



NEXTSTEP GOVERNMENT PRODUCT SUMMARY

HOUSING FINANCE AGENCY/PRODUCT SPONSOR	Oregon Housing & Community Services (OHCS) https://www.oregon.gov/OHCS EIN number 93-0952117		
DESCRIPTION	<ul style="list-style-type: none"> The OHCS NextStep product provides first mortgage financing and down payment/closing cost assistance to eligible mortgagors. The product is created to help fulfill the OHCS mission to provide housing opportunities to low- to moderate- income individuals and families. This Product Summary is a complement to and not a substitute for First Mortgage Product guidelines. First Lien agency guidelines apply except as modified by this product summary for the purpose of this product only. 		
AVAILABLE MARKETS	Properties located within the State of Oregon.		
ELIGIBLE LENDERS	<ul style="list-style-type: none"> Lenders must be approved by OHCS/Idaho Housing and Finance Association (IHFA) to participate in the OHCS NextStep product. Interested lenders should contact OHCS at HCS_homeownershiplending@HCS.Oregon.gov. 		
ORIGINATING LENDER	OHCS requires the loan originating staff (LO, LOA, Processors) to be located within the state of Oregon or within 50 miles of the Oregon state border.		
MASTER SERVICER & COMPLIANCE AGENT	<table border="0"> <tr> <td> <u>Master Servicer</u> Idaho Housing and Finance Association 565 W. Myrtle St. Boise, ID 83702 (208) 331-4700 Email: HOL-shipping@ihfa.org </td><td> <u>Product Administrator/Compliance Agent</u> Hilltop Securities Inc. 15301 Ventura Blvd., Bldg. B, Suite 410 Sherman Oaks, CA 91403 (310) 401-8052 OregonFlexLendingHelp@hilltopsecurities.com </td></tr> </table>	<u>Master Servicer</u> Idaho Housing and Finance Association 565 W. Myrtle St. Boise, ID 83702 (208) 331-4700 Email: HOL-shipping@ihfa.org	<u>Product Administrator/Compliance Agent</u> Hilltop Securities Inc. 15301 Ventura Blvd., Bldg. B, Suite 410 Sherman Oaks, CA 91403 (310) 401-8052 OregonFlexLendingHelp@hilltopsecurities.com
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FIRST MORTGAGE PRODUCTS	<u>Government Products - All 30 Year Fixed Rate</u> <ul style="list-style-type: none"> FHA FHA Section 184 VA USDA-RD 		
LOAN PURPOSE	Purchase money 1 st mortgage lien with subordinate 2 nd mortgage lien on Primary Owner-Occupied Residence.		

INTEREST RATES / LOAN RESERVATIONS

- Hilltop Securities Inc. will post mortgage interest rates by 9 AM (PST) daily.
- Current rates can be found at the following websites:
 - <https://oregonlendingprograms.com>
 - <https://www.oregon.gov/ohcs/homeownership/pages/flex-lending.aspx#rates>
- Email distribution: <https://cloud.herd.hilltopsecurities.com/oregon>.
- Announcements: cloud.herd.hilltopsecurities.com/announcements
- The lock window will be available from 9 AM to 4 PM (PST), Monday through Friday except for holidays and certain days when the financial markets are closed.
- All loans must be delivered to and purchase by IHFA within 60 days of rate lock.
- One time extension may be purchased at the following rates: (* % of the loan amount).

Number of Days	Price of Extension*
7	0.06250 Points
15	0.12500 Points
22	0.18750 Points
30	0.25000 Points

- Interest rate buydowns are NOT available under the NextStep product.
- Discount Points are NOT allowed under the NextStep product.
- Interest credits are reviewed on a case-by-case basis. Contact OHCS for more information.

HOMEBUYER EDUCATION

- Homebuyer Education is required for all first-time homebuyers.
- Homebuyers must complete Homebuyer Education through an OHCS Homeownership Center (HOC).
- See below link for list of participating homeownership centers.
<https://www.oregon.gov/ohcs/homeownership/pages/homebuyer-education.aspx>
- Lender must retain a copy of the certificate of course or counseling completion in the loan file.
- Homebuyer education certificate good for up to 1 year.

***If unable to coordinate class through a local HOC, borrowers may use "Finally Home" online homebuyer education class. www.finallyhome.org

DOWN PAYMENT ASSISTANCE

- The OHCS down payment/closing cost assistance is in the form of a second lien that is a forgivable second or a repayable amortizing second lien.
- The assistance is based on the total loan amount (first lien amount plus any upfront MIP, funding fees, etc.).
- Income Tier based on County; see exhibit A attached for breakdown.
- **Qualifying income is used to determine DPA tier income limits – see exhibit A for AMI Tiers.**

Please Note: Certain options may not always be available depending on the market.

Govt – FHA/VA/USDA-RD				
Product	DPA	Income Tier	Terms	Rate
Govt - FHA/VA/USDA-RD	4%	80% and below	30 Yr. Forgivable	0%
Govt - FHA/VA/USDA-RD	4%	80% - 120% AMI	20 Yr. Repayable	1 st + 1%
Govt - FHA/VA/USDA-RD	4%	120% AMI to \$125K	10 Yr. Repayable	1 st + 1%
Focused Demographics – Govt – FHA/VA/USDA-RD (Optional)				
Govt - FHA/VA/USDA-RD*	5%	80% and below	15 Yr. Forgivable	0%
Govt - FHA/VA/USDA-RD*	5%	80% - 120% AMI	30 Yr. Repayable	1 st + 1%

- DPA funds may be used for up to 100% of the Borrower's cash requirement to close, including down payment, closing costs, pre-paid items, upfront borrower paid Mortgage Insurance and other related Mortgage Loan fees and expenses.
- The borrower may not receive cash back at close with exception to EMD and prepaid items.
- Any unused DPA funds must be applied to the first loan principal.
- **Lenders fund the DPA at closing, on behalf of OHCS, and will be reimbursed the DPA assistance minus applicable fees upon purchase of the loan by Idaho Housing.**
- **DPA/Second lien must be recorded in 2nd position behind the 1st mortgage.**

****NOTE:** DPA may not be used to pay the difference between the sales price and appraised value if the sales price is higher (gap financing).

The **Focused Demographics Option*** offers 5% DPA assistance for borrowers who meet the following criteria:

- NextStep product guidelines, and;
- Two of the four criteria below:
 1. Household of four or more
 2. Household member with a disability
 3. Front-end ratio of 28% or higher
 4. Sole Head of Household with at least one eligible dependent residing in the household (Eligible Dependents below):
 - a. Under 18
 - b. A household member with a disability
 - c. Age 62 or Older

NOTE: Household must include only one adult that is not an Eligible Dependent

**SECOND MORTGAGE
(DPA FROM
PREVIOUS SECTION)**

- The Forgivable Second Mortgage will be forgiven at the end of the loan term. The forgiven second mortgage is for borrowers whose AMI is ≤80%.
- The Repayable Second Mortgage has an interest rate **1% above the interest rate of the first mortgage** for a term of 10-, 20-, or 30- years and is payable monthly beginning the first full month after closing.

****Note: DPA/Second lien must be recorded in 2nd position behind the 1st mortgage.**

Repayment - Any outstanding balance of the loan is repayable as follows:

1. **Sale or Transfer** - If all or any part of the Property, or any interest in the Property (including a beneficial interest), is sold, conveyed, or transferred, whether voluntary, involuntary or by operation of law.
2. **Refinance or Payoff** - Refinancing or paying off the First Mortgage
3. **Rental of Property** - If borrower rents or leases (whether by written or oral agreement) the Property or any portion or any portion of the Property.
4. **Failure to Occupy Property as Principal Residence** - If Borrower fails to occupy the Property as the Borrower's principal residence for a period of more than sixty (60) days.
5. **Default or Acceleration** - Upon acceleration of the First Loan or Second Loan for any reason.

****There is no forgiveness for partial months****

INCOME LIMITS

- Income Tier Limits, to determine program, are listed in Exhibit A, attached hereto.
 - Maximum income limit is \$125,000 for loan product.
 - The loan qualifying income of the Mortgagor's must not exceed Product Income Limits.
 - **Non-occupying co-borrowers' income is included in the maximum income limit.**
- **Lenders will be responsible for ensuring that the income meets product guidelines.**

**BORROWER
ELIGIBILITY**

- Borrower does **NOT** have to be a First-Time Homebuyer.
- Determined by the First Mortgage Product selected.
- Non-occupying co-signors **ARE** permitted.
- Non-occupying co-borrowers **ARE** permitted.
- **Borrowers may not own any residential property at the time of closing.**
- **Residency – follow agency guidelines**

**UNDERWRITING/
CREDIT SCORE/DEBT
RATIO**

- Lenders are responsible for all credit underwriting decisions on all Government Mortgage Loans originated under the Product.
- Mortgage Loans must be underwritten to the standards of the applicable loan type.
- Mortgage Loans may be underwritten through an Automated Underwriting System ("AUS"), Fannie Mae's Desktop Underwriter ("DU"), Freddie Mac's Loan Prospector ("LP"), Rural Housing Guaranteed Underwriting System ("GUS").

Loan Product	Minimum FICO	Max DTI	Required Reserves
FHA	620	50%	0
USDA	620	50%	0
VA	620	50%	0
VA	620	50.01%-55.00%	2**

****AUS approval required**

MANUAL UNDERWRITING

- Loans may only be manually underwritten for erroneous, inaccurate, or insufficient credit per agency guidelines.
- Borrowers without credit scores are eligible. Must be manually underwritten according to agency guidelines.
- Borrowers with credit scores must have a minimum 640 credit score.
- Loans must comply with the requirements of the manual guidelines per the selected product.
- If the Housing Finance Agency (OHCS), Idaho Housing (Servicer), or loan product agency requires more in reserves than listed in the LTV/DTI/FICO tables below; the greater number of months must be used.

Maximum Ratios-Manual			
Loan Product	Minimum FICO	DTI	Required Reserves
FHA	640	**	2
USDA	640	**	2
VA	640	**	2

****DTI based on individual loan product; max DTI cannot exceed 50%**

INTERESTED PARTY CONTRIBUTIONS

Interested party contributions, follow agency guidelines.

PROPERTY TYPES

Allowed:

- 1 - unit primary residence
- Condominiums
- Townhomes and PUDs
- Manufactured housing – includes single, double and multi-wide
- ADU's are allowed
- Leasehold properties
- Community Landtrust

Not Allowed:

- Co-Ops
- Second homes and investment properties
- 2–4-unit properties

ESCROW HOLDBACKS

Allowed – see Lender Notice 2025.04 for details. Follow all agency requirements.

<https://www.oregon.gov/ohcs/homeownership/lenders-real-estate-professionals/Pages/lender-notices.aspx>

APPRAISAL

- A full interior/exterior appraisal is required and must comply with mortgage program appraisal guidelines.
- AUS approval with appraisal waiver is acceptable.

HAZARD / FLOOD INSURANCE

Hazard and Flood insurance must comply with the requirements of the department's servicer. Maximum Hazard deductible is \$2,000.00. Maximum Flood deductible is \$5,000.00.

TITLE/VESTING	<ul style="list-style-type: none">• Vesting - Ownership vesting must be held by the eligible borrower, not in trust or in an LLC.• Non-borrowing spouse (NBS) is allowed on title with the following requirements met:<ul style="list-style-type: none">○ Judgement/lien search for NBS on title report○ Evidence NBS does not currently have ownership in real estate																		
ALLOWABLE FEES/LENDER COMPENSATION	<p>In addition to the standard fees normally charged to the borrower and determined by the lender (i.e., Appraisal Fee, Credit Report Fee, Flood Certification, Underwriting, Document Preparation, etc.) the following fees should also be included*.</p> <ul style="list-style-type: none">• Origination charges are allowed according to Agency Guidelines.• Please list fees in accordance with TRID guidelines on the LE/CD but do not make them payable to Idaho Housing and Finance Association, with exception to the following.• The IHFA fees will be netted out of the loan purchase price.• No fees are allowed to be charged on the 2nd mortgage except for recording fees and interest if applicable <table><tr><th>Fee Type</th><th>Amount</th><th>Service Provider</th></tr><tr><td>Loan Origination (optional)</td><td>Usual and Customary</td><td>Lender</td></tr><tr><td>Loan Acquisition Fee*</td><td>\$200.00</td><td>Lender Fee to Idaho Housing</td></tr><tr><td>Tax Service*</td><td>\$85.00</td><td>Lender Fee to Idaho Housing</td></tr><tr><td>Flood Cert*</td><td>\$18.00</td><td>Lender Fee to Idaho Housing</td></tr><tr><td>Code Compliance*</td><td>\$225.00</td><td>¹Hilltop Securities, Inc.</td></tr></table> <p>Service Release Premium – All Loans at Purchase - 1.25%</p> <p>¹ Compliance review fee should not be sent from Title but rather netted back to Lender for ACH payment through HilltopPay.</p>	Fee Type	Amount	Service Provider	Loan Origination (optional)	Usual and Customary	Lender	Loan Acquisition Fee*	\$200.00	Lender Fee to Idaho Housing	Tax Service*	\$85.00	Lender Fee to Idaho Housing	Flood Cert*	\$18.00	Lender Fee to Idaho Housing	Code Compliance*	\$225.00	¹ Hilltop Securities, Inc.
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MERS ASSIGNMENTS	<ul style="list-style-type: none">• Lender MUST use MERS (1009670) to register and assign the First and Second Mortgages to Idaho Housing.• The Notes for the First and Second Mortgages will be in the lender’s name.																		
LOAN FUNDING	<p>At Closing, Lenders must fund the following in their own name:</p> <ul style="list-style-type: none">• First mortgage loans• The DPA assistance on behalf of OHCS																		
HILLTOP SECURITIES COMPLIANCE REVIEW PRE-CLOSING	<p>All loans must be compliance approved pre-closing to ensure the product criteria has been met, as well as post-closing compliance review of final executed documents.</p> <p><u>Pre-Closing Checklist:</u></p> <ol style="list-style-type: none">1. The Checklist – Please review Section I for accuracy and notify Product Administrator of any changes.2. Executed Underwriter’s Certification Transmittal Form 1008 or 929003. Applicable Agency AUS Findings4. URLA’s – (Lender, Borrower and any addendums)5. Fully Executed Purchase Contract w/addendums																		

	<ol style="list-style-type: none"> Homebuyer Course Certification for All First Time Homebuyers Other product specific documents such as the 2nd lien LE or Focused Worksheet, depending on the product chosen. Pre-Closing Borrower's Acknowledgment Form** - signed <ul style="list-style-type: none"> ❖ NOTE: Borrower will sign a final copy at closing reaffirming their understanding of the terms <p>**Only forms from the Lender Portal are accepted. Any other versions are prohibited.</p>
HILLTOP SECURITIES COMPLIANCE REVIEW (CONTINUED)	<p><u>Post-Closing Checklist:</u></p> <ol style="list-style-type: none"> The Checklist Executed Final Closing Disclosures 1st Lien and/or 2nd Lien (depending on the product) Executed Final URLA's – (Lender, Borrower, and any addendums) Executed Second Mortgage Subordinate Deed of Trust** Executed Second Mortgage Note** Executed Legally Enforceable Obligation Letter** Executed Reaffirmation - Borrower's Acknowledgment Form** <p>NOTE: Borrower is reaffirming their understanding of the terms</p> <ul style="list-style-type: none"> Electronic submission of the HTS compliance file to www.Oregonlendingprograms.com No original documents should be sent to the Hilltop Securities team. Both HTS and IHFA files must be cleared and approved for loan purchase. <p>**Only forms from the Lender Portal are accepted. Any other versions are prohibited.</p> <p>For more details, please see Loan Origination and Funding Flowchart on page 9.</p>
LOAN PURCHASE AND SERVICING	<ul style="list-style-type: none"> All loan credit files will be electronically submitted to Idaho Housing and Finance Association via Lender Portal. IHFA will purchase the first and second mortgage loans at a rate and price reflected on the Mortgage Commitment confirmation, less any fees, plus the applicable SRP Original Notes endorsed to Idaho Housing and Finance Association and Signature Affidavit delivered to: Idaho Housing and Finance Association, 565 W. Myrtle St., Boise, ID 83702 Original Notes and Final loan package delivered within 10 days of closing Documents delivered electronically in "Lender Connection" web portal. "Lender Connection" loan information completed online. Original recorded Mortgages, including all original Riders and Assignment, if applicable, delivered within 90 days to: <div style="text-align: center;"> Idaho Housing and Finance Association 565 W. Myrtle St. Boise, ID 83702 </div> Final Title Policy uploaded to Lender Connection within 90 days of Purchase Insurance Certificate, if applicable (FHA, MIC/VA LGC/USDA-RD LNG) uploaded within 15 days of Purchase Tutorial for Idaho Housing loan delivery - https://www.idahohousing.com/documents/lender-connection-tutorial-pdf.pdf <p style="text-align: center;">Idaho Housing and Finance Association: Phone: (208) 331-4700</p>

QUESTIONS

If you have additional questions, please contact:

- Lender Portal - OregonFlexLendingHelp@hilltopsecurities.com
- Product questions - hcs_dl_hod_homeownership_lending_section@hcs.oregon.gov

Loan Origination/Funding Flowchart

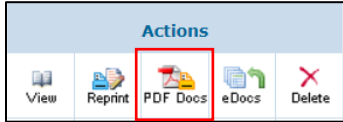
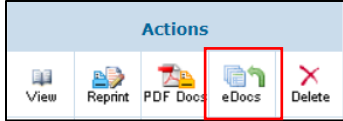
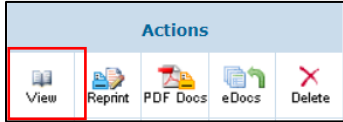
Steps	Action
1. Loan Reservation	Reserve the loan on the Lender Portal at http://www.oregonlendingprograms.com
2. Get Pre-Closing Compliance Checklist	Found in the lender portal Loan Status tab, to the left of your borrower's name in the "PDF docs" icon 
2. Upload/Submit Pre-closing Compliance Package	At least 3-5 calendar days prior to loan closing, upload the documents listed on the Pre-Closing checklist into the "eDocs" icon. Be sure to click "submit" 
3. Check Loan Status	In the Loan Status tab, click the "view" icon and scroll to bottom of page for approval status or conditions. Upload any conditions and submit. 
3. Print PDF Forms	Once the Pre-Closing compliance package has been approved as meeting the preliminary Product eligibility criteria, the following documents will now become available on the PDF Forms icon in the Lender Portal: <ul style="list-style-type: none"> 1. Commitment Letter (for your records) 2. Borrower's Acknowledgment of 2nd lien funds (reaffirmation) 3. Legally Enforceable Obligation Letter 4. Post-Closing Compliance checklist
5. Close and Fund Mortgage Loan	Close and fund loan according to Agency and Product Guidelines.
6. Upload/Submit Post Closing Compliance Package	Within 10 calendar days following loan closing, upload the documents listed on the Post-Closing Compliance checklist through the lender portal at www.oregonlendingprograms.com
7. Hilltop Pay ACH Payment	Designated contacts at your organization will receive an email link the day following post-close upload to securely log in and approve the ACH payment for the post-closing compliance fee through HilltopPay . (NOTE: Please do NOT have Title remit fee to Hilltop – net fee back to lender)
8. Check Loan Status	Check the status of your post-closing file to ensure there are no conditions that will prevent the purchase of the loan. ("Loan Status" tab, "view" icon). Once Post- Closing Compliance package has been fully approved by HTS, IHFA will be authorized to purchase the loan, subject to compliance with their requirements.
9. Deliver Loan to Idaho Housing and Finance Association for Purchase	<u>Closing package must be approved by product administrator and the loan purchased by IHFA within 60 calendar days of loan reservation.</u>
10. Loan Purchase	Once Post- Closing Compliance package has been fully approved by HTS, IHFA will be authorized to purchase the loan, subject to compliance with their requirements.

Exhibit A
AMI Tiers – February 2025
Government – FHA, VA, USDA

County	=/< 80% AMI	> 80% - 120% AMI	>120% AMI Capped at \$125K
Baker	\$64,720	\$97,080	\$125,000.00
Benton	\$87,840	\$125,000*	N/A
Clackamas	\$93,520	\$125,000*	N/A
Clatsop	\$73,840	\$110,760	\$125,000.00
Columbia	\$93,520	\$125,000*	N/A
Coos	\$64,720	\$97,080	\$125,000.00
Crook	\$72,800	\$109,200	\$125,000.00
Curry	\$64,720	\$97,080	\$125,000.00
Deschutes	\$84,080	\$125,000*	N/A
Douglas	\$64,720	\$97,080	\$125,000.00
Gilliam	\$64,720	\$97,080	\$125,000.00
Grant	\$64,720	\$97,080	\$125,000.00
Harney	\$64,720	\$97,080	\$125,000.00
Hood River	\$83,360	\$125,000*	N/A
Jackson	\$70,240	\$105,360	\$125,000.00
Jefferson	\$64,800	\$97,200	\$125,000.00
Josephine	\$60,800	\$91,200	\$125,000.00
Klamath	\$64,720	\$97,080	\$125,000.00
Lake	\$64,720	\$97,080	\$125,000.00
Lane	\$71,280	\$106,920	\$125,000.00
Lincoln	\$64,720	\$97,080	\$125,000.00
Linn	\$67,920	\$101,880	\$125,000.00
Malheur	\$64,720	\$97,080	\$125,000.00
Marion	\$73,040	\$109,460	\$125,000.00
Morrow	\$64,720	\$97,080	\$125,000.00
Multnomah	\$93,520	\$125,000*	N/A
Polk	\$73,040	\$109,560	\$125,000.00
Sherman	\$64,720	\$97,080	\$125,000.00
Tillamook	\$64,720	\$97,080	\$125,000.00
Umatilla	\$77,680	\$116,520	\$125,000.00
Union	\$64,720	\$97,080	\$125,000.00
Wallowa	\$64,720	\$97,080	\$125,000.00
Wasco	\$66,640	\$99,960	\$125,000.00
Washington	\$93,520	\$125,000*	N/A
Wheeler	\$64,720	\$97,080	\$125,000.00
Yamhill	\$93,520	\$125,000*	N/A

*Max income cannot exceed \$125,000.00 regardless of county AMI.