this Agreement is false or materially misleading; or (d) Borrower files or has filed against Borrower any bankruptcy proceeding.

9. Remedies. If an Event of Default occurs, Lender may, in its sole discretion, pursue any or all of the following remedies: (a) immediately suspend or terminate this Agreement; (b) declare the Note immediately due and payable and institute proceedings for its collection; (c) exercise any and all rights under the Deed; and (d) take any other action in law or equity. Lender's rights and remedies under this Agreement, the Note, and the Deed are cumulative. Any election of any right or remedy will not be deemed to be an election of that right or remedy to the exclusion of any other right or remedy.

10. Miscellaneous.

(a) As used in this Agreement, "Borrower" shall mean all persons signing this Agreement and borrowing money from Lender. The word "including" means "including (but not limited to)" unless specifically stated to the contrary.

(b) This Agreement shall be construed, interpreted, and enforced in accordance with Georgia law.

(c) All notices required under this Agreement shall be in writing and addressed to Borrower at the Property address and to Lender at _____, attn: _____. Notice shall be mailed by certified mail, return receipt requested, postage properly prepaid, or hand delivered. Notice shall be deemed given, received, and effective 3 days from the date of mailing or

on the date of delivery. Either party may change the address for notice by giving the other party notice of the new address in compliance with this section.

(d) This Agreement, the Note, and the Deed contain the entire agreement between the parties relating to the subject matter of this Agreement.

(e) This Agreement will inure to the benefit of and be binding upon the parties and their successors, representatives, and assigns.

(f) Borrower agrees to perform any and all further acts and to execute and deliver any and all additional documents which may be reasonably necessary to carry out the terms of this Agreement or correctly set forth the terms of this Agreement.

(g) Borrower may not assign any right, benefit, or obligation of Borrower under this Agreement without Lender’s prior written approval, which Lender may grant or deny in its sole and absolute discretion.

(h) Neither party is an agent or representative of the other. Borrower is solely responsible for procuring and providing all personnel, facilities, materials, and services necessary to perform Borrower’s obligations under this Agreement. Nothing in this Agreement shall be construed to create a partnership or joint venture between the Borrower and Lender, and Borrower acknowledges and agrees that the sole relationship of the parties is that of borrower and lender.

IN WITNESS WHEREOF, the parties have executed this Agreement on the above date.

BORROWER:

Signature

[Printed Name]

Signature

[Printed Name]

LENDER:

By: _____

Title: _____

**Georgia Dream NSP Purchase Program
Loan Applicant Profile**
(Submit with the Underwriting Package)

NSP Reservation # _____ Lender _____ Loan Originator _____ Phone # (____) _____ Fax # (____) _____ Email Address _____ Loan Processor _____ Phone # (____) _____ Fax # (____) _____ Email Address: _____ Person to Receive Underwriting Decision _____ Email Address _____ Phone # (____) _____ Fax # (____) _____ Applicant's Name _____ Co-Applicant's Name _____ _____ Last First Last First Property Address Number and Street: _____ City: _____ Zip Code: _____ County: _____	<p align="center">DCA Use Only</p> <p align="center">Received _____</p> <hr/> Reservation/Commitment Expiration _____
--	--

First Mortgage Loan Type _____ Purchase Price _____ Appraised Value _____ First Mortgage Loan Amount _____ Term of the Loan in Months _____ Interest Rate _____ NSP Mortgage Loan Amount _____ Household Annual Income _____ Census Tract or Block # _____ Year Built _____	Attached/Detached/Condo _____ Number of Rooms _____ Number of Bedrooms _____ Number of Bathrooms _____ Total Square Feet _____ Home Buyer Education Provider _____ Automated Underwriting System _____ Credit Score Used _____ Ratios _____ % _____ %
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Ethnicity:	<input type="checkbox"/> Hispanic or Latino	<input type="checkbox"/> Non Hispanic or Latino
Race:	<input type="checkbox"/> White	<input type="checkbox"/> Black / African-American
<input type="checkbox"/> American Indian / Alaskan Native	<input type="checkbox"/> Native Hawaiian / Other Pacific	<input type="checkbox"/> Asian
<input type="checkbox"/> American Indian/Alaskan Native & White	<input type="checkbox"/> Black / African-American & White	<input type="checkbox"/> Asian & White
<input type="checkbox"/> American Indian/Alaskan Native & Black/African-American		<input type="checkbox"/> Other Multi-Racial

Georgia Dream NSP Purchase Program
Application Affidavit
 (Submit with Underwriting Package)

Georgia Dream
 NSP Loan
 Number: _____

Applicant: _____

Co-Applicant: _____

Subject Property Address: _____

The Georgia Dream NSP Purchase Program offers a loan for a portion of your down payment, and any required repairs. Georgia Housing And Finance Authority is a public corporation and instrumentality of the State of Georgia whose funding is administered by DCA. In administering GHFA funds, DCA acts on behalf of GHFA with respect to any loan you might receive under the Program. Federal law, State law, GHFA's regulations, and DCA's regulations impose a number of requirements upon recipients of these loans. In this document, "Program" means the Georgia Dream NSP Purchase Program.

The Georgia Dream NSP Purchase Program is not a grant. It is a Loan. No payments are due until you (1) sell or transfer your home, (2) refinance your first mortgage, or (3) if, you no longer occupy your home as your principal residence. No interest is charged while you have the Georgia Dream NSP Purchase Program Loan.

PROGRAM REQUIREMENTS

1. Your household income must be within 120% of HUD's area media income limits. If your loan application is approved, at the loan closing you will be required to certify that your household income remains within these income limits. If your income changes before loan closing and exceeds the income limits, you will be disqualified from the Program(s) and you will not be entitled to receive a mortgage loan through DCA's Program(s).

Household Annual Income includes, but is not limited to the list below. Your lender can describe the exclusions from household income.

- a) full amount, before any payroll deductions, of wages and salaries, overtime, commissions, fees, tips, bonuses and other compensation for personal services (including raises expected to take effect prior to closing);
- b) net income from operation of a business or profession;
- c) income from trusts, investments, interest, dividends, royalties, net rental income and other net income from real or personal property;
- d) periodic payments from Social Security (including that received on behalf of children), annuities, insurance policies, retirement funds, pensions, disability or death benefits and other similar types of periodic payments;
- e) payments in lieu of earnings, such as unemployment and disability compensation, worker's compensation and severance pay;
- f) Welfare Assistance, where payments include amounts specifically designated for shelter and utilities; periodic and determinable allowances such as alimony and child support, and regular contributions or gifts received from organizations or persons not residing in the dwelling;
- g) all housing allowances and similar allowances which are not reimbursement for job-related expenses;
- h) all regular and special pay, and allowances of members of the Armed Forces (whether or not living in the dwelling) who are the head of the family or spouse;
- i) relocation payments; undocumented non-payroll deposits to bank accounts, extrapolated to an annualized amount;
- j) earnings up to \$480 annually for each full-time student 18 years or older (excluding the head of household and spouse); and
- k) adoption assistance payments up to \$480 annually per adopted child.

2. You will be required to certify that you intend to use the house for which you are applying for a loan as your principal place of residence. The First Mortgage loan cannot be used to finance the cost of additional land, rental property, a second home, or the expenses of a trade or business.
3. By signing this form you acknowledge and agree that the information and/or documentation submitted in connection with the DCA Programs may be subject to public disclosure.
4. The maximum purchase price of the house you are intending to buy under these Programs is restricted by law and by Program regulations.
5. In the event that you receive a loan(s) under these Programs and it is subsequently discovered that you made a false statement, misrepresentation or misstatement, you may be required to make an immediate and full repayment of the loan(s) and you may also be subject to criminal prosecution.
6. **DUE ON SALE CONSENT.** The following events are payment events under this Program (a) a Transfer before the end of the Affordability Period; (b) at any time during the Affordability Period, Borrower or borrower's family does not occupy the Property as its principal residence; or (c) the filing of a bankruptcy petition by or against Borrower; (d) Lender declares a default under the Deed.

Therefore, having read and understood the above, each of the undersigned being duly sworn, deposes and says under oath and seal, I (we) certify that :

A. HOUSEHOLD SIZE

The following people will occupy the subject property:

List all persons that will occupy the subject property after closing.

	<u>Name</u>	Date of Birth	Form NSP-15 included for Non-Applicant Adults?
Adults (18 or older):	<u>Applicant:</u> _____	_/_/___	
	<u>Co-Applicant:</u> _____	_/_/___	
	_____	_/_/___	_____
Children:	_____	_/_/___	
	_____	_/_/___	
	_____	_/_/___	
	_____	_/_/___	

Total Number of Persons in Household: _____

B. CURRENT ANNUAL HOUSEHOLD INCOME

(On each line indicate the current annual income for all loan Applicants.) My (our) annual Household Income is:

	Applicant	Co-Applicant
Gross full-time salary including overtime and bonuses (including all regular and special pay and allowances of members of the Armed Forces, whether or not living in the dwelling, who are the head of the family or spouse)	\$ _____	\$ _____
Gross part-time salary	\$ _____	\$ _____
Dividends and interest; income from royalties, trusts, and investments	\$ _____	\$ _____
Net business or rental income, or other net income from real or personal property	\$ _____	\$ _____

Periodic payments from Social Security (including that received on behalf of children) annuities, insurance policies, retirement funds, pensions, disability or death benefits, and other retirement benefits	\$ _____	\$ _____
All housing allowances and similar allowances which are not reimbursement for job-related expenses	\$ _____	\$ _____
Payments in lieu of earnings, such as unemployment and disability compensation, worker's compensation and severance pay	\$ _____	\$ _____
Alimony and child support, and regular contributions or gifts from persons not residing in the household	\$ _____	\$ _____
Public assistance and welfare payments; relocation payments	\$ _____	\$ _____
Any other source of income (please specify) _____	\$ _____	\$ _____
TOTAL ANNUAL INCOME	\$ _____	\$ _____
TOTAL ANNUAL INCOME OF ANY NON-APPLICANT HOUSEHOLD MEMBER, if applicable (From Form NSP-15 for each employed household member over the age of 18 listed in section A above)		\$ _____
TOTAL HOUSEHOLD ANNUAL INCOME (addition of annual income of all adults who live in the residence)		\$ _____

E. RESIDENCE REQUIREMENTS

The property is located within the State of Georgia. The property I (we) have contracted to purchase is a single family residence. I (we) will occupy the property as my (our) principal residence not later than 60 days after the date of closing of the loan. The property will be my (our) principal residence and not a vacation or second home. No portion of the property will be used as an investment property or in the conduct of a trade or business (including child care services on a regular basis for compensation) or as a recreational home or rental property. The property does not contain any buildings, portion of any buildings or excess land that will be used to produce income. At the time of this application, I (we) do not intend to rent, sell, assign, or transfer the property at any time within the foreseeable future to any other person for the term of the mortgage loan.

F. CERTIFICATIONS

1. The statements and information set forth in this affidavit and the information submitted in conjunction with my (our) application for a loan under DCA's program, including, but not limited to, all federal income tax forms and data, are true and correct and this information does not contain an untrue statement of a material fact or omit the statement of a fact required to be stated or state any misleading facts;
2. I (we) have read and understood the definition of annual income on page 1 and that by definition, I am (we are) the sole wage earner(s) in the household as defined by DCA, unless otherwise disclosed in Section B of this affidavit and supported by a fully executed Form NSP-15, "Affidavit of Non-Applicant Household Member," submitted with this affidavit;
3. I (we) fully understand that the above statements and the information set forth in this affidavit are material to the application for a mortgage loan from the Program of the Georgia Housing and Finance Authority and the Georgia Department of Community Affairs, are public information and may be subject to public disclosure and/or verification by DCA, and I (we) declare under penalty of perjury, which is a felony offense in the State of Georgia, that the above statements and information are true, correct and complete;
4. I (we) fully understand that in the event that any of the information set forth in this affidavit is no longer true at the time of the loan closing and has changed such that I (we) no longer qualify for a loan under DCA's program, then I (we) will not be entitled to obtain or close the loan;

- 5. I (we) fully understand that in the event that I (we) receive a mortgage loan, I (we) hereby acknowledge that any false statement, representation or misstatement made by me (us) create(s) a legal and binding obligation for me (us) to make immediate and full repayment of the mortgage loan, and may result in a fine and/or imprisonment;

- 6. I (we) fully understand that by financing the applied-for loan through its Program, DCA shall in no event be determined to have made any representations to me (us) with respect to the residence being financed, including, without limitation, the habitability, construction or value of the residence; and
- 7. I (we) fully understand that I (we) hereby release GHFA and DCA and the originating lender from any claims related in any way to my (our) application for this loan or to their verification or enforcement of the requirements of DCA's Program.

Applicant

Date

Co-Applicant

Date

Sworn to and subscribed before me this ____ day of _____,
20____.

Notary Public

My Commission expires on _____

(Notary Seal Affixed Here)

Georgia Dream NSP Purchase Program
Affidavit of Non-Applicant Household Member
 (Submit with Underwriting Package)

This form is to be completed and sworn to by any adult (including the applicant's spouse) who will not sign the Note but will live in the property. Co-signers not intending to live in the property need not execute this form.

CURRENT ANNUAL HOUSEHOLD INCOME

Indicate the total annual income for any adult (18 years of age or older) who will live in the property, but who is not an applicant:

Name of Non-Applicant: _____

Gross full-time salary including overtime and bonuses (including all regular and special pay and allowances of members of the Armed Forces, whether or not living in the dwelling, who are the head of the family or spouse) \$ _____

Gross part-time salary \$ _____

Dividends and interest; income from royalties, trusts, and investments \$ _____

Net business or rental income, or other net income from real or personal property \$ _____

Periodic payments from Social Security (including that received on behalf of children) annuities, insurance policies, retirement funds, pensions, disability or death benefits, and other retirement benefits \$ _____

All housing allowances and similar allowances which are not reimbursement for job-related expenses \$ _____

Payments in lieu of earnings, such as unemployment and disability compensation, worker's compensation and severance pay \$ _____

Alimony and child support, and regular contributions or gifts from persons not residing in the household \$ _____

Public assistance and welfare payments; relocation payments \$ _____

TOTAL ANNUAL INCOME* \$ _____

* Transfer this amount to Form NSP-12, "Application Affidavit," page 3.

I have reviewed all of the statements made in this Affidavit. Nothing has come to my attention that would lead me to believe that any of the statements made in this Affidavit are inaccurate or incomplete.

The undersigned being duly sworn, deposes and says under oath and seal:

By affixing my signature below, I certify that I have read and understood the definition of annual income above and have disclosed all my income.

I fully understand that the above statements and the information set forth in this Affidavit are material to the application for a mortgage loan from the Georgia Housing and Finance Authority ("GHFA") and the Georgia Department of Community Affairs ("DCA"), are public information and may be subject to public disclosure and/or verification by DCA, and I declare under penalty of perjury, which is a felony offense in the State of Georgia, that the above statements and information are true, correct and complete.

Additionally, I fully understand that:

1. In the event that the information set forth in this Affidavit is no longer true at the time of the loan closing and has changed such that the Applicant no longer qualifies for a loan under the Georgia Dream Homeownership Program, then the Applicant will not be entitled to obtain or close the loan; and
2. I hereby release GHFA, DCA and the originating lender from any claims related in any way to their verification or enforcement of the Georgia Dream Homeownership Program requirements.
3. I am a full time student : _____ Yes _____ No

Signature of Non-Applicant

Date

Sworn to and subscribed before me this _____
Day of _____, 20____.

Notary Public

My commission expires _____

(Notary Seal Affixed Here)

**Georgia Dream NSP Purchase Program
Loan Funding Profile**
(Submit with the Funding Package)

NSP Reservation Number _____

First Mortgage Loan Type: FHA VA USDA/RD

Lender _____

Contact _____ Phone #: (____) _____

Email: _____ Fax #: (____) _____

Applicant's Name and Address

Last _____ First _____ Middle _____

Number & Street _____

City _____ County _____ Zip Code _____

Loan Information

First Mortgage Loan:

Second Mortgage Loan:

Closing Date (M/D/Yr.) _____ Date of Note _____

Date to which Interest Paid _____ Loan Amount \$ _____

First Payment Due Date _____

Term in Months _____

Maturity Date _____

Original Loan Amount \$ _____

Mortgage Interest Rate _____

Monthly Payment of P&I \$ _____

Seller certifies that the information contained herein is true and correct, based on normal and prudent business inquiry and that the Loan(s) issued to the Mortgagor identified herein is an (are) eligible Loan(s) in accordance with the terms of the Loan Seller Agreement and Seller Guide.

Legal Name of Seller (Lender) _____

By _____ Date _____

Name _____ Title _____

**Georgia Dream NSP Purchase Program
Transfer and Assignment
(Execute and Record)**

STATE OF GEORGIA
COUNTY OF _____

FOR VALUE RECEIVED, the Undersigned has this day transferred, assigned, sold, conveyed and set over to the Georgia Housing and Finance Authority, 60 Executive Park South, N.E., Atlanta, Georgia 30329, its successors, representatives and assigns, all of its right(s), title and interest(s) in and to a certain Deed to Secure Debt executed (signed, sealed and delivered) by (Borrower) _____ in favor of (Lender) _____

_____ in the principal sum of \$ 14,000.00 dated _____ and recorded in Deed Book _____ commencing at Page _____ in the Office of the Clerk of the Superior Court of _____ County, Georgia.

The Undersigned herein specifically transfers, assigns, sells, conveys and sets over to the Georgia Housing and Finance Authority, its successors, representatives and assigns, the aforesaid Deed to Secure Debt, together with all the powers, options, privileges and immunities contained therein, the property described therein and the indebtedness secured thereby.

The Undersigned this day also has transferred, assigned and sold to the Georgia Housing and Finance Authority, its successors, representatives and assigns, the Promissory Note secured by the aforesaid Deed to Secure Debt and this transfer and assignment of such Deed to Secure Debt is made to secure Georgia Housing and Finance Authority, its successors, representatives and assigns, in the payment of said Promissory Note.

IN WITNESS THEREOF, the Undersigned, pursuant to proper corporate authority, has caused these presents to be duly and properly executed (signed, sealed and delivered) on its behalf, its corporate name to be subscribed hereto and its Corporate Seal to be affixed hereto, by its duly authorized and empowered hereinafter named corporate officers, this _____ day of _____, 20____.

(CORPORATE SEAL)

Signed, sealed and delivered in the presence of _____

(Type or print the legal name of the Lender on the above line)

Witness

By: _____

Name: _____

Title: _____

Notary Public

Attest: _____

My Commission Expires _____

Name: _____

Title: _____

(Notary Public Seal Affixed Here)

Georgia Dream NSP Purchase Program
Mortgagor's Closing Affidavit
 (Execute at Closing And Submit with Funding Package)
DO NOT RECORD

STATE OF _____)
) SS: AFFIDAVIT OF BORROWER(S)
 COUNTY OF _____)

I (we) hereby reaffirm that the statements and information contained in the final Application Affidavit (Form NSP-12) which I (we) executed including without limitation, the computation of Acquisition cost, the disclosure of Household Size, and the computation of current Household Annual Income were true, accurate and complete when made and remain true, accurate, complete and unchanged, or I (we) have prepared and attached hereto complete and accurate information concerning any changes or corrections to such statements and information.

 Borrower's printed name

 Borrower's Signature

 Co-Borrower's printed name

 Co-Borrower's Signature

Sworn to and subscribed before me this _____
 day of _____, 20_____.

 Notary Public

My Commission Expires _____

(Notary Public Seal Affixed Here)

**Georgia Dream NSP Purchase Program
Lender Certification**

Borrower: _____

Lender: _____

Property Address: _____

Closing Date: _____

I, the undersigned, DO HEREBY CERTIFY to the Georgia Housing and Finance Authority (hereinafter, "GHFA") as follows:

1. On the above-referenced Closing Date (hereinafter "Closing Date") the above-referenced Lender (hereinafter "Lender") closed one or more Loans to the above-reverenced Borrower (hereinafter, the "Borrower") in the amount(s) below to finance the purchase of a Single Family Residence located at the above-referenced Property Address (hereinafter the "Property") under GHFA's:

Georgia Dream NSP Second Mortgage Loan	\$ 14,000.00
---	--------------

For Georgia Dream NSP Second Mortgage Loans:

- a. The Purchase Price of the Property does not exceed the applicable limits;
 - b. The Borrower(s) intends to occupy the Single Family Residence as a principal residence within 60 days of the date of closing the Loan; and
 - c. The Borrower(s) has (have) certified and agreed that the Single Family Residence will be used in accordance with the terms and conditions set forth in the loan documents, the Loan Seller Agreement and the Seller Guide, and the Lender knows of no indication to the contrary.
2. The Lender does hereby certify and warrant that:
 - a. The Loan(s) is (are) in conformance with the provisions of the Loan Seller Agreement (which incorporates by reference the Seller Guide) and the Seller has reviewed the Borrower's application and the affidavits and other forms completed by the Borrower for conformity with the eligibility provision of the applicable Program(s);
 - b. The Loan(s) meets the terms and conditions of the Program(s) and has been made to an eligible Borrower to finance a Single Family Residence;
 - c. All information supplied by the Lender to GHFA in connection with the Loan is accurate, and the Lender knows of no material misstatement or omission in information supplied by the Borrower or the Lender in connection with the Loan;
 - d. All required hazard, flood, title and mortgage insurance has been obtained;
 - e. The lien securing the Loan(s) has been perfected by recording and has not been impermissibly satisfied, subordinated or impaired;
 - f. The Loan(s) is (are) not subject to any pledge or assignment, except the assignment to GHFA;
 - g. The Loan creates a valid subordinate mortgage lien on the Property subject only to encumbrances created by, among other things, (i) a first mortgage loan secured by the Property; (ii) a second mortgage loan secured by the Property provided such second mortgage loan has been previously approved in writing by GHFA; and (iii) non-delinquent taxes or assessments, rights-of-way, and other easements and encroachments which do not materially affect the security for the Loan, and the Lender has full right and authority to carry out the sale and delivery of the Loan to GHFA;
 - h. The Loan has been underwritten in accordance with the Seller Guide and with prudent lending practices;
 - i. In making this Loan, the Lender has complied with all applicable laws, rules and regulations; and
 - j. The Loan is properly insured in accordance with the Seller Guide.

3. I certify that the borrower(s), seller(s), realtor or any other parties to the transaction do not appear on the HUD Debarred and Suspended lists.

4. I am an officer of the Lender, duly authorized and empowered to execute this Certificate by and on behalf of Lender.

IN WITNESS WHEREOF, I have hereunto set my hand this _____ day of _____, 20_____.

LENDER'S NAME _____

BY _____

Officer's Signature

Officer's Title

Printed or Typed Name

**Georgia Housing and Finance Authority
 Georgia Dream NSP Purchase Program
 NSP – Notice to Seller
 For the Acquisition of Property with Federal Funds**

This Notice is for the property located at _____ between the following parties:

Buyer: _____ Address: _____

Seller: _____ Address: _____

The Buyer is seeking NSP funds to acquire property owned by the Seller. Please be informed of the following:

-Voluntary Sale –

1. The Buyer does not have the authority to use eminent domain.
2. Because this is a voluntary transaction, the Buyer will not be able to acquire the property offered for sale if negotiations fail to result in an amicable agreement.
3. The Buyer will inform the Seller of the estimated Fair Market Value of the property prior to acquiring the property.
4. Even though federal funds will be used in the acquisition of the property, the Seller WILL NOT be entitled to any relocation benefits.
5. As of the date the contract was executed and/or any time thereafter, the property must be vacant.

-Environmental Requirements- The Neighborhood Stabilization Program (NSP) requires that the environmental effects of each activity carried out with Federal funds comply with the provisions of the U.S. Dept. of Housing and Urban Development's (HUD) regulations implementing the National Environmental Policy Act of 1969 (NEPA) and the related authorities listed in HUD's implementing regulations at 24 CFR Parts 58. An environmental review must be conducted considering Federal laws, authorities, and regulations which address noise, air quality, historic properties, floodplains, wetlands, water quality, solid waste disposal, man-made hazards, farmlands protection, wild and scenic rivers, coastal areas, endangered species and others.

In accordance with 24 CFR Part 58, recipients, owners, developers, sponsors or any other third party partners **CAN NOT** take any physical actions on a site, begin construction, commit, expend, or enter into any legally binding agreements that constitute choice limiting actions for any HUD or non-HUD funds before the environmental review process has been completed. **Any violation of the environmental statute of regulations will result in the immediate termination of the NSP funds reservation.**

-Purchase Discount- In accordance with NSP requirements, properties purchased with NSP funds must be acquired at a discount of a minimum of 15% from the current appraised value of the property. The appraised value of the property to determine the estimated Fair Market Value is \$_____.

Signature of Buyer _____ Date _____ Signature of Buyer _____ Date _____

Acknowledgement of Receipt by Seller**

Seller: _____ Date: _____

**** (Acknowledgement may be in the form of a signature, evidence of receipt by fax, or copy of time/date stamp evidencing receipt by Seller)**

For additional information, please contact:
 Patsy Hobbs at 404-679-0618 or Martha Forest at 404-679-0613

**Georgia Housing and Finance Authority
 Georgia Dream NSP Purchase Program
 NSP – Notice to Seller
 For the Acquisition of Property with Federal Funds**

This Notice is for the property located at _____ between the following parties:

Buyer: _____ Address: _____

Seller: _____ Address: _____

The Buyer is seeking NSP funds to acquire property owned by the Seller. Please be informed of the following:

-Voluntary Sale –

1. The Buyer does not have the authority to use eminent domain.
2. Because this is a voluntary transaction, the Buyer will not be able to acquire the property offered for sale if negotiations fail to result in an amicable agreement.
3. The Buyer will inform the Seller of the estimated Fair Market Value of the property prior to acquiring the property.
4. Even though federal funds will be used in the acquisition of the property, the Seller WILL NOT be entitled to any relocation benefits.
5. As of the date the contract was executed and/or any time thereafter, the property must be vacant.

-Environmental Requirements- The Neighborhood Stabilization Program (NSP) requires that the environmental effects of each activity carried out with Federal funds comply with the provisions of the U.S. Dept. of Housing and Urban Development's (HUD) regulations implementing the National Environmental Policy Act of 1969 (NEPA) and the related authorities listed in HUD's implementing regulations at 24 CFR Parts 58. An environmental review must be conducted considering Federal laws, authorities, and regulations which address noise, air quality, historic properties, floodplains, wetlands, water quality, solid waste disposal, man-made hazards, farmlands protection, wild and scenic rivers, coastal areas, endangered species and others.

In accordance with 24 CFR Part 58, recipients, owners, developers, sponsors or any other third party partners **CAN NOT** take any physical actions on a site, begin construction, commit, expend, or enter into any legally binding agreements that constitute choice limiting actions for any HUD or non-HUD funds before the environmental review process has been completed. **Any violation of the environmental statute of regulations will result in the immediate termination of the NSP funds reservation.**

-Purchase Discount- In accordance with NSP requirements, properties purchased with NSP funds must be acquired at a discount of a minimum of 1% from the current appraised value of the property. The appraised value of the property to determine the estimated Fair Market Value is \$_____.

Signature of Buyer _____ Date _____ Signature of Buyer _____ Date _____

Acknowledgement of Receipt by Seller**

Seller: _____ Date: _____

**** (Acknowledgement may be in the form of a signature, evidence of receipt by fax, or copy of time/date stamp evidencing receipt by Seller)**

For additional information, please contact:
 Patsy Hobbs at 404-679-0618 or Martha Forest at 404-679-0613

**Georgia Housing and Finance Authority
Georgia Dream NSP PURCHASE PROGRAM
Truth-in-Lending Disclosure Statement**

Lender: _____

Date: _____

Lender's Address: _____

Borrowers: _____

Property: _____

ANNUAL PERCENTAGE RATE	FINANCE CHARGE The dollar amount the credit will cost you.	AMOUNT FINANCED The amount of credit provided to you or on your behalf.	TOTAL PAYMENTS The amount you will have paid after you have made all payments as scheduled.
0%	N/A	14,000.00	14,000.00

(Georgia Dream NSP Purchase Program Loan Amount)

(Georgia Dream NSP Purchase Program Loan Amount)

Payment Schedule:

NUMBER OF PAYMENTS	AMOUNT OF PAYMENTS	PAYMENTS ARE DUE
Due upon sale, refinance or transfer of property.		
100% within the first 18 months of the affordability period		
80% 19 th through 30 th month of the affordability period		
60% 31 st through 42 nd month of the affordability period		
40% 43 rd through 54 th month of the affordability period		
20% 55 th through 66 th month of the affordability period		
0% after 66 th month of the affordability period		

Demand Feature: This loan does not have a Demand Feature.

Variable Rate Feature: N/A

Security: You are giving a security interest in the property located at: _____

Assumption: May assume, subject to lender's conditions.

Late Charges: N/A

Pre-payment: N/A

You are not required to complete this agreement merely because you have received these disclosures or signed a loan application.

I/We hereby acknowledge reading and receiving a complete copy of this disclosure.

Borrower Signature Date

Borrower Signature Date

**GEORGIA HOUSING AND FINANCE AUTHORITY
GEORGIA DREAM NSP PURCHASE PROGRAM
PROMISSORY NOTE**

_____, 20_____

(city) (State)

(Property Address)

FOR VALUE RECEIVED, the undersigned (“Borrower”) promises to pay to the order of _____ (“Holder”), at _____, or such other place as Holder may direct, \$14,000.00 (the “Loan”).

1. Definitions. In addition to terms defined elsewhere in this Note, the following terms shall have the following meanings: “Affordability Period” means the period starting with the date of the Deed and continuing for 5-1/2 years; “Anniversary” means 1-1/2 years from the date of the Deed (which would be the first Anniversary) and the same day of each subsequent year through the end of the Affordability Period; “Borrower” means and includes all persons signing this Note; “Borrower’s Investment” means the amount of any down payment Borrower made when purchasing the Property (not including any part of the down payment made with Loan proceeds) plus all capital improvements to the Property made with Borrower’s funds (“Borrower’s funds” shall not include Loan proceeds or Senior Loan proceeds), the amount of which must be documented to the satisfaction of Holder in order to be included in the Borrower’s Investment; “Deed” means the Subordinate Deed to Secure Debt and Security Agreement from Borrower to Holder, transferring the Property and securing the Loan; “Default Rate” means an interest rate of 10% per year, compounded annually; “family” has the same meaning as under the HOME regulations (currently found at 24 CFR §92.1 et seq.); “Fraudulent Transfer” means a voluntary Transfer for less than fair market value, which Holder reasonably determines was made for the purpose of avoiding all or part payment under this Note or terminating the Affordability Period early or both; “including” means “including, but not limited to;” “Loan Amount” means the amount of the Loan plus any amounts Borrower owes under the Deed; “Loan Documents” means this Note, the Deed, and any other agreement or document relating in any way to the Loan; “Net Proceeds” means the gross amount Borrower receives for a Transfer less any payment on any Senior Loan plus any closing costs that Borrower is obligated to pay in

connection with the Transfer, such as real estate commissions, attorney's fees, and the transfer tax; "Payment Event" is an event described in section 5; "Property" means the real property conveyed by the Deed, as more particularly described in the Deed; "Senior Loan" means a loan of Borrower that has an interest in the Property superior to Holder's interest; "Transfer" means any lease or a voluntary sale of all or any part of the Property or any interest in the Property or a refinancing of the debt owed on the Property.

2. Payment.

(a) Time and Amount of Payment. There will be no required regular monthly or annual payments under this Note. If there is no Payment Event before the end of the Affordability Period, Borrower shall not be obligated to pay Holder any part of the Loan Amount. If, however, there is a Payment Event before the end of the Affordability Period, at the time of the Payment Event, Borrower shall pay Holder the amount specified below (the "Amount Due"):

<u>Date of Payment Event</u>	<u>Part of Loan Amount to be Paid</u>
Before first Anniversary	100%
From first Anniversary and before second Anniversary	80%
From second Anniversary and before third Anniversary	60%
From third Anniversary and before fourth Anniversary	40%
From fourth Anniversary and before fifth Anniversary	20%

For example, if a Payment Event occurs between the second and third Anniversary and the Loan Amount is \$14,000.00, the Amount Due to Holder would be \$8,400.00. Notwithstanding the foregoing, however, if the Payment Event is the filing of a bankruptcy petition by or against Borrower, the amount due under this section shall be 100% of the Loan Amount.

(b) Source of Payment and Proration. The Amount Due shall be payable from the Net Proceeds if the Transfer is a sale of the Property. If the Net Proceeds are more than the Amount Due plus the amount of the Borrower's Investment, any excess shall belong to Borrower. If the Net Proceeds are less than the Amount Due plus the amount of the Borrower's Investment, Borrower and Holder shall split the Net Proceeds on a prorata basis as follows:

(Amount Due)

(Amount Due + Borrower's Investment) X Net Proceeds = Holder's prorata portion

(Borrower's Investment)

(Amount Due + Borrower's Investment) X Net Proceeds = Borrower's prorata portion

For example, if the Amount Due is \$8,400.00, the Borrower's Investment is \$4,000.00, and the Net Proceeds are \$5,000.00, Holder would be entitled to \$3,387.10 of the Net Proceeds, and Borrower would be entitled to the remainder.

(c) No Net Proceeds. If the Net Proceeds are zero in the case of a Transfer that is a sale of the Property, there will be no Amount Due to Holder.

(d) Application of Payments. Lender will apply any payment first to any charges or other amounts owed under this Note or any other Loan Document, second to any accrued and unpaid interest under this Note, and finally to principal.

(e) Exceptions. If the Payment Event is a Fraudulent Transfer or if any representation made by Borrower in connection with the Loan was false in any material respect when made, notwithstanding subsections (a)-(c), Borrower shall owe Holder the full Loan Amount, including interest at the Default Rate from the date of the Fraudulent Transfer or the date the misrepresentation is discovered (as the case may be) until payment in full. If there is a Fraudulent Transfer, Holder shall be under no obligation to release any collateral for the Loan, including the Deed and the Property, until the Loan Amount has been paid in full, including all accrued interest.

3. Prepayment. Borrower may prepay this Note in full or in part at any time and from time to time without notice, penalty, or prepayment fee, and, if prepaid in full, the Amount Due at the time of the prepayment shall be calculated under section 2(a), using the date of prepayment as if it were the date of a Payment Event.

4. Costs and Fees. If this Note is collected by law or through an attorney at law, in addition to any other amounts owed under this Note, Borrower shall be liable for all costs of collection incurred by Holder, including attorney's fees, whether or not suit is brought and whether incurred in connection with collection, trial, appeal, or otherwise.

5. Payment Events. The following events are "Payment Events" under this Note: (a) a Transfer before the end of the Affordability Period; (b) at any time during the Affordability Period, Borrower or Borrower's family does not occupy the Property as its principal residence; or (c) the filing of a bankruptcy petition by or against Borrower; (d) Lender declares a default under the Deed.

6. Miscellaneous. **Time is of the essence of this Note**. This Note shall be construed and enforced in accordance with Georgia law. As used in this Note, the words "Borrower" and "Holder" shall include their respective heirs, representative, successors and assigns. If there is more than one person signing this Note, each person signing shall be jointly and severally liable with all other persons signing. By signing this Note, Borrower: (a) waives demand, presentment of payment, notice of dishonor and nonpayment, protest, notice of protest, and all other notices and diligence in collecting this Note; (b) agrees to any substitution, addition, subordination, or release of any collateral (including the Property) or of any person primarily or secondarily liable on this Note; (c) agrees that Holder shall not be required first to sue or exhaust its remedies against Borrower or any other liable person or against any collateral (including the Property) in

order to enforce payment of this Note; (d) agrees that Holder may exercise or refrain from exercising any right or remedy that it may have; and (e) agrees that, notwithstanding the occurrence of any of the foregoing, Borrower is liable for all sums due under this Note, unless Holder releases Borrower in writing. No waiver or release by Holder shall be effective unless in writing. A waiver or release with reference to one event shall not be construed as continuing or as a bar to or waiver or release of any subsequent right, remedy, or recourse as to any subsequent event. Borrower waives all homestead and exemption rights it may have under federal or state law, both as to himself and in all of his real and personal property, against the enforcement and collection of the obligations evidenced by this Note. To the extent Borrower has the power to do so; Borrower assigns to Holder a sufficient amount of such homestead or other exempt property as may be set apart in bankruptcy to pay this Note in full with all costs of collection and directs any trustee in bankruptcy having possession of such homestead or exempt property to deliver to Holder a sufficient amount to pay the debt evidenced by this Note. To the extent possible, Borrower appoints Holder as his attorney-in-fact to claim any and all exemptions allowed by law.

IN WITNESS WHEREOF, Borrower has executed this Note.

Borrower

Date: _____

By: _____

Printed Name:

Borrower

Date: _____

By: _____

Printed Name:

After recording,
return to:

**SUBORDINATE DEED TO SECURE DEBT,
RESTRICTIVE COVENANT,
AND SECURITY AGREEMENT**
Georgia Dream/NSP Purchase Program

Closing Date: _____

1. **Grantor:** _____,
whose address is _____
_____.

2. **Lender:** _____,
whose address is _____
_____.

3. **The Loan:** A loan in the principal amount of \$14,000.00.

4. **Loan Documents:** A promissory note evidencing the Loan (the "Note"), this Deed, and any other document or instrument executed by Grantor or any other person in any way pertaining to the Loan.

5. **Maturity Date:** No later than _____, 20____.

6. **Senior Lender:** The "Senior Lender" is _____, its loan to Grantor is the "Senior Loan," and all agreements, promissory notes, deeds, and other documents evidencing, securing, or relating to the Senior Loan are the "Senior

Loan Documents.” Lender hereby subordinates all of its rights, title, interests, and remedies in or relating to the Property and any other collateral Senior Lender may have securing the Senior Loan (collectively, the “Collateral”) to Senior Lender’s rights, titles, interests, and remedies in or relating to the Collateral and agrees that the Loan Documents are subordinate to the Senior Loan Documents. Without limiting the generality of the foregoing, Lender acknowledges and agrees that its rights to any condemnation proceeds, insurance policies or proceeds, bankruptcy claim, foreclosure proceeds, and any other proceeds resulting from the Collateral are subordinate and subject to Senior Lender’s prior rights and the prior payment in full of the Senior Loan, including (but not limited to) any right that Senior Lender may have to approve or disapprove of actions under the Senior Loan Documents. If an Event of Default occurs, Lender will notify Senior Lender in writing (the “Notice”), and, in addition to the cure period that Grantor has (if any), give Senior Lender 60 days from the date of the Notice to cure the default if it is possible for Senior Lender to cure it, and, if Senior Lender does so, Lender shall accept such cure as if it had been made by Grantor. Lender will not exercise any of its remedies under the Loan Documents without first notifying Senior Lender, but Senior Lender’s receipt of the Notice will satisfy the requirements of this sentence.

7. **The Property:** The “Property” is the real property described in **Exhibit A**, together with all improvements, fixtures, equipment, easements, rights-of-way, water rights, other rights, privileges, franchises, tenements, hereditaments, and appurtenances belonging or in any way appertaining to it, including any interest in adjoining road beds (all improvements located on the Property now or in the future shall be referred to as the "Improvements").

8. **Obligations:** This Deed secures the following obligations (collectively, the "Obligations"): (a) the Loan and the Note; (b) all other debts, covenants, agreements, and obligations of Grantor to Lender under the Loan Documents; (c) all future amounts Lender advances to Grantor, on Grantor's behalf, or to protect Lender’s interest in the Property or Collateral; (d) all other debts of any kind, owing now or in the future from Grantor to Lender.

9. **Grant:** For good and valuable consideration, Grantor grants and conveys to Lender the Property in **FEE SIMPLE**. This Deed is a security deed passing legal title under Georgia law and is not a mortgage. This Deed is made to secure the timely payment and performance of the Obligations. The lien of any future advances by Lender shall relate back to the date of this Deed.

10. **Warranties:** Grantor warrants the following: (a) Subject only to Senior Lender’s interests, Grantor has fee simple title to the Property and has legal title to the Collateral. This warranty of title shall survive Lender’s foreclosure of Grantor's interest in the Property and shall be enforceable by any person who may acquire title to the Property by foreclosure or sale under power. (b) Grantor warrants and will defend Lender's title to the Property against the claims of all persons. (c) Except for Senior Lender, Grantor has not granted any other person any interest in the Property or the Collateral.

11. **Restrictive Covenant:** During the entire “Affordability Period” (as defined below), Borrower or Borrower’s family shall continuously use and occupy the Property as its principal residence. Borrower shall not lease or voluntarily sell all or any part of the Property or any interest in the Property during the Affordability Period or refinance the debt on the Property. Any abandonment of the Property, the filing of a bankruptcy petition by or against Borrower, or other breach of this Covenant shall be an “Event of Default.” As used in this section, “family” has the same meaning as in the HOME regulations (currently found at 24 CFR §92.1 et seq.) and the “Affordability Period” is the period starting on the date of this Deed and continuing for 5-1/2 years. If this covenant is breached before the expiration of the Affordability Period, the Loan amount (or a portion of it) shall be subject to recapture by Lender, as more particularly set forth in the Note.

12. **Other Covenants of Grantor:**

(a) **Insurance.** Until all Obligations are paid in full, Grantor shall obtain and maintain in force fire and casualty insurance insuring the Improvements with Lender named as a loss payee under a mortgagee clause acceptable to Lender. Grantor shall pay all premiums on such insurance on a timely basis. If Grantor fails to pay any insurance premium by its due date, Lender may pay the premium. If Grantor fails to maintain the insurance required by this section, Lender may obtain a replacement policy of insurance. If Lender expends funds under this section, Grantor shall on demand reimburse Lender for the amount expended plus interest at the “Default Rate” (as defined in the Note). Promptly upon request, Grantor shall provide Lender with evidence that it is in compliance with this section. The form, amount, coverages, and insurer for the required insurance under this section are subject to Lender’s approval, and Lender may change the requirements, as it deems prudent in its sole discretion. If there is a loss, subject to the rights of Senior Lender, the proceeds of insurance shall be paid to Lender, and Lender may apply the proceeds to the restoration of the Improvements or to the Loan, as Lender determines in its sole discretion.

(b) **Taxes.** Grantor shall pay when due all taxes, assessments, and other charges against the Property or Collateral (each of which is referred to as a "Tax"). If, however, Grantor is not in default under any Loan Document, Grantor may contest the Tax, but Grantor must do so diligently, in good faith, and without prejudice to Lender. If required by Lender, Grantor shall provide satisfactory security to protect Lender's interest. If Grantor intends to contest any Tax, Grantor shall give Lender advance notice and, upon request, shall provide Lender with copies of all documents relating to the proceeding. If Grantor fails to pay any Tax when due, Lender may pay the Tax. If Lender does so, Grantor shall on demand reimburse Lender for the amount paid plus interest at the Default Rate.

(c) **Security Interest.** Grantor grants Lender a security interest in any fixtures or equipment affixed to the Property (collectively, the "Collateral"). Grantor shall execute and deliver to Lender or hereby authorizes Lender to file without Grantor's signature all financing statements, continuation statements, or other instruments requested or deemed necessary or desirable by Lender in order to perfect or maintain the perfection of Lender's

security interest in the Collateral. Grantor shall replace any Collateral from the Property with comparable property. If an Event of Default occurs, Lender shall have all of the rights and remedies of a secured party under the Georgia Uniform Commercial Code. Any sale pursuant to this section shall be deemed a public sale conducted in a commercially reasonable manner if held contemporaneously with a sale under the power of sale granted in this Deed. Lender need not take possession of the Collateral before a sale, and it shall not be necessary that the Collateral be present at the location of such a sale. Grantor shall be liable for all expenses incurred by Lender in exercising its rights in the Collateral.

(d) Inspection Right. Lender or its agents may inspect the Property upon giving Grantor reasonable advance notice.

(e) Miscellaneous Covenants. Without Lender's prior written consent, Grantor shall not grant or create any easement or right-of-way in the Property or consent to any other restrictive covenants. Grantor shall maintain the Property in good condition and repair and shall not cause or permit any waste of the Property or any nuisance on the Property. Grantor shall comply with all applicable laws relating to the ownership, use, or operation of the Property, including any environmental laws or regulations. Grantor shall keep the Property free from all mechanics' or materialmen's liens, judgments, and other liens and shall remove or bond over any such lien within 20 days of the time a notice of lien is filed or it attaches to the Property, whichever is sooner. Grantor shall appear in and defend any action or proceeding purporting to affect the Property or Lender's interest in the Property and notify Lender of the proceeding.

13. **Special Waivers: GRANTOR EXPRESSLY: (A) ACKNOWLEDGES LENDER'S RIGHT TO ACCELERATE THE DEBT AND THE POWER OF ATTORNEY GIVEN IN THIS DEED TO LENDER TO SELL THE PROPERTY BY NONJUDICIAL FORECLOSURE UPON DEFAULT BY GRANTOR WITHOUT ANY JUDICIAL HEARING AND WITHOUT ANY NOTICE OTHER THAN THE NOTICE (IF ANY) SPECIFICALLY REQUIRED UNDER THE PROVISIONS OF THIS DEED; (B) WAIVES ANY AND ALL RIGHTS WHICH GRANTOR MAY HAVE UNDER THE FIFTH AND FOURTEENTH AMENDMENTS TO THE CONSTITUTION OF THE UNITED STATES OF AMERICA, THE VARIOUS PROVISIONS OF THE CONSTITUTION FOR THE SEVERAL STATES, OR BY REASON OF ANY OTHER APPLICABLE LAW, TO NOTICE AND TO JUDICIAL HEARING BEFORE LENDER'S EXERCISE OF ANY RIGHT OR REMEDY, EXCEPT ANY NOTICE SPECIFICALLY REQUIRED BY THIS DEED; (C) ACKNOWLEDGES HAVING READ THIS DEED AND HAVING THE OPPORTUNITY TO ASK ANY AND ALL QUESTIONS REGARDING THE LEGAL EFFECT OF THIS DEED AND ITS PROVISIONS; (D) ACKNOWLEDGES HAVING CONSULTED OR HAVING THE OPPORTUNITY TO CONSULT WITH COUNSEL OF GRANTOR'S CHOICE BEFORE EXECUTING THIS DEED; (E) ACKNOWLEDGES THAT ALL WAIVERS OF RIGHTS HAVE BEEN MADE KNOWINGLY, INTENTIONALLY, AND WILLINGLY; AND (F) AGREES THAT GRANTOR'S RIGHT TO NOTICE SHALL BE LIMITED TO THOSE RIGHTS TO NOTICE**

PROVIDED BY THIS DEED OR THE OTHER LOAN DOCUMENTS OR AS REQUIRED UNDER LAW (IF ANY) AND NO OTHER.

14. **Events of Default:** Each of the following constitutes an Event of Default under this Deed: (a) Grantor's failure to perform or observe any covenant in this Deed, the Note or any other Loan Document; or (b) any warranty or representation by Grantor in this Deed is false in any material respect when made.

15. **Remedies:** If an Event of Default occurs and is not cured within 10 days in the case of a monetary default and 30 days in the case of a non-monetary default, Lender may declare a default under this Deed and, if Lender does so, in addition to any other rights or remedies Lender may have, Lender may exercise one or more of the following remedies:

(a) **Possession.** Lender may enter upon and take possession of the Property (without the appointment of a receiver or application for one) and do all acts which may be desirable in Lender's judgment to preserve the Property's value, its marketability, or the ability to rent the Property or increase the income from it. If Lender takes possession, it may employ an agent or agents to manage, operate, and lease the Property, either in its own name or in the name of Grantor, and may collect the rents and income and apply them to the Obligations (including expenses of operation and collection) in whatever order it chooses in its sole and absolute discretion.

(b) **Specific Performance.** Lender may specifically enforce the provisions of this Deed or any instrument evidencing any part of the Obligations.

(c) **Protective Advances.** In its sole and absolute discretion, Lender may pay any amount deemed appropriate by Lender to protect its interest in the Property and Collateral or cure any Event of Default. The amount of any such payment, with interest from the date of payment at the Default Rate, shall become a part of the Obligations and be due and payable by Grantor to Lender upon demand.

(d) **Acceleration.** Without further notice to or demand upon Grantor, Lender may accelerate the maturity and payment of the entire Obligations, all of which will then become immediately due and payable.

(e) **Power of Sale.** (1) Lender may sell the Property at public auction at the usual place for conducting sales at the courthouse in the county where the Property or any part of it is located to the highest bidder for cash, first advertising the time, terms, and place of such sale by publishing a notice of the sale once a week for four consecutive weeks (without regard to the actual number of days) in a newspaper in which sheriff's advertisements are published in the county, and Grantor waives all other notice. Lender may execute and deliver to the purchaser at the sale a sufficient conveyance of the Property in fee simple, which conveyance may contain recitals about the default upon which the execution of the power of sale depends, and the recitals shall be presumptive evidence of due compliance with all acts prerequisite to the sale. Lender and its agents and representatives may bid and purchase at any such sale. At any sale under the power

granted in this Deed or a sale pursuant to any judicial order or otherwise, the Property or any part of it may be sold in one parcel and as an entirety or in such parcels, manner, or order as Lender in its sole discretion may elect.

(2) Grantor hereby constitutes and appoints Lender as its agent and attorney-in-fact to make such recitals, sale, and conveyance, and Grantor hereby ratifies and confirms all acts of its attorney-in-fact. Further, Grantor agrees that such recitals shall be binding and conclusive upon Grantor and agrees that the conveyance by Lender under this power of sale (or by deed in lieu of foreclosure, then as to such conveyance) shall bar all right, title, interest, equity of redemption (including all statutory redemption, homestead, dower, and curtesy), and all other exemptions of Grantor in and to the Property.

(3) In case of such a sale, Grantor or any person in possession of all or any part of the Property under Grantor shall become tenants holding over and shall immediately deliver possession to the purchaser at such sale or be summarily dispossessed in accordance with the provisions of law applicable to tenants holding over.

(4) The power and agency granted to Lender are coupled with an interest and are irrevocable by death, dissolution, or otherwise and are in addition to any other remedies which Lender may have under this Deed or the other Loan Documents, at law, or in equity.

(5) At its option, Lender is authorized to foreclose Grantor's interest in the Property, subject to any superior rights of any tenants of the Property. The failure to make any such tenant a defendant in any such foreclosure action and to foreclose their interests and rights will not be a defense to any action Lender institutes to collect the Obligations or to collect any deficiency. One or more exercises of the powers granted in this Section shall not extinguish or exhaust the power unless the entire Property is sold or the Obligations are paid in full.

(6) The proceeds of any sale or foreclosure under this Deed shall be applied in the following manner: **First**, to payment of all costs of the sale, including legal fees and disbursements, title charges, advertising, commissions, and transfer taxes and payment of any advances by Lender for expenses and liabilities for which Grantor is responsible under this Deed or any of the other Loan Documents; **Second**, to payment of any other previously unreimbursed amounts expended by Lender under this Deed or any other Loan Document, together with interest at the default rate of interest in the Note; and, **Third**, to payment of the Obligations, including interest at the default rate in the Note. Lender shall have the right to apply the proceeds of the sale to the Obligations in whatever order it chooses in its sole and absolute discretion. After application of the sale proceeds as provided above, if there is any surplus, Lender shall pay that surplus to Grantor. If there is a deficiency, Grantor shall immediately pay Lender the amount of the deficiency.

(f) Receiver. In any action to foreclose this Deed or if an Event of Default occurs, Lender may apply for the appointment of a receiver for the rents and income from the

Property or the Property or both. If Lender does so, Grantor agrees that Lender is entitled to the appointment of such a receiver as a matter of right, without regard to the value of the Property as security for the amounts due Lender or the solvency of any person or entity liable for payment of such amounts. Grantor hereby consents to the appointment of such receiver or receivers, waives any and all notices of and defenses to such appointment, and agrees not to oppose any such application by Lender. The appointment of such receiver, trustee, or other appointee by virtue of any court order, statute, or regulation shall not impair or in any manner prejudice Lender's rights to receive payment of the rents and income from the Property pursuant to other terms and provisions of this Deed or any of the other Loan Documents. Any money advanced by Lender in connection with any such receivership shall be deemed part of the Obligations and shall bear interest at the Default Rate (as defined in the Note). The receiver or his agents shall be entitled to enter upon and take possession of any and all of the Property and Collateral to the same extent and in the same manner as Grantor. The receiver or his agents may exclude Grantor and its agents and employees from the Property and may have, hold, use, operate, manage, repair, maintain, insure, and control the Property. At the option of Lender, such receivership shall continue until full payment of all Obligations or until title to the Property is transferred by foreclosure or sale under this Deed.

(g) Remedies Cumulative. The rights and remedies of Lender under this Deed are separate, distinct, and cumulative of other powers and rights that Lender has in law or equity or under the other Loan Documents. No right or remedy of Lender is exclusive; all of them are cumulative to the remedies for collection of debt, enforcement of rights under security deeds, and preservation of security as provided at law, in equity, or under the other Loan Documents. No act of Lender shall be construed as an election of an exclusive remedy, unless Lender indicates so in writing.

16. **Miscellaneous:**

(a) Notices. All notices required under this Deed shall be in writing and shall be deemed given and received 3 days from the date of deposit in the U.S. mail, certified mail, return receipt requested, postage-prepaid; or when hand delivered by the party, an overnight service (such as FedEx), or a courier service. The addresses set forth in sections 1 and 2 shall be used. Grantor or Lender may change the address to which notices are to be sent by giving the other party 10 business days written notice of the change.

(b) No Waiver of Future Compliance. Any indulgence or departure permitted at any time by Lender from any of the provisions of this Deed or with respect to the Obligations shall not modify the same or waive the requirement of future compliance by Grantor. Lender's failure to exercise any right or remedy upon an Event of Default shall not waive Lender's rights or remedies for any subsequent Event of Default.

(c) Nomenclature. If there is more than one person signing this Deed, then "Grantor" means and shall include all such persons. The words "Grantor" and "Lender" shall include their respective successors and permitted assigns and all those holding under either of them. Any reference to the "Note" or to any "Loan Document" shall include any

amendments, substitutions, renewals, extensions, or replacements to or for it. The word "including" means "including (but not limited to)," unless otherwise specifically stated.

(d) Payment of Expenses. Grantor shall pay all of Lender's expenses actually incurred in any efforts to enforce any provision of this Deed, including reasonable attorney's fees and other legal expenses.

(e) Severability. A determination that any provision of this Deed is unenforceable or invalid shall not affect the enforceability or validity of any other provision, and any determination that the application of any provision of this Deed to any person or circumstance is illegal or unenforceable shall not affect the enforceability or validity of such provision as it may apply to any other persons or circumstance.

(f) Section Headings. The headings of the sections and paragraphs of this Deed are for convenience only and shall not affect any of the terms of this Deed.

(g) Governing Law. This Deed will be governed by and construed in accordance with Georgia law.

(h) Amendments. This Deed may be amended or modified only by an instrument in writing signed by Lender and Grantor.

(i) Subrogation. Lender shall be subrogated to any encumbrance, lien, claim, or demand, and to all the rights and security for its payment, paid or discharged by Lender under this Deed, and any such subrogation rights shall be additional and cumulative security for Lender.

(j) Time of the Essence. **Time is of the essence of this Deed.**

(k) Revival of Deed. Subject to the remainder of this section, if there is an assignment of an FHA mortgage to HUD, a VA mortgage to the Veterans Administration, or if a person forecloses Grantor's interest in the Property or takes a deed in lieu of foreclosure and such person's mortgage or security deed was prior to this Deed, this Deed and the restrictions and covenants in it (including the affordability restrictions in section 11) shall terminate and no longer affect the Property. Notwithstanding such a foreclosure or deed in lieu of foreclosure, however, this Deed and the covenants and restrictions in it shall be revived and shall remain in force for the remainder of the Affordability Period when and if the owner of record before such foreclosure acquires or obtains any ownership interest in the Property at any time during the Affordability Period.

IN WITNESS WHEREOF, Grantor has duly executed and sealed this Deed on _____.

Signed, sealed, and delivered
in the presence of:

Unofficial Witness

Notary Public

[Notarial Seal]

Total Household Income Worksheet

Input total income for applicant, co-applicant, and adult non-applicant pursuant to Chapter 3 of this Seller Guide.

County _____

First Mortgage Income Limit _____

(See Section 305.2)

Family Size _____

Second Mortgage Income Limit _____

(See Appendix VII)

Employment Income (use only one Method for each employer)

Name of Person Employed

Company Name

Method A

Each paycheck is the same and is consistent with current year's VOE.

- 1 Enter gross income from paycheck:
- 2 Enter pay periods per year:
- 3 Multiply line 1 times line 2:

Method B

Gross pay varies and variable income is shown separately from gross pay.

- 1 Enter current base pay:
- 2 Enter pay periods per year:
- 3 Multiply line 1 time line 2:
- 4 Enter YTD variable pay:*
- 5 Enter number of days in YTD:**
- 6 Divide line 4 by line 5:
- 7 Multiply line 6 by 365:
- 8 Add line 3 and line 7:

Method C

*Gross pay varies and variable income is **not** shown separately from gross pay.*

- 1 Enter YTD gross pay:*
- 2 Enter number of days in YTD:**
- 3 Divide line 1 by line 2:
- 4 Multiply line 3 by 365:

Other Income and Non-Applicant Income

Recipient	Source	Multiply Amount Received By Number of Periods in the Year	Total

Non-Payroll Deposits

Bank Name & Account Number	Total of Deposits Not Included Above	Divide Total "Other" Deposits by Number of Monthly Statements and Multiply by 12	

TOTAL OF ALL NUMBERS IN BOLD BOXES

--

(Cannot exceed program income limits)

* If paystub(s) dated prior to July 1, use previous year variable pay + year to date variable pay

** If paystub(s) dated prior to July 1, use 365 + year to date

Georgia Dream Homeownership Program

Year to Date Conversion Chart

<u>January</u>	<u>February</u>	<u>March</u>	<u>April</u>	<u>May</u>	<u>June</u>	<u>July</u>	<u>August</u>	<u>September</u>	<u>October</u>	<u>November</u>	<u>December</u>
1 1	1 32	1 60	1 91	1 121	1 152	1 182	1 213	1 244	1 274	1 305	1 335
2 2	2 33	2 61	2 92	2 122	2 153	2 183	2 214	2 245	2 275	2 306	2 336
3 3	3 34	3 62	3 93	3 123	3 154	3 184	3 215	3 246	3 276	3 307	3 337
4 4	4 35	4 63	4 94	4 124	4 155	4 185	4 216	4 247	4 277	4 308	4 338
5 5	5 36	5 64	5 95	5 125	5 156	5 186	5 217	5 248	5 278	5 309	5 339
6 6	6 37	6 65	6 96	6 126	6 157	6 187	6 218	6 249	6 279	6 310	6 340
7 7	7 38	7 66	7 97	7 127	7 158	7 188	7 219	7 250	7 280	7 311	7 341
8 8	8 39	8 67	8 98	8 128	8 159	8 189	8 220	8 251	8 281	8 312	8 342
9 9	9 40	9 68	9 99	9 129	9 160	9 190	9 221	9 252	9 282	9 313	9 343
10 10	10 41	10 69	10 100	10 130	10 161	10 191	10 222	10 253	10 283	10 314	10 344
11 11	11 42	11 70	11 101	11 131	11 162	11 192	11 223	11 254	11 284	11 315	11 345
12 12	12 43	12 71	12 102	12 132	12 163	12 193	12 224	12 255	12 285	12 316	12 346
13 13	13 44	13 72	13 103	13 133	13 164	13 194	13 225	13 256	13 286	13 317	13 347
14 14	14 45	14 73	14 104	14 134	14 165	14 195	14 226	14 257	14 287	14 318	14 348
15 15	15 46	15 74	15 105	15 135	15 166	15 196	15 227	15 258	15 288	15 319	15 349
16 16	16 47	16 75	16 106	16 136	16 167	16 197	16 228	16 259	16 289	16 320	16 350
17 17	17 48	17 76	17 107	17 137	17 168	17 198	17 229	17 260	17 290	17 321	17 351
18 18	18 49	18 77	18 108	18 138	18 169	18 199	18 230	18 261	18 291	18 322	18 352
19 19	19 50	19 78	19 109	19 139	19 170	19 200	19 231	19 262	19 292	19 323	19 353
20 20	20 51	20 79	20 110	20 140	20 171	20 201	20 232	20 263	20 293	20 324	20 354
21 21	21 52	21 80	21 111	21 141	21 172	21 202	21 233	21 264	21 294	21 325	21 355
22 22	22 53	22 81	22 112	22 142	22 173	22 203	22 234	22 265	22 295	22 326	22 356
23 23	23 54	23 82	23 113	23 143	23 174	23 204	23 235	23 266	23 296	23 327	23 357
24 24	24 55	24 83	24 114	24 144	24 175	24 205	24 236	24 267	24 297	24 328	24 358
25 25	25 56	25 84	25 115	25 145	25 176	25 206	25 237	25 268	25 298	25 329	25 359
26 26	26 57	26 85	26 116	26 146	26 177	26 207	26 238	26 269	26 299	26 330	26 360
27 27	27 58	27 86	27 117	27 147	27 178	27 208	27 239	27 270	27 300	27 331	27 361
28 28	28 59	28 87	28 118	28 148	28 179	28 209	28 240	28 271	28 301	28 332	28 362
29 29		29 88	29 119	29 149	29 180	29 210	29 241	29 272	29 302	29 333	29 363
30 30		30 89	30 120	30 150	30 181	30 211	30 242	30 273	30 303	30 334	30 364
31 31		31 90		31 151		31 212	31 243		31 304		31 365

Georgia Dream Homeownership Program

Year to Date Conversion Chart (Leap Year)

<u>January</u>	<u>February</u>	<u>March</u>	<u>April</u>	<u>May</u>	<u>June</u>	<u>July</u>	<u>August</u>	<u>September</u>	<u>October</u>	<u>November</u>	<u>December</u>
1 1	1 32	1 61	1 92	1 122	1 153	1 183	1 214	1 245	1 275	1 306	1 336
2 2	2 33	2 62	2 93	2 123	2 154	2 184	2 215	2 246	2 276	2 307	2 337
3 3	3 34	3 63	3 94	3 124	3 155	3 185	3 216	3 247	3 277	3 308	3 338
4 4	4 35	4 64	4 95	4 125	4 156	4 186	4 217	4 248	4 278	4 309	4 339
5 5	5 36	5 65	5 96	5 126	5 157	5 187	5 218	5 249	5 279	5 310	5 340
6 6	6 37	6 66	6 97	6 127	6 158	6 188	6 219	6 250	6 280	6 311	6 341
7 7	7 38	7 67	7 98	7 128	7 159	7 189	7 220	7 251	7 281	7 312	7 342
8 8	8 39	8 68	8 99	8 129	8 160	8 190	8 221	8 252	8 282	8 313	8 343
9 9	9 40	9 69	9 100	9 130	9 161	9 191	9 222	9 253	9 283	9 314	9 344
10 10	10 41	10 70	10 101	10 131	10 162	10 192	10 223	10 254	10 284	10 315	10 345
11 11	11 42	11 71	11 102	11 132	11 163	11 193	11 224	11 255	11 285	11 316	11 346
12 12	12 43	12 72	12 103	12 133	12 164	12 194	12 225	12 256	12 286	12 317	12 347
13 13	13 44	13 73	13 104	13 134	13 165	13 195	13 226	13 257	13 287	13 318	13 348
14 14	14 45	14 74	14 105	14 135	14 166	14 196	14 227	14 258	14 288	14 319	14 349
15 15	15 46	15 75	15 106	15 136	15 167	15 197	15 228	15 259	15 289	15 320	15 350
16 16	16 47	16 76	16 107	16 137	16 168	16 198	16 229	16 260	16 290	16 321	16 351
17 17	17 48	17 77	17 108	17 138	17 169	17 199	17 230	17 261	17 291	17 322	17 352
18 18	18 49	18 78	18 109	18 139	18 170	18 200	18 231	18 262	18 292	18 323	18 353
19 19	19 50	19 79	19 110	19 140	19 171	19 201	19 232	19 263	19 293	19 324	19 354
20 20	20 51	20 80	20 111	20 141	20 172	20 202	20 233	20 264	20 294	20 325	20 355
21 21	21 52	21 81	21 112	21 142	21 173	21 203	21 234	21 265	21 295	21 326	21 356
22 22	22 53	22 82	22 113	22 143	22 174	22 204	22 235	22 266	22 296	22 327	22 357
23 23	23 54	23 83	23 114	23 144	23 175	23 205	23 236	23 267	23 297	23 328	23 358
24 24	24 55	24 84	24 115	24 145	24 176	24 206	24 237	24 268	24 298	24 329	24 359
25 25	25 56	25 85	25 116	25 146	25 177	25 207	25 238	25 269	25 299	25 330	25 360
26 26	26 57	26 86	26 117	26 147	26 178	26 208	26 239	26 270	26 300	26 331	26 361
27 27	27 58	27 87	27 118	27 148	27 179	27 209	27 240	27 271	27 301	27 332	27 362
28 28	28 59	28 88	28 119	28 149	28 180	28 210	28 241	28 272	28 302	28 333	28 363
29 29	29 60	29 89	29 120	29 150	29 181	29 211	29 242	29 273	29 303	29 334	29 364
30 30		30 90	30 121	30 151	30 182	30 212	30 243	30 274	30 304	30 335	30 365
31 31		31 91		31 152		31 213	31 244		31 305		31 366

Underwriting Package Checklist

(Use for Georgia Dream First Mortgage and/or Georgia Dream Second Mortgage Loans)

SHIP ALL FILES TO: UNDERWRITING DEPT.
DEPARTMENT OF COMMUNITY AFFAIRS
60 EXECUTIVE PARK SOUTH, N.E.
ATLANTA, GEORGIA 30329-2231

Acco-Fasten COPIES of all applicable items in the order below (Seller Guide 207.6)

- 1. "Loan Applicant Profile," (Form SF-10)
- 2. "Reservation Accepted " screen printed from LOL @ time loan reserved
- 3. Cover letter from processor or underwriter
- 4. Total Household Income Worksheet, completed for applicant(s) and adult non-applicant(s)
- 5. Fully executed "Application Affidavit," (Form SF-12)
 - ___ Annual Income Section complete
 - ___ 3 Year Residence History
 - ___ Signed, dated and notarized
- 6. "Affidavit of Adult (18yrs or older)Non-Applicant Household Member,"(Form SF-15), if applicable
 - ___ Signed by non-applicant and notarized
 - ___ Documentation for all sources of income: current pay stub or similar third party documentation
- 7. "Acquisition Cost Certification," (Form SF-16) (First Mortgage Loans only) may be signed at closing
 - ___ Signed and dated by all Borrowers
 - ___ Signed and dated by Seller
- 8. "Second Mortgage Sales Contract Addendum," (Form SF-72) (Second Mortgage Loans only) may be signed at closing
 - ___ Signed and dated by all Borrowers
 - ___ Signed and dated by Seller
- 9. Final FNMA Form 1003: "Application"
 - ___ Signed FHA or VA Addendum (page 1 and 2), if applicable
 - ___ Typed, signed and dated by lender and applicant
 - ___ Liquid Assets meet program requirements
 - ___ All financing sources listed in details of transaction
- 10. Copy of the applicable:
 - a. FHA Form 92900.WS: "Mortgage Credit Analysis Worksheet" and "Direct Endorsement Approval" HUD Form 92900-A, page 3 (must be signed/dated by Lenders Underwriter)
 - b. VA form 26-6393: "Loan Analysis" (must be signed/dated by Lenders Underwriter)
 - c. FNMA Form 1008: "Transmittal Summary" with Mortgage Insurance approval (for USDA/RD Guaranteed Loans, verify CAVIRS number is written on the form) (must be signed/dated by Lenders Underwriter)
 - d. USDA Form 1980-18 Conditional Commitment and Waiver Letter (credit or ratios), if applicable for USDA/RD Guaranteed Loan
 - e. Eligibility Summary (Guaranteed Loans originated by USDA/RD only)
 - f. The final findings report on loans approved through LP, DU, (must be signed/dated by Lenders Underwriter)
- 11. Internal Underwriting Approval with conditions listed
- 12. Scratch application, signed and dated by Lender and Borrower(s)
- 13. Good Faith Estimate for Georgia Dream First and Second Mortgages
- 14. Borrower's Authorization form, signed by Borrower
- 15. 4506T signed by Borrower
- 16. Buydown schedule, Disclosure Letter and Sources of Funds Statement, if applicable
- 17. Credit Report dated within 120 days of the lenders underwriting decision. If credit report reflects a current or previous mortgage see Seller Guide 304.1

- 18. Verbal Verification of Employment or documentation required from DU or LP (Seller Guide 305.4)
- 19. Verification of Income dated within forty five (45) days of your underwriting decision
 - ___ Copy of most recent paystub for borrower and co-borrower, must reflect year-to-date earnings
 - ___ Other sources of income such as child support, SSI, etc
- 20. Bank Statement(s) for the most recent 30 day period dated within forty- five (45) days of your underwriting decision
 - ___ Explanation for non-payroll deposits greater than \$300 over a 1010 warning (attached)
 - ___ Assets on bank statement(s) must agree with figures on 1003 and Automated Underwriting Findings. Seller Guide 304.7
- 21. Rental History Verification, if manual review
- 22. Federal Tax returns for each Borrower for the past 3 years or IRS Filing Status Verification (IRS Letter 1722 with printouts) and current years W-2 form. A SF-6012 Tax Affidavit may be provided for applicable years if no tax return filed. **(State tax returns not required)**
 - ___ Signed by Borrower(s)
 - ___ If evidence of home mortgage interest or real estate taxes deduction, see Seller Guide 304.1
 - ___ Number of dependents consistent with loan application?
- 23. Sales Contract and applicable Addenda signed by all parties
 - ___ a. Addendum referencing disclosure of Lead-Based paint and Lead-Based paint hazards if property built prior to 1978
 - ___ b. Addendum showing contract for an EarthCraft® Home, if applicable
- 24. Uniform Residential Appraisal Report and all attachments including legible photographs (appraisal can be emailed) with one of the following, if applicable:
 - a. If VA Loan, VA Form 26-1843: “Certificate of Reasonable Value” or VA Notification of Value Letter (must be signed/dated by Lenders Underwriter) along with the VA Case Number Assignment and CAIVRS
 - b. If FHA Loan, FHA Form 92800.5B: “Conditional Commitment/Direct Endorsement Statement of Appraised Value” (must be signed/dated by Lenders Underwriter) along with the FHA Case Number Assignment, CAIVRS, LDP/GSA
 - c. “Collateral Inspection Form” form SF 200 (for Second Mortgage Loans on new properties only) Certificate of Occupancy issued prior to appraisal can be provided in lieu of the SF-200.
 - d. IF Conventional 1st mortgage with a DCA 2nd provide evidence appraiser is FHA approved/URAR must reflect “Property meets HUD minimum property standards”.
- 25. FEMA Flood Certification
- 26. Home Buyer Education Certificate of Completion (for all Conventional loans, Second Mortgage Loans or USDA/RD Guaranteed Loans) must be within 12 months of date of commitment date from DCA
- 27. All documents required by the Automated Underwriting System, the Mortgage Insurer and the Lender’s Underwriter to determine the credit decision
- 28. Plan Certification, USDA/RD form 1924.25 for USDA/RD Guaranteed loans originated by Rural Development for new construction or Certificate of Occupancy as per USDA guidelines.
- 29. Support documentation for the following Georgia Dream Second Mortgage Loan programs:
 - a. Single Family Development- a copy of the Single Family Development Program Homebuyer Subsidy Reservation Form (SFD-6)
 - b. Signature Communities Second Mortgage Loan- current paystub, VOE or letter stating employment from an appropriate local government entity in an DCA designated Signature Community
 - c. CHOICE- Documentation of the status of the disability and dependency (if applicable).

Closing Checklist

(Documents to send to Closing for Georgia Dream First and/or Second Mortgage Loans)

This checklist includes only the items that are unique to the Georgia Dream First and/or Second Mortgage Loans; closers must also send usual loan documents to closing.

Georgia Dream First Mortgage Loans:

FHA Loan:

- 1. FHA Note endorsed per Section 312.8 (must provide original)
- 2. FHA Deed to Secure Debt*
- 3. Form SF-40 - "Tax-Exempt Financing Rider"*
- 4. Form SF-44 - "Transfer and Assignment"*
- 5. Form SF-46 - "Mortgagor's Closing Affidavit"
- 6. Form SF-50 - "Notice to Purchaser of Potential Recapture Tax"
- 7. Appendix IV Pages 1-3 (for loans serviced by State Home Mortgage)
- 8. Form SF-16 - "Acquisition Cost Certification" (must have both seller and buyer original signatures)

VA Loan:

- 1. VA Note endorsed per Section 312.8 (must provide original)
- 2. Form SF-42- "Addendum to Note"
- 3. VA Deed to Secure Debt*
- 4. Form SF-44 - "Transfer and Assignment"*
- 5. Form SF-46 - "Mortgagor's Closing Affidavit"
- 6. Form SF-50 - "Notice to Purchaser of Potential Recapture Tax"
- 7. Appendix IV Pages 1-3 (for loans serviced by State Home Mortgage)
- 8. Form SF-16 - "Acquisition Cost Certification" (must have both seller and buyer original signatures)

Conventional or USDA/RD Loan (including the Rural Development Leveraged Loans):

- 1. FNMA or FHLMC Note endorsed per Section 312.8 (must provide original)
- 2. Form SF-42- "Addendum to Note"
- 3. FNMA or FHLMC Deed to Secure Debt*
- 4. Form SF-44 - "Transfer and Assignment"*
- 5. Form SF-46 - "Mortgagor's Closing Affidavit"
- 6. Form SF-50 - "Notice to Purchaser of Potential Recapture Tax"
- 7. Appendix IV Pages 1-3 (for loans serviced by State Home Mortgage)
- 8. Form SF-16 - "Acquisition Cost Certification" (must have both seller and buyer original signatures)

* These documents must be recorded.

Closing Checklist
(Documents to send to Closing for DCA Loans)

Georgia Dream Second Mortgage Loans:

- 1. Form SF-82 - "Georgia Dream Second Mortgage Note"
- 2. Form SF-84 - "Georgia Dream Second Mortgage Subordinate Security Deed"***
- 3. Form SF-44 - "Transfer and Assignment"***
- 4. Form SF-80 "Original Truth In Lending Disclosure Statement"
- 5. Form SF-72 – "Georgia Dream Second Mortgage Contract Addendum" (must have both seller and buyer original signatures)

** This document must be recorded after the Georgia Dream First Mortgage Deed.

*** This document must be recorded after the Georgia Dream Second Mortgage Subordinate Security Deed.

Purchase Package Checklist

(Use for Georgia Dream First and/or Georgia Dream Second Mortgage Loans)

SHIP ALL FILES TO: LOAN FUNDING DEPT.
DEPARTMENT OF COMMUNITY AFFAIRS
60 EXECUTIVE PARK SOUTH, N.E.
ATLANTA, GEORGIA 30329-2231

On the right side of folder, Acco-fasten the following:

- 1. Original signed "Loan Funding Profile," (Form SF-30)
- 2. USDA/RD Loan Note Guarantee (loans originated by USDA/RD only)
- 3. Copy of HUD-1 Settlement Statement and all attachments for Georgia Dream First & Second Mortgage including:
 - Addendum to HUD-1 Settlement Statement, if applicable
 - Acknowledgement and Receipt of Settlement Statement
- 4. If FHA Loan: "Direct Endorsement Approval for a HUD/FHA-Insured Mortgage": FHA Form 92900a (page 4)
- 5. IF VA Loan: "Certificate of Commitment for VA Home Loan Guaranty, "VA Form 26-1866a or VA Loan Analysis, VA Form 26-6393
- 6. If Conventional Loan: PMI Certificate (if LTV is greater than 80%)
- 7. If USDA/RD: Conditional Commitment, "RD Form 1980-18, page 2, Lender Certificate signed by Lender
- 8. Copy of the signed Deed to Secure Debt with "Waiver of Borrower's Rights and Closing Attorney's Affidavit" attached
- 9. Copy of either:
 - "Tax-Exempt Financing Rider," (Form SF-40) (FHA only) or
 - "Addendum to Note," (Form SF-42)
- 10. Copy of interim transfer and assignment, if applicable
- 11. Copy of the "Transfer and Assignment" (Form SF-44), transferring the mortgage to GHFA
- 12. If USDA/RD Loan, copy of USDA/RD "Lender Record Change," (RD Form 1980-11) assigning the mortgage to GHFA
- 13. If USDA/RD Loan, Plans & Specs and all attachments on new construction, if required by DCA Underwriter
- 14. Copy of Title Insurance Binder/Commitment or Original or copy of Short Form Policy for first mortgage
- 15. Copy of the Survey, if applicable (must be recorded for loans originated by USDA/RD)
- 16. Original "Mortgagor's Closing Affidavit" (Form SF-46)
- 17. Original "Notice to Purchaser of Potential Recapture Tax on Sale of Home" (Form SF-50)
- 18. Copy of Truth in Lending Statement for the Georgia Dream First & Second Mortgage
- 19. Clear termite letter with attachments, if applicable
- 20. Builder's one (1) year warranty and thermal certification or evidence of Builder's 10 year warranty, if requested by DCA approval letter
- 21. Loan Payment History, if applicable
- 22. Copy of the signed "Georgia Dream Second Mortgage Subordinate Security Deed," (Form SF-84)
- 23. Copy of interim Transfer and Assignments, if applicable
- 24. Copy of the "Transfer and Assignment," (Form SF-44) transferring the Georgia Dream Second Mortgage to GHFA
- 25. Original Georgia Dream Second Mortgage Truth in Lending Disclosure Statement (Form SF-80)
- 26. Copy of Prior Lien Holder Agreement, Form FHA-GA-427-3 (loans originated by USDA/RD only)

On the left side of the folder, Acco-fasten the following:

- 1. Original executed Note endorsed to GHFA
- 2. Any documents required to clear conditions in the Underwriting Approval letter for Georgia Dream First and Georgia Dream Second Mortgage Loans
- 3. Original executed OwnHOME Sales Contract Addendum (Form SF-72)
- 4. Original "Georgia Dream Second Mortgage Note," (Form SF-82) endorsed to GHFA

Servicing Package Checklist Due to State Home Mortgage

If Georgia Dream Loans will be serviced by State Home Mortgage, Accofast and place inside the Purchase Package the following:

- 1. State Home Mortgage Servicing Loan Profile (Form SF-31)
- 2. Check for escrow funds made payable to "State Home Mortgage" *
- 3. Copy of signed Note and Security Deed *
- 4. Copy of properly executed applicable one of the following
"Tax-Exempt Financing Rider," (Form SF-40) (FHA only) or
"Addendum to the Note," (Form SF-42) *
- 5. If FHA Loan: "Direct Endorsement Approval for a HUD/FHA-Insured Mortgage": FHA Form 92900a *
- 6. If Conventional Loan: Private Mortgage Insurance Certificate and Pool Insurance Certificate, if applicable *
- 7. If VA Loan: "Certificate of Commitment for VA Home Loan Guaranty, "VA Form 26-1866a or VA Loan Analysis, VA Form 26-6393*
- 8. If USDA/RD: Conditional Commitment, "RD Form 1980-18, page 2, Lender Certificate signed by Lender*
- 9. Copy of title insurance policy or title binder *
- 10. Original hazard insurance policy with proof of payment of first year's premium*
- 11. Original flood insurance policy, if applicable, with proof of payment of first year's premium *
- 12. Copy of Tax Information Sheet *
- 13. Copy of Flood Certification Form
- 14. Copy of HUD-1 Settlement Statement *
- 15. Copy of IRS form W-9
- 16. Copy of "Transfer and Assignment" (Form SF-44) *
- 17. Copies of the Transfer of Servicing letters sent to the Hazard Insurance Agent, , PMI Company and Flood Certification Company with Mortgagee Clause as follows:
Georgia Housing and Finance Authority
its Successors and/or Assigns
c/o State Home Mortgage
P.O. Box 133049
Atlanta, GA 30333
- 18. Copy of the good-bye letter to mortgagor (Appendix IX) *
- 19. First Payment Notice and Acknowledgement of Receipt (Appendix IX) *
- 20. Copy of Initial Aggregate Escrow Account Disclosure Statement
- 21. Copy of Buydown Schedule
- 22. Copy of HUD-92900-LT (FHA Only)
- 23. Copy of loan application
- 24. Copy of complete appraisal
- 25. Copy of Prior Lien Holder Agreement, Form FHA-GA-427-3 (loans originated by USDA/RD only)
- 26. At closing payment, if sent to lender must be sent immediately to State Home Mortgage

Loan will not be purchased if:

- 1) The 1st payment of PITI for the Georgia Dream First Mortgage has not been received by State Home Mortgage, and
- 2) Documents marked with "*" have not been received by State Home Mortgage

Final Documents Checklist #1
Office of Homeownership
(Use only for Georgia Dream First Mortgage Loans)

SHIP ALL DOCUMENTS TO: FINAL DOCUMENT DEPT.
DEPARTMENT OF COMMUNITY AFFAIRS
60 EXECUTIVE PARK SOUTH, N.E.
ATLANTA, GEORGIA 30329-2231

- 1. Copy of the Final Documents Letter sent to you by DCA after purchase
- 2. Original recorded Security Deed and evidence of payment of intangible tax
- 3. If FHA Loan, original recorded "Tax Exempt Financing Rider," (Form SF-40)
- 4. Original recorded Interim Transfer and Assignment, if applicable
- 5. Original recorded "Transfer and Assignment," (Form SF-44)
- 6. If not previously submitted, as applicable, the original and one copy:
 - a. VA Loan Guaranty Certificate, or
 - b. FHA Mortgage Insurance Certificate, or
 - c. USDA/RD Loan Note Guarantee (RD Form 1980-17)
- 7. Original Title Policy (if not sent previously)
- 8. Original "Lender Certification," (Form SF-60)
- 9. Copy of recorded survey (loans originated by USDA/RD only)
- 10. Copy of recorded Prior Lien Holder Agreement, Form GA-1927-8, (loans originated by USDA/RD only)
- 11. Any other documents included in the Final Documents Letter

Georgia Dream First Mortgage Loan # _____

Final Documents Checklist #2
Office of Homeownership
(Use only for Georgia Dream Second Mortgage Loans)

SHIP ALL DOCUMENTS TO: FINAL DOCUMENT DEPT.
DEPARTMENT OF COMMUNITY AFFAIRS
60 EXECUTIVE PARK SOUTH, N.E.
ATLANTA, GEORGIA 30329-2231

- 1. Copy of the Final Documents Letter sent to you by DCA after purchase
- 2. Original, recorded "Georgia Dream Second Mortgage Security Deed," (Form SF-84) and evidence of payment of intangible tax
- 3. Original, recorded Interim Transfer and Assignment, if applicable
- 4. Original, recorded "Transfer and Assignment" of the Georgia Dream Second Mortgage Loan from you to GHFA, (Form SF-44)
- 5. Original "Lender Certification," (Form SF-60)
- 6. Any other documents included in the Final Documents Letter

Georgia Dream Second Mortgage Loan # _____

Appendix I Definitions

All words and phrases used in this Guide and not defined below shall have the same meaning as in the Loan Seller Agreement. In any case in which the definitions in this Guide vary from the definitions in the Loan Seller Agreement, the Loan Seller Agreement shall prevail.

“Acquisition Cost” means the borrower’s cost of acquiring a residence from a seller as a completed unit. See Form SF-16 to calculate Acquisition Cost.

“Act” means the Georgia Housing and Finance Authority Act, as the same may be amended, from time to time, appearing as Official Code of Georgia Annotated Title 50, Chapter 26, Article 2.

“Adverse Market Delivery Charge” means a fee that is imposed on Conventional Loans sold to Fannie Mae.

“Annual Income” means the sum of the total anticipated income for each Household member during the 12-month period commencing with the date of initial occupancy, as further described in Chapter 3 of this Guide.

“Applicant” means the person(s) who initiates the mortgage loan process of applying for a Georgia Dream Homeownership Program loan by completing the necessary paperwork, as well as providing a DCA lender with information about their income, debt, and assets as well as information about the property being financed.

“Appraised Value” means the market value of the home to be purchased with the proceeds of a Loan, as determined by a professional real estate appraiser and documented by a Uniform Residential Appraisal Report (URAR).

“Approved Automated Underwriting System” means those computerized underwriting programs approved for use by DCA for DCA Loans. Currently, Desktop Underwriter (DU) and Loan Prospector (LP) are approved by DCA.

“Authority” means GHFA, as defined herein.

“Authorized Originator” means one or more approved loan correspondents who have contracted with the Seller to deliver Loans, as herein defined, for sale to GHFA.

“Bond Issue” means “Series of Bonds” as defined in this Appendix.

“Bonds” means the single family mortgage revenue bonds of GHFA issued to finance the Program.

“Borrower’s Funds Required” means the amount of funds required to be furnished by the borrower from his/her own funds as part of a Georgia Dream Homeownership Program transaction (see Chapter 3 of this Guide).

“Business Day” means any day other than: (a) a Saturday or Sunday, (b) a day proclaimed by the Governor of the State as a holiday for State employees or (c) a day on which banking institutions in Georgia are authorized or obligated by law or executive order to be closed for business.

“Buydown” means the temporary reduction of mortgage interest payments due from the Mortgagor because of the placement of funds from another source into an escrow account which supplement the monthly interest payments of the Mortgagor. See Appendix IV of this Guide.

“CDM” means the USDA/RD Community Development Manager who is responsible for providing programs offered by USDA/RD in numerous counties.

“CLTV” means combined loan-to-value ratio. A ratio that is used for a mortgage that is subject to subordinate financing, which is developed by dividing the sum of the unpaid principal balance of the first mortgage, the unpaid principal balance of any home equity line of credit from which the borrower has withdrawn funds, and the unpaid principal balance of all other subordinate financing by the lower of the property’s sales price or appraised value.

“CHOICE” means the Georgia Dream Second Mortgage program of purchasing Loans secured by subordinate Security Deeds on Single Family Residences owned and occupied by eligible borrowers who meet the eligible borrower definitions in Chapter 4 of this Guide. Purchases shall be financed with funds received by GHFA or DCA from the U.S. Department of Housing and Urban Development pursuant to the Cranston-Gonzalez National Affordable Housing Act of 1990, from Bond Issues, or from other funding sources.

“closing costs” means only the costs specified in Section 313 of this Guide.

“Community Second” means a second mortgage issued by a state, county, or local housing agency, a nonprofit organization, or an employer.

“Conventional Loan” means a Loan that is not insured by FHA or guaranteed by VA or USDA/RD, and the principal amount of which Loan is less than 80% of the lesser of the purchase price or the initial Appraised Value of the subject Single Family Residence, or which Loan is insured under Private Mortgage Insurance.

“copy” means a photocopy reproduction of an original document which omits no portion of the original.

“DCA” means Department of Community Affairs.

“DCA Lender or Lender” means a Seller as defined in this Appendix.

“day” means a calendar day, unless specifically noted as being a Business Day.

“Department of Community Affairs” means a legislatively executive branch, Georgia State Government, created pursuant to the official code of Georgia. Annotated, Title 50, Chapter 8, Article 1, as amended.

“Desktop Underwriter (DU)” means an automated underwriting system developed by Fannie Mae to evaluate a borrower’s income, assets and credit that helps lenders make informed credit decisions on conventional conforming, non-conforming, and government loans.

“discretion” when used in the context of “the sole discretion,” means the sole and absolute discretion.

“displaced homemaker” means an adult who has not worked full-time, full-year in the labor force for a number of years but has, during such years, worked primarily without remuneration to care for the home and family and is unemployed or under-employed and is experiencing difficulty in obtaining or upgrading employment.

“down payment” means for FHA Loans, the “Required Investment” from line 12a of the Mortgage Credit Analysis Worksheet; for other Loans, the amount determined by the insurer (or the investor if the loan is uninsured) to be the difference between the purchase price of the property and the loan amount.

“Expiration Date” means the last day of the Reservation/Commitment Period.

“Extension Fees” means the fees charged to Sellers in accordance with Section 205.2 of this Guide.

“Fannie Mae” means the Federal National Mortgage Association, or any other agency or instrumentality created or chartered by the United States to which the powers and obligations of the Federal National Mortgage Association have been transferred.

“Fannie Mae Guides” means the Fannie Mae Selling and Servicing Guides, as amended from time to time.

“FHA” means the Federal Housing Administration of the United States Department of Housing and Urban Development, or any other agency or instrumentality created or chartered by the United States to which the powers and obligations of the Federal Housing Administration have been transferred.

“FHA Insured” means insured by FHA under one of the FHA insurance programs listed in the Seller Guide.

“FHA Property Disposition Program” means DCA’s program established to include in the First Mortgage Program properties previously acquired by FHA through foreclosure or a deed in lieu of foreclosure.

“FHA Total Scorecard” means a tool developed by HUD to evaluate the credit risk of FHA loans that are submitted to an automated underwriting system. To underwrite an FHA loan electronically, a mortgagee must process the request through an automated underwriting system that can communicate with the FHA Total Scorecard.

“First Mortgage Program” means the Georgia Dream First Mortgage Loan Program of purchasing loans and securities, including, without limitation, the purchase with Bond proceeds of Loans and of Program Securities backed by Pools of Loans.

“Freddie Mac” means the Federal Home Loan Mortgage Corporation, or any other agency or instrumentality created or chartered by the United States to which the powers and obligations of the Federal Home Loan Mortgage Corporation have been transferred.

“Georgia Dream First Mortgage Loan Program” means First Mortgage Program as defined in this Appendix.

“Georgia Dream Homeownership Program” means the specific Program under which the subject Loan is being purchased, as specified by the Reservation issued by DCA. “Program” shall include the Georgia Dream First Mortgage Program, the Georgia Dream Second Mortgage Program, and any other programs established by DCA or GHFA for the purchase of Loans.

“Georgia Dream Loan” means a Loan as defined in this Appendix.

“Georgia Dream Rewards First Mortgage Loan Program” - means First Mortgage Program as defined in this Appendix.

“Georgia Dream Rewards Second Mortgage Loan Program” - means DCA’s program of purchasing Loans secured by subordinate Security Deeds on Single Family Residences that are purchased by people whose income is up to the Georgia Dream Rewards First Mortgage Loan Program Income limits and who meet the eligible borrower definitions in Chapter 4 of this Guide. The Single Family Residences must be owned and occupied by eligible borrowers, whose purchase will be financed with GHFA funds

“Georgia Dream Second Mortgage Loan Program” means the Georgia Dream Second Mortgage Loan program of purchasing Loans secured by subordinate Security Deeds on Single Family Residences that meet the requirement of the Georgia Dream Homeownership Program. The Single Family Residences must be owned and occupied by eligible borrowers who meet the eligible borrower definitions in Chapter 3 of this Guide, which purchase shall be financed with funds received by GHFA or DCA from the U.S. Department of Housing and Urban Development pursuant to the Cranston-Gonzalez National Affordable Housing Act of 1990, from Bond Issues, or from other funding sources.

“Georgia Dream Second Mortgage Loan” means the Second Mortgage programs as defined in this Appendix.

“GHFA” means the Georgia Housing and Finance Authority.

“Ginnie Mae” means the Government National Mortgage Association, or any other agency or instrument created or chartered by the United States to which the powers and obligations of the Government National Mortgage Association have been transferred.

“Ginnie Mae Guide” means either the GNMA I or the GNMA II Mortgage-Backed Securities Guide, as applicable, in effect on the date of issuance of the related Program Security which is a GNMA security.

“GRMA” means the Georgia Residential Mortgage Act which imposes a \$6.50 fee on each mortgage loan transaction.

“Guide” means Seller Guide as defined in this Appendix.

“Home Possible” - means A Freddie Mac mortgage that offers underserved qualified borrowers flexible underwriting, low downpayment options, expanded loan-to-value (LTV) and total loan-to-value (TLTV) ratios, and other special underwriting features.

“Household” means all members proposed to reside in the house being financed, whether or not related by blood, marriage or law.

“Household Annual Income” means the aggregate Annual Income of all members of the Household living in a housing unit.

“HUD” means the United States Department of Housing and Urban Development, or any successor to its functions and obligations.

“Internal Revenue Code” means the Internal Revenue Code of 1986, as amended, together with corresponding final, temporary or proposed regulations and revenue rulings issued or amended with respect thereto by the Treasury Department or Internal Revenue Service of the United States.

“Lender” or “DCA Lender” means a mortgage lender approved by DCA to originate first and second mortgages under the Georgia Dream Homeownership Program.

“Leveraged Loan” means a mortgage transaction in which GHFA purchases a first mortgage Loan of less than 80% LTV and USDA/RD funds a second mortgage loan from the Direct Rural Housing 502 Program.

“Lender Online or LOL” means DCA’s internet based system which allows Lenders to enter a Reservation online, as well as complete and print Georgia Dream Homeownership Program forms, check the status of a Reservation, and access various reports.

“Loan” means a mortgage loan made through a Program and in accordance with the provisions of this Guide and the Loan Seller Agreement.

- “Loan Administrator” means, each respectively or all collectively, as applicable, the Servicers retained by GHFA as independent contractors to administer and service DCA’s Loans under its Programs in accordance with the Loan Servicing Agreement and Servicing Guide. “Loan Administrator” shall also mean GHFA, to the extent GHFA services any Loans. Loan Administrators are also called Servicers.
- “Loan Administrator Agreement” means, each respectively and all collectively, as appropriate in the context, the Loan Administrator Agreement, including any and all Appendices and Exhibits thereto and as amended from time to time, entered into by GHFA with each approved Loan Administrator in connection with the administration and servicing of Loans under DCA’s Programs, in each case together with the Loan Administrator Guide, which is incorporated by reference in each Loan Administrator Agreement.
- “Loan Administrator Guide” means the Guide published by DCA for GHFA in September 2001 in connection with its First Mortgage Program. The Loan Administrator Guide may be amended from time to time by DCA and is incorporated by reference into the Loan Administrator Agreement. The Loan Administrator Guide is also called the Servicing Guide.
- “Loan Purchase Price” means the price paid by DCA to a Seller for the purchase of a Loan, which shall be calculated in accordance with Chapter 2 of this Guide.
- “Loan Seller Agreement” means the agreement, dated as of July 2003, including subsequent versions and any and all appendices and exhibits thereto (including this Seller Guide) and as amended from time to time, entered into by GHFA and the Seller or, as appropriate in the context, such Loan Seller Agreement collectively with any one or more of the Loan Seller Agreements, entered into by GHFA and each other Seller in connection with the purchase of Loans and Program Securities under the First Mortgage Program, in each case together with the Seller Guide and the MBS Guide, which are incorporated by reference into each Loan Seller Agreement.
- “Loan Servicing Release Agreement” means each respectively and all collectively, as appropriate in the context, the Loan Servicing Release Agreement, including any and all Appendices and Exhibits thereto and as amended from time to time, entered into by State Home Mortgage, the servicing division of GHFA, and approved Loan Seller.
- “LTV” means loan to value ratio obtained by dividing the loan amount by the lesser of the Appraised Value or the Purchase Price.
- “Maximum Purchase Price” means the Maximum Purchase Price of property acquired with a DCA Loan. The Maximum Purchase Price is calculated on Form SF-16 as the total acquisition cost and as further described in applicable Chapters of this Guide.
- “Mortgage Insurer” means FHA, VA, USDA/RD, Private Mortgage Insurer, Mortgage Pool Insurer as applicable, and Fannie Mae, Freddie Mac, or Ginnie Mae when said Loan is included in a Fannie Mae, Freddie Mac, or Ginnie Mae mortgage backed security.

“Mortgage Pool Insurer” means the applicable Qualified Mortgage Insurance Company that issued Mortgage Pool Insurance or any successor Qualified Mortgage Insurance Company that issues replacement or substitute Mortgage Pool Insurance.

“Mortgagor” means a maker or makers of a Note, or any other party obligated to repay the applicable Loan.

“MSA” means a Metropolitan Statistical Area.

“Note” means the written debt instrument executed to evidence the Mortgagor’s obligation to repay the Loan, in a form which shall be in accordance with the Seller Guide.

“Participating Lender” – see Lender.

“PEN” means DCA’s program of purchasing Loans secured by subordinate Security Deeds on Single Family Residences that are purchased by public protectors, health care workers and educators who meet the eligible borrower definitions in Chapter 4 of this Guide. The Single Family Residences must be owned and occupied by eligible borrowers, whose purchase will be financed with funds received by GHFA or DCA from the U.S. Department of Housing and Urban Development pursuant to the Cranston-Gonzalez National Affordable Housing Act of 1990, from Bond Issues, or from other funding sources.

“prepaid expenses” means the amount required by the Mortgage Insurer (or the investor if the Loan is uninsured) to be deposited in the escrow account for property taxes, hazard insurance, and homeowner association or condominium fees and prorated interest expenses up to the first payment date.

“Private Mortgage Insurance” means one or more policies of insurance issued by one or more Qualified Mortgage Insurance Companies that require insurance benefits to be paid to the mortgagee following default by the Mortgagor under the terms of the Conventional Loan; the amount of such coverage shall be in accordance with Section 302.5 of this Guide.

“Private Mortgage Insurer” means a Qualified Mortgage Insurance Company as defined in this Appendix.

“Program” means the Georgia Dream Homeownership Program.

“Program Contact” means an employee of a Lender designated by a Lender as the primary person to send and receive DCA and GHFA communications, as described in Chapter 1 of this Guide.

“Program Security” means an obligation representing an undivided interest in a pool of Loans, to the extent the payments to be made on such obligation are guaranteed or insured by Fannie Mae, Freddie Mac, or Ginnie Mae.

“Purchase Delay Penalty Fee” means the \$5 per day fee charged by DCA when Purchase Package documents are not delivered on a timely basis, as required in Chapter 2 of this Guide.

“Purchase Package” means the documents submitted to DCA in connection with DCA's purchase of a Loan from a Seller, as further described in Chapter 2 of this Guide.

“Purchase Price” means the Acquisition Cost of the Single Family Residence.

“Qualified Mortgage Insurance Company” means a Private Mortgage Insurer which meets the requirements of Appendix VI of this Guide.

“Quality Control Review” means DCA’s credit and compliance review of Loans with regard to applicable Mortgage Insurer and DCA guidelines, and State and Federal regulations.

“Rate Sheet” means the notice provided by DCA to Participating Lenders on a periodic basis for the purpose of notifying Participating Lenders of (i) the First Mortgage Program mortgage interest rate and the effective date thereof and (ii) other information, in accordance with the provisions of Section 204.1 of this Guide.

“RD 502 Direct Loan” means a Loan at a subsidized interest rate determined by the USDA/RD office. The term of the Loan may be up to 33 years.

“Recapture Tax” means the potential tax on First Mortgage Program borrowers under the provisions of Section 143 (m) of the Internal Revenue Code of 1986 and the accompanying regulations, as described in Chapter 3 of this Guide.

“Reservation” means a conditional commitment of funds by DCA for a specific Loan issued to a Seller in accordance with Chapter 2 of this Guide.

“Reservation Number” means the number assigned by DCA which identifies a Reservation for a specific Loan.

“Reservation/Commitment Period” means the period of time beginning on the date the Seller receives a Reservation for a particular Loan pursuant to Chapter 2 of this Seller Guide and ending on the 75th day thereafter for existing properties or the 120th day thereafter for new construction properties, unless such applicable period is extended in accordance with Chapter 2 of this Seller Guide.

“Second Mortgage Program” means DCA’s program of purchasing Loans secured by subordinate Security deeds on Single Family Residences owned and occupied by Eligible Borrowers, which purchase shall be financed with funds received by GHFA or DCA from the U.S. Department of Housing and Urban Development pursuant to the Cranston-Gonzalez National Affordable Housing Act of 1990, from Bond Issues, or from other funding sources.

“Secured Property” means the real property and improvements encumbered by the Security Deed to secure the subject Loan, including, without limitation, the Single Family Residence financed by the subject Loan.

“Security Deed” or “deed to secure debt” means a deed to secure debt or security deed, as may be amended from time to time, covering a fee simple or leasehold estate, which security deed secures a Loan and which security deed encumbers real property located in the State and improved by a Single Family Residence.

“Seller” means a mortgage lending institution which has entered into a Loan Seller Agreement.

“Seller Guide” means this Guide as amended from time to time.

“Series of Bonds” means the respective series of single family mortgage revenue bonds issued by GHFA pursuant to the respective Series Resolution.

“Series Resolution” means the Series Resolution of GHFA adopted pursuant to the applicable General Bond Resolution authorizing the issuance and sale of the respective Series of Bonds in question. A particular Series Resolution may be referred to and identified as, for example, the “1991-A Series Resolution” or the “1991-B Series Resolution.”

“Servicer” means Loan Administrator as defined in this Appendix.

“Servicing Agreement” means Loan Administrator Agreement as defined in this Appendix.

“Servicing Guide” means Loan Administrator Guide as defined in this Appendix.

“Signature Community” means a general purpose local government (city or county) within the state of Georgia that has applied for and been selected to participate in DCA’s Signature Community Program.

“Signature Communities Second Mortgage Loan Program” means the Georgia Dream Second Mortgage Loan Program of purchasing Loans secured by subordinate Security Deeds on Single Family Residences that meet the requirements of the Georgia Department of Community Affairs Signature Community Program and are owned and occupied by eligible borrowers who meet the eligible borrower definitions in Chapter 4 of this Guide. The Single Family Residences must be owned and occupied by eligible borrowers, whose purchase will be financed with funds received by GHFA or DCA from the U.S. Department of Housing and Urban Development pursuant to the Cranston-Gonzalez National Affordable Housing Act of 1990, from Bond Issues, or from other funding sources.

“Single Family Development Program” means the DCA program designed to expand affordable homeownership opportunities and to reinvest in distressed neighborhoods by providing gap financing to eligible applicants and/or first-time low-moderate income, first-time home buyers.

“Single Family Development Second Mortgage Loan” means the Georgia Dream Second Mortgage Loan Program of purchasing Loans secured by subordinate Security Deeds on Single Family Residences that meet the requirements of the Georgia Department of Community Affairs Single Family Development Program and are owned and occupied by eligible borrowers who meet the eligible borrower definitions in Chapter 4 of this Guide. The Single Family Residences must be owned and occupied by eligible borrowers, whose purchase will be financed with funds received by GHFA or DCA from the U.S. Department of Housing and Urban Development pursuant to the Cranston-Gonzalez National Affordable Housing Act of 1990, from Bond Issues, or from other funding sources.

“Single Family Residence” means a single unit residential dwelling (whether attached or detached) located in the State, and land appurtenant to the residential unit, which meets the Program requirements set forth in this Guide. For Loans purchased under the First Mortgage Program, to the extent of any conflict between the Internal Revenue Code and this Guide, the provisions of the Internal Revenue Code shall control.

“single parent” means an individual who is unmarried or legally separated from a spouse and:
(i) has one or more dependent children for whom the individual has sole or joint custody; or (ii) is pregnant.

“State” means the state of Georgia

“State Home Mortgage” means the DCA in house loan servicing division.

“Targeted Area” means a census tract in which at least seventy percent (70%) of the families have a Household Annual Income that is eighty percent (80%) or less of the state-wide median family income or an area designated by the State as an area of chronic economic distress and approved by the Secretary of the Department of Housing and Urban Development and the Secretary of the Department of Treasury.

“Targeted Area Loan” means, each respectively and all collectively, as applicable, a Loan made through the First Mortgage Program to finance a Single Family Residence located in a Targeted Area.

“Underwriting Approval Letter” means the letter described in Section 208.1 of this Guide.

“Underwriting Package” means the documents submitted to DCA for prior underwriting approval for a Loan as further described in Chapter 2 of this Guide.

“USDA/RD” means the Farmers Home Administration of the United States Department of Agriculture, or any other agency or instrumentality created or chartered by the United States to which the powers and obligations of the Farmers Home Administration have been transferred.

“USDA/RD Loan” means a Loan guaranteed by USDA/RD.

“USDA/RD State Office” means the Rural Development, Rural Housing Service, the United States Department location that provides support to the Rural Development area offices.

“VA” means the Department of Veterans Affairs, a department of the United States of America, or any successor to its functions and obligations.

“VA Guaranteed” means guaranteed by VA under the Serviceman’s Readjustment Act of 1944, as amended; provided, however, that the sum of the VA guaranty plus any down payment by the Mortgagor must equal twenty-five percent (25%) of the lesser of the Purchase Price or the appraised value of the Secured Property.

“VA Lender Handbook” (VA Pamphlet 26-7) means the Department of Veterans Affairs primary guide to making VA home loans.

Appendix II Atlanta Metropolitan Statistical Areas

For the purposes of originating Georgia Dream First Mortgage Loans that meet the maximum Purchase Price and Household Annual Income Limits, the following Georgia Counties are in Metropolitan Statistical Areas (MSAs).

Barrow
Bartow
Butts
Carroll
Cherokee
Clayton
Cobb
Coweta
Dawson
DeKalb
Douglas
Fayette
Forsyth
Fulton
Gwinnett
Haralson
Heard
Henry
Jasper
Lamar
Meriwether
Newton
Paulding
Pickens
Pike
Rockdale
Spalding
Walton

Appendix III Targeted Areas

There are 92 counties, 32 Neighborhood Strategy Areas (NSAs), and one Urban Development Action Grant (UDAG) Area that have been approved by the federal government as Targeted Areas for the Georgia Dream First Mortgage Loan Program. The counties, census tract numbers, and NSA and UDAG legal descriptions are listed below.

Targeted Counties

All census tracts in the counties listed below are Targeted Areas:

Appling	Fannin	Pulaski
Atkinson	Grady	Quitman
Bacon	Greene	Randolph
Baker	Hancock	Schley
Ben Hill	Haralson	Screven
Berrien	Heard	Stewart
Bleckley	Irwin	Sumter
Brantley	Jasper	Talbot
Brooks	Jefferson	Taliaferro
Bulloch	Jenkins	Tattnall
Burke	Johnson	Taylor
Calhoun	Lamar	Telfair
Charlton	Lanier	Terrell
Chattooga	Laurens	Thomas
Clay	Lincoln	Tift
Clinch	Long	Toombs
Coffee	Lowndes	Treutlen
Colquitt	Macon	Turner
Cook	Marion	Twiggs
Coweta	McDuffie	Upson
Crawford	McIntosh	Ware
Crisp	Meriwether	Warren
Decatur	Miller	Washington
Dodge	Mitchell	Wayne
Dooly	Montgomery	Webster
Dougherty	Morgan	Wheeler
Early	Newton	Wilcox
Echols	Oglethorpe	Wilkes
Elbert	Peach	Wilkinson
Emanuel	Pierce	Worth
Evans	Polk	

Targeted Census Tracts

The following census tracts are Targeted Areas. DCA will rely upon the appraiser's identification of the census tract in determining whether the Loan is eligible for Targeted Area funds.

<u>County</u>	<u>2009 IRS Section 42(d) (5) (C) Qualified Census Tract Number(s)</u>
Bacon	9702.00
Baldwin County	9705.00
Ben Hill	9604.00
Bibb	101.00 104.00 105.00 106.00 107.00 111.00 112.00 113.00 114.00 115.00 122.00 123.00 125.00 126.00 127.00 128.00 129.00 130.00
Candler	9501.00
Chatham County	1.00 3.00 6.01 8.00 11.00 12.00 13.00 15.00 18.00 19.00 20.00 21.00 22.00 23.00 24.00 25.00 28.00 32.00 44.00 101.01 106.04
Clarke	0001.00, 0004.00, 0006.00, 0009.00, 0020.00, 0021.00, 302.00, 1504.00, 1505.00
Carroll	9901.01, 9905.02
Clayton	0401.00, 0403.01, 0403.03
Cobb	0307.00, 0308.00, 0310.02
DeKalb	0205.00, 0206.00, 0207.00, 0212.04, 0221.00, 0235.01, 0236.01, 0237.00, 0238.02
Dougherty	0002.00, 0003.00, 0008.00, 0012.00, 0013.00, 0014.01, 0014.02, 0015.00, 0103.01, 0103.02, 0106.01
Floyd	0006.00, 0011.00, 001500, 0016.00
Fulton	0006.00, 0008.00, 0010.00, 0017.00, 0018.00, 0019.00, 0021.00, 0022.00, 0023.00, 0024.00, 0025.00, 0026.00, 0027.00, 0028.00, 0029.00, 0031.00, 0033.00, 0035.00, 0036.00, 0037.00, 0038.00, 0039.00, 0040.00, 0041.00, 0042.00, 0043.00, 0044.00, 0046.00, 0048.00, 0055.01, 0055.02, 0056.00, 0057.00, 0058.00, 0060.00, 0061.00,

	0062.00, 0063.00, 0064.00, 0066.01, 0066.02, 0067.00, 0068.02, 0069.00, 0070.02, 0071.00, 0072.00, 0073.00, 0074.00, 0075.00,, 0076.01, 0077.02, 0078.07,0078.08, 0080.00, 0081.02, 0082.02, 0083.01, 0083.02, 0084.00, 0085.00, 0086.01, 0086.02, 0087.01, 0087.02, 0088.00, 0106.01, 0106.03, 0109.00, 0110.00, 0112.01, 0113.04
Glynn	0007.00, 0008.00, 0009.00
Hall	0008.00, 0011.00
Houston County	203.00, 204.00, 207.00
Jeff Davis	9602.00
Liberty	0106.00
Lowndes	0108.00, 0109.00, 0110.00, 0113.01, 0113.02
Muscogee	1.00, 3.00, 5.00, 13.00, 14.00, 15.00, 16.00, 18.00, 22.00, 24.00, 25.00, 27.00, 28.00, 29.02, 30.00, 32.00, 34.00, 110.0
Richmond	0002.00, 0003.00, 0004.00, 0006.00, 0007.00, 0008.00, 0009.00, 0010.00, 0014.00, 0015.00, 0103.00, 0104.00, 0105.04, 0106.00
Seminole	9802.00
Spalding	1603.00, 1604.00, 1608.00, 1609.00
Tift	9906.00, 9907.00
Toombs	9701.00, 9706.00
Troup	9608.00

Neighborhood Strategy Areas (NSAs) and Urban Development Action Grant (UDAG) Area

The following NSA and UDAG areas in each city are identified by name and legal description:

Albany

Davis-Roosevelt Redevelopment Area - Begin at the intersection of the centerline of Society Avenue and Madison Street in the City of Albany, and run thence South along the center-line of Madison Street approximately 2570 feet to the intersection of the centerline of Pine Alley; thence West along the centerline of Pine Alley approximately 3068 feet to the intersection of the centerline of Harding Street; thence North along the centerline of Harding Street approximately 272 feet to the intersection of the centerline of Flint Avenue; thence East along the centerline of Flint Avenue approximately 190 feet to a point; thence North along a line, said line being the centerline of Harding Street extended South, approximately 1160 feet to the intersection of the centerline of Harding Street and Residence Avenue; thence East along the centerline of Residence Avenue approximately 960 feet to the intersection of the centerline of VanBuren Street; thence North along the centerline of VanBuren Street approximately 580 feet to the intersection of the centerline of Tift Avenue; thence East along the centerline of Tift Avenue approximately 320 feet to the intersection of the centerline of Stadium Avenue; thence North along the centerline of Stadium Avenue approximately 572 feet to the intersection of the centerline of Society Avenue; thence East along the centerline of Society Avenue approximately 1598 feet to the point of beginning.

South Central Neighborhood Strategy Area - Beginning at the intersection of the centerlines of Oglethorpe Boulevard and Monroe Street; thence east along the centerline of Oglethorpe Boulevard approximately 3630 feet to the Flint River, thence generally southward following the flow of the river downstream approximately 3125 feet to the intersection of the centerline of Cotton Avenue extended eastward; thence west along a line, said line being the centerline of Cotton Avenue extended east, approximately 2450 feet to the intersection of the centerlines of Cotton Avenue and Jackson Street; thence south along the centerline of Jackson Street approximately 40 feet to the intersection of the centerline of Cotton Avenue; thence west along the centerline of Cotton Avenue approximately 730 feet to the intersection of the centerline of Jefferson Street; thence south along the centerline of Jefferson Street approximately 30 feet to the intersection of the centerline of Cotton Avenue; thence west along the centerline of Cotton Avenue approximately 930 feet to the intersection of the centerline of Monroe Street; thence north along the centerline of Monroe Street approximately 3080 feet to the point of the beginning.

Jackson Heights Neighborhood Strategy Area - Beginning at the intersection of the northern right-of-way line of Clark Avenue and the western right-of-way of Maple Street; thence north along the western right-of-way line of Maple Street approximately 2910 feet to the southwestern right-of-way line of U.S. Highway 19 (also known as the By-pass); thence northwest along the southeast right-of-way line of U.S. Highway 19 approximately 700 feet to the eastern right-of-way line of Jordan Street; thence south along the eastern right-of-way line of Jordan Street approximately 75 feet to the northern right-of-way line of an alley (said alley being located approximately 100 feet north of East Fourth Avenue); thence west along the northern right-of-way line of said alley approximately 2575 feet to the eastern right-of-way

line of Swift Street; thence south along the eastern right-of-way line of Swift Street approximately 3273 feet to the northern right-of-way line of Clark Avenue; thence east along the northern right-of-way line of Clark Avenue approximately 3305 feet to the point of beginning.

Atlanta

Grove Park - Grove Park is located in the west-central section of the city of Atlanta. The following is a description of the physical boundaries of the neighborhood. East - Louisville and Nashville RR from Georgia Power Transmission line moving south to Bankhead Highway. Bankhead Highway from RR moving west to Chappell Road. Chappell Road from Bankhead Highway moving south to Simpson Road. South - Simpson Road from Bankhead Highway moving west to the western boundary of land lot 175. West - The entire western boundary of land lot 175. The northern boundary of land lot 175 from the western corner of land lot 175 moving east to South Eugenia Place. South Eugenia Place from the northern boundary of land lot 175 moving north to Bankhead Highway. Bankhead Highway from South Eugenia Place moving west to Mildred Place. Mildred Place from Bankhead Highway moving north to Hollywood Drive. Hollywood Drive from Hollywood Road moving north to Hollywood Drive from Hollywood Road moving east to Gun Club Road. Gun Club Road from Hollywood Drive moving north to Alvin Drive. North - Alvin Drive (extended) from Gun Club Road moving east to Proctor Creek. Proctor Creek from Alvin Drive (extended) to 400 feet south of the northern boundary of land lot 145. From the point 400 feet south of land lot 145 on Proctor Creek moving 550 feet southeast to a point 200 feet west of the Grove Park Place right-of-way. From a point 200 feet west of the Grove Park Place right-of-way moving due east to a point 350 feet east of the Grove Park Place right-of-way moving due north 520 feet to the northern boundary of land lot 145. The northern boundary of land lot 145 from a point 450 east of the Grove Park Place right of way moving east to the eastern boundary of land lot 225. The eastern boundary of land lot 225 from the northern boundary of land lot 145 moving north to the old City Limits. The old City Limits from the eastern Boundary of land lot 225 to the Louisville and Nashville RR.

Washington Park - Washington Park is located in the west-central section of the city of Atlanta. The following is a description of the physical boundaries of the neighborhood. East - Ashby Street from Simpson Road moving south to Martin Luther King Jr. Drive. South - Martin Luther King Jr. Drive from Ashby Street moving west to the Louisville and Nashville RR. West - Louisville and Nashville RR from Martin Luther King Jr. Drive moving north to Simpson Road. North - Simpson Road from the Louisville and Nashville RR moving east to Ashby Street.

Edgewood - Edgewood is located in the eastern section of the city of Atlanta. The following is a description of the physical boundaries of the neighborhood. East - Rogers Street (extended) from the Georgia RR moving south to Woodbine Avenue. Woodbine Avenue from Rogers Street moving east to Boulevard Drive. Boulevard Drive from Woodbine Avenue moving east to Wyman Street. Wyman Street from Boulevard Drive moving south to I-20. South - I-20 from Wyman Street moving west to Moreland Avenue. West - Moreland Avenue from I-20 moving north to the Georgia RR. North - The Georgia RR from Moreland Avenue moving east to Rogers Street (extended).

West End/Oakland City - The West End/Oakland City NSA is located in the west-central section of the city of Atlanta. The boundaries of this NSA encompass the whole West End neighborhood and that portion of the Oakland City neighborhood which surrounds the area where the Section 8 - Substantial Rehabilitation program is to be undertaken.

West End - East - The Central of Georgia Railway from I-20 moving south to the Louisville and Nashville RR. South and West - The Louisville and Nashville RR from the Central of Georgia Railway moving northwest to I-20. North - I-20 from the Louisville and Nashville RR moving east to the Central of Georgia Railway.

Oakland City - East - Along Lee Street between Oakland Lane on the south and Donnelly Avenue on the north. South - Along Oakland Lane between Oakland Drive on the west and Lee Street on the east. West - Southwest to Peoples Street from Donnelly Avenue, to Arlington Avenue to north/northwest then west along Arlington Avenue to Oakland Drive. North - along Donnelly Avenue, between Peoples Street on the west and Lee Street.

Adair Park - Adair Park is located southwest of the central business district of the city of Atlanta. The following is a description of the physical boundaries of the neighborhood. East - Southern Railway from Central of Georgia Railway moving south to I-20. I-20 from Southern Railway moving west to Stewart Avenue. Stewart Avenue from I-20 moving south to Louisville and Nashville RR. South - Louisville and Nashville RR from Stewart Avenue moving west to Central of Georgia Railway. North and West - Central of Georgia Railway from Louisville and Nashville RR moving northeast to Southern Railway.

Pittsburgh - Pittsburgh is located in the south-central section of the city of Atlanta. The following is a description of the physical boundaries of the neighborhood. East - Southern Railway from I-20 moving south to the Louisville and Nashville RR. South - Louisville and Nashville RR from the Southern Railway moving west to Stewart Avenue. West - Stewart Avenue from the Louisville and Nashville RR moving north to I-20. North - I-20 from Stewart Avenue to the Southern Railway.

Lakewood Heights - Lakewood Heights is located in the southeastern section of the city of Atlanta. The following is a description of the physical boundaries of the neighborhood. East - McDonough Boulevard from Jonesboro Road moving south to New Town Circle. New Town Circle (extended) from McDonough Boulevard to the northern boundary of land lot 26. The northern boundary of land lot 26 from New Town Circle (extended) to the northwest corner of land lot 26. The western boundary of land lot 26 from the northwest corner moving south to Helena Street (extended). Helena Street extended from the western boundary of land lot 26 moving west to Jonesboro Road. Jonesboro Road from Helena Street moving south to Merrillyn Drive. South - Merrillyn Drive from Jonesboro Road moving west to Browns Mill Road. Browns Mill Road from Merrillyn Drive moving north to Greendale Drive. Greendale Drive (extended) from Browns Mill Road moving west to Meadow Way (extended), moving west to Harper Road. Harper Road from Meadow Way moving west to Macon Drive. Macon Drive from Harper Road moving north to Lakewood Avenue. Lakewood Avenue from Macon Drive moving west to I-75/85. West - I-75/85 from Lakewood Avenue moving north to Ashwood Avenue (extended). North - Ashwood Avenue (extended) from I-75/85 moving east to Pryor Circle. Pryor Circle from Ashwood Avenue moving north to Claire Drive. Claire Drive from Pryor Circle moving east to Capitol Avenue. Capitol Avenue from Claire Drive moving north to Rhodesia Avenue. Rhodesia Avenue from Capitol Avenue moving

east to Jonesboro Road. Jonesboro Road from Rhodesia Avenue moving north to Lethea Street. Lethea street from Jonesboro Road moving east to Lakewood Avenue. Lakewood Avenue from Lethea Street moving north to Dorothy Street. Dorothy Street from Lakewood Avenue moving west to Jonesboro Road. Jonesboro Road from Dorothy Street moving north to McDonough Boulevard.

Bedford Pine - Beginning at the intersection of the easterly line of Bedford Place - Argonne Avenue and the northerly line of North Avenue; thence, northerly approximately 146.5 feet along the easterly line of Argonne Avenue to a property corner; thence, easterly along a property line approximately 100 feet to a property corner; thence southerly along a property line approximately 146.5 feet to the northerly line of North Avenue; thence, easterly approximately 1913 feet along said line to a point opposite a property corner on the southern right-of-way of North Avenue; thence, southerly approximately 355 feet along the rear property line extended and rear lines of properties fronting on the easterly line of Boulevard to a property corner; thence, westerly along a property line approximately 75 feet to a property corner; thence, southerly along a property line approximately 265 feet to a property corner; thence easterly along a property line approximately 84 feet to a property corner; thence, southerly along property lines and extensions approximately 406 feet to a northerly line of Winton Terrace; thence westerly approximately 9 feet along said line to a point opposite a property corner; thence, southerly approximately 407 feet along a property line extended and rear lines of properties fronting on the easterly line of Boulevard to the northerly line of Rankin Street; thence, easterly approximately 31 feet along said line to a point opposite a property corner; thence, southerly approximately 173 feet along a property line extended and rear lines of properties fronting on the easterly line of Boulevard to a property corner; thence, westerly along a property line approximately 50 feet to a property corner; thence, southerly along property lines and extension, approximately 252 feet to a property corner; thence, easterly along a property line approximately 10 feet to a property corner; thence, southerly along a property line approximately 40 feet to a property corner; thence, easterly along a property line approximately 30 feet to a property corner; thence, southerly along property lines approximately 420 feet to the northerly line of Wabash Avenue; thence, easterly approximately 20 feet along said line to a point opposite a property corner; thence, southerly approximately 198 feet along a property line extended and rear lines of properties fronting on the easterly line of Boulevard to a property corner; thence, westerly along a property line approximately 152 feet to a property corner; thence, southerly along a property line approximately 20.5 feet to a property corner; thence, westerly along a property line approximately 7.9 feet to a property corner; thence, southerly along a property line approximately 100.9 feet to the northerly line of Forrest Avenue; thence, easterly approximately 175.5 feet along said line to a point opposite a property corner; thence, southerly along property lines and extensions thereof approximately 318 feet to the southerly line of East Avenue; thence, westerly approximately 35.5 feet along said line to a property corner; thence southerly approximately 679 feet along rear lines and extension thereof of properties fronting on the easterly line of Boulevard to the southerly line of Highland Avenue; thence, westerly approximately 34 feet along said line to a property corner; thence, southerly approximately 210 feet along rear lines of properties fronting on the easterly line of Boulevard to the northerly line of the Stone Mountain Freeway; thence, westerly approximately 250.6 feet along said line to the westerly line of Boulevard; thence, southwestwardly approximately 34.3 feet along the northerly line of the Stone Mountain Freeway to a property corner; thence, westerly approximately 260.6 feet along the northerly line of the Stone Mountain Freeway to a property corner; thence, northerly approximately 10

feet along said line to a property corner; thence, northerly approximately 15 feet along said line to a property corner; thence, southerly approximately 10 feet along said line to a property corner; thence westerly approximately 88.1 feet along said line to a property corner; thence, southwesterly approximately 234.4 feet along said line to the easterly line of Parkway Drive; thence, northerly approximately 19 feet along said line to a point opposite a property corner; thence, westerly approximately 234 feet crossing Parkway Drive and along the northerly line of the Stone Mountain Freeway to a property corner; thence, southerly approximately 5 feet along said line to a property corner; thence, 854 feet along said line to the easterly line of Fort Street; thence, northwesterly approximately 982 feet along the northerly line of the Stone Mountain Freeway to the southerly line of Baker Street; thence, easterly approximately 116.8 feet along said line to the westerly line of Butler Street; thence, northerly approximately 348 feet along said line to the southerly line of Chestnut Avenue; thence, westerly approximately 602.3 feet along said line to the westerly line of Piedmont Avenue; thence, northerly approximately 2,987 feet along said line to the northerly line of North Avenue; thence, easterly approximately 1,311.2 feet along said line to the easterly line of Bedford Place - Argonne Avenue, said point being the point of beginning.

Columbus

5th/6th Avenue - Beginning at the point of intersection of the easterly right-of-way line of 4th Avenue and the southerly right-of-way line of 10th Street; thence, generally easterly along the southern right-of-way line of 10th Street to the point of intersection with the easterly right-of-way line of 9th Avenue; thence, generally southerly along the easterly right-of-way line of 9th Avenue to the point of intersection with the northerly right-of-way line of 6th Street; thence, generally westerly along the northerly right-of-way line of 6th Street to the point of intersection with the easterly right-of-way line of 4th Avenue; thence, generally northerly along the eastern right-of-way line of 4th Avenue to the point of beginning.

Savannah

Planning Unit #1

Northern Boundary	- McKenna, RR Tracks;
Southern Boundary	- Augusta, Bay Street;
Eastern Boundary	- East Lathrop Avenue;
Western Boundary	- West Lathrop, Brittany Street.

Planning Unit #2

Northern Boundary	- Augusta, Brittany, Bay Street;
Southern Boundary	- RR Tracks, Hopper, Lissner, Louisville Road;
Eastern Boundary	- West Boundary Street;
Western Boundary	- U. 80, Market, Alfred, Creek Street.

Planning Unit #3

- Northern Boundary - Louisville Rd;
- Southern Boundary - 1-16;
- Eastern Boundary - 1-16, West Boundary Street;
- Western Boundary - City Limits.

Planning Unit #5

- Northern Boundary - 37th Street;
- Southern Boundary - 52nd Street;
- Eastern Boundary - Bull, Victory, Montgomery Street;
- Western Boundary - Ogeechee, Kilowatt, Edwin Street.

Planning Unit #6

- Northern Boundary - Victory Drive;
- Southern Boundary - DeRenne Avenue;
- Eastern Boundary - Bull Street, 60th Lane, Montgomery Street;
- Western Boundary - RR Tracks.

Planning Unit #10 (Sub-Units A and C)

	<u>Sub-Unit A</u>	<u>Sub-Unit C</u>
Northern Boundary	- Victory Drive	Tompkins Street
Southern Boundary	- Country Drive	DeRenne Avenue
Eastern Boundary	- City Limits	City Limits
Western Boundary	- Skidaway Road	Skidaway Road

Planning Unit #12 (Sub-Units C and D)

- Northern Boundary - 52nd Street
- Southern Boundary - DeRenne Avenue
- Eastern Boundary - Casey Canal
- Western Boundary - Waters Avenue, Columbus, Paulsen

Sub-Planning Unit 16B

- Northern Boundary - President Street, City Limits
- Southern Boundary - Gwinnett Street
- Eastern Boundary - City Limits
- Western Boundary - Pennsylvania Avenue

Planning Unit #17

- Northern Boundary - President Street
- Southern Boundary - 35th Street
- Eastern Boundary - Kayton Canal, Bee Road
- Western Boundary - Bilbo Sewer, Bouhan, Waters Road

Sub-Planning Unit #18A

- Northern Boundary - 37th Street
- Southern Boundary - Victory Drive
- Eastern Boundary - Price Street
- Western Boundary - Bull Street

Planning Unit #19

- Northern Boundary - Liberty St., Wheaton St., Bilbo Sewer, Creek St.
- Southern Boundary - 37th Street
- Eastern Boundary - Bouhan, Waters Avenue
- Western Boundary - Price St., Park Ave., West Broad, Anderson St., Ogeechee Rd., Kollock Street.

Planning Unit #20

- Northern Boundary - Liberty Street
- Southern Boundary - 52nd Street
- Eastern Boundary - Price St., E. Park Ave., W. Broad, Anderson, Ogeechee, Kollock Street.
- Western Boundary - West Boundary, 1-16, Stiles, Daves, RR Track.

Planning Unit #21

- Northern Boundary - Savannah River
- Southern Boundary - Liberty Street, Wheaton Street
- Eastern Boundary - City Limits, Bilbo Sewer
- Western Boundary - West Boundary

Appendix IV Buydown Interest Rate Plan

We will purchase Loans which are subject to what are commonly called "buydown interest rate plans" if they meet our guidelines, which are listed below. The Loans may finance the purchase of either newly constructed homes or existing homes.

1. The plan must not reduce the interest rate payable by the mortgagor more than two percent (2%) below the final interest rate in any one year.
2. The plan must provide for graduated payments by the mortgagor during the term of the plan with the change in payment occurring at twelve (12) month intervals.
3. The interest rate paid by the borrower must not increase, from one payment phase to the next, more than one percent (1%).
4. Buydowns cannot be shown on the HUD-1 as discount points.
5. The buydown funds will be held by the Servicer and will be applied by the Servicer to supplement mortgagor payments as Loan installments are due.
6. There must be a written agreement signed by the source of the buydown funds which provides that the funds are not refundable under any circumstances and that the payor has no further right, title or interest in the funds. (See Sample Source of Funds Statement in this Appendix.)
7. The mortgagor shall execute a written statement that he/she has no interest in the funds except to have them applied to the payment of interest on the Loan. (See the Sample Buydown Disclosure Letter in this Appendix.)
8. In no event will the contribution (buydown account) be refunded to the mortgagor or to the source of the funds or be used to pay any past due payments.
9. If the Loan is paid in full, the funds remaining in the buydown account will be credited against the total amount due.
10. The terms of the buydown agreement must be fully disclosed to the designated appraiser. The appraisal report must reflect that this has been done and must state the effect, if any, of the Buydown on the appraiser's final estimate of market value. If there is no effect, then no sale concession adjustment need be made to the property's acquisition cost.
11. The Buydown must be fully disclosed in writing to DCA and to the Mortgage Insurer. The Servicer must provide evidence that the Buydown has been fully disclosed to the Mortgage Insurer(s) and that the mortgage insurance protection is unaffected by the Buydown.
12. In the event of a foreclosure of a mortgage involving a buydown, GHFA is entitled to any remaining buydown funds to reduce the mortgage debt.

13. If the property securing a buydown mortgage is sold during the term of the Buydown, and the terms of the Buydown are assumed by the purchaser, the remaining buydown funds are to be used to reduce the mortgage payments of the purchaser in accordance with the Buydown. The credit underwriting at the time of assumption will be on the basis of the full mortgage rate if the remaining buydown period is less than a year.
14. Funds for the buydown may be provided by any source (seller, real estate professional, mortgagor, relative, etc.) so long as the funds are not borrowed and do not have to be repaid. The source of the funds must sign a statement that the funds do not have to be repaid. (See Sample Source of Funds Statement in this Appendix.)
15. Subordinate financing for the buydown is not permissible.
16. The mortgage documents must be prepared to reflect the permanent payment terms, not the terms of the Buydown. Any Loans which are submitted to DCA for underwriting review and which are subject to Buydowns must be so noted on "Loan Applicant Profile" (Form SF-10). The Underwriting Package must contain the original Buydown Disclosure Letter, the Source of Funds Statement and the Buydown Schedule. Samples of the Buydown Disclosure and the Source of Funds Statement are contained in this Appendix.

Sample Buydown Disclosure Letter

LENDER's LETTERHEAD

TO: Borrower

The purpose of this letter is to explain certain aspects of the "buydown" Loan which has been offered to you, and your signature at the end of this letter indicates your understanding and acceptance of the arrangements that have been made for you.

As a consideration for providing you with a Loan with a buydown interest rate plan, we have received an amount of money sufficient to reduce your monthly payments for a period of time. This money will be held by us, as your lender, and if your Loan is sold to another investor, that investor may hold the money and credit it to your payments in accordance with the Buydown.

Your only right to this money is to have it credited to pay a portion of your payments as they fall due, in accordance with the Buydown. As the money represents a payment to finance this buydown arrangement, no interest obligation will accrue on the money held. The money will not be used to pay any past due mortgage payments which are to be paid by you. If you sell your home or prepay your mortgage during the Buydown, the money remaining for future payments will not be refunded to you, but will be credited toward the amount necessary to payoff your Loan. If you sell your home and your Loan is assumed by a "qualified" assumptor, the balance remaining for future payments will not be refunded to you but will be applied to the regular monthly payments of the assumptor.

After the money to fund the buydown plan for your mortgage has been exhausted, you will be responsible for the full monthly payments as they become due.

Please sign below to indicate your understanding of the terms of the buydown arrangement discussed in this letter.

Borrower's Signature

Co-Borrower's Signature

(Date)

Source of Funds Statement

DATE

RE: Purchaser
Property Address
Lender

To Whom It May Concern:

This is to certify that the funds placed in escrow at _____
_____ to buydown the interest rate of the Georgia Dream First
Mortgage Loan by _____ percent (_____%) for a term of _____ years
are not borrowed from me and do not have to be repaid. Furthermore, I also
acknowledge that the buydown funds are not refundable under any circumstances, and I
relinquish any future right, title or interest in the funds.

Payor

Payor

Witness

Sworn to and subscribed before me this
_____ day of _____, 20__.

Notary Public

My Commission expires on _____,
(Notary Seal Affixed Here)

Appendix V Georgia Dream First Mortgage Loan Program Assumptions

Purchase Price Limits for Assumptions. The information in this Appendix is provided for the general information of applicants and Lenders. The specific figures will change as they are updated by the applicable federal agency.

Statewide	\$200,000
Atlanta MSA*	\$250,000

* Atlanta MSA: Barrow, Bartow, Butts, Carroll, Cherokee, Clayton, Cobb, Coweta, Dawson, DeKalb, Douglas, Fayette, Forsyth, Fulton, Gwinnett, Haralson, Heard, Henry, Jasper, Lamar, Meriwether, Newton, Paulding, Pickens, Pike, Rockdale, Spalding, Walton

Household Annual Income Limits for Assumptions: The specific figures will change as they are updated by the applicable federal agency. Median Incomes were most recently published by HUD effective March 19, 2009.

	<u>Non-Targeted</u>	<u>Targeted</u>
<u>Atlanta Area (\$71,700)</u>		
Household of 3 or more	115% = \$82,455	140% = \$100,380
Household of 2 or less	100% = \$71,700	120% = \$86,040
 <u>Houston County (\$65,700)</u>		
Household of 3 or more	115% = \$75,555	140% = \$91,980
Household of 2 or less	100% = \$65,700	120% = \$78,840
 <u>Monroe County (\$63,700)</u>		
Household of 3 or more	115% = \$73,255	140% = \$89,180
Household of 2 or more	100% = \$63,700	120% = \$76,440
 <u>All Other Areas (\$61,200)</u>		
Household of 3 or more	115% = \$70,380	140% = \$85,680
Household of 2 or less	100% = \$61,200	120% = \$73,440

Appendix VI Private Mortgage Insurers

We require that Private Mortgage Insurance be provided by a Qualified Mortgage Insurance Company which is qualified to insure mortgages purchased by Fannie Mae and Freddie Mac, authorized to do business and issue mortgage insurance in the State, rated by Standard & Poor's Rating Group in either of the two highest rating categories (without regard to numeric or other modifiers or gradations within categories) and who is not on the Standard & Poor's Rating Group's "credit watch" list.

As of the date of this Appendix, the following companies are known by DCA to meet these requirements:

Currently no Mortgage Insurance companies meet DCA requirements.

Appendix VII
Georgia Dream Homeownership Program Second Mortgage
Income and Purchase Price Limits

Maximum Purchase Price Limits

The Maximum Purchase Price for all properties must be equal to or less than the following Purchase Price Limits:

Statewide
\$200,000

Atlanta MSA*
\$250,000

***Atlanta MSA: Barrow, Bartow, Butts, Carroll, Cherokee, Clayton, Cobb, Coweta, Dawson, Dekalb, Douglas, Fayette, Forsyth, Fulton, Gwinnett, Haralson, Heard, Henry, Jasper, Lamar, Meriwether, Newton, Paulding, Pickens, Pike, Rockdale, Spalding, Walton**

Income Limits for Each Household

County	1 person	2 person	3 person	4 person	5 person	6 person	7 person	8 person
Appling	\$ 30,050	\$ 34,350	\$ 38,650	\$ 42,950	\$ 46,400	\$ 49,800	\$ 53,250	\$ 56,700
Atkinson	\$ 30,050	\$ 34,350	\$ 38,650	\$ 42,950	\$ 46,400	\$ 49,800	\$ 53,250	\$ 56,700
Bacon	\$ 30,050	\$ 34,350	\$ 38,650	\$ 42,950	\$ 46,400	\$ 49,800	\$ 53,250	\$ 56,700
Baker	\$ 30,050	\$ 34,350	\$ 38,650	\$ 42,950	\$ 46,400	\$ 49,800	\$ 53,250	\$ 56,700
Baldwin	\$ 30,050	\$ 34,350	\$ 38,650	\$ 42,950	\$ 46,400	\$ 49,800	\$ 53,250	\$ 56,700
Banks	\$ 31,250	\$ 35,700	\$ 40,200	\$ 44,650	\$ 48,200	\$ 51,800	\$ 55,350	\$ 58,950
Barrow	\$ 40,150	\$ 45,900	\$ 51,600	\$ 57,350	\$ 61,950	\$ 66,550	\$ 71,100	\$ 75,700
Bartow	\$ 40,150	\$ 45,900	\$ 51,600	\$ 57,350	\$ 61,950	\$ 66,550	\$ 71,100	\$ 75,700
Ben Hill	\$ 30,050	\$ 34,350	\$ 38,650	\$ 42,950	\$ 46,400	\$ 49,800	\$ 53,250	\$ 56,700
Berrien	\$ 30,050	\$ 34,350	\$ 38,650	\$ 42,950	\$ 46,400	\$ 49,800	\$ 53,250	\$ 56,700
Bibb	\$ 30,800	\$ 35,200	\$ 39,600	\$ 44,000	\$ 47,500	\$ 51,050	\$ 54,550	\$ 58,100
Bleckley	\$ 30,050	\$ 34,350	\$ 38,650	\$ 42,950	\$ 46,400	\$ 49,800	\$ 53,250	\$ 56,700
Brantley	\$ 31,300	\$ 35,800	\$ 40,250	\$ 44,700	\$ 48,300	\$ 51,900	\$ 55,450	\$ 59,050
Brooks	\$ 30,050	\$ 34,350	\$ 38,650	\$ 42,950	\$ 46,400	\$ 49,800	\$ 53,250	\$ 56,700
Bryan	\$ 33,050	\$ 37,750	\$ 42,500	\$ 47,200	\$ 51,000	\$ 54,750	\$ 58,550	\$ 62,300
Bulloch	\$ 30,050	\$ 34,350	\$ 38,650	\$ 42,950	\$ 46,400	\$ 49,800	\$ 53,250	\$ 56,700
Burke	\$ 31,100	\$ 35,500	\$ 39,950	\$ 44,400	\$ 47,950	\$ 51,500	\$ 55,050	\$ 58,600
Butts	\$ 31,300	\$ 35,750	\$ 40,250	\$ 44,700	\$ 48,300	\$ 51,850	\$ 55,450	\$ 59,000
Calhoun	\$ 30,050	\$ 34,350	\$ 38,650	\$ 42,950	\$ 46,400	\$ 49,800	\$ 53,250	\$ 56,700
Camden	\$ 31,250	\$ 35,700	\$ 40,200	\$ 44,650	\$ 48,200	\$ 51,800	\$ 55,350	\$ 58,950
Candler	\$ 30,050	\$ 34,350	\$ 38,650	\$ 42,950	\$ 46,400	\$ 49,800	\$ 53,250	\$ 56,700
Carroll	\$ 40,150	\$ 45,900	\$ 51,600	\$ 57,350	\$ 61,950	\$ 66,550	\$ 71,100	\$ 75,700
Catoosa	\$ 31,450	\$ 35,900	\$ 40,400	\$ 44,900	\$ 48,500	\$ 52,100	\$ 55,700	\$ 59,250
Charlton	\$ 30,050	\$ 34,350	\$ 38,650	\$ 42,950	\$ 46,400	\$ 49,800	\$ 53,250	\$ 56,700
Chatham	\$ 33,050	\$ 37,750	\$ 42,500	\$ 47,200	\$ 51,000	\$ 54,750	\$ 58,550	\$ 62,300
Chattahoochee	\$ 30,050	\$ 34,350	\$ 38,650	\$ 42,950	\$ 46,400	\$ 49,800	\$ 53,250	\$ 56,700
Chattooga	\$ 30,050	\$ 34,350	\$ 38,650	\$ 42,950	\$ 46,400	\$ 49,800	\$ 53,250	\$ 56,700
Cherokee	\$ 40,150	\$ 45,900	\$ 51,600	\$ 57,350	\$ 61,950	\$ 66,550	\$ 71,100	\$ 75,700
Clarke	\$ 31,650	\$ 36,150	\$ 40,700	\$ 45,200	\$ 48,800	\$ 52,450	\$ 56,050	\$ 59,650
Clay	\$ 30,050	\$ 34,350	\$ 38,650	\$ 42,950	\$ 46,400	\$ 49,800	\$ 53,250	\$ 56,700
Clayton	\$ 40,150	\$ 45,900	\$ 51,600	\$ 57,350	\$ 61,950	\$ 66,550	\$ 71,100	\$ 75,700

Income Limits for Each Household

County	1 person	2 person	3 person	4 person	5 person	6 person	7 person	8 person
Clinch	\$ 30,050	\$ 34,350	\$ 38,650	\$ 42,950	\$ 46,400	\$ 49,800	\$ 53,250	\$ 56,700
Cobb	\$ 40,150	\$ 45,900	\$ 51,600	\$ 57,350	\$ 61,950	\$ 66,550	\$ 71,100	\$ 75,700
Coffee	\$ 30,050	\$ 34,350	\$ 38,650	\$ 42,950	\$ 46,400	\$ 49,800	\$ 53,250	\$ 56,700
Colquitt	\$ 30,050	\$ 34,350	\$ 38,650	\$ 42,950	\$ 46,400	\$ 49,800	\$ 53,250	\$ 56,700
Columbia	\$ 31,100	\$ 35,500	\$ 39,950	\$ 44,400	\$ 47,950	\$ 51,500	\$ 55,050	\$ 58,600
Cook	\$ 30,050	\$ 34,350	\$ 38,650	\$ 42,950	\$ 46,400	\$ 49,800	\$ 53,250	\$ 56,700
Coweta	\$ 40,150	\$ 45,900	\$ 51,600	\$ 57,350	\$ 61,950	\$ 66,550	\$ 71,100	\$ 75,700
Crawford	\$ 30,800	\$ 35,200	\$ 39,600	\$ 44,000	\$ 47,500	\$ 51,050	\$ 54,550	\$ 58,100
Crisp	\$ 30,050	\$ 34,350	\$ 38,650	\$ 42,950	\$ 46,400	\$ 49,800	\$ 53,250	\$ 56,700
Dade	\$ 31,450	\$ 35,900	\$ 40,400	\$ 44,900	\$ 48,500	\$ 52,100	\$ 55,700	\$ 59,250
Dawson	\$ 40,150	\$ 45,900	\$ 51,600	\$ 57,350	\$ 61,950	\$ 66,550	\$ 71,100	\$ 75,700
Decatur	\$ 30,050	\$ 34,350	\$ 38,650	\$ 42,950	\$ 46,400	\$ 49,800	\$ 53,250	\$ 56,700
DeKalb	\$ 40,150	\$ 45,900	\$ 51,600	\$ 57,350	\$ 61,950	\$ 66,550	\$ 71,100	\$ 75,700
Dodge	\$ 30,050	\$ 34,350	\$ 38,650	\$ 42,950	\$ 46,400	\$ 49,800	\$ 53,250	\$ 56,700
Dooley	\$ 30,050	\$ 34,350	\$ 38,650	\$ 42,950	\$ 46,400	\$ 49,800	\$ 53,250	\$ 56,700
Dougherty	\$ 30,050	\$ 34,350	\$ 38,650	\$ 42,950	\$ 46,400	\$ 49,800	\$ 53,250	\$ 56,700
Douglas	\$ 40,150	\$ 45,900	\$ 51,600	\$ 57,350	\$ 61,950	\$ 66,550	\$ 71,100	\$ 75,700
Early	\$ 30,050	\$ 34,350	\$ 38,650	\$ 42,950	\$ 46,400	\$ 49,800	\$ 53,250	\$ 56,700
Echols	\$ 30,050	\$ 34,350	\$ 38,650	\$ 42,950	\$ 46,400	\$ 49,800	\$ 53,250	\$ 56,700
Effingham	\$ 33,050	\$ 37,750	\$ 42,500	\$ 47,200	\$ 51,000	\$ 54,750	\$ 58,550	\$ 62,300
Elbert	\$ 30,050	\$ 34,350	\$ 38,650	\$ 42,950	\$ 46,400	\$ 49,800	\$ 53,250	\$ 56,700
Emanuel	\$ 30,050	\$ 34,350	\$ 38,650	\$ 42,950	\$ 46,400	\$ 49,800	\$ 53,250	\$ 56,700
Evans	\$ 30,050	\$ 34,350	\$ 38,650	\$ 42,950	\$ 46,400	\$ 49,800	\$ 53,250	\$ 56,700
Fannin	\$ 30,050	\$ 34,350	\$ 38,650	\$ 42,950	\$ 46,400	\$ 49,800	\$ 53,250	\$ 56,700
Fayette	\$ 40,150	\$ 45,900	\$ 51,600	\$ 57,350	\$ 61,950	\$ 66,550	\$ 71,100	\$ 75,700
Floyd	\$ 30,050	\$ 34,350	\$ 38,650	\$ 42,950	\$ 46,400	\$ 49,800	\$ 53,250	\$ 56,700
Forsyth	\$ 40,150	\$ 45,900	\$ 51,600	\$ 57,350	\$ 61,950	\$ 66,550	\$ 71,100	\$ 75,700
Franklin	\$ 30,050	\$ 34,350	\$ 38,650	\$ 42,950	\$ 46,400	\$ 49,800	\$ 53,250	\$ 56,700
Fulton	\$ 40,150	\$ 45,900	\$ 51,600	\$ 57,350	\$ 61,950	\$ 66,550	\$ 71,100	\$ 75,700
Gilmer	\$ 30,050	\$ 34,350	\$ 38,650	\$ 42,950	\$ 46,400	\$ 49,800	\$ 53,250	\$ 56,700
Glascocock	\$ 30,050	\$ 34,350	\$ 38,650	\$ 42,950	\$ 46,400	\$ 49,800	\$ 53,250	\$ 56,700
Glynn	\$ 31,300	\$ 35,800	\$ 40,250	\$ 44,700	\$ 48,300	\$ 51,900	\$ 55,450	\$ 59,050
Gordon	\$ 30,050	\$ 34,350	\$ 38,650	\$ 42,950	\$ 46,400	\$ 49,800	\$ 53,250	\$ 56,700
Grady	\$ 30,050	\$ 34,350	\$ 38,650	\$ 42,950	\$ 46,400	\$ 49,800	\$ 53,250	\$ 56,700
Greene	\$ 30,050	\$ 34,350	\$ 38,650	\$ 42,950	\$ 46,400	\$ 49,800	\$ 53,250	\$ 56,700
Gwinnett	\$ 40,150	\$ 45,900	\$ 51,600	\$ 57,350	\$ 61,950	\$ 66,550	\$ 71,100	\$ 75,700
Habersham	\$ 30,050	\$ 34,350	\$ 38,650	\$ 42,950	\$ 46,400	\$ 49,800	\$ 53,250	\$ 56,700
Hall	\$ 33,400	\$ 38,150	\$ 42,950	\$ 47,700	\$ 51,500	\$ 55,350	\$ 59,150	\$ 62,950
Hancock	\$ 30,050	\$ 34,350	\$ 38,650	\$ 42,950	\$ 46,400	\$ 49,800	\$ 53,250	\$ 56,700
Haralson	\$ 30,050	\$ 34,350	\$ 38,650	\$ 42,950	\$ 46,400	\$ 49,800	\$ 53,250	\$ 56,700
Harris	\$ 30,050	\$ 34,350	\$ 38,650	\$ 42,950	\$ 46,400	\$ 49,800	\$ 53,250	\$ 56,700
Hart	\$ 30,050	\$ 34,350	\$ 38,650	\$ 42,950	\$ 46,400	\$ 49,800	\$ 53,250	\$ 56,700
Heard	\$ 40,150	\$ 45,900	\$ 51,600	\$ 57,350	\$ 61,950	\$ 66,550	\$ 71,100	\$ 75,700
Henry	\$ 40,150	\$ 45,900	\$ 51,600	\$ 57,350	\$ 61,950	\$ 66,550	\$ 71,100	\$ 75,700
Houston	\$ 36,800	\$ 42,050	\$ 47,300	\$ 52,550	\$ 56,750	\$ 60,950	\$ 65,150	\$ 69,350
Irwin	\$ 30,050	\$ 34,350	\$ 38,650	\$ 42,950	\$ 46,400	\$ 49,800	\$ 53,250	\$ 56,700
Jackson	\$ 31,900	\$ 36,500	\$ 41,050	\$ 45,600	\$ 49,250	\$ 52,900	\$ 56,550	\$ 60,200
Jasper	\$ 40,150	\$ 45,900	\$ 51,600	\$ 57,350	\$ 61,950	\$ 66,550	\$ 71,100	\$ 75,700
Jeff Davis	\$ 30,050	\$ 34,350	\$ 38,650	\$ 42,950	\$ 46,400	\$ 49,800	\$ 53,250	\$ 56,700
Jefferson	\$ 30,050	\$ 34,350	\$ 38,650	\$ 42,950	\$ 46,400	\$ 49,800	\$ 53,250	\$ 56,700
Jenkins	\$ 30,050	\$ 34,350	\$ 38,650	\$ 42,950	\$ 46,400	\$ 49,800	\$ 53,250	\$ 56,700
Johnson	\$ 30,050	\$ 34,350	\$ 38,650	\$ 42,950	\$ 46,400	\$ 49,800	\$ 53,250	\$ 56,700

Income Limits for Each Household

County	1 person	2 person	3 person	4 person	5 person	6 person	7 person	8 person
Jones	\$ 30,800	\$ 35,200	\$ 39,600	\$ 44,000	\$ 47,500	\$ 51,050	\$ 54,550	\$ 58,100
Lamar	\$ 30,250	\$ 34,550	\$ 38,900	\$ 43,200	\$ 46,650	\$ 50,100	\$ 53,550	\$ 57,000
Lanier	\$ 30,050	\$ 34,350	\$ 38,650	\$ 42,950	\$ 46,400	\$ 49,800	\$ 53,250	\$ 56,700
Laurens	\$ 30,050	\$ 34,350	\$ 38,650	\$ 42,950	\$ 46,400	\$ 49,800	\$ 53,250	\$ 56,700
Lee	\$ 30,050	\$ 34,350	\$ 38,650	\$ 42,950	\$ 46,400	\$ 49,800	\$ 53,250	\$ 56,700
Liberty	\$ 30,050	\$ 34,350	\$ 38,650	\$ 42,950	\$ 46,400	\$ 49,800	\$ 53,250	\$ 56,700
Lincoln	\$ 30,050	\$ 34,350	\$ 38,650	\$ 42,950	\$ 46,400	\$ 49,800	\$ 53,250	\$ 56,700
Long	\$ 30,050	\$ 34,350	\$ 38,650	\$ 42,950	\$ 46,400	\$ 49,800	\$ 53,250	\$ 56,700
Lowndes	\$ 30,050	\$ 34,350	\$ 38,650	\$ 42,950	\$ 46,400	\$ 49,800	\$ 53,250	\$ 56,700
Lumpkin	\$ 32,200	\$ 36,800	\$ 41,400	\$ 46,000	\$ 49,700	\$ 53,350	\$ 57,050	\$ 60,700
Macon	\$ 30,050	\$ 34,350	\$ 38,650	\$ 42,950	\$ 46,400	\$ 49,800	\$ 53,250	\$ 56,700
Madison	\$ 31,650	\$ 36,150	\$ 40,700	\$ 45,200	\$ 48,800	\$ 52,450	\$ 56,050	\$ 59,650
Marion	\$ 30,050	\$ 34,350	\$ 38,650	\$ 42,950	\$ 46,400	\$ 49,800	\$ 53,250	\$ 56,700
McDuffie	\$ 31,100	\$ 35,500	\$ 39,950	\$ 44,400	\$ 47,950	\$ 51,500	\$ 55,050	\$ 58,600
McIntosh	\$ 31,300	\$ 35,800	\$ 40,250	\$ 44,700	\$ 48,300	\$ 51,900	\$ 55,450	\$ 59,050
Meriwether	\$ 30,050	\$ 34,350	\$ 38,650	\$ 42,950	\$ 46,400	\$ 49,800	\$ 53,250	\$ 56,700
Miller	\$ 30,050	\$ 34,350	\$ 38,650	\$ 42,950	\$ 46,400	\$ 49,800	\$ 53,250	\$ 56,700
Mitchell	\$ 30,050	\$ 34,350	\$ 38,650	\$ 42,950	\$ 46,400	\$ 49,800	\$ 53,250	\$ 56,700
Monroe	\$ 35,650	\$ 40,750	\$ 45,850	\$ 50,950	\$ 55,050	\$ 59,100	\$ 63,200	\$ 67,250
Montgomery	\$ 30,050	\$ 34,350	\$ 38,650	\$ 42,950	\$ 46,400	\$ 49,800	\$ 53,250	\$ 56,700
Morgan	\$ 32,050	\$ 36,600	\$ 41,200	\$ 45,750	\$ 49,400	\$ 53,050	\$ 56,750	\$ 60,400
Murray	\$ 30,050	\$ 34,350	\$ 38,650	\$ 42,950	\$ 46,400	\$ 49,800	\$ 53,250	\$ 56,700
Muscogee	\$ 30,050	\$ 34,350	\$ 38,650	\$ 42,950	\$ 46,400	\$ 49,800	\$ 53,250	\$ 56,700
Newton	\$ 40,150	\$ 45,900	\$ 51,600	\$ 57,350	\$ 61,950	\$ 66,550	\$ 71,100	\$ 75,700
Oconee	\$ 31,650	\$ 36,150	\$ 40,700	\$ 45,200	\$ 48,800	\$ 52,450	\$ 56,050	\$ 59,650
Oglethorpe	\$ 31,650	\$ 36,150	\$ 40,700	\$ 45,200	\$ 48,800	\$ 52,450	\$ 56,050	\$ 59,650
Paulding	\$ 40,150	\$ 45,900	\$ 51,600	\$ 57,350	\$ 61,950	\$ 66,550	\$ 71,100	\$ 75,700
Peach	\$ 30,800	\$ 35,200	\$ 39,600	\$ 44,000	\$ 47,500	\$ 51,050	\$ 54,550	\$ 58,100
Pickens	\$ 40,150	\$ 45,900	\$ 51,600	\$ 57,350	\$ 61,950	\$ 66,550	\$ 71,100	\$ 75,700
Pierce	\$ 30,050	\$ 34,350	\$ 38,650	\$ 42,950	\$ 46,400	\$ 49,800	\$ 53,250	\$ 56,700
Pike	\$ 40,150	\$ 45,900	\$ 51,600	\$ 57,350	\$ 61,950	\$ 66,550	\$ 71,100	\$ 75,700
Polk	\$ 30,050	\$ 34,350	\$ 38,650	\$ 42,950	\$ 46,400	\$ 49,800	\$ 53,250	\$ 56,700
Pulaski	\$ 30,050	\$ 34,350	\$ 38,650	\$ 42,950	\$ 46,400	\$ 49,800	\$ 53,250	\$ 56,700
Putnam	\$ 30,050	\$ 34,350	\$ 38,650	\$ 42,950	\$ 46,400	\$ 49,800	\$ 53,250	\$ 56,700
Quitman	\$ 30,050	\$ 34,350	\$ 38,650	\$ 42,950	\$ 46,400	\$ 49,800	\$ 53,250	\$ 56,700
Rabun	\$ 30,050	\$ 34,350	\$ 38,650	\$ 42,950	\$ 46,400	\$ 49,800	\$ 53,250	\$ 56,700
Randolph	\$ 30,050	\$ 34,350	\$ 38,650	\$ 42,950	\$ 46,400	\$ 49,800	\$ 53,250	\$ 56,700
Richmond	\$ 31,100	\$ 35,500	\$ 39,950	\$ 44,400	\$ 47,950	\$ 51,500	\$ 55,050	\$ 58,600
Rockdale	\$ 40,150	\$ 45,900	\$ 51,600	\$ 57,350	\$ 61,950	\$ 66,550	\$ 71,100	\$ 75,700
Schley	\$ 30,050	\$ 34,350	\$ 38,650	\$ 42,950	\$ 46,400	\$ 49,800	\$ 53,250	\$ 56,700
Screven	\$ 30,050	\$ 34,350	\$ 38,650	\$ 42,950	\$ 46,400	\$ 49,800	\$ 53,250	\$ 56,700
Seminole	\$ 30,050	\$ 34,350	\$ 38,650	\$ 42,950	\$ 46,400	\$ 49,800	\$ 53,250	\$ 56,700
Spalding	\$ 40,150	\$ 45,900	\$ 51,600	\$ 57,350	\$ 61,950	\$ 66,550	\$ 71,100	\$ 75,700
Stephens	\$ 30,050	\$ 34,350	\$ 38,650	\$ 42,950	\$ 46,400	\$ 49,800	\$ 53,250	\$ 56,700
Stewart	\$ 30,050	\$ 34,350	\$ 38,650	\$ 42,950	\$ 46,400	\$ 49,800	\$ 53,250	\$ 56,700
Sumter	\$ 30,050	\$ 34,350	\$ 38,650	\$ 42,950	\$ 46,400	\$ 49,800	\$ 53,250	\$ 56,700
Talbot	\$ 30,050	\$ 34,350	\$ 38,650	\$ 42,950	\$ 46,400	\$ 49,800	\$ 53,250	\$ 56,700
Taliaferro	\$ 30,050	\$ 34,350	\$ 38,650	\$ 42,950	\$ 46,400	\$ 49,800	\$ 53,250	\$ 56,700
Tattnall	\$ 30,050	\$ 34,350	\$ 38,650	\$ 42,950	\$ 46,400	\$ 49,800	\$ 53,250	\$ 56,700
Taylor	\$ 30,050	\$ 34,350	\$ 38,650	\$ 42,950	\$ 46,400	\$ 49,800	\$ 53,250	\$ 56,700
Telfair	\$ 30,050	\$ 34,350	\$ 38,650	\$ 42,950	\$ 46,400	\$ 49,800	\$ 53,250	\$ 56,700
Terrell	\$ 30,050	\$ 34,350	\$ 38,650	\$ 42,950	\$ 46,400	\$ 49,800	\$ 53,250	\$ 56,700

Income Limits for Each Household

County	1 person	2 person	3 person	4 person	5 person	6 person	7 person	8 person
Thomas	\$ 30,050	\$ 34,350	\$ 38,650	\$ 42,950	\$ 46,400	\$ 49,800	\$ 53,250	\$ 56,700
Tift	\$ 30,050	\$ 34,350	\$ 38,650	\$ 42,950	\$ 46,400	\$ 49,800	\$ 53,250	\$ 56,700
Toombs	\$ 30,050	\$ 34,350	\$ 38,650	\$ 42,950	\$ 46,400	\$ 49,800	\$ 53,250	\$ 56,700
Towns	\$ 30,050	\$ 34,350	\$ 38,650	\$ 42,950	\$ 46,400	\$ 49,800	\$ 53,250	\$ 56,700
Treutlen	\$ 30,050	\$ 34,350	\$ 38,650	\$ 42,950	\$ 46,400	\$ 49,800	\$ 53,250	\$ 56,700
Troup	\$ 30,050	\$ 34,350	\$ 38,650	\$ 42,950	\$ 46,400	\$ 49,800	\$ 53,250	\$ 56,700
Turner	\$ 30,050	\$ 34,350	\$ 38,650	\$ 42,950	\$ 46,400	\$ 49,800	\$ 53,250	\$ 56,700
Twiggs	\$ 30,800	\$ 35,200	\$ 39,600	\$ 44,000	\$ 47,500	\$ 51,050	\$ 54,550	\$ 58,100
Union	\$ 30,050	\$ 34,350	\$ 38,650	\$ 42,950	\$ 46,400	\$ 49,800	\$ 53,250	\$ 56,700
Upson	\$ 30,050	\$ 34,350	\$ 38,650	\$ 42,950	\$ 46,400	\$ 49,800	\$ 53,250	\$ 56,700
Walker	\$ 31,450	\$ 35,900	\$ 40,400	\$ 44,900	\$ 48,500	\$ 52,100	\$ 55,700	\$ 59,250
Walton	\$ 40,150	\$ 45,900	\$ 51,600	\$ 57,350	\$ 61,950	\$ 66,550	\$ 71,100	\$ 75,700
Ware	\$ 30,050	\$ 34,350	\$ 38,650	\$ 42,950	\$ 46,400	\$ 49,800	\$ 53,250	\$ 56,700
Warren	\$ 30,050	\$ 34,350	\$ 38,650	\$ 42,950	\$ 46,400	\$ 49,800	\$ 53,250	\$ 56,700
Washington	\$ 30,050	\$ 34,350	\$ 38,650	\$ 42,950	\$ 46,400	\$ 49,800	\$ 53,250	\$ 56,700
Wayne	\$ 30,050	\$ 34,350	\$ 38,650	\$ 42,950	\$ 46,400	\$ 49,800	\$ 53,250	\$ 56,700
Webster	\$ 30,050	\$ 34,350	\$ 38,650	\$ 42,950	\$ 46,400	\$ 49,800	\$ 53,250	\$ 56,700
Wheeler	\$ 30,050	\$ 34,350	\$ 38,650	\$ 42,950	\$ 46,400	\$ 49,800	\$ 53,250	\$ 56,700
White	\$ 30,050	\$ 34,350	\$ 38,650	\$ 42,950	\$ 46,400	\$ 49,800	\$ 53,250	\$ 56,700
Whitfield	\$ 30,050	\$ 34,350	\$ 38,650	\$ 42,950	\$ 46,400	\$ 49,800	\$ 53,250	\$ 56,700
Wilcox	\$ 30,050	\$ 34,350	\$ 38,650	\$ 42,950	\$ 46,400	\$ 49,800	\$ 53,250	\$ 56,700
Wilkes	\$ 30,050	\$ 34,350	\$ 38,650	\$ 42,950	\$ 46,400	\$ 49,800	\$ 53,250	\$ 56,700
Wilkinson	\$ 30,050	\$ 34,350	\$ 38,650	\$ 42,950	\$ 46,400	\$ 49,800	\$ 53,250	\$ 56,700
Worth	\$ 30,050	\$ 34,350	\$ 38,650	\$ 42,950	\$ 46,400	\$ 49,800	\$ 53,250	\$ 56,700

Appendix VIII**Non-Profit Home Buyer Education Agencies- REVISED January 2010**

The following organizations provide one on one home buyer counseling and/or home buyer education seminars under contract with GHFA. Other providers of home buyer education may be used. A list of HUD approved counseling agencies is available at www.hudhcc.org. The DCA website offers a detailed list of organizations and their service areas at <http://www.dca.state.ga.us/housing/SFH/Hbed.pdf>

ALBANY

CCCS of Southwest Georgia**
229-883-0909/ 800-309-3358
www.cccsalbany.org

City of Albany Department of
Community & Economic
Development*
229-430-5283

ATHENS

Athens Land Trust*
706-613-0122
www.athenslandtrust.org

East Athens Development Corp.
706-208-0048*
www.eadcinc.com

ATLANTA

ACE Development *
404-627-5920

Fulton County Housing Authority *
404-588-4950
www.hafc.org

Resources for Residents and
Communities***
404.525.4130
www.nc.atl.org

SUMMECH CDC*
404-527-5465

The Atlanta Urban League**
404-659-1150
www.atlul.org

AUGUSTA

CSRA EOA***
706-722-0493

HomeFirst Augusta***
706-823-5809
706-955-6849

Promiseland *
706-560-1022
www.promiseland1.org

BLAKELY

Early County CDC*
229-724-7552

BRUNSWICK

Coastal GA CAA*
912-264-3281

Totally Free, Inc.***
912-265-1515

Southeast Georgia CDC ***
912-261-1898

CARTERSVILLE

Housing & Development Corporation
of Bartow County*
770-382-1414
www.hdcobartowco.org

COLUMBUS

CCCS of West Georgia***
706-327-3239/ 800-757-2227

Neighborworks Columbus***
706-324-4663
www.nwcolumbus.org

Urban League of Greater Columbus*
706-323-3687

CORDELE

Southwest GA United Empowerment
Zone*
229-268-7592

DALTON

Dalton/Whitfield CDC**
Spanish/Bilingual Counselors
706-281-4804

DECATUR

DeKalb Metro Housing
Counseling***
404-508-0922

Women Watch Afrika, Inc
African/Bilingual Counselors
404-759-6419

DORAVILLE

The Center for Pan Asian
Community Services ***
Asian/Bilingual Counselors
706-936-0969
www.cpacs.org

FOREST PARK

The D & E Group*
770-961-6900
www.depower.org

FORT VALLEY

Fort Valley State University*
478-825-6954

GAINESVILLE

Home Development Resources***
Spanish/Bilingual Counselors
770-297-1800

GRIFFIN

Affordable Housing Enterprises*
770-412-0595

HAMPTON

National Housing Counseling
Agency*
770-477-5100

HINESVILLE

City of Hinesville*
912-876-3164

JC Vision & Associates***
912-877-4243
Spanish/Bilingual Counselors
www.jcvision.com

LAGRANGE

DASH for Lagrange, Inc*
706-298-0221 ext 105
www.dashlagrange.com

LAWRENCEVILLE

The IMPACT! Group***
Spanish/Bilingual Counselors
678-808-4477
www.theimpactgroup.org

MACON

CCCS of Middle Georgia**
478-745-6197/800-446-7123
www.cccsmacon.org

HomeFirst Housing Resources***
478-803-2373

MARIETTA

Marietta Housing Authority
770-419-5143

NASHVILLE

Nashville Neighborhood
Freedom Center *
229-543-2814

ROME

Appalachian Housing
Counseling Center*
706-378-9917

SAVANNAH

CCCS of Savannah***
912-691-2227/800-821-4040
www.cccsavannah.org

Neighborhood Improvement
Association*
912-447-5577
www.niacdc.org

STONE MOUNTAIN

Refugee Family Assistance
Program **
Arabic/Bilingual Counselors
404-296-8743

THOMASVILLE

RMI Ministries*
229-228-6888

VALDOSTA

Valdosta-Lowndes Habitat*
229-245-1330
www.valdostahabitat.org

A Home of My Own***
229-506-9395

VIENNA

Southwest Georgia United
Empowerment Zone, Inc.*
229-268-7592

WASHINGTON

City of Washington***
706-678-3277

REV. 01-10

* **workshops**

** **counseling**

*** **workshops & counseling**

Appendix IX
NOTICE OF ASSIGNMENT, SALE OR TRANSFER
OF SERVICING RIGHTS

You are hereby notified that the servicing of your mortgage loan, that is, the right to collect payments from you, is being assigned, sold or transferred from (Your Company's Name) to State Home Mortgage effective (Closing Date).

The assignment, sale or transfer of the servicing of the mortgage loan does not affect any term or condition of the mortgage instruments, other than terms directly related to the servicing of your loan.

Except in limited circumstances, the law requires that your present servicer send you this notice at least 15 days before this effective date or at closing. Your new servicer must also send you this notice not later than 15 days after this effective date or at closing. (In this case, the present servicer and the new servicer have combined all necessary information in this one notice.)

Your present servicer is . If you have any questions relating to the transfer of servicing from your present servicer, call between a m. and p m. on the following days .

Your new servicer is State Home Mortgage. The payment and correspondence address for State Home Mortgage is P. O. Box 133049, Atlanta, GA 30333. Their street address is 60 Executive Park South, N.E., Atlanta, GA 30329. The toll-free number for your new servicer is (800) 781-8346. If you have any questions relating to the transfer of servicing to your new servicer, call the Customer Service Department at (800) 781-8346 or (404) 679-0574 Monday through Friday between 8:30 am and 5:00 p m. EST.

The date that your present servicer will stop accepting payments from you is . The date that your new servicer will start accepting payments from you is . Send all payments due on this date to your new servicer.

You should also be aware of the following information, which is set forth in more detail in Section 6 of RESPA (12 U.S.C. 2605):

During the 60-day period following the effective date of the transfer of loan servicing, a loan payment received by the old servicer before its due date may not be treated by the new servicer as late, and a late fee may not be imposed on you.

Section 6 of RESPA (12 U.S.C. 2605) gives you certain consumer rights. If you send a "qualified written request" to your loan servicer concerning the servicing of your loan, your servicer must provide you with a written acknowledgement within 20 Business Days of receipt of your request. A "qualified written request" is written correspondence other than on a payment coupon or other payment medium supplied by the servicer, which includes your name and account number, and your reasons for the request. Not later than 60 business days after receiving your request, your servicer must make any appropriate corrections to your account, and must provide you with a written clarification regarding any dispute. During this 60-Business Day period, your servicer may not provide information to a consumer reporting agency concerning any overdue payment related to such a period or qualified written request. However, this does not prevent the servicer from initiating foreclosure if proper grounds exist under the mortgage documents.

A business day is a day on which the offices of the business entity are open to the public for carrying on substantially all of its business functions.

Section 6 of RESPA also provides for damages and costs for individuals or classes of individuals in circumstances where servicers are shown to have violated the requirements of that Section. You should seek legal advice if you believe that your rights have been violated.

- This notification is a requirement of Section 6 of the Real Estate Settlement Procedures Act (RESPA) (12 U.S.C. 2605).

STATE HOME MORTGAGE

FIRST PAYMENT NOTICE

Dear Borrower(s):

We wish to take this opportunity to welcome you as a customer and to provide you with the following information regarding your loan.

In accordance with the terms of the Note and Mortgage, your first monthly payment is due and payable on or before _____.

As a mortgage customer of State Home Mortgage, you should receive a payment coupon book approximately two to three weeks prior to the due date of your first payment. In the event that you do not receive your payment coupon book in sufficient time to get your first payment to us on or before the due date, please complete and detach the Initial Payment Coupon below, and mail it to us with your payment for the TOTAL PAYMENT amount due as indicated in your closing documents. Mail the coupon and your payment to:

STATE HOME MORTGAGE
PO BOX 133049
ATLANTA, GA 30333

If you have any questions, please contact our Customer Service Department at 404-679-5294 or 800-781-8346 if you are outside of the Atlanta metropolitan area.

BORROWER: Please sign the attached acknowledgement of receipt of this document.

INITIAL PAYMENT COUPON

Mortgagor Name: _____

Property Address: _____

Your first mortgage payment is due: _____

Payment Amount: _____

STATE HOME MORTGAGE

FIRST PAYMENT NOTICE

Acknowledgement of Receipt

Dear Borrower(s):

Please sign below, acknowledging receipt of the State Home Mortgage First Payment Notice and substitute first payment coupon for use in making your first mortgage payment in the event of the late receipt of your mortgage coupon book.

Borrower

_____ _____
Co-borrower

Georgia Dream Homeownership Program Forms

Number	Name	Program	Send in with:			
			Reservation Request	Underwriting Package	Purchase Package	Other
SF-1	Lender Application	All				X (A)
SF-2	Lender Application Renewal	All				X (A)
SF-4	Reservation Form	All	X			
SF-5	Extension Form	All				X (B)
SF-6	Reservation Cancellation	All				X (B)
SF-7	Reservation Change Form	All		X		
SF-10	Loan Applicant Profile	All		X		
SF-12	Applicant Affidavit	All		X		
SF-15	Affidavit of Non-Applicant	All		X		
SF-16	Acquisition Cost Certification	First Mortgage		X		
SF-30	Loan Funding Profile	All			X	
SF-31	Loan Servicing Profile	First Mortgage				X(D)
SF-40	Tax-Exempt Financing Rider	First Mortgage			X	
SF-42	Addendum to	First Mortgage			X	
SF-44	Transfer & Assignment	All			X	
SF-46	Mortgagor's Closing Affidavit	All			X	
SF-50	Recapture Tax Notice	First Mortgage			X	
SF-60	Lender Certification	All				X (C)
SF-72	Second Mortgage Contract Addendum	Second Mortgage		X	X	
SF-80	Second Mortgage Truth in Lending	Second Mortgage			X	

Georgia Dream Homeownership Program

Seller Guide

SF-82	Second Mortgage Note	Second Mortgage		X
SF-84	Georgia Dream Second Mortgage Security Deed	Second Mortgage		X
SF-100	Surviving Spouse Affidavit	Special Second Mortgage		X
SF-200	Collateral Inspection Form	Second Mortgage	X	
SF-6012	Tax Return Affidavit	All	X	

- (A) Used by lender to apply to participate in DCA programs
- (B) Used by lender as needed
- (C) Final document due from lender within 90 days of loan funding
- (D) Used by lender when loan will be serviced by State Home Mortgage



Georgia Department of Community Affairs
Georgia Dream Homeownership Program -- Lender Application

Company Name _____

Primary Contact Person _____

Primary Office Phone Number _____ Primary Office Fax Number _____

E-mail Address: _____

Primary Office Address _____

City _____ State _____ Zip _____

Parent Company Name _____

Home Office Address _____

City _____ State _____ Zip _____

Principal Officers:

Name	Title	Yrs. w/Company	% of Ownership
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

Identify Holders of Ownership Interest of 5% or more who are not Principal Officers

Primary Origination Area (List Georgia Counties, attach list if necessary)

Mortgage Lender License Number: _____

Federal Tax ID Number: _____

Incorporated: _____ YES _____ NO

Primary Lender On Line Contact Name: _____

Phone Number: (____) _____ Fax Number: (____) _____

E-mail Address: _____

Primary Reservations Contact Name: _____

Phone Number: (____) _____ Fax Number: (____) _____

E-mail Address: _____

Primary Underwriting Contact Name: _____

Phone Number: (____) _____ Fax Number: (____) _____

E-mail Address: _____

Primary Shipping Contact Name: _____

Phone Number: (____) _____ Fax Number: (____) _____

E-mail Address: _____

Purchase Advise Contact Name: _____

Phone Number: (____) _____ Fax Number: (____) _____

E-mail Address: _____

Primary Final Documentation Contact Name: _____

Phone Number: (____) _____ Fax Number: (____) _____

E-mail Address: _____

Primary Quality Control Contact Name: _____

Phone Number: (____) _____ Fax Number: (____) _____

E-mail Address: _____

Wiring Instructions for First Mortgage Loans:

Bank: _____ Title of Account _____

City _____ State _____ Routing number _____

Officer to be notified _____ Account Number: _____

Wiring Instructions for Second Mortgage Loans:

Bank: _____ Title of Account _____

City _____ State _____ Routing number _____

Officer to be notified _____ Account Number: _____

Agency Approvals:

FHA Mortgage Number _____	Direct Endorsement	Yes	<input type="checkbox"/>	No	<input type="checkbox"/>
VA Mortgage Number _____	Automatic	Yes	<input type="checkbox"/>	No	<input type="checkbox"/>
USDA/RD Approval _____		Yes	<input type="checkbox"/>	No	<input type="checkbox"/>
Fannie Mae Seller Number _____		Yes	<input type="checkbox"/>	No	<input type="checkbox"/>
Freddie Mac Seller Number _____		Yes	<input type="checkbox"/>	No	<input type="checkbox"/>
GNMA Issuer Number _____		I	<input type="checkbox"/>	II	<input type="checkbox"/>

Do you have Underwriting Staff for the following loans:

Conventional	Yes	<input type="checkbox"/>	No	<input type="checkbox"/>
FHA	Yes	<input type="checkbox"/>	No	<input type="checkbox"/>
VA	Yes	<input type="checkbox"/>	No	<input type="checkbox"/>
USDA/RD	Yes	<input type="checkbox"/>	No	<input type="checkbox"/>
Have you ever been suspended from the above? If so, explain in an attached letter.	Yes	<input type="checkbox"/>	No	<input type="checkbox"/>

If not FHA, VA, Fannie Mae or Freddie Mac approved, are you a federally regulated financial Institution? Yes No

Branch Offices in Georgia to be Involved in Originating Loans (attach a list of additional branch offices if necessary):

1. Designated Contact Person _____
Branch Office Address _____
City _____ State _____ Zip _____
Branch Office Phone Number _____ Fax Number _____
E-mail Address: _____

2. Designated Contact Person _____
Branch Office Address _____
City _____ State _____ Zip _____
Branch Office Phone Number _____ Fax Number _____
E-mail Address: _____

Correspondent Lender(s) (if applicable) and their Branch Offices in Georgia (attach a list of additional correspondent lenders if necessary):

1. Company Name _____
Designated Contact Person _____
Office Address _____
City _____ State _____ Zip _____
Office Phone Number _____ Fax Number _____

Insurance Policies

Please attach a current certificate for each applicable insurance policy: Fidelity Insurance, Errors and Omissions Insurance and/or Mortgage Impairment, Mortgage Interest or similar Blanket Coverage.

Does the above coverage meet Fannie Mae requirements? Yes No
Explain exceptions.

Claims and Lawsuits

Are there any significant claims and/or lawsuits in progress, threatened or pending litigation, additional taxes assessed or proposed, or any other contingent liabilities not shown in the financial statement? Yes No
If yes, explain in an attached letter, including the present status and your opinion as to probable ultimate liability and adequacy of insurance coverage.

Has the company, any director, or any officer been involved in bankruptcy, insolvency, made an assignment for benefit of creditors, or been indicted for or charged with fraud or misrepresentation? Yes No
If yes, explain in an attached letter.

Name of Company servicing your DCA loans will be State Home Mortgage

Attachments

Please attach the following items:

Loan Seller Agreements (2 Copies)	Copy of Insurance Certificates
Loan Servicing Release Agreement (2 Copies)	Copy of Quality Control Plan
Past 3 years of audited financials	

The Undersigned swears or affirms that the contents of this form and the attached information have been carefully read and that the information is true and correct. Verification may be obtained from any source named herein. I fully understand that it is a crime to knowingly make any false statements under oath or affirmation and is punishable by fine and/or imprisonment under O.C.G.A. 16-10-71. I acknowledge and agree that the information and/or documentation submitted in connection with the programs offered by the Department of Community Affairs (DCA) on its own behalf or on behalf of the Georgia Housing and Finance Authority (GHFA) may be subject to public disclosure.

Sworn to and subscribed before me this _____ day of

_____, 20_____.

Notary Public

My commission expires _____

(Notary Seal Affixed Here)

Seller's Name

By: _____

Officer's Signature

Printed or Typed Name of Signing Officer

Title of Signing Officer

Georgia Department of Community Affairs
Georgia Dream Homeownership Program - - Lender Application Renewal

Company Name _____

Designated Contact Person _____

Primary Office Phone Number _____ Primary Office Fax Number _____

E-mail Address _____

Primary Office Address _____

City _____ State _____ Zip Code _____

Parent Company Name _____

Home Office Address _____

City _____ State _____ Zip Code _____

Principal Officers

Name	Title	Yrs. w/Co.	% of Ownership
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

Agency Approvals/DCA

FHA Direct Endorsement	Yes	<input type="checkbox"/>	No	<input type="checkbox"/>
VA Automatic	Yes	<input type="checkbox"/>	No	<input type="checkbox"/>
USDA/RD Approval	Yes	<input type="checkbox"/>	No	<input type="checkbox"/>
Fannie Mae Seller	Yes	<input type="checkbox"/>	No	<input type="checkbox"/>
Freddie Mac Seller	Yes	<input type="checkbox"/>	No	<input type="checkbox"/>
Ginnie Mae Issuer	Yes	<input type="checkbox"/>	No	<input type="checkbox"/>

Have you ever been suspended from any Agency Approvals?
 If so, explain in an attached letter. Yes No

If not, FHA, VA Fannie Mae or Freddie Mac approved,
 are you a federally regulated financial institution? Yes No

Primary Lender On-Line Contact Name: _____
Phone Number(____)_____ Fax Number: (____)_____
E-mail: _____

Primary Reservation Contact Name: _____
Phone Number(____)_____ Fax Number: (____)_____
E-mail: _____

Primary Underwriting Contact Name: _____
Phone Number(____)_____ Fax Number: (____)_____
E-mail: _____

Primary Shipping Contact Name: _____
Phone Number(____)_____ Fax Number: (____)_____
E-mail: _____

Purchase Advise Contact Name: _____
Phone Number(____)_____ Fax Number: (____)_____
E-mail: _____

Primary Final Documentation Contact Name: _____
Phone Number(____)_____ Fax Number: (____)_____
E-mail: _____

Primary Quality Control Contact Name: _____
Phone Number(____)_____ Fax Number: (____)_____
E-mail: _____

Branch Offices in Georgia to be Involved in Originating Loans (attach a list of additional branches if necessary):

1. Designated Contact Person _____
Branch Office Address _____
City _____ State _____ Zip Code _____
Phone Number (____) _____ Fax Number :(____) _____
E-Mail Address _____

2. Designated Contact Person _____
Branch Office Address _____
City _____ State _____ Zip Code _____
Phone Number (____) _____ Fax Number: (____) _____
E-Mail Address _____

Correspondent Lenders(s) (if applicable) and their Branch Offices in Georgia (attach a list of additional correspondents if necessary):

1. Lender Name _____ Designated Contact Name _____
Branch Office Address _____
City _____ State _____ Zip Code _____
Phone Number (____) _____ Fax Number (____) _____
E-Mail Address _____

Claims and Lawsuits

Are there any significant claims and/or lawsuits in progress threatened or pending litigation, additional taxes assessed or proposed, or any other contingent liabilities not shown in the financial statement? Yes No
If yes, explain in an attached letter. Include present status and your opinion as to probable ultimate liability and adequacy of insurance coverage.

Has the company, any director, or any officer been involved in bankruptcy, insolvency, made an assignment for benefits of creditors, or been indicated for or charged with fraud or misrepresentation? Yes No

Attachments

Please attach the following items:

- Most recent audited financial statements**
- Copy of Insurance Certificates**
- Primary Origination Area (List by Georgia Counties)**

The Undersigned swears or affirms that the contents of this form and the attached information have been carefully read and that the information is true and correct. Verification may be obtained from any source named herein. I fully understand that it is a crime to knowingly make any false statements under oath or affirmation and is punishable by fine and/or imprisonment under O.C.G.A 16-10-71. I acknowledge and agree that the information and/or documentation submitted in connection with the programs offered by the Department of Community Affairs (DCA) on its own behalf or on behalf of the Georgia Housing and Finance Authority (GHFA) may be subject to public disclosure.

Seller's Name

Sworn to and subscribed before me this _____
Day of _____, 20__.

By: _____
Officer's Signature

Notary Public

Printed or Typed Name of Signing Officer

My commission expires on _____
(Notary Seal)

Title of Signing Officer

**Georgia Dream Homeownership Program
Reservation Form**

(Only use this form if Lender on Line is not available)
Email to DCAreservations@dca.ga.gov or fax to 404-679-5839

Lender Name _____ Telephone Number (____) _____

Contact Person _____ Fax Number (____) _____

Email Address _____

Program Type First Mortgage Second Mortgage

2nd Mtg. Loan Choice Pen SFD Sign. Com. Habitat HCV Georgia Dream "PLUS"

Loan Type: FHA VA Conventional RD Guaranteed RD Leveraged

First Mortgage Loan Amount **Interest Rate Requested** **Second Mortgage Loan Amount**
\$ _____ _____ \$ _____

Borrower's Name _____ **SS#** _____

Borrower's Age _____ *Borrower's Sex* Male Female

Ethnicity: White Black Hispanic Asian/Islander Native American

Marital Status Married Unmarried Separated Single Parent Yes No

Co-Borrower's Name _____ **SS#** _____

Co-Borrower's Age _____ *Co-Borrower's Sex* Male Female

Co-Borrower's Ethnicity: White Black Hispanic Asian/Islander Native American

Co-Borrower's Marital Status Married Unmarried Separated Single Parent Yes No

Purchase Price \$ _____ New Existing Target Non-Target

Housing Type Detached Condominium Townhouse Manufactured Home

Property Address _____

City _____ *Zip Code* _____ *County* _____

Borrower's Gross Annual Income \$ _____ # of Persons in Household _____

Co-Borrower's Gross Annual Income \$ _____ Prior Homeowner? Yes No

Non-Applicant's Gross Annual Income \$ _____ # of Persons Employed _____

Total Household Income: \$ _____ # of Dependents _____

Household Type Single/Non Elderly Elderly Related/Single Parent Related/Two Parent Other

To be completed by DCA

Reservation # _____ Reservation # _____

Date Issued _____ Interest Rate Reserved _____ Date Issued _____

Reservation/Commitment Expiration Date _____ Reservation/Commitment Expiration Date _____

Rejected:

Incomplete

Over Income Limits Over Purchase Price Limits

Rejected:

Incomplete

Over Income Limits Over Purchase Price Limits

**Georgia Dream Homeownership Program
Extension Form**

(Email to: DCAreservations@dca.ga.gov or fax to 404-679-5839)

This is a request to:

Extend the Reservation/Commitment Period for 30 days

Georgia Dream First Mortgage Reservation #: _____

Georgia Dream Second Mortgage Reservation #: _____

Borrower Name: _____

Reason for Extension Request: _____

Requested by: Name: _____

Phone: _____ Fax: _____

Email: _____

To be completed by DCA

Reservation/Commitment Period Extension Approved Denied

Original Reservation Deadline _____

New Reservation Deadline _____

Extension Fees Accrued* _____

By: _____

Date: _____

* Extension Fees Accrued will be deducted from the net proceeds when DCA buys this Loan. If this Loan is cancelled, Extension Fees accrued up to the cancellation date will be billed.

**Georgia Dream Homeownership Program
Reservation Cancellation**

(Email to: DCAreservations@dca.ga.gov
or fax to 404-679-5839)

Lender Name _____

Contact Name _____

Fax Number () _____

Email Address _____

Georgia Dream First Mortgage Reservation # _____

Georgia Dream Second Mortgage Reservation # _____

Borrower Name _____

Reason for Cancellation by Lender

Submitted by: _____

Reason for Cancellation by DCA

- Underwriting Package Not Received by Deadline
- Expired Commitment

The cancellation of the above referenced Loan will be effective on _____
unless you contact us prior to this date.

Issued by: _____ Date: _____

**Georgia Dream Homeownership Program
Reservation Change Form**

(Email to: DCAreservations@dca.ga.gov or submit with the Underwriting Package)
fax number: 404-679-5839

Lender Name _____

Requested by _____

Phone # _____ Fax # _____

Email Address _____

Georgia Dream First Mortgage Reservation # _____

Georgia Dream Second Mortgage Reservation # _____

Please change the information on the above reference reservation to the following (only mark the information that changed):

Borrower's Name _____ Borrower's SS # _____

Co-Borrower's Name _____ Co-Borrower's SS # _____

Property Address _____

City _____ Zip _____ County _____

New Existing Target Non-Target

Loan Type FHA VA Conventional RD Guaranteed RD Leveraged

Purchase Price \$ _____

First Mortgage Loan Amount \$ _____ Second Mortgage Loan Amount \$ _____

Persons in Household _____ # of Persons Employed _____

Borrower's Gross Annual Income \$ _____

Co-Borrower's Gross Annual income \$ _____

Borrower's Age _____ # of Dependents _____

Ethnicity White Black Hispanic Asian/Islander Native American

Prior Homeowner Yes No

Household Type Single/Non-Elderly Elderly Related/Single Parent

Related/Two Parent Other

DCA Use:

Changed By: _____ Date: _____

**Georgia Dream Homeownership Program
Loan Applicant Profile**
(Submit with the Underwriting Package)

First Mtg. Reservation # _____	DCA Use Only Received _____
Second Mtg. Reservation # _____	Reservation/Commitment Expiration _____
Lender _____	
Loan Originator _____ Phone # (____) _____ Fax # (____) _____	
Email Address _____	
Loan Processor _____ Phone # (____) _____ Fax # (____) _____	
Email Address: _____	

Person to Receive Underwriting Decision _____

Email Address _____ Phone # (____) _____ Fax # (____) _____

Applicant's Name _____ Co-Applicant's Name _____

Last _____ First _____ Last _____ First _____

Property Address
Number and Street: _____

City: _____ Zip Code: _____ County: _____

Program Type First Mortgage Rewards/Recovery First Mortgage

Down Payment Programs Signature Community CHOICE PEN SFD Habitat HCV Rewards/Recovery

Target or Non Target _____	Census Tract or Block # _____
New or Existing _____	Year Built _____
First Mortgage Loan Type _____	Attached/Detached/Condo _____
Purchase Price _____	Number of Rooms _____
Appraised Value _____	Number of Bedrooms _____
First Mortgage Loan Amount _____	Number of Bathrooms _____
Conventional First Mortgage LTV _____	Total Square Feet _____
Term of the Loan in Months _____	Home Buyer Education Provider _____
Buy down <input type="checkbox"/> Yes <input type="checkbox"/> No	_____
Interest Rate _____	Automated Underwriting System _____
Second Mortgage Loan Amount _____	Credit Score Used _____
Household Annual Income _____	Ratios _____% _____%

Ethnicity:	<input type="checkbox"/> Hispanic or Latino	<input type="checkbox"/> Non Hispanic or Latino
Race:	<input type="checkbox"/> White	<input type="checkbox"/> Black / African-American
<input type="checkbox"/> American Indian / Alaskan Native	<input type="checkbox"/> Native Hawaiian / Other Pacific	<input type="checkbox"/> Asian
<input type="checkbox"/> American Indian/Alaskan Native & White	<input type="checkbox"/> Black / African-American & White	<input type="checkbox"/> Asian & White
<input type="checkbox"/> American Indian/Alaskan Native & Black/African-American		<input type="checkbox"/> Other Multi-Racial

**Georgia Dream Homeownership Program
Application Affidavit**
(Submit with Underwriting Package)

Georgia Dream
First Mortgage _____
Loan Number: _____

Georgia Dream
Second _____
Mortgage _____
Loan Number: _____

Applicant: _____

Co-Applicant: _____

Subject Property Address: _____

The Georgia Department of Community Affairs (“DCA”) offers two programs for low and moderate income home buyers. The Georgia Dream First Mortgage Program offers low interest mortgage loans that are funded from bonds issued by the Georgia Housing and Finance Authority (“GHFA”). The Georgia Dream Second Mortgage Program offers a loan for a portion of your down payment, closing costs and prepaid expenses. GHFA is a public corporation and instrumentality of the State of Georgia whose funding is administered by DCA. In administering GHFA funds, DCA acts on behalf of GHFA with respect to any loan you might receive under the Program. Federal law, State law, GHFA's regulations, and DCA's regulations impose a number of requirements upon recipients of these loans. In this document, “Program” means the Georgia Dream First Mortgage Program and/or the Georgia Dream Second Mortgage Program, as applicable.

The Georgia Dream Second Mortgage Program is not a grant. It is a Loan. No payments are due until you (1) sell or transfer your home, (2) refinance your first mortgage, or (3) if, you no longer occupy your home as your principal residence. No interest is charged while you have the Georgia Dream Second Mortgage Loan.

PROGRAM REQUIREMENTS

1. Your household income must be within the DCA income limits. If your loan application is approved, at the loan closing you will be required to certify that your household income remains within the DCA income limits. If your income changes before loan closing and exceeds the DCA income limits, you will be disqualified from the Program(s) and you will not be entitled to receive a mortgage loan through DCA's Program(s).

Household Annual Income includes, but is not limited to the list below. Your lender can describe the exclusions from household income.

- a) full amount, before any payroll deductions, of wages and salaries, overtime, commissions, fees, tips, bonuses and other compensation for personal services (including raises expected to take effect prior to closing);
- b) net income from operation of a business or profession;
- c) income from trusts, investments, interest, dividends, royalties, net rental income and other net income from real or personal property;
- d) periodic payments from Social Security (including that received on behalf of children), annuities, insurance policies, retirement funds, pensions, disability or death benefits and other similar types of periodic payments;
- e) payments in lieu of earnings, such as unemployment and disability compensation, worker's compensation and severance pay;
- f) Welfare Assistance, where payments include amounts specifically designated for shelter and utilities; periodic and determinable allowances such as alimony and child support, and regular contributions or gifts received from organizations or persons not residing in the dwelling;
- g) all housing allowances and similar allowances which are not reimbursement for job-related expenses;
- h) all regular and special pay, and allowances of members of the Armed Forces (whether or not living in the dwelling) who are the head of the family or spouse;
- i) relocation payments;
undocumented non-payroll deposits to bank accounts, extrapolated to an annualized amount;
- j) earnings up to \$480 annually for each full-time student 18 years or older (excluding the head of household and spouse);
and
- k) adoption assistance payments up to \$480 annually per adopted child.

2. If you have owned or had an ownership interest in a principal residence within the last 3 years, you are not eligible for DCA's Programs, unless you qualify for specific exceptions that your lender can describe. You will be required to provide copies of your federal tax returns for the last 3 years and information about the location and type of your residence during the last 3 years, unless you qualify for these exceptions.
3. You will be required to certify that you intend to use the house for which you are applying for a loan as your principal place of residence. The First Mortgage loan cannot be used to finance the cost of additional land, rental property, a second home, or the expenses of a trade or business.
4. By signing this form you acknowledge and agree that the information and/or documentation submitted in connection with the DCA Programs may be subject to public disclosure.
5. The maximum purchase price of the house you are intending to buy under these Programs is restricted by law and by Program regulations.
6. Your personal assets must be modest. You must be creditworthy as determined by your lender, DCA, FHA, VA, USDA/RD, the pool insurer, and/or the private mortgage insurer, as applicable.
7. The First Mortgage loan, and in some cases the Second Mortgage loan, that you are applying for will be financed with the proceeds of certain tax-exempt bonds issued by GHFA pursuant to certain state laws and federal income tax laws. Because you are receiving a mortgage loan(s) from the proceeds of a tax-exempt bond, you are receiving the benefit of a lower interest rate than is customarily charged on other mortgage loans. If you sell or otherwise dispose of your home during the 9 years after loan closing, this benefit may be "recaptured." The recapture is accomplished by an increase in your federal income tax for the year in which you sell or otherwise dispose of your home. The recapture applies only if you sell your home at a gain and if your income increases above specified levels. The recapture tax will not apply in certain circumstances, which are explained in the Notice to Purchaser of Potential Recapture Tax on Sale of Home (Form SF-50) that you will receive at closing. Form SF-50 also contains more detailed information about the calculation of any recapture tax.
8. In the event that you receive a loan(s) under these Programs and it is subsequently discovered that you made a false statement, misrepresentation or misstatement, you may be required to make an immediate and full repayment of the loan(s) and you may also be subject to criminal prosecution.
9. **DUE ON SALE CONSENT.** If you receive a DCA loan, it is likely that when you sell your home the new purchaser will have to obtain new financing. (Land contracts are prohibited.) Your mortgage provides that you cannot sell your home to a person ineligible for assistance from DCA, unless you pay your loan in full. If you sell your home to a party ineligible for DCA's assistance and do not pay-off your loan in full, DCA may demand immediate and full repayment of the loan. This could result in foreclosure of your mortgage and repossession of the property. In addition, if you rent the property or committed fraud or intentionally misrepresented yourself when you applied for the loan, the lender may foreclose your mortgage and repossess the property. If the lender takes your home through foreclosure of the mortgage because of these reasons, the mortgage insurer (HUD, VA, USDA/RD, pool insurer or a private insurer) will not be able to help you.

If the money received from the foreclosure sale is not enough to pay the remaining balance you owe on the loan, DCA may obtain a deficiency judgment against you (a court ruling that you must pay whatever money is still owed on the loan after the foreclosure sale). Such judgment will be taken over by the insuring agency if DCA files an insurance claim against that agency because of the foreclosure. DCA or the insurer may bring an action against you to collect the judgment.

If you cease to use the residence as your principal residence for a period in excess of 12 months, no deduction will be allowed for mortgage interest accruing after the first day in such period in the calculation of your federal income taxes.

You may avoid such action by paying your loan in full when you sell your home, not renting your home, by occupying the property as your principal residence, by complying with all your agreements contained in this Form and by making certain that any person who assumes your loan meets the necessary qualifications established by DCA.

In order for a purchaser to be eligible to assume your DCA loan (1) the purchaser must meet income requirements, (2) the purchaser must not have held an ownership interest in a principal residence during the prior 3 years, unless the property is located within a "Targeted Area" or otherwise exempt from this requirement under federal law, (3) the purchaser must intend the home to be his or her principal residence, and (4) the sales price allowed to be paid to you must meet the purchase price requirements. Regarding the sales price restriction, the Internal Revenue Service requires that all homes are subject to the maximum sales price permitted for an "existing" home at the time of loan assumption even though the home may have been financed as "new" at the time you closed your loan.

Therefore, having read and understood the above, each of the undersigned being duly sworn, deposes and says under oath and seal, I (we) certify that :

A. HOUSEHOLD SIZE

The following people will occupy the subject property:

List all persons that will occupy the subject property after closing.

	<u>Name</u>	Date of Birth	Form SF 15 included for Non-Applicant Adults?
Adults (18 or older):	<u>Applicant:</u> _____	_/_/___	
	<u>Co-Applicant:</u> _____	_/_/___	
	_____	_/_/___	_____
Children:	_____	_/_/___	
	_____	_/_/___	
	_____	_/_/___	
	_____	_/_/___	

Total Number of Persons in Household: _____

B. CURRENT ANNUAL HOUSEHOLD INCOME

(On each line indicate the current annual income for all loan Applicants.) My (our) annual Household Income is:

	Applicant	Co-Applicant
Gross full-time salary including overtime and bonuses (including all regular and special pay and allowances of members of the Armed Forces, whether or not living in the dwelling, who are the head of the family or spouse)	\$ _____	\$ _____
Gross part-time salary	\$ _____	\$ _____
Dividends and interest; income from royalties, trusts, and investments	\$ _____	\$ _____
Net business or rental income, or other net income from real or personal property	\$ _____	\$ _____
Periodic payments from Social Security (including that received on behalf of children) annuities, insurance policies, retirement funds, pensions, disability or death benefits, and other retirement benefits	\$ _____	\$ _____
All housing allowances and similar allowances which are not reimbursement for job-related expenses	\$ _____	\$ _____
Payments in lieu of earnings, such as unemployment and disability compensation, worker's compensation and severance pay	\$ _____	\$ _____
Alimony and child support, and regular contributions or gifts from persons not residing in the household	\$ _____	\$ _____
Public assistance and welfare payments; relocation payments	\$ _____	\$ _____
Any other source of income (please specify) _____	\$ _____	\$ _____
TOTAL ANNUAL INCOME	\$ _____	\$ _____
TOTAL ANNUAL INCOME OF ANY NON-APPLICANT HOUSEHOLD MEMBER, if applicable (From Form SF-15 for each employed household member over the age of 18 listed in section A above)		\$ _____
TOTAL HOUSEHOLD ANNUAL INCOME (addition of annual income of all adults who live in the residence)		\$ _____

C. PREVIOUS PRINCIPAL RESIDENCE: (please initial all that apply)

- 1) During the past 3 years to the best of my (our) knowledge and belief, I (we) have not had an ownership interest in my (our) principal residence, including, but not limited to, interests: (a) under the terms of a trust, or (b) under the terms of any divorce decree or separation agreement, or (c) as a part of a life estate under a will. _____ / _____
Applicant **Co-Applicant**
- 2) This application is for a First Mortgage Loan in a Non-Targeted area. _____
- 3) This application is for a Second Mortgage Loan and the applicant is not a displaced homemaker or a single parent. _____

D. During the past three (3) years, I (we) have lived as a tenant at the following addresses for the indicated periods of time:

Applicant:

Co-Applicant:

Address _____
City _____
State _____ Zip _____
Occupied From ____/____/____ to ____/____/____
Landlord _____
Address _____
City _____
State _____ Zip _____

Address _____
City _____
State _____ Zip _____
Occupied From ____/____/____ to ____/____/____
Landlord _____
Address _____
City _____
State _____ Zip _____

Address _____
City _____
State _____ Zip _____
Occupied From ____/____/____ to ____/____/____
Landlord _____
Address _____
City _____
State _____ Zip _____

Address _____
City _____
State _____ Zip _____
Occupied From ____/____/____ to ____/____/____
Landlord _____
Address _____
City _____
State _____ Zip _____

Address _____
City _____
State _____ Zip _____
Occupied From ____/____/____ to ____/____/____
Landlord _____
Address _____
City _____
State _____ Zip _____

Address _____
City _____
State _____ Zip _____
Occupied From ____/____/____ to ____/____/____
Landlord _____
Address _____
City _____
State _____ Zip _____

E. RESIDENCE REQUIREMENTS

The property is located within the State of Georgia. The property I (we) have contracted to purchase is a single family residence. I (we) will occupy the property as my (our) principal residence not later than 60 days after the date of closing of the loan. The property will be my (our) principal residence and not a vacation or second home. No portion of the property will be used as an investment property or in the conduct of a trade or business (including child care services on a regular basis for compensation) or as a recreational home or rental property. The property does not contain any buildings, portion of any buildings or excess land that will be used to produce income. At the time of this application, I (we) do not intend to rent, sell, assign, or transfer the property at any time within the foreseeable future to any other person for the term of the mortgage loan.

F. I (we) certify that I (we) have read and understood this Application Affidavit and that I (we) have been provided a copy of this Certification along with the Form SF-16 "Acquisition Cost Certification."

G. CERTIFICATIONS

1. The statements and information set forth in this affidavit and the information submitted in conjunction with my (our) application for a loan under DCA's program, including, but not limited to, all federal income tax forms and data, are true and correct and this information does not contain an untrue statement of a material fact or omit the statement of a fact required to be stated or state any misleading facts;
2. I (we) have read and understood the definition of annual income on page 1 and that by definition, I am (we are) the sole wage earner(s) in the household as defined by DCA, unless otherwise disclosed in Section B of this affidavit and supported by a fully executed Form SF-15, "Affidavit of Non-Applicant Household Member," submitted with this affidavit;
3. I (we) fully understand that the above statements and the information set forth in this affidavit are material to the application for a mortgage loan from the Program of the Georgia Housing and Finance Authority and the Georgia Department of Community Affairs, are public information and may be subject to public disclosure and/or verification by DCA, and I (we) declare under penalty of perjury, which is a felony offense in the State of Georgia, that the above statements and information are true, correct and complete;
4. I (we) fully understand that in the event that any of the information set forth in this affidavit is no longer true at the time of the loan closing and has changed such that I (we) no longer qualify for a loan under DCA's program, then I (we) will not be entitled to obtain or close the loan;
5. I (we) fully understand that in the event that I (we) receive a mortgage loan, I (we) hereby acknowledge that any false statement, representation or misstatement made by me (us) create(s) a legal and binding obligation for me (us) to make immediate and full repayment of the mortgage loan, and may result in a fine and/or imprisonment;
6. I (we) fully understand that by financing the applied-for loan through its Program, DCA shall in no event be determined to have made any representations to me (us) with respect to the residence being financed, including, without limitation, the habitability, construction or value of the residence; and
7. I (we) fully understand that I (we) hereby release GHFA and DCA and the originating lender from any claims related in any way to my (our) application for this loan or to their verification or enforcement of the requirements of DCA's Program.

Applicant

Date

Co-Applicant

Date

Sworn to and subscribed before me this ____ day of _____,
20____.

Notary Public

My Commission expires on _____

(Notary Seal Affixed Here)

Georgia Dream Homeownership Program
Affidavit of Non-Applicant Household Member
(Submit with Underwriting Package)

This form is to be completed and sworn to by any adult (including the applicant's spouse) who will not sign the Note but will live in the property. Co-signers not intending to live in the property need not execute this form.

CURRENT ANNUAL HOUSEHOLD INCOME

Indicate the total annual income for any adult (18 years of age or older) who will live in the property, but who is not an applicant:

Name of Non-Applicant: _____

Gross full-time salary including overtime and bonuses (including all regular and special pay and allowances of members of the Armed Forces, whether or not living in the dwelling, who are the head of the family or spouse)	\$ _____
Gross part-time salary	\$ _____
Dividends and interest; income from royalties, trusts, and investments	\$ _____
Net business or rental income, or other net income from real or personal property	\$ _____
Periodic payments from Social Security (including that received on behalf of children) annuities, insurance policies, retirement funds, pensions, disability or death benefits, and other retirement benefits	\$ _____
All housing allowances and similar allowances which are not reimbursement for job-related expenses	\$ _____
Payments in lieu of earnings, such as unemployment and disability compensation, worker's compensation and severance pay	\$ _____
Alimony and child support, and regular contributions or gifts from persons not residing in the household	\$ _____
Public assistance and welfare payments; relocation payments	\$ _____
TOTAL ANNUAL INCOME*	\$ _____

* Transfer this amount to Form SF-12, "Application Affidavit," page 3.

I have reviewed all of the statements made in this Affidavit. Nothing has come to my attention that would lead me to believe that any of the statements made in this Affidavit are inaccurate or incomplete.

The undersigned being duly sworn, deposes and says under oath and seal:

By affixing my signature below, I certify that I have read and understood the definition of annual income above and have disclosed all my income.

I fully understand that the above statements and the information set forth in this Affidavit are material to the application for a mortgage loan from the Georgia Housing and Finance Authority ("GHFA") and the Georgia Department of Community Affairs ("DCA"), are public information and may be subject to public disclosure and/or verification by DCA, and I declare under penalty of perjury, which is a felony offense in the State of Georgia, that the above statements and information are true, correct and complete.

Additionally, I fully understand that:

1. In the event that the information set forth in this Affidavit is no longer true at the time of the loan closing and has changed such that the Applicant no longer qualifies for a loan under the Georgia Dream Homeownership Program, then the Applicant will not be entitled to obtain or close the loan; and
2. I hereby release GHFA, DCA and the originating lender from any claims related in any way to their verification or enforcement of the Georgia Dream Homeownership Program requirements.
3. I am a full time student : _____ Yes _____ No

Signature of Non-Applicant

Date

Sworn to and subscribed before me this _____
Day of _____, 20____.

Notary Public

My commission expires _____

(Notary Seal Affixed Here)

Georgia Dream Homeownership Program Acquisition Cost Certification

(Submit with Purchase Package – Georgia Dream First Mortgage Program Only)

Borrower: _____

Property Seller: _____

Address: _____

Street
City
State
Zip

A. Compute the acquisition cost of the land and dwelling as follows:

Additions

- | | |
|--|----------|
| 1. Amount paid, in cash or in kind, by the Borrower to or for the benefit of the Property Seller for the residence, all fixtures and all land. (See Item 2 if land is acquired separately from residence and fixtures). (Enter Sales Price from contract on line 1) | \$ _____ |
| 2. Cost of land on which the residence is or will be located (if purchased separately within 2 years of construction start date and not included in Item 1 above). NOTE: Land owned for more than 2 years by Borrower need not be included. | \$ _____ |
| 3. Appraised value of land on which the residence is or will be located (if received as a gift within 2 years of construction start and if obtained by the donor within the same 2 year period). NOTE: If the donor obtained the property prior to the 2 year period, the value of the land need not be included. | \$ _____ |
| 4. Interest paid during construction period (if not included in Item 1 above). | \$ _____ |
| 5. Cost of all other work necessary to complete the residence (regardless of source of funds or intention to complete). | \$ _____ |
| 6. Settlement costs including real estate transfer taxes, recording fees, title insurance premiums, survey fees and other similar costs or financing costs including credit reference fees, legal fees, appraisal expenses or points. Amounts are included here only if they are over and above the usual and reasonable amounts for these expenses for a similar loan not financed with tax-exempt bonds. Specify: _____
_____ | \$ _____ |
| 7. Installation cost of manufactured housing; including costs of transportation, anchorage, utility hook-ups and similar items (if not included in Item 1 above). | \$ _____ |
| 8. <i>Leasehold Mortgages Only:</i> The capitalized value of the ground rent (formula to be provided by your lender). | \$ _____ |
| Subtotal of Additions | \$ _____ |

Subtractions

9. Personal Property items expected to be purchased from the Property Seller(s), other than fixtures; see first "NOTE" below. **(This amount also must be subtracted from the mortgage loan amount).**

Items of Personal Property	Value
_____	\$ _____
_____	\$ _____
_____	\$ _____

10. The value of services performed by the Borrower(s) or donated by family members (parents, brother(s) and/or sister(s) [whole or half blood], spouse, ancestor and lineal descendants) in constructing, improving or completing the residence. (If family members are hired as paid contractors, the costs of those services included in "ADDITIONS" are not subtracted and may be financed with the proceeds of the mortgage loan).

Subtotal of Subtractions \$ _____

Total Acquisition Cost \$ _____
(Value Net of Additions and Subtractions)

NOTE: A "fixture" is property that is affixed to real estate, which the Borrower(s) intend(s) (i): to keep so affixed during its useful life, and (ii) to be part of the real estate. Refrigerators, free-standing stoves, washer and dryers, unless actually built into the residence, are considered to be personal property and not fixtures.

NOTE: The acquisition cost of a Single Family Dwelling does not include:

- (1) Usual and reasonable settlement and financing costs; "Settlement Costs" include titling and transfer costs, title insurance, survey fees and other similar costs; and "Financing Costs" include credit reference fees, legal fees, appraisal expenses, points which are paid by the Borrower, or other costs of financing the residence. Such amounts must not exceed the usual and reasonable costs which otherwise would be paid for in a similar loan,
- (2) The imputed value of services performed by the Borrower or members of his family (which include only the Borrower's parents, brother(s) and/or sister(s) [whether by whole or half blood], spouse, ancestors and lineal descendant(s) in constructing or completing the residence, or
- (3) The cost of land which has been owned by the Borrower for at least 2 years before the date on which the construction of the structure comprising the Single Family Residence begins.

B. The real estate on which the home is located is reasonably necessary to protect the basic livability of the residence and does not provide a source of income to the Borrower.

I fully understand the information set forth above is material to the Georgia Department of Community Affairs and declare under penalty of perjury, which is a felony offense in the State of Georgia that the above information is true and correct.

Subject Property Address: _____

_____, Georgia

Borrower's Signature

Date

Co-Borrower's Signature

Date

Property Seller's Signature

Date

Property Seller's Signature

Date

This document must have original signatures by all parties.

Georgia Department of Community Affairs
Loan Funding Profile
(Submit with the Purchase Package)

**Reservation
Number(s)** _____

(Georgia Dream First Mortgage)

(Georgia Dream Second Mortgage)

First Mortgage Program: FHA VA USDA/RD Conventional Rewards/Recovery

2nd Mtg. Program: PEN CHOICE SFD Signature Comm. HCV Habitat Rewards/Recovery

Lender _____

Contact _____ Phone #: (____) _____

Email: _____ Fax #: (____) _____

Applicant's Name and Address

Last _____ First _____ Middle _____

Number & Street _____

City _____ County _____ Zip Code _____

Is the Property Located in a Targeted Area? Yes No

Loan Information

First Mortgage Loan:

Second Mortgage Loan:

Closing Date (M/D/Yr.) _____ Date of Note _____

Date to which Interest Paid _____ Loan Amount \$ _____

First Payment Due Date _____

Term in Months _____

Maturity Date _____

Original Loan Amount \$ _____

Mortgage Interest Rate _____

Monthly Payment of P&I \$ _____

Buydown Yes No

Servicer: STATE HOME MORTGAGE

Seller certifies that the information contained herein is true and correct, based on normal and prudent business inquiry and that the Loan(s) issued to the Mortgagor identified herein is an (are) eligible Loan(s) in accordance with the terms of the Loan Seller Agreement and Seller Guide.

Legal Name of Seller (Lender) _____

By _____ Date _____

Name _____ Title _____

Georgia Dream Homeownership Program
State Home Mortgage
Servicing Loan Profile
(Submit with the Servicing Package)

Reservation Number(s) _____
(Georgia Dream First Mortgage) (Georgia Dream Second Mortgage)

Lender _____

Contact Name _____

Phone #: _____

Fax #: _____

Email Address: _____

Borrower's Name and Address

Last _____ First _____ Middle _____

Number & Street _____

City _____ County _____ Zip Code _____

Loan Information

Second Mortgage Loan (if applicable):

Date of Note _____

Loan Amount \$ _____

Georgia Housing and Finance Authority
Tax-Exempt Financing Rider
For Georgia Dream First Mortgage Loan Program (FHA Insured Loans Only)
(Execute at Closing and Record with GHFA First Mortgage)

THIS TAX-EXEMPT FINANCING RIDER is made this _____ day of _____, 20____, and is incorporated into and shall be deemed to amend and supplement the Mortgage, Deed of Trust or Security Deed ("Security Instrument") of the same date given by the undersigned ("Borrower") to secure Borrower's Note ("Note") to the _____ ("Lender") of the same date and covering the property described in the Security Instrument and located at: _____

ADDITIONAL COVENANTS. In addition to the covenants and agreements made in the Security Instrument, Borrower and Lender further covenant and agree to amend Paragraph 9 of the Security Instrument, entitled "Grounds for Acceleration of Debt," by adding additional grounds for acceleration as follows:

Lender, or such of its successors or assigns as may by separate instrument assume responsibility for assuring compliance by the Borrower with the provisions of this Tax-Exempt Financing Rider, may require immediate payment in full of all sums secured by this Security Instrument if:

- (a) All or part of the Property is sold or otherwise transferred by Borrower to a purchaser or other transferee:
- (i) Who cannot reasonably be expected to occupy the property as a principal residence within a reasonable time after the sale or transfer, all as provided in Section 143(c) and (i)(2) of the Internal Revenue Code; or
 - (ii) Who has had a present ownership interest in a principal residence during any part of the three-year period ending on the date of the sale or transfer, all as provided in Section 143(d) and (i)(2) of the Internal Revenue Code (except that "100 percent" shall be substituted for "95 percent or more" where the latter appears in Section 143(d)(1)) except that this requirement shall not apply to a purchaser or transferee of a residence in a targeted area; or
 - (iii) At an acquisition cost which is greater than 90 percent of the average area purchase price (greater than 110 percent for targeted area residences), all as provided in Section 143(e) and (i)(2) of the Internal Revenue Code; or
 - (iv) Who has a gross family income in excess of the applicable median family income as provided in section 143(f) and (i)(2) of the Internal Revenue Code; or
- (b) Borrower fails to occupy the property described in the Security Instrument without prior written consent of Lender or its successors or assigns described at the beginning of this Tax-Exempt Financing Rider, or
- (c) Borrower omits or misrepresents a fact that is material with respect to the provisions of Section 143 of the Internal Revenue Code in an application for the loan secured by this Security Instrument.

References are to the Internal Revenue Code as amended and in effect on the date of issuance of bonds, the proceeds of which will be used to finance the purchase of the Security Instrument and are deemed to include the implementing regulations.

BY SIGNING BELOW, Borrower accepts and agrees to the terms and covenants contained in this Tax-Exempt Financing Rider.

Unofficial Witness

Borrower (SEAL)

Sworn to and subscribed before me this _____ Day of _____, 20____.

Co-Borrower (SEAL)

Notary Public

My Commission Expires _____
(Notary Public Seal Affixed Here)

FHA version of October 1995

Georgia Housing and Finance Authority
Addendum to Note
For Georgia Dream First Mortgage Loan Program
(VA and USDA/RD, and Conventional Loans)
(Execute at Closing)

The obligations of the Borrower under the Note to which this is attached is expressly made subject to this Addendum. In the event of any conflict between the provisions of the Addendum and the provisions of the Note, the provisions of this Addendum shall control.

1. The Borrower agrees that the Lender or its assignee may at any time and without prior notice accelerate all payments due under the Note and exercise any other remedy allowed by law, including foreclosure, for breach of the Note, and it is hereby agreed to be a breach of the Note in addition to any other provisions of the Note, if:
 - a. The Borrower rents the property without the prior written approval of the Georgia Department of Community Affairs ("DCA") on behalf of the Georgia Housing and Finance Authority ("GHFA"), 60 Executive Park South, N.E., Atlanta, Georgia 30329; rents the property for a time period longer than the time period approved by DCA; or fails to occupy the mortgaged property for a period of more than twelve (12) months; or
 - b. The Borrower fails to abide by the agreements contained in the Application Affidavit, or if the Lender or DCA finds any statement contained in the Affidavit to be untrue when made; or
 - c. The Borrower sells, assigns or transfers the property or an interest therein (including, without limitation, land contracts, wrap around financing and assumptions) without the Lender's and DCA's prior written consent. Lender and DCA shall not consent to any transaction in which the Note, and the Deed to Secure Debt and this Addendum are to be assumed by Buyer(s) who does not meet the eligibility requirements of DCA then in effect under its Georgia Dream First Mortgage Program, including, but not limited to, any applicable income limitations or requirements that the Assumptor not have owned an interest in a principal residence during the prior three (3) years, unless the property is located in a "Targeted Area," as defined by the Internal Revenue Code; where the property sold, assigned, or transferred does not meet the then applicable sales or purchase price limitations of the Georgia Dream First Mortgage Program; or where the property is not intended to be occupied by the assumptor as his or her principal residence.
2. The Borrower understands that this loan has been made from funds obtained for public purposes and that the agreements and statements of fact contained in the Application Affidavit and the conditions set forth in paragraph 1 above are necessary conditions for the granting of this loan.
3. The Borrower agrees that, for Loans guaranteed by VA, the Lender or its assignee may impose a late charge in the amount of four percent (4%) each monthly payment of principal and interest which is more than fifteen (15) days delinquent, and for conventional and USDA/RD guaranteed Loans, the Lender or its assignee may impose a late charge in the amount of five percent (5%) of each monthly payment of principal and interest which is more than fifteen (15) days delinquent.
4. The Borrower agrees that no future advances will be made under the Note without the consent of DCA.

NOTICE TO BORROWER

This document substantially modifies the terms of the Note. Do not sign it unless you read and understand it.

I hereby consent to the modification of the terms of the Note which are contained in this Addendum.

Dated this _____ day of _____, 20__.

Borrower (SEAL)

Co-Borrower (SEAL)

Georgia Housing and Finance Authority
Transfer and Assignment
(Execute and Record)

STATE OF GEORGIA

COUNTY OF _____

FOR VALUE RECEIVED, the Undersigned has this day transferred, assigned, sold, conveyed and set over to the Georgia Housing and Finance Authority, 60 Executive Park South, N.E., Atlanta, Georgia 30329, its successors, representatives and assigns, all of its right(s), title and interest(s) in and to a certain Deed to Secure Debt executed (signed, sealed and delivered) by (Borrower) _____ in favor of (Lender) _____

in the principal sum of \$ _____ dated _____ and recorded in Deed Book _____ commencing at Page _____ in the Office of the Clerk of the Superior Court of _____ County, Georgia.

The Undersigned herein specifically transfers, assigns, sells, conveys and sets over to the Georgia Housing and Finance Authority, its successors, representatives and assigns, the aforesaid Deed to Secure Debt, together with all the powers, options, privileges and immunities contained therein, the property described therein and the indebtedness secured thereby.

The Undersigned this day also has transferred, assigned and sold to the Georgia Housing and Finance Authority, its successors, representatives and assigns, the Promissory Note secured by the aforesaid Deed to Secure Debt and this transfer and assignment of such Deed to Secure Debt is made to secure Georgia Housing and Finance Authority, its successors, representatives and assigns, in the payment of said Promissory Note.

IN WITNESS THEREOF, the Undersigned, pursuant to proper corporate authority, has caused these presents to be duly and properly executed (signed, sealed and delivered) on its behalf, its corporate name to be subscribed hereto and its Corporate Seal to be affixed hereto, by its duly authorized and empowered hereinafter named corporate officers, this _____ day of _____, 20____.

(CORPORATE SEAL)

Signed, sealed and delivered in the presence of _____

(Type or print the legal name of the Lender on the above line)

Witness

By: _____

Name: _____

Title: _____

Notary Public

Attest: _____

My Commission Expires _____

Name: _____

Title: _____

(Notary Public Seal Affixed Here)

**Georgia Housing and Finance Authority
Notice To Purchaser Of Potential
Recapture Tax On Sale Of Home**

Form of Notice to be Delivered to Each Purchaser on the Closing Date
Regarding Potential Recapture Tax on Sale of Home

To: Purchaser

The Georgia Dream First Mortgage and/or Georgia Dream Second Mortgage loan(s) being made to you today (the "Mortgage Loan") have been financed with the proceeds of certain tax-exempt bonds issued by the Georgia Housing and Finance Authority (the "Issuer") pursuant to certain state laws and federal income tax laws.

Because you are receiving mortgage loan(s) from the proceeds of a tax-exempt bond, you are receiving the benefit of a lower interest rate than is customarily charged on other mortgage loans. If you sell or otherwise dispose of your home during the next 9 years, this benefit may be "recaptured." The recapture is accomplished by an increase in your federal income tax for the year in which you sell or otherwise dispose of your home. The recapture only applies, however, if you sell or dispose of your home at a gain and if your income increases above specified levels. The recapture tax will not apply in certain circumstances, which are explained in the following pages.

You may wish to consult a tax advisor or the local office of the Internal Revenue Service at the time you sell or otherwise dispose of your home to determine the amount, if any, of the recapture tax. In the pages that follow, you will be given additional information that will be needed to calculate the recapture tax. The additional information begins on the next page and is entitled "Notice Under Code Section 143(m) (7) (B)."

This Notice is being given to you on behalf of the Issuer in compliance with section 143(m)(7)(A) and section 143(m)(7)(B) of the Internal Revenue Code.

Please sign below to acknowledge your receipt of all 8 pages of this Notice and that you are aware of the potential recapture tax discussed in this Notice.

Date

Purchaser's Signature

Purchaser's Signature

**This Notice must be executed in duplicate.
One copy for Purchasers and original for Lender to send to DCA.**

Notice Under Code Section 147(M)(7)(B)

Form of Notice to be Delivered to Each Purchaser on the Closing Date
of Maximum Recapture Tax of Method to Compute Recapture Tax on Sale of Home

- A. General Information.** When you sell your home, you may have to pay a recapture tax as calculated below. The recapture tax may also apply if you dispose of your home in some other way. Any reference in this notice to the "sale" of your home also includes other ways of disposing of your home. For instance, you may owe the recapture tax if you give your home to a relative.
- B. Exceptions.** In the following situations, no recapture tax is due and you do not need to do the calculations:
1. You dispose of your home later than 9 years after you close your GHFA mortgage loan(s);
 2. Your home is disposed of as a result of your death;
 3. You transfer your home either to your spouse or to your former spouse incident to divorce and you have no gain or loss included in your income under Section 1041 of the Internal Revenue Code; or
 4. You dispose of your home at a loss.
- C. Information You Will Need in Order to Complete Your Tax Forms.** In order to complete your income tax forms in the year you sell your home, you will need the following information:

Address of property:

Street Address

City, County, State, Zip

Type of Federal subsidy:

Mortgage loan (s) from the proceeds of a tax-exempt bond.

Name of bond issuer:

Georgia Housing and Finance Authority

Lending Institution:

Name of Lending Institution

Street Address

City, State, Zip

Loan Closing Date:

Federally Subsidized Amount:

Original First Mortgage Loan Amount X .0625 = _____

Original Second Mortgage Loan Amount X .0625 = _____

- D. Targeted Census Tract or other Targeted Area:** Is the subject property located in Bacon, Baker, Baldwin, Ben Hill, Bibb, Candler, Carroll, Chatham, Clarke, Clayton, Cobb, DeKalb, Dougherty, Floyd, Fulton, Glynn, Hall, Houston, Jeff Davis, Liberty, Lowndes, Muscogee, Richmond, Seminole, Spalding, Tift, Toombs, or Troup counties?
_____ **Yes** (please check box 1 or 2 below) _____ **No** (proceed to section E),

1. Property **is** located in a targeted census tract or other targeted area listed in Appendix III, page 2-9, of the Seller Guide.
2. Property **is not** located in a targeted census tract or other targeted area listed in Appendix III, page 2-9, of the Seller Guide.

E. Maximum Recapture Tax. The maximum recapture tax that you may be required to pay as an addition to your federal income tax is stated on page 2 of this notice as “Federally Subsidized Amount.” This amount is 6.25% of the original mortgage loan amount and is your Federally Subsidized Amount with respect to the loan.

F. Actual Recapture Tax. The actual recapture tax, if any, can only be determined when you sell your home. It is the lesser of:

1. 50 percent of your gain on the sale of your home, regardless of whether you have to include the gain in your income for federal income tax purposes, or
2. your Recapture Amount determined by multiplying the following three numbers:
 - a. Your Federally Subsidized Amount (see page 2 of this Notice) *times*
 - b. The Holding Period Percentage, as shown in paragraph F below *times*
 - c. The Income Percentage, as described in paragraph G below.

G. Holding Period Percentage. You can find your Holding Period Percentage in this chart:

<u>Date That You Sell Your Home</u>	<u>Holding Period Percentage</u>
Before the first anniversary of closing (“closing” means the closing date for your loan) (1st year)	20%
On or after the first anniversary of closing, but before the second anniversary of closing (2nd year)	40%
On or after the second anniversary of closing, but before the third anniversary of closing (3rd year)	60%
On or after the third anniversary of closing, but before the fourth anniversary of closing (4th year)	80%
On or after the fourth anniversary of closing, but before the fifth anniversary of closing (5th year)	100%
On or after the fifth anniversary of closing, but before the sixth anniversary of closing (6th year)	80%
On or after the sixth anniversary of closing, but before the seventh anniversary of closing (7th year)	60%
On or after the seventh anniversary of closing, but before the eighth anniversary of closing (8th year)	40%
On or after the eighth anniversary of closing, but before the ninth anniversary of closing (9th year)	20%

H. Income Percentage. You calculate the Income Percentage as follows:

1. Subtract the applicable Adjusted Qualifying Income in the taxable year in which you sell your home (as listed on Table I) from your Modified Adjusted Gross Income in the taxable year in which you sell your home. To find your Adjusted Qualifying Income, first find the county in which your home is located. If Table I shows “targeted” and “non-targeted” for your county, check page 2 of this Notice to see in which area your home is located. Then read across Table I to find the appropriate year (which should be the same year as used to select your Holding Period Percentage) and select the number from the column for your household size. Household size means the number of family members living in your home at the time of sale.

Your Modified Adjusted Gross Income means your Adjusted Gross Income shown on your federal income tax return for the taxable year in which you sell your home, with the following two adjustments: (a) your Adjusted Gross Income must be increased by the amount of any interest that you receive or accrue in the taxable year from tax-exempt bonds that is excluded from your gross income (under section 103 of the Internal Revenue Code); and (b) your Adjusted Gross Income must be decreased by the amount of any gain included in your gross income by reason of the sale of your home.

2. If the amount calculated in (1) above is zero or less, you owe no recapture tax and do not need to make any more calculations. If the amount calculated is \$5,000 or more, your Income Percentage is 100 percent. If the amount calculated is greater than zero, but less than \$5,000, it must be divided by \$5,000. This fraction, expressed as a percentage, represents your Income Percentage. For example, if the fraction is \$1,000/\$5,000, your Income Percentage is 20 percent.

I. Limitations and Special Rules on Recapture Tax

1. If you give away your home (other than to your spouse or ex-spouse incident to divorce), you must determine your actual recapture tax as if you had sold your home for its fair market value.
2. If your home is destroyed by fire, storm, flood, or other casualty, there generally is no recapture tax if, within two years, you purchase additional property for use as your principal residence on the site of the home financed with your original subsidized mortgage loan.
3. In general, except as provided in future regulations, if two or more persons own a home and are jointly liable for the subsidized mortgage loan, the actual recapture tax is determined separately for them based on their interests in the home.
4. If you repay your loan in full during the 9 year recapture period and you sell your home during this period, your Holding Period Percentage may be reduced under the special rule in Section 143(m)(4)(C)(ii) of the Internal Revenue Code.
5. Other special rules may apply in particular circumstances. You may wish to consult with a tax advisor or the local office of the Internal Revenue Service when you sell or otherwise dispose of your home to determine the amount, if any, of your actual recapture tax. See Section 143(m) of the Internal Revenue Code generally.

Georgia Housing and Finance Authority
Lender Certification

Borrower: _____

Lender: _____

Property Address: _____

Closing Date: _____

I, the undersigned, DO HEREBY CERTIFY to the Georgia Housing and Finance Authority (hereinafter, "GHFA") as follows:

1. On the above-referenced Closing Date (hereinafter "Closing Date") the above-referenced Lender (hereinafter "Lender") closed one or more Loans to the above-reverenced Borrower (hereinafter, the "Borrower") in the amount(s) below to finance the purchase of a Single Family Residence located at the above-referenced Property Address (hereinafter the "Property") under GHFA's:

Georgia Dream First Mortgage Loan \$ _____ Georgia Dream Second Mortgage Loan \$ _____

2. If a first mortgage, the Lender has received a mortgagee's title insurance binder, which insurance complies with the requirements of the Seller Guide, and the Lender is not aware of any fact or circumstance which would affect the delivery of the final title insurance policy in a timely manner and acceptable form.

3. The Deed(s) to Secure Debt to the Property, the assignment of the Deed(s) to Secure Debt to GHFA and all of the documents necessary for the transfer of title to the Borrower, for the granting of Deed(s) to Secure Debt to the Lender and for the assignment of such Deed(s) to Secure Debt to GHFA have been duly executed, acknowledged, delivered and recorded. With the exception of encumbrances permitted by GHFA, all payments necessary to extinguish all liens have been made.

4. The Lender has received an original hazard insurance binder or policy and, if required, an original flood insurance binder or policy which meets the requirements of the Seller Guide and is not aware of any fact or circumstance which would affect the delivery of the hazard insurance policy or, if required, the flood insurance policy, in a timely manner and acceptable form. All premiums have been paid to establish such insurance in full force and effect.

5. The Lender has, with due diligence, verified the information in the Affidavits and other forms completed by the Borrower and determined such information to be true and correct. In particular the Lender has verified that:

- a. The current Household Annual Income does not exceed the applicable limits; and
- b. The land being purchased by the Borrower with the proceeds of the Loan, if any, does not exceed the size necessary for basic livability;

For Georgia Dream First Mortgage Program Loans:

- a. The Borrower(s) has (have) had no present ownership interest in a principal residence within the last 3 years or the property is in a Targeted Area;
- b. The Acquisition Cost of the Property does not exceed the applicable Maximum Purchase Price;
- c. The Borrower(s) intends to occupy the Single Family Residence as a principal residence within 60 days of the date of closing the Loan;
- d. The Borrower(s) has (have) certified and agreed that the Single Family Residence is not and may not be used in a trade or business, or as an investment property or farm, or as a vacation or second home, and based upon the Lender's inspection of property and other reasonable due diligence, the Lender knows of no indication to the contrary;
- e. The Loan is not being used to refinance, acquire or replace an existing loan or mortgage of the Borrower except in the case of a construction loan or similar temporary financing with a term of 24 months or less; and
- f. The Borrower(s) has (have) certified and agreed that the Single Family Residence will be used in accordance with the terms and conditions set forth in the loan documents, the Loan Seller Agreement and the Seller Guide, and the Lender knows of no indication to the contrary.

For Georgia Dream Second Mortgage Loans:

- a. The Borrower(s) qualifies as a first-time home buyer, displaced homemaker, or single parent;
 - b. The Purchase Price of the Property does not exceed the applicable limits;
 - c. The Borrower(s) intends to occupy the Single Family Residence as a principal residence within 60 days of the date of closing the Loan; and
 - d. The Borrower(s) has (have) certified and agreed that the Single Family Residence will be used in accordance with the terms and conditions set forth in the loan documents, the Loan Seller Agreement and the Seller Guide, and the Lender knows of no indication to the contrary.
6. The Lender does hereby certify and warrant that:
- a. The Loan(s) is (are) in conformance with the provisions of the Loan Seller Agreement (which incorporates by reference the Seller Guide) and the Seller has reviewed the Borrower's application and the affidavits and other forms completed by the Borrower for conformity with the eligibility provision of the applicable Program(s);
 - b. The Loan(s) meets the terms and conditions of the Program(s) and has been made to an eligible Borrower to finance a Single Family Residence;
 - c. All information supplied by the Lender to GHFA in connection with the Loan is accurate, and the Lender knows of no material misstatement or omission in information supplied by the Borrower or the Lender in connection with the Loan;
 - d. All required hazard, flood, title and mortgage insurance has been obtained;
 - e. The lien securing the Loan(s) has been perfected by recording and has not been impermissibly satisfied, subordinated or impaired;
 - f. The Loan(s) is (are) not subject to any pledge or assignment, except the assignment to GHFA;
 - g. If a First Mortgage Loan, the Loan creates a valid first mortgage lien on the Property subject only to encumbrances created by, among other things, non-delinquent taxes or assessments, rights-of-way, and other easements and encroachments which do not materially affect the security for the Loan, and the Lender has full right and authority to carry out the sale and delivery of the Loan to GHFA;
 - h. If an Second Mortgage Loan, the Loan creates a valid subordinate mortgage lien on the Property subject only to encumbrances created by, among other things, (i) a first mortgage loan secured by the Property; (ii) a second mortgage loan secured by the Property provided such second mortgage loan has been previously approved in writing by GHFA; and (iii) non-delinquent taxes or assessments, rights-of-way, and other easements and encroachments which do not materially affect the security for the Loan, and the Lender has full right and authority to carry out the sale and delivery of the Loan to GHFA;
 - i. The Loan has been underwritten in accordance with the Seller Guide and with prudent lending practices;
 - j. In making this Loan, the Lender has complied with all applicable laws, rules and regulations; and
 - k. The Loan is properly insured in accordance with the Seller Guide.
7. I certify that the borrower(s), seller(s), realtor or any other parties to the transaction do not appear on the HUD Debarred and Suspended lists.
8. I am an officer of the Lender, duly authorized and empowered to execute this Certificate by and on behalf of Lender.

IN WITNESS WHEREOF, I have hereunto set my hand this _____ day of _____, 20_____.

LENDER'S NAME _____

BY _____
Officer's Signature

Officer's Title

Printed or Typed Name

**Georgia Department of Community Affairs
Georgia Dream Second Mortgage Loan
Sales Contract Addendum**

THIS CONTRACT ADDENDUM (Addendum) is to amend the original real property sales contract (Contract) dated _____ between the Buyer and Seller for the property located:

_____ [address of Property to be sold/acquired]

Buyer: _____

Seller: _____

The Seller and/or Buyer have the right to terminate the Contract if the conditions of this Addendum are not approved or complied with.

CONTRACT ADDENDUM CONDITIONS:

To the Seller: The Buyer is seeking federal funds to acquire property owned by the Seller. Please be informed of the following:

Voluntary Sale

1. The Buyer does not have the right of eminent domain (eminent domain is the power to take private property for public use).
2. Because this is a voluntary transaction, the Buyer will not acquire the property offered for sale if negotiations fail to result in an amicable agreement.
3. Based on the appraisal obtained by the lender as a part of this transaction, the estimated fair market value of the Seller's property is \$_____.
4. Even though federal funds will be used in the acquisition of the property, the Seller **WILL NOT** be entitled to relocation benefits.

SELLER CERTIFICATION:

I, the Seller, certify that as of the date the contract was executed and/or at any time thereafter the property has been:

- tenant occupied,
or
 vacant or occupied by myself.

CONTRACT ADDENDUM ACCEPTANCE:

The Buyer and Seller understand that if the conditions of this Addendum are not complied with, either party may terminate the Contract by notifying the other party by certified mail, return receipt requested, that the Contract is terminated. The Buyer and Seller: (i) voluntarily accept these Addendum conditions; and (ii) agree to amend the Contract to include the conditions of this Addendum.

Signature of Seller: _____ Date: _____

Signature of Seller: _____ Date: _____

Signature of Buyer: _____ Date: _____

Signature of Buyer: _____ Date: _____

This document must have original signatures by all parties.

**Georgia Department of Community Affairs
Georgia Dream Second Mortgage Loan
Truth-in-Lending Disclosure Statement**

Lender: _____

Date: _____

Lender's Address: _____

Borrowers: _____

Property: _____

ANNUAL PERCENTAGE RATE	FINANCE CHARGE The dollar amount the credit will cost you.	AMOUNT FINANCED The amount of credit provided to you or on your behalf.	TOTAL PAYMENTS The amount you will have paid after you have made all payments as scheduled.
0%	N/A		

(Georgia Dream Second Mortgage Loan Amount)

(Georgia Dream Second Mortgage Loan Amount)

Payment Schedule:

NUMBER OF PAYMENTS	AMOUNT OF PAYMENTS	PAYMENTS ARE DUE
Due upon sale, refinance or transfer of property.		

Demand Feature: This loan does not have a Demand Feature.

Variable Rate Feature: N/A

Security: You are giving a security interest in the property located at: _____

Assumption: May assume, subject to lender's conditions.

Late Charges: N/A

Pre-payment: N/A

You are not required to complete this agreement merely because you have received these disclosures or signed a loan application.

I/We hereby acknowledge reading and receiving a complete copy of this disclosure.

Borrower Signature Date

Borrower Signature Date

**Georgia Housing and Finance Authority
Georgia Dream Second Mortgage Loan
Promissory Note**

_____, 20_____, _____ (city) _____ (State)

(Property Address)

1. **Borrower's Promise to Pay.** In return for a loan that I, _____ (the "Borrower") have received, I promise to pay U.S. \$ _____ (this amount is called "principal"), plus any other charges due hereunder, to the order of the Lender. The Lender is _____, whose address is _____, I understand that the Lender may transfer this Note. The Lender or anyone who takes this Note by transfer and who is entitled to receive payments under this Note is called the "Note Holder."
2. **Interest.** Interest will not be charged, nor will interest accrue, on the principal. However, if I default, interest on amounts paid by the Note Holder, and certain charges, may accrue and I will be obligated to pay those amounts.
3. **Payments.** There will be no required monthly or annual payments. The principal shall be due in full as provided in paragraph 1.1 of the Subordinate Security Deed (as that term is referenced in paragraph 10 hereof).
4. **Borrower's Right to Prepay.** I have the right to make a payment of principal at any time before it is due. A payment of principal is known as a "prepayment." When I make a prepayment, I will tell the Note Holder in writing that I am doing so.

I may make a full prepayment or partial prepayments without paying any prepayment charge. The Note Holder will use all of my prepayments to reduce the amount of principal that I owe under this Note. If I make a partial prepayment, there will be no change in the date on which the principal shall be due unless the Note Holder agrees in writing to those changes.
5. **Loan Charges.** If a law, which applies to this loan and which sets maximum loan charges, is finally interpreted so that any interest or other loan charges collected or to be collected in connection with this loan exceed the permitted limits, then (i) any such loan charge shall be reduced by the amount necessary to reduce the charge to the permitted limit; and (ii) any sums already collected from me which exceeded permitted limits will be refunded to me. The Note Holder may choose to make this refund by reducing the principal I owe under this Note or by making a direct payment to me. If a refund reduces principal, the reduction will be treated as a partial prepayment.
6. **Borrower's Default.**
 - (A) **Violation of Subordinate Security Deed.** If I do not comply with all the terms of the Subordinate Security Deed within the periods, if any, described therein, I will be in default.
 - (B) **Default.** If I do not repay the principal at the time required by the Subordinate Security Deed, I will be in default.
 - (C) **Notice of Default.** If I am in default, the Note Holder may send me a written notice telling me that if I do not pay the overdue amount by a certain date, the Note Holder may require me to pay immediately the full amount of principal. That date must be at least 30 days after the date on which the notice is delivered or mailed to me.
 - (D) **No Waiver by Note Holder.** Even if, at a time when I am in default, the Note Holder does not require me to pay immediately in full as described above, the Note Holder will still have the right to do so at a later time.
 - (E) **Payment of Note Holder's Costs and Expenses.** If the Note Holder has required me to pay immediately in full as described above the Note Holder will have the right to be paid back by me for all of its costs and expenses in enforcing this Note to the extent not prohibited by applicable law. Those expenses include, for example, reasonable attorney's fees.

7. Giving of Notices. Unless applicable law requires a different method, any notice that must be given to me under this Note will be given by delivering it or by mailing it by first class mail to me at the Property Address above or at a different address if I give the Note Holder a notice of my different address. I will promptly notify the Note Holder if my mailing address should change.

Any notice that must be given to the Note Holder under this Note will be given by mailing it by first class mail to the Note Holder at the address specified on the first page hereof or a different address if I am given a notice of that different address.

8. Obligations of Persons Under this Note. If more than one person signs this Note, each person is fully and personally obligated to keep all of the promises made in this Note, including the promise to pay the full amount owed. Any person who is a guarantor, surety or endorser of this Note is also obligated to do these things. Any person, who takes over these obligations, including the obligations of a guarantor, surety or endorser of this Note, is also obligated to keep all of the promises made in this Note. The Note Holder may enforce its rights under this Note against each person individually or against all of us together. This means that any one of us may be required to pay all of the amounts owed under this Note.

9. Waivers. I and any other person who has obligations under this Note waive the rights of presentment and notice of dishonor. "Presentment" means the right to require the Note Holder to demand payment of amounts due. "Notice of dishonor" means the right to require the Note Holder to give notice to other persons that amounts due have not been paid.

10. Additional Provisions. In additions to the protections given to the Note Holder under this Note, a Subordinate Security Deed, dated the same date as this Note, (the "Subordinate Security Deed"), protects the Note Holder from possible losses which might result if I do not keep the promises which I make in this Note. The Subordinate Security Deed is and shall be subject and subordinate in all respects to the liens, terms, covenants and conditions of the First Security Deed (defined below). The Subordinate Security Deed describes how and under what conditions I may be required to make immediate payment in full of all amounts I owe under this Note. "First Security Deed" means a Security Deed dated on or about the same date of this Note, which protects the holder of the first Note made by me payable to the order of _____ (the "Senior Lien Holder") which protects the Senior Lien Holder if I do not keep the promises which I made in such first Note. Two of those conditions are described as follows:

- (A) Transfer of the Property or a Beneficial Interest in Borrower. Unless approved in writing by Note Holder (pursuant to applicable rules and regulations of Lender at such time), and except for a conveyance to the Senior Lien Holder, if all or any part of the Property or any interest in it is sold or transferred (or if a beneficial interest in Borrower is sold or transferred and Borrower is not a natural person), Borrower shall immediately pay in full all sums secured by the Subordinate Security Deed; and
- (B) Refinancing of the Loan Secured by the First Security Deed. In the event the loan secured by the First Security Deed is refinanced, Borrower shall immediately pay in full all sums secured by the Subordinate Security Deed.

IN WITNESS WHEREOF, Borrower has signed and sealed this Note as of the day and year first above written.

BORROWER:

BORROWER:

BY: _____

BY: _____

Printed Name: _____

Printed Name: _____

BORROWER:

BY: _____

Printed Name: _____

This Instrument was prepared by:
After recording return to:

Georgia Housing and Finance Authority
Georgia Dream Second Mortgage Loan Subordinate Security Deed

THIS SUBORDINATE SECURITY DEED ("Security Instrument") is given on this _____ day of _____, 20____ by _____, an individual resident of the State of Georgia, having a mailing address of _____ ("Borrower") in favor of _____, a _____, having a mailing address of _____ ("Lender");

WITNESSETH; That,

WHEREAS, Borrower owes Lender the principal sum of _____ Dollars (U.S. \$ _____) which is evidenced by that certain Georgia Dream Second Mortgage Note made by Borrower payable to the order of Lender and dated the same date as this Security Instrument (the "Note"); and

WHEREAS, in addition to the loan secured by this Security Instrument (the "Loan"), Borrower obtained a first security deed loan (the "First Security Loan") from _____ (the "Senior Lien Holder"), which is secured by a first security deed lien (the "First Security Deed") on the Property (as such term is hereinafter defined); the First Security Deed, together with any and all other documents evidencing or securing the First Security Loan are collectively referred to herein as the "First Security Deed Loan Documents;" and

WHEREAS, as a condition to Lender's making the Loan to Borrower, Lender has requested and Borrower has agreed to execute and deliver this Security Instrument as security for the payment of the indebtedness owed by Borrower to Lender under the Note;

NOTE TO THE TAX COMMISSIONER: THE NOTE SECURED BY THIS INSTRUMENT IS DUE AND PAYABLE UPON A CONVEYANCE OR REFINANCING OF THE PROPERTY THAT SERVES AS SECURITY FOR THIS INSTRUMENT AND NOT UPON A SPECIFIC MATURITY DATE. AS A RESULT OF THE FORGOING, THE NOTE MAY BE DEEMED A LONG-TERM NOTE; THEREFORE, INTANGIBLE TAX SHALL BE DUE AND PAYABLE UPON THE RECORDATION OF THIS INSTRUMENT PURSUANT TO O.C.G.A. 48-6-61.

NOW THEREFORE, FOR AND IN CONSIDERATION of the sum of Ten and No/100 Dollars (\$10.00), and other valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and in order to secure (a) the repayment of the debt evidenced by the Note, and all renewals, extensions and modifications of the Note; (b) the payment of all other sums, with interest, advanced under Section 1.9 to protect the security of this Security Instrument; and (c) the performance of Borrower's covenants and agreements under this Security Instrument and the Note (collectively, the "Indebtedness"), Borrower hereby grants, bargains, sells, warrants, conveys aliens, remises, releases, assigns and set over and confirms to Lender and Lender's successors and assigns, with power of sale, subject to the rights of the Senior Lien Holder under the First Security Deed:

ALL THOSE CERTAIN lot(s), pieces(s) or parcel(s) of improved land located at _____, _____ County, Georgia, and described on Exhibit "A" attached hereto and by this reference incorporated herein and made a part hereof;

TOGETHER WITH, all the improvements now or hereafter erected on the property, and all easements, appurtenances, and fixtures now or hereafter a part of the property, and together with any and all replacements and additions thereto (hereinafter collectively referred to as the "Property").

TO HAVE AND TO HOLD the Property to the use, benefit and behoove of Lender, its successors and assigns, IN FEE SIMPLE forever.

THIS CONVEYANCE is intended to operate and is to be construed as a deed passing title to the Property to Lender and is made under those provisions of the existing laws of the State of Georgia relating to deeds to secure debt, and not as a mortgage.

Should the Indebtedness secured by this Security Instrument be paid according to the tenor and effect thereof when the same shall become due and payable, and should Borrower perform all covenants herein contained in a timely manner, then this Security Instrument shall be canceled and surrendered.

ARTICLE I
COVENANTS OF BORROWER

1.1 Payment of Principal and Charges. Borrower shall promptly pay when due the Indebtedness evidenced by the Note, and any other charges due under the Note and this Security Instrument, unless otherwise provided herein. Subject to the provisions of 24 C.F.R. 92.254 (a)(5)(ii)(A)(3), if applicable, the Indebtedness is due and payable on the earlier of (a) refinancing of the First Security Loan; (b) a sale or conveyance of the Property by the Borrower; (c) a foreclosure of the First Security Deed; or (d) a Default (either hereinafter defined or as defined in the First Security Deed), shall have occurred under the Note, this Security Deed or the First Security Deed. Should the Indebtedness not be fully satisfied after application of payment formula outlined in 24 C.F.R. 92.254 (a) (5) (ii) (A) (3) the remaining balance shall be forgiven by Lender.

1.2 Title to the Property. Borrower covenants that Borrower is lawfully seized of the estate hereby conveyed and has the right to grant and convey the Property and that the Property is unencumbered, except for the First Security Deed and other encumbrances of record. Borrower warrants and will defend generally the title to the Property against all claims and demands, subject to any encumbrances of record as of the date of this Security Instrument.

1.3 Funds for Taxes and Insurance. Subject to the provisions set forth in this Section 1.3, Borrower shall pay to Lender upon Lender's request, on the first day of each month, until the Note is paid in full, a sum (the "Funds") for: (a) yearly taxes and assessments which may attain priority over this Security Instrument as a lien on the Property; (b) yearly leasehold payments or ground rents on the Property, if any; (c) yearly hazard or property insurance premiums; and (d) yearly flood insurance premiums. Items (a) through (d) are collectively called "Escrow Items." Lender may, at any time, collect and hold Funds in an amount not to exceed the maximum amount a lender for a federally related mortgage loan may require for Borrower's escrow account under the Federal Real Estate Settlement Procedures Act of 1974 as amended from time to time, 12 U.S.C. § 2601 *et seq.* ("RESPA"), unless another law that applies to the Funds sets a lesser amount. If so, Lender may, at any time, collect and hold Funds in an amount not to exceed the lesser amount. Lender may estimate the amount of Funds due on the basis of current data and reasonable estimates of expenditures of future Escrow Items or otherwise in accordance with applicable law. The Borrower shall not be obligated to make such payments of Funds to the Lender to the extent that the Borrower makes such payments to the Senior Lien Holder in accordance with the First Security Deed.

The Funds shall be held in an institution whose deposits are insured by a federal agency, instrumentality, or entity (including Lender, if Lender is such an institution) or in any Federal Home Loan Bank. Lender shall apply the Funds to pay the Escrow Items. Lender may not charge Borrower for holding and applying the Funds, annually analyzing the escrow account, or verifying the Escrow Items, unless Lender pays Borrower interest on the Funds and applicable law permits Lender to make such a charge. However, Lender may require Borrower to pay a one-time charge for an independent real estate tax reporting service used by Lender in connection with this loan, unless applicable law provides otherwise. Unless an agreement is made or applicable law requires interest to be paid, Lender shall not be required to pay Borrower any interest or earnings on the Funds. Borrower and Lender may agree in writing, however, that interest shall be paid on the Funds. Lender shall give to Borrower, without charge, an annual accounting of the Funds, showing credits and debits to the Funds and the purpose for which each debit to the Funds was made. The Funds are pledged as additional security for all sums secured by this Security Instrument.

If the Funds held by Lender exceed the amounts permitted to be held by applicable law, Lender shall account to Borrower for the excess Funds in accordance with the requirements of applicable law. If the amount of the funds held by Lender at any time is not sufficient to pay the Escrow Items when due, Lender may so notify Borrower in writing, and, in such case borrower shall pay to Lender the amount necessary to make up the deficiency. Borrower shall make up the deficiency in no more than twelve monthly payments, at Lender's sole discretion.

Upon payment in full of all sums secured by this Security Instrument, Lender shall promptly refund to Borrower any Funds held by Lender. If, under Section 2.2, Lender shall acquire or sell the Property, Lender, prior to the acquisition or sale of the Property, shall apply any Funds held by Lender at the time of acquisition or sale of the Property, as a credit against the sums secured by this Security Instrument.

If this Security Instrument is subject to any first-priority security deed (the "Prior Security Deed") encumbering the Property, including, without limitation, the First Security Deed, and such Prior Security Deed provides for the Borrower to make the payments required in this Section 1.3, then Borrower's compliance with the covenants in the Prior Security Deed shall be deemed to be in compliance with the provisions of this Section 1.3.

1.4 Application of Payments. Unless applicable law provides otherwise, all payments received by Lender under Sections 1.1 and 1.3 hereof shall be applied: first, to amounts payable under Section 1.3; second, to interest due, if any; third, to principal due; and last, to any late charges or other fees due under the Note.

1.5 Prior Security Deed; Charges; Liens. Borrower shall perform all of the Borrower's obligations under the First Security Deed, including Borrower's covenants to make payments when due. Borrower shall pay all taxes, assessments, charges, fines and impositions attributable to the Property which may attain priority over this Security Instrument, and leasehold payments or ground rents, if any. Borrower shall pay these obligations in the manner provided in Section 1.3, or if not paid in that manner, Borrower shall pay them on time directly to the person owed payment. Borrower shall promptly furnish to Lender all notices of amounts to be paid under this Section. If Borrower makes these payments directly, Borrower shall promptly furnish to Lender receipts evidencing the payments.

Except for the lien of the First Security Deed, Borrower shall promptly discharge any lien which has priority over this Security Instrument unless Borrower: (a) agrees in writing to the payment of the obligation secured by the lien in a manner acceptable to Lender; (b) contests in good faith the lien by, or defends against enforcement of the lien in, legal proceedings which, in the Lender's opinion, operate to prevent the enforcement of the lien; or (c) secures from the holder of the lien an agreement satisfactory to Lender subordinating the lien to this Security Instrument. Except for the lien of the First Security Deed, if Lender determines that any part of the Property is subject to a lien which may attain priority over this Security Instrument, Lender may give Borrower a notice identifying the lien. Borrower shall satisfy the lien or take one or more of the actions set forth above within 10 days of the giving of such notice.

1.6 Subordination. Lender and Borrower acknowledge and agree that this Security Instrument is subject and subordinate in all respects to the liens, terms, covenants and conditions of the First Security Deed and to all advances heretofore made or which may hereafter be made pursuant to the First Security Deed, including all sums advanced for the purposes of (a) protecting or further securing the lien of the first Security Deed, curing defaults by the Borrower under the First Security Deed or for any other purpose expressly permitted by the First Security Deed and/or (b) constructing, renovating, repairing, furnishing, fixturing or equipping the Property.

The terms and provisions of the First Security Deed are paramount and controlling and they supersede any other terms and provisions hereof in conflict therewith. In the event of a foreclosure or deed in lieu of foreclosure or assignment to the Secretary of Housing and Urban Development of the First Security Deed, any provisions herein or any provisions in any other collateral agreement restricting the use of the Property to low or moderate income households or otherwise restricting the Borrower's ability to sell the Property shall have no further force or effect. Any persons (including his successors or assigns) receiving title to the Property through a foreclosure or deed in lieu of foreclosure of the First Security Deed shall receive title to the Property free and clear from such restrictions.

Further, in the event a default occurs under the First Security Loan, Borrower shall provide Lender with written notice of such default. In the event the Senior Lien Holder acquires title to the Property pursuant to a deed in lieu of foreclosure, the lien of this Security Instrument shall automatically terminate upon the Senior Lien Holder's acquisition of title.

Further, the Borrower and the Lender agree that whenever the Note or this Security Instrument gives the Lender the right to approve or consent with respect to any matter affecting the property (or the construction of any improvements thereon) or otherwise (including the exercise of any "due on sale" clause), and right of approval or consent with regard to the same matter is also granted to the Senior Lien Holder pursuant to the First Security Deed, the Senior Lien Holder's approval or consent or failure to approve or consent, as the case may be, shall be binding on the Borrower and the Lender.

1.7 Hazard or Property Insurance. Borrower shall keep the improvements now existing or hereafter erected on the Property insured against loss by fire, hazards included within the term "extended coverage" and any other hazards, including floods or flooding, for which Lender requires insurance. This insurance shall be maintained in the amounts and for periods that Lender requires. The insurance carrier providing the insurance shall be chosen by Borrower subject to Lender's approval which shall not be unreasonably withheld. If Borrower fails to maintain coverage described above, Lender may, at Lender's option, obtain coverage to protect Lender's right in the Property in accordance with Section 1.9.

All insurance policies and renewals shall be acceptable to Lender and shall include a standard mortgagee clause. All requirements hereof pertaining to insurance shall be deemed satisfied if the Borrower complies with the insurance requirements under the First Security Deed. All original policies of insurance required pursuant to the First Security Deed shall be held by the Senior Lien Holder; provided, however, Lender may be named as a loss payee as its interest may appear and may be named as an additional insured. If Lender requires, Borrower shall promptly give to Lender all receipts of paid premiums and renewal notices. In the event of loss, Borrower shall give prompt notice to the insurance carrier, the Senior Lien Holder and Lender. Lender may make proof of loss if not made promptly by the Senior Lien Holder or the Borrower.

Unless Lender and Borrower otherwise agree in writing, insurance proceeds shall be applied by Lender, at its option, either (a) to the reduction of the indebtedness under the Note and this Subordinate Security Deed, or (b) to the restoration or repair of the damaged Property. Any excess insurance proceeds over the amount required to pay all outstanding indebtedness under the Note and this Subordinate Security Deed shall be paid to the entity legally entitled thereto.

Any application of proceeds to principal shall not extend or postpone any due date of the payments referred to in Sections 1.1 and 1.3 or change the amount of the payments. If under Section 2.2 the Property is acquired by Lender, Borrower's right to any insurance policies and proceeds resulting from damage to the Property prior to the acquisition shall pass to Lender to the extent of the sums secured by this Security Instrument immediately prior to the acquisition.

Notwithstanding the above, the Lender's right to collect and apply the insurance proceeds hereunder shall be subject and subordinate to the rights of the Senior Lien Holder to collect and apply such proceeds in accordance with the First Security Deed.

1.8 Occupancy, Preservation, Maintenance and Protection of the Property; Leasehold. Borrower shall at all times occupy, establish, and use the Property as Borrower's principal residence and shall continue to occupy the Property as Borrower's principal residence for a period of 5 years if the second mortgage is less than \$15,000.00, 10 years if the second mortgage is \$15,000.00 or more but \$40,000.00 or less, or 15 years if the second mortgage is more than \$40,000.00 from the date hereof. Borrower shall not destroy, damage or impair the Property, allow the Property to deteriorate, or commit waste on the Property. If this Security Instrument is on a leasehold, Borrower shall comply with the provisions of the lease. If Borrower acquires fee title to the Property, the leasehold and fee title shall not merge unless Lender agrees to the merger in writing.

1.9 Protection of Lender's Rights in the Property. In the event a Default (as such term is hereinafter defined) occurs under this Security Instrument, or there is a legal proceeding that may affect Lender's rights in the Property (such as a proceeding in bankruptcy, probate, for condemnation or forfeiture or to enforce laws or regulations), then Lender may do and pay for whatever is necessary to protect the value of the Property and Lender's rights in the Property. Lender's actions may include paying any sums secured by a lien which has priority over this Security Instrument (including sums secured by the First Security Deed), appearing in court, paying reasonable attorneys' fees and entering on the Property to make repairs. Although Lender may take action under this Section 1.9, Lender does not have to do so.

Any amounts disbursed by Lender under this Section 1.9 shall become additional Indebtedness of Borrower secured by this Security Instrument. Unless Borrower and Lender agree to other terms of payment, these amounts shall bear interest from the date of disbursement at the rate of 10% per annum and shall be payable, with interest, upon notice from Lender to Borrower requesting payment.

Prior to taking any actions under this Section 1.9, however, Lender shall notify the Senior Lien Holder of such Default in the manner provided in Section 3.4 of this Security Instrument, and shall provide the Senior lien Holder with the opportunity to cure any such Default under this Security Instrument. All amounts advanced by the Senior Lien Holder to cure a Default hereunder shall be deemed advanced by the Senior Lien Holder and shall be secured by the First Security Deed. In addition, the Lender agrees that it will not commence foreclosure proceedings or accept a deed in lieu of foreclosure, or exercise any other rights or remedies hereunder until it has given the Senior Lien Holder at least 60 days prior written notice. Any action by Lender hereunder to foreclose or accept a deed in lieu of foreclosure shall be subject to the "due on sale" provisions of the First Security Deed.

Lender and Borrower further agree that a Default hereunder may, in Senior Lien Holder's sole discretion, constitute a Default under the First Security Deed. In the event the Senior Lien Holder deems a Default hereunder to be a Default under the First Security Loan, the Senior Lien Holder shall have the right to exercise all rights and remedies under the First Security Deed.

1.10 Inspection. Lender or its agent may make reasonable entries upon and inspections of the Property. Lender shall give Borrower notice at the time of or prior to an inspection specifying reasonable cause for inspection.

1.11 Condemnation. The proceeds of any award or claim for damages, direct or consequential, in connection with any condemnation or other taking of any part of the Property, or for conveyance in lieu of condemnation, are hereby assigned and shall be paid to Lender, subject to the terms of the First Security Deed.

In the event of a total taking of the Property, the proceeds shall be applied first to all amounts due and owing to the Senior Lien Holder under the First Security Loan, then to the sums secured by this Security Instrument, whether or not then due, with any excess paid to Borrower. In event of a partial taking of the Property in which the fair market value of the Property immediately before the taking is equal to or greater than the amount of the sums secured by this Security Instrument immediately before the taking, unless Borrower and Lender otherwise agree in writing, the sums secured by this Security Instrument shall be reduced by the amount of the proceeds multiplied by the following fraction: (a) the total amount of sums secured immediately before the taking, divided by (b) the fair market value of the Property immediately before the taking. Any balance shall be paid to Borrower. In the event of a partial taking of the Property in which the fair market value of the Property immediately before the taking is less than the amount of the sums secured immediately before the taking, unless Borrower and Lender otherwise agree in writing or unless applicable law otherwise provides, the proceeds shall be applied to the sums secured by this Security Instrument whether or not the sums are then due.

If the Property is abandoned by Borrower, or if, after notice by Lender to Borrower that the condemnor offers to make an award or settle a claim for damages, Borrower fails to respond to Lender within 30 days after the date the notice is given, Lender is authorized to collect and apply the proceeds, at its option, either to restoration or repair of the Property or to the sums secured by this Security Instrument, whether or not then due.

Unless Lender and Borrower otherwise agree in writing, any application of proceeds to principal shall not extend or postpone any due date of the payments referred to in Sections 1.1 and 1.3 or change the amount of such payments.

1.12 **Hazardous Substances.** Borrower shall not cause or permit the presence, use, disposal, storage, or release of any Hazardous Substances (as such term is hereinafter defined) on or in the Property. Borrower shall not do, nor allow anyone else to do, anything affecting the Property that is in violation of any Environmental Law (as such term is hereinafter defined). The preceding two sentences shall not apply to the presence, use, or storage on the Property of small quantities of Hazardous Substances that are generally recognized to be appropriate to normal residential uses and to maintenance of the Property.

Borrower shall promptly give Lender written notice of any investigation, claim, demand, lawsuit or other action by any governmental or regulatory agency or private party involving the Property and any Hazardous Substance or Environmental Law of which Borrower has actual knowledge. If Borrower learns, or is notified by any governmental or regulatory authority, that any removal or other remediation of any Hazardous Substance affecting the Property is necessary, Borrower shall promptly take all necessary remedial actions in accordance with Environmental Law. Prior to taking any such remedial action, however, the Borrower shall notify the Senior Lien Holder that such remedial action is necessary and shall obtain the Senior Lien Holder's prior written consent for such remedial action. As used in this Section 1.12, "Hazardous Substances" are those substances defined as toxic or hazardous substances by Environmental Law and the following substances: gasoline, kerosene, other flammable or toxic petroleum products, toxic pesticides and herbicides, volatile solvents, materials containing asbestos or formaldehyde, and radioactive materials. As used in this Section 1.12, "Environmental Law" means federal laws and laws of the State of Georgia that relate to health, safety or environmental protection.

ARTICLE 2

DEFAULT AND REMEDIES

2.1 **Events of Default.** Any one or more of the following events or conditions shall constitute a "Default" under this Security Instrument:

(a) If any forfeiture action or proceeding, whether civil or criminal, is begun which in Lender's good faith judgment could result in forfeiture of the Property or otherwise materially impair the lien created by this Security Instrument or Lender's security interest and Borrower has failed to cure such a default within 60 days after the date on which such action or proceeding is commenced by failing to cause the action or proceeding to be dismissed with a ruling that, in Lender's good faith determination, precludes forfeiture of the Borrower's interest in the Property or other material impairment of the lien created by this Security Instrument or Lender's security interest; provided, such 60 day grace period set forth in this subsection (a) shall not apply to any other Default expressly set forth in this Section 2.1 or to any other covenant or condition with respect to which a limitation as to time or grace period or right to cure is expressly provided herein or in the Note; or

(b) If Borrower, during the loan application process or during the term of the Loan, gave or gives materially false or inaccurate information or statements to Lender (or failed to provide Lender with any material information) in connection with the Loan evidenced by the Note, including, but not limited to, representations concerning Borrower's occupancy of the Property as a principal residence and representations contained in this Security Instrument; or

(c) If the second mortgage is \$15,000.00 or less and Borrower, during the five (5) year period beginning with the date of execution of the Subordinate Security deed, fails to occupy the Property as a principal residence; or

(d) If the second mortgage is more than \$15,000.00 but less than \$40,000.00 and Borrower, during the ten (10) year period beginning with the date of execution of the Subordinate Security deed, fails to occupy the Property as a principal residence; or

(e) If the second mortgage is more than \$40,000.00 and Borrower, during the fifteen (15) year period beginning with the date of execution of the Subordinate Security deed, fails to occupy the Property as a principal residence; or

(f) Except for a conveyance to the Senior Lien Holder under the First Security Deed, and unless approved in writing by Lender (pursuant to applicable rules and regulations of Lender at such time), if all or any part of the Property or any interest in it is sold or transferred (or if a beneficial interest in Borrower is sold or transferred and Borrower is not a natural person); or

(g) If the First Security Loan, or any portion thereof, is refinanced by Borrower; or

(h) Failure by Borrower to observe or perform any of the terms, covenants, agreements or conditions contained in this Security Instrument, the Note, or any other instrument, document or agreement evidencing and/or securing the Loan.

2.2 Acceleration; Remedies.

(a) Upon the occurrence of a Default, and subject to any applicable cure periods, if any, Borrower shall immediately pay in full all sums secured by this Security Instrument, subject to the provisions of 24 C.F.R. 92.254 (a) (5) (ii) (A) (3), if applicable; provided however, this provision shall not be enforced by Lender if such provision is prohibited by federal law as of the date of execution of this Security Instrument.

(b) Lender shall give notice to Borrower and the Senior Lien Holder prior to acceleration of the indebtedness following the occurrence of any Default under this Security Agreement. The notice shall specify: (a) the Default; (b) the action required to cure the Default; (c) a date, not less than 30 days from the date the notice is given to Borrower (and with respect to the Senior Lien Holder, 60 days from the date the notice is given to the Senior Lien Holder), by which the Default must be cured; and (d) that failure to cure the Default on or before the date specified in the notice may result in acceleration of the sums secured by this Security Instrument and sale of the Property. If the Default is not cured on or before the date specified in the notice, and the Senior Lien Holder has not exercised its right to cure the Default, then Lender at its option may require immediate payment of the sums secured by this Security Instrument, subject to the provisions of 24 C.F.R. 92.254 (a)(5)(ii)(A)(3), if applicable, without further demand and may invoke the power of sale granted by Borrower and any other remedies permitted by applicable law.

Borrower hereby appoints Lender as its agent and attorney-in-fact for Borrower to exercise the power sale. Notwithstanding Lender's right to invoke any remedies hereunder, the Lender agrees that it will not commence foreclosure proceedings or accept a deed in lieu of foreclosure, or exercise any other rights or remedies hereunder until it has given the Senior Lien Holder at least 60 days' prior written notice. Lender shall be entitled to collect all expenses incurred in pursuing the remedies provided in this Section 2.2, including, but not limited to, reasonable attorneys' fees and costs of title evidence.

(c) If Lender invokes the power of sale, Lender shall give a copy of a notice to Borrower and to the Senior Lien holder in the manner provided in Section 3.4 and shall give notice of sale by public advertisement for the time and in the manner prescribed by applicable law. Lender, without further demand on Borrower, shall sell the Property at public auction to the highest bidder at the time and place and under the terms designated in the notice of sale in one or more parcels and in any order Lender determines. Lender or its designee may purchase the Property at any sale.

(d) Lender shall convey to the purchaser indefeasible title to the Property, and Borrower hereby appoints Lender Borrowers' agent and attorney-in-fact to make such conveyance and to execute any and all documents necessary to affect such conveyance. The recitals in the Lender's deed shall be prima facie evidence of the truth of the statements made therein. Borrower covenants and agrees that Lender shall apply the proceeds of the sale in the following order: (i) to all expenses of the sale, including, but not limited to, reasonable attorneys' fees; (ii) to sums secured by this Security Instrument; and, (iii) any excess to the person or persons legally entitled to it. The power and agency granted are coupled with an interest, are irrevocable by death or otherwise and are cumulative to the remedies for collection of debt as provided by law.

(e) If the Property is sold pursuant to this Section 2.2, Borrower, or any person holding possession of the Property through Borrower, shall immediately surrender possession of the Property to the purchaser at the sale. If possession is not surrendered, Borrower or such person shall be a tenant holding over and may be dispossessed in accordance with applicable law.

ARTICLE 3 MISCELLANEOUS

3.1 Borrower Not Released; Forbearance By Lender Not a Waiver. Extension of the time for payment or modification of amortization of the sums secured by this Security Instrument granted by Lender to any successor in interest of Borrower shall not operate to release the liability of the original Borrower or Borrower's successors in interest. Lender shall not be required to commence proceedings against any successor in interest or refuse to extend time for payment (or otherwise modify amortization of the sums secured by this Security Instrument), by reason of any demand made by the original Borrower or Borrower's successors in interest. Any forbearance by Lender in exercising any right or remedy shall not be a waiver of or preclude the exercise of any right or remedy.

3.2 Successors and Assigns Bound; Joint and Several Liability; Co-signers. The covenants and agreements of this Security Instrument shall bind and benefit the successors and assigns of Lender and Borrower. Borrower's covenants and agreements shall be joint and several. Any Borrower who co-signs this Security Instrument but does not execute the Note: (a) is co-signing this Security Instrument only to mortgage, grant and convey that Borrower's interest in the Property under the terms of this Security Instrument; (b) is not personally obligated to pay the sums secured by this Security Instrument; and (c) agrees that Lender and any other Borrower may agree to extend, modify, forbear or make accommodations with regard to the terms of this Security Instrument or the Note without that Borrower's consent; provided, however, that such modification or accommodation shall not be made without the prior written consent of the Senior Lien Holder.

3.3 Loan Charges. If the Loan secured by this Security Instrument is subject to a law which sets maximum loan charges, and that law is finally interpreted so that the interest or other loan charges collected or to be collected in connection with the Loan exceed the permitted limits, then: (a) any such loan charge shall be reduced by the amount necessary to reduce the charge to the permitted limit; and (b) any sums already collected from Borrower which exceeded permitted limits will be refunded to Borrower. Lender may choose to make this refund by reducing the principal owed under the Note or by making a direct payment to Borrower. If a refund reduces principal, the reduction will be treated as a partial prepayment without any prepayment charge under the Note.

3.4 Notices. Any notice to Borrower provided for in this Security Instrument shall be given by delivering it or by mailing it by first class mail unless applicable law requires use of another method. The notice shall be directed to the address of the Property or any other address Borrower designates by notice to Lender. Any notice to Lender shall be given by first class mail to Lender's address stated herein or any other address Lender designates by notice to Borrower. Any notice required to be given to the Senior Lien Holder shall be given by first class mail to the following address:

or such other address as the Senior Lien Holder designates by notice to the Borrower. Any notice provided for in this Security Instrument shall be deemed to have been given to Borrower or Lender when given as provided in this Section.

3.5 Governing Law; Severability. This Security Instrument shall be governed by federal law and the laws of the State of Georgia. In the event that any provision or clause of this Security Instrument or the Note conflicts with applicable law, such conflict shall not affect other provisions of this Security Instrument or the Note which can be given effect without the conflicting provision. To this end the provisions of this Security Instrument and the Note are declared to be severable.

3.6 Borrower's Copy. Borrower shall be given one conformed copy of the Note and of this Security Instrument.

3.7 Sale of Note; Change of Loan Servicer. The Note or a partial interest in the Note (together with this Security Instrument) may be sold one or more times without prior notice to Borrower. A sale may result in a change in the entity (known as the "Loan Servicer") that collects payments due under the Note and this Security Instrument. There also may be one or more changes of the Loan Servicer unrelated to a sale of the Note. If there is a change of the Loan Servicer, Borrower will be given written notice of the change in accordance with Section 3.4 above and applicable law. The notice will state the name and address of the new Loan Servicer and the address to which payment should be made. The notice will also contain any other information required by applicable law.

3.8 No Assignment. Until the loan secured by the First Security Deed has been satisfied in full, the Lender and the Borrower agree that the Note and the Security Instrument will not be assigned without the Senior Lien Holder's prior written consent.

3.9 Release. Upon payment of all sums secured by this Security Instrument, Lender shall cancel this Security Instrument without charge to Borrower, other than the recordation costs which shall be paid by Borrower.

3.10 Modification of First Security Deed Loan Documents. The Lender consents to any agreement or arrangement in which the Senior Lien Holder waives, postpones, extends, reduces or modifies any provisions requiring the payment of money.

3.11 Waiver of Homestead. Borrower waives all rights of homestead exemption in the Property.

3.12 Assumption Not a Novation. Lender's acceptance of an assumption of the obligations of this Security Instrument and the Note, and any release of Borrower in connection therewith, shall not constitute a novation.

BORROWER HEREBY ACCEPTS AND AGREES to the terms and covenants in this Security Instrument.

IN WITNESS WHEREOF, Borrower has signed and sealed this Security Instrument as of the day and year first above written.

Signed, sealed and delivered in the presence of:

BORROWER(S)

Unofficial Witness

By: _____ (SEAL)
Printed Name:

Notary Public

By: _____ (SEAL)
Printed Name:

[NOTARY SEAL]

Georgia Dream Homeownership Program

Surviving Spouse Affidavit

I, _____, as applicant for a home mortgage loan originated by: _____, pursuant to the Georgia Dream Homeownership Program (the “Program”) of the Georgia Housing and Finance Authority (“GHFA”) and administered by the Georgia Department of Community Affairs (“DCA”), do hereby represent and warrant that I am the surviving spouse of _____, who was a military serviceman or servicewoman or a “Protector”, who was killed while on active duty or in the line of duty.

I fully understand that the above statements and the information set forth in this affidavit are material to the application for a mortgage loan from the Program are public information and may be subject to public disclosure and/or verification by GHFA and/or DCA, and I declare under penalty of perjury, which is a felony offense in the State of Georgia, that the above statements and information are true, correct and complete;

I fully understand that in the event that I receive a mortgage loan, I hereby acknowledge that any false statement, representation or misstatement made by me creates a legal and binding obligation for me to make immediate and full repayment of the mortgage loan, and may result in a fine and/or imprisonment;

I fully understand that I hereby release GHFA, DCA and the originating lender from any claims related in any way to my application for this loan or to their verification or enforcement of the requirements of the Program.

Applicant

Date

Sworn to and subscribed before me this ____ day of _____, 20__.

Notary Public

My Commission expires on _____
(Notary Seal Affixed Here)

Collateral Inspection Form

Property Address: _____

Specific Address, City and Zip Code

SITE CONSIDERATIONS

C-1 SITE HAZARDS AND NUISANCES

Check the appropriate response for *readily observable* evidence of hazards. Hazards, as defined below, are conditions that endanger the health and safety of the occupants and/or the marketability of the property. Use these criteria to determine the extent of the hazard. **Provide a detailed comment for any "yes" response on Page 7.**

- a. Surface evidence of subsidence/sink holes
 yes no
- b. An active or planned oil or gas-drilling site is within 300 feet of the subject dwelling or related property improvement(s)
 yes no
- c. Subject dwelling or related property improvement(s) is/are within 75 feet of an operating oil or gas well with no visible mitigation measures
 yes no
- d. Abandoned oil or gas well within 10 feet of subject dwelling or related property improvement(s)
 yes no
- e. Readily observable evidence of slush pits
 yes no
- f. Excessive noise or hazard from heavy traffic area
 yes no
- g. New/proposed construction in airport clear zone
 yes no
- h. Subject dwelling or related property improvement(s) is/are within 10 feet of the easement for a "high-pressure" gas or petroleum line
 yes no
- i. Subject dwelling or related property improvement(s) is/are located within the engineering (designed) fall distances for overhead high-voltage transmission line tower, radio/TV transmission tower, cell phone tower, microwave relay dish or tower, or satellite dish (radio, TV cable, etc)
 yes no
- j. Excessive hazard from smoke, fumes, offensive noises or odors
 yes no
- k. New/proposed construction or all manufactured homes in Special Flood Hazard Areas without LOMA or LOMR or elevation certificate
 yes no
- l. Stationary storage tanks with more than 1000 gallons of flammable or explosive material
 yes no

PROPERTY CONSIDERATIONS

Mark "YES" for any *readily observable* deficiency noted below. Each "YES" constitutes a limiting condition on the appraisal. Each condition requires repair or further inspection. These conditions must be satisfied prior to closing for the mortgage to be eligible for a Georgia Dream Homeownership Program.

C-2 SOIL CONTAMINATION

Check the appropriate response. **Provide a detailed description of "yes" responses and provide further analysis on Page 7.**

- a. Surface evidence of an Underground Storage Tank (UST)
 yes no
- b. Proximity to dumps, landfills, industrial sites or other locations that could contain hazardous materials
 yes no
- c. Presence of pools of liquid, pits, ponds, lagoons, stressed vegetation, stained soils or pavement, drums or odors
 yes no

C-3 GRADING AND DRAINAGE

Check the appropriate response. **Provide a description of yes responses on Page 7.**

- a. Grading does not provide positive drainage from structure(s)
 yes no
- b. Standing water proximate to structure(s)

Collateral Inspection Form

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yes no

C-4 INDIVIDUAL WATER SUPPLY AND SEWAGE SYSTEMS

Check the appropriate response. **Provide a detailed description of "yes" or "unable to determine" responses on Page 7.**

- a. Private sewage system shows observable evidence of system failure
 yes no
- b. Property lacks connection to public water*
 yes no
- c. Property lacks connection to a public/community sewage system
 yes no
- d. Separation distance between well and septic tank does not comply with HUD guidelines
 yes no unable to determine
- e. Separation distance between well and drain field does not comply with HUD guidelines
 yes no unable to determine
- f. Separation distance between well and property line does not comply with HUD guidelines
 yes no unable to determine

NOTE: Connection should be made to public or community water/sewage disposal system. Appraiser shall indicate whether public water or sewage disposal system is available.

C-5 WOOD DESTROYING INSECTS

Check the appropriate response. **Provide a detailed description of "yes" responses on Page 7.**

- a. Structure and accessory building(s) is/are ground level and/or wood is touching ground
 yes no
- b. The house and/or other structure(s) within the legal boundaries of the property show obvious evidence of infestation from wood destroying insects
 yes no

C-6 PRIVATE ROAD ACCESS

Check the appropriate response. **Provide a detailed description of "yes" responses on Page 7.**

- a. Property inaccessible by foot or vehicle
 yes no
- b. Property accessible only by a private road or drive*
 yes no
- c. Property is not provided with an all-weather surface (gravel is acceptable)
 yes no

*In all cases where a private road exists, lender is to submit evidence that the road is protected by a permanent recorded easement (non-exclusive, non-revocable roadway, driveway easement without trespass from the property to a public street/road) and that there is an acceptable maintenance agreement recorded on the property or that the road is owned and maintained by an HOA.

C-7 STRUCTURAL CONDITIONS

Check the appropriate response **Provide a detailed description of any "yes" responses and identify the exact location of any deficiencies on Page 7.**

Floor Support Systems

- a. Significant cracks
 yes no
- b. Evidence of water damage
 yes no
- c. Evidence of spongy/weak/rotted flooring
 yes no

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Framing/Walls/Ceiling

- d. Significant cracks
 yes no
- e. Visible holes in exposed areas that could effect structure
 yes no
- f. Significant water damage
 yes no

Attic

- g. Inadequate access
 yes no n/a
- h. Evidence of holes
 yes no n/a
- i. Support structure not intact or damaged
 yes no n/a
- j. Significant water damage visible from interior
 yes no n/a
- k. No ventilation by vent, fan or window
 yes no n/a

C-8 FOUNDATION

Check the appropriate response. (Appraiser must have full access to these areas) **Provide a detailed description of any "yes" responses and identify the exact location of any deficiencies on Page 7.**

BASEMENT

- a. Blocked or inadequate access
 yes no n/a
- b. Evidence of significant water damage
 yes no n/a
- c. Significant cracks or erosion in exposed areas that effect structural soundness
 yes no n/a

Crawl Space

- d. Blocked or inadequate access
 yes no n/a
- e. Space inadequate for maintenance and repair (Recommend 18 inches)
 yes no n/a
- f. Support beams not intact
 yes no n/a
- g. Excessive dampness or ponding of water
 yes no n/a

Slab

- h. Significant cracks that could affect structural soundness
 yes no n/a

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C-9 ROOFING

All roofs on subject property must be addressed. Check the appropriate response. **Provide a detailed description of any "yes" response and identify the exact location of any deficiencies on Page 7.**

- a. Evidence of deterioration of roofing materials (missing tiles, shingles, flashing)
() yes () no
- b. Roof life less than two years*
() yes () no
- c. Holes
() yes () no
- d. Signs of leakage observable from ground
() yes () no
- e. Roof is Flat or otherwise unobservable
() yes () no

HUD requires that the roof have at least 2 years remaining life. If the roof has less than 2 years remaining life, then the appraiser must call for re-roofing or repair. The condition must clearly state whether the subject is to be repaired or re-roofed. GHFA will accept a maximum of 3 layers of existing roofing. If more than 2 layers exist and repair is necessary, then all old roofing must be removed as part of the re-roofing. Inspections must estimate life expectancy of the roof to be at least 2 years.

C-10 MECHANICAL SYSTEMS

(All utilities must be turned on at time of appraisal, if possible) Check the appropriate response. **Provide a detailed description of any "yes" responses and identify the exact location of any deficiencies on Page 7.**

Furnace/Heating System**(If unable to test check all yes)**

- a. Unit does not turn 'On'
() yes () no () n/a
- b. Heat is not emitted
() yes () no () n/a
- c. Unusual or irregular noises are heard
() yes () no () n/a
- d. Smoke or irregular smell is emitted
() yes () no () n/a
- e. Significant holes or deterioration on the unit(s)
() yes () no () n/a

Air Conditioning (central)**(If unable to test check all "yes")**

- f. Unit does not turn 'On'
() yes () no () n/a
- g. Cold air is not emitted
() yes () no () n/a
- h. Unusual or Irregular noises are heard
() yes () no () n/a
- i. Smoke or irregular smell is emitted
() yes () no () n/a
- j. Significant holes or deterioration on the unit(s)
() yes () no () n/a

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Electrical System (If unable to test check all "yes")

- k. Electrical switches do not function
(*check representative sample*)
 yes no
- l. Outlets do not function
(*check representative sample*)
 yes no
- m. Presence of sparks or smoke from outlet(s)
 yes no
- n. Exposed frayed or unconnected wiring
 yes no

Plumbing System (If unable to test check "yes")

Water

- o. Significant drop or limitation in pressure
 yes no
- p. No hot water
 yes no

Toilet

- q. Toilets do not function
 yes no
- r. Presence of leak(s)
 yes no

Sinks/Bathtubs>Showers

- s. Basin or pipes leak
 yes no
- t. Water does not run
 yes no

Leaks

- u. Evidence of damage under fixtures
 yes no
- v. Puddles present
 yes no

Sewer System

- w. Observable evidence of malfunction
 yes no

C-11 OTHER HEALTH AND SAFETY DEFICIENCIES

Check the appropriate response. **Provide a detailed description of any "yes" responses and identify the exact location of any deficiencies on Page 7.**

- a. Broken window panes/inoperable windows
 yes no
- b. Broken or missing stairs
 yes no
- c. Broken or missing exterior doors
 yes no
- d. Inadequate/blocked entrances or exits
 yes no
- e. Steps without handrails
 yes no
- f. The mechanical garage door does not reverse or stop when meeting reasonable resistance during closing
 yes no n/a
- g. Health, preservation and/or safety deficiencies exist and are not included in this or any other C item
 yes no

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C-12 LEAD BASED PAINT HAZARD

For any home built prior to 1978, check for evidence of defective paint surfaces, including: peeling, scaling or chipping paint. Check appropriate response. Provide a detailed description of any yes responses and identify the exact location of any deficiencies on Page 7.

- a. Evidence on interior
 yes no
- b. Evidence on exterior
 yes no
 Year built _____

C-13 Manufactured Housing

A manufactured home is defined as a structure that is transportable in one or more sections. In the traveling mode, the home is eight feet or more in width and forty feet or more in length and is built on a permanent chassis and designed to be used as a dwelling when connected to the required utilities, which includes the plumbing, heating, air-conditioning and electrical systems contained therein. A Manufactured Home is designed and constructed to the Federal Manufactured Construction and Safety Standards (MHCSS) as evidenced by an affixed certification label. Manufactured Homes may also be referred to as mobile homes, sectionals, multi-sectionals, double-wides, triple-wides or single-wides. Modular housing is built to local/state codes and is not to be considered manufactured housing. When erected on site, to be eligible for Georgia Dream Homeownership Program the manufactured home is:

- Built on or after June 15, 1976 to the MHCSS
- At least 400 square feet
- Built and remains on a permanent chassis
- Designed to be used as a dwelling with a **permanent foundation built to FHA criteria**

Provide a description of any "yes" responses on Page 7.

Subject property or any portion of the property is a manufactured home as defined by HUD
 yes no

If yes, the following are required:

- a. Manufactured home does not have HUD certification label/seal (red tag)
 yes no
 Label/Seal Number(s) _____
- b. Manufactured home has attached additions/structural modifications
 yes no
 If yes, cite nature and location of structural modifications on page 7.

Alternate Construction serial number _____

- c. Engineering Certification is not present.
 yes no
 Permanent Foundation must comply with the HUD Permanent Foundation Guide for Manufactured Housing---
 (Engineering Cert Required).
- d. Manufactured home is not taxed as Real Estate (personal property title must be purged).
 yes no

Georgia Dream Homeownership Program

Tax Return Affidavit

I, _____, as applicant for a home mortgage loan originated by: _____, pursuant to the Georgia Dream Homeownership Program (the "Program") of the Georgia Housing and Finance Authority ("GHFA") and administered by the Georgia Department of Community Affairs ("DCA"), do hereby represent and warrant that I was not required to file a federal income tax return for the calendar year(s) _____ in accordance with section 6012 of the Internal Revenue Code.

I fully understand that the above statements and the information set forth in this affidavit are material to the application for a mortgage loan from the Program are public information and may be subject to public disclosure and/or verification by GHFA and/or DCA, and I declare under penalty of perjury, which is a felony offense in the State of Georgia, that the above statements and information are true, correct and complete;

I fully understand that in the event that I receive a mortgage loan, I hereby acknowledge that any false statement, representation or misstatement made by me creates a legal and binding obligation for me to make immediate and full repayment of the mortgage loan, and may result in a fine and/or imprisonment;

I fully understand that I hereby release GHFA, DCA and the originating lender from any claims related in any way to my application for this loan or to their verification or enforcement of the requirements of the Program.

Applicant

Date

Sworn to and subscribed before me this ____ day of _____, 20__.

Notary Public

My Commission expires on _____
(Notary Seal Affixed Here)