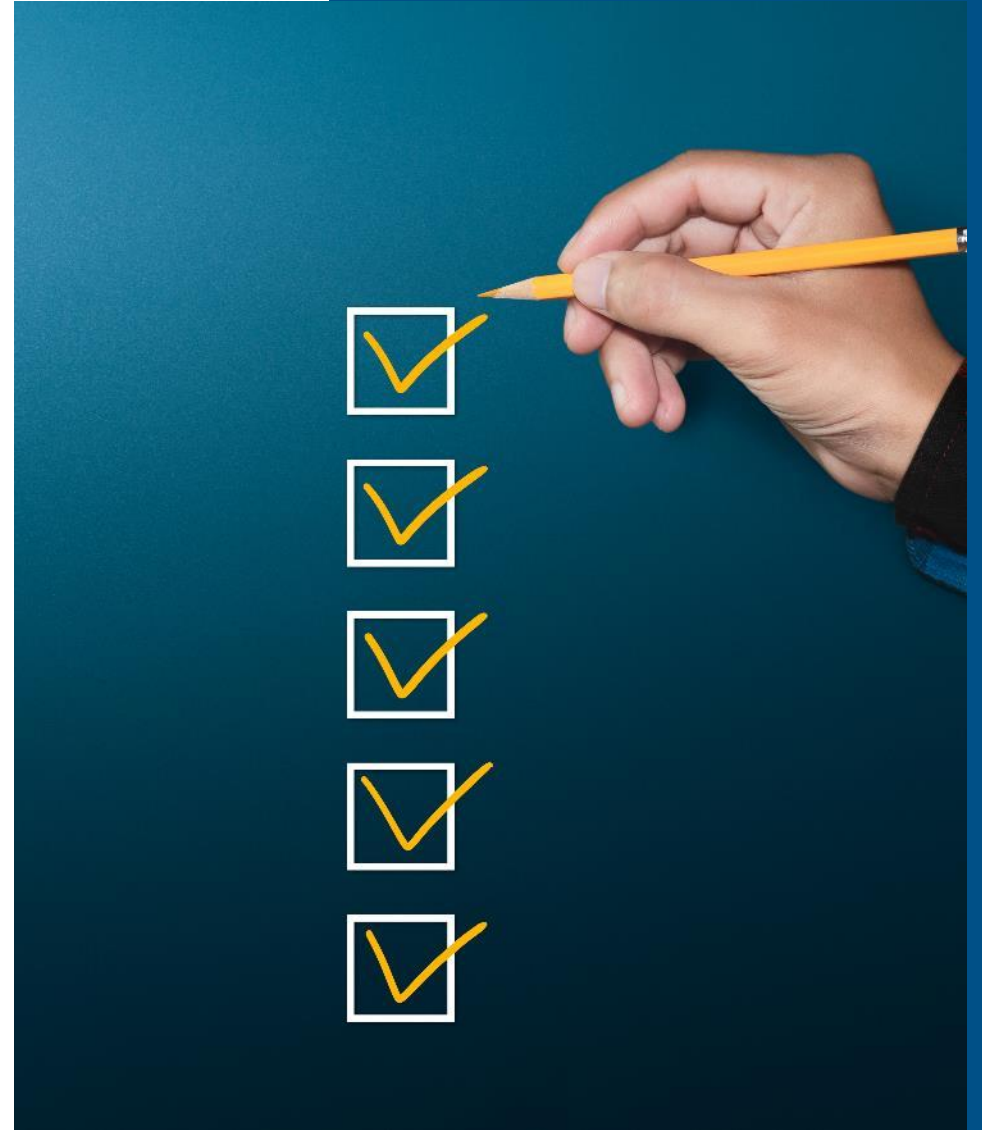




NDHFA Homeownership Programs

To Do

- Review presentation
- Take a quiz as proof of completion of training
- Submit score to hfaacquisition@nd.gov



Introduction



What We Do

NDHFA is a mission-driven state agency dedicated to making housing affordable for all North Dakotans.

We offer affordable home financing to low- to moderate-income families, while focusing on the overall housing needs of the state's urban and rural communities.

Partnerships

NDHFA works with a statewide network of certified lenders to offer affordable mortgage loans and down payment and closing cost assistance.

Our agency relies on lender partners to promote and deliver our products and services to customers.

Each lender is essential in creating homeownership opportunities.



Loan Requirements

What are the requirements to apply for an NDHFA loan?

Depending on the loan type, a household may need to be income qualified, which depends on the location of the home purchased, and the size of the household. The home must be the principal residence, and there is an out-of-pocket minimum.

How much does a borrower need to put down if I receive an NDHFA loan?

If an individual or family qualifies for an NDHFA loan, the down payment requirement will depend on the loan insurer/guarantor requirement.

The Agency provides assistance programs for a 3% credit that can be used for downpayment and closing costs.

Loan Requirements

Does NDHFA only work with first-time homebuyers?

While NDHFA provides affordable financing and down payment assistance primarily to first-time buyers, the Agency also helps households who more recently owned a home, need help to buy again, or want to refinance.

How does the layering effect work for NDHFA programs?

First, all borrowers must qualify for a base product, either conventional or government, and are subject to respective guidelines and underwriting.

Second, the lender selects the NDHFA program that best suits the borrower's needs.

The third layer is optional. If the borrower needs down payment or closing cost assistance, the lender selects the assistance that best fits the borrower.

NDHFA Programs

NDHFA HOMEOWNERSHIP PROGRAMS

FirstHome is NDHFA's first-time homebuyer program. Borrowers using the FirstHome program cannot have owned a home as their principal residence within the last three years. The FirstHome program has income and property acquisition limits.

HomeAccess provides eligible households who have owned a home with the same purchase assistance as NDHFA's FirstHome program.

Categories include:

- Single Parent
- Veteran
- Anyone 65 or older
- Anyone permanently disabled

NDHFA's **ND Roots** program helps households who aren't eligible for the FirstHome Programs because the borrower has a higher income or has previously owned a home. Refinances are eligible under the Roots program. Rates for ND Roots are slightly higher than those of FirstHome.

NDHFA has two purchase assistance programs: **Start** and **Down Payment and Closing Cost Assistance (DCA)**. Both programs provide a 3% credit at closing to be used for downpayment and/or closing costs. The assistance equals 3% of the total mortgage amount.

Interest rates vary, and homebuyer education may be required.

NDHFA Loan **Application Process**

The Process

First, the borrower applies for a loan with an NDHFA participating lender.

The lender will then originate, underwrite, and request compliance approval from the Agency.

Once approval is received, the lender will close and fund the loan.

Following a final review of the file, NDHFA will purchase and service the loan.

Information about the Agency and our programs can be found in the Selling Guide and on our Program Eligibility Matrix on NDHFA's website.



Assistance Programs



NDHFA offers two assistance programs that can be used in conjunction with our loan programs:

Start and DCA can be used with *FirstHome* and *Home Access*.

Start can be used with *ND Roots*.



What do these assistance programs provide?

NDHFA's Start and DCA programs both provide a 3% credit at closing to be used for down payment and/or closing costs. The assistance amount equals 3% of the total mortgage amount and the full assistance amount must be used, no rounding!

How many properties are permitted for financing with the Start and DCA programs?

Only 1-to-2-unit properties are permitted for financing with the Start and DCA programs. A second lien is placed on the property, but there is only one loan payment. At the end of the Repayment Period, the lien will automatically terminate.

Updated interest rates,
and income limits can be
found on NDHFA's
website

Start Program Eligibility Parameters

Start allows for higher income limits and has a higher interest rate.

Income limits for FirstHome and HomeAccess are available on NDHFA's website and are updated annually.

ND Roots does not have income limits, but the maximum loan amount must comply with the current Fannie Mae/Freddie Mac conforming loan amount or the limits of the applicable loan insurer/guarantor.

DCA Eligibility Parameters

DCA is slightly more restrictive in that income limits are lower.

A homebuyer education course must also be completed to meet program requirements.

The benefit of the DCA program is that the interest rate is the same as the FirstHome Standard program providing our lowest rate to low-income qualified homebuyers. Income limits are available on NDHFA's website and are updated annually.

Start and DCA have additional conditions



The assistance period is satisfied when 96 monthly payments have been made on the mortgage.

The borrower must repay the pro-rated balance of the assistance if the home is sold, refinanced, or otherwise transferred before the end of the repayment period.

The pro-rated balance owed is determined by how many monthly payments have been made.

If the borrower does not have adequate sale proceeds some of the assistance may be forgiven.

Example scenario where the borrower received \$5,000 in assistance:

If the borrower made 96 payments, the assistance amount is forgiven.

If selling halfway through the 96 month-payment period, the borrower must repay NDHFA \$2,500 for the balance of the assistance amount.



What if you do not have adequate sale proceeds?

If profits from the sale proceeds after paying the realtor are less than \$2,500...

NDHFA may only collect the proceeds and forgive the remaining assistance fund balance.

If there is only \$500 in sale proceeds...

NDHFA collects the \$500 and forgives the remaining balance of \$2,000.

IMPORTANT:

DCA recipients must complete a homebuyer education course and receive a certificate of completion that is dated before the loan closing.

All approved classroom and online options are available on NDHFA's website. Courses are either free or offered at a reduced price.

Information about the agency and our programs can be found in the Selling Guide and on our Program Eligibility Matrix located in the Lender portal on NDHFA's website.

FirstHome Program

What is the FirstHome Program?

NDHFA offers specific programs for first-time homebuyers.

NDHFA utilizes a network of participating lenders who are experienced and knowledgeable about NDHFA's programs. NDHFA participating lenders will qualify a borrower for a home loan.

Each loan program NDHFA offers to homebuyers can have different criteria for income limits based on family size and housing location, primary residency requirements, and homebuyer education course completion.



Who is eligible for the FirstHome program?

To be eligible for FirstHome loan programs, the borrower must be a first-time homebuyer.

But wait: what is 'a first-time homebuyer'?

A first-time homebuyer is someone who has not owned a home as their principal residence within the last three years.

Principal residence is key.

They can own a property such as a vacation home or home in another city that is being used as a rental property.

Other exceptions include a borrower owning vacant land or a mobile home not affixed to a permanent foundation.

The first-time homebuyer test must be applied to the mortgagor, mortgagor's spouse, or any other person that's expected to both live in the residence being financed and to be secondarily liable on the mortgage.

If the borrower has a divorce pending that won't be completed prior to closing, the estranged spouse is also required to meet program eligibility and sign mortgage and program documents.

What are other eligibility considerations?

If the borrower is purchasing a 1-to-4-unit property and does not need purchase assistance, FirstHome Standard offers our lowest interest rate.

Standard has income and acquisition limits requirements. Income limits are determined by both household size and county. Acquisition limits, or the total cost to acquire a property, are restricted by the geographical area.



Total Annual Income

Program requirements dictate how income must be calculated for compliance purposes. Total annual income is used when determining eligibility.

But what is Total Annual Income?

Total annual income means the projected gross annual income for the 12-month period following loan closing from all financial sources.

This must include the income of the mortgagor, the mortgagor's spouse even if they will not be on the Note, and any other person who is expected to both live in the residence and be secondarily liable on the loan.

This may differ from income used for credit underwriting purposes.

How does this process work?

First, a reservation request is made through NDHFA's website. Once the required information is gathered by the lender, the compliance application packet is uploaded for review.

The lender will receive a Compliance Suspense if further information is needed. A Compliance Commitment is issued once NDHFA determines the borrowers and property meet eligibility requirements.

When using NDHFA's programs, additional bond documents are required and vary depending on program type.

Initial documents required for all program types are the Personal Property Addendum, Appraisal Addendum A, Residency and Income Statement, and the Recapture Tax Disclosure.

If the borrower is using Start, the Start Disclosure must be provided upon application.

If the borrower is utilizing DCA, a DCA Disclosure, as well as a Homebuyer Education Certificate, are required.

How does this process work?

Closing document requirements for all program types are the FirstHome Mortgage Submission Voucher, Affidavit of Buyer, Affidavit of Seller, Tax-Exempt Financing Rider, and the Estimate of Real Estate Taxes, if applicable.

If the borrower is using the Start or DCA programs, a Declaration of Lien Interest will also need to be signed at closing.

After closing the lender will upload the closing loan package using the Mortgage Submission Voucher. NDHFA will review the origination file for purchase.

If documents or corrections are needed prior to the loan being purchased, the lender will receive an Initial Review/Non-fundable Notice.

When all conditions have been met, the Agency will send an Outstanding Document Notice listing any remaining Final Documents and set the loan up for purchase.

The Mortgage Note Endorsement and Assignment of Mortgage requirements can be found in section 3.09 of the Selling Guide.

Be sure to use the exact verbiage listed and do not abbreviate in any way.

How are lenders compensated?

Compensation from NDHFA is restricted by the IRS tax code. Lenders can either collect 150 basis points from the borrower in the form of an origination fee, or the lender charges no origination fee or points and NDHFA pays the lender 150 basis points for compensation.

Both options pay a servicing release premium of 75 bps.

CAN LENDERS CHARGE OTHER FEES?

Yes. Lenders may charge borrowers other customary and reasonable fees.

Requirements and Overlays



What are FirstHome's Requirements & Overlays

FirstHome requirements

- \$500 minimum borrower contribution, which can be the borrower's own funds or gift funds.
- Loans must have a 30-year term.
- Residence must be owner-occupied.
- Only a borrower, co-borrower, and/or non-obligating spouse may be on title; the Agency does not allow co-signing.
- Closing costs cannot be financed into the loan.

Overlays for Automated Underwriting System Findings

- No debt-to-income or loan-to-value overlays.
- No minimum credit score requirements.
- Originator needs to follow lender and/or insurer/guarantor guidelines.
- Fannie Mae and Freddie Mac loans must receive an Approve/Eligible through DU (Desktop Underwriter) or an Accept in LP (Loan Prospector).
- If they do not receive an Approve or Accept the loan may be manually underwritten but then must be submitted to the Agency to obtain a waiver to allow the loan to continue with the program.
- Federal Housing Administration, Veteran Affairs, and U.S. Department of Agriculture-Rural Development may be manually underwritten in accordance with respective guidelines.

When is an *Approve/Ineligible* risk class acceptable?

Approve/Ineligible is acceptable only if the ineligible risk class is a result of the Loan to Value (LTV)/Combined Loan to Value (CLTV) exceeding Fannie Mae guidelines from the use of Start/DCA funds.

What if an *Approved/Accept* risk class cannot be achieved?

If an Approved/Accept risk class cannot be achieved on conventional loans, the loan file can be submitted to NDHFA for manual underwriting.

Does the Agency allow the special HFA programs?

Yes. The Agency does allow the special HFA programs such as HomeReady and HomePossible through Fannie Mae and Freddie Mac to be used however NDHFA's PMI requirements will still be required.



NDHFA also has property restrictions in place. They are as follows:

- All properties financed through the agency's FirstHome programs cannot exceed 10 acres.
- An in-home business cannot use more than 15% of the total enclosed, finished area of the principal residence.
- A daycare business would be the only exception if the dwelling is being used for normal living purposes by the mortgagor.
- Multi-unit properties have additional requirements. One unit must be owner occupied and the property must be at least five years old.

Rural properties are subject to multiple limitations:

- Outbuildings such as barns or workshops can be financed only if they are not income-producing buildings.
- Unacceptable rural property situations include but may not be limited to landlocked sites such as properties with no access to public roadways.

Furthermore, rural properties are also required to have the following:

- Essential utilities such as sewer and water must be adequate and located within the mortgaged property boundaries.
- Standard utility easements are allowed as well as easements or covenants insured by title insurance and acceptable to Fannie Mae or Freddie Mac.
- Properties subject to ingress/egress or encroachment easements not covered by title insurance are generally not permitted and need to be approved by the Agency prior to closing.

NDHFA has additional stipulations on manufactured homes:

The home must be on a permanent foundation.

Hazard insurance must have coverage equal to at least 75% of the mortgage loan amount, if standard required coverage cannot be obtained.

NDHFA requires that the insurance policy, not the binder, be delivered to the Agency prior to the loan purchase on manufactured homes.



Insurance and Escrow

The Agency has adopted specific Homeowners and Flood insurance requirements. Loans being purchased by NDHFA are limited to a Hazard Insurance deductible of 1% of the policy face amount or \$5,000, whichever is greater.

A separate wind/hail deductible is allowed in an amount equal to the greater of 1% of the policy face amount or \$5,000. Flood insurance, when applicable, may have a maximum deductible that is the greater of 1% of the policy face amount or \$5,000.

NDHFA has specific PMI coverage guidelines. LTV 97% to 95.01%= 35% 95% to 90.01%= 30%
90% to 85.01%= 25% 85% and below = 12% We allow monthly pay premiums, single pay premiums, split premiums, and Lender-paid PMI. PMI may be financed.

Escrow accounts for taxes, insurance, assessments, and other charges are required on all mortgage loans originated for the Agency - no exceptions. Lenders must collect a two-month cushion.

On a newly constructed residence, when establishing the escrow payment, always consider the estimated taxes for the upcoming year, not the previously assessed amount.

The lender should verify that credits or discounts such as tax abatements, homestead, or disability credits will be received by the borrower prior to escrow account setup.

Compliance Income Eligibility

Compliance Underwriting vs. Credit Underwriting

What is the difference between these two?

For compliance underwriting, total annual income is used, which may differ from income used for credit underwriting purposes.

Annual income is the projected gross income for the 12-month period following loan closing from all sources. Income used for compliance underwriting may include types of income not used for credit qualifying.

Are there income limits?

NDHFA has income limits for all FirstHome programs.

The income limits are based upon both household size and the county where the dwelling is located. Income limits are listed on our website.

Which income sources are relevant?

Compliance underwriting requires all income sources from the mortgagor, mortgagor's spouse, and any other person who is expected to both live in the residence and be secondarily liable on the loan.

Remember, the mortgagor's spouse's income needs to be included even if they will not be on the Note.

All income sources must be used for compliance underwriting, whether or not they are being used for credit qualifying. Verification of Employment documentation required includes paystubs, tax returns, and/or benefit letters.

Examples of income sources

- Part-time employment income must be used regardless of the length of employment.
- Self-employment only needs to be taken into account if documented on tax returns for the past two years.
- Overtime pay, bonuses, tips, and commissions must have a two-year history in order to be counted. If an employer does not indicate that the over-time or bonus income will continue, it does not have to be counted regardless of how long it has been received.
- Court-ordered child support must be included. However, if the child support has not been received for at least one year, it can be excluded.
- Retirement income, social security income, unemployment income, and alimony are also sources of income that must be calculated.

If any of the aforementioned incomes are being used for credit underwriting, they must also be used for compliance underwriting.

When calculating the total annual income, you must use the Compliance Worksheet.

It is found on our website and must be submitted with all other required documentation listed on the compliance application for review and approval.

Here are a few tips to avoid common compliance suspensions:

Make sure to have full verification of employment and pay stubs for the borrower, co-borrower and/or non-obligating spouse, including any other income not being used for credit.

Be sure to provide all bond documents and verify they are signed by the borrower, co-borrower, and/or non-obligating spouse.

List the full three years of residency history as well as all sources of income on the Residency & Income Statement.

Confirm that the final loan amount, purchase price, and appraised value are on both the 1003 and AUS. If applicable, verify Start or DCA assistance is exactly 3% of the final loan amount. Do not round.

Further information on income eligibility and requirements can be found in Section 4 of the Selling Guide.

Compliance Income Scenarios



If the borrower is a standard W-2 employee...

... you will need to provide a full verification of employment (VOE) and paystub.

In this example, the employee is paid an hourly rate. To calculate compliance income, we would take his hourly rate of \$17.25 x 40 hours a week x 52 weeks in a year.

Since he has been with his employer for over 2 years and the employer indicated over-time is likely to continue, we will use a 2-year average.

Do not include bonus pay since the employer did not indicate it is likely to continue.

Always exclude overtime and bonuses not received for at least two years unless it is being used for credit qualifying income.

If an employer does not indicate by any method that overtime and bonuses will continue, it does not have to be counted regardless of how long it has been received.

If the borrower has a commission-based salary...

... you will need to provide a full VOE and paystub.

To calculate compliance income, average year to date plus the previous two years total income. This would include the base pay plus overtime plus commissions.

What if the borrower does not have a 2-year employment history?

Calculate annual income using base pay only. But remember -- if the commissions are being used for credit underwriting, they must be used for compliance income.





If the borrower is self-employed...

... average the past two years' tax returns using the Net profit or loss. Do not add back depreciation.

Be sure to include self-employment income even when the income is a loss, as this can be beneficial if the borrower is close to the income limit.

If the borrower does not have a 2-year employment history, provide documentation and exclude self-employment from annual income on the compliance worksheet.

If the borrower is full-time or part-time military...

... the Leave and Earnings Statement (LES) is required for proof of income. Use the base pay from the LES and include any special pay and allowances such as Basic Allowance for Quarters (BAQ), rations, and clothing. Do not include Hazardous Duty Pay.

Take the base pay plus basic allowance for subsistence (BAS) and basic allowance for housing (BAH) and multiply by 12 months for the total compliance income.

Part-time employment

If the borrower is employed only part of the year, you still need to provide a full VOE and paystub.

Example #1

Consider an elementary secretary. The employer states she normally works a 40-hour work week but does not work when school is not in session and does not work the entire month of July.

Because of the inconsistencies in her work hours throughout the year, we would average the year to date plus the previous two years over a 12-month period.

You will need to calculate a 2-year average of the overtime and bonus pay since she has a 2-year history and the employer indicated the pay is likely to continue.

Example #2

The borrower has a summer job in which she works full-time June through August.

The employment period for 2019 ended as of the date of the VOE so we can average the current year with the previous 2 years.

Be sure to verify if overtime or bonus pay needs to be included.

What if the borrower works in an occupation where the payrate is dependent upon what shift they're working?

Like most other forms of employment, you would provide a full VOE and paystub. When we look at this example, the hourly rate times 40 hours a week time 52 weeks does not equal the stated annual pay on the VOE.

The borrower's paystubs show they receive shift differential pay.

To calculate compliance income, we would average the year to date plus the previous 2 years' base income. Exclude the overtime and bonus pay since the employer indicated they are unlikely to continue. Unless of course, they are being used for credit underwriting.

If the borrower does not have a two-year history with the employer, use the stated hourly rate times the average hours worked as reported on the VOE. There's not enough employment history to include the shift differential pay.

What if the borrower is purchasing a 2-to-4-unit property?

Rental income must be included if the borrower intends to rent out one or more of the units. Determine which unit the borrower will occupy.

The appraiser must note the rental figures on a Small Residential Income Property Appraisal Report. Use the projected rent schedule listed if no current rental income is being received.

Otherwise, use the current rents being collected. If the borrower intends to use the property as a single-family unit, NDHFA requires a statement from the borrower as to the intent. Afterwards, the net rental income would no longer be included.



Example: the borrower will occupy unit 1 and rent out unit 2. Unit 2 has an estimated market rent of \$700 a month. We will also need to consider the vacancy factor, monthly expenses, principal, interest, taxes, and insurance (PITI). The calculation table is included on the compliance worksheet.

Step 1: To calculate, the first step is to take the gross monthly rent (\$700) multiplied by 12 months.

Step 2: Subtract the total by the vacancy factor (4%) multiplied by the gross monthly rent (\$700) multiplied by 12 months.

Step 3: Subtract the total of the monthly expense listed on the appraisal or actual seller expenses from Schedule E (\$8,512) divided by the number of units included in the monthly expense amount (2 units).

Step 4: Subtract the total of the PITI (\$1,347.77) divided by the number of units (2) multiplied by 12 months. The annual net rental income is negative \$4,278.62.

Include this calculation in the total compliance income as it can be beneficial if the borrower is pushing the income limit.



If the borrower is receiving Social Security Benefits, Disability income, or Retirement or Pension income...

... NDHFA requires a copy of the benefit letter. To calculate, take the stated benefit amount per month multiplied by 12 months to determine the total compliance income.

Child support is a form of income. How should it be counted?

If the child support is court-ordered, the income must be counted and submitted with documentation that it is being received.

If the child support is received sporadically, use an average of the actual child support received.

If child support has been received for less than one year, it does not need to be counted unless, of course, the child support is being used for credit underwriting.

Further information on income calculations and documentation requirements can be found in section 4 of the Selling Guide.



Eligible Residence and Acquisition Limit

Ready to Buy a Home?



Properties eligible for financing through NDHFA's FirstHome programs include the following:

- Existing and new construction of single-family homes
- Townhomes
- Condominiums
- Manufactured homes on a permanent foundation
- Multi-unit properties as permitted by Freddie Mac/Fannie Mae or the guarantor

Tax Considerations

On all properties, IRS Tax Code requires the property to have a remaining economic life of 33 1/3 years.

Where does this 33 1/3 number come from?

Since we require a 30-year mortgage and the tax code says all mortgages cannot exceed 90% of the remaining economic life of the property, this is the basis of the calculation.

The remaining economic life is provided by the appraiser on the Appraisal Addendum A.

The appraiser needs to complete all four questions on the Appraisal Addendum A as well as state the remaining economic life of the property.

The questions relate to the property and land uses such as likelihood of income producing or potential to sell off additional lots. The appraiser must answer all four questions as "no".

If the appraiser marks "yes" on one of the questions, the appraiser needs to provide an explanation and submit the appraisal to NDHFA as early as possible.

The Agency will advise if anything can be done to move the loan forward.

What if the borrower wants to purchase a rural property with some outbuildings and land?

Outbuildings such as barns or workshops can be financed as long as they will not be used to generate income.

The land generally cannot exceed 10 acres. If the borrower wants to purchase a property of say, 40 acres, the home will need to be surveyed down to no more than 10 acres and they will need to purchase the remaining 30 acres separately.

If the borrower would like to purchase a property slightly above the 10-acre limit, contact NDHFA.



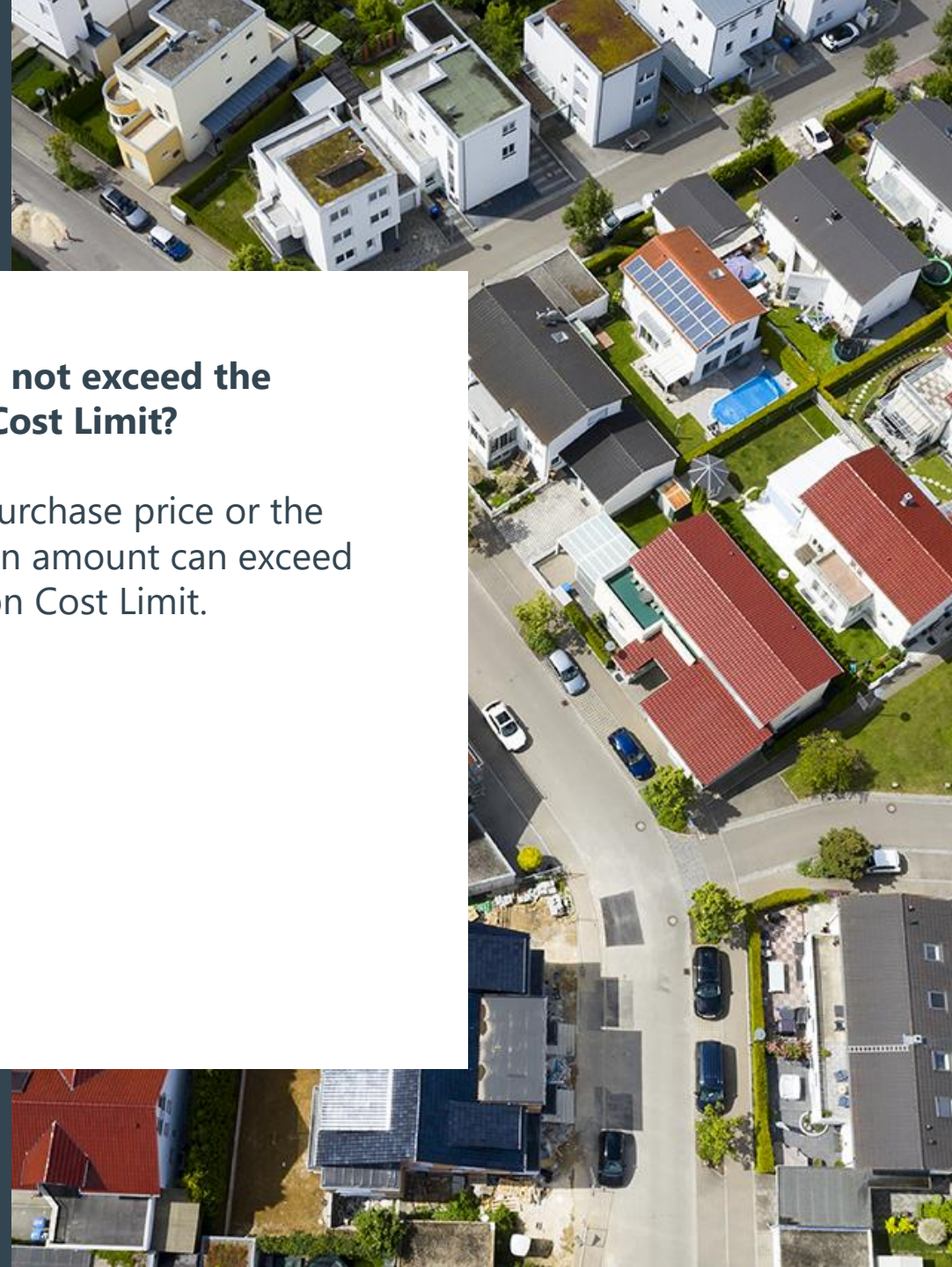
Other Requirements

Properties must have direct access. Easements other than standard utility easements are usually a no-go and need to be approved by the Agency prior to closing.

All easements or covenants must be insured by title insurance and acceptable to Fannie Mae or Freddie Mac.

Properties must also have access to a public road. They cannot be landlocked or subject to ingress/egress or encroachment easements.

Essential utilities such as sewer and water must be adequate and located within the mortgaged property boundaries.



What is the acquisition cost?

Acquisition cost, or the total cost to acquire a property, is restricted by an area limit. The acquisition cost cannot exceed the program area limit in effect at the time of loan application.

Acquisition Cost Area limits are posted on the Agency's website.

What should not exceed the Acquisition Cost Limit?

Neither the purchase price or the mortgage loan amount can exceed the Acquisition Cost Limit.

Calculating the Acquisition Cost

To calculate acquisition cost, start with the total amount of all Sales Contract(s) or purchase price. Add the amount(s) of all other contracts for services, labor, and materials related to the completion or repair of the Residence.

Subtract the value of sweat equity performed by the buyers or their immediate family.

Subtract the value of any personal property included in any of the contracts.

Lastly, add the cost of land on which the Residence is or will be located, if applicable.

This formula is included on the Compliance Worksheet.

Note: Further information on acquisition limit and qualifying residence can be found in Section 5 of the Selling Guide.

Acquisition Cost Scenarios



Anytime the land is owned less than two years, the cost of the land at purchase needs to be included.

Exclude it from the acquisition cost in these cases:

- The land was purchased more than two years ago and there is no lien on the property.
- The land was a gift.

Include it if:

The land was purchased more than two years ago and there is a remaining loan balance.

Include the current loan balance amount towards acquisition cost.

Consider: You have a borrower that wants to finance the cost of repairs into the purchase of their home.

What needs to be done?

Borrowers need to provide all repair documentation and must still meet standard underwriting regulations. The property would need to appraise high enough for the loan amount to accommodate the cost of the repairs.

Sample Calculation

For example, if the purchase price is \$271,000 and the cost of the replaced windows was \$4,608, the total acquisition cost will be \$275,608.



Keep in mind with VA and USDA-RD loans the total mortgage loan amount cannot exceed the area acquisition cost limit.

For example, a borrower is purchasing a home in Bismarck for \$279,900. The purchase price is below the Area Acquisition Cost Limit.

However, the borrower is doing a VA loan and hoped to finance the VA Funding Fee.

This will put his total loan amount over the Area Acquisition Cost Limit, making the loan ineligible for the FirstHome program.

The loan can still be eligible for the FirstHome program if the borrower is able to pay a portion of the VA Funding Fee in cash to bring the total loan amount below the Area Acquisition Cost Limit.

Further information on acquisition cost can be found in Section 5 of the Selling Guide located on NDHFA's website.

HomeAccess Program

What is HomeAccess?



HomeAccess is a program for households who are not first-time homebuyers but are income-qualified to receive the same interest rate as FirstHome Standard.

They can also leverage the Start and DCA assistance programs.

Confirming the Eligibility

Permanently disabled means any long-term physical or mental disability. The permanent disability should be documented by a Social Security Disability Insurance (SSDI) award letter.

For an immediate family aged 65 or older, a driver's license or other legal documents that prove the age of the family member is acceptable to determine eligibility.

The Agency will rely on the borrower's disclosure on the Affidavit of Buyer as to the number of household members and the loan application that lists dependents and their ages to determine eligibility.

To confirm a veteran's eligibility, the Agency will accept a copy of the discharge papers (Department of Defense Form 214, Certificate of Release or Discharge from Active Duty), showing their status.



North Dakota Roots Program

"I am not eligible for either the FirstHome or HomeAccess programs. Are there other options?"

You're in luck!

ND Roots is a competitive, affordable, 30-year term loan rate and provides the flexibility to refinance.



Who is eligible for ND Roots

To be eligible for ND Roots, the borrower can be either a first-time or non- first-time homebuyer, but they do not qualify for either FirstHome or HomeAccess.

Which property types are eligible for financing?

Eligible properties include single-family homes, townhomes, condominiums, manufactured homes on a permanent foundation, and multi-unit properties as permitted by Freddie Mac/Fannie Mae or the guarantor.

All properties financed through the ND Roots programs cannot exceed 40 acres.

Additional Information

What is the income limit for this program?

Income limits and household size does not matter with ND Roots. There is no income limit for ND Roots.

What is the acquisition limit for this program?

There is no acquisition limit for ND Roots. The maximum loan amounts are set by the insurer/guarantor or the Fannie Mae/Freddie Mac conforming loan amount.

Does the program provide assistance?

ND Roots Start provides a 3% credit at closing to be used for the down payment and/or closing costs. Be sure to visit the Agency's website for current rates. When using the Start program, a second lien is placed on the property, but there is still just one loan payment.

Up to how many units of property am I eligible to acquire?

If the borrower does not need purchasing assistance, they can acquire a 1 to 4-unit property. If the borrower will leverage ND Roots Start, only 1 to 2-unit property is eligible for this option.

Closing and Final Documents

Mortgage Submission Voucher

The Mortgage Submission Voucher lists the documents required by NDHFA for purchase. Documents should be stacked in the order listed on the submission voucher and the voucher must be signed. Any additional documents required by the underwriter, lender, or insurer not already listed on the submission voucher should be submitted under "Other". There is a separate Mortgage Submission Voucher when using ND Roots.

Affidavit of Buyer

The Affidavit of Buyer needs to be completed and signed at closing by the borrowers and any non-purchasing spouse and must be acknowledged by a notary. E-signing is not permitted on this document.

Affidavit of Seller

The Affidavit of Seller needs to be completed and signed by the seller(s) at closing and must be acknowledged by a notary. If an individual is listed on the title work and will not be signing the Affidavit of Seller, documentation must be provided. Also, if the seller signs prior to closing, the signature date must be on or after the signature date of the Warranty Deed or Agent Authorization. In a case where the seller is a government agency, such as HUD, VA, Fannie Mae, and Freddie Mac and they refuse to execute this form, NDHFA will allow the Lender to sign on their behalf.

Please refer to the Affidavit of Seller instructions found on our website for further guidance.

Tax-Exempt Financing Rider

The Tax-Exempt Financing Rider is required on all FirstHome Mortgages and must be signed by the borrowers and any non-purchasing spouse.

The rider also needs to be recorded with the mortgage.

Declaration of Lien Interest

The Declaration of Lien Interest, if required, must disclose the full assistance amount. No rounding is permitted.

The Declaration needs to be signed by the borrowers and any non-purchasing spouse. Be sure to record the Declaration separately and subordinately to the mortgage.

Estimate of Real Estate Taxes

An Estimate of Real Estate Taxes is required on all new construction and/or properties receiving a tax credit. It must disclose the estimated fully assessed tax amount and be signed by the borrowers.

Additional Documents

NDHFA requires documentation when someone other than the buyer or seller will be signing closing documents.



The following are some common examples of authorized signors and the documentation we would require:

- If the document is being signed by an Attorney in Fact, the power of attorney must be provided.
- If the document is being signed by a Personal Representative, the Letters Testamentary of Administration are required.
- If a Guardian or Conservator is signing, letters of Guardian or Conservatorship are required.
- If a Trustee is signing, a copy of the Trust must be provided.
- If an agent is signing on their behalf, provide the Delegation of signing authority or agent authorization.



Some common non-fundable conditions are:

- Non-compliant deductibles or coverage on insurance
- Non-obligating spouse did not sign legal or bond documents
- The notary section incomplete on legal and bond documents
- Using MERS documents. NDHFA does not participate with MERS.

Issues with Final Documents include:

- The lender not signing the Final Application and addendum.
- Errors in the notary section on legal and bond documents and changes.
- Corrections to documents not being initialed by the appropriate party.

NDHFA considers any remaining documents not required for purchase a final document.

Final documents must be delivered within 90 days of closing.

The Agency reserves the right to assess a late fee of 0.05% of the loan amount for every 15 days the documents are past due.

Please be aware NDHFA may perform a post-purchase audit and notify the lender of any additional documentation required.

As always, call or email the Agency with any questions.

Further information can be found on the Agency's website under mortgage loan forms and on our Program Eligibility Matrix.



Thank you for completing this training!



Are you ready for your quiz?
<https://forms.cloud.microsoft/g/u4dSGzF10C>



Submit score to
hfaacquisition@nd.gov.