



**LOAN PURCHASING AND
SERVICING AGREEMENT**

December 2019

ALABAMA HOUSING FINANCE AUTHORITY

ARTICLE I: DEFINITIONS

Amortization Schedule	A table showing the amounts of principal due on regular intervals and the unpaid balance of the loan after each payment is made.
Eligible Mortgage	A document executed by an owner of property who has met all the necessary requirements established under the Housing Partnership Program, pledging that property as security for payment of a debt.
Foreclosure	A legal procedure in which property mortgaged as security for a loan is sold to pay the defaulting borrower's debt.
IRS	Internal Revenue Service.
Modification	The revision of one or more of the original terms of a mortgage or mortgage note.
Mortgagor	The borrower or owner in a mortgage transaction who pledges property as security for a debt.
REO	"Real Estate Owned." A term frequently used to describe ownership of real property acquired as a result of foreclosure.
Satisfaction of Mortgage	The recordable instrument given by the lenders to evidence payment in full of the mortgage debt.
Servicer	The Housing Partner responsible for the collection of payments and management of operation procedures related to a mortgage.
Special Forbearance	The act of refraining from legal action despite the fact that the mortgage is in arrears. It is usually granted only when a mortgagor makes a satisfactory arrangement by which the arrears will be paid at a later date.

ARTICLE II: PROGRAM GUIDELINES

Eligible Habitat for Humanity Affiliates

To be accepted for participation as an eligible builder under the Habitat Loan Purchase Program, the Habitat for Humanity affiliate (Habitat affiliate) must have adopted the international organization of Habitat for Humanity's bylaws and articles, been approved by the international organization's Board of Directors, and be functioning as an active Habitat affiliate by providing safe, decent and affordable housing to low-income Alabamians. A letter from the international organization evidencing that the local Habitat affiliate has been authorized to act under the international Habitat for Humanity is required by AHFA. Each eligible Habitat affiliate must remain in good standing with Habitat for Humanity, International.

Eligible Lending Institutions

To be accepted for participation as an eligible lending institution, the institution must be a national banking association, a bank chartered under the laws of the State of Alabama, a Federal National Mortgage Association approved mortgage banker, or a federal or state credit union. The term shall also include financial institutions which customarily originate or service mortgage loans or mortgages.

Eligible Borrowers/Income Qualified

Eligible borrowers may not earn more than 80% of the current area median income based on total household income adjusted for family size at the time of loan purchase. Each mortgage loan eligible for purchase must be made to an eligible borrower who has not owned a home at any time during the three-year period prior to the closing date of the mortgage loan.

Residency Requirements

The home must serve as the low-income homebuyer's principal residence at all times. The homeowner must agree to an affordability period of not less than 15 years. During this period, should the homeowner sell, assign or convey the property, the new owner must comply with the following requirements:

- (a) the purchase price of the home must not exceed 95% of the median purchase price for the area per 24 CFR 92.254(a)(2),
- (b) the income of the new owner must be less than 80% of the median income for the area, as determined by HUD with adjustments for smaller and larger families; and
- (c) the home must remain the principal residence of the family throughout the remaining term of the 15-year affordability period.

All subsequent purchasers must meet these requirements.

Eligible Properties

All eligible properties must be located within the State of Alabama. All properties must meet the property standards for the city and or county having jurisdiction over properties located in their areas. All properties must be single-family houses or townhouses. The maximum purchase price of the home must not exceed 95% of the median purchase price for the area.

Loan Terms and Types

The maximum loan term will be 30 years. Each loan must be secured by the property. The maximum loan-to-value for loans eligible for purchase will be 100% of the value of the property as estimated by appraiser, **aged no more than 24 months.**

Secondary financing will be acceptable only for the purposes of securing equity to Habitat. All loans eligible for purchase must be at a 0% interest rate.

Payment Requirements

Each mortgage loan is to provide for payments of principal on a monthly basis on the first day of each month. Each monthly payment must be substantially equal over the entire term. The mortgagors' payments must be current to be purchased.

Sweat Equity

The Habitat affiliate will certify to AHFA as to the number of sweat equity hours contributed by the homeowner to this property up to the point of project completion (*Appendix 7*).

Voluntary Labor

The Habitat affiliate will certify to AHFA as to the reasonable number of voluntary labor hours contributed by volunteers to this property up to the point of project completion (*Appendix 7*).

Commitment Requests

Each Habitat affiliate must submit a written request for a commitment from AHFA to purchase a loan (*Appendix 3*). The request must include the Habitat contact person and telephone number(s), the loan amount, loan term, property address, expected time of delivery (not to exceed 90 days from request) as well as a letter of intent to participate from the lending institution participating with the Habitat chapter. AHFA will issue its Commitment to Purchase based on availability of funds.

Submission of Loans

Necessary documents for submission of a loan for purchase by AHFA will include the following documents (*see Appendix 4*):

1. Copy of note with appropriate endorsements (*Appendix 16*).
2. Copy of the mortgage.
3. Certified copies of the completed unrecorded assignments, AHFA-1 and AHFA-2 (*Appendices 1 and 2*).
4. Copy of the Closing Disclosure
5. Copy of title commitment with Habitat affiliate listed as insured and its successors and/or assigns.
6. Appraisal to include the value of the lot.
7. Copy of current paystub or verification of employment (VOE) and any other income documentation including divorce decrees, SSI, etc. (*see attached VOE, Appendix 8*).
8. Copy of three years' federal income tax returns signed by mortgagor or Federal tax transcripts.
9. Copy of any subordinate financing document (for example: FHLB, Down Payment Assistance Mortgage, HFH equity mortgage, etc.).
10. Ledger history evidencing timely payments with current principal balance.
11. Executed press release authorization (*Appendix 5*).
12. Original hazard/flood insurance policy with Habitat affiliate listed as insured and its successors and/or assigns.
13. Residency Agreement (*Appendix 6*).
14. Habitat for Humanity Certification: Description of Project (*Appendix 7*).
15. Final Survey (if Long Form Title Policy is submitted).
16. Occupancy Statement (*Appendix 9*).
17. Child Support Statement, if applicable (*Appendix 10*).
18. Income Tax Statement, if applicable (*Appendix 11*).
19. Employment Statement, if applicable (*Appendix 12*).
20. Full-time Student Statement, if applicable (*Appendix 13*).

Loan Purchasing Procedures

Each loan file submitted with complete documentation for purchase will be purchased at 100% of the unpaid principal balance at the time of purchase. AHFA will notify the local Habitat affiliate and lending institution of its acceptance/rejection of the loan package within 30 days of receiving the package (see *Appendix 15* for sample approval letter). Any additional documentation that may be required could delay the funding of the loan. AHFA will fund these loans on a monthly basis. All loans will be funded during the current month in which the payment is received. However, no loans will be funded the last week of the month unless payment has already been posted for the next month. This process will ensure that the loan is current when purchased. Each Habitat affiliate will be responsible for establishing its correspondent

relationship with the lending institution of its choice. AHFA will coordinate, with the lending institution, the purchase of the loan. AHFA will purchase the loan from the lending institution upon assignment to AHFA.

Purchase Proceeds

Habitat affiliate will use the proceeds from the sale of any loan to further its goal of providing safe, decent and affordable housing to low-income Alabamians. The proceeds may only be used for the purpose of building new homes or rehabilitation of existing homes All purchase proceeds must be held in an escrow bank account by the Habitat Affiliate.

Loan Servicing

Each Habitat affiliate will retain a third party entity (sub-servicer) for all loan servicing duties regarding each loan sold to AHFA. The Habitat affiliate and sub-servicer will be responsible for collection of payments, any foreclosure proceedings that are necessary, as well as escrowing for taxes and insurance, insuring that there is adequate hazard insurance maintained on the property, and that ad valorem taxes are paid annually. The remittance of monthly payments are due to AHFA no later than the 15th of each month. Failure to collect the payments from the homeowner does not relieve the Habitat affiliate of remittance of those funds. The Habitat affiliate will agree upon sale of the loan to AHFA to guarantee that on a monthly basis all payments will be made and passed through to AHFA. **The Habitat affiliate will maintain a payment reserve in a separate bank account, in the name of the Habitat affiliate and for the benefit of AHFA, with a balance to support a minimum of three months of monthly principal payments on each loan sold to AHFA.**

Calculation of Required Reserves

Total monthly principal payment to AHFA

(x)

Required three months of reserves

=

Dollar amount of required reserves

ARTICLE III: ROUTINE SERVICING DUTIES

Habitat affiliate will be responsible for the protection of AHFA's interests in the mortgages which it has contracted to service and will indemnify AHFA and hold it harmless from any loss, damage, or expense that AHFA may sustain.

Collection

The Habitat affiliate must, to the best of its ability and with due diligence, promptly collect all monthly payments due under the terms of an Eligible Mortgage. The monthly payment includes payment toward principal, real estate taxes, special assessments and fire, hazard and/or flood insurance as applicable.

Allocation of Monthly Payment

The Habitat affiliate will remit the portions of mortgage payments applicable to principal on each eligible mortgage to AHFA no later than the 15th of each month regardless of whether the mortgage payment was collected from the mortgagor. The Habitat affiliate will complete the Transmittal Summary (*Appendix 14*) each month and forward to AHFA, Attn: Loan Servicing, P.O. Box 242967, Montgomery, AL 36124-2967 along with the Habitat affiliate's check for the total monthly remittance. The Habitat affiliate can establish auto draft payments for the monthly remittance by submitting the auto draft form. (*Appendix 19*)

The Habitat affiliate will deposit the remainder of such payment applicable to taxes and insurance premiums in an escrow bank account established for such purpose. Such accounts will be held in trust for the benefit of both AHFA and the eligible mortgagors and will be maintained in a depository, approved by AHFA, whose accounts are insured by the Federal Deposit Insurance Corporation.

Partial Prepayments (Curtailements)

Additional principal payments (principal payment or curtailment in addition to a regular principal installment) may be accepted by the Habitat affiliate at any time. A curtailment is any unscheduled principal payment applied to the loan by the Habitat affiliate. Curtailements should be accepted by the Habitat affiliate in adherence with an amortization schedule so that the amount applied to principal shall reduce the balance to a scheduled balance on the amortization schedule. The Habitat affiliate will remit all monthly curtailements made by the borrower, The curtailements will be wired separately from the monthly principal payments to AHFA. Please contact Angie Merkl in Investor Accounting for wiring instructions.

Payment In Full

1. The Habitat affiliate will determine and accept the amount required to pay a mortgage in full. AHFA will not require a prepayment penalty on any type of loan.
2. Funds in the mortgagor's deposit account or held as unapplied payments should be taken into consideration in determining the amount to be collected from the mortgagor. However, if this is not practical, the total of such funds shall be refunded to the mortgagor promptly in a separate transaction.
3. The Habitat affiliate is to have recorded, at the county courthouse in which the property is located, the properly executed Satisfaction of Mortgage. Funds for recording may be collected at the time the loan is paid in full. The recorded satisfaction and other canceled documents should be sent to the person paying the loan in full.

Escrow Analysis and Annual Statements

Annually, the Habitat affiliate must review and analyze all escrow accounts to determine the adequacy of the monthly contributions. Following the review, the Habitat affiliate should make any necessary adjustments in the monthly contribution to assure the accumulation of sufficient funds to meet all anticipated obligations.

The Habitat affiliate will provide the mortgagor, without charge, an annual statement of the mortgagor's escrow account, setting forth in summary form the balance of the account at the beginning of the year, the total amount deposited into the account by the mortgagor during the year, the amount and nature of disbursement made therefore for the account of the mortgage during the year, and the final balance of the account at year end. In addition, the Habitat affiliate will provide the mortgagor, without charge, a statement at calendar year end as to the total amount of ad valorem taxes paid by the mortgagor during such year.

In addition, if the mortgagor so requests, the Habitat affiliate will provide without charge, a detailed ledger analysis of all transactions affecting the borrower's mortgage payment records and escrow account, showing individual dates, amounts and purpose of each debit and credit to the accounts, including the beginning and ending balances.

Payment of Escrow Items

The Habitat affiliate will pay from the mortgagor's escrow funds account all taxes and insurance premiums prior to the expiration of any discount period and prior to penalty or termination dates. If the funds held in the mortgagor's escrow funds account are insufficient to pay taxes and insurance premiums when due, the Habitat affiliate will advance its own funds in an amount which, when combined with the amount in the mortgagor's escrow funds account, will be sufficient to make the full payment due.

The Habitat affiliate may collect the deficiency from the mortgagor.

Waiver of Escrow Requirements

Under no circumstance will AHFA allow a waiver of the escrow requirements for tax and insurance disbursements.

Escrow Ownership

The Habitat affiliate will deposit all escrow funds collected in a separate escrow bank account established for the benefit of the mortgagor and AHFA and will be maintained in a depository whose accounts are insured by the Federal Deposit Insurance Corporation.

Change of Ownership

Loans under the Habitat program are assumable with prior approval of AHFA. The Habitat affiliate must request the approval of the assumption in writing in addition to providing appropriate verification that the prospective purchaser meets the necessary requirements of the Loan Purchase Program.

The Habitat affiliate will repurchase the loan from AHFA within 60 days of written notification if a property is sold to an ineligible borrower.

Advances for Emergency Repairs

If a property inspection indicates emergency repairs are required to protect the mortgaged property, the Habitat affiliate is required to expend the necessary funds, at the Habitat affiliate's expense, to bring the property to an acceptable inhabitable standard.

Hazard Insurance Requirements

In accordance with the Servicing Agreement, the Habitat affiliate agrees to indemnify AHFA for any loss suffered by AHFA as a result of failure to maintain in effect, with respect to each mortgaged premises, hazard insurance meeting the following minimum requirements:

- a. *Term*: Policies must be for a period of at least one (1) year.
- b. *Rating*: Policies must be insured by an insurance carrier which has a current Best's Insurance Reports rating of "B" or better. In addition, the carrier must be qualified to do business in Alabama.
- 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 unpaid principal balance of the Eligible Mortgage from time to time outstanding or the maximum insurable value of the improvements, whichever is less.

- d. *Mortgagee Clause*: Policies must contain a standard mortgagee clause endorsed in favor of Habitat for Humanity and/or its successors or assigns, as its interest may appear.
- e. *Flood Insurance*: If the area in which the mortgaged property is located is one identified by the Secretary of Housing and Urban Development as an area having special flood hazards and the sale of insurance has been made available under the National Flood Insurance Act of 1968, such flood insurance must be maintained in the amount of the outstanding principal balance of the loan or the maximum limit of coverage available under the Act, whichever is less.
- f. *Other Hazards*: Where the Habitat affiliate is aware that a mortgaged property is exposed to any appreciable hazard against which Fire and Extended Coverage does not afford protection, the Habitat affiliate must advise of the nature of such hazard and the additional insurance coverage, if any, which should be obtained against such hazard. AHFA may require a Habitat affiliate to obtain such additional coverage, in accordance with the terms of the mortgage, as AHFA may determine necessary.
- g. *Deductible*: Policies containing a deductible clause up to \$1,000 are acceptable where such a provision is mandatory or customary.
- h. *Policy Possession*: The Habitat affiliate will maintain possession of the original copy of hazard insurance policies and endorsements thereto. The Habitat affiliate will give written certification to AHFA each year that insurance policies on all eligible mortgages are in effect. Documentation will be made available to AHFA upon request.
- i. *Insurance Correspondence*: It will be the responsibility of the Habitat affiliate to notify the insurance companies to deliver all insurance loss drafts, notices, policies, billings, etc. directly to the Habitat affiliate rather than to AHFA.
- j. *Uninsurable Properties*: Property is ineligible for the Habitat for Humanity Loan Purchase Program unless the Habitat affiliate secures the required coverage.

Hazard Insurance Claims

Insured Losses: The Habitat affiliate will be fully responsible for the disbursement of insurance loss settlements. Generally, this responsibility includes but is not limited to the following:

- a. Strict compliance with the provisions relating to such settlements as provided for in the mortgage.
- b. To receive reports of hazard insurance losses and ensure that proof of loss statement is properly filed.
- c. If applicable, to assure the restoration and rehabilitation of the damaged property in cooperation with the mortgagor. All funds received from hazard insurance policies covering payment for insurance losses of real property shall be applied to the restoration of the mortgaged property or in reduction of the outstanding balance of the Eligible Mortgage.
- d. To collect, endorse and disburse the insurance loss proceeds, arranging for progress inspections and payments, if necessary.
- e. To see that the priority of the lien of the mortgage is preserved by complying with all lien laws. Such precautions should include assurances that the loss proceeds are used to pay for the restoration or rehabilitation work, releases or waivers of liens as required by law are obtained, and all other actions necessary to avoid the possibility of labor, material men or mechanic's liens being filed against the property.
- f. Without regard to the amount of the claim, the Habitat affiliate will give AHFA notice of any claim which is contested by either the insurer, or the mortgagor and the Habitat affiliate will not enter into, or incur legal expenses for, litigation with regard to a claim without the express written consent and direction of AHFA.

- g. AHFA does not require that it be named as payee on any insurance loss drafts. The Habitat affiliate, however, must be named on all drafts, irrespective of the amount of the loss. The Habitat affiliate must have an effective system acceptable to AHFA for the control and disposition of such funds, clearly identifying the mortgagors' account.

Any claim must be reported to AHFA upon occurrence to the attention of "Loan Servicing".

1. *Property damage of less than \$2,500.* The Habitat affiliate shall visually inspect the completed restoration of property which suffered damage less than \$2,500 and satisfy itself that all repairs are completed prior to distribution of funds.
2. *Property damage of \$2,500 or more.* The Habitat affiliate shall visually inspect the completed restoration of property which suffered damage exceeding \$2,500 and shall submit to AHFA, prior to distribution of the insurance proceeds, a report of a satisfactory completion of repairs signed by a responsible employee/officer of the Habitat affiliate.

Uninsured Losses (Earthquake, flood, tornado, etc.): When a disaster occurs resulting in uninsured losses, the Habitat affiliate will act to protect AHFA's interest as follows:

- a. Promptly ascertain the extent of damage to the security.
- b. Protect abandoned properties against vandalism and the elements.
- c. Forward a complete report of the finding to AHFA, along with recommendations as to what action should be taken to protect the interest of AHFA and the mortgagor, if not otherwise authorized by this Agreement.
- d. Closely communicate with mortgagors for the purpose of counseling them and providing assistance in the way of forbearance, modification, etc., where warranted, and familiarize mortgagors with any disaster relief programs that are available.

Rental Property

AHFA will not allow any mortgage loans purchased under this program to be for the purposes of financing rental property. AHFA will not allow the property to be used as rental property at any time. The property must be owner-occupied at all times.

ARTICLE IV: SERVICING DELINQUENT ACCOUNTS

General

The Habitat affiliate is responsible for the protection of AHFA's investment in the mortgages by maintaining the maximum possible number of mortgages in a current status. Without jeopardizing the interests or legal rights of AHFA, the Habitat affiliate is to deal quickly and effectively with those mortgagors who are delinquent to bring the accounts current in the shortest possible time. Particular attention should be paid to the timely receipt of payment from new borrowers. Every effort must be made with new mortgagors to establish a high priority for the timely payment of the monthly installment. All one-installment delinquencies must be given prompt attention since it becomes increasingly more difficult to restore a mortgage to a current condition as the number of past due installments increases. As soon as possible after non-payment of an installment, the Habitat affiliate should endeavor to learn the reason(s) for the delinquency so that the plan for curing the delinquency can be mutually agreed upon at an early date to provide time to affect the plan.

Delinquency Processes

Listed below are best practices for dealing with delinquencies in home mortgages. Habitat affiliates may employ procedures which differ from those outlined below. AHFA will raise no objection to a Habitat affiliate's particular procedures so long as such procedures are adequate and efficient in dealing promptly with delinquencies. Habitat affiliates are encouraged to vary their collection programs to fit individual circumstances and avoid the establishment of a fixed routine which may be ineffective in dealing with repeat delinquent borrowers. All steps presented below may need to be amended from time to time to ensure compliance with any regulation or law that may differ from the practice set forth.

Good mortgage servicing places a heavy reliance on personal contact, on the phone and in the field. Form letters and notices, while having a place in a servicing program, are not as effective as personal contact. All efforts to collect must be documented and kept on file for each delinquent borrower to show that reasonable efforts were made to collect or make arrangements to bring the account current to include all phone conversations, letters, delinquency notices, and face to face meetings with the borrower.

a. Mortgages with payments 30-60 days due and unpaid:

1. The Habitat affiliate must review each loan not later than the 16th day to verify that payment has not been made;
2. The Habitat affiliate must mail a late notice between the 17th and 20th day of delinquency;
3. The Habitat affiliate must make telephone contact beginning between 17th and 20th day of delinquency attempting to call at least twice weekly until contact is made. If a satisfactory response is not obtained, the Habitat affiliate must attempt to face to face contact, and continue to follow with notices, letters, telephone calls, and personal contacts, until the account is current.

b. Mortgages with payments more than 61-90 days due and unpaid:

Habitat affiliates are expected to make every effort to make arrangements to cure the delinquency. Unless the mortgagor is permanently absent, a Habitat affiliate must have, by this time, held at least two face-to-face interviews with the mortgagor to establish: (1) the reason for the continued default, (2) whether the reason is temporary or permanent, and (3) the attitude of the mortgagor toward the debt. This process requires the determination of all sources of income and the existence of any other debts.

On or before the due date of the fourth unpaid installment, the Habitat affiliate must inspect the property and reach a determination whether (i) to foreclose, or (ii) to allow a definite period for the mortgagor to bring the mortgage current or sell the property to realize any equity or (iii) to take other appropriate action.

c. Report by the 120th day:

Should the mortgagor fail to make payment on or before the 120th day, the Habitat affiliate must report to AHFA the results of the property inspection and recommend a course of action appropriate to cure the default. Regardless of the recommendation made, the Habitat affiliate must fully document all servicing activities to date and indicate the reason for recommending the course of action chosen.

Acceleration

When a mortgagor is in default and the Habitat affiliate has exhausted all reasonable means of inducing the mortgagor to pay on time, the Habitat affiliate will recommend acceleration of the mortgage maturity in accordance with the terms of the mortgage. The basis for the recommendation must be fully substantiated. Any proposal made by the mortgagor for reinstatement with payment of a lesser amount than the full amount of the indebtedness must be referred to AHFA with the Habitat affiliate's recommendation.

Abandonment

In all cases of abandonment, the Habitat affiliate must attempt to locate the mortgagor and ascertain the reasons for abandonment, and take such proper action as is necessary for the protection of the property to avoid waste, damage, and vandalism (including obtaining, where necessary, a vacancy permit on the hazard insurance policy).. The Habitat affiliate will immediately report to AHFA the full results of its investigation into the abandoned property and include a recommendation of the action to foreclose on the property. The steps to be performed in disposing of the foreclosed property must be communicated to AHFA for approval. The Habitat affiliate is not to assign any mortgage without AHFA's express written authorization.

Special Relief Provisions

The Habitat affiliate must employ various forms of relief available wherever appropriate rather than recommending termination of the mortgage. These relief provisions should not be granted unless there is reasonable expectation that the relief granted will result in bringing, and maintaining, the mortgage current. Prior to granting relief as herein provided, the Habitat affiliate must inspect the property and discuss face-to-face with the mortgagor(s) the reason for the default. Prior approval by AHFA is required for all relief provisions involving Special Forbearance or Modification.

Special Forbearance

Special Forbearance is normally a formal arrangement whereby a mortgagor is allowed to reduce or suspend regular monthly installments for a specified period in the anticipation that such action will prevent unnecessary foreclosure and result in curing the delinquency. It may be considered when a default is due to death, illness, natural disaster against which the mortgagor was not adequately protected by insurance, or curtailment of income which results from circumstances beyond the control of the mortgagor. The Habitat affiliate will consider execution of a Special Forbearance Agreement only when there is reasonable expectation that the mortgagor will, in the near future, be capable of repaying the delinquency and maintaining monthly payments on a current basis.

The Habitat affiliate will propose a Special Forbearance Agreement only after having reviewed in detail the mortgagor's payment history, current financial condition, obligations, and expected future source(s) of income. Repayment terms must be reasonable and realistic in relation to the mortgagor's anticipated income and other obligations.

Should the mortgagor fail to adhere to the terms of the Special Forbearance Agreement, the Habitat affiliate will immediately recommend further action.

Modification (Sometimes Called Recasting, Extending or Reamortizing the Mortgage)

A modification or extension of a mortgage involves a change in one or more of the provisions of the mortgage such as monthly payment or term. Modification is neither a privilege to be used at will by the mortgagor nor a device to be used solely to eliminate delinquencies. Modification of the mortgage terms may, however, be used to provide relief to the mortgagor who is unable to meet the original terms of the

mortgage due to financial hardship caused by adverse circumstances. The Habitat affiliate should never recommend to AHFA that a default be cured by foreclosure without first considering the possibility that the default could be cured by meritorious use of a modification agreement. Such action will be confined to cases in which modification of the mortgage terms will enable the mortgagor to maintain the account in a current condition and prevent the loss of a home due to adversities.

Acceptable candidates for modification agreements include mortgagors whose income has been permanently affected by accident, illness, incapacity or death of the principal wage earner, and mortgagors whose income has been temporarily curtailed or reduced. Other individual cases may warrant consideration.

When changes in the terms of a mortgage appear to be warranted, the Habitat affiliate will propose to AHFA the terms of the modification. AHFA reserves the right to approve or deny such proposals, at its sole discretion.

The effective date of a modification will be the date the new amortization period begins. Sufficient time must be allowed to obtain approval from AHFA.

Mortgage Replacement Option ('Swap')

In situations where the Habitat affiliate may need to regain ownership of a previously purchased mortgage, in order to take appropriate action, but may not have adequate funds on-hand to buy back the remaining balance, AHFA may offer the Habitat affiliate the opportunity to replace the mortgage. The Habitat affiliate may 'swap' the previously purchased mortgage with one they have on-hand as long as:

- 1) The new mortgage/ borrower meets Habitat for Humanity Loan Purchase guidelines, meaning the Habitat affiliate follows the same process as they would with a new commitment request.
- 2) The difference in the current balance of both mortgages is not greater than \$10,000. Any shortfall in principal balance will be paid by the Habitat affiliate to AHFA. Any additional principal will be purchased by AHFA at time of replacement if funds are available.
- 3) Habitat funds are available at the time of the replacement request.

If interested, please contact AHFA for more information on the process for this option.

ARTICLE V: LOAN LIQUIDATION PROCEDURES

General

Habitat affiliates must not recommend actions to terminate a mortgage until every reasonable effort has been made to arrive at some other solution through forbearance, modification, etc. A decision to recommend foreclosure should be made by the Habitat affiliate only after a personal face-to-face interview with the mortgagor, an inspection of the property, and a complete review of the individual circumstances surrounding the default. When a Habitat affiliate recommends foreclosure to AHFA, it must comment as to why the default cannot be cured by available relief provisions, rather than by termination of the mortgage through foreclosure.

When the mortgagor displays a disregard for the mortgage obligation, accepted servicing practices require the Habitat affiliate to make prudent recommendations to AHFA including liquidation action where necessary to protect its investment. Such recommendations are due on or before the due date of the fourth unpaid installment.

The Habitat affiliate will actively continue all efforts to cure the default until approval of the recommended action has been received from AHFA.

If AHFA approves the Habitat affiliate's recommendation for foreclosure, AHFA will forward all original mortgage documents to the Habitat affiliate along with the foreclosure approval. Upon approval of the foreclosure recommendation, the Habitat affiliate is to forward the file to an AHFA-approved attorney for foreclosure.

Expense During Foreclosure

During the foreclosure process, funds in the mortgagor's escrow account may be used to pay hazard premiums, taxes, and other assessments which may become due. Should the funds in the mortgagor's escrow account be inadequate to cover these items, the Habitat affiliate will advance its own funds. The Habitat affiliate will be responsible for its reasonable out-of-pocket expenses incurred and any advances by the Habitat affiliate in prosecution of foreclosure or other proceeding.

Bidding Instructions

The Habitat affiliate is required to issue bidding instructions to the attorney conducting the foreclosure sale. The Habitat affiliate must have the bid amount approved by AHFA prior to the foreclosure sale.

Property Management Responsibilities During Foreclosure

The Habitat affiliate will be responsible for the general management of all properties under foreclosure. The Habitat affiliate must take whatever action is necessary to protect the security for the mortgage including management, maintenance, and in the event the property is vacant, protection against vandals and the elements. This responsibility includes periodic physical inspections as deemed necessary by the Habitat affiliate to assure that the property is not being damaged by vandals or the elements.

Foreclosure Monitoring

The Habitat affiliate will incorporate in its internal procedures a thorough and effective system for monitoring foreclosure progress. Such systems are to assure that each procedural step of a foreclosure case is completed within a reasonable time.

As a part of its monitoring system, the Habitat affiliate will have the ability to identify the status of each case, and maintain well-documented and complete records on all field contact. Such documentation must include, among other things, notations of oral conversations, records of all requests to correct delays or other deficiencies, reports explaining delays, as well as any other documentation.

AHFA does not specify a particular system to be used for monitoring foreclosure. However, the Habitat affiliate will be held wholly responsible for any losses.

Reinstatements

Even though foreclosure proceedings may have been initiated, upon recommendation by the Habitat affiliate, proposals providing for reinstatement in full, including advances, legal fees, all delinquencies, etc. may be accepted by the foreclosing attorney but may not be declined. Upon receipt of certified funds, the Habitat affiliate must take action to prevent additional foreclosure costs and expenses from being incurred. When a loan is reinstated the foreclosing attorney must be instructed to withdraw foreclosure proceedings and return all mortgage documents to the Habitat affiliate. The Habitat affiliate must notify and return the original mortgage documents to AHFA.

When during foreclosure the mortgagor offers to pay an amount less than the full delinquency (including advances, legal costs, etc.), the Habitat affiliate will advise the foreclosing attorney who will ascertain the amount of foreclosure costs and expenses that have been or will be incurred if the offer is accepted. The habitat affiliate and foreclosing attorney must obtain AHFA's approval prior to acceptance. The Habitat affiliate's advice to AHFA will include a recommendation whether the foreclosure action should be continued or dismissed and, if dismissed, how the remaining delinquency will be cured. If there exists the possibility of sale of a property to a third party during foreclosure, the Habitat affiliate will inform the mortgagor and will make a determination as to the feasibility of a mortgage assumption and recovering any advances, legal fees or other costs incurred during foreclosure.

Reports from the Habitat affiliate to AHFA During Foreclosure

The Habitat affiliate is responsible for processing the foreclosure in accordance with the provisions of all applicable laws and will follow each step of the foreclosure process to assure completion of the proceedings at the earliest possible date.

Title Evidence

An owner's title policy must be obtained on all foreclosed properties.

Acquired Property

The Habitat affiliate will make regular inspections of the conditions and occupancy of each acquired property and report to AHFA at least monthly.

The Habitat affiliate's responsibility for the maintenance, management, security of the property, assistance to AHFA in the sale of the property, as well as all other facets of servicing an acquired property, will continue until title to the property has been transferred to a third party or AHFA has relieved the Habitat affiliate of its responsibility by notification in writing.

Foreclosure Reporting

Each year, by January 31, the Habitat affiliate must submit a report of all foreclosure(s) and abandonment's(s) [IRS form 1096 and 1099A] to the IRS, to each affected borrower and to AHFA. Copies of Form 1099A may be used as the Habitat affiliate's statement to borrower and copies of 1096/1099A may be used as the Habitat affiliate's statement to AHFA.

Maintenance and Security

The Habitat affiliate must use any funds remaining in the mortgagor's escrow deposit to pay taxes, insurance premiums, costs for protection of property and other related costs. If the escrow balance is not sufficient to cover these expenses, the Habitat affiliate must advance its own funds. The Habitat affiliate must maintain any insurance required, effect the proper endorsements naming AHFA as loss payee and notify the insurance carrier of the changes in occupancy and ownership. If the REO is vacant, the Habitat affiliate must investigate the availability and cost of vandalism and malicious mischief insurance and provide a recommendation to AHFA.

ARTICLE VII: ANNUAL DUE DILIGENCE AND RECERTIFICATION

In order to maintain approval to participate in the AHFA Habitat for Humanity loan purchase program, the Habitat affiliate must complete and annual recertification by January 31 of each year.

The following items must be submitted as part of the Habitat affiliate's recertification package:

- Habitat Affiliate Information Form (Appendix 18)
- Resume or Bio of the Habitat affiliate Executive Director and Chairman of the Board of Directors
- Copy of the Habitat affiliate's Certificate of Liability Insurance
- Most recent Habitat International compliance exam results (if applicable)
- Copy of the most recently completed Habitat International Quality Assurance Covenant Checklist
- Construction activity worksheet (completed, in progress, planned)
- Most recent 2 years' audited financial statements
- Copy of latest IRS Form 990
- Calculation of program reserve requirement and confirmation of cash on hand as of the most recent months end (see page 4 of the manual).
- Copy of the Habitat affiliate's Servicing Policies and Procedures if servicing the loans in house.
- If applicable, Copy of the sub-servicing agreement with third party vendor to include primary contact, phone number, and email address.
- Most recent 12 month pay history for each loan in the AHFA portfolio. The pay history should reflect : AHFA Loan Number, Borrower's Name, Principal Payment, Escrow Payment, Additional Payment, Total Paid, Principal Balance after Payment, Contractual Due Date
- Copies of the Annual Escrow Account Disclosure Statement sent to the borrower for each loan in the AHFA portfolio.
- Copies of latest bank statement(s) for taxes and insurance escrow accounts for any loans serviced by the Habitat affiliate.
- Proof of payment of taxes and evidence of current in place home owner's insurance for each loan held in the AHFA portfolio
- Certification that each Habitat affiliate loan held in the AHFA portfolio is owner-occupied and not being used as rental property
- Certification that the Habitat affiliate is following the program guidelines for dealing with delinquencies in the Procedural Manual and that documentation is available for inspection upon request by AHFA.
- Certification from the Alabama Association of Habitat for Humanity Affiliates that the Habitat affiliate is currently an active Habitat for Humanity International affiliate.

Steps to recertify:

1. Assemble the required documentation as outlined in the attached Habitat Affiliate Due Diligence Checklist (Appendix 17) and email them to compliance@ahfa.com by January 31, annually.
2. Complete the Habitat Affiliate Information Form (Appendix 18) and email to the above email address.

ARTICLE VII: MISCELLANEOUS

Transfer of Servicing Rights

AHFA will retain the right to transfer the loan servicing functions to another entity or to bring these functions in-house upon the happening of any of the following events:

- a. The Habitat affiliate has assigned or delegated its duties or rights hereunder without AHFA approval;
- b. Any representation or warranty of the Habitat affiliate has been found to be false in any material respect;
- c. The Habitat affiliate is the subject of a decree of any court or order of any supervisory authority for the appointment of a conservator, receiver, or liquidator, or shall consent to the appointment of a receiver of all or substantially all of its property, or shall make a general assignment for the benefit of its creditors, or shall admit in writing its inability to pay its debts as they become due, or shall be adjudged bankrupt or insolvent by a court of competent jurisdiction appointing a receiver, liquidator or trustee of the Habitat affiliate or of all or substantially all of its property or approving any petition filed against the Habitat affiliate for its reorganization, and such adjudication or order shall remain in force or unstayed for a period of sixty (60) days; or d. The Habitat affiliate has failed to perform any of its duties hereunder and continues to fail, within (30) days after written notice from AHFA, to correct or cure such failure.

If this Agreement is terminated with respect to the Habitat affiliate under the provisions of this Section, the Habitat affiliate will make a full accounting and transfer and deliver to or on the order of AHFA all documents and moneys relating to the Eligible Mortgages which are then in its possession under its custody or control, and thereupon all rights and duties of the Habitat affiliate will cease. Notwithstanding any provision in this Agreement to the contrary, AHFA will not be liable in any respect for the termination of the Habitat affiliate for cause or owe any duty to such Habitat affiliate if terminated.

Buyback/Repurchase Provisions

The Habitat affiliate has the right to buy back any loan sold to AHFA, subject to mutual consent and benefit of the Habitat affiliate and AHFA. In addition, AHFA may require repurchase of any loan found to contain false representations in any material respect. The Habitat affiliate will be given a 60-day notice of the repurchase requirement.

Amendments

AHFA reserves the right to publish and distribute to the Habitat affiliate supplements or amendments to the Loan Purchase and Servicing Agreement. AHFA retains the right to revise the agreement and to discontinue the program at any time without prior notice.

In witness whereof, this Agreement has been executed this _____ day of _____, 20____.

Attest:

Habitat For Humanity

Affiliate Name: _____

By: _____
Habitat Affiliate President

Attest:

Alabama Housing Finance Authority

By: _____
Executive Director

APPENDICES

HABITAT FOR HUMANITY LOAN PURCHASE PROGRAM

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*The following Assignment of Mortgage (HFH-1)
should be used when assigning the mortgage loan
from **Habitat** to the **lending institution**.*

ASSIGNMENT OF MORTGAGE

STATE OF ALABAMA
_____ COUNTY

KNOW ALL MEN BY THESE PRESENTS, that _____, ("Habitat") for value received to it in hand paid by _____, hereinafter called Assignee, does hereby grant, bargain, sell and convey and assign unto the said Assignee that certain mortgage executed to it by _____ and recorded in Volume _____, Page _____, of the records of the Probate Court of _____ County, Alabama, together with the debt secured thereby and all right, title and interest in and to the property therein described, without recourse against Habitat.

IN WITNESS WHEREOF, Habitat has caused this conveyance to be signed by _____, its _____, on _____, 20____.
By _____
Its President

STATE OF ALABAMA
_____ COUNTY

I, the undersigned, a Notary Public in and for said State in said County hereby certify that _____ whose name as _____ of _____, is known to me, acknowledged before me this day, that, being informed of the contents of the conveyance, he, as such officer and with full authority, executed the same voluntarily for and as the act of said corporation.

Given under my hand and official seal on _____, 20____.

NOTARY PUBLIC
Commission Expires: _____

Prepared by: _____ Lender's Name: _____
Lender's Address: _____

*The following Assignment of Mortgage (HFH-2)
should be used when assigning the mortgage loan
from the **lending institution to Alabama Housing Finance Authority.***

ASSIGNMENT OF MORTGAGE

STATE OF ALABAMA
_____ COUNTY

KNOW ALL MEN BY THESE PRESENTS, that _____, ("Lender") for value received to it in hand paid by Alabama Housing Finance Authority, hereinafter called Assignee, does hereby grant, bargain, sell and convey and assign unto the said Assignee that certain mortgage executed by _____ in favor of _____ and recorded in Volume _____, Page _____, of the records of the Probate Court of _____ County, Alabama, and further assigned to the Lender together with the debt secured thereby and all right, title and interest in and to the property therein described, without recourse said Lender.

IN WITNESS WHEREOF, the Lender has caused this conveyance to be signed by _____, its _____, on _____, 20____.
By _____
Title _____

STATE OF ALABAMA
_____ COUNTY

I, the undersigned, a Notary Public in and for said County in said State, hereby certify that _____ whose name as _____ of _____, is known to me, acknowledged before me this day, that, being informed of the contents of the conveyance, he, as such officer and with full authority, executed the same voluntarily for and as the act of said corporation.

Given under my hand and official seal on _____, 20____.

NOTARY PUBLIC
Commission Expires: _____

Prepared by: _____ Lender's Name: _____
Lender's Address: _____

ALABAMA HOUSING FINANCE AUTHORITY
HABITAT FOR HUMANITY LOAN PURCHASE PROGRAM

LOAN SUBMISSION VOUCHER

HABITAT AFFILIATE: _____

LOAN NUMBER: _____

PROPERTY ADDRESS: _____

LOAN AMOUNT: _____

Each Habitat affiliate will be required to send the necessary documents to AHFA for loan purchase. Please mark the documents included in your package.

- 1. Approved original commitment request form with original bank approval letter (Appendix 3)
- 2. Copy of note with appropriate endorsements (*Appendix 16*)
- 3. Copy of the mortgage
- 4. Certified copies of the completed unrecorded assignments, AHFA-1 and AHFA-2 (*Appendices 1 and 2*)
- 5. Copy of the Closing Disclosure
- 6. Copy of title commitment with Habitat Affiliate listed as insured and its successors and/or assigns
- 7. Appraisal
- 8. Copy of current paystub or verification of employment and any other income documentation including divorce decrees, SSI, etc. (*see attached VOE, Appendix 8*)
- 9. Copy of three years' federal income tax returns signed by mortgagor or Federal tax transcripts
- 10. Copy of any subordinate financing documents (for example: FHLB, Down payment Assistance Mortgage, HFH equity mortgage, etc.)
- 11. Ledger history evidencing timely payments with current principal balance
- 12. Executed Press Release Authorization (*Appendix 5*)
- 13. Copy of Hazard Insurance with Habitat affiliate listed as insured and its successors and/or assigns
- 14. Residency Agreement (*Appendix 6*)
- 15. Habitat for Humanity Certification: Description of Project (*Appendix 7*)
- 16. Final Survey (if Long Form Title Policy is submitted)
- 17. Occupancy Statement (*Appendix 9*)
- 18. Child Support Statement, if applicable (*Appendix 10*)
- 19. Income Tax Statement, if applicable (*Appendix 11*)
- 20. Employment Statement, if applicable (*Appendix 12*)
- 21. Full-time Student Statement, if applicable (*Appendix 13*)

Each Habitat Affiliate is required to forward the original recorded mortgage, assignments, and title policy to AHFA Loan Administration within 30 days of purchase. Please overnight all documents to 7460 Halcyon Pointe Drive, Suite 200, Montgomery, AL 36117.

Habitat Officer: _____

Phone Number: _____ Date: _____

PRESS RELEASE AUTHORIZATION

The undersigned _____ and _____
_____ (“Homeowner”) and _____, the local
affiliate for Habitat for Humanity, hereby consent and authorize the Alabama Housing Finance
Authority to use their names and that of Homeowner’s family as well as pictures or other information
regarding Homeowner’s house for purposes of press releases and other publicity to which the
Authority may use such information.

The undersigned release the Alabama Housing Finance Authority from all liability in connection with the
use of Homeowners’ names and/or pictures and information regarding their home for such publicity
purposes.

Date: _____

Habitat for Humanity
Local Affiliate

Homeowner

Homeowner

HABITAT FOR HUMANITY RESIDENCY AGREEMENT

I/We _____ agree to maintain my single-family home as my principal residence for a period of not less than 15 years. During this 15-year affordability period, should I/we sell, assign or convey the property, I/we understand the following requirements:

- (a) the purchase price of the home must not exceed 95% of the median purchase price for the area per 24 CFR 92.254(a)(2);
- (b) the income of the new owner must be less than 80% of the current area median income, as determined by HUD with adjustments for smaller and larger families; and
- I the home must remain the principal residence of the family throughout the remaining term of the 15-year affordability period.

Signature Date

Signature Date

STATE OF ALABAMA
_____ COUNTY

I, the undersigned, a Notary Public in and for said County in said State, hereby certify that _____ (print name of signer) whose name is signed to the foregoing instrument and who is known to me, acknowledged before me this day, that, being informed of the contents of the foregoing instrument, he/she executed the same voluntarily on the date hereof.

Given under my hand and official seal on _____, 20__.

NOTARY PUBLIC
Commission Expires: _____

HABITAT FOR HUMANITY CERTIFICATION
DESCRIPTION OF PROJECT

Home Address: _____
 Owner/Mortgagor: _____
 AHFA Loan #: _____
 Habitat Affiliate: _____

In connection with the home described above, the undersigned affiliate of Habitat for Humanity hereby certifies as follows to the Alabama Housing Finance Authority:

(1) The owner/mortgagor of the home contributed not less than one hundred (100) hours of unskilled labor toward the construction of the home prior to the project completion date. The current rate established by the United States Department of Housing and Urban Development for determining the value of unskilled donated or voluntary labor is \$10 per hour.

*** PLACE N/A IN ALL BLANKS THAT ARE NOT APPLICABLE.**

(2) The number of volunteer labor hours contributed by other individuals than the home buyer on the construction of this home is not less than _____ hours of unskilled labor. The current rate established by the United States Department of Housing and Urban Development for determining the value of unskilled donated or voluntary labor is \$10 per hour.

The undersigned hereby certifies that the above information is true, correct and complete on this _____ day of _____, 20____.

By: _____
 Signature

 Print Name

 Title

STATE OF ALABAMA
 _____ COUNTY

I, the undersigned, a Notary Public in and for said County in said State, hereby certify that _____ (print name of signer) whose name as _____ (print title of signer) of _____ (print name of Habitat for Humanity affiliate), is signed to the foregoing instrument and who is known to me, acknowledged before me this day, that, being informed of the contents of the foregoing instrument, he/she, acting in his/her capacity as such officer and with full authority, executed the same voluntarily on the date hereof, for and on behalf of said affiliate.

Given under my hand and official seal on _____, 20____.

 NOTARY PUBLIC
 Commission Expires: _____

Request for Verification of Employment

Privacy Act Notice: This information is to be used by the agency collecting it or its assignees in determining whether you qualify as a prospective mortgagor under its program. It will not be disclosed outside the agency except as required and permitted by law. You do not have to provide this information, but if you do not, your application for approval as a prospective mortgagor or borrower may be delayed or rejected. The information requested in this form is authorized by Title 38, USC, Chapter 37 (if VA); by 12 USC, Section 1701 et. seq. (if HUD/FHA); by 42 USC, Section 1452b (if HUD/CPD); and Title 42 USC, 1471 et. seq., or 7 USC, 1921 et. seq. (if USDA/FmHA).

Instructions: **Lender** – Complete items 1 through 7. Have applicant(s) complete item 8. Forward directly to employer named in item 1.
Employer – Please complete either Part II or Part III as applicable. Complete Part IV and return DIRECTLY to lender named in item 2.
The form is to be transmitted directly to the lender and is not to be transmitted through the applicant(s) or any other party.

Part I - Request

1. To (Name and address of employer)	2. From (Name and address of lender)
--------------------------------------	--------------------------------------

I certify that this verification has been sent directly to the employer and has not passed through the hands of the applicant or any other interested party.

3. Signature of Lender	4. Title	5. Date	6. Lender's No. (Optional)
------------------------	----------	---------	----------------------------

I have applied for a mortgage loan and stated that I am now or was formerly employed by you. My signature below authorizes verification of this information.

7. Name and Address of Applicant	8. Signature of Applicant X
----------------------------------	------------------------------------

Part II – Verification of Present Employment

9. Applicant's Date of Employment	10. Present Position	11. Probability of Continued Employment
-----------------------------------	----------------------	---

12A. Current Gross Pay Base (Enter Amount and Check Period)				13. For Military Personnel Only		14. If overtime or Bonus is Applicable, is its Continuance likely?	
<input type="checkbox"/> Annual <input type="checkbox"/> Weekly <input type="checkbox"/> Other (specify _____)				Pay Grade _____		Overtime <input type="checkbox"/> Yes <input type="checkbox"/> No	
\$ _____ <input type="checkbox"/> Monthly <input type="checkbox"/> Hourly				Type Monthly Amount		Bonus <input type="checkbox"/> Yes <input type="checkbox"/> No	
12B. Gross Earnings				Base Pay \$ _____		15. If paid hourly – avg. hours per week _____	
Type	Year To Date	Past Year	Past Year	Rations \$ _____		16. Date of applicant's next pay increase _____	
Base Pay				Flight or Hazard \$ _____		17. Projected amount of next pay increase _____	
Overtime				Clothing \$ _____			
Commissions				Quarters \$ _____			
Bonus				Pro Pay \$ _____		18. Date of applicant's last pay increase _____	
Total				Overseas or Combat \$ _____		19. Amount of last pay increase _____	
				Variable Housing Allowance \$ _____			

20. Remarks (If employee was off work for any length of time, please indicate time period and reason)

Part III – Verification of Previous Employment

21. Date Hired	23. Salary/Wage at Termination Per (Year) (Month) (Week)		
22. Date Terminated	Base _____	Overtime _____	Commissions _____ Bonus _____
24. Reason for Leaving	25. Positions Held		

Part IV – Authorized Signature

Federal statutes provide severe penalties for any fraud, intentional misrepresentation, or criminal connivance or conspiracy purposed to influence the issuance of any guaranty or insurance by the VA Secretary, the U.S.D.A., FmHA/FHA Commissioner, or the HUD/CPD Assistant Secretary.

26. Signature of Employer	27. Title (Please print or type)	28. Date
29. Please print or type name signed in item 26.	30. Phone No.	

ALABAMA HOUSING FINANCE AUTHORITY

7460 Halcyon Pointe Drive
Suite 200
Montgomery, Alabama 36117
Mailing Address: Post Office Box 242967
Montgomery, Alabama 36124-2967-0909
(334) 244-9200

OCCUPANCY STATEMENT

I will occupy the property located at _____ as my principal and permanent place of residence and will not rent or lease the property.

I also certify that the number of persons who will occupy the property is _____.

The following individuals will occupy the property:

Name: _____	DOB: _____
Name: _____	DOB: _____
Name: _____	DOB: _____
Name: _____	DOB: _____
Name: _____	DOB: _____
Name: _____	DOB: _____
Name: _____	DOB: _____

Please include income documentation (i.e. SSI, child support, wages) for all individuals listed above.

Mortgagor

Co-Mortgagor

Date

Date

Mortgagor understands that it is a federal offense punishable by a maximum of \$10,000 fine, two years imprisonment, or both, to knowingly make a false statement in this affidavit (title 18, United State Code, section 10140). Mortgagor has read information carefully to be sure information contained herein is true and complete before signing. Mortgagor understands that the information given by mortgagor in this affidavit is subject to verification by the Alabama Housing Finance Authority.

ALABAMA HOUSING FINANCE AUTHORITY

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 Montgomery, Alabama 36117
 Mailing Address: Post Office Box 242967
 Montgomery, Alabama 36124-2967-0909
 (334) 244-9200

CHILD SUPPORT STATEMENT

____ Not Applicable

I hereby certify that I have not received child support in the last 24 months and, to my knowledge, none is forthcoming for the below-listed dependent(s):

Child's Name (please print)	Age

 Mortgagor

 Co-Mortgagor

 Date

 Date

Mortgagor understands that it is a federal offense punishable by a maximum of \$10,000 fine, two years imprisonment, or both, to knowingly make a false statement in this affidavit (title 18, United State Code, section 10140). Mortgagor has read information carefully to be sure information contained herein is true and complete before signing. Mortgagor understands that the information given by mortgagor in this affidavit is subject to verification by the Alabama Housing Finance Authority.

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Mailing Address: Post Office Box 242967
Montgomery, Alabama 36124-2967-0909
(334) 244-9200

INCOME TAX STATEMENT

_____ Not Applicable

I hereby certify that I was not required by law to file a federal income tax return for the following year(s)

_____.

Mortgagor

Co-Mortgagor

Date

Date

Mortgagor understands that it is a federal offense punishable by a maximum of \$10,000 fine, two years imprisonment, or both, to knowingly make a false statement in this affidavit (title 18, United State Code, section 10140). Mortgagor has read information carefully to be sure information contained herein is true and complete before signing. Mortgagor understands that the information given by mortgagor in this affidavit is subject to verification by the Alabama Housing Finance Authority.

ALABAMA HOUSING FINANCE AUTHORITY

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Suite 200
Montgomery, Alabama 36117
Mailing Address: Post Office Box 242967
Montgomery, Alabama 36124-2967-0909
(334) 244-9200

EMPLOYMENT STATEMENT

____ Not Applicable

I am presently unemployed and do not receive income of any type. I do not intend to pursue employment, full or part-time, or anticipate receiving any income for the next twelve months.

Mortgagor

Co-Mortgagor

Date

Date

Mortgagor understands that it is a federal offense punishable by a maximum of \$10,000 fine, two years imprisonment, or both, to knowingly make a false statement in this affidavit (title 18, United State Code, section 10140). Mortgagor has read information carefully to be sure information contained herein is true and complete before signing. Mortgagor understands that the information given by mortgagor in this affidavit is subject to verification by the Alabama Housing Finance Authority.

ALABAMA HOUSING FINANCE AUTHORITY

7460 Halcyon Pointe Drive
Suite 200
Montgomery, Alabama 36117
Mailing Address: Post Office Box 242967
Montgomery, Alabama 36124-2967-0909
(334) 244-9200

FULL-TIME STUDENT STATEMENT

____ Not Applicable

I am presently a full-time student and intend to be a full-time student for the next twelve months.

Mortgagor

Co-Mortgagor

Date

Date

Mortgagor understands that it is a federal offense punishable by a maximum of \$10,000 fine, two years imprisonment, or both, to knowingly make a false statement in this affidavit (title 18, United State Code, section 10140). Mortgagor has read information carefully to be sure information contained herein is true and complete before signing. Mortgagor understands that the information given by mortgagor in this affidavit is subject to verification by the Alabama Housing Finance Authority.

NOTE: ISSUED/ MAILED TO HABITAT AFFILIATE BY AHFA UPON APPROVAL/ PURCHASE OF MORTGAGE

**ALABAMA HOUSING FINANCE AUTHORITY
7460 Halcyon Pointe Drive, Suite 200
Montgomery, AL 36117
Mailing Address: P.O. Box 242967
Montgomery, AL 36124-2967
Phone (334) 244-9200**

Date

RE:
Mortgagor's Name:
Property Address:

AHFA Number:

**HABITAT FOR HUMANITY LOAN PURCHASE
PROGRAM CONDITIONAL
COMMITMENT**

The Alabama Housing Finance Authority has reviewed the documents for the above referenced loan and has determined that the loan is in compliance with the Program Guidelines for the Habitat for Humanity Loan Purchase Program. First payment on this loan is not due until April 1, 2019.

Loan Amount: \$ Interest

Rate: 0%

Term of Loan: Original: months

Remaining: months

After the loan is purchased the Authority will require the following documents:

1. It is the Habitat Chapter's responsibility to record the Assignments of Mortgage, HFH-1 and HFH-2, and forward the **originals** to Alabama Housing Finance Authority.
2. **Original** Note, endorsed to Alabama Housing Finance Authority.
3. **Original** Recorded Mortgage.
4. **Original** Final Title Policy

AHFA requires receipt of these original documents within 30 days of when the affiliate receives this letter. Send all of the above **original** documents to the attention of **Jameko Thomas** at Alabama Housing Finance Authority, P.O. Box 242967, Montgomery, AL 36124-2967.

Commitment issued by:
Compliance Department

The Note should be endorsed under the mortgagors' signature or on the back page of the Note as shown below. The Note is to be endorsed first to the participating bank by the Habitat Affiliate. The second endorsement is from the participating bank to Alabama Housing Finance Authority.

NOTE: Allonges are unacceptable endorsements.

Example of Note endorsement:

This verbiage must be typed on the **back** of the first mortgage note.

Without recourse, pay to the order of _____ (BANK)

Typed Name
President
Habitat For Humanity of _____

Without recourse, pay to the order of Alabama Housing Finance Authority.

Typed Name
Title
Name of Bank



HABITAT AFFILIATE DUE DILIGENCE CHECKLIST

Each participating Affiliate is required to complete an annual due diligence review process. Complete these forms and e-mail them along with any applicable documentation referenced below, to compliance@ahfa.com by xx/xx/2020.

- Habitat Affiliate Information Form
- Resume or Bio of the Affiliate Executive Director and Chairman of the Board of Directors
- Copy of Certificate of Liability Insurance
- Most recent Habitat International compliance exam results
- Construction activity worksheet (completed, in progress, planned)
- Most recent 2 years' audited financial statements
- Copy of latest IRS Form 990 (must be filed by 12/15)
- Calculation of Reserve Requirement and confirmation of cash on hand as of the latest month end
- If Affiliate services any loans held in AHFA portfolio, provide a copy of Servicing Policies and Procedures
- If any loans held in AHFA portfolio are serviced by a sub-servicer, provide a copy of subservicing agreement, including the name of the primary contact, phone #, and email address.
- Current balance and next payment due date by borrower for each Affiliate loan held in the AHFA portfolio.
- Provide breakout of delinquency status of each loan, including those in foreclosure. Total number and dollar value of all loans serviced by the habitat affiliate.
- Proof of taxes and insurance paid for each Affiliate loan held in AHFA portfolio
- Copies of annual statements sent to the borrower of each Affiliate loan held in AHFA portfolio
- Copy of latest escrow bank statement(s) for loans serviced by Affiliate
- Certification that for each Affiliate loan held in the AHFA portfolio, the home is owner-occupied and not being used as rental property
- Certification that Affiliate is following the Guidelines for Dealing with Delinquencies in the Procedural Manual and that documentation is available for inspection upon request by AHFA
- Copies of all Satisfactions of Mortgages sent to borrowers during the previous calendar year



HABITAT AFFILIATE INFORMATION FORM

Affiliate Name: _____

Address: _____

Phone Number: _____ Website: _____

Executive Director: _____

Phone: _____ Email: _____

Is Affiliate a 501(c)(3)? _____ Yes _____ No

EIN # _____

Current NMLS/License # _____

BOARD OF DIRECTORS

Chairman: _____ End of term: _____

Address: _____ Phone: _____

_____ Email: _____

Secretary: _____ End of term: _____

Address: _____ Phone: _____

_____ Email: _____

Treasurer: _____ End of term: _____

Address: _____ Phone: _____

_____ Email: _____

Board Member: _____ End of term: _____

Address: _____ Phone: _____

_____ Email: _____

Board Member: _____	End of term: _____
Address: _____ _____	Phone: _____
	Email: _____
Board Member: _____	End of term: _____
Address: _____ _____	Phone: _____
	Email: _____
Board Member: _____	End of term: _____
Address: _____ _____	Phone: _____
	Email: _____
Board Member: _____	End of term: _____
Address: _____ _____	Phone: _____
	Email: _____
Board Member: _____	End of term: _____
Address: _____ _____	Phone: _____
	Email: _____
Board Member: _____	End of term: _____
Address: _____ _____	Phone: _____
	Email: _____
Board Member: _____	End of term: _____
Address: _____ _____	Phone: _____
	Email: _____

Please indicate whether any staff or board members are, or have received notice or knowledge that they are, on any form of "watch list" or under any program of specified supervision of the FDIC, FSLIC, Federal Home Loan Bank, NCUA, or any other regulatory body. _____ Yes _____ No

If "Yes," please indicate the name of the regulatory body involved: _____

Alabama Housing Finance Authority Authorization for Automatic Draft

Name of **Habitat Affiliate**: _____

AHFA Loan number: _____

Borrower(s) Name _____

Property Address: _____

Draft Date of Loan: Payments are due on the 1st day of the month. Please select one of the following:

1st 5th 10th 15th

Start with ____/____/____ Payment

Habitat for Humanity Affiliates Financial Institutions Name:

Routing Number: _____

Account Number: _____

Type of Account Checking Savings

Please deduct an additional \$ _____ each month and apply to the principal balance.

***The additional draft amount should not include your monthly payment. ***

I authorize the financial institution named on this form to deduct the monthly payment on the desired date from the designated account. We understand that you and I can terminate this arrangement with notice.

In order to cancel the automatic draft, you must give a 5 business-day prior notice.

HFH Affiliate signing Authority: _____

Printed Name: _____

Title: _____

Contact number (____) _____

Contact Email address: _____

Date of Request _____

You may **fax** the completed form to 334-271-3104 Attention **Cash Management**

Alabama Housing Finance Authority
Attn. **Cash Management**
Po Box 242928
Montgomery AL 36124-2928