

10 – LOAN CLOSING



COMPLIANCE APPROVAL

Once the Commission approves the Mortgage Loan for compliance, the Mortgage Lender may close the loan.

All House Key loans must be delivered to Idaho Housing and Finance Association (IHFA). Each loan must satisfy the following terms and conditions:

CLOSING DOCUMENTS

In general, the Mortgage Lender must insure that **all** documents are properly executed and notarized where necessary. To make a correction to a recordable document, the Mortgage Lender must upload a letter to the Master Servicer stating the correction that is to be made, to which document(s), and the Mortgage Lender's intent to re-record. Lenders will upload to the Lender Connection portal at www.lenderwa.com.

Additional information is provided below to assist the Mortgage Lender in the proper manner in which to complete documents and forms.

Notes and Security Instruments

In General:

All loans must be closed using the most recent 1-4 family FHA, VA, or Fannie Mae instruments at the time of closing. The proper addendum and rider should be attached to the Note or Security Instrument. Please review deed of trust for completeness and accuracy. If not executed properly, this document will be returned to the Mortgage Lender for re-recording.

USDA Rural Development Loans:

USDA Rural Development loans are to be closed using the most current FHA documents with a 4% late charge OR the most current conventional documents with a 5% late charge.

Document Endorsement:

The original First Mortgage Note must be endorsed on the back side as shown below allowing space for additional endorsements:

Pay to the order of **Idaho Housing and Finance Association** without recourse.
(Your Company Name) Lender name as it appears on the Note
(Signature of Authorized Person)
(Typed Name and Title)

Return of Original Note:

If the original Note needs to be returned for any reason, it will be sent by overnight mail at the Mortgage Lender's expense. After being corrected, it is to be returned by overnight mail to IHFA.

Notes and Security Instruments

The loan file must include a copy of the Deed of Trust/Mortgage. The copy must be certified as a true and correct copy of the original, and must include a copy of any appropriate, completely executed riders. Copies with live signatures or conformed copies are not acceptable. Loans with secondary financing must also include a copy of the Deed of Trust/Mortgage from the subordinate lien.

All corrections, additions, and deletions pertaining to loan items must be initialed by the borrowers. If the Deed of Trust/Mortgage has already been sent for recording, the Mortgage Lender may provide a good faith letter for correction.

Assignment of Deed of Trust

1st Mortgage loans must be registered via the Mortgage Electronic Registration System (MERS) in lieu of a standard Assignment of Mortgage.
Transfer to MERS using the following:

MERS ID : 1009670 Idaho Housing and Finance Association
HUD ID: 1010109998 Idaho Housing and Finance Association

Tax-exempt Financing Riders

- Single-Family Deed of Trust Rider – FHA & VA
- Conventional Rider to Security Instrument

Riders must be included in purchase files sent to IHFA, as applicable.

Power of Attorney

IHFA will accept a Specific Power of Attorney that references the property, and authorizes the attorney-in-fact to enter into a real estate transaction and to mortgage the property. The Power of Attorney must:

- indicate clearly that the mortgagor is appointing an attorney-in-fact;
- precisely identify who is being appointed;
- be signed and dated by the borrower;
- be notarized; and
- be recorded prior to, or concurrent with, the security instrument.

Closing Disclosure or Settlement Statement (HUD-1)(as applicable)

A copy of all Closing Disclosure Statement or HUD-1 Settlement Statements (if applicable) with executed addendums and copy of the final stamped Closing Disclosure or HUD-1 Settlement Statement(as applicable) for both the first and second mortgages must be included with every loan file submitted to IHFA for purchase to confirm that the loan has closed. The Closing Disclosure or HUD-1(if applicable) must contain the following:

- The box corresponding to the appropriate loan type should be checked.
- Names of borrowers that match the names on all legal documents.
- Name of property seller and borrowers, as identified on the Title Policy.
- Property location that matches the Note, Deed of Trust/Mortgage, appraisal, and application.
- Settlement date. This date may or may not be the same as on the Deed of Trust/Mortgage.
- Valid COC's along with proof of receipt of all CD's.

Aggregate Escrow Disclosure Statement

All Mortgage Loans must be closed following the Real Estate Settlement Procedures Act (RESPA) guidelines. RESPA regulates the amounts which Mortgage Lenders may hold in impound/escrow accounts established for the payment of real estate taxes and insurance. RESPA requires impound/escrow accounts to be established using the aggregate analysis method.

With the aggregate analysis method, the total disbursements of all items impounded (such as property insurance, mortgage insurance, and property taxes) is calculated, and then divided into 12 equal installments. The Mortgage Lender must also include an additional 2 month reserve for all escrow items with the exception of MI.

When an escrow account is established at the time of loan closing, the Mortgage Lender must provide the borrowers a disclosure, detailing the anticipated disbursements from the

impound/escrow account for the 12 months following the loan closing. The disclosure also states the amount of the monthly impound/escrow payment that will be made by the borrowers. If the exact amounts of the disbursements are not known at the time of loan closing, the statement is to be prepared using the Mortgage Lender's best estimates. Although Mortgage Lenders have the option of analyzing the impound/escrow account at closing or within 45 days of settlement IHFA requires a copy of the initial escrow account statement.

Loan Application (1003)

IHFA requires a typed, signed Final 1003 in all purchase files.

Loan Disclosure Notices

Loan disclosure notices must be provided, as applicable. A Notice of Assignment, Sale or Transfer of Servicing (good-bye letter), and a First Payment Notification are required for all Mortgage Loans. An interest rate disclosure is required for all VA Mortgage Loans.

CLOSING DOCUMENTS (COMMISSION SECOND MORTGAGES)

Documents Required for Purchase of all Commission down payment assistance and subsidy Mortgages

The Mortgage Lender must submit the following closed loan documents to IHFA:

- Original second mortgage Note closed in the name of the Washington State Housing Finance Commission.
- 2nd Loan Deed of Trust
- Final Truth-in Lending for 2nd loan amount (as applicable)
- Loan Estimate and Closing Disclosure

MERS is not permitted for Commission second mortgages.

RATE LOCK EXTENSION FEES

Rate lock extension fees are netted out at time of loan purchase.