

LAND HOME FINANCIAL SERVICES, INC. & OWNOPTION™ FHA MORTGAGE

OwnOption™ FHA mortgage is used to facilitate home closings where an applicant does not qualify for or is hesitant to commit to a standard home mortgage. It offers Customers a lease-to-own agreement coupled with an FHA assumable mortgage originally made to an institutional borrower. The program may be used as a direct purchase or as an alternative close to a mortgage denial. The program further provides an excellent alternative to traditional down payment assistance programs, with no income restrictions and more favorable underwriting conditions. Customer must qualify for an FHA assumption or new loan at the end of the lease period.

LHFS underwrites the Customer's credit profile and the property. LHFS has a flexible, pragmatic approach to the underwriting approval and looks at a complete picture of all applicants to determine eligibility. LHFS underwrites the Borrower, an FHA qualified instrumentality of government ("IOG") under FHA Guidelines, such as the Interagency Home Finance Cooperative, LLC (IHFC) as well as the property, and ensures they both meet FHA Guidelines. IHFC is an FHA qualified instrumentality of government ("IOG") under FHA Guidelines.

Trio is the program administrator on behalf of IHFC and its' designated entities.

OwnOption™ Benefits:

- ☐ Rate locked in on a 30-year mortgage at time of lease.
- ☐ Alternative to DPA programs.
- ☐ Assumable mortgage option at end of the lease period.
- ☐ Protects Customer from being priced out of purchasing.
- ☐ Customer builds equity before purchasing the home.
- ☐ Equity is applied towards purchase of the home.
- ☐ No income or asset seasoning required.
- ☐ Customer can purchase when they are ready.
- ☐ Relocation with new employment ok, Tax liens, judgements with payment plan ok.

OwnOption™ Minimum Requirements:

- ☐ Limited to 2 Applicants per Financing
- ☐ Credit score: Minimum 580 score for W2 Applicants, Minimum 620 score for Self-Employed/1099 Applicants.
 - ☐ ITIN may have no score.
- ☐ Savings/Assets - \$5,000 minimum - Proof of Upfront Costs and First Month's Payment for Approved Home Price, with minimum amount held being no less than \$5,000. Actual upfront costs will vary based on the home that's selected.
 - ☐ Customer must provide documentation of move-in cost funds.
- ☐ No active bankruptcy, foreclosure, or short sale.
- ☐ On time housing payment history for the last 12 months.
 - ☐ This can be in the form of a payment ledger, bank statements withdrawals, or canceled checks. A housing verification form covering 12 months of payment history from your landlord is helpful but must also be verified through another method for a minimum of 3 months.
- ☐ No evictions in the last 2 years and no unresolved housing collections.
- ☐ Prepurchase counseling from Money Management International prior to move-in.
- ☐ Loans over \$500,000, may be subject to 2% down payment.

Trio reserves the right to request further documentation and/or make further limitations as it deems appropriate.

Please Note: **Trio** accepts DACA customers that have a valid SSN

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OwnOption™ standard income documentation:

- ☐ \$3,600 gross monthly income, Income verification (see below).
- ☐ W2 employee – Most recent W2 plus 60 days of most recent & consecutive paystubs.
- ☐ Self-employed/1099: Most recent tax return, year-to-date profit & loss, 3 months business bank statements verifying cashflow, and copy of business license.
 - ☐ Business profit and loss must be prepared by an accountant or by an accounting system, cannot be self-prepared. Other documentation requirements remain the same.
- ☐ New employment/raise – letter from employer confirming start date & salary, paystub for verification.
 - ☐ ITIN eligible: Provide a copy of their ITIN letter and proof of employment is required.
- ☐ Max DTI: 38% payment to income (PTI) / 50% obligations to income (exceptions may apply).

Program Code	Program Description
WGF30TRIO-000	FHA Fixed 30 TRIO Housing Finance Agency

Mortgage

Mortgage Type	30-year fixed rate mortgage with standard non-owner-occupied terms FHA 203(b) mortgage. FHA county loan limits apply.
Borrower	The IOG designated entity must be reflected as the Borrower on the mortgage. Please note: Trio accepts DACA & ITIN customers (must have verification and proof of employment)
Loan to Value	Up to 96.5%.
Occupancy	Non-owner occupied as an IOG with consumer terms and pricing.
Purpose	FHA purpose is to promote homeownership and access to credit.
Source of Funds	Borrower trust accounts holding deposits required for EMD replacement and cash to close. Wires initiated by Trio
Underwriting	Manual Underwrites. The IOG entity is the “Borrower” in FHA Connection and their Tax Identification Number (TIN) must be used in place of a social security number. FHA case number must be removed from AUS. AUS cannot be included in the file.
Interest Rate	Par rate Periodically set by Trio and Land Home Financial Services (“Master Lender”). Check daily rate sheet or price through DASH

Mortgage Broker Compensation and Fees

LHFS Admin Fee	\$995, must be disclosed on LE paid to “Land Home.”
Processing Fee	No Processing fee allowed
Borrower Paid Compensation	Origination fee up to 1.5%.
Admin Program Review	\$495, must be disclosed on LE paid to “Own Option LLC.”

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OwnOption™ Lease Qualification		
Credit Score	Minimum 580 score for W2 Applicants, Minimum 620 score for Self-Employed/1099 Applicants. TRIO will also pull a soft credit report from Equifax to determine qualification.	
Debt Obligations	Standard Creditor: Include minimum payment as listed on credit report Tradelines: At least 2 active tradelines or utilities for at least 12 months	
Debt-to-Income	38% maximum gross payment to income ratio with a back-end ratio of 50% maximum gross obligation to income ratio.	
DTI / LMP* Modifiers:		
SE income for less than 1 year	36% PTI, LMP*	
Relocation, Bankruptcy, Foreclosure, Short Sale in the last 3 years	36% PTI, LMP* (occupancy statement)	
Second home	36% PTI, LMP*	
Payment shock above 200%	36% PTI	
Income under \$50k	32% PTI	
If combination of the above	Reduce PTI by 2% below the lowest adjuster	
* Last Month's Payment (LMP) is an additional cost for the Lessee, equivalent to the lease payment. The additional cost is added to files that may pose an increased risk. When the customer purchases home from Trio, the "Last Month Payment" will be credited to the purchase.		
Cash Required	Savings/Assets - \$5,000 minimum - Proof of Upfront Costs and First Month's Payment for Approved Home Price, with minimum amount held being no less than \$5,000. Actual upfront costs will vary based on the home that's selected.	
	NO down payment, 1% Inception Fee + \$1295 Underwriting & Program Fee paid by Customer at lease inception. Closing costs up to 3% responsible by customer; can be covered by seller concession, agent contribution, and/or other, and financing available for up to 2%.	
	Down payment may be required of up to 2% for transactions over \$500,000 depending on customer underwriting and home condition.	
	First month's payment in full, second month is prorated based on closing date.	
Exceptions / Accommodations	Bankruptcy, foreclosure, short sale, self-employment, length of employment, term of rental income, state & federal tax liens, divorce, student loans, 1099 income, multiple jobs, new employment, down payment seasoning, and DACA.	
	Student Loans	If payment, included in DTI. If deferred, not included
	Collections / Judgments	Amortized over 36 months (lease term)
	Tax Liens	Amortized over 36 months (lease term) or if payment, included in DTI
	Charge-offs & Medical	Not included

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Home Type	
Appraisal	Appraisal must be ordered. Transferred appraisals not allowed.
Effective Age	Newly Built and Resale
Eligible Locations	AL, AR, AZ, CA, CO, DE, FL (some restrictions may apply), GA, ID, LA, MD, MN, MS, NC, NM, NV, OR, PA, SC, TN, TX, UT, VA, WA, and WY.
Home Price	Up to the county area FHA loan limit plus 3%.
Seller Credit	If possible, Purchase and Sale Agreement (PSA) to include 3% concession for closing costs or customer must cover up to 3% due at lease signing.
Agent Compensation	Real Estate Agents receive full compensation as included in the PSA. Exception: When Trio refers customer to Agent then a Broker Referral Agreement with Trio is required.
Eligible Home Types	<ul style="list-style-type: none"> • SFR • Condo • Townhomes Must meet FHA qualifications and appraisal. Homes located in a flood zone are ineligible. Max Acreage: 5 Acres
Ineligible Home Types	<ul style="list-style-type: none"> • Manufactured Homes • Mobile Homes
Time to Close	Standard lender closing timeframes.
Home Warranty	Home warranty must be included.
Home Inspection	Home inspection is required when subject is not a new build.
Homebuyer Payment Protection Plan	https://www.appliedassurance.net/pricing-calculator
OwnOption™ Lease Information	
Lease Information	TPO partner uploads required documents via Dash . Once TPO Partner submits the application a confirmation email will be sent to them. LHFS will validate and submit to Trio for approval. Once approval is completed an additional email will be sent with max approved monthly payment and home price supported by that payment.
TrioFirst	3-year term, with Customer right to purchase anytime during the lease period.
TrioSelect	1-to-5-year lease term, with Customer right to purchase anytime during the lease period.
Monthly Payment	Includes lease payment, taxes, property insurance, HOA dues and Home Care contribution (\$40), fixed for the term of lease. Customer is required to maintain Renter's Insurance outside of the lease.
Home Purchase Assistance	A gift of equity is provided to be used for down payment and closing costs when the Customer purchases the home, as needed and subject to appraisal.
Mortgage Payment Insurance	Mortgage Payment Protection Insurance Premium – Borrower paid (Disclose on LE/CD): <ul style="list-style-type: none"> • Mortgage Payment Protection Insurance Policy (payee is Applied Assurance Corp) <ul style="list-style-type: none"> ○ 0.81% of the purchase price (invoice provided to escrow prior to closing)
Parties to Transaction	Borrower = IHFC (IOG designated entity) Customer = Renter (Lessee) Trio Preferred Agent = Real Estate Agent Trio Preferred LO = Mortgage Broker Master Lender = Land Home Financial Services, Inc.

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Resources

Become Certified Loan Officer

<https://www.trioresidential.com/trio-preferred-agent-signup/>

FAQ's

Review Trio FAQ's: https://cdn.lhfs.com/lhfscdn/wholesale/download/Trio_FAQ.pdf

Non-Solicitation

While **Trio** Lease is in effect, Mortgage Broker agrees not to solicit **Trio** lessees for purchase mortgage financing.

Mortgage Broker must sign a Non-Solicitation Agreement to participate in the **Trio** program. Penalty for any violation of this non-solicitation will result in repayment of all fees earned for the related closing.

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TRIO EIN NUMBERS

State	List Symbol	Tax ID Number	Full Name of Agency partner
AZ	IHFC Arizona, LLC	83-1260503	IHFC Arizona, LLC / Industrial Development Authority of the County of Pima (AZ)
AZ	Pima HSG (AZ)	83-1289165	Pima County Housing, LLC / Industrial Development Authority of the County of Pima (AZ)
CA	IHFC California, LLC	82-2255421	IHFC California, LLC / Regional Housing Authority (CA)
CO	IHFC Colorado, LLC	84-5135942	IHFC Colorado, LLC
TN	IHFC Tennessee, LLC	87-0958545	IHFC Tennessee, LLC / Columbia Housing & Redevelopment Corporation
TX	IHFC Texas, LLC	83-2778223	IHFC Texas, LLC / Rowlett Housing Finance Corporation
AZ, CO, ID, NM, NV, UT, and WY	Cedar Band HFA	87-0893146	Cedar Band of Paiutes Housing Finance Agency
AL, AR, CA, CT, DC, DE, FL, GA, LA, MD, MN, MS, NC, NJ, OR, PA, SC, TN, TX, VA, WA, and WI	Choctaw American Insurance, Inc.	87-1968327	Choctaw American Insurance, Inc.

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