

TERMS AND CONDITIONS FOR MBOH BOND ADVANTAGE DOWN PAYMENT ASSISTANCE PROGRAM

Revised October 2024

Purpose

The purpose of this Program is to provide down payment and closing costs assistance to Borrowers eligible for MBOH financing under the MBOH MBS Regular Bond Loan Program. This DPA loan places a Second Mortgage Loan on the Residence of up to \$15,000. These DPA loans are offered in conjunction with MBOH first-lien Mortgage Loans originated by approved Participants.

Program Criteria

1. Loan amount for the DPA loan is limited to 5% of purchase price, not to exceed \$15,000. The minimum DPA loan amount is \$1,500.
2. The fixed rate of interest on the first-lien Mortgage Loan and Second Mortgage Loan under the MBOH Bond Advantage Program shall be set by MBOH and adjusted as needed. The rate will be the same for both loans and is posted on the Board's Website.
3. The down payment assistance Second Mortgage Loan is an uninsured junior lien with no prepayment penalties.
4. The term of the MBOH Bond Advantage DPA loan is fifteen (15) years and will provide for complete amortization by maturity by equal monthly payments of principal and interest.
5. The DPA loan is due in full upon sale or transfer of the Residence to another party or if the outstanding loan secured by the first-lien Mortgage Loan is

refinanced.

6. The minimum mid credit score is 620 for all Borrowers. Borrowers with no credit history will be eligible for the Program, provided the loan meets underwriting standards established by the insurer or guarantor of the first-lien Mortgage Loan.
7. Borrowers must provide a minimum of \$1,000 cash investment in the purchase. Borrower's contribution can be gifted.
8. Homebuyer Education is required and must be completed prior to closing of the loan.
9. Borrowers must meet underwriting requirements for the insurer of the first-lien Mortgage Loan, with principal and interest (P&I) of the second-lien DPA loan calculated into ratios.
10. Upon the Board's receipt and confirmation of a Reservation, an obligation letter will be issued by MBOH to document an eligible source of DPA loan funds, if the first-lien Mortgage Loan is FHA insured.
11. The DPA loan must be closed in the name of the Participant and transferred/assigned to MBOH via a recorded Assignment of Deed of Trust that meets industry standards. MBOH DPA loans are not processed through MERS.
12. The Second Mortgage Loan notes must be endorsed to MBOH without recourse.
13. The Second Mortgage Loan Note, subordinate Deed of Trust and applicable MBOH Compliance Submission Voucher must be on forms provided by MBOH.
14. The Master Servicer will purchase the Second Mortgage Loan at par (100%) and

will pay a 1.75% Service Release Premium on the first-lien Mortgage Loan, less extension fees and all other applicable Master Servicer fees, based on current outstanding balance of the first-lien Mortgage Loan at time of purchase. Service Release Fee premiums will be remitted to the Participant at time of purchase.

15. The Participant is allowed to collect \$175 application fee from the Borrower for the Bond Advantage DPA loan.

Servicing

The Master Servicer will service both the first-lien Mortgage Loan and Second Mortgage Loan (DPA loan).

Other Provisions

Except as outlined above, all terms, conditions, definitions and Program criteria applicable to the MBOH MBS Regular Bond Program Terms and Conditions and as set out in the MBOH Mortgage Purchase and Servicing Guide will apply to loans originated by Participant for the MBOH Bond Advantage DPA Program.

For use of the MBOH Bond Advantage DPA loan in conjunction with the MBOH Community Land Trust Option One program with an LTV of 80% or higher, Participants must contact MBOH staff for DPA options prior to submitting the Reservation. When combining the Bond Advantage DPA with an insured CLT first-lien Mortgage Loan, MBOH staff will consider the additional Mortgage Insurance Premium and increased interest rate to the Borrower.