



Joseph A.Doria
Chairman

Marge DellaVecchia
Executive Director

BULLETIN

RE: Clarification of Delivery, Underwriting & Purchasing Loans – Bulletin 2008
EFFECTIVE APRIL 1, 2008

The Agency wishes to thank those of you who responded to the changes in our Delivery, Underwriting and Purchasing and Servicing announcement issued earlier this year. We found your comments informative and helpful. The following is our response and hopefully our final need to clarify what the Agency is attempting to accomplish:

The Loan File: It is our intention to meet State & Federal Regulatory requirements by asking that you provide us with the **“original loan documents”** at the time of Underwriting. We are aware that the FHA/VA and Rural Housing agencies require that “original loan documents” (refer to Lenders Guide, Section 4.101) be presented to them as a condition of insurance. Therefore, we will not require that you send us the original loan file for these loan types. We will require that you send us the “copy” file and our “original Bond Program Tax Compliance file documents”- (Reservation Acknowledgement, Mortgagor Affidavit, Sellers Affidavit, Recapture Notice, Past 3 years signed Income Tax Returns and copies of 2 most recent pay stubs). We have produced a packaging list, which is attached.

ALL CONVENTIONAL loans (insured/uninsured) including Home Buyer (Bond Program) Program and Police & Fire Retirement System Mortgage Program loans will require the “original loan documents”. We will not accept any substitutions to our policy. The Agency’s Underwriting and Purchase packaging lists apply and all files should be complete and submitted in the proper document file order as required in Lenders Guide, Section 4.102 and HMFA form #100 (Purchase Submission).

Delivery Penalty: IT SHOULD BE CLEARLY UNDERSTOOD THAT YOUR FILE NEEDS TO BE IN THE ORDER OF OUR PACKAGING LIST IN AN “ACCO” BASED FOLDER. At the first offense you will receive a warning notification. At the second offense you will be notified that we have deducted \$25.00 from your next purchase. This charge will double at each subsequent offense to a maximum of \$1,000.

This maximum charge will run concurrent with each submission for a period of 90 days or until you meet the Agency's Delivery standards.

Purchase File: This is an extension of the Underwriting file and should include all documents through the Loan Closing. As such, you will need to make certain that you have calculated the T&I Escrow based upon the "disbursement" and not the "due" date of the taxes and insurance(s).

You will need to inform your closing agents that the escrow checks will no longer be made payable to the Agency. WE WILL NET THE TAXES & INSURANCE ESCROWS FROM THE PURCHASE ACCORDING TO THE HUD-1 OR THE LOAN HISTORY. For loans in process, it may not be feasible to make this change effective April 1, 2008. For such loans the T&I checks will be made payable to the Agency. For loans that are for Condominiums you need to make certain that the borrower has a one-year, pre-paid H0-6 insurance policy with coverage of no less than \$50,000 and that the premium is part of the mortgage payment.

Collateral documents: The document transmittal form CUSTODIAL CERTIFICATION (HMFA #301- revised 3/10/2008) and the required final loan documents are to be sent to the Agency. You will no longer send documents directly to our "sub-servicer" or custodian. Our requirement is that all Collateral documents must be received by the Agency within 120 days of the loan purchase. Documents must be submitted as soon as they are available and should be sent individually without waiting for a complete document set. Failure to submit Collateral Documents within 120 days without justification satisfactory to the Agency will result in a repurchase.

Sub-servicer: Until further notice all new loans are being sub-serviced by Aurora Financial Group, Inc., Marlton, New Jersey. Please update your procedures to show this change.

Police & Fireman Loans: Presently we receive a copy of the Closed Loan file. You will now send the "original loan file" for underwriting and purchase to the Agency. No Exceptions. We will require the \$325.00 origination fee and \$79.00 Tax Service Fee to be payable to the Agency.

All other purchase directives stated above will be followed for these loans.

It is imperative that you share this information with all those persons in your corporate structure who are involved in Processing and Delivery of loans to New Jersey Housing and Mortgage Finance Agency.

Thank you for your cooperation.