

# **SECTION 184A NATIVE HAWAIIAN** **HOUSING LOAN GUARANTEE** **PROGRAM**

## **Processing Guidelines 2012**

### **Section 184A Refinances**

- 1.1 Overview
- 1.2 Required Documentation
- 1.3 No Cash-Out Refinance
- 1.4 Cash-Out Refinance
- 1.5 Credit and Non-Credit Qualifying Streamline Refinances
- 1.6 Firm Commitment Submission
- 1.7 Request for Loan Guarantee Submission

#### **1.1 Overview**

A Section 184A loan can be used to refinance a single family one-to-four unit dwelling located on Hawaiian home lands.

The Section 184A refinance authority includes: (1) Streamline; (2) Cash-out; and (3) No Cash-out.

The borrower is required to pay a 1% loan guarantee fee. The Section 184A guarantee fee may be financed or paid in cash at closing. There is no refund of the guarantee fee for an existing Section 184A mortgage that is being refinanced.

#### **1.2 Required Documentation**

Mortgages made on Hawaiian home land properties require certain documentation. The following items are required in addition to all other standard Section 184A documentation and should be submitted to the Direct Guarantee Underwriter for loan approval; and to HUD when requesting 184A loan guarantee.

**Lease.** Borrowers must have an executed Department of Hawaiian Home Lands (DHHL) Lease. The lease must be in the form approved by both DHHL and HUD and **must include DHHL's Guarantee Rider**. All lease documents must be recorded in DHHL's recordation system. If changes are made to the lessee of record when the Section 184A refinance transaction is done, the lease document must reflect the appropriate changes and must be recorded at DHHL. The term of the lease must be equal to or greater than the term of the Section 184A Mortgage.

**Certification of Eligibility.** The DHHL has a Request for Certification of Eligibility form, on which lenders may request DHHL to certify that the native Hawaiian borrower

possesses a Hawaiian home land lease in good standing (not cancelled or in default), or is qualified to obtain a lease. The Certification of Eligibility also indicates all liens and encumbrances against the lease. Lenders should submit the Request for Certification of Eligibility to DHHL at loan origination. This certification assures the lender that the borrower is preliminarily qualified to receive a loan on Hawaiian home lands. The lender must obtain from DHHL a Certification of Eligibility prior to issuance of a firm commitment/lender approval.

**Consent to Mortgage.** The Consent to Mortgage document provides the lender DHHL's consent to close a loan.

### 1.3 No Cash-Out Refinance

**a. Maximum Mortgage Amount.** The maximum mortgage amount for no cash out refinance is the *lesser of*:

- If owned 12 months or more, the sum of the existing mortgage payoff (maximum of 30 days interest), subordinate liens that are seasoned at least 1 year, closing costs, prepaid expenses, reasonable discount points, and required repairs;
- If owned less than 12 months, the sum of the original sales price and expenditures for repairs and rehabilitation incurred after the purchase of the property multiplied by 97.75% if sales price is greater than \$50,000 or multiplied by 98.75% if \$50,000 or less;
- The appraised value multiplied by 97.75% if appraised value is greater than \$50,000 or multiplied by 98.75% if \$50,000 or less;
- The statutory Federal Housing Administration (FHA) loan limit as of March 3, 2008.<sup>1</sup> They are as follows:

County Name	Single Family	Duplex	Tri-Plex	Four-Plex
Hawaii	\$470,250	\$529,650	\$643,500	\$742,500
Honolulu	\$544,185	\$658,106	\$799,568	\$922,578
Kalawao	\$200,160	\$256,248	\$309,744	\$384,936
Kauai	\$544,185	\$647,350	\$786,500	\$907,500
Maui	\$544,185	\$638,750	\$776,100	\$895,500

Refer to the 184A No Cash-Out Refinance Maximum Mortgage Worksheet to determine the maximum mortgage amount (see refinance appendix 10.1). Use the No Cash Out Refinance Mortgage Credit Analysis Worksheet (see refinance appendix 10.5).

Term of the new loan may be up to 30 years.

**b. Appraisal.** The appraisal must be performed by a certified FHA-approved appraiser in accordance with the requirements of HUD Handbook 4150.2. The appraiser must use the cost approach for appraisals on Hawaiian home land properties.

**c. Existing Mortgage.** The payoff may include interest, a statement fee, recording fee, release fee, and/or a prepayment penalty charged by the servicing lender. A maximum of 30 days interest may be included in the loan calculation. Accrued interest in excess of

<sup>1</sup> Because of the Section 184A program's smaller budgetary authority, HUD has opted to use the lower 2008 limits in order to ensure appropriate portfolio coverage in case of default.

30 days must be paid at closing by the borrower. Late charges, escrow shortages, or other miscellaneous fees may not be financed in the new mortgage.

**d. New Construction Completed Prior to Closing.** The lender must submit documentation showing:

1. Construction payoff including accrued interest
2. Origination date for construction/interim financing
3. HUD-1 settlement statement showing original loan amount
4. Actual cost to construct (copy of executed building contract/sales contract)
5. Copy of Builder Permit issued prior to start of construction (evidence of "pre-approval" of the property)
6. Certificate of Occupancy or its equivalent issued by local jurisdiction (in those jurisdictions that perform three local inspections and issue a Certificate of Occupancy [or equivalent], this certificate is evidence of completion of the local inspections)
7. If both items 5 and 6 above are not submitted, either an Early Start Letter issued by the lender before start of construction plus three inspections OR a HUD-approved 10-year warranty plan with a final inspection (by an FHA roster inspector or qualified individual) is required to be submitted to obtain maximum financing (greater than 90% LTV)
8. Warranty of Completion of Construction Form HUD-92544
9. Builders Certification of Plans, Specifications and Site Form HUD-92541
10. Subterranean Termite Soil Treatment Builder's Guarantee, Form NPCA-99A
11. New Construction Subterranean Termite Soil Treatment Record, Form NPCA-99B
12. Local Health Authority well water analysis or septic report, where applicable

Where financing is 90% LTV or less, also submit the Final Inspection by an FHA roster inspector.

**e. Subordinate Liens.**

- Subordinate liens, including lines of credit, regardless of when taken, may remain outstanding provided the combined loan to value does not exceed 105% of the appraised value (a loan will only be allowed to exceed 100% of the appraised value when the borrower has received a valid non-profit down payment assistance loan). A subordination agreement must be executed and recorded at closing. However, subordinate liens resulting from Department of Hawaiian Home Land direct loans or advances shall not be subordinated, except that subordinate liens funded with Native Hawaiian Housing Block Grant (NHHBG) funds authorized under the Native American Housing Assistance and Self-Determination Act (NAHASDA) may be subordinated.
- Subordinate liens that will be paid in full must meet 12 month seasoning requirement. Subordinate liens less than one year old (from the date of loan application), including equity lines of credit, may be included if the borrower

provides conclusive evidence (e.g., canceled checks and paid invoices) that the proceeds were used for the repair or rehabilitation of the subject property.

Eligible improvements include:

Structural alterations and reconstruction; changes for improved functionality and modernization; elimination of health and safety hazards (including the resolution of defective paint surfaces and/or lead based paint problems on homes built prior to 1978); changes for aesthetic appeal and elimination of obsolescence; reconditioning or replacement of plumbing (including connecting to public water and/or sewer system), heating, air conditioning and electrical systems; roofing, gutters and downspouts, flooring, tiling and carpeting; energy conservation improvements (i.e., new double pane windows, insulation, solar domestic hot water systems, etc.); site improvement, patios and terraces that improve the value of the property equal to the dollar amount spent on the improvements or required to preserve the property from erosion; improvements for accessibility to the handicapped; new appliances (used appliances are not eligible); interior or exterior painting.

- If any portion of a line of credit in excess of \$1,000 was advanced within the past twelve (12) months and was for the purpose other than repairs and rehabilitation of the subject property, the line of credit is not eligible for inclusion in the new mortgage.
  - If the borrower has a subordinate lien against the subject property from the Department of Hawaiian Home Lands or a non-profit organization and it does not require a monthly mortgage payment, the subordinate mortgage may remain outstanding with no combined loan to value (CLTV) cap.
  - When a monthly payment is required, the combined financing may not exceed 105% of the appraised value.
- f. Closing Cost Assistance Liens.** Lenders must provide a copy of the original HUD-1 for the existing mortgage to verify if closing cost/down payment assistance was provided. If closing cost/down payment assistance was provided for the existing mortgage, DHHL's approval of the refinance must be obtained and documented in the loan file.
- g. Prepaid Expenses.** Prepaid expenses may include the per diem interest on the new loan to the end of the month, the hazard insurance premium, and real estate taxes needed to establish the new escrow account.
- h. Credit Standards.** Borrower must meet the following credit requirements:
- No late payments in the past 12 months on all accounts.
  - No bankruptcy, judgment, or liens in the past 24 months.
  - No accounts converted to collection in the past 12 months.
  - All collections must have been paid in full 12 months prior to the date of loan application.
  - All accounts that were delinquent and/or in collection and are being paid through a repayment agreement must include an executed repayment agreement

between the creditor and the borrower and a 12 month payment history under the repayment agreement.

- A debt-to-income ratio of no more than 41 percent is generally required to qualify the borrowers. A debt-to-income ratio between 41 and 45 percent may be acceptable if significant compensating factors are presented and documented in the loan file.<sup>2</sup> The lender must obtain HUD approval to consider a debt-to-income ratio exceeding 45 percent.

**Exceptions.** Requests for exceptions to any of the above must be reviewed by HUD's Office of Loan Guarantee (OLG) and approval is on a case-by-case basis. Lenders must fully document an exception request with supporting evidence and/or show evidence that the "credit issue" was a circumstance beyond the control of the borrowers.

- No Cash Back.** Borrowers are not permitted to receive cash back at closing. The maximum tolerance for minor adjustments at closing is \$250.
- Removal of Mortgagor.** A no cash-out refinance may be used to buy out the equity of a co-owner or spouse. The specified equity to be paid is considered property-related indebtedness and is eligible for inclusion in calculating the new mortgage. A divorce decree, settlement agreement, or other bona fide equity agreement must be provided to document the equity to be paid to the co-owner or ex-spouse.
- Net Tangible Benefit.** The lender must determine that there is a net tangible benefit as a result of the streamline refinance transaction (with or without an appraisal). See Net Tangible Benefit Worksheet at Refinance Appendix 10.8. Net Tangible Benefit is defined as either:
  - A reduction of at least 5% in the mortgage payment (principal and interest); or
  - A reduction in the term of the mortgage

## 1.4 Cash-Out Refinance

- Maximum Mortgage Amount.** The maximum mortgage amount for a cash-out refinance is:
  - If the property has been owned for one year or more, the maximum mortgage amount is limited to 85% of the appraised value.
  - If the property has been owned for less than one year, use the lower of 85% of the appraised value, 85% of the original sales price as verified on the HUD-1, or the FHA loan limit as of March 3, 2008. The existing mortgage is required to be seasoned a minimum of 6 months.

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<sup>2</sup> If an underwriter is unclear as to whether compensating factors can be considered significant, please contact the Office of Loan Guarantee for clarification.

Refer to the 184A Cash-Out Refinance Maximum Mortgage Amount Worksheet (see refinance appendix 10.2). Use the Cash Out Refinance Transactions Mortgage Credit Analysis Worksheet (see refinance appendix 10.6).

Term of the new loan may be up to 30 years. Monthly payment can increase without restrictions, provided the debt-to-income ratio does not exceed 41 percent. Temporary interest rate buy-downs may not be used for a cash-out refinance.

- b. Credit Standards.** Cash out refinances historically have a higher risk; therefore, the borrower's credit history must meet the following credit requirements:
- No late payments in the past 24 months on all open accounts.
  - No late payments in the past 36 months on all mortgage accounts (if less than one year, all mortgage payments and subordinate liens must have been made within the month due).
  - No bankruptcy, judgment, or liens in the past 48 months.
  - No accounts converted to collection in the past 24 months.
  - All accounts that were delinquent and/or in collection and are being paid through a repayment agreement must include an executed repayment agreement between the creditor and the borrower and a 12 month payment history under the repayment agreement.
  - Cash out refinance transactions shall not exceed a 41 percent debt-to-income ratio.

**Exceptions.** Requests for exceptions to any of the above must be reviewed by HUD's OLG and approval is on a case-by-case basis. Lenders must fully document an exception request with supporting evidence and/or show evidence that the "credit issue" was a circumstance beyond the control of the borrowers.

- c. Payments to Creditors.** All payments to third party creditors must be paid at closing and documented on the HUD-1 settlement statement.
- d. Maximum Cash to Borrower.** Refinances that include a *cash distribution* directly to the borrower cannot exceed 85% of the appraised value and shall be limited to a maximum cash amount to borrower not exceeding 50 percent of the FHA loan limit for the area as of March 3, 2008.

The statutory Federal Housing Administration (FHA) loan limits as of March 3, 2008 are as follows:

County Name	Single Family	Duplex	Tri-Plex	Four-Plex
Hawaii	\$470,250	\$529,650	\$643,500	\$742,500
Honolulu	\$544,185	\$658,106	\$799,568	\$922,578
Kalawao	\$200,160	\$256,248	\$309,744	\$384,936
Kauai	\$544,185	\$647,350	\$786,500	\$907,500
Maui	\$544,185	\$638,750	\$776,100	\$895,500

- e. Cash-Out Letter.** The underwriting file and the request for loan guarantee package must include a detailed executed statement from the borrower describing how the funds are to be utilized.

- f. **Subordinate Liens.** Existing subordinate financing may remain in place provided the combined loan to value does not exceed 85% of the appraised value. A subordination agreement must be executed and recorded at closing. However, subordinate liens resulting from Department of Hawaiian Home Land direct loans or advances shall not be subordinated, except that subordinate liens funded with Native Hawaiian Housing Block Grant (NHHBG) funds authorized under the Native American Housing Assistance and Self-Determination Act (NAHASDA) may be subordinated.
- g. **Repairs to the subject property.** If appraised value is subject to repairs, the lender must establish a single close construction escrow account or escrow holdback. Upon completion of repairs and receipt of the final inspection, remaining funds may be disbursed to the borrower.
- h. **Closing Cost Assistance Liens.** Lenders must provide a copy of the original HUD-1 for the existing mortgage to verify if closing cost/down payment assistance was provided. If closing cost/down payment assistance was provided for the existing mortgage, DHHL's approval of the refinance must be obtained and documented in the file.
- i. **Properties Owned Free & Clear.** If the property is owned free and clear, it is eligible for cash out refinance.

### 1.5 Credit & Non-Credit Qualifying Streamline Refinances

Streamline refinances are limited to an existing guaranteed Section 184A mortgage. A streamline refinance will typically lower the borrower's monthly payment or reduce the term of the mortgage. Term of the new loan may be up to 30 years. An existing 30 year mortgage may be refinanced to a shorter term provided that the new monthly payment to principal and interest increases no more than \$50.

- a. **Evidence of Existing Section 184A Mortgage.** The lender must indicate on the 184A Case Number Request form that the refinance is a streamline. HUD's OLG will then verify that the existing mortgage is a guaranteed 184A mortgage.
- b. **Delinquent Mortgages.** Delinquent mortgages are not eligible for a streamline refinance. The lender must verify and document the payment history on the existing mortgage.
  - The existing mortgage must be current, and must be seasoned for at least six months at the time of loan application.
  - For mortgages with less than a 12 month payment history, all mortgage payments must have been made within the month due.
  - For mortgages with more than a 12 month payment history, there must not be more than one mortgage payment 30 or more days late in the preceding 12 months and all mortgage payments must have been made in the month due for a minimum of 3 months prior to loan application.
- c. **Maximum Mortgage Amount.** The maximum mortgage amount for a credit or non credit qualifying streamline refinance is the lessor of:

- Without an appraisal: The new loan cannot exceed the original principal balance (documented by a signed copy of the original HUD-1 Settlement Statement, a copy of the original signed Note or a copy of the Guarantee certificate.
  - Closing costs, prepaids and up to 30 days interest can be included if these combined amounts plus the unpaid principal balance are less than the original principal balance.
- With an appraisal: The appraised value multiplied by 97.75% if appraised value is greater than \$50,000 (98.75% if value is \$50,000 or less)
  - Closing costs, prepaids and up to 30 days interest can be included if these combined amounts plus the unpaid principal balance are less than the appraised value multiplied by the appropriate percentage.

Refer to the 184A Non-Credit Qualifying Streamline Refinance With an Appraisal or Without an Appraisal Worksheets to determine the maximum mortgage amount (see refinance appendices 10.3 and 10.4).

**d. Adding or Deleting a Borrower.**

- Adding a borrower – An additional borrower may be added to the note when refinancing an existing 184A guaranteed mortgage through a credit qualifying or non-credit qualifying stream line refinance.
- Deleting a borrower – When a borrower is deleted from the existing 184A loan, the remaining borrower(s) must be program eligible and must income and credit qualify for the 184A refinance. When deleting a borrower from an existing 184A mortgage, the remaining occupying mortgagor must meet 184A Program eligibility. That is be an eligible native Hawaiian, as determined by DHHL with a Certification of Eligibility, have a Department of Hawaiian Home Lands Lease, and qualify under 184A Credit Qualifying Streamline Refinance guidelines.

With the addition or deletion of a borrower, the mortgage must comply with all DHHL leasing requirements. All individuals appearing on the loan application must sign the promissory note. All borrowers named on the lease must be a signatory to the mortgage. The lender shall obtain from DHHL a Certification of Eligibility and Consent to Mortgage.

- e. **MCAW.** As applicable, the No Cash-Out Refinance Mortgage Credit Analysis Worksheet (see refinance appendix 10.5) or the Streamline with No Appraisal Refinance Mortgage Credit Analysis Worksheet (see refinance appendix 10.7) must be submitted. However, the sections related to income, assets, debts, and other obligations need not be completed for non-credit qualifying streamline refinances.
- f. **No Cash Back.** Borrowers are not permitted to receive cash back at closing. The maximum tolerance for minor adjustments at closing is \$250.

- g. Subordinate Liens.** Subordinate liens, including lines of credit, regardless of when taken, may remain outstanding provided the combined loan to value does not exceed the appraised value. A subordination agreement must be executed and recorded at closing. However, subordinate liens resulting from Department of Hawaiian Home Land direct loans or advances shall not be subordinated, except that subordinate liens funded with Native Hawaiian Housing Block Grant (NHHBG) funds authorized under the Native American Housing Assistance and Self-Determination Act (NAHASDA) may be subordinated.

If the borrower has a second mortgage against the subject property from the Department of Hawaiian Home Lands or a non-profit organization and does not require a monthly mortgage payment, the subordinate mortgage may remain outstanding with no combined loan to value (CLTV) cap. When a monthly payment is required, the combined financing may not exceed 105% of the appraised value.

- h. Net Tangible Benefit.** The lender must determine that there is a net tangible benefit as a result of the streamline refinance transaction (with or without an appraisal). See Net Tangible Benefit Worksheet at Refinance Appendix 10.8. Net Tangible Benefit is defined as either:
- A reduction of at least 5% in the mortgage payment (principal and interest); or
  - A reduction in the term of the mortgage
- i. Verification of Employment.** The lender must include a signed and dated verification of employment (written or verbal).
- j. Uniform Residential Loan Application (URLA).** Lenders may no longer use an abbreviated version of the URLA. Due to various disclosure requirements and our long-standing belief that borrowers are best served when certifications they must make are divulged as early as possible in the loan application process, the loan application must be signed and dated by the borrower(s) before the loan is underwritten. Lenders are permitted to process the loan after the borrowers and interviewer complete the initial URLA and initial form HUD-92900A, HUD/VA Addendum to Uniform Residential Loan Application.
- k. Repairs.** Unless repairs are for lead-based paint, repairs may not be financed with a streamline refinance.
- l. Appraisal and Credit Report Fees.** If the lender is required by law, banking regulations or its investors to obtain an appraisal or credit report on a mortgage that can be processed without appraisal or credit report, the fees may not be financed in the mortgage, and may be paid by the applicant out-of-pocket.
- m. Cash-to-Close.** If the borrower needs less than \$1,000 in cash to close, documentation of the funds is not required.
- n. Social Security Numbers.** Social security numbers must be verified on all borrowers.
- o. The Use of an Appraisal.** When the proposed mortgage amount (payoff, closing costs and prepaids) exceeds the original loan amount, a borrower may use an appraisal to justify a final loan amount higher than the streamline limit. This can be done only when

the mortgage is over 12 months old. The appraised value will be used to substantiate the higher loan amount. If the appraised value is such that it is not beneficial to the applicant, the underwriter may choose to proceed as if no appraisal were done. The appraisal may be voided and the file documented in the "remarks" section of MCAW. The maximum loan amount will remain the original loan amount and the borrower will pay all additional amounts at closing.

**p. A Credit Qualifying Streamline Refinance.** This type of transaction can be processed with or without an appraisal, as appropriate, and it may be used when:

- A reduction in mortgage term will result in an increase (over 15%) in the applicant's payment to principal and interest.
- Deleting a borrower - When deleting a borrower from an existing 184A mortgage, the remaining occupying mortgagor must meet 184A Program eligibility. That is be an eligible native Hawaiian, as determined by DHHL with a Certification of Eligibility, have a Department of Hawaiian Home Lands Lease, and qualify under 184A Credit Qualifying Streamline Refinance guidelines.
- Following an assumption of a mortgage that did not trigger a due-on-sale clause such as a divorce or descent, and the assumption occurred less than 6 months previously.

In addition the following apply:

- 1. Credit Documents.** The lender must provide verification of income (adequacy and stability), credit report, CAIVRS, and computation of the total debt-to-income ratio on the MCAW. The debt-to-income ratio is generally limited to 41 percent. A debt-to-income ratio between 41 and 45 percent may be acceptable if significant compensating factors are presented and documented in the loan file. The lender must obtain HUD approval to consider a debt-to-income ratio exceeding 45 percent.
- 2. Acceptable Credit History.** The lender must provide evidence that the existing borrower has an acceptable credit history and ability to make the monthly mortgage payments.

**q. Non-Credit Qualifying Streamline Refinances.** Non-credit qualifying streamline refinances may be processed without an appraisal.

## 1.6 Firm Commitment Submission

HUD recommends that the items listed below be included in the request for firm commitment/loan approval submitted to the lender's 184A Direct Guarantee Underwriter.

**a. Cash-Out and No Cash-Out Refinances (see Checklist in refinance appendix 10.9)**

- 1. Firm Commitment Submission Checklist** (see refinance appendix 10.9)
- 2. Section 184A Case Number Request Form** (with case number assignment)
- 3. Maximum Mortgage Worksheet for Refinances** (see refinance appendix 10.1 or 10.2)
- 4. Good Faith Estimate** (original and all re-disclosures)

5. **Initial Uniform Residential Loan Application/Addendum A** (initial signed and dated by all applicants and the lender and the addendum to the URLA)
6. **Final Uniform Residential Loan Application/Addendum A** (final/unsigned)
7. **Copy of Original HUD-1** (to document the original sales price)
8. **Verification of Mortgage(s)** - to include principal balance, date loan originated, names of original borrowers, and type of loan.
9. **Payoff Statement(s)** - from the existing lender showing the unpaid principal balance for the month of closing for the existing loan.
10. **Subordination Agreement** (if applicable)
11. **Detailed Explanation Letter from Borrower Regarding Use of Cash Proceeds** (Cash-Out Refinance)
12. **Appraisal Report URAR**
13. **Final Inspection** (if required by appraiser)
14. **Department of Hawaiian Home Lands Certification of Eligibility** - Verification that the applicant is an eligible native Hawaiian as determined by DHHL.
15. **Department of Hawaiian Home Lands Lease**
16. **Social Security Evidence** - A copy of the actual social security card is not required. The Social Security Number can be obtained from such documents as W-2's and pay stubs.
17. **Credit Report** on all applicants that will be obligated on the Note. Lenders may accept a three repository merged credit report instead of the more comprehensive residential mortgage credit report. Lenders must use credit repositories that are able to report both credit and public records information for each locality that the applicant lived in during the past 2-year period.
18. **Letter of Explanation on Derogatory Credit** - must be provided by the applicant with additional documentation necessary for the lender to make a sound underwriting decision.
19. **W-2's, Most Recent Pay Stubs, and Verification of Employment** - The lender must obtain from the applicant pay stubs covering the most recent 30-day period, along with copies of the previous 2 years' IRS W-2 forms, and a completed written or verbal Verification of Employment (VOE) directly from the employer. At a minimum, the pay stub must clearly show the applicant's name, social security number, and year-to-date earnings.
20. **Federal Income Tax Returns with all schedules (self employed applicants).** Signed copies of individual returns with all applicable schedules and signed copies of Federal business income tax returns with all applicable schedules. If the business is a corporation, an "S" corporation, or a partnership the income tax return for the business must be submitted. Year-to-date profit-and-loss and financial balance statements for all business entities along with evidence of quarterly tax payments must also be provided. Commissioned individuals must provide individual federal income tax returns for the past two years. The lender must also obtain a signed form IRS 4506, IRS 8821, or whatever form is appropriate for obtaining tax returns directly from the Internal Revenue Service for any loan where the applicant's tax returns are required. The lender may use an electronic retrieval but cannot charge the applicant for this service.
21. **Signed IRS Form 4506T Request for Transcript of Tax Return** - If the applicant files tax returns, the lender must also obtain a signed copy of form IRS 4506T. Lender should obtain verification of reported income directly from the IRS, along with the IRS transcript, if there is any undisclosed income or loss, or inconsistency is found on the IRS report.

22. **Verification of Deposit and Most Recent Bank Statements.** The lender must obtain from the applicant copy of bank statements covering the most recent consecutive three month period. Provided the bank statement shows the previous month's ending balance, this requirement is met by obtaining the two most recent consecutive statements. Alternately, lenders may obtain a written Verification of Deposit (VOD) directly from the depositor and a copy of the most recent bank statement. Satisfactory electronic copies of the bank statements are acceptable.
23. **For No Cash-Out and for Streamline Refinances, 12 Month Verification of Prior Payment History; for Cash-out Refinances, 24 Month Verification of Prior Payment History** of previous mortgages or any other recurring housing payments including rental payments. This may be in the form of a verification of mortgage including payment history, verification of rent obtained directly from the landlord or 12 / 24 months of cancelled checks. Such verification is not required for any mortgage reported on the credit report.
24. **Credit Alert Interactive Voice Response System (CAIVRS)** – checked against all borrowers.
25. **Limited Denial of Participation(LDP)/Excluded Parties List System (GSA-EPLS)** for all parties to the transaction.
26. **Flood Certificate**
27. **Termite Inspection Report** (if required by appraiser)
28. **Well and Septic Inspection Report** (if required by appraiser)
29. **Certificate of Homeowners Insurance Policy**
30. **Preliminary HUD-1** (with all lender and closing agent costs shown)
31. **Environmental Review** (documented by HUD)

**b. Streamline Refinances - with or without an appraisal; credit qualifying or non-credit qualifying (see Checklist in refinance appendix 10.10)**

1. **Firm Commitment Submission Checklist.** (see refinance appendix 10.10 )
2. **Section 184A Case Number Request Form** (with case number assignment)
3. **Maximum Mortgage Worksheet** (see refinance appendix 10.3 or 10.4)
4. **Good Faith Estimate** (original and all re-disclosures)
5. **Initial Uniform Residential Loan Application/Addendum A** (initial signed and dated by all applicants and the lender and the addendum to the URLA)
6. **Final Uniform Residential Loan Application/Addendum A** (final/unsigned)
7. **Evidence of Current Mortgage Guaranteed Under Section 184A Program and Case Number**
8. **Verification of Mortgage(s)** - to include principal balance, date loan originated, names of original borrowers, and type of loan.
9. **Payoff Statement(s)** - from the existing lender showing the unpaid principal balance for the month of closing for the existing loan.
10. **Subordination Agreement** (if applicable)
11. **Appraisal Report URAR** (with an appraisal)
12. **Final Inspection** (if required by appraiser)
13. **Department of Hawaiian Home Lands Certification of Eligibility** - Verification that the applicant is an eligible native Hawaiian as determined by DHHL.
14. **Department of Hawaiian Home Lands Lease**

15. **Social Security Evidence.** A copy of the actual social security card is not required. The Social Security Number can be obtained from such documents as W-2's and pay stubs.
16. **Credit Report – (Credit Qualifying)** - on all applicants that will be obligated on the Note. Lenders may accept a three repository merged credit report instead of the more comprehensive residential mortgage credit report. Lenders must use credit repositories that are able to report both credit and public records information for each locality that the applicant lived in during the past 2-year period.
17. **Letters of explanation on Derogatory Credit (Credit Qualifying)** must be provided by the applicant with additional documentation necessary for the lender to make a sound underwriting decision.
18. **W-2's, Most Recent Pay Stubs, and Verification of Employment (Credit Qualifying)** - The lender must obtain from the applicant pay stubs covering the most recent 30-day period, along with copies of the previous 2 years' IRS W-2 forms, and a completed written or verbal Verification of Employment (VOE) directly from the employer. At a minimum, the pay stub must clearly show the applicant's name, social security number, and year-to-date earnings.  
**(Non-Credit Qualifying)** – Lender must provide a VOE, either verbal or written, to show the borrower is currently still employed.
19. **Federal Income Tax Returns with all schedules (self employed applicants) – Credit Qualifying** - Signed copies of individual returns with all applicable schedules and signed copies of Federal business income tax returns with all applicable schedules. If the business is a corporation, an "S" corporation, or a partnership the income tax return for the business must be submitted. Year-to-date profit-and-loss and financial balance statements for all business entities along with evidence of quarterly tax payments must also be provided. Commissioned individuals must provide individual federal income tax returns for the past two years. The lender must also obtain a signed form IRS 4506, IRS 8821, or whatever form is appropriate for obtaining tax returns directly from the Internal Revenue Service for any loan where the applicant's tax returns are required. The lender may use an electronic retrieval but cannot charge the applicant for this service.
20. **Signed IRS Form 4506T Request for Transcript of Tax Return-** If the applicant files tax returns, the lender must also obtain a signed copy of form IRS 4506T. Lender should obtain verification of reported income directly from the IRS, along with the IRS transcript, if there is any undisclosed income or loss, or inconsistency is found on the IRS report.
21. **Verification of Deposit and Most Recent Bank Statements if borrower needs more than \$1,000 in cash to close** –The lender must obtain from the applicant copy of bank statements covering the most recent consecutive 3 month period. Provided the bank statement shows the previous month's ending balance, this requirement is met by obtaining the two most recent consecutive statements. Alternately, lenders may obtain a written Verification of Deposit (VOD) directly from the depositor and a copy of the most recent bank statement. Satisfactory electronic copies of the bank statements are acceptable.
22. **Credit Alert Interactive Voice Response System (CAIVRS)** – checked against all borrowers.
23. **Limited Denial of Participation(LDP)/Excluded Parties List System (GSA-EPLS)** for all parties to the transaction.
24. **Flood Certificate**

25. **Termite Inspection Report** (if required by appraiser)
26. **Well and Septic Inspection Report** (if required by appraiser)
27. **Certificate of Homeowners Insurance Policy**
28. **Preliminary HUD-1** with all lender and closing agent costs shown.
29. **Environmental Review** (documented by HUD)

### **1.7 Request for Loan Guarantee Submission (see Checklist in refinance appendix 10.12)**

The items listed below must be included in the lender's request for 184A loan guarantee. All forms must be submitted to HUD's Honolulu Field Office secured in a file folder in the following stacking order (top to bottom). The file folder should be labeled with the lender's name, borrower's last name, and 184A case number.

1. **Request for Endorsement** (Form HUD-54111)
2. **Late Request for Endorsement** (submissions more than 60 days after closing), include letter and current payment history.
3. **Payment of Loan Guarantee Fee** via [www.pay.gov](http://www.pay.gov)
4. **Transmittal for Loan Guarantee fee payment form, HUD-53038** (printed via [www.pay.gov](http://www.pay.gov))
5. **Firm Commitment signed and dated by Direct Guarantee Underwriter** (loan must close in compliance with firm commitment)
6. **Mortgage Credit Analysis Worksheet**, signed and dated by Direct Guarantee Underwriter
7. **Maximum Mortgage Worksheet**
8. **Net Tangible Benefit Worksheet**
9. **Evidence of Current Mortgage Guaranteed Under Section 184A Program and Case Number**
10. **Copy of Original HUD-1**
11. **Verification of Mortgage(s)** - to include principal balance, date loan originated, names of original borrowers, and type of loan
12. **Pay Off Statement(s)** - from the existing lender showing the unpaid principal balance for the month of closing for the existing loan
13. **Subordination Agreement** (if applicable)
14. **Detailed Explanation Letter from Borrower Regarding Use of Cash Proceeds** (cash-out refinance)
15. **Final Truth-in-Lending Statement**
16. **Good Faith Estimate** (original and updated statements issued)
17. **Final Signed Uniform Residential Loan Application and Addendum A** executed by borrower and lender
18. **Initial Signed Uniform Residential Loan Application and Addendum A** executed by borrower and lender
19. **Fully Executed DHHL Certification of Eligibility**
20. **Note Instrument**
21. **DHHL recorded Mortgage Instrument with 184A Rider and any additional applicable riders**
22. **DHHL's recorded Consent to Mortgage**
23. **DHHL recorded Lease** including any amendment, addendum, succession or assignment of lease documentation

24. **DHHL recorded Section 184A Guarantee Rider** (Rider to the Lease document and must be recorded as such)
25. **Final signed HUD-1 Settlement Statement** (form HUD-1 or HUD-1A) **and all attachments**
26. **Certificate of Homeowners Insurance Policy** – equal to lesser of 100% of insurable value of improvements as established by property insurer; or the unpaid principal balance of the loan or sufficient funds to compensate for damage or loss on a replacement cost basis
27. **Flood Certificate**
28. **Termite Inspection Report** (if required by appraiser)
29. **Well and Septic Inspection Report** (if required by appraiser)
30. **Environmental Review documentation**
31. **For New Construction Completed Prior to Closing:**
  1. Documentation showing actual cost to construct (copy of executed building contract/sales contract)
  2. Copy of Builder Permit issued prior to start of construction (evidence of “pre-approval” of the property)
  3. Certificate of Occupancy or its equivalent issued by local jurisdiction (in those jurisdictions that perform three local inspections and issue a Certificate of Occupancy [or equivalent], this certificate is evidence of completion of the local inspections)
  4. If both items 2 and 3 above are not submitted, either an Early Start Letter issued by the lender before start of construction plus three inspections OR a HUD-approved 10-year warranty plan with a final inspection (by an FHA roster inspector or qualified individual) is required to be submitted to obtain maximum financing (greater than 90% LTV)
  5. Warranty of Completion of Construction Form HUD-92544
  6. Builders Certification of Plans, Specifications and Site Form HUD-92541
  7. Subterranean Termite Soil Treatment Builder’s Guarantee, Form NPCA-99A
  8. New Construction Subterranean Termite Soil Treatment Record, Form NPCA-99B
  9. Local Health Authority well water analysis or septic report, where applicable

Where financing is 90% LTV or less, submit: HUD-92541; NPCA 99A and 99B; Final Inspection by an FHA roster inspector; Local Health Authority well water analysis or septic report, where applicable – property must be 100% complete.
32. **Uniform Residential Appraisal Report** (with appraisal transactions)
33. **Condition Sheet or explanation when appraisal subject to repairs** (with appraisal transactions)
34. **Borrower Social Security Evidence**
35. **Credit Report** (credit qualifying transactions)
36. **W-2s** (2 years)
37. **Pay stubs** (most recent 30 day period)
38. **Verifications of Employment**
39. **Federal Income Tax Returns with all schedules (self-employed borrowers)**
40. **IRS Form 4506T** signed by borrowers
41. **Bank Statements** (most recent 3 month period) and/or Verification of Deposit

42. **For No Cash-Out and for Streamline Refinances, 12 Month Verification of Prior Payment History; for Cash-out Refinances, 24 Month Verification of Prior Payment History** of previous mortgages or any other recurring housing payments including rental payments.
43. **CAIVRS** (on MCAW acceptable) – all borrowers must be screened
44. **Limited Denial of Participation and Excluded Parties List System** (check all parties to the transaction)
45. **Letters of Explanation on Derogatory Credit** signed by borrower
46. **Proof of completion of any additional firm commitment conditions** not listed above.
47. **Copy of 184A case number assignment documentation from HUD**

# **Section 184A Native Hawaiian Housing Loan Guarantee Refinance Appendices**

**NO CASH OUT REFINANCE  
MAXIMUM MORTGAGE WORKSHEET**

Use the Mortgage Credit Analysis Worksheet, Fully Credit Qualifying with Appraisal

**The Lesser of:**

<b>1-A. APPRAISED VALUE ONLY (No Closing Costs Added)</b>	
\$	Appraised Value (MCAW #12)
X 97.75%	(Use 98.75% if Value is \$50,000 or less)
=	<b>Maximum Mortgage BEFORE LG Fee</b>

**OR**

<b>1-B. IF OWNED 12 MONTHS OR MORE, EXISTING DEBT PLUS ALLOWABLE ADDITIONAL ITEMS</b>	
\$	Principal Balance on existing first lien + prepayment penalties + up to 30 days interest accrued for the current month on the old loan
+	Allowable borrower-paid closing costs (MCAW 7c)
+	Property liens that are seasoned at least 1 year.
+	Repairs required by the appraiser (must be completed prior to closing)
+	Prepaid Expenses (Per diem interest to end of month on new loan + hazard insurance deposits + real estate tax deposits, if applicable)
+	Reasonable Discount Points
=	<b>Maximum Mortgage Amount BEFORE LG Fee</b>

**OR**

<b>1-C. IF OWNED LESS THAN 12 MONTHS (not 184A guaranteed),</b>	
\$	Original Sales Price
+	Repairs (if applicable) paid after purchase and documented in file and subordinate lien <1 year used for repairs/rehab after purchase and documented in file
X 97.75%	(Use 98.75% if Value is \$50,000 or less)
=	<b>Maximum Mortgage BEFORE LG Fee</b>

**MAXIMUM MORTGAGE BEFORE LG FEE IS LOWEST OF 1-A, 1-B, 1-C**

- **Lowest of 1-A, 1-B, 1-C, or FHA loan limit as of March 3, 2008 is placed on MCAW, Line 14j**
- **Payoff of Existing Liens is placed on MCAW, Line 14a**

**CASH OUT REFINANCE**  
**MAXIMUM MORTGAGE WORKSHEET**

Use the Mortgage Credit Analysis Worksheet, Full Credit Qualifying with an Appraisal

<b>2-A. Owned One Year or More</b>	
\$	Appraised Value (MCAW #12)
X 85%	
=	<b>Maximum Mortgage Amount BEFORE LG Fee</b>

If owned less than one year, then use the LOWER of 2-A above or 2-B below.

<b>2-B. Only if Owned <u>Less Than</u> One Year</b>	
\$	Original Sales Price
X 85%	
=	<b>Maximum Mortgage Amount BEFORE LG Fee</b>

**MAXIMUM MORTGAGE BEFORE LG FEE IS LOWEST OF 2-A or 2-B**

- **Lowest of 2-A, 2-B, or FHA loan limit as of March 3, 2008 is placed on MCAW, Line 14i**
- **Payoff of Existing Liens is placed on MCAW, Line 14a**
  - Term of new loan can be up to 30 years
  - Payment can increase without restrictions, provided the debt-to-income ratio does not exceed 41 percent.
  - VOM or other documentation is required which includes principal balance, date loan originated, names of original borrowers, type of loan, and all required credit verifications (VOE, VOD, etc.)
  - Minimum seasoning of 6 months is required for the existing mortgage. If purchased within the past year, 14i is based on the calculation of the lesser of 85% of original sales price, 85% of appraised value, or the FHA loan limit as of 3-3-2008.
  - A pay-off statement from the existing lender showing the unpaid principal balance for the month of the closing for the existing loan must be included in the credit package.
  - Temporary interest rate buy-downs may not be used for a cash-out refinance.
  - Credit package must contain a detailed statement from borrower explaining purpose of cash back
  - Last 36 mortgage payments (all if less than one year) including subordinate liens must have been made within the month due.

**NON CREDIT QUALIFYING STREAMLINE REFINANCE  
WITH AN APPRAISAL  
REFINANCE MAXIMUM MORTGAGE WORKSHEET**

Use the No Cash Out Refinance Mortgage Credit Analysis Worksheet, Appraisal Required

**The Lesser of:**

<b>3-A. APPRAISED VALUE ONLY (No Closing Costs Added)</b>	
\$	Appraised Value (MCAW #13)
X 97.75%	(Use 98.75% if Value is \$50,000 or less)
=	<b>Maximum Mortgage BEFORE LG Fee</b>

**OR**

<b>3-B. EXISTING DEBT PLUS ALLOWABLE ADDITIONAL ITEMS</b> (Subordinate liens and repairs are not eligible for inclusion in the maximum mortgage)	
\$	Principal Balance on existing first lien + up to 30 days interest accrued for the current month on the old loan
+	Allowable borrower-paid closing costs (MCAW 7c)
+	Prepaid Expenses (Per diem interest to end of month on new loan + hazard insurance deposits + real estate tax deposits, if applicable)
+	Reasonable Discount Points
=	<b>Maximum Mortgage Amount BEFORE LG Fee</b>

**MAXIMUM MORTGAGE BEFORE LG FEE IS LOWEST OF 3-A or 3-B**

- **Lowest of 3-A, 3-B, or FHA loan limit as of March 3, 2008 is placed on MCAW, Line 14g**
- **Payoff of Existing Mortgage is placed on MCAW, Line 14a**

**Section 184A to Section 184A Refinance** (file must contain proof that existing mortgage is 184A guaranteed)

- Term of the new loan can be up to 30 years.
- Owner-occupants and DHHL institutional loans.
- An existing 30-year mortgage may be refinanced to a shorter term provided that the new monthly payment to principal and interest increases no more than \$50.
- Social Security numbers must be verified for all borrowers (see paragraph 5-23c(12)).
- VOM or other documentation is required which includes principal balance, date loan originated, names of original borrowers and type of loan.
- Subordinate financing may remain in place provided the combined loan to value does not exceed the appraised value. A subordination agreement must be executed and recorded at closing.
- A pay-off statement from the previous lender showing the unpaid principal balance for the month of the closing for the existing loan must be included in the credit package.

**NON CREDIT QUALIFYING STREAMLINE REFINANCE  
WITHOUT AN APPRAISAL  
REFINANCE MAXIMUM MORTGAGE WORKSHEET**

Use the Mortgage Credit Analysis Worksheet, Streamline with No Appraisal Required.

**The Lesser of:**

<b>4-A. \$</b>	<b>Original Principal Balance</b> (from the HUD-1 or the Note for the original loan)
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**OR**

<b>4-B. EXISTING DEBT PLUS ALLOWABLE ADDITIONAL ITEMS</b> (Subordinate liens and repairs are not eligible for inclusion in the maximum mortgage)	
\$	Principal Balance on existing first lien + up to 30 days interested accrued for the current month on the existing loan
+	Allowable borrower-paid closing costs (MCAW 7c)
+	Prepaid Expenses (Per diem interest to end of month on new loan + hazard insurance deposits + real estate tax deposits, if applicable)
+	Reasonable Discount Points
	<b>Maximum Mortgage Amount BEFORE LG Fee</b>

**Maximum Mortgage before Loan Guarantee Fee is Lesser of 4-A or 4-B**

- **Lowest of 4-A, 4-B, or FHA loan limit as of March 3, 2008 is placed on MCAW, Line 14g**
- **Payoff of Existing Mortgage is placed on MCAW, Line 14a**

**Section 184A to Section 184A Refinance** (file must contain proof that existing mortgage is 184A guaranteed)

- Term of the new loan can be up to 30 years.
- Owner-occupant and DHHL institutional loans.
- An existing 30-year mortgage may be refinanced to a shorter term provided that the new monthly payment to principal and interest increases no more than \$50.
- Social Security numbers must be verified for all borrowers (see paragraph 5.23c(12)).
- VOM or other documentation is required which includes principal balance, date loan originated, names of original borrowers and type of loan.
- Subordinate financing may remain in place provided the combined loan to value does not exceed the appraised value. A subordination agreement must be executed and recorded at closing.
- A pay-off statement from the previous lender showing the unpaid principal balance for the month of the closing for the existing loan must be included in the credit package.
- If an appraisal is ordered but the borrower decides to proceed with a streamline without an appraisal, the appraisal may be voided.

**SECTION 184A NATIVE HAWAIIAN HOUSING LOAN GUARANTEE  
PROGRAM  
RECOMMENDED UNDERWRITING SUBMISSION CHECKLIST  
DIRECT GUARANTEE  
Cash-Out and No Cash-Out Refinances**

**BORROWER(S):** \_\_\_\_\_ **Case #** \_\_\_\_\_

Firm Commitment Submission Checklist	
Section 184A Case Number Request Form (with case number assignment)	
Maximum Mortgage Worksheet for Refinances	
Good Faith Estimate (Original and all re-disclosures)	
Uniform Residential Loan Application/Addendum A (initial signed)	
Uniform Residential Loan Application/Addendum A (final/unsigned)	
Copy of Original HUD-1 to verify Original Sales Price (if applicable)	
Verification of Mortgage(s)	
Payoff Statement(s)	
Subordination Agreement (if applicable)	
Detailed Explanation Letter from Borrower regarding Use of Cash Proceeds (Cash-Out Refinance)	
Appraisal Report URAR	
Final Inspection (if required by appraiser)	
DHHL Certification of Eligibility	
Department of Hawaiian Home Lands Lease	
Evidence of Social Security Number for all Borrowers	
Credit Report	
Letters of Explanation on Derogatory Credit	
Verification of Employment, Pay Stubs, W-2 Forms/ 1099 Forms	
Federal Income Tax Returns with all schedules (self-employed borrowers)	
Signed IRS Form 4508-T Request for Transcript of Tax Return	
Verification of Deposit / Bank Statements	
For No Cash-Out and for Streamline Refinances, 12 Month Verification of Prior Payment History;	
<del>For Cash-Out Refinances, 24 Month Verification of Prior Payment History.</del>	
Credit Alert Interactive Voice Response System (CAIVRS) – checked against all borrowers	
Limited Denial of Participation (LDP) and General Services Administration Excluded Parties List System (GSA- EPLS) -checked against all parties to the transaction	
Flood Certificate	
Termite Inspection Report (if required by appraiser)	
Well & Septic Inspection Report (if required by appraiser)	
Certificate of Homeowners Insurance Policy	
Preliminary HUD-1 with all lender and closing agent costs	
Environmental Review	

**SECTION 184A NATIVE HAWAIIAN HOUSING LOAN GUARANTEE  
PROGRAM  
RECOMMENDED UNDERWRITING SUBMISSION CHECKLIST -  
"Streamline" Refinances – with or without an Appraisal  
DIRECT GUARANTEE  
QUALIFYING CREDIT OR NON-QUALIFYING CREDIT**

**BORROWER(S):** \_\_\_\_\_ **Case #** \_\_\_\_\_

Firm Commitment Submission Checklist	
Section 184A Case Number Request Form (with case number assignment)	
Maximum Mortgage Worksheet for Refinances	
Good Faith Estimate (Original and all re-disclosures)	
Uniform Residential Loan Application/Addendum A (Initial signed)	
Uniform Residential Loan Application/Addendum A (final/unsigned)	
Evidence of Current Mortgage Guaranteed under Section 184A Program and Case Number	
Verification of Mortgage(s)	
Payoff Statement(s)	
Subordination Agreement (if applicable)	
Appraisal Report URAR	
Final inspection (if required by appraiser)	
DHHL Certification of Eligibility	
Department of Hawaiian Home Lands Lease	
Evidence of Social Security Number for all borrowers	
Credit Report (Credit Qualifying)	
Letters of Explanation on Derogatory Credit (Credit Qualifying)	
Verification of Employment, Pay Stubs, W-2 Forms/ 1099 Forms (VOE only for Non-Credit Qualifying)	
Federal Income Tax Returns with all schedules for self-employed borrowers (Credit Qualifying)	
Signed IRS Form 4506-T Request for Transcript of Tax Return	
Verification of Deposit / Bank Statements (if cash to close exceeds \$1,000)	
For No Cash-Out and for Streamline Refinances, 12 Month Verification of Prior Payment History	
Credit Alert Interactive Voice Response System (CAIVRS) – checked against all borrowers	
Limited Denial of Participation (LDP) General Services Administration Excluded Parties List System (GSA – EPLS) - check against all parties to the transaction	
Flood Certificate	
Termite Inspection Report (if required by appraiser)	
Well & Septic Inspection Report (if required by appraiser)	
Certificate of Homeowners Insurance Policy	
Preliminary HUD-1 with all lender and closing agent costs	
Environmental Review	

**SECTION 184A NATIVE HAWAIIAN HOUSING LOAN GUARANTEE  
PROGRAM  
DHHL INSTITUTIONAL LOAN – HUD PROCESSING (No DG)  
FIRM COMMITMENT SUBMISSION CHECKLIST**

**BORROWER:** \_\_\_\_\_ **Case #** \_\_\_\_\_

ITEM	INCLUDED
Firm Commitment Submission Checklist	
Section 184A Case Number Request Form (with case number assignment)	
Mortgage Credit Analysis Worksheet	
Maximum Mortgage Worksheet (Single Close Only)	
Good Faith Estimate	
Executed Uniform Residential Loan Application (including Addendum A)	
Land Status Information; Lease Instrument including any amendment, addendum, succession or assignment of lease documentation	
CAIVRS	
Appraisal including supporting documentation as provided by the appraiser	
DHHL's Audited Financial Statements (Current and Previous 1 Year)	
Demonstration of DHHL's skills and experience to successfully undertake similar development activities	
Assets Analysis (proving sufficient debt coverage)	
Demonstration of Sufficient Market	
Marketing Plan (sales project)	
Demonstration of DHHL Property Management Skills (rental projects)	
Project Pro-Forma (rental projects)	
Rental and Maintenance Plan (rental projects)	
Evidence of Authority to Borrow	
Evidence of Ability to Obtain Deficiency Judgment	
Verification of Deposit/Funds to Close and Source of Funds	
Credit Report	
Flood Certificate	
Environmental Assessment *Applications for 5 or more homes must include an environmental assessment under the National Environmental Policy Act (NEPA) and compliance with regulations	
Explanatory Statements	
<b>Construction Documents</b>	
Detailed Plans and Specifications	
Construction Schedule	
Cost Estimate	
Construction Contract	
Site Map and Legal Description of the proposed property(ies)	
Breakdown of Costs	
Builder Certification, HUD 92541	

**SECTION 184A NATIVE HAWAIIAN HOUSING LOAN GUARANTEE PROGRAM  
REQUEST FOR LOAN GUARANTEE ENDORSEMENT SUBMISSION CHECKLIST  
DIRECT GUARANTEE  
REFINANCE TRANSACTIONS**

**BORROWER(S):** \_\_\_\_\_ **Case #** \_\_\_\_\_

Request for Endorsement (Form HUD-54111)	
Late Request for Endorsement - more than 60 days after closing (include letter and current payment history)	
Payment of Loan Guarantee Fee via www.pay.gov	
Transmittal for Loan Guarantee fee payment form, HUD-53038 (printed via www.pay.gov)	
Firm Commitment signed and dated by DG Underwriter – loan must close in compliance with firm commitment	
Mortgage Credit Analysis Worksheet, HUD-53036 signed and dated by DG Underwriter	
Maximum Mortgage Worksheet	
Net Tangible Benefit Worksheet	
Evidence of Current Mortgage Guaranteed Under Section 184A Program and Case Number	
Copy of Original HUD-1	
Verification of Mortgage(s)	
Pay Off Statement(s)	
Subordination Agreement (if applicable)	
Detailed Explanation Letter from Borrower Regarding Use of Cash Proceeds (cash-out refinance)	
Final Truth-in-Lending Statement	
Good Faith Estimate (original and updated statements issued)	
Final Signed and dated Uniform Residential Loan Application and Addendum A executed by borrower and lender	
Initial Signed and Dated Uniform Residential Loan Application and Addendum A executed by borrower and lender	
Fully Executed DHHL Certification of Eligibility	
Note Instrument	
DHHL recorded Mortgage Instrument with 184A Rider and any additional applicable riders	
DHHL's recorded Consent to Mortgage	
DHHL recorded Lease including any amendment, addendum, succession or assignment of lease documentation	
DHHL recorded Section 184A Guarantee Rider (Rider to the Lease document and must be recorded as such)	
Final signed HUD-1 Settlement Statement (form HUD-1 or HUD-1A) and all attachments	
Certificate of Homeowners Insurance Policy - equal to lesser of 100% of insurable value of improvements as established by property insurer; or the unpaid principal balance of the loan or sufficient funds to compensate for damage or loss on a replacement cost basis	
Flood Certificate	
Termite Inspection Report (if required by Appraiser)	
Well and Septic Inspection Report (if required by Appraiser)	
Environmental Review documentation	
<b>(Continue on next page)</b>	
<b>For New Construction Completed Prior to Closing:</b>	

Documentation showing actual cost to construct	
Builder Permit issued prior to start of construction (evidence of "pre-approval" of the property)	
Certificate of Occupancy or its equivalent issued by local jurisdiction (In those jurisdictions that perform three local inspections and issue a Certificate of Occupancy [or equivalent], this certificate is evidence of completion of the local inspections)	
If <b>both</b> items 2 and 3 above are not submitted, either an Early Start Letter issued by the lender before start of construction plus three inspections OR a HUD-approved 10-year warranty plan with a final inspection (by an FHA roster inspector or qualified individual) is required to be submitted to obtain maximum financing (greater than 90% LTV)	
Warranty of Completion of Construction, HUD-92544	
Builder's Certification of Plans, Specifications and Site, HUD-92541	
Subterranean Termite Soil Treatment Builder's Guarantee, Form NPCA 99-A	
New Construction Subterranean Termite Soil Treatment Record, Form NPCA 99-B	
Local Health Authority well water analysis or septic report, where applicable	
Where financing is 90% LTV or less, submit: HUD-92541; NPCA 99A and 99B; Final Inspection by an FHA roster inspector; Local Health Authority well water analysis or septic report, where applicable - property must be 100% complete	
Uniform Residential Appraisal Report (with appraisal transactions)	
Condition Sheet or explanation when appraisal subject to repairs (with appraisal transactions)	
Borrower Social Security Evidence	
Credit Report (credit qualifying transactions)	
W-2s (2 years)	
Pay stubs (most recent 30 day period)	
Verifications of Employment	
Federal Income Tax Returns with all schedules (self-employed borrowers)	
IRS Form 4506T signed by borrowers	
Bank Statement(s) (most recent 3-month period) and/or Verification of Deposit	
For No Cash-Out and for Streamline Refinances, 12 Month Verification of Prior Payment History; For Cash-Out Refinances, 24 Month Verification of Prior Payment History	
CAIVRS (on MCAW acceptable) – all borrowers must be screened	
Limited Denial of Participation (LDP) General Services Administration Excluded Parties List System (GSA – EPLS) - check against all parties to the transaction	
Letters of Explanation on Derogatory Credit signed by borrower	
Proof of completion of any additional firm commitment conditions not listed above	
Copy of 184A case number assignment documentation from HUD	