Southeast Texas Housing Finance Corporation (SETH)
5 Star Texas Advantage Program
Invitation to Participate

Southeast Texas Housing Finance Corporation (SETH) is pleased to extend an invitation to its Lender partners to originate qualified Mortgage Loans under its new 5 Star Texas Advantage Program (the “Program”).

**Program Funding:** The Program provides the funding source for FHA, VA, USDA/RHS and Freddie Mac Conventional 30-year fixed mortgage loans, together with down payment and closing cost assistance (the “Grant”) of up to 6% of the funded Mortgage Loan amount (after accounting for financed insurance, guarantee and funding fees). As an instrumentality of government per HUD guidelines, SETH’s Grant may be used to fund up to 100% of the Borrower’s cash to close, including the down payment, closing costs, prepaids, and other related mortgage loan fees and expenses. There can be no cash back to the Borrower.

**Program Size:** No Program limit. Funds will be released in $30 million “Subseries” to allow for the timely introduction of new loan features. Funds are available on a first-come, first served basis.

**Master Servicer:** All Mortgage Loans must be sold to, and will be serviced by, U.S. Bank. All Lenders must be approved by and in good standing with U.S. Bank. In addition to this Agreement, Lenders will be asked to sign a Participating Lender Agreement with SETH and/or US Bank.

**Nonrepayable Grant:** SETH’s assistance is a Grant and is not repayable to SETH in any form. SETH will wire the down payment assistance directly to the applicable Closing Agent or Title Company for each loan closing.

**Eligible Area:** The Program is available to all qualified Borrowers throughout the State of Texas, (Except in Travis County and the Cities of El Paso, Grand Prairie & McKinney.)

**Borrower Eligibility**
- Primary residence, owner occupied.
- Qualifying income determined by the county area median income (see Income Limit Tables Exhibit A, B & C) regardless of family size and is based on the income provided on the 1003. Income limits will be revised approximately March 1st of each year as released by HUD.
- Minimum credit score of 640 for all Borrowers on the Mortgage Loan.
- Maximum Debt to Income (DTI) of 45% for all Loans. 50% DTI available for Borrowers with credit scores of 660 and higher with USDA, VA and 95% Freddie Mac Loans Only. FHA and Freddie Mac Conv 97% LTV- max DTI 45%.
- No minimum investment required from the Borrower’s own resources.
- Maximum purchase price of $274,050 FHA. VA/USDA/Freddie max sales price $324,000. These Mortgage Loans are not subject to typical Bond requirements.
- There is no first-time homebuyer requirement.
- No “federal” recapture.
**Program Loan Rates:** Lenders will be provided a daily mortgage loan rate sheet from which rates to the Lenders may be locked in for up to 70 days, to the Borrower for up to 30 days. A lower loan rate option with a smaller Grant may also be available. FNMA Loans are not eligible at this time. Rates will be reset daily, are subject to market conditions.

**Underwriting:** All Loans must be underwritten within 25 days (and logged with the Program Administrator as "Underwriter Certified") from when the rate was locked in. Standard FHA, VA, USDA/RHS, Freddie Mac underwriting guidelines, 640 minimum credit score, DTI ratios not to exceed 45% for FHA and 97% Freddie Mac Loans. VA, USDA and 95% Freddie Mac Loans with credit scores above 660: Max DTI 50%. Lenders may introduce their own overlays if more conservative than Program guidelines. No Manual UW permitted for Freddie Mac Loans.

**Program Administration:** eHousingPlus will provide Administrator’s Guidelines, on-line reservation services for rate locks and will support SETH in training lenders, posting program materials and updates, and reviewing loan files prior to close.

**Homebuyer Education:** Required for all Borrowers. Borrowers should visit the SETH homepage [www.sethfc.com](http://www.sethfc.com) and select “Homebuyer Information” then “Homebuyer Education” to receive instructions on how to achieve the required SETH Homebuyer’s Education Certificate. Only the SETH Homebuyer Education Course will be accepted.

**Lender Compensation:** Lenders may charge an Origination Fee of up to 1% for all loans, along with “reasonable and customary” fees and expenses. Upon purchase by U.S. Bank, the Lender will receive 1.5% as a Servicing Release Premium (SRP) for FHA, Freddie Mac and USDA/RHS Loans. The Lender will receive a 1% SRP for VA Loans.

**Mortgage Credit Certificates:** MCCs may be used concurrently with these Mortgage Loans and the SETH Subsidy, but MCC program restrictions apply. The MCC benefit may be used to qualify for the mortgage loan.

**Scheduling.** Once this Agreement is signed and submitted to SETH, Lenders will receive an Administrator’s Guidelines from and schedule on-line training with eHousingPlus.

In order to be approved, Lenders must sign three (3) copies of this Program Lender Agreement and mail the three original signature pages to SETH to the attention of Ron Williams, Southeast Texas Housing Finance Corporation, 11111 South Sam Houston Parkway East, Houston, Texas 77089. Once signed Agreements have been received, you will receive the Administrator’s Guidelines and eHousingPlus training may be scheduled. There is no Lender up-front sign-up fee associated with this Program.

If there are any questions regarding the Program, please contact Ron Williams at SETH at (281) 484-4663 (extension 108) or at rwilliams@sethfc.com.
Southeast Texas Housing Finance Corporation
5 Star Texas Advantage Program
Program Lender Agreement

This Program Lender Agreement (this “Agreement”) is entered into as of ___________ __, 201_, by and among Southeast Texas Housing Finance Corporation (“SETH”) and the lending institutions executing this Agreement (the "Lender") in connection with the origination of First Mortgage Loans and funding of the SETH down payment and closing cost assistance under SETH’s 5 Star Texas Advantage Program (the "Program").

WHEREAS, SETH expects to make funds available, but solely from funds available under the Program, to enable SETH to finance certain qualified mortgage loans (the “Mortgage Loans”) within the State of Texas through the acquisition and sale of fully modified mortgage backed securities issued on behalf of and guaranteed as to timely payment of principal and interest by the Government National Mortgage Association, and

WHEREAS, the Lender wishes to participate in the Program and has agreed to make Mortgage Loans to qualified Borrowers pursuant to the attached HFA Guidelines and a subsequent Administrator’s Guidelines as provided by eHousingPlus upon receipt of a signed Agreement; and

NOW, THEREFORE, in consideration of the promises set forth herein, the parties mutually agree as follows:

Section 1. Covenant to Originate Mortgage Loans. The Lender hereby acknowledges its receipt of the attached HFA Guidelines established in connection with the Program, and the Lender hereby covenants and agrees to originate Mortgage Loans in accordance with the attached HFA Guidelines as may be amended from time to time with notice to the Lender. The attached HFA Guidelines and subsequent Administrator’s Guidelines, including but limited to all representations, warranties and covenants made by the Lenders therein, are incorporated by reference into this Program Lender Agreement to the same extent as if set forth herein, and the Lender agrees to be bound thereby for the benefit and protection of SETH, its successors and assigns. Failure by the Lender to perform its obligations under this Program Lender Agreement, the attached HFA Guidelines, and the Administrator’s Guidelines may result in a suspension of its participation in the Program even if the Lender remains in good standing with U.S. Bank. All loans originated under the Program must be sold to U.S. Bank as Servicer.

Section 2. Master Servicer. All Lenders must be approved by and in good standing with U.S. Bank, N.A. as the purchaser and servicer of the Mortgage Loans. Lender hereby covenants and agrees to originate mortgage loans in accordance with U.S. Bank’s Participating Lender Agreement and all other correspondent lending documents. Lenders will also be asked to execute a Participating Lender Agreement directly with US Bank and/or SETH to confirm origination, deliver and purchase terms and conditions specifically for mortgage loans under this Program. Purchases will be made following receipt and review of closing documents, including evidence of compliance with SETH guidelines, applicable Mortgage Loan underwriting requirements, FHA, VA, RHS and Freddie Mac requirements, federal and state regulations.
Section 3. Amendments, Revisions. Program specifics as defined herein, together with those specified in this Program Lender Agreement, the attached HFA Guidelines, the Administrator’s Guidelines, and U.S. Bank’s Participating Lender Agreement are subject to change with sufficient notice to the Lenders which will not adversely affect those Mortgage Loans for which a commitment has been made.

Section 4. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Texas, without regard to conflict of law principles.

Section 5. Severability. If one or more provisions of this Agreement, or the applicability of any such provisions for any set of circumstances shall be determined to be invalid or ineffective of any such provisions for any set of circumstances shall be determined to be invalid or ineffective for any reason, such determination shall not affect the validity and enforceability of the remaining provisions of this Agreement or the applicability of the provisions found to be invalid or ineffective for a specific set of circumstances to other circumstances.

Section 6. Counterparts. This Agreement may be executed in counterparts by the parties hereto, and each such counterpart shall be considered an original and all such counterparts shall constitute one and the same instrument.

IN WITNESS THEREOF, SETH and the Lender have caused this Agreement to be executed by their respective duly authorized officers, all as of the date and year first above written.

Southeast Texas Housing Finance Corporation

Authorized Contact’s Signature

Ron Williams

Authorized Contact’s Name (Please Print)

Executive Director

Title

Date

Lender

Company Name (Participant Lender)

Authorized Contact’s Signature

Authorized Contact’s Name (Please Print)

Title
Southeast Texas Housing Finance Corporation
Lender Contact Information / Authorization

Program Name: Southeast Texas Housing Finance Corporation 5 Star Texas Advantage Program

Lender Name: ________________________________________________________________

Mailing Address: ________________________________________________________________

Main Phone Number: ________________________________________________________________

Main Fax Number: ________________________________________________________________

Website (if applicable) ________________________________________________________________

MERS ID # (if applicable): ________________________________________________________________

Name
Main Contact: ___________________________ Phone________________ Fax________

Main Contact E-mail: ___________________________

Bulletin Contact: ___________________________ Phone________________ Fax________

Bulletin Contact E-mail: ___________________________

Underwriting Manager: ___________________________ Phone________________ Fax________

Underwriting E-mail: ___________________________

Shipping Supervisor: ___________________________ Phone________________ Fax________

Shipping E-mail: ___________________________

Shipping Staff: ___________________________ Phone________________ Fax________

Processing Manager: ___________________________ Phone________________ Fax________

Processing E-mail: ___________________________

Exception Contact: ___________________________ Phone________________ Fax________

Exceptions E-mail: ___________________________

Final Documents: ___________________________ Phone________________ Fax________

Final Docs E-mail: ___________________________

Scorecard Recipient: ___________________________ Phone________________ Fax________

Scorecard E-mail: ___________________________

Wire Instructions:
Bank Name: ________________________________________________________________

ABA Number: ___________________________ Account Number: ___________________________

Account Name: ________________________________________________________________

Purchase Advice Attn: ___________________________ Phone: ___________________________

Fax # for Purchase Advice: ___________________________

E-Mail address: ___________________________

Authorized Signature: ___________________________

Fax this completed authorization form to: Ron Williams 281-484-1971 -OR-
Scan and email this completed authorization form to: rwilliams@sethfc.com

By providing fax numbers and email addresses to SETH and U.S. Bank, consent is given to receive faxes and emails sent by or on behalf of SETH and U.S. Bank and its subsidiaries or affiliates until such consent are withdrawn in writing.

SETH 5 Star Texas Advantage Program (Updated Sept. 1, 2016)
<table>
<thead>
<tr>
<th>Government Loans</th>
<th>Freddie Mac HFA Advantage Loans</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Loan Products</strong></td>
<td>FHA, VA, USDA</td>
</tr>
<tr>
<td><strong>Loan Type</strong></td>
<td>Primary residence; purchase only</td>
</tr>
<tr>
<td><strong>Borrower Eligibility</strong></td>
<td>No first-time homebuyer requirement May own other property.</td>
</tr>
<tr>
<td><strong>Property Eligibility No Manufactured Homes Permitted</strong></td>
<td>LTV up to 95%: 1 unit properties only. Condos permitted. LTV 95.01-97%: 1-unit properties only. Condos are not permitted.</td>
</tr>
<tr>
<td><strong>First Loan Terms</strong></td>
<td>30-year fixed</td>
</tr>
<tr>
<td><strong>Loan Rates</strong></td>
<td>Posted daily; 70-day lock to Lender</td>
</tr>
<tr>
<td><strong>Loan Qualifying</strong></td>
<td>FHA Loans: 45% DTI ratio VA/USDA Loans: 640-659 credit score: Max 45%DTI; 660+ credit score: Max 50% DTI.</td>
</tr>
<tr>
<td><strong>Loan Underwriting</strong></td>
<td>Loans are underwritten by Lender. Manual UW permitted. See US Bank guidelines.</td>
</tr>
<tr>
<td><strong>Borrower Investment</strong></td>
<td>No minimum down required from Borrower’s own resources.</td>
</tr>
<tr>
<td><strong>Credit Score Minimum</strong></td>
<td>640 minimum.</td>
</tr>
<tr>
<td><strong>Home Price Limit</strong></td>
<td>FHA:$274,050; VA/USDA:$324,000 $324,000</td>
</tr>
<tr>
<td><strong>Income Limits</strong></td>
<td>FHA/VA: Exhibit A USDA: Exhibit B See Exhibit C</td>
</tr>
<tr>
<td><strong>SETH Grant</strong></td>
<td>Between 3-6% funded at closing. 4% funded at closing.</td>
</tr>
<tr>
<td><strong>Homebuyer Ed</strong></td>
<td>SETH Course Required. All Borrowers on Mortgage Loan to Complete Individually.</td>
</tr>
<tr>
<td><strong>Mortgage Insurance</strong></td>
<td>As required by FHA, VA, USDA. Charter coverage required: 18% coverage for 95.01-97 LTV, 16% for 90.01-95 LTV.</td>
</tr>
<tr>
<td><strong>MI Premiums</strong></td>
<td>As required by FHA, VA, USDA. Monthly, single and split premium plans permitted.</td>
</tr>
<tr>
<td><strong>Per Loan Fees</strong></td>
<td>None</td>
</tr>
<tr>
<td><strong>Origination Fee</strong></td>
<td>Up to 1% origination fee. Income to Lender. No Discount Fee.</td>
</tr>
<tr>
<td><strong>US Bank Fees</strong></td>
<td>$250 Funding Fee. No Tax Service. $250 Funding Fee. No Tax Service Fee.</td>
</tr>
<tr>
<td><strong>Admin Fee</strong></td>
<td>$275 payable to eHousing $275 payable to eHousing</td>
</tr>
</tbody>
</table>
Southeast Texas Housing Finance Corporation (SETH)  
5 Star Texas Advantage Program  
HFA Guidelines (U.S. Bank as Servicer)

<table>
<thead>
<tr>
<th>Program Sponsor</th>
<th>Southeast Texas Housing Finance Corporation (“SETH”) is an approved provider of down payment assistance per HUD and Freddie Mac guidelines.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Program Administrator</td>
<td>EHousingPlus on-line system will post mortgage loan rates, accept and confirm loan reservations and manage Program funding.</td>
</tr>
<tr>
<td>Eligible Lenders</td>
<td>Must be approved by U.S. Bank and sign a Lender Agreement with SETH.</td>
</tr>
<tr>
<td>Servicer</td>
<td>First Loans will be purchased and serviced by U.S. Bank (the “Servicer”).</td>
</tr>
<tr>
<td>Eligible Loan Area</td>
<td>Program is available throughout the State of Texas except in the cities of El Paso, Grand Prairie, and McKinney and the County of Travis.</td>
</tr>
<tr>
<td>Occupancy</td>
<td>Primary residence only. Borrowers and their spouses must permanently reside in the U.S. and must occupy the property within 60 days.</td>
</tr>
<tr>
<td>Eligible Borrowers</td>
<td>There is no SETH first-time homebuyer requirement. Non-occupant Borrowers or co-signers are not permitted.</td>
</tr>
</tbody>
</table>
| Eligible Properties   | FHA, VA and USDA: 1-4 unit properties. Single family, owner-occupied, detached structures, or condominiums, town homes/PUDs or duplexes, subject to FHA, VA and USDA guidelines. Manufactured homes are not permitted.  
                        | Freddie Mac HFA Advantage: 1 unit properties only. Manufactured homes are not permitted. Condos only permitted at or below 95% LTV. |
| Income Limits         | Qualifying Income for FHA/VA/USDA loans as reported on the 1003 Form may not exceed Income Limits as posted in Exhibits A or B. Freddie Mac Conventional Income Limits posted in Exhibit C and income used must be in accordance with Freddie Mac guidelines. |
| Home Price Limits     |  
                        | • FHA: Home purchase price may not exceed $274,050.  
                        | • USDA, VA: Home purchase price may not exceed $324,000.  
                        | • Freddie Mac: Home purchase prices may not exceed $324,000. |
| Borrower Investment   |  
                        | • FHA, VA, USDA: No minimum Borrower investment required.  
                        | • Freddie Mac: Per DU, LP and Mortgage Insurer guidelines. |
| Credit Score Minimum  |  
                        | • FHA, VA, USDA: Minimum 640 credit score (all Borrowers on title).  
                        | • Freddie Mac HFA Advantage: Minimum 640 credit score (all Borrowers on title) |
| Homebuyer Education   | Required for all Borrowers, even for non-first time homebuyers. Borrowers should visit the SETH homepage www.sethfc.com and select “Homebuyer Information” tab to locate the required Homebuyer Education Course instructions on how to achieve the required Homebuyer’s Education Certificate for either an individual Borrower or all Co-Borrowers. |

First Loan Terms and Guidelines

Revised SETH 5 Star Program Term Sheet

As of August 19, 2016
| First Loan Types | • FHA 203(b), 203(b)(2), 203(k) streamlined and standard, 203(h), 234 (c), Section 184, VA, USDA.  
  **Freddie Mac HFA Advantage**  
  ➢ 1 unit properties only, principal residences. Manufactured Housing is not permitted.  
  ➢ Condos permitted at or below 95% LTV; not permitted at 95.01-97% LTV.  
  ➢ Borrower must sign a Mortgagor’s Acknowledgment, certifying that the Sponsor and Servicer may forward the Borrower’s payment history to an experienced third party counseling organization.  
  ➢ Borrower’s qualifying income must be within the income limits listed in Exhibit C. |
| Transaction Type | Purchase transactions; rate/term refinancings are not permitted. |
| First Loan Terms | 30-year fixed rate fully amortizing first mortgage loan only. |
| Mortgage Loan Rates | Mortgage Loan Rates are available through eHousing and will be posted daily from 9:00 AM to 4:00 PM CST. |
| Rate and Price Adjustments | Freddie Mac HFA Advantage loans are not subject to any loan level price adjustments and delivery fees. There is no Freddie Mac adverse market delivery fee. |
| Rate Locks and Extension | Borrowers must have a fully executed sale contract for a specific property before a Rate Lock can be submitted. Within 25 days for each Rate Lock, the Loan must be underwritten certified on the eHousing lender portal. Loans must be purchased and funded by Servicer within 70 days of the rate Lock Date. Any Mortgage Loan not purchased within the 70 days is ineligible for purchase unless the Lender elects a one-time only 30-day extension, subject to a $375 extension fee which will be netted from the Loan Purchase Price. |
| Loan Underwriting/Ratios/Reserves | • FHA, VA, USDA, Freddie Mac and US Bank guidelines with respect to reserves and underwriting guidelines subject to a DU qualified “Approve/Eligible” or LP qualified “Accept/Eligible” finding. Manual underwriting is not permitted under Freddie Mac HFA Advantage.  
  • FHA: Max DTI 45%. Loans Manually Underwritten or with Credit Scores below 660 will be limited to Option 2 with reductions in the amount of assistance provided.  
  • USDA/VA: For Borrowers with credit scores 659 and below, 45% DTI; for Borrowers with 660+ credit scores, DTI up to 50%.  
  • Freddie Mac HFA Advantage: **For 95.01-97% LTV**, 640 minimum credit score and maximum 45% DTI regardless of LP/AUS decision. For **loans at or below 95LTV**, minimum credit score is 640; Borrowers with credit scores 659 and below, 45% max DTI; Borrowers with 660+ credit scores, DTI up to 50%. When using LP for AUS be sure to use Offer Identifier Code #251 Home Possible Advantage for HFAs. DU subject to Freddie overlays.  
  • Per CFPB guidelines: “Extensions of credit made by creditors pursuant to a program administered by a Housing Finance Agency (HFA) are exempt from the ATR requirements regardless of the funding source (e.g. Federal, State, or other sources).” However, such loans are not exempt from TILA requirements for Higher-Priced Mortgage Loans (HPMLs) or High Cost Mortgage Loans. |
| First Loan Limits | FHA, VA, USDA and Freddie Mac first loan limits apply, subject to SETH’s maximum purchase price limits. |
Down Payment and Closing Cost Assistance

| Grant Funds available from SETH | • FHA, VA, USDA: SETH Grant of up to 6% of the final Mortgage Loan amount as shown on the Mortgage Note. Grant funds are automatically reserved once the Mortgage Loan is reserved on the eHousingPlus reservation system. For FHA loans only: The assistance will be reduced for loans with a representative FICO score below 660 and loans that are manually underwritten.
• Freddie Mac: SETH Grant of 4% of the final Mortgage Loan amount as shown on the Mortgage Note. Grant funds are automatically reserved once the Mortgage Loan is reserved and confirmed on the eHousing reservation system. Additional Grant funding may be available, with terms to be announced under separate Bulletin.
• May be applied towards the Borrower’s down payment or closing costs.
• The Grant is nonrepayable in any form.
• Other than earnest money reimbursement, or items paid by the Borrower outside of closing, there can be no cash back to the Borrower.
• Lenders are required to report to HUD the Employer Identification Number (EIN) of all down payment assistance sponsors on HUD’s FHA Loan Underwriting and Transmittal Summary. SETH’s EIN is 76-0061310.
• Borrower will be asked to acknowledge and sign a SETH Grant letter or Mortgagor Acknowledgment.

Grant Funding | With a 2 day notice, upon receipt of a Grant Funding/Wire Transfer Request Form, SETH through its custodial agent will arrange for the wire transfer of the Grant funds directly to the Closing Agent or Title Company for the benefit of the Borrower.

Mortgage Insurance

| Required Mortgage Insurance (MI) Coverage | • FHA, VA, and USDA-RD MI coverage per HUD, VA, USDA-RD requirements.
• For Freddie Mac Loans:
  ➢ 18% charter coverage for 95.01-97% LTV Loans
  ➢ 16% charter coverage for 90.01-95% LTV Loans
  ➢ 12% charter coverage for 85.01-90% LTV Loans
  ➢ 6% charter coverage for 80.01-85% LTV Loans

Mortgage Insurance Rates | • Insurers must be approved by Freddie Mac.
• Borrower paid MI monthly, split or single premiums are acceptable per MI company guidelines.
• Lender is responsible for activating any MI policy and remitting any MI payments due to the Mortgage Insurer prior to the sale of the loan to the Servicer. Lender is also responsible for transferring the MI policy to the Servicer after the loan sale.
• PMI rates, pricing, and guidelines may differ among the participating Mortgage Insurers and are subject to change. Lenders should consult the current MI guidelines at each company to determine the terms and conditions by which such loans will be insured.
• This Term Sheet does not supersede, nor are they a substitute for, the guidelines in place with each Mortgage Insurer at the time the loan is underwritten.
### Compliance Review Summary

<table>
<thead>
<tr>
<th>Lender Certification</th>
<th>Within 25 days of the loan reservation date, Underwriter’s Certification must be completed in the on-line Lender Portal at eHousingplus.com.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grant Funding Request</td>
<td>2 business days prior to the scheduled loan closing date, Lenders must submit a Grant Funds/Wire Transfer Request Form to SETH’s custodian, Bank of Texas.</td>
</tr>
<tr>
<td>Post-Close Compliance</td>
<td>Within 10 days of the loan closing date, Lender must prepare the following for delivery to eHousingPlus:</td>
</tr>
<tr>
<td>Real Estate Purchase Contract</td>
<td></td>
</tr>
<tr>
<td>Executed Closing Disclosure</td>
<td></td>
</tr>
<tr>
<td>Final Loan Application (1003)</td>
<td></td>
</tr>
<tr>
<td>FHA Loan Underwriting and Transmittal Summary</td>
<td></td>
</tr>
<tr>
<td>SETH Homebuyer Education Certificate</td>
<td></td>
</tr>
<tr>
<td>Signed Grant letter (FHA, VA, USDA Loans only)</td>
<td></td>
</tr>
<tr>
<td>Signed Mortgagor’s Acknowledgment (Freddie Mac loans only)</td>
<td></td>
</tr>
<tr>
<td>$275 check payable to eHousingPlus</td>
<td></td>
</tr>
</tbody>
</table>

### Compensation, Seller Contributions and Fees

| Lender Compensation | • **FHA, VA, USDA:** Lenders will receive a 1.5% SRP for FHA and USDA loans upon the purchase of the loan by the Servicer. For VA loans, the SRP is 1%. Lenders may charge an origination fee of up to 1% to the Borrower. |
|• **Freddie Mac:** Lenders will receive a 1.5% SRP upon the purchase of the loan by the Servicer. Lenders may charge an origination fee of up to 1% to the Borrower. |
|• Reasonable and customary fees and closing costs, as long as such fees and expenses are comparable to other FHA, VA, USDA and Freddie Mac of similar size and are fully disclosed to the Borrower in accordance with federal, state and local laws and regulations. |
| Seller Contribution | Permitted subject to FHA, VA, USDA and Freddie Mac guidelines. |
| Loan Purchase Price and Program Fees | Servicer will purchase all FHA, USDA and Freddie Mac loans at a 101.5% purchase price or 101% for all VA loans less Servicer’s $250 Funding Fee and any extension fees. |

### Servicer and SETH Contact Information

| Loan Delivery Information | Final document delivery information and checklist are posted on [www.mrbp.usbank.com](http://www.mrbp.usbank.com), or contact the US Bank Help Desk. A $50 late fee will be assessed on final documents not delivered within 60 days of purchase. |
| Delivery Address | US Bank Home Mortgage, 17500 Rockside Road, Bedford, Ohio 44146-2099 |
| US Bank Lender Help Desk | For underwriting questions, contact the US bank Help Desk at 800-562-5165 or [mrbp.helpdesk@usbank.com](mailto:mrbp.helpdesk@usbank.com) |
| US Bank Underwriting Services | Lenders that require US Bank Home Mortgage underwriting services may have additional underwriting requirements and should contact US Bank directly. |
| SETH Contact Information | Rhonda Mitchell, SETH Single Family Program Manager  [rmitchell@sethtexas.com](mailto:rmitchell@sethtexas.com) 11111 S Sam Houston Parkway East Houston, TX 77089  281.484.4663 x110 |
TO: ___________________________________ DATE: ______________________

(PARTICIPATING LENDER)

RE: Notice of Down Payment and Closing Cost Assistance GRANT: SETH 5 Star Texas Advantage Program

Please be advised that The Southeast Texas Housing Finance Corporation (SETH), a governmental entity as recognized by the U.S. Department of Housing and Urban Development (HUD) and the Federal Housing Administration (FHA), is providing down payment and/or closing cost assistance as a non-repayable Grant which is to be used in conjunction with SETH's 5 Star Texas Advantage Program (the "Program") and the First Mortgage Loan originated by the above stated Lender. This letter is to document SETH’s compliance with FHA requirements in the manner outlined in HUD ML #2013-14 dated May 9, 2013. In regard thereto, SETH states that it has, at or before the loan closing, incurred a legally enforceable obligation to provide the funds toward the Borrower’s minimum cash investment.

Borrower(s) Name: ______________________________________________________________

Property Address: __________________________________________________________________

First Mortgage Loan Terms: _____ %, 30 year fixed rate, 360 level monthly payments.

First Mortgage Amount: ________________

First Mortgage Lender Loan #: ____________________  First Mortgage Servicer Loan #: ____________________

The undersigned borrower understands, acknowledges and agrees that (1) the interest rate for the mortgage loan provided by the Program is above market rate, and (2) it is the borrower’s decision and choice to receive the mortgage loan through the Program and receive the DPA Grant, rather than choose another 30-year, fixed rate mortgage loan without DPA at a lower rate from this or another lender.

Amount of Grant Assistance as a Percentage of the Loan Amount: _____ %

Amount of Grant Assistance as a Dollar Amount: $____________

NOTE: The Down Payment & Closing Cost Assistance Provided by The Southeast Texas Housing Finance Corporation 5 Star Texas Advantage Program is a GRANT with NO repayment.

Ron Williams, Secretary/Executive Director    Southeast Texas Housing Finance Corporation

_________________________________________    ____________________________________________

Borrower’s Signature    Borrower’s Signature

_________________________________________    ____________________________________________

Borrower- Print Name    Borrower- Print Name

              (Date)    (Date)
MORTGAGOR’S ACKNOWLEDGMENT (SETH 5 STAR FREDDIE MAC LOANS ONLY)

I/We, _____________________________________________________________, as applicants for a Mortgage Loan ("Mortgage Loan") originated by ____________________________ ("Senior Lien Holder") are also eligible for down payment and closing cost assistance (the “Grant”) as provided by Southeast Texas Housing Finance Corporation (Program Sponsor), do hereby acknowledge as follows:

1. I/We acknowledge that the home to be financed by the Mortgage Loan is located in the County of ___________________ in the State of Texas at ______________________________________________ ______________________________________________ (the “Property”), and that I/we intend to occupy the home as my/our principal place of residence within 60 days after closing the Mortgage Loan (or in the case of newly constructed home, within 60 days of completion of construction), and to thereafter occupy the Property as my/our principal residence. I/We do not intend to, have not and will not enter into any arrangement to rent, sell, assign or transfer the Property or to use it as investment property.

2. I/We understand that the Mortgage Loan rate offered is higher than what the Program Lender and other Program Lenders are currently charging “at market” for this same Mortgage Loan with no subsidy or rebate, that I/We understand that such other Mortgage Loans are available to me/us.

   Initials: ______   _______   ________   _______

3. I/We also understand that the $________ of Grant has been provided by the Southeast Texas Housing Finance Corporation to be applied toward down payment and/or closing costs with no requirement to repay the Grant at any time.

   Initials: ______   _______   ________   _______

4. I/We acknowledge that the Grant awarded would not be made but for my/our representations, covenants and warranties hereof and in the Loan Documents, and that the Grant must be used in accordance with Freddie Mac guidelines regarding down payment and closing cost assistance provided by a government agency or “instrumentality of government”.

   Initials: ______   _______   ________   _______

5. I/We understand that should I/We fail to make timely Mortgage Loan payments to the Servicer, the Servicer of my mortgage loan may refer me to a third party counseling organization or a mortgage insurer that will advise me about finding ways to meet my mortgage obligation. I/We hereby authorize the Servicer to release certain information related to the Servicer’s own experience with me to such a third party counseling organization or mortgage insurer and request that the counseling party contact me. I/We further hereby authorize the third party counseling organization or mortgage insurer to make a recommendation about appropriate action to take with regard to my mortgage loan, which recommendation may assist the Servicer in determining whether to restructure my mortgage loan or to offer other extraordinary services that could preserve my long term homeownership.

   Initials: ______   _______   ________   _______
6. As evidenced by my/our signatures(s) below, I/we have read and understand this disclosure form, and I/we have had any questions about the Program answered to my/our satisfaction. I/we understand that this Acknowledgement is a required part of the Program and Freddie Mac guidelines. I/we agree to provide any and all information that the Lender requires to ensure compliance with the Program guidelines. I/we also agree to the release of information to the Program Sponsor for reporting and compliance purposes.

Date: _____________________

___________________________________________
Applicant/Borrower’s Signature

___________________________________________
Applicant/Borrower’s Signature

___________________________________________
Applicant/Borrower’s Signature

___________________________________________
Applicant/Borrower’s Signature
The Southeast Texas Housing Finance Corporation
5 Star Texas Advantage Program
Grant Funding/Wire Transfer Request

DATE OF REQUEST: ____________________

AMOUNT OF WIRE*: ____________________

* Lender assumes full responsibility for requesting correct amount per program guidelines.

EXPECTED LOAN CLOSING DATE **: ________________

** Please provide Bank of Texas, N.A. as custodial agent for SETH with a minimum two (2) business day notice to allow for the timely transfer of funds.

Wiring Instructions

Bank: ________________________________

____________________________________

ABA #: ______________________________

Title Company Name: ______________________

ATTN: ________________________________

Account #: ____________________________

Borrower Name: __________________________

Reference/GF #/File Number: ______________

Property Address: __________________________

SETH or US Bank Loan Number ***: __________

*** Assigned at the time the Loan is reserved through eHousingPlus.

Completed form should be emailed to the following:

- PBlack@bankoftexas.com  Pamela Black  817-348-5797
- Courtney.Miller@bankoftexas.com  Courtney Miller  817-348-5703
- CMcDaniel@bankoftexas.com  Cathy McDaniel  817-348-5713
- LPaschal@bankoftexas.com  Lora Pashcal  817-348-5707

RETURN WIRE INSTRUCTIONS:

Bank of Texas  ABA #103-900-036
Acct# 600024642  Account Name: Trust Funds
Re: Borrower’s Name and SETH/US Bank Loan Number
Attn: Lora Paschal