DeKalb COUNTY

Neighborhood Stabilization Program DeKalb NSP Second Mortgage Program

> Program Guide

Implemented By



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Equal Housing Opportunity

DeKalb NSP Second Mortgage Program Program Guide

Table of Contents

Overview	4
Loan Terms	4-8
Repayment	9
Participating Lenders	9
Eligible Applicants	9
Eligible Properties	10
Purchase Discount Requirements	10
Property Standards/HQS Inspections	11
Appraisals	11
Environmental Review	11
Minor repairs and Final Inspection	12
Eligible Loans	12
Mortgage Insurance Requirements	12
Loan Origination	13
Maximum Rate and Closing for First Mortgage	13
NSP Origination Fee	13
Underwriting	14
Issuance of Reservation	14-20
Second Mortgage Loan Closing Documents	20
Second Mortgage Loan Documents	21
Survey	21
Title Insurance Policy	21
Hazard Insurance	22
Flood Insurance	22
Flood Hazard Zone Certification	23
Termite Letters	23
Other Government Funding	23
Ownership Interest	23

Principle Residence Requirement	24
Co-Signers	24
Liquid Assets Limitations	24
Household	25-28
Termination of Employment	29
Child Support/Alimony	29
Overtime/Bonuses	29
Unemployment Compensation	29
Non-payroll Deposits	29
Self-Employed Applicants	30
Homebuyer Education	30
Bank Statements & Paystubs	30
Tax Returns	31
Maximum Purchase Price	32
Manufactured & Modular Homes	32
Trade, Business, or Investment Property	32
Property Standards	32
Private Wells	33
Septic System	33
Acreage	33
Environmental Impact	33
Plumbing, Electrical, and/or Heating	34
Lead Paint	34
Appendix	35

DeKalb NSP Second Mortgage Program

Introduction

As part of the Housing and Economic Recovery Act (HERA), passed by Congress in July of 2008, \$3.92 billion was provided to communities hardest hit by residential foreclosures and mortgage delinquencies. Title III of Division B of the HERA Act provides for a grant, commonly known as the Neighborhood Stabilization Program (NSP). DeKalb County received \$18,545,013 of NSP funds to assist DeKalb County in acquiring, rehabilitation, redevelopment, and resell of foreclosed properties that might otherwise become sources of abandonment or blight within communities. The NSP Substantial Amendment to the 2008-2012 Consolidated Plan, along with subsequent responses to questions from HUD, sets forth the County's plan to use NSP funds.

DeKalb County has approved Atlanta Neighborhood Development Partnership's (ANDP) lending affiliate, the Community Redevelopment Loan and Investment Fund, Inc. (CRLIF) to assist in the implementation of the DeKalb NSP Second Mortgage Program. DeKalb County will provide \$3.5 million towards the funding of this program.

Overview

The DeKalb NSP Second Mortgage Program provides homebuyers with a deferred repayment subordinate mortgage for principal reduction and minor repairs associated with the purchase of eligible NSP single family property. Funds may not be applied to discount points.

NSP funds must be used first for principal reduction (2nd Mortgage). Any remaining funds may be used for minor property minor repairs necessary to bring the property up to Housing Quality Standards (HQS). If minor repairs are not needed or are not made a part of the financing, the entire amount must be used for second mortgage. The DeKalb NSP Second Mortgage loan will be provided in the form of a subordinate lien that will be recorded.

Loans will be made available to homebuyers for eligible properties purchased within four identified Tiers of DeKalb County's NSP Areas of Greatest Need, please reference Appendix A for map of targeted areas.

Loan Terms

The DeKalb NSP Second Mortgage Program provides up to \$25,000.00 for principal reductions and minor repairs for buyers of foreclosed homes in DeKalb County's areas of greatest need. The loan will be a second mortgage lien closed with a DeKalb approved Lender's first mortgage. The full amount or a portion of the loan is paid back to DeKalb County when the homebuyer sells the home, refinances or no longer uses the mortgaged property as the primary residence.

The interest rate for the DeKalb NSP Second Mortgage Program loan is 0% per annum and requires no monthly payment.

DeKalb County NSP Program Descriptions

DeKalb County NSP Homebuying Assistance Options						
TERMS	OPTION A	OPTION B	OPTION C	OPTION D		
Amount of Assistance Assistance is in the form of a 0% soft second mortgage which does not add to your mortgage and is forgiven after Affordability Period.	\$14,150	\$14,150	22% of Sales Price (\$25,000 Max. Assistance)	22% of Sales Price (\$25,000 Max. Assistance \$4,000 Closing Cost Cap)		
Affordability Period *	5 Years	5 Years	10 Years	10 Years		
Property Location (See map)	Tier#1	Tier #2, 3, 4	Tier #1	Top 6 Zip Codes (Must be within Tier 1)		
DeKalb NSP "Officer Next Door" DeKalb Police Officers	1	1	1	1		
DeKalb First Responders	1	1	1	1		
Qualifying Home Buyers	1		4	4		

*Affordability Period is the amount of time that the homebuyer is required to remain in the home before the full amount of the Assistance (second mortgage) is forgiven. If the buyer moves, refinances or sells the home prior to the end of the Affordability Period, a pro-rated portion of the second mortgage will be due. For full details on each Option, please visit www.andpi.org/dekalb.

Option A Affordability Period - 5 years 6 months Eligible Applicant: Open to All Buyers Tier 1

\$ 14,150 Second mortgage – \$750.00 origination fee to Lenders

- Buyer must contribute at least 1% of their own funds towards the purchase transaction (i.e. earnest money, application fee, appraisal, etc.)
- Maximum loan (purchase based on FHA County limits)
- This loan includes a second mortgage and minor repairs (no closing cost)
- Maximum House price is \$215,000.00
- 30 year fix (FHA, VA, conventional)
- 5 year 6 month recapture/affordability period with a 20% discount per year (if the homeowner moves out of the property, refinances, or sales the home a prorated balance of the NSP loan is due).
- Buyer must move into the home within 30 days after closing subject to construction issues
- Underwriting criteria determined by an approved lender
- All other NSP guidelines are applicable (including at least 1% discount on the appraised value)

Note: Loans made under Option A of the DeKalb NSP Second Mortgage Program will be recorded as 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

Option B Affordability Period - 5 years 6 months Eligible Applicant: DeKalb County Police Officers and First Responders Tier 2. 3. & 4

Program B will offer a second mortgage loan to DeKalb County Police Officers and First Responders in the amount of \$14,150 for purchases made within Tiers 2, 3, & 4. Participating Lenders will receive an origination fee of \$750.00 for each DeKalb NSP Second Mortgage closed.

- Buyer must contribute at least 1% of their own funds towards the purchase transaction (i.e. earnest money, application fee, appraisal, etc.)
- Maximum loan (purchase based on FHA County limits)
- This loan includes a second mortgage and minor repairs
- Maximum House price is \$215,000.00
- 30 year fix (FHA, VA, conventional)
- 5 year 6 months affordability period with a 20% discount per year (if the homeowner moves out of the property, refinances, or sales the home a prorated balance of the NSP loan is due).
- Buyer must move into the home 30 days after closing subject to construction issues
- Underwriting criteria determined by an approved lender
- All other NSP guidelines are applicable (including at least 1% discount on the appraised value)

Note: Loans made under Program B of the DeKalb NSP Second Mortgage program will be recorded as 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

Option C Affordability Period: 10 years Eligible Applicant: Open to All Homebuyers Tier 1

The program will offer a second mortgage loan up to 22% of the sales price, not to exceed \$25,000, for purchases made within in Tier 1 only.

- DeKalb County First Responder must work in DeKalb
- Buyer must contribute at least 1% of their own funds towards the purchase transaction (i.e. earnest money, application fee, appraisal, etc.)
- Maximum loan (purchase based on FHA County limits)
- This loan includes second mortgage and minor repairs
- Maximum house price \$215,000.00
- 30 year fix (FHA, VA, conventional)
- Second mortgage loan will have a 10 year affordability period with a 100% recapture rate in the first 60 months and 20% release per year thereafter (if the homeowner moves out of the property, refinances, or sales the home a prorated balance of the NSP loan is due).
- Buyer must move into the home within 30days after closing, subject to construction issues
- Underwriting criteria determined by an approved lender
- All other NSP guidelines are applicable (including at least 1% discount on the appraised value)

Note: DeKalb NSP Second Mortgage is a second lien with a ten year period of affordability with a portion released each year after the first 60 months as follows: The first 60 months will have a 100% recapture rate and 20% released thereafter as follows:

20% within the 61-72nd month of the affordability period 20% within the 73-84th month of the affordability period 20% within the 85-96th month of the affordability period 20% within the 97-108th month of the affordability period 20% within the 109-120th month of the affordability period 0% after the 120th month of the affordability period

The NSP 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 (property may not be a rental property)

Option D Affordability Period: 10 years Eligible Applicant: Open to All Homebuyers

The program will offer a second mortgage loan up to 22% of the sales price, not to exceed \$25,000, for purchases within the top 6 Zip Codes located in Tier 1 only. Plus up to \$4,000 towards eligible closing costs. Eligible closing costs include origination, attorney fees, title insurance and appraisal fees.

- DeKalb County First Responder must work in DeKalb County, Georgia
- Buyer must contribute at least 1% of their own funds towards the purchase of the home (i.e. earnest money, application fee, appraisal, etc.)
- Maximum loan (purchase based on FHA County limits)
- This loan includes second mortgage and minor repairs
- Maximum house price \$215,000.00
- 30 year fix (FHA, VA, conventional)
- Second mortgage loan will have a 10 year affordability period with a 100% recapture rate in the first 60 months and 20% release per year thereafter (if the homeowner moves out of the property, refinances, or sales the home a prorated balance of the NSP loan is due).
- Buyer must move into the home within 30 days after closing, subject to construction issues
- Underwriting criteria determined by an approved lender
- All other NSP guidelines are applicable (including at least 1% discount on the appraised value)

The NSP 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 (property may not be a rental property)

The DeKalb NSP Second Mortgage Loan funds may be used for principal reduction and minor repairs, and allowable closing costs 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 DeKalb NSP 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.

DeKalb NSP Second Mortgage Loan proceeds may not be used for the purchase of discount points. Note: DeKalb NSP Second Mortgage is a second lien with a ten year period of affordability with a portion released each year after the first 60 months as follows: The first 60 months will have a 100% recapture rate and 20% released thereafter as follows:

20% within the 61- 72nd months of the affordability period 20% within the 73-84th month of the affordability period 20% within the 85-96th month of the affordability period 20% within the 97-108th month of the affordability period 20% within the 109-120th month of the affordability period 0% after the 120th month of the affordability period

Repayment

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:

Options A & B

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

Options C & D

100% within the first 60 months of the affordability period 80% 61st through 72nd month of the affordability period 60% 73rd through 85th month of the affordability period 40% 86th through 98th month of the affordability period 20% 99th through 110th month of the affordability period

Participating Lenders

Mortgage Lenders identified as DeKalb County Neighborhood Stabilization Program "Participating Lenders" will be responsible for originating, underwriting, closing and funding NSP Second Mortgage Loans and for all communication with borrowers about their NSP Second Mortgage Loans.

All Georgia Department of Community Affairs (DCA) and DeKalb County approved lenders receiving training for the DeKalb NSP program are eligible to participate. Other Lenders interested in participating in the Program should contact ANDP's Housing Finance Department for program details.

Eligible Applicants

Applications will be evaluated in accordance with conforming underwriting requirements. Conforming Conventional, Fannie Mae, Freddie Mac, FHA, or VA 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. In determining a family's income, all wages and salaries of all family members over age 18 are considered as well as other sources of income. (Please see "Household" Section of this guide and refer to Appendix B 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) (which include a minimum of two (2) hours of one of
 one) hours of homebuyer pre-purchase education and counseling provided by a HUDapproved housing counseling agency in accordance with the NSP guidelines as referenced
 in Appendix D.

• The homebuyer education and counseling requirements 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.

ANDP reserves the right to approve all homebuyers counseling agencies. (See Appendix D)

Eligible Properties

The subject property must be in an area of greatest need as specified in Section 3201(c) (2) of HERA as defined in DeKalb County's application to The US Department of Housing and Urban Development (HUD). Eligible properties must have been foreclosed and/or abandoned residential properties and are now Real Estate Owned (REO) by Fannie Mae, Freddie Mac, HUD, Veterans Administration (VA), another governmental entity, or bank. Properties involved in short sales are NOT eligible.

DeKalb NSP Second Mortgage Loans must be secured by property which:

- 1) is located in DeKalb County, Georgia excluding the City of Atlanta;
- 2) the title is held by the mortgagor at the time of closing as fee simple
- 3) is a one (1) unit single family dwelling (attached or detached) designed for residential use, or planned unit approved by Fannie Mae, Freddie Mac or the Mortgage Insurer, townhomes that are located in an area consistent with such use and intended for owner occupancy; and is eligible for insurance through the Mortgage Insurer.
- 4) All properties must be vacant.
- 5) The following one-unit single family property types are eligible for this program:
 - a. Detached
 - b. Attached
- 6) Manufactured Homes are not eligible.
- 7) The subject property must meet HUD's Housing Quality Standards (HQS) Inspection Requirements. In addition, all programs must meet the property standards outlined in this Guide.
- 8) All properties must be located in the DeKalb County's NSP Areas of Greatest Need, Reference map on Appendix # A.

Homes that are 1978 and older are subject to a longer review period in order to meet HUD NSP requirements. The approximate review period could be up to 60 days.

All properties younger than 1978 will be subject to a HQS inspection and appraisal as required by HUD NSP.

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 a final offer made for the property is required (i.e., within 60 days from the date of the final offer).

The sales contract must reflect the NSP Purchase Discount and supporting documentation must be submitted to ANDP to support this provision. The purchase discount must be at least 1% 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 least 1% 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.

The purchase contract must contain four contingencies:

- Purchase price is no more than 99 percent of the "as is" appraised value of the property as determined by an appraisal conducted within 60 days prior to sales and closing sales and purchase contract.
- Property is in compliance with DeKalb County's preservation and environmental code.
- Property must pass a Housing Quality Standards (HQS) inspection as defined by HUD (see Section 8 of the U.S. Housing Act of 1937 (42 U.S.C 1437f)).
- Purchase contract must contain a signed "Lead Disclosure Form" from seller for properties built pre-Jan. 1, 1978. Additionally, an HQS inspector will assess the paint condition. Lead paint repairs must comply with requirements in the Lead Disclosure Rule (24 CFR part 35, subpart k).

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 must be 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 Appendix E for a list of qualified inspectors.

Appraisals

All appraisals must comply with the requirements listed in this Guide. A FHA appraisal must be provided with a copy of the HQS Inspection Report and fully executed sales contract. Interior and exterior photos are required. Appraisals must include a 5 year history of the market value of property. See Appendix Guidance on NSP Appraisals

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 documentation must be provided to ANDP for review with the underwriting package.

During the physical inspection of the property, the appraiser must report 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). Lender must notify ANDP in writing of any report by the appraiser indicating the possible presence of hazardous materials at the time the Underwriting Package is submitted.

Minor Repairs and Final Inspection

Lender will be responsible for establishing the repair escrow at closing, monitoring minor repairs, payment of contractors, and obtaining inspection reports to document compliance with the DeKalb NSP Second Mortgage Program.

Eligible Loans

The DeKalb NSP Second Mortgage loan must be used with a 30-year fixed rate Conventional, Fannie Mae, Freddie Mac, FHA, or VA, first mortgage. NSP funds may be used for principal reduction of second mortgage and minor repairs assistance. The loan may be combined or layered with other types of down payment assistance (i.e. DCA Georgia Dream).

ANDP will not fund a 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 DeKalb NSP Second Mortgage Program.

DeKalb NSP Second Mortgage Loan must be closed in DeKalb County, Georgia (NSP) name, unless otherwise approved by ANDP.

Mortgage Insurance Requirements

Mortgage Insurance may not always be applicable with the use of DeKalb NSP Second Mortgage. However, in instances where warranted, all first mortgage loans must be insured by FHA or guaranteed by VA. 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.

You must ensure that the DeKalb NSP Second Mortgage Loan meets the requirements of the Mortgage Insurer of the First Mortgage Loan. You should check with the Mortgage Insurer to verify the precise requirements.

- a) *FHA Loans*. 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 DeKalb NSP 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 DeKalb NSP Second Mortgage Loan may be used with a VA guaranteed Loan.

Loan Origination

ANDP 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. Lender is encouraged to provide applicants who inquire about the DeKalb NSP Second Mortgage Program with DeKalb NSP Second Mortgage Program information and answer any questions the applicant may have regarding the Program, eligibility requirements, and the loan process.
- 2. Lender should advise the Applicant of the requirement to attend an approved homebuyer education counseling class. The Applicant will need to provide the Lender with evidence of completion of pre-purchase homebuyer education from an approved HUD Housing Counseling Agency. The Lender must include this evidence in the underwriting package.
- 3. Lender determines if the Applicant is eligible for the DeKalb NSP Second Mortgage Program based on information received for Household Annual Income, Acquisition Cost, location of property (tiers 1-4) and other relevant information. If the Applicant is eligible, the Lender takes a formal application. The Lender is required to obtain completed and executed copies of the DeKalb NSP Second Mortgage Program documents at application and verify the location of property.
- 4. Lender reserves funds pursuant to the NSP Reservation procedures.
- 5. The Lender completes credit and compliance underwriting and submits a complete Underwriting Package to ANDP for compliance underwriting review and approval.

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 ANDP with a copy of the interest rate commitment for the first mortgage loan at the time the NSP Purchase Program loan is submitted for underwriting review.

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-ANDP 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 ANDP nor the County by name. None of these fees may be based on the amount of the first mortgage loan.

NSP Origination Fee

The approved Lender will receive a NSP Origination Fee in the amount of \$750.00.

ANDP will pay a flat rate origination fee of \$750.00 for each loan closed under the DeKalb NSP Second Mortgage Program. At the time of funding, the amount disbursed to Lender will be the original principal balance, plus the origination fee for the DeKalb Second Mortgage loan. ANDP will wire funds directly to Lender or closing attorney for the DeKalb NSP Second Mortgage Loan at closing using the wiring instructions provided by Lender.

Underwriting

ANDP has delegated the credit decision on each Loan to our Lenders. Each Loan submitted to ANDP 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. ANDP will underwrite Loans for compliance with the DeKalb NSP Second Mortgage Program guidelines prior to issuing an underwriting decision to the Lender. ANDP will not approve or fund a 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, Suspended lists. ANDP will consult the HUD Debarred or Suspended list quarterly to ensure compliance.

Issuance of Reservations

In order to request a Reservation for the DeKalb NSP Second Mortgage Program you must submit the required information via email or fax. You must fax a fully completed Reservation Form (Form DK NSP-6) to ANDP's Underwriting Department. Reservations may not be requested by telephone or delivered to our office, we must receive them via email or fax. If the Reservation request you submit meets the DeKalb NSP Second Mortgage Program requirements and funds are available, you will receive a Reservation Number via email response from ANDP's Underwriting Department. The "Application Accepted" email must be printed and placed in the Underwriting Package sent to ANDP.

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 ANDP 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, you must complete the Reservation Change Form (DK NSP-7) and include it in the Underwriting Package you send to ANDP. ANDP 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 three (3) 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 DeKalb NSP Second Mortgage Program.

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

ANDP will not allow substitution of a borrower on any Reservation.

Reservations / Commitment Period

The Reservation/Commitment Period is 45 calendar days for existing properties. The Reservation Period is the period of time the Lender has to submit the Underwriting Package to ANDP for approval, close the Loan, and deliver Package to ANDP for funding.

Reservation/ Commitment Period Extension

If you cannot deliver an Underwriting Package for approval within the Reservation/Commitment Period, you may request an extension of the Reservation Period and submit a Reservation Cancellation email to request a cancellation of the Reservation. Within three (3) Business Days of our receipt of your Extension Form, we will notify you by email of its approval or denial. If approved, the approval will show the new Expiration Date.

We reserve the right to deny any request for extension of the Reservation Period. We reserve the right to deny a repair-related Reservation Period extension for a home being rehabbed by any contractor who, in our opinion, fails to satisfy industry and/or governmental standards for residential housing construction or fails to proceed with the rehab on a timely basis.

If a Reservation has expired and we receive the Package prior to our cancellation of the Reservation, we may, in our sole discretion, process the Package or cancel the Reservation and return the Package.

Cancellation of Reservation

Immediately upon learning that a Loan for which you have an active Reservation will not be presented for funding under our DeKalb NSP Second Mortgage Program, you must notify us by submitting an email requesting that we cancel the Reservation.

Underwriting

ANDP has delegated the credit decision on each Loan to our Lenders. Each loan submitted to ANDP 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.

ANDP will underwrite Loans for compliance with the DeKalb NSP Second Mortgage Program guidelines prior to issuing an underwriting decision to the Lender. ANDP may conduct a Quality Control Review on a sampling of Loans to evaluate the credit decisions made by the Lender.

Compliance Underwriting

ANDP'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 homebuyer requirements;
- b) Applicant's total Household Annual Income meets DeKalb NSP Second Mortgage Program requirements;

- c) Acquisition Cost of the subject property is within the published Acquisition Cost limits for the program;
- d) Property must be located within Tiers 1, 2, 3 or 4
- e) ANDP required forms are complete and accurate;
- f) Loan proceeds are utilized for second mortgage loan;
- g) 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
- h) Collateral assessment of the subject property meets DeKalb NSP Second Mortgage Program requirements and the requirements set forth by the Mortgage Insurer.

Lenders are required to review the file for compliance with the DeKalb NSP Second Mortgage Program requirements prior to submitting the Underwriting Package to ANDP for compliance underwriting. We reserve the right to require further information to insure compliance with DeKalb NSP Second Mortgage Program requirements and/or Mortgage Insurer requirements.

Credit Underwriting

ANDP Lenders must follow the underwriting guidelines set forth by ANDP 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 ANDP for compliance underwriting.

All Underwriting Packages submitted to ANDP 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 Director 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.

Credit Report

You must submit to ANDP 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.

Automated Underwriting

ANDP will accept an Underwriting Package that has received a credit recommendation of "Accept" from Loan Prospector (LP), or "Approve" or "EA1" from Desktop Underwriter (DU). If you submit a loan that has received an EA1 from DU, it must have a low middle FICO credit score of 660.

Conventional Loans requiring a manual review must also have a low middle FICO credit score of 660. 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.

ANDP will also accept automated credit recommendations from FHA Total Scorecard which meet the minimum credit score requirement.

For conventional, FHA, VA and 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%.

ANDP 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.

When a DeKalb NSP 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 ANDP, in the Underwriting Package, all documentation used or required by the Approved Automated Underwriting System in determining the credit recommendation. ANDP will accept the streamlined documentation required by the Approved Automated Underwriting System, with the exception of the Appraisal, as further described in this Guide. Additional documentation for compliance underwriting will be required in the Underwriting Package, as specified in the Underwriting Package Checklist

Manual Underwriting

ANDP will accept an Underwriting Package that has been manually underwritten and approved by the Lender's designated underwriting staff. All Conventional Loans must meet the requirements of Fannie Mae's MyCommunity Mortgage manual underwriting guidelines. The total Debt-to-Income ratio (DTI) may not exceed 45%.

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 ANDP.

FHA and VA loans must comply with the manual underwriting requirements as set forth in HUD 4155.1 or the VA Lenders Handbook. For FHA manually underwritten loans, the maximum Housing Expense ratio may not exceed 40% and the total Debt to Income ratio may not exceed 45%. The DE underwriter who approves a file with ratios exceeding FHA Benchmark ratios must follow FHA guidelines for compensating factors as outlined in the HUD 4155.1.

Minimum Credit Score Requirements for FHA, VA & Loans

All manual and automated underwritten FHA, VA and USDA/RD loans must have a low middle FICO credit score of at least 620. 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.

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 must be the first page of the Underwriting Package.

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 ANDP 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.

ANDP'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 ANDP, 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.

Requests to Expedite ANDP 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 Underwriter, be signed by your Program Contact, and include documentation as to why the Underwriting Package needs faster handling. Loans will not be moved up during the last five (5) Business Days of the month.

Preliminary Underwriting Review

We recognize that many first-time homebuyers 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.

Underwriting Communication

General questions about ANDP underwriting requirements 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 ANDP 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 ANDP underwriter if assistance is needed.

In any case in which your underwriter and the ANDP underwriter disagree, your underwriter may contact our Underwriting Department.

Underwriting Decisions

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

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 Closing Package.

Underwriting Approval with Prior to Closing Conditions

The underwriting approval 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.

Underwriting Deferral

The underwriting deferral 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 DeKalb NSP Second Mortgage Program requirements, such as Household Annual Income. Upon receipt of the necessary information, we will again review the Underwriting Package and email you the results of our review.

Underwriting Rejection

The underwriting rejection is sent to you when we determine that a Loan does not meet the guidelines for the DeKalb NSP Second Mortgage Program. The letter states: "The Loan referenced below has been denied for delivery to ANDP 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.

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 ANDP underwriter assigned to the file. The inclusion of our underwriting letter will allow the ANDP 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 ANDP 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 fund Loans that are not in accordance with our underwriting conditions.

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
- 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.

Second Mortgage Loan Closing Documents

All closing documents (including DeKalb NSP Second Mortgage) and legal documents will reference the security interest DeKalb County designated entity not ANDP. 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 DeKalb NSP Second Mortgage Program Applicants must execute the NSP Notice to Seller (Form DK NSP-5). (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 DeKalb NSP

Second Mortgage Program does not make the property owner eligible for the relocation assistance that may be associated with federally assisted projects.)

Second Mortgage Loan Documents

DeKalb NSP Second Mortgage Loans require the following purchase documentation. (See Purchase Package Checklist)

- a) Mortgage *Note and Deed.* All NSP Second Mortgage Loans must be evidenced by the NSP Second Mortgage Note (Form DK NSP-9) and the NSP Second Mortgage Subordinate Security Deed (DK NSP-10)
- b) *Truth In Lending Disclosure Statement*. All NSP Second Mortgage Loans must have an original signed NSP Second Mortgage Truth In Lending Disclosure Statement (DK NSP 11).
- c) *HUD 1 Settlement Statement*. The NSP Second Mortgage Loan is shown on the first page of the NSP First Mortgage Loan HUD 1.

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 .

Title Insurance Policy

The NSP Loans 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 DeKalb County 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 ANDP 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 ANDP for any deviation in the title policy from this Lender 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 NSP Second Mortgage Loan, Schedule B of the title policy must reference the NSP Second Mortgage Loan.

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. ANDP 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 of delivery 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 DeKalb County 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 ANDP of the nature of the hazard within 10 Business Days of 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. ANDP 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.

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, Lender 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 ANDP prior to closing. You must also comply with provisions of the Flood Disaster Protection Act of 1973 whenever applicable to any Loan.

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

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. If there is evidence of previous infestation, an official Georgia Wood Infestation Report Diagram showing locations of the infestation must be attached. If a structural engineering inspection is required by the termite inspector, then Lender must provide ANDP with a copy of the report. The Applicant must sign the termite letter.

Other Government Funding

The federal regulations governing the NSP Second Mortgage Program require that we ensure that excessive government subsidies are not applied to any one project. In an effort to adhere to this requirement, Lenders must identify and inform ANDP of any other state, local or federal government funds used to finance a home purchase in conjunction with a DeKalb NSP Second Mortgage Program loan.

Ownership Interest

Ownership interests include:

- a) Fee simple interest;
- b) Joint tenancy;

Interests that are not considered to be ownership interests are:

- a) remainder interest:
- b) lease (without regard to any purchase option);
- c) 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) 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) 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) 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) 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. Vacant land or a manufactured home taxed as personal property is not considered by ANDP to be residential real estate.

Principal Residence Requirement

Each Applicant must occupy the mortgaged property as a principal residence within 30 days after closing the Loan. Lender must inform the Applicant of this requirement at initial application and at origination of the Loan.

An Applicant is temporarily exempt from this 30-day occupancy requirement if employment or military orders require the Applicant to be temporarily away from the mortgaged property and (i) the principal residence is the mortgaged property, (ii) intends to return to the mortgaged property to live, and/or (iii) a co-Applicant will occupy the mortgage property within 30 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, 30 days after closing.

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 nor ANDP forms nor may they hold title to the property.
- c) The co-signers' income is not included in the Household Annual Income (for program eligibility purposes) 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.

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:

\$20,000 or 20% of sales price, whichever is greater 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 NSP Second Mortgage Loan Applicant owns a mobile home which is not being sold, the Lender 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.

ANDP 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.

Household

"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. ANDP understands that it is not common lending practice to request this information for Non-Applicants, but we require it for Loans made through our NSP Purchase Program in order to verify that the Household Annual Income is within our Program's Household Annual Income limits.

Household Annual Income

Household Annual Income is defined as all amounts, which are received by, 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 DK-NSP 2 and form DK-NSP3, Affidavit of Non-Applicant Household Member, (if applicable).

Household Income Limitations

The DeKalb NSP Second Mortgage Applicant's total Household Annual Income (as stated on Forms _____ and ____) must not exceed the amounts provided for each county and household size as described in Appendix B of this Guide.

Calculating Household Income

Each Underwriting Package must include a completed Household Income Worksheet. The income figures 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 DK NSP-2 and DK NSP-3, as applicable. ANDP 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. Each individual Non-Applicant must complete and sign the Affidavit of Non-Applicant Household Member (DK NSP-3). 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 jobrelated 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;
- 1) 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 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 .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 workstudy 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.

Termination of Employment

Household members who have voluntarily terminated employment 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.

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.

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).

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 (for eligibility only) 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.

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).

ANDP, in its sole discretion, requires a statement from the Lender's underwriter that the Applicant's explanation is reasonable and consistent with all other information in the Underwriting Package.

Self-Employed Applicants

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

Homebuyer Education

Evidence of homebuyer education must be included in the underwriting package for all Loans and for all FHA and VA insured NSP First Mortgage Loans that are coupled with Second Mortgage Loan subordinate financing. The home buyer education may be provided by a HUD approved housing counseling agency. Please reference Appendix D for list of approved agencies.

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

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.

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 an 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 DeKalb County designated Targeted area, unless these returns are (i) needed to document income or (II) the Applicant has applied for a DeKalb NSP Second Mortgage Program 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).

Maximum Purchase Price

ANDP define the Purchase Price or Acquisition Cost as the total cost to acquire the completed residential unit excluding financing or settlement costs such as closing costs and prepaid items. Form NSP___ 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 Mortgage Insurer's sale and purchase limits or \$215,000, whichever is less.

Manufactured & Modular Homes

Manufactured home loans are not eligible for purchase under the DeKalb NSP Second Mortgage Program.

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.

Property Standards

DeKalb NSP Second Mortgage 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.

Private Wells

We require that the local or county health inspector test and certify to the safety and adequacy of the water source of properties with private wells. 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.

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 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.

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 ANDP has given prior written approval specific to this issue, we will not provide a Loan where the land value is equal to more than 30% of the total Appraised Value of the subject property.

Environmental Impact

All new construction properties secured by a NSP 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, DK NSP-15. 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.

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).

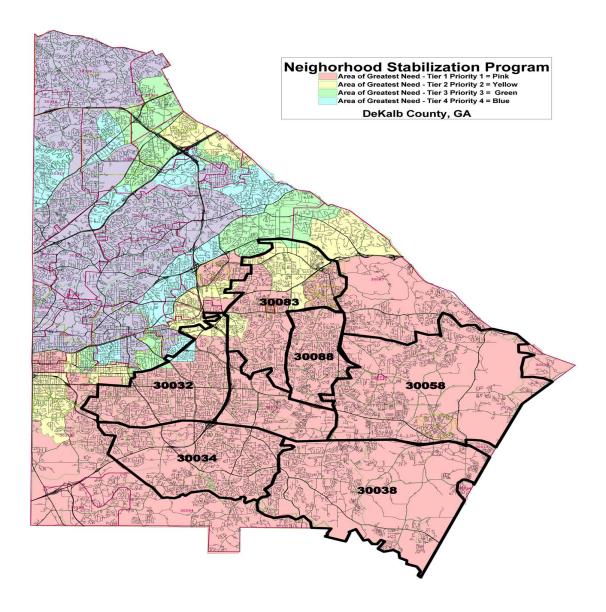
Lead Paint

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 NSP Second Mortgage Loans subordinate to FHA, Conventional Mortgage loans.

Appendix Table of Contents

Areas of Greatest Need Map	A
DeKalb County Income Limits	В
DeKalb County Census Tracts By Tier	C
Approved Homebuyer Counseling Agencies	D
HQS Inspectors List	Е
Lender Relations	F
Glossary	G
Appraisal Guidance	Н

Appendix A



As referenced on Page 5 of this Program Guide, certain program options require eligible property to be located within specified Tiers. Use the map above to identify if the desired home is within the appropriate Tier or in one of six priority zip codes to qualify. A larger version of this map can be found at www.andpi.org/dekalb.

2009 HUD Income Limits* DeKalb County

Family	50%	80% AMI	120 %
Size	AMI		AMI
1 Person	25,100	40,150	60,250
2 Person	28,700	45,900	68,850
3 Person	32,250	51,600	77,450
4 Person	35,850	57,350	86,050
5 Person	38,700	61,950	92,900
6 Person	41,600	66,500	99,800
7 Person	44,450	71,100	106,700
8 Person	47,300	75,700	113,500

^{*}Income Limits are subject to change. Please check the HUD website below for current income limits by County. Source: www.Huduser.org/datasets/nsp.html

Appendix C

DEKALB COUNTY CENSUS TRACTS BY TIERS

A useful site to check for the census tract is $\underline{\text{http:///ffiec.gov/Geocode}}$. Simply, enter the address of the property to identify the specific census tract.

Appendix D

Non-Profit Home Buyer Education Agencies

The following organizations provide one on one home buyer counseling and/or home buyer education seminars under contract with ANDP. 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/Homeownership/programs/downloads/HBed.pdf

ANDP Contacted Agencies

The D & E Group* 770-961-6900 www.depower.org

Reynoldstown Revitalization Corp.* 404.525.4130 www rrc-atl.org

Other HUD approved Agencies

Home Free USA 404-607-0800 www.homefreeusa.org The Atlanta Urban League* 404-659-1150 www.atlul.org

Green Forrest Community Development 404-486-1140 www.gfcdc.org

Center for Pan Asian Services 770-936-0969

Urban Hope Homeownership Center 1777 NE Expressway, Ste.275 Atlanta GA 30329 (404) 475-5386 Cooperative Resource Center*** 404-521-0406

E-Mail: jefaiths@aol.com; urbanhopecenter@aol.com Web www.urbanhope.com

Appendix E

DeKalb NSP Second Mortgage Program

HOUSING QUALITY STANDARD INSPECTION RESOURCES

HQS INSPECTOR &/or Contact Person	TELEPHONE	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
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
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
Standard Services (Stacey Fluellen	478-731-7549	stacey.fluellen@cox.net or staceyfluellen@hotmail.com	All Regions
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
Madison-Poss & Assoc (Russell Poss)	478-746-7060	www.madison-poss.com	Entire state of Georgia
Premiere Inspections (Delford Murphy)	770-514-9359	www.premiereinspection.com	Atlanta area & south to Columbus, Georgia
Accurate Home Inspection of Atlanta (Curtis Petty)	404-680-4578	www.findmeaninspector.com	50 mile radius of Atlanta

Lender Relationships

DeKalb NSP Second Mortgage Lenders must:

- 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 Georgia Housing and Finance Authority (GHFA) Lender prior to September 1, 2009, or (ii) be a federally regulated financial institution, or (iii) be a state or federal agency:
- d) be an approved Fannie Mae or Freddie Mac Seller/Servicer, or (i) have been approved as a GHFA Lender prior to September 1, 2009, (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 DeKalb County Second Mortgage Program 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. We may, in our sole discretion, waive the requirement in (c) or (d) above on a case by case basis following submission of satisfactory evidence of experience and competency and our determination that such a waiver would further our goal of making our DeKalb NSP Second Mortgage Program accessible to all areas of the County.

Throughout the year, a mortgage lender may apply to be a DeKalb County Lender using the funds that we make available during that calendar year.

Application Process for All Lenders

The Lender Application (Form DK NSP-20) and all required attachments must be competed and returned to ANDP for review and approval. The application package must contain:

- a) a completed Lender Application (Form DK NSP-20) and all required attachments;
- b) evidence of fidelity bond and errors and omissions coverage in amounts equal to that established for Fannie Mae Seller/Servicers; and
- d) Offer to Participation (Form DK NSP- 22)

Application Review Process

Upon receipt of your application package described in this Guide, we will analyze your ability to originate our DeKalb NSP Second Mortgage Loans in compliance with our procedures and requirements. Upon completion of our review of a 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 ANDP as a part of this application process may be subject to public disclosure.

Lender's Basic Duties and Responsibilities

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

- a) Ensuring that you comply with the requirements set forth in this Program Guide;
- b) Ensuring that NSP Second Mortgage Loans originated under our DeKalb NSP Second Mortgage Program meet our requirements and all applicable mortgage insurer requirements;
- c) Reserving, underwriting and submitting approved NSP to ANDP for our compliance underwriting approval before closing;
- d) Arranging for funding of NSP Second Mortgage Loans;
- e) If applicable, submitting required documents to the Mortgage Insurer and obtaining the mortgage insurance;
- f) Having adequate staff and facilities to originate and sell quality DeKalb NSP Second Mortgage Program 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 ANDP following our Quality Control Review of a Loan, if applicable;
- j) Protecting ANDP and DeKalb County against fraud, misrepresentation or negligence by any parties involved in the origination process;
- k) Assisting each Applicant with the requirements of the DeKalb NSP Second Mortgage Program and advising each Applicant of the status of his or her Loan application; and
- 1) Designating a DeKalb NSP Second Mortgage Program Contact as described in this Guide.

Electronic Media

If you elect to transfer the paper copy of this Program Guide into electronic form, you, as Lender, expressly warrant that all such electronic Program Guide forms and material used in connection with our DeKalb NSP Second Mortgage Loans shall be exactly identical in content to the paper copy of the Program 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 DeKalb NSP Second Mortgage Program form number,
- b) absence of DeKalb NSP Second Mortgage Program form version designation, and
- c) any change in content, including substitution, omission or addition of one (1) or more words.

You should contact ANDP with any questions about form or Program Guide reproduction before distribution of these documents for use in originating DeKalb NSP Second Mortgage Loans.

Authorized Originators

You may submit NSP Second Mortgage Loans that have been originated and/or processed by an Authorized Originator, provided that the NSP Second Mortgage Loans comply with all provisions of this Program Guide. Authorized Originators are those individuals or entities that interview the borrowers in connection with the borrower's application for a residential mortgage loan and sign the loan application on behalf of the DeKalb County Lender. NSP Second Mortgage Loans originated by an Authorized Originator will be governed by the DeKalb County Lender's Participation Agreement with DeKalb County and this Program Guide. Authorized Originators do not have a contractual relationship with DeKalb County or ANDP and, therefore, may not receive any acknowledgement or communication from DeKalb County or ANDP.

Lender Organizational 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 Lender's Participation Agreement.

You must notify ANDP 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.

NSP Program Contact

On your Lender Application (Form DK NSP-19) you must designate one (1) employee to serve as the Program Contact for the purpose of participating in the NSP Second Mortgage Loan Program. 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 DeKalb NSP Second Mortgage Program. 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 DK NSP-19), 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 NSP Second Mortgage Loan 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 Administrator (CRLIF) 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 Administrator 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 this Guide, and may result in other sanctions as well.

Remedies for Non-Performance

We retain the right to either (i) limit, (ii) suspend, or (iii) terminate your company's participation in our DeKalb County NSP second mortgage program for any failure to abide by the terms of the Participation Agreement or this Guide, or any statement proves in your Lender Application or any attachments to be untrue or misleading in any material respect.

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 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 ANPD. We will review the Lender Application and notify you of our decision.

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 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.

Notification and Appeal

Lenders will be notified of limited participation, suspension or termination 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.

Other Remedies

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

DeKalb County NSP Second Mortgage Program Compliance

You are responsible for ensuring that each Loan submitted to ANDP complies with the DeKalb County Second Mortgage Program requirements and the requirements of the Mortgage Insurer as set forth in this Guide.

Changes to the DeKalb County Second Mortgage Program

The provisions of the Guide may be amended from time to time. Each DeKalb NSP 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 DeKalb NSP program is subject to change. When you sign the Lender's Participation 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.

You are also acknowledging and agreeing that future DeKalb County Program changes might require an amendment of the provisions of this Guide. You also acknowledge and agree that the requirements and procedures of Mortgage Insurers applicable to our DeKalb NSP Second Mortgage Program may change. When you sign the Lender's Participation Agreement you are

agreeing to procedures.	comply	with	any	such	future	changes	in	the	Mortgage	Insurers'	requirements	or

Appendix G

DEKALB NSP SECOND MORTGAGE PROGRAM Glossary Terms

- "Affordability Period" means the period starting with the date of the Deed and continuing until property is sold, refinanced or property no-longer principal place of residence.
- "Allowable Closing Costs" means origination fee, attorney fees, title insurance, processing fee, appraisal, recording fees, termite inspection, survey, credit report and upfront MIP/PMI
- "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.
- "DeKalb County Police Officer" mean 1) sworn police officers that are employed by DeKalb County government 2) sworn police officers that are employed by any municipality in DeKalb including the City of Atlanta
- **'DeKalb County First Responders'' means** all who respond to 9-1-1 calls. In addition to this group employees of the DA's Office and Sheriff's office are eligible to participate.
- **"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.
- "Minor Repairs" means
- "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 DeKalb NSP Second Mortgage Loan Program, a 1% discount is required. An appraisal for purposes of determining this statutory purchase discount is required.

"Principal Reduction" means payment to reduce of outstanding principal mortgage balance.

NSP Appraisal Guidance

Guidance on NSP Appraisals – Voluntary Acquisitions

Acquisitions financed with NSP grant funds are subject to the URA, and its implementing regulations at 49 CFR Part 24, and the requirements set forth in the NSP Notice that was published in the Federal Register on October 6, 2008. HUD anticipates that most of these transactions will qualify as voluntary acquisitions under the applicable regulations of 49 CFR 24.101(b). The URA regulations do not specifically require appraisals in connection with voluntary acquisitions under 49 CFR 24.101(b). However, the NSP Notice requires appraisals to be performed with respect to the NSP funded acquisition of foreclosed upon homes and residential properties, even though they may be considered voluntary under the URA. In those cases, the URA appraisal requirements of 49 CFR 24.103 must be met. The following guidance on appraisals pertains to acquisitions of foreclosed upon homes and residential properties which meet the applicable voluntary acquisition requirements of 49 CFR 24.101(b) and reflects applicable URA requirements and the NSP requirements, including the URA appraisal requirements of 49 CFR 24.103.

- 1. The NSP grantee must ensure that the owner is informed in writing of what the grantee believes to be the market value of the property; and that the NSP grantee will not acquire the property if negotiations fail to result in a an amicable agreement (see 49 CFR 24.101(b)(1) & (b)(2)).
- 2. If NSP funds are to be used to acquire a foreclosed upon home or residential property (other than through donation), the grantee must ensure that the purchase price includes a discount from the value established by an appraisal that meets the following requirements:
 - a. The appraisal must have been completed within 60 days of the offer made for the property (we have advised that an initial offer can be made, subject to the completion of the appraisal within 60 days of a final offer).
 - b. The appraisal must meet the URA definition of an appraisal (see 49 CFR 24.2(a)(3) and the five following requirements (see 49 CFR 24.103(a)(2)):
 - i. An adequate description of the physical characteristics of the property being appraised (and, in the case of a partial acquisition, an adequate description of the remaining property), including items identified as personal property, a statement of the known and observed encumbrances, if any, title information, location, zoning, present use, an analysis of highest and best use, and at least a 5-year sales history of the property.

- ii. All relevant and reliable approaches to value. If the appraiser uses more than one approach, there shall be an analysis and reconciliation of approaches to value used that is sufficient to support the appraiser's opinion of value.
- iii. A description of comparable sales, including a description of all relevant physical, legal, and economic factors such as parties to the transaction, source and method of financing, and verification by a party involved in the transaction.
- iv. A statement of the value of the real property to be acquired and, for a partial acquisition, a statement of the value of the damages and benefits, if any, to the remaining real property, where appropriate.
- v. The effective date of valuation, date of appraisal, signature, and certification of the appraiser.
- c. The appraiser shall disregard any decrease or increase in the fair market value of the real property caused by the project for which the property is to be acquired or by the likelihood that the property would be acquired for the project, other than that due to physical deterioration within the reasonable control of the owner.
- d. If the owner of a real property improvement is permitted to retain it for removal from the project site, the amount to be offered for the interest in the real property to be acquired shall be not less than the difference between the amount determined to be just compensation for the owner's entire interest in the real property and the salvage value (defined at §24.2(a)(24)) of the retained improvement.
- 3. The NSP grantee has a legitimate role in contributing to the appraisal process, especially in developing the scope of work and defining the appraisal problem. The scope of work and development of an appraisal under these requirements depends on the complexity of the appraisal problem. HUD's guide to preparing an appraisal scope of work under the URA is available in HUD Handbook 1378-Appendix 19 or through the following link:

http://www.hud.gov/offices/adm/hudclips/handbooks/cpdh/1378.0/1378x19CPDH.pdf

4. The NSP grantee shall establish criteria for determining the minimum qualifications and competency of appraisers. Qualifications shall be consistent with the scope of work for the assignment. The NSP grantee shall review the experience, education, training, certification/licensing, designation(s) and other qualifications of appraisers, and use only those determined by the NSP grantee to be qualified.

5. If the NSP grantee uses a contract (fee) appraiser to perform the appraisal, such appraiser shall be State licensed or certified in accordance with title XI of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (FIRREA) (12 U.S.C. 3331 *et seq.*).

Questions:

1. Can the lender's appraisal be used if it is reviewed for compliance with the URA requirements?

Yes, if it meets the requirements in 2-5 above.

2. Must appraisals for the voluntary acquisition of NSP funded foreclosed upon homes and residential properties have a review appraisal performed?

No. Although the URA criteria for appraisals refer to qualifications for review appraisers, the NSP grantee is not required to have a review appraisal performed in connection with voluntary acquisitions under 49 CFR 24.101(b).

3. Must a scope of work be developed?

Yes, if the NSP grantee is procuring the services of an appraiser (or requires someone else to procure those services) or is relying on a lender's (the owner of the foreclosed upon property) appraisal that is determined by the NSP grantee to meet above requirements. No, if the appraisal is performed by otherwise qualified in-house appraisal staff, although it is still advisable in such cases.

Checklist

Underwriting Package Checklist (First Mortgage and Second Mortgage Loans)
Closing Checklist
Funding Package Checklist (First and Second Mortgage Loan)
Final Documents Checklist #1 (First Mortgage Loans)
Final Documents Checklist # 2 (Second Mortgage Loans)

DEKALB NSP SECOND MORTGAGE LOAN PROGRAM Underwriting Package Checklist

SHIP ALL FILES TO:

ANDP

ATTN: UNDERWRITING DEPT. 235 PEACHTREE STREET, SUITE 2000, 20TH FLOOR ATLANTA, GEORGIA 30303

Fasten COPIES of all applicable items in the order below:

 ☐ 1. "Loan Applicant Profile," (Form DKNSP-1) ☐ 3. Copy of Lender's Interest Rate Commitment on First Mortgage ☐ 5. Total Household Income Worksheet, completed for applicant(s) and adult non-applicant(s) (based on 120% of HUD Area Median Income) ☐ 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 ☐ 9. "Affidavit of Adult (18 yrs or older) Non-Applicant Household Member," (Form DK NSP-3), if applicable ☐ Signed by non-applicant and notarized ☐ Documentation for all sources of income: current pay stub or similar third party documentation ☐ 12. Internal Underwriting Approval with conditions listed ☐ 13. Scratch application, signed and dated by Lender and Borrower(s) 	□ 2. "Reservation Accepted "screen printed from LOL @ time loan reserved □ 4 Cover letter from processor or underwriter □ 6. Borrower NSP Loan Agreement (fully executed) □ 8. Fully executed "Application Affidavit (Form DK NSP-2) □ Annual Income Section complete □ 10. "NSP Notice to Seller For the Acquisition of Property with Federal Funds," (Form DKNSP-6) □ 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)
Letter 1722 with printouts) and current years W-2 formSigned by Borrower(s)Number of dependents consistent with loan applicate	entation required from DU or LP (Program Guide Pages 25-28) (45) days of your underwriting decision corrower, must reflect year-to-date earnings etc. period dated within forty- five (45) days of your \$300 over a 1010 warning (attached) ures on 1003 and Automated Underwriting

20. Sales Contract and applicable Addenda signed by all parties
a. NSP Purchase Discount documentation (DK NSP-7) 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
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 DeKalb County.
23. Home Buyer Education Certificate of Completion must be within 12 months of date of commitment

DEKALB NSP SECOND MORTGAGE LOAN PROGRAM

Closing Checklist

(Documents to send to Closing)

☐ 1. Form DK NSP-14 - "DeKalb NSP Second Mortgage Program Note"
2. Form DK NSP-16 - "DeKalb NSP Second Mortgage Program "Subordinate Deed to Secure Debt"**
5. Form DK NSP-17 - "Original Truth In Lending Disclosure Statement"
☐ 6. Form DK NSP-6 - "DeKalb NSP Second Mortgage 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 DeKalb NSP Second Mortgage Program Subordinate Dee

DEKALB NSP SECOND MORTGAGE PROGRAM

Post Closing Checklist

SHIP ALL FILES TO: ANDP

ATTN: UNDERWRITING DEPT, CRLIF. 235 PEACHTREE STREET, SUITE 2000, 20TH FLOOR ATLANTA, GEORGIA 30303

On the right side of folder, fasten the following: 1. Original signed "Loan Funding Profile," (Form DK NSP-1)
2. Copy of First Mortgage Note
3. Copy of HUD-1 Settlement Statement and all attachments including:
Addendum to HUD-1 Settlement Statement, if applicable
Acknowledgement and Receipt of Settlement Statement
Copy of all invoices for Appraisal(s), HQS inspection(s), and Final Inspection(s)
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 DK NSP-19)
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 " DeKalb NSP Second Mortgage Program "Subordinate Deed To Secure Debt,"" (Form DK NSP-16)
11. Copy of interim Transfer and Assignments, if applicable
12. Copy of the "Transfer and Assignment," (Form DK NSP-18) transferring the DeKalb NSP Second Mortgage Loan to DeKalb County entity (if applicable)
13. Original DeKalb NSP Second Mortgage Loan Truth in Lending Disclosure Statement (Form DK NSI 17)
On the left side of the folder, fasten the following:
☐ 1. Original "DeKalb NSP Second Mortgage Loan Note," (Form DK NSP-14) endorsed to DeKalb entity
2. Any documents required to clear conditions in the Underwriting Approval letter for DeKalb NSP Second Mortgage Loan
3. Original executed DeKalb NSP Second Mortgage Loans Notice to Seller (DK Form NSP-6)

DEKALB NSP SECOND MORTGAGE LOAN PROGRAM Final Documents Checklist

SHIP ALL FILES TO:
ANDP
ATTN: UNDERWRITING DEPT.
235 PEACHTREE STREET, SUITE 2000, 20TH FLOOR
ATLANTA, GEORGIA 30303

1. Copy of the Final Documents Letter sent to you by ANDP after purchase
2. Original, recorded "DeKalb NSP Second Mortgage Loan "Subordinate Deed to Secure Debt"" (Form DK NSP-16 and evidence of payment of intangible tax)
3. Original "Lender Certification," (Form DK NSP-20)
4. Any other documents included in the Final Documents Letter DeKalb NSP Second Mortgage Loan #

Forms

DK NSP – 1	Loan Applicant Profile
DK NSP – 2	Application Affidavit
DK NSP – 3	Affidavit of Non-Applicant Household Members
DK NSP – 4	Household Income Worksheet
DK NSP – 5	Loan Funding Profile
DK NSP – 6	Notice to Seller
DK NSP – 7	Sales Contract Addendum and Notice to Seller
DK NSP – 8	Collateral Inspection Form
DK NSP – 9	HQS Inspection Form
DK NSP – 10	Reservation Form
DK NSP – 11	Reservation Cancellation Form
DK NSP – 12	Extension Form
DK NSP – 13	Reservation Change Form
DK NSP – 14	Second Mortgage Promissory Note
DK NSP – 15	Loan Agreement
DK NSP – 16	Second Mortgage Subordinate Security Deed
DK NSP – 17	Second Mortgage Truth in Lending Disclosure Statement
DK NSP – 18	Transfer and Assignment Form
DK NSP – 19	Mortgagor's Closing Affidavit
DK NSP – 20	Lender's Certification
DK NSP – 21	Lender Application
DK NSP – 22	Lender Application Renewal
DK NSP – 23	Offer to Participate

DeKalb NSP Second Mortgage Program Loan Applicant Profile (Submit with the Underwriting Package)

		Date Received by ANDP
NSP Reservation #		Reservation/Commitment Expiration
Lender		
Loan Originator		
Phone #	Fax #	Email Address
Loan Processor		
Phone #	Fax #	Email Address
Person to Receive Underwriting	Decision	
(Name)		
Phone #	Fax #	Email Address
Applicant's Name		Co-Applicant's Name
(Last, First, Middle)		(Last, First, Middle)
Household Annual Income \$	<u></u>	
Property Address		
(Number and Street)	(City, County, Zip Code)	
First Mortgage Loan Type		Attached Detached Condo
Purchase Price		Number of Rooms
Appraised Value		Number of Bedrooms
First Mortgage Loan Amount	<u> </u>	Number of Bathrooms
Term of the Loan in Months		Total Square Feet
Interest Rate		Census Tract or Block #
NSP Mortgage Loan Amount	_	Year Built
Home Buyer Education Provider _		
Automated Underwriting System _	Credit Score V	Used
Ethnicity: Hispanic or Latino Non Hispanic or Latino		
Race: White Black/African-American Black/African-American & White Asian Asian & White	☐ American Indian/Alaskan ☐ American Indian/Alaskan ☐ American Indian / Alaska ☐ Native Hawaiian /Other P ☐ Other Multi-Racial	Native & Black/African-American n Native

DeKalb NSP Second Mortgage Loan Program Application Affidavit

(Submit with Underwriting Package)

DeKalb NSP Second Mortgage Loan Number:				
Applicant:	Co-Applicant:			
Subject Prope	rty Address:			
	•			
(Number and Str	reet)			
City, County, Zi	in Code)			

The DeKalb NSP Second Mortgage Program offers a loan for a portion of your down payment, and any required minor repairs. ANDP is a non-profit corporation of the State of Georgia whose funding is administered by DeKalb County. In administering DeKalb NSP Second Mortgage loans, ANDP acts on behalf of DeKalb County with respect to any loan you might receive under the Program. Federal laws, State law, DeKalb NSP regulations, impose a number of requirements upon recipients of these loans. In this document, "Program" means the DeKalb NSP Second Mortgage Program.

The DeKalb NSP 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 DeKalb NSP Second Mortgage Program.

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 DeKalb NSP 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 DeKalb NSP Second Mortgage Loan 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'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.

=			
	Name	Date of Birth	
Applicant:			
Co-Applicant:			
Children:			
Total Number of Persons in Household:	<u> </u>		
B. CURRENT ANNUAL HO (On each line indicate the current	DUSEHOLD INCOME annual income for all loan Applicants.)	My (our) annual House	ehold Income is:
	overtime and bonuses (including all regula	Applicant	Co-Applicant
	f members of the Armed Forces, whether are the head of the family or spouse)	\$	\$
Gross part-time salary		\$	\$

TOTAL HOUSEHOLD ANNUAL INCOME (Addition of annual income of all adults who live in the residence)		<u>\$</u>
TOTAL ANNUAL INCOME OF ANY NON-APPLICANT HOUSEHOLD MEMBER, if applicable (From Form DK NSPeach employed household member over the age of 18 listed in section A above)	_for	\$
TOTAL ANNUAL INCOME	\$	\$
Any other source of income (please specify)	\$	\$
Public assistance and welfare payments; relocation payments	\$	\$
Alimony and child support, and regular contributions or gifts from persons not residing in the household	\$	\$
reimbursement for job-related expenses Payments in lieu of earnings, such as unemployment and disability compensation, worker's compensation and severance pay	\$ \$	\$ \$
All housing allowances and similar allowances which are not		
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	\$	\$
Net business or rental income, or other net income from real or personal	\$	\$
Dividends and interest; income from royalties, trusts, and investments	\$	\$

C. 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.

D. 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 DeKalb NSP Second Mortgage Loan 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 DeKalb County, unless otherwise disclosed in Section B of this affidavit and supported by a fully executed Form DK NSP-____, "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 DeKalb County and ANDP, are public information and may be subject to public disclosure and/or verification by DeKalb County, 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 ANDP'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, DeKalb County 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 DeKalb County and ANDP 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 DeKalb NSP Second Mortgage 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)	

DEKALB NSP SECOND MORTGAGE LOAN 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 DK NSP-2, "Application Affidavit," page 3. I have reviewed all of the statements made in this Affidavit. Nothing has come to my attentio 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 ann above and have disclosed all my income.	nual income
I fully understand that the above statements and the information set forth in this Affidavit are the application for a mortgage loan from DeKalb County and the Atlanta Neighborhood Deve Partnership, Inc. (ANDP), are public information and may be subject to public disclosure and	elopment

verification by ANDP, 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 DeKalb NSP Second Mortgage Program, then the Applicant will not be entitled to obtain or close the loan; and
- 2. I hereby release DeKalb County, ANDP and the originating lender from any claims related in any way to their verification or enforcement of the DeKalb NSP Second Mortgage 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	<u> </u>
My Commission expires on	(Notary Seal Affixed Here)

Household Income V Input totals income for applica		t non-appli	cant pursuant to "Hous	sehold" Income Sec	tion.
First Mortgage Income Lin See Section "Household" Second Mortgage Income I See Appendix B		-			
Employment Income (use Name of Person Employed Company Name		ach empl	oyer) Name of Person Company Name		
Method A Each paycheck is the same	and is consistent with	current ye	ear's VOE.		
 Enter gross income from Enter pay periods per ye Multiply line 1 times lin 	ear:				
Method B Gross pay varies and varia	ıble income is shown se	eparately j	from gross pay		
1) Enter current base pay: 2) Enter pay periods per ye 3) Multiply line 1 times lin 4) Enter YTD variable pay 5) Enter number of days in 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 varial 1) Enter YTD gross pay:* 2) Enter number of days in 3) Divide line 1 by line 2: 4) Multiply line 3 by 365: Other Income and Non-A Recipient	e 2: :* YTD:** ble income is <i>not</i> show. YTD:**	n separate	Multiply Amount		Total
Non-Payroll Deposits	·				
Bank Name & Account Number	Total of Deposits N Included Above	Vot	Divide Total "Oth Number of Month and Multiply by 1	ly Statements	Total
Total of All Numbers i *If paystub(s) dated prior t **If paystubs(s) dated prior	to July 1, use previous y			ate variable pay	l

DEKALB NSP SECOND MORTGAGE PROGRAM

Loan Funding Profile (Submit with the Funding Package)

NSP Reservation Number	_	
First Mortgage Loan Type: F	THA 🗌 VA 🔲 USDA/I	RD
Lender		
Contact		
Phone #:	Fax #:	Email:
Applicant's Name		
(Last, First, Middle)		
Address		
(Number and 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 \$	-	
	an(s) issued to the Mortg	rue and correct, based on normal and prudent gagor identified herein is an (are) eligible Loan(s) ent and Seller Guide.
Legal Name of Seller (Lender)		
By	Date	
Name	Title	

DEKALB NSP SECOND MORTGAGE PROGRAM NSP - Notice to Seller For the Acquisition of Property with Federal Funds

For the Acquisition of Property with Federal Funds

This Notice is for the prop	erty located at	_ between the follo	owing parties:	
Buyer: Address:	_			
Seller:Address:				
Agreement Conditions:				
The Buyer is seeking NSP the following:	funds to acquire pr	operty owned by th	e Seller. Please be	informed of
- 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 **CANNOT** 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 determin	e the estimated Fair I	Market Value is \$	••			
Signature of Seller	Date	Signature of Witness	Date			
Signature of Seller Acknowledgement of Rec	Date eipt by Seller**	Signature of Witness	Date			
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)

DEKALB COUNTY NSP SECOND MORTGAGE Sales Contract Addendum and Notice To Seller

ADDENDUM#	dated		to	the (Contract	of S	Sale	dated
	, between					_and		Seller
			, for	the	Proper	ty k	knowi	n as
The Buyer will be apply Neighborhood Stabiliza Atlanta Neighborhood I Recovery Act (HERA) residential property under property and that such dor property. "Section 23 purchase discount. This upon home or residential	tion Program (NSP). Development Partnershi of 2008, the NSP "requer NSP be at a discount iscount shall ensure that $01(d)(1)$ of HERA requappraisal requirement	The DeKalb (p Inc. Section uires that any t from the current purchasers a ires an apprais applies to any	County NS 2301(d)(1) acquisition rent marke re paying lal for purp NSP-assi	SP Pro l) of the n of a t-appra pelow-n poses of	gram is the Housing foreclosed ised value market va f determi	adming and ed-upone of the alue for the ning the alue for the ning the alue for the	nister I Eco on ho he ho or the he sta	red by nomic ome or ome or home atutory
The following provision and Seller agree that Bu subject to approval and Program:	yer's application for do	own payment a	nd closing	costs	under the	NSP	Prog	ram is
Requirements								
A. Purchase Discount Federal Regular discounted a minimum Purchase Price offered appraisal. OR		nt appraised v	value, as c	letermi	ned by a	ın app	raisa	1. The
B. Appraisal Continger The Contract is appraisal will be at Buy appraisal must be completed.	s contingent upon Buger/Seller's expense and	must be perfe	ormed by a					
If the appraised value of Contract, party obtaining days from receipt of the notice from Buyer to Se at least 1% below the appraised value of Contract, party obtaining the contract of the second sec	g the appraisal shall not e written appraisal and ller that Buyer may req	ify the other p shall include	arty, in wr a copy of	iting, o	of such fa ritten app	ct with oraisal	hin fi by v	ive (5) written
Upon receipt of the writ 1% below the appraised, five (5)	-	s election and	upon write	ten not	ice to Bu	yer no	ot late	er than

1. Agree to reduce the Purchase Price to an amount at least 1% below the appraised value, in which event the Contract shall remain in full force and effect;

OR

2. Decline to reduce the Purchase Price to an amount below the appraised value. If Seller declines to reduce the Purchase Price to an amount at least 1% below the appraised value, or fails to respond within the time period above, Buyer shall have the unconditional right to terminate the Contract and Buyer shall not be obligated to complete the purchase of the Property described herein and Buyer's deposit shall be returned, and Buyer shall not incur any penalty.

C. Uniform Relocation Assistance and Real Property Acquisition Policies Act

This is a Voluntary acquisition of a foreclosed property; the Buyer does not have the authority to acquire the Seller's Property by eminent domain, and will not acquire the Property if negotiations fail to result in an amicable agreement. Owner-occupants who move as a result of a Voluntary Acquisition are not eligible for relocation assistance.

D. Buyer Contingency

The Sales Contract an loan commitment \$	under the		•	•	_	_		ance of
Seller		Date	_			Sigi	nature of	
Witness			Date _					
	 Date	e	_		 	Sigi	nature of S	eller
 Witness			Date _		 			

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 6.**

- 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 DeKalb County NSP Second Mortgage Program.

C-2 SOIL CONTAMINATION

Check the appropriate response. Provide a detailed description of "yes" responses and provide further analysis on Page 6.

- 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

 a. Grading does not provide positive drainage from structure(s) () yes () no b. Standing water proximate to structure(s) () 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 6.
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 6.
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 6.
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 6.
Floor Support Systems a. Significant cracks () yes () no b. Evidence of water damage () yes () no c. Evidence of spongy/weak/rotted flooring () yes () no

Check the appropriate response. Provide a description of yes responses on Page 6.

Framing/Walls/Ceiling d. Significant cracks () yes () no e. Visible holes in exposed areas that could affect 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 6.
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
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 6.

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 reroofed. ANDP 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 6.

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

Georgia Dream Homeownership Program

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 $% \left(1\right) =\left(1\right) \left(1\right)$
- () yes () no
- p. No hot water
- () yes () no

Toilet

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 6.
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
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 6.
a. Evidence on interior () yes () no b. Evidence on exterior () yes () no Year built
C-13 Manufactured Housing – Not Eligible for DeKalb County NSP Second Mortgage Program

q. Toilets do not function

HUD HSQ Inspection Form

Please follow the link below for the most current inspection form

http://www.hud.gov/offices/adm/hudclips/forms/files/52580-a.pdf

NSP SECOND MORTGAGE PROGRAM

Reservation Form

(Email to CRLIF@andpi.org or fax to 404-420-1613)

(To complete this form, place your curser in the highlighted area and TAB from field to field.)

Lender Name				
Contact Person				
Phone Number	Fa	ax Number	E-Mail Addr	ess
Program Type: First Mortgage				
Second Mortgage				
Special 2 nd Mtg. ☐ DeKalb County NSP	Second Mortgage			
Loan Type:	☐ Fannie Mae			
Conventional	Freddie Mac			
First Mortgage Loan A \$ Interest Rate Requested				
Second Mortgage Loan \$	Amount			
Borrower's Name	_			
Borrower's SS#				
Borrower's Age				
Borrower's Sex: Male Female				
Ethnicity: White Hispa Rlack Asia	nic [] Native American		

Marital Status: Married Unmarried
Separated
Single Parent: Yes No
Co-Borrower's Name
Co-Borrower's SS#
Co-Borrower's Age
Co-Borrower's Sex: Male Female
Co-Borrower's Ethnicity: White Hispanic
☐ Black ☐ Asian/Islander
☐ Native American
Co-Borrower's Marital Status: Married Unmarried Separated
Single Parent: Yes No
Purchase Price \$
Housing Type Detached Townhouse
New Existing
Tier □ Tier 1 □ Tier 2 □ Tier 3 □ Tier 4
Property Address
(Number, Street)
(City, County, Zip Code)

Borrower's Gross Annual Income	\$	Prior Homeowner? Yes No
Co-Borrower' Gross Annual Income	\$	
Non-Applicant's Gross Annual Income	\$	
Total Annual Gross Household Income:	\$	
# of Persons in Household		
# of Persons Employed		
# of Dependents		
Household Type: Single/Non Elderly Related/Single Parent Other	`wo Parent	
To be completed by DeKalb /ANDP		
Reservation #		
Reservation Amount \$		
Date Reservation # Issued		
Interest Rate Reservation/Commitme	nt Expiration D	Oate
Rejected:		
☐ Incomplete		
Over Income Limits		
Over Purchase Price Limits		
Reservation/Commitment Expiration	Date	
Rejected:		
☐ Incomplete		
Over Income Limits		
Over Purchase Price Limits		

DEKALB COUNTY NSP SECOND MORTGAGE PROGRAM

Reservation Cancellation

(Email to: cclark@andpi.org or fax to 404-420-1613)

Lender Name
Contact Name
Fax Number
Email Address
DeKalb County NSP Second Mortgage Reservation #
DeKalb County NSP 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:

DEKALB COUNTY NSP SECOND MORTGAGE PROGRAM

Extension Form

(Email to: cclark@andpi.org or fax to 404-522-4357)

Reason for Extension Request:
Requested by: Name:
Phone:
Fax:
Email:
To be completed by DeKalb/ANDP
Reservation/Commitment Period Extension
Original Reservation Deadline
New Reservation Deadline Extension Fees Accrued*
Laterision I ces Accided
By: Date:
* Extension Fees Accrued will be deducted from the lenders origination fee when loan is closed. If this Loan is cancelled, Extension Fees accrued up to the cancellation date will be billed.

This is a request to:

Borrower Name: ____

☐ Extend the Reservation/Commitment Period for 30 days DeKalb County NSP Second Mortgage Reservation #:

DEKALB COUNTY NSP SECOND MORTGAGE PROGRAM

Reservation Change Form

(Email to: cclark@andpi.org or fax to 404-522-4357)

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
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
ANDP Use:
Changed By: Date:

DEKALB NSP SECOND MORTGAGE PROGRAM PROMISSORY NOTE

Atlant Date _	a, Georgia
(Property Address)	
FOR VALUE RECEIVED, the undersigned ("Borrower") promises to pay to the order	
of ("Holder"), at other place as Holder may direct, \$ (the "Loan").	_, or such

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 or 10 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) <u>Time and Amount of Payment</u>. 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"):

Date of Payment Event	Part of Loan Amount to be Paid	
Before first Anniversary From first Anniversary and before second Anniversary From second Anniversary and before third Anniversary From third Anniversary and before fourth Anniversary From fourth Anniversary and before fifth Anniversary	100% 80% 60% 40% 20%	
For example, if a Payment Event occurs between the second and third Anniversary and the Loan Amount is \$, the Amount Due to Holder would be \$ 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) <u>Source of Payment and Proration</u> . 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	s = Holder's prorata portion	
(Borrower's Investment)		
(Amount Due + Borrower's Investment) X Net Proceeds For example, if the Amount Due is \$, the Borrower's	<u> </u>	

(c) <u>No Net Proceeds.</u> 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.

Proceeds are \$_____, Holder would be entitled to \$_____ of the Net Proceeds, and Borrower

would be entitled to the remainder.

- (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. <u>Prepayment.</u> 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. <u>Costs and Fees</u>. 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. <u>Payment Events.</u> 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.		
Date:	Borrower By:	
	Printed Name:	
	Borrower	
Date:	By:	
	Printed Name:	

DEKALB NSP SECOND MORTGAGE 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 DeKalb County NSP Second Mortgage Program, which is implemented by the Community Redevelopment Loan and Investment Fund, Inc (CRLIF").
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 \$ 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 DeKalb NSP Second Mortgage Program requirements and the NSP regulations.
2. Use of Loan Proceeds. Borrower shall use the Loan proceeds, first, for all or part of the down payment on the purchase of Property and second for minor repairs necessary to bring the Property in compliance with HUD's Housing Quality Standards
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 or 10 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:

5- ½ years

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.

Or

10 years

20% within the 61- 72nd month of the affordability period 20% within the 73-84th month of the affordability period 20% within the 85- 96th month of the affordability period 20% within the 97-108th month of the affordability period 20% within the 109-120th month of the affordability period 0% after the 120th month of the affordability period

- (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 DeKalb NSP Second Mortgage 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' 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 enfo law.	rced in accordance with Georgia
Notice shall be mailed by certified mail, a properly prepaid, or hand delivered. Notice shall be deemed give from the date of mailing or on the date of delivery. Either properly prepaid, and the shall be mailed by certified mail, a properly prepaid, or hand delivered. Notice shall be mailed by certified mail, a properly prepaid to the shall be mailed by certified mail, a properly prepaid to the shall be mailed by certified mail, a properly prepaid to the shall be mailed by certified mail, a properly prepaid to the shall be mailed by certified mail, a properly prepaid to the shall be deemed given to the shall be deemed given by the shall be	return receipt requested, postage yen, received, and effective 3 days party may change the address for
notice by giving the other party notice of the new address in con-	mpliance with this section.
(d) This Agreement, the Note, and the Deed contain the entirelating to the subject matter of this Agreement.	re agreement between the parties
(e) This Agreement will inure to the benefit of and be bir successors, representatives, and assigns.	nding upon the parties and their
(f) Borrower agrees to perform any and all further acts and to additional documents which may be reasonably necessary Agreement or correctly set forth the terms of this Agreement.	•
(g) Borrower may not assign any right, benefit, or obligation of without Lender's prior written approval, which Lender may gradiscretion.	•
(h) Neither party is an agent or representative of the other. E procuring and providing all personnel, facilities, materials, as Borrower's obligations under this Agreement. Nothing in this create a partnership or joint venture between the Borrowacknowledges and agrees that the sole relationship of the parties	nd services necessary to perform Agreement shall be construed to wer and Lender, and Borrower
IN WITNESS WHEREOF, the parties have executed this Agr	reement on the above date.
BORROW	ER:
Signature	
[Printed Na	nme]
Signature	
Title:	

After recording, return to:

Jace C. Gatewood Law Offices of Jace C. Gatewood, P.C. 3330 Cumberland Boulevard, Suite 500 Atlanta, Georgia 30339

STATE OF GEORGIA

COUNTY OF _____

DEKALB NSP SECOND MORTGAGE PROGRAM

SUBORDINATE DEED TO SECURE DEBT, RESTRICTIVE COVENANT, AND SECURITY AGREEMENT

		Atlanta, Georgia Date
Closing Date:		
1. Grantor:		,
		·
2. Lender:		
3. The Loan : A loan in th	ne principal amount of \$	00.
-	•	Loan (the "Note"), this Deed, and any other person in any way pertaining to
5. Maturity Date: No lat	er than, 20	·
the "Senior Loan," and evidencing, securing, or	d all agreements, promissory relating to the Senior Loan are	notes, deeds, and other documents the "Senior Loan Documents." Lender 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 or 10 years, whichever is applicable. 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 REOUIRED 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 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 OUESTIONS REGARDING THE LEGAL EFFECT OF THIS DEED AND ITS PROVISIONS: (p) ACKNOWLEDGES HAVING CONSULTED OR HAVING THE OPPORTUNITY TO CONSULT WITH COUNSEL OF GRANTOR'S ALL WAIVERS 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 un-reimbursed 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]	

DEKALB NSP SECOND MORTGAGE PROGRAM Truth-in-Lending Disclosure Statement

Lender:	Date:				
Lender's Address:					
	_				
	_				
Borrower(s):	_				
Property Address:	<u> </u>				
ANNUAL PERCENTAGE RATE	The do	NCE CHARGE ollar amount the twill cost you.	AMOUN' FINANCE The amount of provided to you your behal	credit or on	TOTAL PAYMENTS The amount you will have paid after you have made all payments as scheduled.
0%		N/A	00)	
Payment Schedule:			I		
NUMBER OF PAYM	IENTS	AMOUN PAYMI		PAY	MENTS ARE DUE
Due upon sale, refinance Option A – Option B Option C Option D	ce or trans	fer of property.			
Demand Feature: This Variable Rate Feature		s not have a Dem	and Feature.		
Security: You are givin		rity interest in the	property located	at·	
	ig a secui	ity interest in the	property located	au.	
(Number and Street)					
(City, County, Zip)					
Assumption : May assu	ıme, subje	ect to lender's cor	nditions.		
Late Charges: N/A	3				
Pre-payment : N/A					
I/We hereby acknowled	lge readir	ng and receiving a	complete copy	of this di	sclosure.

Borrower Signature	Date
Borrower Signature	Date

DEKALB NSP SECOND MORTGAGE LOAN 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 info Affidavit (Form DK NSP- 2) which I (we) execute of Acquisition cost, the disclosure of Household S Annual Income were true, accurate and complete and unchanged, or I (we) have prepared and attack concerning any changes or corrections to such states	ed including without limitation, the computation Size, and the computation of current Household when made and remain true, accurate, complete ned hereto complete and accurate information
Borrower's Printed Name	Borrower's Signature
Co-Borrower's Printed Name	Co-Borrower's Signature
Sworn to and subscribed before me this da	ny of
Notary Public	
My Commission Expires	
(Notary Public Seal Affixed Here)	

DEKALB NSP SECOND MORTGAGE PROGRAM Lender Certification

Borrower:	Lender:
Property Address:	
(Number and Street)	
(City, County, Zip Code)	
Closing Date:	
I, the undersigned, DO HEREBY CER	RTIFY to DeKalb County as follows:
Lender (hereinafter "Lender") closed (hereinafter, the "Borrower") in the an	ate (hereinafter "Closing Date") the above-referenced one or more Loans to the above-reverenced Borrower mount(s) below to finance the purchase of a Single Family nced Property Address (hereinafter the "Property") under
DeKalb NSP Second Mortgage Loan	\$
For DeKalb NSP Second Mortgage	Loans:
a. The Purchase Price of the Property	does not exceed the applicable limits;
b. The Borrower(s) intends to occupy 30 days of the date of closing the Loan	the Single Family Residence as a principal residence within a; and
in accordance with the terms and cond	d and agreed that the Single Family Residence will be used itions set forth in the loan documents, the Loan Seller at the Lender knows of no indication to the contrary.
2. The Lender does hereby certify and	warrant that:
incorporates by reference the Seller G	with the provisions of the Program Guide (which uide) and the Seller has reviewed the Borrower's r forms completed by the Borrower for conformity with the Program(s);
b. The Loan(s) meets the terms and co Borrower to finance a Single Family R	nditions of the Program(s) and has been made to an eligible Residence;

- c. All information supplied by the Lender to DeKalb County 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 DeKalb County;
- 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 DeKalb County; 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 DeKalb County;
- 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 h	ereunto set my hand this	day of
Lender's Name		
BY		
Officer's Signature	Officer's Title	
Printed or Typed Name		

DEKALB NSP SECOND MORTGAGE PROGRAM Lender Application

Company Name	_		
Primary Contact Pers	on		
Phone Number	Fax Number	er E-1	mail
Address			
City	State	Zip	
D 4 G N			
Parent Company Nam			
Home Office Address			
City	State	Zip	
Principal Officers:			
Name	Title	Yrs. w/Company	% of Ownership
Identify Holders of Ov	wnership Interest of	5% or more who are r	not Principal Officers:
			
Primary Origination A	Area (List Georgia C	ounties, attach list if nec	eessary)
Federal Tax ID Numb	er:		
Incorporated: Yes	☐ No		
Primary Lender Cont	act Name:		
Phone Number:	_ Fax	x Number:	E-mail Address:

Primary Reservations Contact Name:		
Phone Number: Fax Number	er:	E-mail Address:
Primary Underwriting Contact Name:		
Phone Number: Fax Numb		E-mail Address:
Primary Shipping Contact Name:		
Phone Number: Fax Numb		E-mail Address:
D. I. Alt. C. A.M.		
Phone Number: Fax Numb	er:	E-mail Address:
Primary Final Documentation Contact N		F '1 4 1 1
Phone Number: Fax Numb	er:	E-mail Address:
Primary Quality Control Contact Name:		
Phone Number: Fax Numb	er:	E-mail Address:
Wiring Instructions for First Mortgage I Bank:	Loans:	
Title of Account		
City State Zip		
Routing number		
Officer to be notified		
Account Number		
Wiring Instructions for Second Mortgage Bank:	e Loans:	
Title of Account		
City State Zip		
Routing number		
Officer to be notified		
Account Number		
Agency Approvals: FHA Mortgagee Number Direct Endorseme	ent Yes	☐ No
VA Mortgagee Number Automatic	Yes	☐ No
USDA/RD Approval	Yes	☐ No
Fannie Mae Seller Number	Yes	□ No
Freddie Mac Seller Number	Yes	□ No
GNMA Issuer Number		

Do you have Underwi	riting Staff fo	or the following lo	ans:
Conventional	Yes	☐ No	
FHA	Yes	□No	
VA	Yes	☐ No	
USDA/RD	Yes	☐ No	
Have you ever been so ☐ Yes ☐ No	uspended fro	om the above?	
If so, explain in an atta you a federally regulate			nnie Mae or Freddie Mac approved, are No
Branch Offices in Geo branch offices if neces	_	nvolved in Origina	ting Loans (attach a list of additional
1. Designated Contact Branch Office Address			
City State_	Zip		
Phone Number:	Fax	Number:	Email Address:
2. Designated Contact Branch Office Address			
City State_	Zip		
Phone Number:	Fax	Number:	Email Address:
Correspondent Lendo additional correspond			ranch Offices in Georgia (attach a list o
1. Company Name			
Designated Contact Pe			
Office Address			
City State_	Zip		
Phone Number:	Fax	Number:	Email Address:
Insurance Policies			
	s Insurance a		le insurance policy: Fidelity Insurance, mpairment, Mortgage Interest or
Does the above covera Explain exceptions.	ge meet Fann	ie Mae requirement	ts?

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. **Attachments - Please attach the following items:** Lender Offer to Participate Agreement (2 Copies) Copy of Insurance Certificates 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 ANDP on its own behalf or on behalf of the DeKalb County may be subject to public disclosure. Sworn to and subscribed before me this day of , 20 . Seller's Name By: **Officer's Signature Title of Signing Officer Printed or Typed Name of Signing Officer Notary Public**

My commission expires (Notary Seal Affixed Here)

NSP SECOND MORTGAGE PROGRAM Lender Application Renewal

Company Name				
Designated Contact Per	rson			
Phone Number	Primary Fax Num	ber E-ma	il Address	S
Primary Office Address	s			
City	State	Zip Code		
Parent Company Name	·			
Home Office Address _				
City	State	Zip Code	_	
Principal Officers				
Name	Title	Yrs. w/Compa	ny	% of Ownership
Agency Approvals				
FHA Direct Endorsemen	t Yes	☐ No		
VA Automatic	Yes	☐ No		
USDA/RD Approval	Yes	☐ No		
Fannie Mae Seller	Yes	☐ No		
Freddie Mac Seller	Yes	☐ No		
Ginnie Mae Issuer	Yes	☐ No		
Have you ever been susp	ended from any Ag	gency Approvals?	Yes	☐ No
If so, explain in an attach	ned letter.			
If not, FHA, VA Fannie	Mae or Freddie Ma	c approved,		
are you a federally regula	ated financial institu	ution?	Yes	☐ No

Primary Lender On	-Line Contac	t Name:	
Phone Number	_	Fax Number	E-Mail Address
Primary Reservatio	n Contact Na	me:	
Phone Number	_	Fax Number	E-Mail Address
Primary Underwrit	ing Contact N	ame:	
Phone Number	_	Fax Number	E-Mail Address
Primary Shipping C	Contact Name:	·	
Phone Number	_	Fax Number	E-Mail Address
Purchase Advise Co	ontact Name:		
Phone Number	_	Fax Number	E-Mail Address
Primary Final Docu	mentation Co	ontact Name:	
Phone Number	_	Fax Number	E-Mail Address
Primary Quality Co	ontrol Contact	Name:	
Phone Number	_	Fax Number	E-Mail Address
Branch Offices in G branches if necessar		nvolved in Originating Loans	(attach a list of additional
1. Designated Conta	act Person	<u> </u>	
Branch Office Addr	ess		
City	State	Zip Code	
Phone Number	<u></u>	Fax Number	E-Mail Address
2. Designated Conta	act Person	<u></u>	
Branch Office Addr	·ess		
City	State	Zip Code	
Phone Number		Fax Number	E-Mail Address

of additional correspondents if necessary): 1. Lender Name _____ Designated Contact Name _____ **Branch Office Address** City _____ State Zip Code Fax Number Phone 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? \(\subseteq \text{Yes} \subseteq \text{No} \) **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 ANDP on its own behalf or on behalf of DeKalb County may be subject to public disclosure. Seller's Name Bv: Officer's Signature **Title of Signing Officer Printed or Typed Name of Signing Officer Notary Public** My commission expires ______ (Notary Seal Affixed Here)

Correspondent Lenders(s) (if applicable) and their Branch Offices in Georgia (attach a list

OFFER TO PARTICIPATE

DEKALB COUNTY NSP SECOND MORTGAGE PROGRAM

Participant Name:	
	DEKALB COUNTY
	Offer to Participate (the "Offer") is to be delivered to: ANDP, 235 Peachtree Street, Suite 2000, Atlanta, GA 30303.
Legal Name of Institution:	
Address of Home Office	
Address(es) of Originating Office(s)	
Contact Person: Home Office: Originating Office(s)	
Telephone Number: Home Office: Originating Office(s)	

Subject to the terms and conditions stated herein, the above institution (the "Participant") hereby offers to participate in the DeKalb County NSP Second Mortgage Program and in accordance with the terms and conditions of the Participation Agreement (the "Agreement") and the Invitation to Participate (the "Invitation"), copies of both of which have been received and reviewed by the Participant and the provisions of both of which

are incorporated herein by reference and, upon acceptance hereof, are hereby agreed to by the Participant.

We intend to originate VA (), FHA (), Conventional (), and/or other Mortgage Loans (), identify, in this Program. (Please indicate in appropriate boxes.)

The Participant understands that interest rates, closing costs, points, and down payment on the DeKalb County NSP Second Mortgage Loans to be made by the Participant in conjunction with the Programs will not be in excess of what is the standard practice of the banking industry at the time the loan is made.

Each Participant in this Offer and the Origination Agreement that it will fully participate in the program including the sharing of documents at no cost by the Participant with the County (including the Preliminary Title Report, Survey Appraisal Report and Credit Report), to require attendance at a pre-purchase home ownership counseling program, to handle the execution and recording of the County's closing documents and to return to the County the recorded documents and to provide evidence to the County of the proper application of the funds it provides and the recording of its security interest. Further, the Participant covenants that it will proceed with the processing, approval, and closing of a loan involving the program funding as expeditiously as it does any other loan, not involving the program.

The Participant hereby certifies that in connection with the transactions contemplated hereby, it has not directly or indirectly contracted or entered into any agreement with any other Participant or any other person or institution (except the County or its agents) with respect to any aspect of the Participation in the Program, other than an agreement, expressly authorized by the Agreement. The Participant hereby agrees to hold the County, its Directors, Officers, Employees, and agents (ANDP) harmless, and to indemnify them for any loss, costs, liability of expense, including attorney fees, if any, they incur as a result of any violation of the Participant of this paragraph.

THE PARTICIPANT AGREES THAT ALL APPLICANTS WILL BE CONSIDERED WITHOUT REGARD TO THE RACE, COLOR, CREED, NATIONAL ORIGIN, RELIGION, MARITAL STATUS, FAMILIAL STATUS, SEX, AGE OR DISABILITY OF THE APPLICANT.

This Offer is unilateral and shall be binding on the Participant upon acceptance by the County. This offer shall be deemed a contract between the Participant and the County upon the County's acceptance hereof, whether or not notice of such acceptance is communicated in writing to the Participant, it being understood that the County intends to so notify the Participant within a reasonable time after the County's acceptance.

By its execution hereof, the Participant hereby agrees to be bound by all of the terms and conditions of the Agreement and the Invitation and represents and warrants to the covenants with the County that all of the representations, warranties and covenants in the Agreement, including without limitation those contained in Section 3 thereof, are true and correct as of the date of the start of the Program unless the Participant notifies the County in Writing to the contrary prior to such delivery date. The Participant understands that the form of the Agreement delivered with the Invitation and other Program documents are preliminary in nature and are subject to change without notice prior to the execution thereof by the Participant.

Enclosed with this executed Offer are the following: (i) (1) copy of your Georgia Mortgagee License, (ii) a fully completed Participant Questionnaire, together with the required attachments thereto and (iii) one (1) copy of your DCA or DeKalb County Lender approval letter if approved prior to September 1, 2009.

For the above Institution:	
By:	
Its:	
Dated:	

EXHIBIT A DEKALB COUNTY NSP SECOND MORTGAGE PROGRAM PARTICIPANT QUESTIONNAIRE

(Responses to <u>all</u> items are required)

Company Name:
Home Address:
Tax I.D. #
Georgia Mortgage License #
(1) OFFICE IN CHARGE OF GEORGIA OPERATIONS:
Name:
Street Address:
City, State, Zip:
Mailing Address (If different):
City, State, Zip:
Name and Title of Officer In-Charge:
Do you have an originating office in DeKalb County Yes No
If so, how many? Please attach address for all originating offices in DeKalb County.
Type of institution: Mortgage company, national bank, state bank, federal S&L, state S&L, credit union, life insurance company, other:
(2) ORIGINATION INFORMATION (Long-Term First Mortgage Loans)
FHA-Direct Endorsement

you are an approved Freddie Mac lender, in all cases setting forth your lender identification number.

(3) Please provide the name(s) of your errors and omissions insurance policy carrier(s) and the insurance limits with respect thereto. Attach evidence of the coverage to this questionnaire.

(4) Please provide evidence of your company's efforts related to meeting the need of DeKalb County Communities (Attach to this questionnaire).

(5) Do you currently require attendance at pre-purchase home ownership counseling program prior to loan closing? ☐ Yes ☐ No If so, do you provide that counseling program? ☐ Yes ☐ No. If not, who provides it for you? _____

Please attach evidence from FHA which states that you are in an approved mortgagee for direct endorsement by FHA. If applicable also provide evidence from VA that you are an approved mortgagee by VA, evidence from Federal National Mortgage Association (FNMA) that you are an approved FNMA lender and evidence from Federal Home Loan Mortgage Association that

CERTIFICATION STATEMENT

It is understood that the information contained in this Participant's Questionnaire will not be independently verified by ANDP, Inc. and will be relied upon by ANDP for lender participants. We hereby certify, to the best of our belief and knowledge, that the information presented by the Participant's Questionnaire is true, accurate and complete to the extent possible given available information. In certain instances, estimates have been made based upon reasonable assumptions using such reliable sources of data and information as are available to this institution at this time.

Authorized Officer (Signature)		
Authorized Officer (Ty	pe or print name and office held)	
D. (. 1.	20	
Dated:	20	

PARTICIPATION AGREEMENT

This	Participation Agre	eement (the "Agreement") entered into as of the	day of
	, between		•
Partn	ership, Inc. (AND	OP)	-

DeKalb County has determined to implement the DeKalb County NSP Second Mortgage Program (the "Program") within DeKalb County and in order to carry out the Program the Participant and ANDP each agree to perform certain actions. Therefore, in consideration of representations, warranties and mutual agreements herein contained, the Participant and the County agree as follows:

SECTION 1

- 1.1. <u>Intent to Administer Program</u>. The County intends to use reasonable efforts to administer the Program in accordance with the documents outlining the Program and their operation.
- 1.2. <u>Limited Liability</u>. All obligations of the County incurred hereunder shall be limited obligations of the County payable solely from the revenues and other amounts derived from a contract with the DeKalb County Georgia. The Program shall not constitute general obligations of the DeKalb County of DeKalb, Georgia, nor any city within the County of DeKalb, Georgia.
- 1.3. <u>Invitation and Offer</u>. The County has provided to the Participant the Invitation containing a description of the Program, the form of the Offer, this Agreement and certain other materials. The Participant submitted to the County the executed Offer, along with certain other materials.

The provisions of the Invitation and the Offer are incorporated herein by reference and are deemed to be a part of this Agreement; provided, however, that in the event of any conflict or inconsistency between provisions of the Invitation and the Offer and this Agreement, the provisions of this Agreement shall control.

1.4. <u>Notice of Acceptance</u>. The County has sent to the Participant a Notice of Acceptance and certain other information pertaining to the Program. The Participant has submitted to the County an executed counterpart of this Agreement and certain other materials.

SECTION 2

- 2.1 Representations, Warranties and Covenants. The County represents and warrants to, and covenants with the participant that:
- (a) ANDP is a non-profit corporation duly organized and established and existing under the laws of the State of Georgia in which it was incorporated.
- (b) DeKalb County has found and determined that the operation of the NSP Second Mortgage Program as proposed herein will further the purposes of the Authority.
- (c) This Agreement, all documents and instruments contemplated hereby, which are executed and delivered by the Authority, will constitute valid, legal and binding obligations of the

Authority, enforceable in accordance with their respective terms, except as the enforcement thereof may be limited by applicable debtor relief laws or equitable principles affecting specific performance.

SECTION 3

- 3.1. <u>Representations, Warranties and Covenants of Participant.</u> The Participant represents and warrants to, and covenants with the DeKalb County that:
- (a) The Participant is a corporation or partnership duly organized and existing under the laws of the State in which it was incorporated, or is duly chartered or incorporated under federal law, is duly authorized to transact business in the State, and customarily provides service or otherwise aids in financing mortgages located in the State.
- (b) The Participant agrees that during the term of this Agreement it will remain subject to supervision and examination by State or Federal authorities, as may be applicable, and that it will remain in good standing and qualified to do business under the laws of the United States of America, the state of Georgia its organization and of the State, will not dissolve or otherwise dispose of all or substantially all of its assets and will not voluntarily consolidate with or merge into any other entity or permit one or more other entities to consolidate with or merge into it or sell or otherwise transfer to another such entity all or substantially all of its assets as an entirety and thereafter dissolve; provided, however, that the Participant may, without violating the agreement contained in this subsection, consolidate or merge into another financial institution, or permit one or more entities to consolidate with or merge into it, or sell or otherwise transfer to another entity all or substantially all of its assets as an entity and therefore dissolve so long as the surviving, resulting or transfer entity, as the case may be, (i) shall be subject to the supervision and examination of State or federal authorities, as may be applicable, (ii) shall be an FHA, VA FNMA or Freddie Mac approved mortgagee, (iii) after giving effect to such transaction, shall, together with all parents and subsidiaries of such surviving, resulting or transfer entity, as the case may be, that file consolidated financial statements, have a net worth equal to or greater than that of the Participant immediately prior to such acquisition, consolidation or merger, as certified by an authorized officer of the Participant, and (iv) shall assume in writing all of the obligations, representations and warranties of the Participant hereunder (in the case of a sale of all or substantially all of the Participant's assets, the County shall release the Participant in writing, concurrently with the contingent upon such assumption, from all liability hereunder).
- (c) The Participant has the power to executed and deliver this Agreement and the Offer, to accept the terms hereof, to enter into the transactions contemplated hereby, and the acceptance and performance hereof has been duly authorized by all necessary corporate and other action.
- (d) Neither the execution and delivery of this Agreement and the Offer, the consummation of the transactions contemplated hereby, nor the fulfillment of or compliance with the terms and conditions hereof, conflict with or result in any breach or violation of any of the terms, conditions or provisions of any applicable laws, including regulations, or any agreement or instrument to which the Participant is now a party or by which it is bound, or constitute a default under any of the foregoing.

- (e) The execution and delivery of this Agreement by the Participant in the manner contemplated herein and the performance and compliance with the terms hereof by it do not require the consent or approval of any governmental County or, if such consent or approval is required, it has been obtained.
- (f) This Agreement, and all documents and instruments contemplated hereby, which are executed and delivered by the Participant, will constitute valid, legal and binding obligations of the Participant, enforceable in accordance with their respective terms, except as the enforcement thereof may be limited by applicable debtor relief laws or equitable principles affecting specific performance.
- (g) The Participant is currently authorized to make mortgage loans in the State.
- (h) The Participant is or will be, (i) at the time of the origination by the Participant of any FHA Insured Mortgage Loan under the Program, FHA-approved for Direct Endorsement, in good standing, (ii) at the time of the origination by the Participant of any VA Guaranteed Mortgage Loan under the Program, an eligible lender in good standing for VA-guaranteed mortgage loans, (iii) at the time of the origination by the Participant of any conventional mortgage loan under the program, an eligible lender in good standing with FNMA and/or (iv) Freddie Mac.
- (i) The Participant will comply with any and all applicable laws governing or regulating the origination of mortgage loans, including, but not limited to, RESPA or any applicable "truth in lending" or disclosure laws.
- (j) The Participant will comply with the non-discrimination provisions of the Civil Rights Act of 1964, the regulations promulgated there under, Executive order 11246, Equal Employment Opportunity, dated September 24, 1965 and the Fair Housing Amendments Act of 1988.
- (k) No information, certificate of an Officer, statement furnished in writing, or report required hereunder, delivered to the County will, to the knowledge of the Participant, contain any untrue statement of a material fact or omit a material fact necessary to make the information, certificate, statement or report misleading.
- (1) The Participant shall indemnify and hold harmless the County of DeKalb County Georgia and their Commissioners, and officers, directors, employees and agents (ANDP) against any liability for all claims, cause of action, costs and expenses (including attorneys fees), judgments, fines and penalties which ay be related to or arise out of any violation of law or breach of this Agreement resulting from an act or omission of the Participant, its agents or employees.
- (m) Unless waived by the Authority, the Participant currently is covered by, and during the Origination Period shall maintain, errors and omissions insurance with coverage of no less than Three Hundred Thousand Dollars (\$300,000) per occurrence and a fidelity bond in an amount of no less than Three Hundred Thousand Dollars (\$300,000) per occurrence, which policy must provide the County with at least ten (10) days written notice prior to cancellation or termination for any reason.
- (n) The Participant shall use diligent, reasonable efforts to become and remain familiar with all rules and regulations applicable to the Programs.

- (o) The Participant shall deliver to ANDP no later than upon execution thereof evidence from both FHA, VA FNMA, and/or Freddie Mac, stating that the Participant is an approved mortgagee and setting forth the Participant's Lender identification number with each agency.
- (p) As of the Closing Date of the improvements upon the real property subject to Program, the Participant will assure coverage by a valid and subsisting Standard Hazard Insurance policy, condominium insurance and flood insurance as applicable and in an amount to cover the First Mortgage.
- (r) Immediately following the closing Date, each Mortgage shall be filed and recorded in the public records of the State and any different or other recording that might hereafter be required by the laws of the State to perfect the lien of the real estate mortgage in the name of the County against the adverse or competing claim of their parties by giving public notice thereof also shall be accomplished.
- (s) As of the Closing Date, there shall be no materialmen's liens or claims therefore outstanding for work, labor, or materials affecting the foreclosed Single Family Residence that are or might be or become liens prior to, or equal with, the lien of the first executed in conjunction with the Programs, unless a Title Policy acceptable to the County insures against such risks.

SECTION 4

- 4.1. <u>Amendments, Changes and Modifications</u>. Subsequent to the execution of this Agreement it may be amended, charged or modified with the written consent of the Participant and the Authority.
- 4.2. Governing Law. This Agreement shall be construed in accordance with the laws of the State, and the obligations, rights and remedies of the parties hereunder shall be determined in accordance with such laws without reference to the laws of any other state or jurisdiction, except for applicable federal laws, rules and regulations.
- 4.3. <u>Notices</u>. All notices, certificates or other communications hereunder shall be sufficiently given and shall be deemed given when delivered or mailed by certified or registered mail, postage prepaid, return receipt requested, addressed to the appropriate Notice Address.
- 4.4. <u>Severability</u>. In the event any provision hereof shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.
- 4.5. Term of Agreement. This Agreement shall be in full force and effect from the date hereof and shall continue in effect for an initial term of one (1) year. Therefore, this Agreement will be automatically renewed for successive one (1) year terms unless either party to the Agreement notifies the other party sixty (60) days prior to the renewal date that it does not wish to renew the Agreement. This Agreement is subject to cancellation during its term upon a written thirty (30)

day notice given by either party to the Agreement. Cancellation or non-renewal does not have to be for cause.

- 4.6. <u>No Rights Conferred on Others</u>. Nothing herein shall confer any right upon any person other than the County and the Participant.
- 4.7. <u>Discretion of Corporation</u>. With respect to any disputes between the County and the Participant which arise concerning the terms and provisions hereof, the meaning thereof, or decisions to be made thereunder, the sole judgment of the County shall govern.
- 4.8. <u>Counterparts</u>. This Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

IN WITNESS WHEREOF, each party hereto has caused this Agreement to be executed by its duly authorized officer as of the day and year first above written.

By:
Title:
Attest:
Title:
(SEAL)
PARTICIPANT
Name of Institution:
By:
Title & Authorized Officer
ATTEST:
Title:
(SEAL)