OKLAHOMA HOUSING FINANCE AGENCY
ADVANTAGE HOMEOWNERSHIP LOAN PROGRAM

PRODUCT NOTICE 2016

***Information in (parenthesis) is subject to change.**

The sections of this Product Notice marked with an asterisk (*) are general summaries of, do not amend, and are not substitutes for, the specific detailed terms and conditions contained in the Mortgage Origination Master Agreement dated as of September 1, 2000 (the "Origination Agreement"), which should be reviewed carefully by the representatives of any Lender considering participating in Program 2016 as an Originating Lender as a approved Lender. The sections not so marked constitute supplemental information regarding this Program and/or Product.

GENERAL INFORMATION

Distribution to Approved Lenders

This Product Notice is provided to each Financial Institution known by Oklahoma Housing Finance Agency ("OHFA") to be doing business in the state and believed by OHFA to have the necessary qualifications to participate as an Originating Lender, and each Financial Institution previously approved by OHFA for participation as an Originating Lender (hereinafter collectively referred as "Lenders") in the OHFA Advantaage Homeownership Loan Program (the "Program").

Program Operation Generally

OHFA Advantage provides First Mortgage Financing & Down Payment Assistance to eligible mortgagors.

Prospective Mortgagors submit applications for Mortgage Loans to Lenders that have been approved by OHFA for participation in the Program.

Lenders' offices/branches in Oklahoma reserve funds with OHFA Internet Reservation system, process and underwrite the Mortgage Loans (No Contract Underwriting), confirm the Program eligibility of the Mortgagor and the Residence being purchased, close the Mortgage Loans with their own funds, and deliver them to the designated Master Servicer for purchase.

The Master Servicer purchases and securitizes the Mortgage Loans by pooling them to create Mortgage Backed Securities guaranteed by GNMA. When issued, these Mortgage Backed Securities are delivered to the Bond Trustee/FHLB for purchase with the proceeds of OHFA's bonds or agency funds.

Information or updates regarding Programs will be sent via e-mail and/or facsimile by OHFA and US Bank.

Program 2016

This sizing is based upon estimates of loan demand, legal limitations on the principal amount of Bonds/Funds issuable by OHFA and limitations on the amount of OHFA funds available to be committed at this time. As of this date, OHFA has Continuous Funding.

PRODUCT NOTICE 2016

Borrower Eligibility

First Time Homebuyers-* First Time Homebuyers are those which have not had an ownership interest in their primary residence at any time during the three years preceding their date of application for a Mortgage Loan under the Program.

All Loans must also be made to First Time Homebuyers unless the Mortgagor is obtaining a Mortgage Loan on a Residence located in a Targeted Area or is using the proceeds of a Mortgage Loan to pay off a Bridge Loan.

Credit Score-* All loan products Minimum of 640.

- Use Mid range credit score for one borrower
- Take Mid range credit scores for borrower and co borrower and use the lower of the two.
- If Tri-merge is not available, need at least two credit scores and use the lower of the two.

Lenders have the opportunity to complete a non traditional underwrite, however; the loan will be a manual underwrite with no reps and warrants.

Debt to Income Ratio-* 45% DTI Maximum, No allowance.

Borrower Eligibility Cont'd

OHFA 4 Teachers-* Must hold a current Oklahoma State Department of Education Teaching Certificate. Currently under contract with any Oklahoma Accredited Public School and/or Private/Parochial School.

Other employees in public or private schools whose employment requires a current Oklahoma State Department of Education Teaching Certificate (Elementary and Secondary Only).

OHFA Shield - Fire Fighter-* Must be currently employed as a fire fighter with a fire department of an Oklahoma municipality.

OHFA Shield - Police Officer-* Must be currently employed in law enforcement of an Oklahoma municipality & CLEET certified police officers, patrol officers, sheriffs, and other government law enforcement agency personnel.

Income Restrictions-* For All Program Loans the Annualized Monthly Income of the Mortgagor may not exceed the Maximum Permissible Family Income per Exhibit H-1 (Rev 04/15/2015) to the Origination Agreement. These income limits are based on IRS Code restrictions relating to Qualified Mortgage Bond programs.

Primary Residence-* Each Mortgagor must intend to occupy the Residence as its principal residence within **sixty (60) days** of the closing date of the Mortgage Loan.

Ineligible Borrower-* Any applicant for a Mortgage Loan under the Program is deemed to be an Ineligible Borrower if; (i) such applicant is an employee, officer, director or trustee of the Issuer (OHFA), Trustee (Bank of Oklahoma), the Servicer or Lender through which the applicant is applying or has applied for a Mortgage Loan, or (ii) the applicant or his or her spouse is related by blood or adoption to any employee, officer, director or trustee of any of said entities. Non-Dependent children of Issuer excluded.

Residence Eligibility

Location-* All Residences purchased with Mortgage Loans under the Program must be located within the State of Oklahoma.

Type-* Previously occupied, existing (resale) homes, as well as newly constructed homes may be purchased with Mortgage Loans under the Program.

Configuration-* Single unit dwellings only; however, such dwellings may be detached or attached (as in a townhouse or ******multi-section home).

Form of Ownership-* Fee simple or condominium. (Condominiums on FHA Only)

Acquisition Purchase Price Limits-* For Residences purchased with OHFA Advantage loans, Contract Price plus Review Fee of $225 cannot exceed the Maximum Permissible Acquisition Purchase Price Limit per Exhibit H-2**.**

OHFA Advantage Loans Generally

Purpose-* To acquire new or existing Residences, or to replace a “Bridge Loan” (see “Refinancing”, below).

Interest Rate-* Based on the market daily. Posted on Website daily.

Insurance/Guaranty/Securitization-* FHA/VA/USDA-RD loans securitized by GNMA.

Format-* 30 year term

Security-* First lien

Refinancing-* No Mortgage Loan may replace an existing mortgage loan except for construction period bridge loans or similar temporary financing having an original term of 24 months or less.

Underwriting Standards-* All loans must meet standard underwriting guidelines, credit, eligibility, LTV, appraisal standards, FHA/VA/USDA-RD and documentation for the particular loan product. All borrower contributions toward the purchase must meet product guidelines and underwriting standards. **45% DTI maximum. Credit minimum of 640.**

OHFA Advantage Loans Generally Cont'd

The 2016 OHFA Advantage GOLD accepts the following loan products: FHA, VA, USDA-RD and HUD Section 184 on GOLD/4 Teachers/Shield.

Additional Underwriting Standards-*

- Code Compliance and Closing documents **cannot** be downloaded: onto any desktop or laptop computer, to any document preparation company or into any software program. Complete these documents on the OHFA website, print on legal size paper only, for **EACH GOLD/4 Teachers/Shield** loan.
- 10 Acres limit on all loan products.
- No Seller Based DPA allowed on any products.
- Second Mortgage NOT allowed.
- Cash Back at Closing on ALL Bond Loans is limited to: Appraisal, Earnest Money, Credit Report, & Compliance Review Fee.
- Contract Underwriting not allowed.
- Lenders are limited to $800.00 for Underwriting, Processing and Documentation Preparation fee. OHFA loans are zero orignation and zero discount points.
- $400.00 Funding Fee for US Bank Home Mortgage
- **Mortgage Credit Certificates not allowed with OHFA Tax Exempt Mortgage Revenue Bonds.**

Originating Lenders are required to repurchase defective Mortgage Loans.

Assumability-* A Mortgage Loan may be assumed by a subsequent homebuyer only if all eligibility requirements of the new Mortgagor, the Residence, the Mortgage Loan and all other Program requirements are satisfied at the time of assumption as if the Mortgage Loan was being originated for the first time. All assumptions must be submitted to OHFA for Compliance Review and written approvals by all applicable parties must be obtained prior to Closing.

Prepayment-* May be prepaid in whole or in part at any time without prepayment penalties.

Calculation & Application of Assistance Payments

The application of Assistance Payments provided in connection with GOLD/4 Teachers/Shield loans is to be determined after taking into consideration the extent to which the seller of the residence is obligated to pay all or any portion of the closing costs as provided in the related real estate sales contract.

Assistance Payments are to be applied according to the priorities listed below:

(1) **First,** toward meeting any remaining minimum down payment requirement applicable to the type of Mortgage Loan being originated;
(2) **Second,** toward "normal and customary" closing costs (which may not be increased in anticipation of the availability of Assistance Payments) as provided by the Origination Agreement;
(3) **Third,** toward taxes, insurance and related escrow contributions required to be paid at closing; and
(4) **Fourth,** toward reduction of the Mortgage Loan principal balance.
(5) Max allowed for assistance is 3.50% of the total first mortgage loan/note amount.

Types of Mortgage Loans

GOLD/4 Teachers/Shield Loans- provides 3.50% down payment assistance of the total first mortgage/note toward the purchase of the home.

Program Loan Interest Rates

**** Interest Rates subject to change with the market & displayed on website, see page 5***

- ***Zero origination and zero discount***

COMPLIANCE REVIEW

Review Fee

The Lender will charge the Mortgagor a $225.00 Review Fee, paid by the Mortgagor (or by the Lender or Seller on behalf of the Mortgagor). The Fee will be included in the Review package and must be a corporate check, certified check or money order paid to OHFA. OHFA requires a self-addressed, stamped envelope submitted with each file for return of OHFA Approval/Award & Gift/Grant Letters.

Other Fees

All loans have a Tax Service Fee of **$85.00 required by US Bank.**
All loans have a Funding Fee of **$400.00 required by US Bank.**

Compliance Review Process

The Compliance Review package will be assembled by the Lender for submission, review (72 hour regulation), and approval by OHFA:

(1) For all types of Mortgage Loans, prior to purchase of the Mortgage Loan by the Master Servicer.
(2) For all Loans, documents dated "Revised 2009" will be required.
(3) Copy of original, signed Compliance Review documents only for review (original review documents shipped to US Bank MRB with Purchase File).
(4) Fillable OHFA Documents only, Uploaded documents into lenders system will not be accepted.

Closing

The Originating Lender will fax to OHFA, within **5 (five**) days of closing:

- HUD 1 Settlement Statement signed by buyer (s) and seller (s) & settlement agent for all loan closings. **GOLD/4 Teachers/Shield**
- Copy of executed OHFA Gift/Grant Letter signed by ALL borrower(s). **GOLD/4 Teachers/Shield**

Review of these closing documents and final compliance approval has to be obtained from OHFA prior to US Bank purchasing the loan.

Certificate Holder

All GNMA Certificates backed by Mortgage Loans originated under this Program will be purchased and held by the Trustee.

TRUSTEE / MASTER SERVICER DESIGNATIONS

Trustee

Bank of Oklahoma serves as Trustee, Registrar, and Paying Agent with respect to OHFA relating to this Program.

Master Servicer

The Master Servicer for this Program will be:

- **U.S. Bank Home Mortgage**
  MRBP Division
  17500 Rockside Road,
  Bedford, OH, 44146-2099
  (800) 562-5165.

The primary contact for this Program is:

- **Lender Help Desk: (800) 562-5165**

E-Mail address: mrbp.helpdesk@usbank.com

LENDER AND MASTER SERVICER COMPENSATION

Originating Lenders

OHFA fee will be pay SRP to lender based on purchased time of loans from reservation. **Please see Mortgage Loan Purchase Price Model, page 5.**

Mortgage Loan Purchase Price

*** Please see Mortgage Loan Purchase Price Model, page 5.**

Oklahoma Housing Finance Agency
Homeownership Loan Program

OHFA Advantage GOLD/4 Teachers/Shield
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*MORTGAGE LOAN PURCHASE PRICE MODEL

*MORTGAGE LOAN PURCHASE PRICES	PRICE WITH SRP	
Reservation to 75 days to purchase:	**102.00%**	
76 days to 90 days to purchase:	**101.75%**	
91 days to 120 days to purchase:	**100.75%**	

*FEES AND DISCOUNTS

New Lender Application Fee	One-Time Fee for New Participants	$ 500.00
Program Application Fee	All Participants and New Lenders	$ 400.00
Review Fee	All Mortgage Loans	$ 225.00
US Bank Funding Fee	All Mortgage Loans	$ 400.00
US Bank Tax Service Fee	All Mortgage Loans	$ 85.00
Limitation on Lender Fees for: Underwriting, Processing & Document Preparation	All Mortgage Loans	$ 800.00
Mortgage Loan Discount	All Mortgage Loans	0%
Mortgage Loan Origniation Fee	All Mortgage Loans	0%