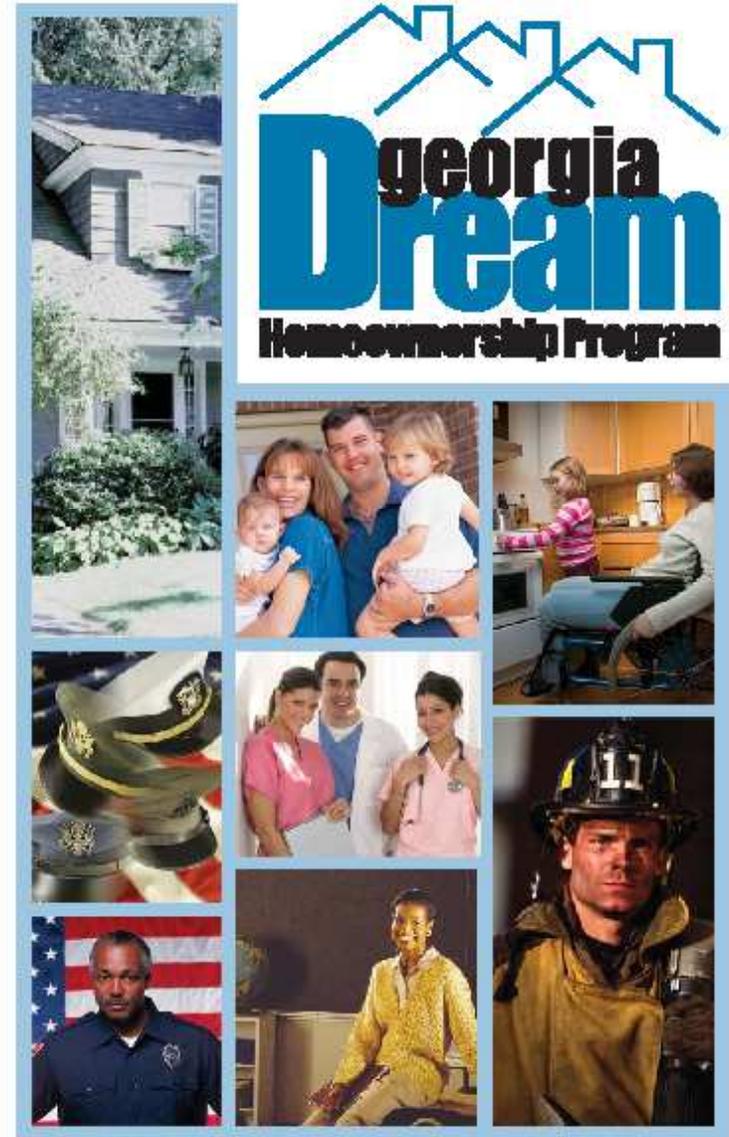




Training Manual for Closers & Post Closers



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All numbers begin in 404 prefix unless stated otherwise

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Brochure line (English and Spanish message)	679-4850	
Rate Line	679-0581	

CLOSING A GEORGIA DREAM MORTGAGE LOAN

Approval/Commitment Letter

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 the Seller Guide and the Loan Seller Agreement;
- c) applicable Federal, State and local laws and regulations.



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

Reservation Period

The Loan Closing must occur in sufficient time to allow for the delivery of the Loan to us prior to the expiration of the Reservation Period.

If we have not received a Purchase and Servicing Package for a Loan within the Reservation/Commitment Period, your Reservation will expire.



Reservation Extension

- The 75 Day Reservation period is the period of time from the date of reservation to the receipt of a purchase package by DCA
- If the underwriting package is delivered to DCA before the end of the 75 day period the reservation can be extended for ONE 30 day period at a cost of \$75 by submitting a reservation extension request to DCA (SF5 or email)
- If the reservation period is exhausted on a loan in progress you may re-reserve the loan at the interest rate in effect on the date of the new reservation, but not at a rate lower than the original reservation.
- Please cancel reservations as soon as you know a loan will not be completed (SF6 or email)

Warranties and Representations

Seller Guide 301.1

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



CLOSING PACKAGE CHECKLIST

All DCA FORMS FOR LOAN CLOSING ARE LISTED HERE

See full size copy of this form in the back of this manual and in the Seller Guide

Georgia Dream Homeownership Program Seller Guide

Closing Checklist
(This section is used for Closing for Georgia Dream First and/or Second Mortgage Loans)
This checklist includes only the items that are required to be closed. Items that are not required to be closed are listed in the "Not Required" section.

Required Items:

- 1. Title Insurance Policy
- 2. Title Commitment
- 3. Title Insurance Settlement Statement
- 4. Final Deed
- 5. Final Mortgage Note
- 6. Final Mortgage Deed of Trust
- 7. Final Mortgage Deed of Trust
- 8. Final Mortgage Deed of Trust
- 9. Final Mortgage Deed of Trust
- 10. Final Mortgage Deed of Trust

Not Required Items:

- 1. Title Insurance Policy
- 2. Title Commitment
- 3. Title Insurance Settlement Statement
- 4. Final Deed
- 5. Final Mortgage Note
- 6. Final Mortgage Deed of Trust
- 7. Final Mortgage Deed of Trust
- 8. Final Mortgage Deed of Trust
- 9. Final Mortgage Deed of Trust
- 10. Final Mortgage Deed of Trust

March 2011 Page 1 of 2 Closing Checklist

Closing Costs & HUD-1 GA Dream Down Payment Loan

Seller Guide 409

RESPA Now Requires a separate HUD – 1 for the DPA Loan

The following are the only fees allowed:

- Origination fee of 1% of the principal
- Attorney Fees up to \$150
- Filing Fees for the ten(10) page deed
- Intangible tax
- \$10.00 GRMA fee



Hazard Insurance

- Must be for a period of at least one year
- Must contain a standard mortgagee clause endorsed in favor of the lender and/or its successors or assigns, as their interest may appear. Upon assignment to GHFA must be endorsed in favor of the Georgia Housing Finance Authority and/or its successors...



- **MAXIMUM DEDUCTIBLE IS \$1,000** or the minimum allowed by insurer if greater than \$1,000 with documentation from the insurance company.

Title Insurance Policy

- The title insurance must show the insured as the Lender, Mortgage Insurer and successors and assigns as their interest may appear and must be endorsed to Georgia Housing Finance Authority. *(See next slide)*
- 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.

If a Full Title Policy is used and there is a Georgia Dream DPA Loan, Schedule B must reference the DPA loan.

Insured Language for Title Policy

- **FHA Loans:**
The Lender Name and/or The Secretary of Housing and Urban Development, their successors and assigns as their interests may appear
- **VA Loans:**
The Lender Name and/or The Secretary of Veteran’s Affairs, their successors and assigns as their interests may appear
- **RD Loans:**
The Lender Name and/or The United States of America (or USA), acting through the Rural Housing Service, USDA or (United States Department of Agriculture), its successors and/or assigns, as their interests may appear
- **Conventional Loans:**
The Lender Name, its successors and/or assigns, as their interests may appear

Recapture Tax

- Form SF50 MUST be executed at closing notifying the borrower of a potential of recapture tax on the sale of the home
- See **Seller Guide 314** for complete details and instructions for completion of form SF50
- There is NO Way to predict the actual tax liability IF ANY.
- It is based on when the home is sold, family size, income and amount of profit



Recapture Tax continued

- No Recapture tax calculation is made if home is sold after 9 years.
- **DO NOT CONFUSE THE RECAPTURE TAX WITH THE REPAYMENT OF THE DPA LOAN.**
- **THE DPA LOAN MUST BE REPAYED IF THE HOME IS SOLD, REFINANCED OR NO LONGER USED AS THE BORROWER'S RESIDENCE.**



State Home Mortgage Services DCA Loans

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



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

THE FIRST PAYMENT SHOULD BE MADE TO STATE HOME MORTGAGE!

State Home Mortgage – loan servicing

You May use:

- Form SF 61 the combined "Good-Bye/Hello Letter" (with a generic first payment coupon), Notice of Assignment, Sale or Transfer of Servicing Rights or
- You may also use your company's standard "good-bye letter" (so long as your notice meets the combined notice requirements of RESPA) with the information about State Home Mortgage found in Form SF61

Purchase Package Checklist

See back of manual or Seller Guide for Full Size copy

Complete Document/Program	Seller Guide	Complete Document/Program	Seller Guide
<p>Purchase Package Checklist</p> <p>(Use for Georgia Home Mortgage Lenders/Originators)</p> <p>1. Complete the following items:</p> <ul style="list-style-type: none"> 1.1. Complete the following items: 1.2. Complete the following items: 1.3. Complete the following items: 1.4. Complete the following items: 1.5. Complete the following items: 1.6. Complete the following items: 1.7. Complete the following items: 1.8. Complete the following items: 1.9. Complete the following items: 1.10. Complete the following items: 1.11. Complete the following items: 1.12. Complete the following items: 1.13. Complete the following items: 1.14. Complete the following items: 1.15. Complete the following items: 1.16. Complete the following items: 1.17. Complete the following items: 1.18. Complete the following items: 1.19. Complete the following items: 1.20. Complete the following items: 1.21. Complete the following items: 1.22. Complete the following items: 1.23. Complete the following items: 1.24. 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Loan Purchase

- DCA purchases loans three times each week, pursuant to the purchase schedule described in Section 211.5 of this Guide. **Lenders must submit Purchase Packages to DCA within 15 calendar days after Loan closing.**



- A Servicing Package must also be delivered to State Home Mortgage within 15 calendar days of Loan closing, as further described in Section 214 of this Guide.

Purchase Packages

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



DCA FORMS DUE AT PURCHASE

- **Original Loan Funding Profile (SF30)**
- **Copy of the Transfer & Assignment (SF44)** – GHFA does not accept Security Deeds registered with MERS.



Note & Endorsement

- A properly executed note
- Endorsed "Pay to the order of the Georgia Housing and Finance Authority without recourse.
- Note must include an enforceable late charge as per the mortgage insurer guidelines.

Addenda to the Deed

- Execute and record the appropriate DCA addendum with the First Mortgage
- FHA – Tax Exempt Financing Rider [Form SF40](#)
- VA, USDA and Conventional Addendum to the Note [Form SF42](#) – the Original must be sent with the Original Note.

Service Package Checklist

Georgia Department of Community Affairs Seller Guide

Service Package Checklist Due to State Home Mortgage
 If Georgia Home Loans (GHL) is used to fund the Home Mortgage, the Seller and purchaser must follow the Seller Package Checklist:

1. Seller Home Mortgage (See Loan File No. 10-10-10)
2. Check for correct title order (seller to "Buyer Home Mortgage")
3. Copy of deed from Seller to Buyer
4. Copy of Seller's Title Insurance Policy (if applicable)
5. Copy of Seller's Title Insurance Policy (if applicable)
6. Copy of Seller's Title Insurance Policy (if applicable)
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99. Copy of Seller's Title Insurance Policy (if applicable)
100. Copy of Seller's Title Insurance Policy (if applicable)

See full size copy of this form in the back of this manual and in the Seller Guide

March 2011 Page 8 of 8 Seller Package Checklist

Servicing of Georgia Dream Down Payment Loans

State Home Mortgage services all Georgia Dream Down Payment Loans. However, we do not require a Servicing Package for a DPA Loan. We already have sufficient documentation to service this loan.

State Home Mortgage – loan servicing

- You must include the escrow check and any buy-down check, made payable to State Home Mortgage, in the Purchase/Servicing Package;
- And you must forward to State Home Mortgage any payments received from the borrower immediately upon receipt of the payments.



Purchase Package Review

- Generally, we will review Purchase Packages within two (2) business days of receipt. If we determine that your Purchase Package is substantially complete and begin processing it, we will notify you by fax or email of any missing or incorrect items. The Lender is responsible for submitting or correcting all deficiencies in the Purchase Package within 15 business days of DCA's notice to you.
- We will notify you of any Purchase Package which we determine is substantially incomplete and give you the option of picking it up or having it returned by first class mail. Our receipt of such a substantially incomplete package will not be considered to have met the deadline requirements of Section 205.

Purchase of the DPA Loan

- The Georgia Dream DPA Loan will be purchased within three (3) business days of receipt of a complete DPA purchase package except as referenced in seller guide 211.9
- The amount funded will be the original balance of the DPA loan.
- Funds will be wired as per the wiring instruction you have provided.



Purchase Schedule for Georgia Dream 1st Mortgage Loan

- All Purchase Packages that are complete as of 2:00 p.m. on Monday will be funded on Wednesday. All Purchase Packages that are complete as of 2:00 p.m. on Wednesday will be funded on Friday. All Purchase Packages that are complete as of 2:00 p.m. on Thursday will be funded on Monday.



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

Purchase Delay Penalty

- If the Purchase/ Servicing Package items are not provided or corrected within 15 Business Days of our notification to you, then beginning with the 16th Business Day, a Purchase Delay Penalty Fee of \$5.00 per Business Day will be charged until the missing or incorrect documents are provided. The Purchase Delay Penalty Fee will be subtracted from the Loan Purchase Price for the applicable Georgia Dream First Mortgage Loan.
- If the Reservation for the Loan is cancelled after Purchase Delay Penalty Fees have accrued or we are unable to purchase a Loan as described in this Section, we will calculate the Purchase Delay Penalty Fees due as of the date of cancellation and bill you that amount. If fees are not paid within 90 days of the original invoice date, we reserve the right to place your company on Limited Participation as described in Section 110.1.

Purchase Price

At the time of funding, the amount disbursed to you will be:

1. The original principal balance
2. Plus or minus any adjustments for accrued interest, earned servicing fees, Extension Fees, Adverse Market Delivery Charges, Loan Level Price Adjustments and Purchase Delay Penalty Fees at time of purchase.

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



Service Release Premium

- The Servicing Release Premium is:
 1. 80 basis points (.80%) times the principal balance purchased for loan balances \$54,999 and less
 - Or**
 2. 100 basis points (1%) times the principal balance purchased for loan balances \$55,000 and greater.
- State Home Mortgage will wire funds to you for the SRP deducting the \$67.00 Tax Service

Non-Purchase of a closed loan

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



Purchase of Delinquent Loans

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

Purchase of Delinquent Loans Continued

- We will bill you for any Extension Fees and Purchase Delay Penalty Fees accrued at time of cancellation.
- If fees are not paid within 90 days of the original invoice date, we reserve the right to place your company on Limited Participation as described in Section 110.1
- If Purchase Packages and State Home Mortgage Servicing Packages are submitted quickly after closing and are complete and correct, you should be funded before the first payment due date for each Loan.
- Any failure by the borrower to make payments after we purchase the Loan does not automatically create a liability for you, as long as the Loan is otherwise eligible.

Loan Payment History

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



ADDITIONAL DCA FORM

- The original SF60 – Lender Certification Form must be completed and included in the Final Documents Package (Item #8 on Checklist)
- The form must be signed by an Officer of the Lender.



Final Documents

- For each Loan we purchase, we will fax or email you a letter listing the final documents required for that Loan. These documents include those listed on the Checklists in this Guide and may include other items.



- All final documents must be provided to us within 90 days of our purchase of the Loan or we may, in accordance with the Loan Seller Agreement, require you to repurchase the Loan.
- Our failure to include in the final document letter a document contained on the applicable Final Document or Purchase Package Checklist does not relieve you of the requirement that the document be provided to us within 90 days of purchase

Final Documents

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



Quality Control

- In order to monitor the overall quality of the Loans we purchase, DCA will conduct Quality Control Reviews to evaluate the credit and compliance underwriting decisions made on our Loans.
- Quality Control Reviews will be conducted monthly. Loans will be selected for review from Loans we purchased during the previous month.
- Reviews will also be conducted on any FHA loan that has defaulted within the first 6 payments.

The QC Review

The purpose of our Quality Control Review is to:

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



Upon Completion of the review

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

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

QC Findings

- If you disagree with any finding, you must respond in writing and submit your documentation to support your dispute within thirty (30) calendar days of the date of the letter. Your response, if applicable, must be accompanied by a copy of the Quality Control Review feedback letter and sent to: DCA, Attn: Homeownership Quality Control Coordinator.
- If the corrective action required by our Quality Control Review feedback letter is not received within ninety (90) calendar days of our initial request or we have not received a written response disputing our finding, we may exercise our remedies for non-performance in accordance with the Loan Seller Agreement and/or this Guide, which may include requiring you to repurchase the Loan.





**Fulfilling
Homeownership
Dreams
with the
assistance of
our valued
Lending partners!**