May 17, 2018

Mortgage Revenue Bond Programs
New Income and Purchase Price Limits for MRB Funding and Affordable DAP
Effective today with new reservations, Thursday, May 17, 2018, there are new income and purchase price limits for MRB Funding and Affordable DAP. Review pages 10-11 for specific details.

Tax Returns and Tax Transcripts
Effective today, with new reservations, Thursday, May 17, 2018, three-year tax returns or tax transcripts are no longer required for KHC’s Homebuyer Tax Credit or HHF DAP (when available). Borrowers are still required to be first-time homebuyers in non-targeted counties for the Homebuyer Tax Credit, as well as the four counties for HHF DAP. Lenders will rely on information provided on both a credit report and initial loan application. Underwriting must ensure the borrower qualifies for the specific program. Tax returns may be requested if needed to substantiate the first-time homebuyer requirement.
# KHC’s Mortgage Revenue Bond Conventional Products
## 30-Year Loan Term

<table>
<thead>
<tr>
<th>PARAMETER</th>
<th>Preferred Risk</th>
<th>Preferred</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loan Terms</td>
<td>30-Year, Fixed Interest Rate</td>
<td></td>
</tr>
<tr>
<td>Eligible Occupancy</td>
<td>Owner Occupied</td>
<td></td>
</tr>
<tr>
<td>Eligible Purpose</td>
<td>Purchase</td>
<td></td>
</tr>
<tr>
<td>Eligible Property Types</td>
<td>One-unit dwellings or approved condominiums</td>
<td></td>
</tr>
<tr>
<td>Manufacturing Housing</td>
<td>Limited to 95/105%</td>
<td>Choose Preferred MH or Preferred Risk MH with or without DAP when making a reservation in KHC’s system</td>
</tr>
<tr>
<td>Down Payment of 3%</td>
<td>Borrower’s Funds, Gift, KHC DAPs, or Welcome Home Monies</td>
<td></td>
</tr>
<tr>
<td>Maximum LTV/CLTV</td>
<td>97/105%</td>
<td></td>
</tr>
<tr>
<td>Minimum LTV</td>
<td>80.01%</td>
<td>No Limit</td>
</tr>
<tr>
<td>Minimum Credit Score</td>
<td>660</td>
<td></td>
</tr>
<tr>
<td>Ratio Guidelines</td>
<td>40/50%</td>
<td></td>
</tr>
<tr>
<td>Borrower Contribution/Reserves</td>
<td>None</td>
<td></td>
</tr>
<tr>
<td>Income Limit</td>
<td>KHC’s MRB Household Income Limits</td>
<td></td>
</tr>
<tr>
<td>Manual Underwriting</td>
<td>Not Permitted</td>
<td></td>
</tr>
<tr>
<td>Maximum Seller Contributions</td>
<td>4% for CLTV &gt; 90%—Special Feature Code 849 and 6% for CLTV&lt;or=90%</td>
<td></td>
</tr>
<tr>
<td>Other Real Estate Property</td>
<td>Cannot own any other real estate property including manufactured housing at time of closing</td>
<td>Community Seconds per Fannie Mae Guidelines, All KHC DAPS Applicable. Special Feature Code 118 Community Seconds</td>
</tr>
<tr>
<td>Subordinate Financing</td>
<td><strong>If property is a KHC REO, none of KHC’s DAPs can be used</strong></td>
<td></td>
</tr>
<tr>
<td>Home Buyer Education</td>
<td>If all borrowers obtaining the loan are first-time home buyers (no ownership interest in a residential property in the last three years), at least one person on the loan must complete pre-purchase home buyer education in the form of an online, telephone, or face-to-face workshop</td>
<td></td>
</tr>
<tr>
<td>Documentation</td>
<td>Verbal VOE for salaried borrower(s) within 10 business days prior to note date and 30 calendar days prior to the note date for self-employed borrower(s).</td>
<td></td>
</tr>
<tr>
<td>Mortgage Insurance</td>
<td>None Required</td>
<td>Required – Charter Coverage 97% - 95.01% 18% 95% - 90.01% 16% 90% - 85.01% 12% 85% - 81.00% 6% 80% or below None</td>
</tr>
<tr>
<td>KHC Approved MI Companies</td>
<td>N/A</td>
<td>Arch MI, Essent, Genworth, MGIC, National MI, Radian &amp; UG</td>
</tr>
<tr>
<td>Desktop Underwriter (DU)</td>
<td>In the “ADDITIONAL DATA” screen, select “HFA PREFERRED RISK SHARING” Special Feature Code: 820</td>
<td>In the “ADDITIONAL DATA” screen, select “HFA PREFERRED” Special Feature Code: 741</td>
</tr>
</tbody>
</table>

*KHC will not purchase conventional loans that are determined to be High Priced Mortgage Loans. Borrower must meet BOTH KHC and MI Company guidelines.*
### KHC’s MRB Program

#### 30-Year Loan Term

**Federal Housing Administration (FHA)**

- Minimum **620** credit score
- Financing to 96.50 percent of lesser of sales price or appraised value
- All KHC DAPs and other KHC-approved secondary financing applicable
- Maximum ratios of 40/45 with AUS approve/eligible, accept/accept through TOTAL
- Verbal VOE for salaried borrower(s) within 10 business days prior to note date

| LTV less than or equal to 95% | 1.75% UFMIP .80 Annual |
| LTV greater than 95% | 1.75% UFMIP .85 Annual |

**Rural Housing Services (RHS)**

- Minimum **620** credit score
- Financing to 100 percent of the appraised value, plus guarantee fee of 1.00%/0.35% annual fee
- All KHC DAPs and other KHC-approved secondary financing applicable
- Ratio requirements per agency guidelines
- Two trade-lines with a minimum of 12 month history
- KHC will accept GUS findings, including reduced documentation and, with approval, expanded ratios up to 40/45%
- Verbal VOE for salaried borrower(s) within 10 business days prior to note date and 30 calendar days prior to the note date for self-employed borrower(s)

**Veteran’s Administration (VA)**

- Minimum **620** credit score
- Financing to 100 percent of the lesser of the appraised value or sale price
- All KHC DAP programs and other KHC-approved secondary financing may be used
- Ratio requirements and funding fee per agency guidelines
- Maximum ratios of 40/45% with AUS Approval
- **Delegated and Correspondent lenders may charge a 1% VA Flat Charge in addition to VA allowable fees**
**Lender Partnerships**

- **Delegated Lender** – Originate, process, responsible for program compliance, credit and property underwrite, close and fund KHC’s Secondary Market loan products, register loan in MERS and obtain insurance document.
- **Correspondent Lender** – Originate, process, credit underwrite, close, and fund KHC Secondary Market loan products, register loan in MERS, and obtain insurance document. If KHC delegated, lender will fully underwrite.
- **Third-Party Originators** – Originate and process Kentucky Housing Corporation loan products. KHC performs the underwriting, closing and table funds the loans. The loan will close in KHC’s name.

**Lender Compensation**

Kentucky Housing Corporation (KHC) does NOT allow any lender to charge Origination Point/Fee or Discount Point/Fee. All KHC interest rates are zero-point. Fees such as Processing Fee, Admin Fee, Application Fee or Underwriting Fee are acceptable.

Delegated and Correspondent Lenders may charge a 1% VA Flat Charge in addition to the VA allowable fees. Lender needs to show this fee as a VA Flat Charge in the origination charges on the LE and CD. This fee is ONLY applicable for VA loans. TPO Lenders may not charge the 1% VA Flat Charge.

**Delegated Lender:** May make a maximum of 2.50 percent plus customary and reasonable fees. May charge a MCC Review Fee of $225 when offering a MCC.

**Correspondent Lender:** may make a maximum of 2.50 percent plus customary and reasonable fees to include the underwriting fee of $495 paid to KHC (netted out of at time of purchase) for Conventional and RHS loans.

- 2.50 percent paid to Delegated or Correspondent Lender at time of loan purchase

**Third-Party Originators:** may make a maximum of 2.00 percent:

- 2.00 percent paid to the lender at closing
- All Loans close in KHC’s name

**Additional Fees**

**Administrative Fee:** On EVERY loan an Administrative Fee of $125 must be disclosed and paid to KHC.

**KHC Second Mortgage Fees**

The KHC Loan Estimate and Closing Disclosure will be available for the Regular and Affordable DAP to all KHC Approved Lenders through KHC’s Loan Reservation System. HHF DAP will utilize a GFE, TIL and HUD-1 since it does not meet TRID regulations. These forms will be available through KHC’s Loan reservation System.

- HHF, Regular and Affordable DAP Document Preparation Fee to the Closing Agent -- $50
- DAP Recording Fee -- $ Actual Cost

**Delegated and Correspondent Lenders**

- MUST fund ALL DAPs
- ALL DAPs will close in KHC’s name effective with new reservations as of 3/12/2018.
- The lender needs to identify KHC as the governmental entity in FHA Connection for all FHA Loans. The ultimate holder of these DAP loans is KHC who has the exemption.
- DAP mortgages will not be registered in the Mortgage Electronic Registration System (MERS).

- Lender will not need to provide the seller with a DAP Closing Disclosure.
- KHC will not allow high-cost mortgages under the revised HOEPA coverage test.

**Third-Party Originator Lender**

**Loan Estimate and Closing Disclosure**

KHC requires TPOs to utilize KHC’s Loan Estimate and Closing Disclosure for both first and DAP mortgages. HHF DAP will utilize an GFE, TIL and HUD-1 since it does not meet TRID regulations. These forms will be available through KHC’s Loan reservation System.

**KHC Approved Closing Agents – TPO Lender**

TPO Lenders are required to use one of KHC’s approved closing agents for title and closings. If the approved closing agent writes the title policy, the charge is $500. But, if the closing agent is not writing the title policy, the charge is $700. See Closing Attorney Manual and Approved Closing Agents on KHC’s website for details.

**Home Buyer Eligibility**

- Must be a first-time home buyer, unless purchasing in a targeted county.
- Must be U.S. citizen or resident alien.
- Gross annual household income must be within applicable income limits
- All non-borrowing occupants 18 or older must disclose income and complete Kentucky Housing Form 98.
- Property must be borrower’s principal residence within 60 days of loan closing.
- Borrower cannot own any other residential property the day of closing including manufactured housing.
- The mortgage loan must be new mortgage loan, not refinance. The only permissible exception is a temporary loan, such as construction loan or land contract (contract for deed), which has a term of 24 months or less.

**Gross Annual Household Income:**

**Households** must meet two income requirements:

- **Compliance Income**
  Gross annual household income is the sum of the total anticipated income from all sources received by the proposed occupants during the 12-month period commencing with the date of initial occupancy (closing). The income of the head of the household, spouse, co-head, and other adults 18 years and older must be counted to ensure the household does not exceed the income limitations (page 10).

  The household, including non-borrowing occupants age 18 and older, must meet MRB requirements. Non-borrowers’ income is counted in the bond compliance income calculation.

- **Qualifying Income**
  Qualifying income includes income from the applicant(s) that is considered stable (continuing for at least three years, “effective income”) and is used to calculate household’s debt ratios.

  To assist the lender in calculating MRB Compliance income, an income calculator is located on KHC’s website under Lender Resource/Calculator tab.

**Household Status**
An applicant must be divorced or legally separated (length of time separated does not matter). If not legally separated and spouse will not be occupying subject property, applicant does not qualify for a Kentucky Housing loan.

**Mortgage Insurance with Preferred**

KHC allows Charter Coverage for the 97 percent conventional Preferred program. KHC will order ALL MI Certificates for TPO Lenders. TPO Lenders will have the ability to choose the MI Company when making a loan reservation. KHC Delegated and Correspondent Lenders will order their own MI Certificates. Correspondent Lenders will need to provide the Final MI Certificate prior to KHC’s Loan Approval. Listed below are the MI Companies and the portal names to access the conventional Preferred program.

- Arch MI
- Essent
- Genworth: Simply Underwrite
- MGIC: MGIC Go!
- National MI
- Radian: One Underwrite

Borrower must meet BOTH KHC and MI Company guidelines. Lenders have the option of a Single Pay Upfront option for mortgage insurance. This can be either Borrower Paid or Lender Paid.

**Mortgage Insurance on HFA Preferred with Manufactured Housing:**

- MGIC, Genworth and National MI allow 95% LTV / 105%CLTV
- ARCH, UG and Radian allow 95% LTV / 95%CLTV
- Essent is not insuring Manufactured Housing.

**Interested Party Contributions (IPC) on Conventional Loans**

Effective August 1, 2017, Fannie Mae is raising allowable seller contributions from 3 percent to 4 percent on CLTV’s greater than 90% only on Preferred and Preferred Risk conventional loans. The additional 1% of the IPC must be used for borrower’s closing costs. DU Approve/Eligible required, however lender may disregard any DU messaging because the IPC exceeds the maximum allowable contributions. Lenders must use special feature code 849 in DU. Loans with this special feature must close by August 31, 2018.

**Credit Standards**

KHC will require all originating lenders to comply with the general Ability-To-Repay (ATR) standards and consider DTI in making reasonable, good faith determinations that the consumer has the ability to repay the loan. KHC’s credit standards and maximum ratio requirements are listed down below.

- Insuring Agency credit standards for the loan type the borrower receives.
- 620 minimum credit score required for FHA, VA and RHS
- 660 minimum credit score required for Conventional and must receive an Approve/Eligible recommendation from DU through HFA Preferred Risk and Preferred Program.
- AUS approval (DU or LP) required for FHA and VA purchase program. KHC accepts GUS findings for RHS purchases. DU Approval is required for Conventional purchases.

- Maximum debt ratios for Conventional programs allowed are 40/50, with Approval thru DU version 10.1.
- Maximum debt ratios for government programs allowed are 40/45, with AUS approval.
- Maximum debt ratios for RHS of 29/41 for manual underwriting w/o GUS approval.
- Judgements, collections, bankruptcy, charge-offs, and foreclosure follow insuring agency guidelines.
- Electronic Signatures allowable on purchase contracts per Agency Guidelines.
- Non-taxable income can be grossed-up per insuring agency guidelines.
- Maximum age for credit documents:
  - Government Loans is 120 days
  - Conventional Loans is 4 months
- IRS Form 4506-T is required to be executed by the borrower at the time of application or closing.

**Appraisal Process for Correspondent Lenders**

Correspondent lenders will continue to order ALL appraisals. Correspondent lenders participating in the Conventional product will be required to upload the appraisal into Fannie Mae Uniform Collateral Data Portal (UCDP) system prior to submission to underwriting. For delegated lenders, it must be uploaded prior to approving the loan. Correspondent lenders must provide a copy of the Submission Summary Report (SSR) form showing a successful status with a doc file ID along with the UAD compliance form and any proprietary appraisal messages. Lenders shall submit any additional documentation relating to these findings.

All Conventional Appraisals must be in compliance with Appraisal Independence Requirements (AIRS). KHC will accept transferred appraisals as long as in compliance with AIRS.

**Appraisal Ordering Process for Third Party Originator Lenders**

ARIVS must be used for all FHA, RHS and Conventional appraisal requests for the Third Party Originator (TPO) lenders. TPO lenders need to get set up with ARIVS, [www.arivs.com](http://www.arivs.com)

All Conventional Appraisals must be in compliance with Appraisal Independence Requirements (AIRS). KHC will accept transferred appraisals as long as in compliance with AIRS.

**Appraisal Ordering Workflow for TPO Lenders**

- Complete a case number request for FHA Loans and electronically upload into the FHA Case Number Request tab, in KHC’s Loan Reservation System, with a copy of the purchase contract and page one of the 1003. KHC will notify TPO Lender by email when the case number is uploaded in the system.
- TPO lenders will order appraisal through ARIVS’ website: [www.arivs.com](http://www.arivs.com).
- TPO lenders will pay for this service at time of the initial request with a credit card. Due to MDIA regulations the lender must pay for this and not the borrower.
- TPO lenders can track the progress of the appraisal online.
- TPO Lenders do not need to upload the appraisal. ARIVS will send directly to KHC.
• Once the appraisal is completed, an email will be sent to both the TPO lender and KHC giving access to the appraisal.
• KHC will underwrite the appraisal and upon completion will notify TPO lender via email. If the loan is a FHA loan, the Conditional Commitment will be attached to the email.
• Appraisal corrections or value disputes begin with an email to khcuw@kyhousing.org. If there is evidence to support a revision, information will be forwarded to ARIVS for a rebuttal and final determination of value.
• KHC will directly send a copy of the appraisal by mail or electronically to the consumers within a week of completion and review by the KHC underwriting department.
• If a final inspection is required, the TPO lender will be responsible for ordering this through ARIVS.
• At closing, the TPO lender will collect the appraisal fee and any final inspection fees from the borrower.
• The fee for the appraisals are $495 for FHA & RHS and $425 for Conventional loans. Final Inspection $150

Appraisals are good for 120 days.

Property Eligibility

Residence – one-unit, single-family dwelling, new or existing property located in Kentucky

If appraisal shows as a 2-unit property and on separate utilities – then property will NOT work.

• MRB Purchase price limit of $271,164
• KHC requires a full appraisal
• Manufactured homes are eligible with FHA, VA & RHS.
• May NOT own other real estate at closing.
• The loan with KHC must be the borrower’s primary residence.

Acreage

• Up to one acre of land.
• If more than one acre, an Acreage Waiver (KHC Form 90) must be obtained.
• Appraisal to state likelihood of property being subdivided.

Repairs

All repairs required as part of appraisal must be completed prior to closing and inspected by appraiser or appropriate fee inspector.

Termite Report

Kentucky Housing Corporation will follow the insuring agency guidelines.

• If termite report has been done, KHC requires a copy of the report. If the report shows damage to foundation, main beams, etc., and/or water in crawl space/basement, this must be addressed. All infestation must be treated and proof of treatment must be provided. Structural damage inspections may be provided by a structural engineer or FHA fee inspector.
• If the borrower has waived having a termite inspection, the Kentucky Housing Corporation Termite Inspection Waiver (Form 99) must be signed at closing.
• A termite soil treatment certificate (Form NPMA 99A and 99B) is required on all new construction properties except on conventional loans.

Property and Business Use

Property may not be used in any manner that permits any portion of the cost of the home to be deducted as trade or business expense for federal income tax purposes, or if more than 15 percent of total living area is used primarily in trade or business.

New Construction

For FHA, VA, and RHS, a one-year building warranty is required. Also a ten-year warranty with final inspection; or three inspections, or building permit, certificate of occupancy, and photos required.

Manufactured Housing

• Only new manufactured housing is permitted with RHS. New and existing single and doublewide manufactured homes are acceptable with FHA and VA.
• Both new and existing manufactured housing is allowed with conventional preferred and preferred risk programs.
  o 95% LTV / 105% CLTV
  o No engineer inspection required.
• Affidavit of Conversion to Real Estate is required. Must have a valid title or certificate of origin to prepare affidavit. Copy of the cancelled or surrendered title and ALTA 7 endorsement to title policy is required.
• For New Construction – obtain Certificate of Origin (in Underwriting package), then apply for title of loan, then do Affidavit of Conversion.

Condominiums

Condominium or planned unit developments must meet Insuring Agency guidelines.

KHC’s condoc list on the KHC’s website on the Lender Resource page under the Condominium tab is a list for hazard insurance purposes only. This condoc list does not warrant that the condo is approved by an insuring agency or KHC.

If condo is not listed, Kentucky Housing requires proof of whether the interior coverage is included in the master policy. If not, a separate interior policy equal to half of loan amount is needed.

On the Condominium tab on the Lender Resource page of KHC’s website a Fannie Mae Condo Questionnaire and Condo Project Manager Request (CPM) form is available.

First Mortgage Funding Sources

All loans are fixed with a 30-year term.

Mortgage Revenue Bond (MRB) Eligibility

First-time home buyers in non-targeted counties are eligible. For all targeted counties (see Appendix F for list of targeted county map on website) all first- or second-time home buyers are eligible.

Previous Homeownership

Applicants obtaining MRB funds cannot have had ownership interest in their principal residence during the three-year period prior to the KHC loan closing date. This does not apply if the home is in a targeted area or if the applicant owned a manufactured home and is granted a waiver using KHC Form 3.

• Federal Recapture Tax

If using Kentucky Housing MRB funds, borrower may be subject to Federal Recapture Tax. However, for all loans closed on or after October 1, 2006, Kentucky Housing will reimburse borrowers subject to the Recapture Tax. Reimbursement guidelines can be found on Kentucky Housing Form “Federal Recapture Tax Reimbursement Policy Disclosure/ Application.”

• Mortgagor and Seller Certifications

Kentucky Housing Mortgagor and Seller Certifications are required (Kentucky Housing Forms 6 and 7).
MRB Special Funding Program
As of January 18, 2018, the funding for this program has been depleted. This special funding program was available on a first-come, first-served basis.

Section 8 Voucher to Homeownership
Eligible Section 8 participants may use their Housing Choice Voucher to assist them in purchasing a home. The term of assistance is 15 years, unless elderly or disabled.

Housing Voucher assistance can be used two different ways. See the Section 8 Calculator on Kentucky Housing’s website.

- Counted as Income (FHA, RHS, and VA)
  - Added to the gross monthly income for determining ratios (can gross up per insuring agency guidelines).
- Counted as a PITI Reduction (FHA and RHS)
  - A reduction of PITI (added to qualifying ratio based on gross earnings only, no grossing up).
- Minimum credit score policy of 620 is required.
- AUS requirement is waived.

Assumability
All Kentucky Housing Corporation MRB loans except Conventional are assumable provided buyer meets requirements set out in the Tax Exempt Financing Rider attached to the mortgage.

First Mortgage Term and Rate
- Term – Fixed for 30 years.
- Rate – Subject to change on a daily basis.

Reservation of Funds
- Reservations for MRB first mortgages, Regular and Affordable DAP loans can be made anytime through KHC’s website, http://www.kyhousing.org.
- New and existing property (45-day rate lock term)
- Must have property identified.
- Each buyer may have only one current reservation.
- Must close within the 45-day lock.
- Any change to loan amount over a 10 percent tolerance may result in a higher interest rate.
- A second reservation may not be issued unless initial reservation has been expired or cancelled for 30 days or the borrower has changed property.
- Locks that expire on the weekend or holiday will automatically be extended to the following business day.
- KHC will monitor loan fall out.

Reservation Extension Policy:
- 7 days for .125% fee
- 15 days for .25% fee
- 30 days for .50% fee (total for 30-days extension)
- Once the loan has reached the 37-day extension period the lender will be required to go worse case pricing on the loan based on the higher of the original interest rate or market rate for 45 days. Borrower will still be responsible for any extension fees incurred up to this point.
- Property Change–If the borrower changes property, the current interest rate is cancelled and a new reservation has to be made at the market interest rate.
- For adjustments, lender must call 800-633-8896, ext. 291, or email khcuw@kyhousing.org to have a change made.

Automated Underwriting
- Prior to closing, Kentucky Housing Corporation or its delegated underwriter must still approve all loans approved by Automated Underwriting Systems (AUS).
  - No LP allowed with conventional Preferred Risk or conventional Preferred
  - Contact KHC if sponsorship is needed for DU access
  - No stated income allowed.
  - Must have full appraisal
- KHC requires AUS approval on all FHA, VA and Conventional loans.
- KHC will accept GUS findings on RHS Loans as well as the reduced documentation detailed within.
- Only the applicant(s) income is considered for AUS and in determining debt ratios.
- For the HHF, Regular, or Affordable DAPs the second mortgage amount must be shown as subordinate financing in DU/LP.
- KHC’s Regular and Affordable DAP must be disclosed on a separate Loan Estimate and Closing Disclosure.
- HHF DAP must be disclosed on a GFE, TIL, and HUD-1, since it does not meet TRID regulations.

Loan Review Process
Kentucky Housing Corporation will attempt to review the file within 2-4 business days of receipt. KHC will notify the lender of loan status by email to the email address identified by the lender at the time reserved.
- The email will identify borrower’s name and status of loan. Approvals, rejections, and listings of pended items can be printed from the website.
- All conditions of loan approval must be met prior to or at closing. Proof that all conditions have been met must be provided in closed loan package submitted to KHC.

KHC’s Electronic Signature Policy
Effective with the new TRID regulation on Saturday, October 3, 2015, KHC’s Reservation System will track whether a loan is e-signed or not. So, KHC will begin accepting Electronic Signatures on all documents with the exception of Final Security Documents, from lenders who currently have an electronic delivery and signature system.

KHC will require an audit log or history certificate to document eSign requirements have been met. See KHC’s Electronic Signature Policy on KHC’s website: www.kyhousing.org, Lenders Page.

Paperless Technology (Virpack)
Lenders are required to upload files electronically through KHC’s Loan Reservation System. For Multi-function devices and scanners the below settings will need to be made standard so that the quality of scanned files is optimal:
- 300 dpi
- Black & white (not grayscale as that will create significantly larger image files)
- Auto-Sense Page Size
- TIFF Images
- No Page Scaling
- Do not compress and zip files

If you have questions please contact your technical support staff.
Upload options include: Underwriting File, Appraisal, Pend Conditions, MCC Non-KHC 1st – Closed Loan File (use this bundle when the first mortgage is through another investor), and Closed Loan File.
When uploading the “Underwriting File”, the Appraisal needs to be uploaded separately to the Appraisal Task. Only one “BUNDLE” PDF file format may be uploaded. “Bundle” checklist of items needed prints when loan reservation is made. Limit to no more than 300 pages for all “bundles”. Do not upload duplicates, ineligible copies and additional documentation NOT required.

**Delegated Lender:** Upload the final “Appraisal”, “Closed Loan File” which would include the credit and underwriting package along with the ten-day closed loan documents. Original note and security documents need to be mailed.

**Correspondent Lender:** Upload final “Appraisal”, “Underwriting File”, “Closed Loan File”. Original note and security documents still need to be mailed to KHC.

**TPO Lender:** Upload “Underwriting File”, the “Appraisal” for VA loans only. ARIVS. will directly send copy of the FHA, RHS and Conventional appraisals to KHC so no need for TPO Lender to upload. TPO Lenders still need to submit the Pre-closing items through the “Schedule Closing” tab. Do not send as pend conditions or with underwriting file.

If lender leaves out a document during the upload process then send this document to khcuw@kyhousing.org mailbox.

The Security Documents from the Delegated or Correspondent Lender must be originals and are required to be mailed to KHC’s Single Family Closing and Quality Review team, 1231 Louisville Road, Frankfort, Kentucky, 40601.

For more specific information on the workflow of electronically uploading “Bundle” into KHC’s Loan Reservation system click on: [Electronic Upload Training](#)

**Conventional Fannie Mae Requirements for Delegated/Correspondent Lender**

Correspondent Lender must comply with all Fannie Mae requirements for origination, processing, underwriting, pre-funding review, closing, and post-closing. Lenders must comply with pre-funding requirements of a sample prior to closing. Any significant findings must be reported to KHC within 30 days. Lenders must ensure that all loans are not considered High Priced Mortgage Loans. KHC will NOT purchase a High Priced Mortgage Loan. Lenders will verify employment on all borrowers within 10 business days prior to the note date. Lenders will also upload appraisal to the Uniform Collateral Data Portal (UCDP) System.

Effective September 25, 2017, Fannie Mae will require the UCD XML file for all conventional loans (with note date on or after September 25, 2017). Lenders will complete their own submissions to Uniform Closing Dataset (UCD) and provide a copy of the successful UCD Findings Report in the electronic upload of the Closed Loan File in order for the loan to be purchased by KHC.

**Conventional Fannie Mae Requirements for Third Party Originator Lenders**

TPO’s will be required to obtain a verification of employment on all borrowers within 10 business days prior to the note date. KHC will perform the 10% pre-funding sample and uploading of appraisal to the Uniform Collateral Data Portal (UCDP) System.

Effective September 25, 2017, Fannie Mae will require the UCD XML file for all conventional loans (with note date on or after September 25, 2017). KHC will complete the Uniform Closing Dataset (UCD) on behalf of the TPO Lenders.
<table>
<thead>
<tr>
<th>DAP</th>
<th>HHF</th>
<th>Regular</th>
<th>Affordable</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Income Eligibility</strong></td>
<td>MRB Income Limit</td>
<td>MRB Income Limit</td>
<td>Affordable DAP Income</td>
</tr>
<tr>
<td>Eligible Properties</td>
<td><strong>Existing Property Located in Christian, Hardin, Jefferson or Kenton County</strong>&lt;br&gt;No New Construction</td>
<td>New and Existing Properties</td>
<td></td>
</tr>
<tr>
<td>Eligible Borrowers</td>
<td>First-time Home Buyers (No ownership interest in the last 3 years)</td>
<td>First-time and Repeat Home Buyers</td>
<td></td>
</tr>
<tr>
<td>Amount</td>
<td>$10,000 Not required to be at maximum LTV first mortgage amount</td>
<td>Up to $6,000 Not required to be at maximum LTV first mortgage amount</td>
<td>Up to $4,500 Not required to be at maximum LTV first mortgage amount</td>
</tr>
<tr>
<td>Terms</td>
<td>0% Forgivable, second mortgage over a five-year term</td>
<td>5.50% amortized over 10 years</td>
<td>1% amortized over 10 years</td>
</tr>
<tr>
<td>Purchase Price Limit</td>
<td>$271,164</td>
<td></td>
<td></td>
</tr>
<tr>
<td>AUS</td>
<td>Enter as Subordinate Financing AUS Approval required</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Home Buyer Education</td>
<td>All Borrowers must complete pre-purchase home buyer education in the form of an online, telephone, or face-to-face workshop</td>
<td>Not Required</td>
<td></td>
</tr>
<tr>
<td>Ratios</td>
<td>No monthly payment With AUS approval, can go up to 40/45% with government loans and 40/50% with conventional loans</td>
<td>Borrower must qualify with additional monthly payment. With AUS approval, can go up to 40/45% with government loans and 40/50% with conventional loans</td>
<td></td>
</tr>
<tr>
<td>Required Repairs</td>
<td>Buyer or seller may use OWN funds to pay for repairs and pay off existing debt</td>
<td></td>
<td></td>
</tr>
<tr>
<td>DAP Disclosures</td>
<td>GFE, TIL, HUD-1, and Dodd-Frank Cert. Can be generated from KHC’s Loan Reservation System</td>
<td>Loan Estimate and Closing Disclosure Available in KHC’s Loan Reservation System—$50 Document Preparation Fee to closing agent and $26 (estimated) Recording Fee</td>
<td></td>
</tr>
</tbody>
</table>

**HHF DAP is available on a first-come, first-served basis.**
### 2018 MRB Gross Annual Household Income Limits

Effective May 17, 2018

The income limitations listed below are imposed by federal law. Failure to comply with them may create adverse consequences for Kentucky Housing Corporation and its bondholders.

**Funding Source: MRB (Purchase Price Limit – $271,164)**

<table>
<thead>
<tr>
<th>Person(s) per household</th>
<th>(1 or 2)</th>
<th>(3 or more)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Anderson</td>
<td>69,400</td>
<td>79,810</td>
</tr>
<tr>
<td>Ballard</td>
<td>59,200</td>
<td>68,080</td>
</tr>
<tr>
<td>Barren</td>
<td>59,200</td>
<td>68,080</td>
</tr>
<tr>
<td>Boone</td>
<td>78,300</td>
<td>90,045</td>
</tr>
<tr>
<td>Bourbon</td>
<td>84,120</td>
<td>98,140</td>
</tr>
<tr>
<td>Boyd</td>
<td>59,200</td>
<td>68,080</td>
</tr>
<tr>
<td>Bracken</td>
<td>93,960</td>
<td>109,620</td>
</tr>
<tr>
<td>Bullitt</td>
<td>71,500</td>
<td>82,225</td>
</tr>
<tr>
<td>Caldwell</td>
<td>59,200</td>
<td>68,080</td>
</tr>
<tr>
<td>Callaway</td>
<td>59,200</td>
<td>68,080</td>
</tr>
<tr>
<td>Campbell</td>
<td>78,300</td>
<td>90,045</td>
</tr>
<tr>
<td>Christian</td>
<td>59,200</td>
<td>68,080</td>
</tr>
<tr>
<td>Clark</td>
<td>84,120</td>
<td>98,140</td>
</tr>
<tr>
<td>Daviess</td>
<td>62,300</td>
<td>71,645</td>
</tr>
<tr>
<td>Fayette</td>
<td>70,100</td>
<td>80,615</td>
</tr>
<tr>
<td>Franklin</td>
<td>65,200</td>
<td>74,980</td>
</tr>
<tr>
<td>Gallatin</td>
<td>93,960</td>
<td>109,620</td>
</tr>
<tr>
<td>Graves</td>
<td>59,200</td>
<td>68,080</td>
</tr>
<tr>
<td>Greenup</td>
<td>59,200</td>
<td>68,080</td>
</tr>
<tr>
<td>Hancock</td>
<td>62,300</td>
<td>70,725</td>
</tr>
<tr>
<td>Hardin</td>
<td>61,500</td>
<td>72,220</td>
</tr>
<tr>
<td>Henderson</td>
<td>65,100</td>
<td>74,865</td>
</tr>
<tr>
<td>Henry</td>
<td>85,800</td>
<td>100,100</td>
</tr>
<tr>
<td>Jefferson</td>
<td>71,500</td>
<td>82,225</td>
</tr>
<tr>
<td>Jessamine</td>
<td>70,100</td>
<td>80,615</td>
</tr>
</tbody>
</table>

For all other counties not listed above: $71,040 (1 or 2 person) $82,880 (3 or more person)
# 2018 AFFORDABLE DAP
# GROSS ANNUAL APPLICANT’S INCOME LIMITS
# Effective May 17, 2018

**Secondary Market Purchase Price Limit -- $301,294 and MRB Purchase Price Limit -- $271,164**

<table>
<thead>
<tr>
<th>County</th>
<th>Income Limits</th>
<th>County</th>
<th>Income Limits</th>
</tr>
</thead>
<tbody>
<tr>
<td>Allen</td>
<td>45,920</td>
<td>Jefferson</td>
<td>57,200</td>
</tr>
<tr>
<td>Anderson</td>
<td>55,520</td>
<td>Jessamine</td>
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</tr>
<tr>
<td>Ballard</td>
<td>44,640</td>
<td>Kenton</td>
<td>62,640</td>
</tr>
<tr>
<td>Barren</td>
<td>40,000</td>
<td>Larue</td>
<td>49,200</td>
</tr>
<tr>
<td>Boone</td>
<td>62,640</td>
<td>Livingston</td>
<td>42,720</td>
</tr>
<tr>
<td>Bourbon</td>
<td>56,080</td>
<td>Logan</td>
<td>40,400</td>
</tr>
<tr>
<td>Boyd</td>
<td>43,920</td>
<td>Lyon</td>
<td>48,400</td>
</tr>
<tr>
<td>Boyle</td>
<td>44,880</td>
<td>Madison</td>
<td>55,840</td>
</tr>
<tr>
<td>Bracken</td>
<td>62,640</td>
<td>Marion</td>
<td>49,840</td>
</tr>
<tr>
<td>Breckinridge</td>
<td>45,920</td>
<td>Marshall</td>
<td>52,720</td>
</tr>
<tr>
<td>Bullitt</td>
<td>57,200</td>
<td>Mason</td>
<td>40,000</td>
</tr>
<tr>
<td>Butler</td>
<td>45,920</td>
<td>McCracken</td>
<td>47,680</td>
</tr>
<tr>
<td>Caldwell</td>
<td>43,760</td>
<td>McLean</td>
<td>49,840</td>
</tr>
<tr>
<td>Calloway</td>
<td>45,360</td>
<td>Meade</td>
<td>48,400</td>
</tr>
<tr>
<td>Campbell</td>
<td>62,640</td>
<td>Mercer</td>
<td>46,080</td>
</tr>
<tr>
<td>Carlisle</td>
<td>42,000</td>
<td>Muhlenberg</td>
<td>40,880</td>
</tr>
<tr>
<td>Carroll</td>
<td>40,480</td>
<td>Nelson</td>
<td>49,680</td>
</tr>
<tr>
<td>Christian</td>
<td>44,320</td>
<td>Nicholas</td>
<td>39,600</td>
</tr>
<tr>
<td>Clark</td>
<td>56,080</td>
<td>Oldham</td>
<td>57,200</td>
</tr>
<tr>
<td>Crittenden</td>
<td>43,520</td>
<td>Owen</td>
<td>42,800</td>
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<tr>
<td>Daviess</td>
<td>49,840</td>
<td>Pendleton</td>
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<tr>
<td>Edmonson</td>
<td>45,920</td>
<td>Powell</td>
<td>41,360</td>
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<td>Fayette</td>
<td>56,080</td>
<td>Robertson</td>
<td>40,560</td>
</tr>
<tr>
<td>Franklin</td>
<td>52,160</td>
<td>Rowan</td>
<td>42,720</td>
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<td>62,640</td>
<td>Scott</td>
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<tr>
<td>Garrard</td>
<td>44,560</td>
<td>Shelby</td>
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<tr>
<td>Grant</td>
<td>62,640</td>
<td>Simpson</td>
<td>41,760</td>
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<td>Graves</td>
<td>43,840</td>
<td>Spencer</td>
<td>57,200</td>
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<tr>
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<td>Todd</td>
<td>42,240</td>
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<tr>
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<td>49,840</td>
<td>Trigg</td>
<td>44,320</td>
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<tr>
<td>Hardin</td>
<td>49,200</td>
<td>Trimble</td>
<td>57,200</td>
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<td>Harrison</td>
<td>40,880</td>
<td>Union</td>
<td>40,960</td>
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<td>52,080</td>
<td>Warren</td>
<td>45,920</td>
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<td>Washington</td>
<td>42,640</td>
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<td>Hickman</td>
<td>41,040</td>
<td>Webster</td>
<td>42,240</td>
</tr>
<tr>
<td>Hopkins</td>
<td>46,800</td>
<td>Woodford</td>
<td>56,080</td>
</tr>
</tbody>
</table>

Applicant’s Income Limit for all other counties not listed above: $39,520