

CAFA Platinum Homebuyer Assistance Program – Conventional DAP Guidelines

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| PROGRAM DESCRIPTION | <ul style="list-style-type: none"> CAFA Land Home Homebuyer Assistance Program is designed to increase homeownership opportunities for low-to-moderate income individuals and families. No first-time homebuyer requirement All HPML loans must pass Safe Harbor in order to be eligible for closing. | |
| PROGRAM SPONSOR | <ul style="list-style-type: none"> Capital Area Finance Authority (CAFA) CAFA's EIN: 72-1013030 | |
| DOWN PAYMENT ASSISTANCE | <ul style="list-style-type: none"> Second mortgage of up to 5% of the final first mortgage loan amount. Second loan funds can be used towards down payment and/or closing costs. Second loan amount must be rounded down to the nearest dollar. Second loan amounts are calculated based on the final first loan amount, including any financed MI. 10-year term, 0% interest rate, no accrued interest. <ul style="list-style-type: none"> 10-year term: Second loan repayment obligation for the 10-year option is "forgiven" in equal monthly increments after year 5 and will be 100% forgiven at maturity of note. During the second loan term if a borrower were to refinance or sell their home, they will be subject to repayment of the assistance. Seconds are not eligible for subordination and are not assumable. | |
| SERVICER | <ul style="list-style-type: none"> Land Home Financial Services, Inc. (LHFS) | |
| ELIGIBLE AREA | <ul style="list-style-type: none"> This program is available throughout the state of Louisiana except in the Parishes of New Orleans and Plaquemines. | |
| LOCK | <ul style="list-style-type: none"> 45-day lock Loans may be locked upon complete submission | |
| MORTGAGE LOAN TYPES AND TERMS | <ul style="list-style-type: none"> 1st Mortgage – 30-year Term 2nd Mortgage – 10-year Term <p>Agencies:</p> <ul style="list-style-type: none"> Freddie HFA Advantage Fannie Mae HomeReady Fannie Mae Standard <p>The following are not allowed:</p> <ul style="list-style-type: none"> Temporary buydowns Prepaid interest credits | |
| LOAN PURPOSE | <ul style="list-style-type: none"> Purchase only | |
| PROGRAM CODES | PROGRAMS AND CODES FOR CAFA FIRST | |
| | PROGRAM NAME | |
| | LA-CAFA Platinum Conv<80% AMI DAP (LPA-HFA) | WC30CAFAPLTHFA80-000 |
| | LA-CAFA Platinum Conv>80% AMI DAP (LPA-HFA) | WC30-CAFAPLTHFA-000 |
| | LA-CAFA Platinum Conv HomeReady DAP (DU) | WC30CAFAPLTNM-HR-000 |
| | PROGRAMS AND CODES FOR CAFA SECOND | |
| PROGRAM NAME | PROGRAM CODES | |
| LA-CAFA Platinum 2nd Mtg (10-year forgiveness) | WCE10CAFAPLTNM2nd-000 | |
| FEES | <p>Borrower Paid Compensation Only: 2.0% (cannot exceed LPC Agreement with LHFS)</p> <p>Disclosed: LE must show "Mortgage Broker Compensation – Borrower Paid"</p> <p>Admin Fee: \$1,145</p> <p>Third-Party Processing Fee: May not exceed \$995</p> | |
| | <ul style="list-style-type: none"> Reasonable and customary fees in accordance with agency guidelines Discount points not allowed | |

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| LOCK | <ul style="list-style-type: none"> DAP funds are reserved when the loan is locked |
| ELIGIBLE PROPERTIES | <ul style="list-style-type: none"> SFR 1–4-unit primary residence PUDs Townhouse Condominiums Manufactured Housing – Singlewide and Leasehold are ineligible. |
| OCCUPANCY | <ul style="list-style-type: none"> Borrower must occupy the residence as their primary residence within 60 days of closing. |
| CO-SIGNERS / NON-OCCUPANT CO-BORROWERS | <ul style="list-style-type: none"> Not permitted |
| INCOME LIMITS | <ul style="list-style-type: none"> Qualifying Income as reported and verified on the 1003 application and used for underwriting may not exceed Program Income Limits. <ul style="list-style-type: none"> Freddie Mac (LPA): Program Income Limits by Parish (Exhibit A) apply Fannie Mae (DU) HomeReady: HomeReady Income Limits apply Fannie Mae (DU) Standard: 100% AMI Income Limits apply Follow Agency guidelines with respect to allowable sources and the calculation methods used in determining the Borrower’s qualifying income. Household income does <u>not</u> apply. |
| CREDIT | <p><u>Minimum Credit Score: 620</u></p> <ul style="list-style-type: none"> Each borrower must have a minimum of one credit score. |
| MAXIMUM DTI | <ul style="list-style-type: none"> Max DTI per LPA approval. |
| LTV/CLTV | <ul style="list-style-type: none"> Subject to agency guidelines |
| HOUSING HISTORY | <ul style="list-style-type: none"> 12 months satisfactory housing payment history required. For borrower(s) without previous housing history, follow specific agency guidelines as applicable. |
| ASSETS | <ul style="list-style-type: none"> Maximum allowable assets amount is not set by CAFA, follow agency guidelines. Gift donors cannot be on title or purchase contract as they do not meet the definition of “Gift” per agency definition. VOD’s are not acceptable for asset documentation alone. Asset Verification methods: <ul style="list-style-type: none"> Direct Verification by an agency approved third party verification vendor of the borrower’s account covering activity for a minimum of 60 days and the date of the data contained in the completed verification is current within 30 days of the date of the verification will be accepted, or 2 months of bank statements for checking accounts are required on primary borrower regardless of cash to close requirements and AUS findings |
| FIRST-TIME HOMEBUYER | <ul style="list-style-type: none"> Freddie Mac HFA and Fannie Mae HomeReady: No first-time homebuyer requirement for. Fannie Mae Standard: Must be first-time homebuyer |
| HOMEBUYER EDUCATION | <ul style="list-style-type: none"> If all occupying borrowers are first-time homebuyers, then at least one borrower is required to take homeownership education Homebuyer course is not required for Co-signers and Non-Purchasing spouse. Borrowers may select from any homebuyer education course. Homebuyer Education must be completed prior to closing. |



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| <p>MORTGAGE INSURANCE</p> | <p>Freddie Mac HFA Advantage (LPA)</p> <ul style="list-style-type: none"> Below 80% AMI: <ul style="list-style-type: none"> Lender’s qualifying income must be at or below 80% AMI to be eligible for the reduced MI Above 80% AMI: <ul style="list-style-type: none"> Loans that exceed 80% AMI limits are allowed in the program, however, are subject to standard MI <table border="1" data-bbox="357 541 1318 783"> <thead> <tr> <th>Total annual qualifying income ≤ 80% AMI</th> <th>Total annual qualifying income ≥ 80% AMI</th> </tr> </thead> <tbody> <tr> <td> Charter level Mortgage Insurance: <ul style="list-style-type: none"> 95.01-97% LTV = 18% Coverage 90.01-95% LTV = 16% coverage 85.01-90% LTV = 12% coverage 80.01-85% LTV = 6% coverage 80% LTV and lower = Not required </td> <td> Standard Mortgage Insurance: <ul style="list-style-type: none"> 95.01-97% LTV = 35% Coverage 90.01-95% LTV = 30% coverage 85.01-90% LTV = 25% coverage 80.01-85% LTV = 12% coverage 80% LTV and lower = Not required </td> </tr> </tbody> </table> <p>Fannie Mae HomeReady (DU)</p> <ul style="list-style-type: none"> Below 80% AMI: Lender’s qualifying income must be at or below 80% AMI to be eligible for the mortgage insurance. <ul style="list-style-type: none"> 25% MI coverage for LTVs 90.01-97% <p>Fannie Mae Standard (DU)</p> <ul style="list-style-type: none"> Below 100% AMI: Lender’s qualifying income must be at or below 100% AMI to be eligible for the mortgage insurance. <ul style="list-style-type: none"> 35% MI coverage for LTVs 90.01-97% | Total annual qualifying income ≤ 80% AMI | Total annual qualifying income ≥ 80% AMI | Charter level Mortgage Insurance: <ul style="list-style-type: none"> 95.01-97% LTV = 18% Coverage 90.01-95% LTV = 16% coverage 85.01-90% LTV = 12% coverage 80.01-85% LTV = 6% coverage 80% LTV and lower = Not required | Standard Mortgage Insurance: <ul style="list-style-type: none"> 95.01-97% LTV = 35% Coverage 90.01-95% LTV = 30% coverage 85.01-90% LTV = 25% coverage 80.01-85% LTV = 12% coverage 80% LTV and lower = Not required |
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| Total annual qualifying income ≤ 80% AMI | Total annual qualifying income ≥ 80% AMI | | | | |
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| <p>MAXIMUM LOAN AMOUNT</p> | <ul style="list-style-type: none"> Maximum loan amount is \$726,200 or Agency limit, whichever is LOWER | | | | |
| <p>MINIMUM BORROWER INVESTMENT</p> | <ul style="list-style-type: none"> One-unit primary residences do not require a minimum borrower contribution from borrower personal funds. Two- to four-unit primary residences require a 3% contribution from borrower funds and/or other eligible sources of funds. | | | | |
| <p>CASH BACK</p> | <ul style="list-style-type: none"> Other than reimbursement of earnest money or items paid by the Borrower outside of closing, there can be no cash back to the borrower. Remaining assistance must be applied as a principal reduction (first mortgage). | | | | |
| <p>**OPTIONAL**</p> <p>HOMEBUYER PAYMENT PROTECTION PLAN</p> | <p>Optional Homebuyer Payment Protection Plan Three-year plan covering the payments due on the First and Second Loans. Premiums covering the 1st, 2nd, and 3rd years will be collected upfront, at closing.</p> <p>Obtain Quote: https://www.appliedassurance.com/pricing-quote</p> <ul style="list-style-type: none"> The loan amount used is the total of the 1st and the 2nd. The payment amount used will be the total of PITI of the 1st and 2nd less any HOA dues. The credit score is the loan credit score, or lowest mid-score of all borrowers. <p>Obtain Invoice & Payment Protection Agreement: https://www.appliedassurance.net/create-invoice</p> <ul style="list-style-type: none"> Servicer: Land Home Financial Services, Inc. Quotes will be emailed after completing the cost calculator. Any changes in the loan amount, income, or credit score, a new cost estimator should be prepared. | | | | |
| <p>DISCLOSURES / CLOSING</p> | <ul style="list-style-type: none"> 1st mortgage follows standard disclosure requirements, both LE and CD 2nd mortgage, LE and CD not required Complete CAFA Submission Checklist Required Second Mortgage Documents: <ul style="list-style-type: none"> Disclosure of Second Loan Terms CAFA Second Promissory Note CAFA Second Mortgage | | | | |

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| <p>UNDERWRITING</p> | <ul style="list-style-type: none"> • LPA approved as HFA Advantage or DU approved as HomeReady Community Lending product • Manual underwrites are not allowed • IRS payment plans: <ul style="list-style-type: none"> ○ IRS repayment plans initiated in the current year are not allowed. ○ IRS repayment plans initiated for multiple consecutive years are not allowed. (pattern of inability to manage finances). ○ For consideration of an exception, request an explanation as to why the borrower owes unpaid taxes, what steps have been taken and put into place to correct the underpayment from occurring in the future, a copy of the IRS agreement, IRS record of account transcripts to confirm date of payment arrangement request and evidence of 3 consecutive timely payments will be required. • Two months bank statements required as part of the underwriting evaluation. While we will allow the down payment to be covered by the DAP and closing costs to be covered by eligible gifts or seller credits, bank statements will still be required as part of the credit evaluation. |
| <p>PAYOFF DEMAND</p> | <p><u>Payoff Demand for CAFA First loan:</u></p> <p>LHFS Servicing (877) 230-0466 (follow prompts for payoff request)</p> <ul style="list-style-type: none"> ○ Select Prompt #1 for English <ul style="list-style-type: none"> ▪ System will ask for: <ul style="list-style-type: none"> • Loan # (existing/servicing – account number from statement), • Last 4 digits of social security number, and • Property zip code ▪ The system will provide the following account information: <ul style="list-style-type: none"> • Balance, and • Last payment received ○ Select Prompt #4 for payoff demands <ul style="list-style-type: none"> ▪ Fax# required for entry ▪ Fax will be sent within 4 hours containing payoff information <p><u>Payoff Demand for CAFA Second loan:</u></p> <p>LHFS Special Servicing ATTN: Specialty Department 3611 S. Harbor Blvd, Suite 100 Santa Ana, CA 92704 Phone: 877.557.9042 Email: LHService@LHFS.com</p> <p>Please include the Borrower(s) name and the CAFA first loan number with both requests.</p> <ul style="list-style-type: none"> • Optional: Include subject property address |

Each loan files layers of risk (i.e., payment shock; gift funds; assets/reserves not verified; multiple layers of risk, etc.) may require additional documentation or explanations above and beyond the AUS requirements (i.e., housing history; budget letters; excessive commute detail, etc.).

Guidelines are for use by mortgage professionals only and subject to change without notice.

URLA DETAIL

Section 4: Loan and Property Information: 4b. Other New Mortgage Loans on the Property

| 4b. Other New Mortgage Loans on the Property You are Buying or Refinancing | | | <input type="checkbox"/> Does not apply | | |
|--|--|-----------------|---|---------------------------------|--|
| Creditor Name | Lien Type | Monthly Payment | Loan Amount/ Amount to be Drawn | Credit Limit (if applicable) | |
| Capital Area Finance Authority | <input type="radio"/> First Lien <input checked="" type="radio"/> Subordinate Lien | \$ | \$ 13,256.00 | \$ | |
| | <input type="radio"/> First Lien <input type="radio"/> Subordinate Lien | \$ | \$ | \$ | |

- Enter “Capital Area Finance Authority (CAFA)” as the “Creditor Name”
- Check “Subordinate Lien” under “Lien Type”
- Do not enter a monthly payment amount under the “Monthly Payment” field
- Enter DAP dollar amount under “Loan Amount / Amount to be Drawn”

Section 5: Declarations: 5a. About this Property and Your Money for this Loan

Section 5: Declarations. This section asks you specific questions about the property, your funding, and your past financial history.

| 5a. About this Property and Your Money for this Loan | |
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| <p>A. Will you occupy the property as your primary residence? If YES, have you had an ownership interest in another property in the last three years? If YES, complete (1) and (2) below: (1) What type of property did you own: primary residence (PR), FHA secondary residence (SR), second home (SH), or investment property (IP)? (2) How did you hold title to the property: by yourself (S), jointly with your spouse (SP), or jointly with another person (O)?</p> | <p><input type="radio"/> NO <input type="radio"/> YES <input type="radio"/> NO <input type="radio"/> YES</p> <p>_____</p> <p>_____</p> |
| <p>B. If this is a Purchase Transaction: Do you have a family relationship or business affiliation with the seller of the property?</p> | <p><input type="radio"/> NO <input type="radio"/> YES</p> |
| <p>C. Are you borrowing any money for this real estate transaction (e.g., money for your closing costs or down payment) or obtaining any money from another party, such as the seller or realtor, that you have not disclosed on this loan application? If YES, what is the amount of this money?</p> | <p><input type="radio"/> NO <input checked="" type="radio"/> YES \$ 13,256.00</p> |
| <p>D. 1. Have you or will you be applying for a mortgage loan on another property (not the property securing this loan) on or before closing this transaction that is not disclosed on this loan application? 2. Have you or will you be applying for any new credit (e.g., installment loan, credit card, etc.) on or before closing this loan that is not disclosed on this application?</p> | <p><input type="radio"/> NO <input type="radio"/> YES <input type="radio"/> NO <input type="radio"/> YES</p> |
| <p>E. Will this property be subject to a lien that could take priority over the first mortgage lien, such as a clean energy lien paid through your property taxes (e.g., the Property Assessed Clean Energy Program)?</p> | <p><input type="radio"/> NO <input type="radio"/> YES</p> |

- 5a, item C - Mark “Yes”
- Enter DAP dollar amount in the blank field

Please Note: The above sections are the only entries needed for DPA. Do not enter amounts in any other sections of the URLA.

INPUTTING INTO AUS – LPA VISUAL AID

The screenshot shows the 'Create Loan: Loan and Property Information' page in the FreddieMac Loan Advisor system. The 'Loan and Property Information' section is active. A red box highlights the 'Other New Mortgage Loans on the Property You are Buying or Refinancing' section. Within this section, the following fields are highlighted with red arrows:

- Monthly Payment:** \$ 0.00
- Is the Other New Mortgage an Affordable Second?:** Yes
- Is the Affordable Second Payment Deferred?:** Yes

Enter the following into specified fields:

- **Offer Identifier:** HFA Advantage
- **Is the Other New Mortgage an Affordable Second?** Yes
- **Is the Affordable Second Payment Deferred?** Yes

INPUTTING INTO AUS – DU VISUAL AID

L3. Mortgage Loan Information

Mortgage Type Applied For *
Conventional

Amortization Type *
Please select

Community Lending Product
HomeReady

Community Seconds Repayment Structure ⓘ
Please select
Please select
Deferred Fully Forgiven (repayment deferred for 5 or more years)
Deferred Not Fully Forgiven (repayment deferred for 5 or more years)
Non Deferred (repayment required within 5 years)

Loan Features
 Balloon / Balloon Term
 Interest Only / Interest Only Term
 Negative Amortization
 Prepayment Penalty / Prepayment Penalty Term
 Temporary Interest Rate Buydown / Initial Buydown Rate
0 %

Loan Term *
0

Product Description

Mortgage Lien Type *
First Lien

CLEAR ALL VALUES

Cancel Done

Enter the following into specified fields:

- **Community Lending Product:** HomeReady
- **Community Seconds Repayment Structure:**
 - Select “Deferred Fully Forgiven (repayment deferred for 5 or more years)”