

OVERVIEW

The Unity FHA Down Payment Assistance Program (DAP) is a competitively priced government loan program that may not require a minimum down payment from the homebuyer(s), exclusively offered from Land Home Financial Services, Inc. (LHFS). Unity FHA provides your borrower(s) with a 3.5% grant. The grant will be provided at closing and does not require repayment. Unity FHA Down Payment Assistance program is available to lock on all loans originated on or after 9/22/2022.

This home loan program is a purchase money first lien mortgage with down payment assistance in the form of a grant, available for both first-time homebuyers and repeat homebuyers that meet specific employment categories on their primary residence.

The DAP should be run through TOTAL SCORECARD (DU – Approve/Eligible - LPA – Accept/Eligible).

This product is designed for the borrower that has achieved financial stability as demonstrated by the file documenting that they have met the responsibilities associated with taking the next step to home ownership such as stability of employment and income, managing their finances and savings to a budget that exhibits responsible repayment patterns and a satisfactory credit history. The down payment assistance program is intended to help these families or individual that have been unable to save enough for a down payment or for closing costs and do not have any other resources available for down payment assistance.

Due to the nature of the layered risk in the product offering LHFS will require an evaluation of the borrower's current housing payment history. The borrower must maintain a bank account which will be reviewed to ensure the borrower is able to meet their monthly obligations based on their current income level in a timely manner. LHFS will require two months bank statements as part of the underwriting evaluation. While the program will allow the down payment and closing costs to be covered by the grant or other eligible borrower funds/gifts along with seller contributions used for closing costs only, bank statements are required as a necessary part of the credit evaluation.

To ensure the borrower will be able to manage a new mortgage payment, the evaluation will include housing payment history. We generally see payment shock on the housing payment to the new required mortgage, so it is especially important to review the borrowers monthly budgeting and financial stability. New homeowners face increased costs when transitioning from a rental property into home ownership where they are responsible for covering all utilities, incidentals, and maintenance of the home.

As part of this review, borrower's that are unable to manage month to month and exhibit NSF (Non-Sufficient Funds) outside of an isolated incident are reviewed very carefully as this is an indication of excessive obligations or inability to manage current budget. Layered with limited assets, payment shock or other credit concerns, these factors may result in a loan denial for this program due to layered risk. It is our intention to help families achieve successful homeownership, not create a financial hardship.



UNITY - FHA Guidelines

ELIGIBILITY	<ul style="list-style-type: none"> All HUD agency guidelines apply. <ul style="list-style-type: none"> Standard FHA LTV amounts apply MCC's (Section 8) is ineligible Homebuyer Education is required. LHFS will accept any valid certificate completed within the last year by at least one borrower who will be on the loan. <ul style="list-style-type: none"> Course developed by HUD-approved counseling agencies. HUD Approved First Time Buyer Course, or Fannie Mae HomeView™ homebuyer course is acceptable. 		
MORTGAGE LOAN TYPES AND TERMS	<p><u>Loan Types:</u></p> <ul style="list-style-type: none"> FHA; in accordance with FHA guidelines. <p><u>Loan Term:</u></p> <ul style="list-style-type: none"> 30-year fixed term with full amortization. <p><u>Loan Amount:</u></p> <ul style="list-style-type: none"> Conforming FHA loan limits apply as applicable to geographic location (High Cost not allowed, must select the lesser of FHA or Conforming limits). <ul style="list-style-type: none"> FHA Forward Limits <p><u>Max LTV/CLTV:</u></p> <ul style="list-style-type: none"> Follow FHA agency guidelines. <p>No Buy-downs are allowed PAR priced program, no premium or discounts allowed Interest rates on the 1st mortgage loan vary based on the assistance selected.</p>		
PROGRAM CODES	PROGRAM LEVEL	PROGRAM NAME	PROGRAM CODES
	Level 1: FICO 680+ <ul style="list-style-type: none"> DTI per AUS Manual UW not allowed 	Unity Grant L1 Fixed 30 3.5%	WGF30UG35L1-000
	Level 2: FICO 640-679 <ul style="list-style-type: none"> DTI per AUS Manual UW not Allowed 	Unity Grant L2 Fixed 30 3.5%	WGF30UG35L2-000
DOWN PAYMENT AND CLOSING COST ASSISTANCE	Grant in the amount of 3.5%. Based on purchase price (rounded up always to the nearest dollar). Grant funds may be used for down payment and/or closing costs.		
DISCLOSURES	1 st mortgage follows standard disclosure requirements, both LE and CD. Additional documents needed (provided by Land Home Financial Services, Inc.): <ul style="list-style-type: none"> Down Payment Assistance Application Unity Disclosure Gift Letter 		

UNITY - FHA Guidelines

<p>FEES</p>	<p>Loan Origination Fee: Up to 2% Borrower Paid Compensation (cannot exceed LPC Agreement with LHFS) Disclosed: LE must show "Mortgage Broker Compensation – Borrower Paid" Admin Fee: \$1,145 Third-Party Processing Fee: May not exceed \$995</p>
<p>LOCK STATUS</p>	<p>Unity FHA Down Payment Assistance program is available to lock on all loans originated on or after 9/22/2022. May lock at Conditionally Approved, with appraisal received.</p>
<p>SUBORDINATE FINANCING</p>	<p>Subordinate financing allowed from an approved eligible source, can be combined with other eligible grant or down payment assistance programs</p>
<p>BORROWER ELIGIBILITY</p>	<ul style="list-style-type: none"> • First-time homebuyers, or <ul style="list-style-type: none"> • Non-First-time homebuyers that are First Responders, Essential Workers, along with Critical Supply Chain workers that supported America through the lockdowns and continue to work the front lines during continued pandemic. <ul style="list-style-type: none"> ○ First Responders: Medical Field, Firefighters, EMT, or; ○ Critical Infrastructure Employment: <ul style="list-style-type: none"> ▪ Food and agriculture ▪ Emergency services ▪ Transportation, warehouse, and delivery ▪ Industrial, commercial, residential facilities and services ▪ Health care ▪ Government and community-based services ▪ Communications and IT ▪ Financial Sector ▪ Energy sector ▪ Water and wastewater management ▪ Chemical Sector ▪ Critical management ▪ Educator ▪ For a complete list, please see CISA's essential critical infrastructure workforce. • Co-signer and non-Occupant Co-Borrower not allowed. • Maximum number of 4 borrowers. • The loan file must demonstrate financial management based on credit patterns, bank statements showing withdraw/payment of current housing, and expense activity. • Ineligible Borrowers <ul style="list-style-type: none"> • Borrowers with ITIN numbers. • Borrowers that are not legal residents including, but not limited to the following borrowers: <ul style="list-style-type: none"> ○ Diplomatic Immunity/Embassy Personnel, ○ Borrowers with deferred action status, which includes DACA, ○ Foreign Nationals, ○ Borrowers with Temporary Protected Status (TPS) <p>Occupancy:</p> <ul style="list-style-type: none"> • Borrower must occupy the residence as their primary residence within 60 days of closing. <p>Income Limits:</p> <ul style="list-style-type: none"> • Income limit is 160% of Area Median Income (AMI) or maximum allowable by FHA. Limit is based on qualifying income used for the transaction, not household income. <ul style="list-style-type: none"> • For AMI refer to: Income Limits <p>Homebuyer Education:</p> <ul style="list-style-type: none"> • One Borrower must complete home buyer education. <ul style="list-style-type: none"> • See Eligibility. <p>Manual Underwriting is not allowed</p>

UNITY - FHA Guidelines

PROPERTY ELIGIBILITY

- 1-4 units allowed; Cooperative housing (co-op) not eligible.
- FHA approved condos must meet the following:
 - Delinquent HOA dues: No more than 15% of the total Units are Units in Arrears (does not include late fees or other administrative expenses). The 15% includes all units (occupied, investor, bank-owned, vacant). Condominium association fee payments may not be more than 30 days past due.
 - Investor concentration: No more than 10% of the units may be owned by one investor / entity (single or multiple owner entities).
 - No open Litigation
 - FHA Spot approval not permitted
- Manufactured housing eligible under the UNITY MH Program. (MH must be fee simple, leased not acceptable)
- Nationwide program, excluding the state of and Washington.

CREDIT

- Minimum Credit Score: 640**
- Each borrower must have a minimum of one credit score.
 - FICO 680+ = Level 1
 - FICO 640-679 = Level 2
 - Max DTI: Per TOTAL Scorecard (DU - Approved Eligible or LPA – Accept).
- Credit Guidelines:**
- Paying off debt to qualify is allowed.
 - LHFS does not allow audited P&L's to be used for income calculation purposes but must support qualifying income.
 - No outstanding judgments, including repayment plan. All outstanding judgments must be paid in full.
 - Foreclosure, Deed-in-Lieu, and Short-Sale History: 3 years
 - Chapter 7: 2 years from discharge date
 - Chapter 13: Bankruptcies must be fully discharged before eligible for financing
 - Collections with aggregate total over \$2,500 must be paid or resolved regardless of age of collection account.
 - Medical Collections excluded from aggregate total
 - Collections under \$2,500 fall under standard FHA requirements
 - All student loans must have a payment calculated in the debt ratio. Refer to [Student Loan Matrix](#)
 - Housing Payment History – 0x30 (**Applicable items are required at submission**):
 - If Borrower currently pays rent to a Property Management company:
 - Standard Verification of Rent (VOR) for the previous 12 consecutive months is required.
 - Cash payments not acceptable for verification of rent.
 - Rent payments must be paid in the month due, otherwise payment is late.
 - If Borrower currently pays rent to a Private Party, provide the following:
 - Written VOR and 12 months cancelled checks, **or**
 - Written VOR and 12 months bank statements, **and**
 - Private Party must provide proof of ownership.
 - If Borrower is currently living rent free:
 - Additional requirement must be documented for those URLA's stating Borrower Living Rent Fee to evaluate the housing expense.
 - 3 months reserves (PITIA) are required (must be from own funds). Gifts not considered savings ability, **and**
 - Letter from landlord stating no rental payments required **and** must provide proof of ownership.
 - IRS payment plans:
 - IRS repayment plans initiated in the current year with less than 3 months satisfactory payments are not allowed or in accordance with FHA guidelines that align with case number date.
 - 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.
 - Due to the nature of the layered risk in the product offering LHFS will require an evaluation of the borrower's current housing payment history and the borrower must maintain a bank account which will be reviewed to ensure the borrower is able to meet their monthly obligations based on their current income level in a timely manner. LHFS will require two months bank statements as part of the underwriting evaluation. While we will allow the down payment to be covered by the grant and closing costs to be covered by eligible gifts or seller credits, bank statements will still be required as part of the credit evaluation.

UNITY - FHA Guidelines

ASSETS	<ul style="list-style-type: none"> • Gift donors cannot be on title or purchase contract as they do not meet the definition of "Gift" per agency definition. • VODs are not acceptable for asset documentation alone. • 2 months of bank statements for checking accounts are required on primary borrower regardless of cash to close requirements and AUS findings. <ul style="list-style-type: none"> • Borrower with overdrawn accounts (negative balance at any time), excessive NSF's and/or overdraft charges will not be eligible. One (1) NSF is acceptable.
EMPLOYMENT / INCOME	<ul style="list-style-type: none"> • Income limit is 160% of Area Median Income (AMI) or maximum allowable by FHA. Limit is based on qualifying income used for the transaction, not household income. For AMI refer to: Income Limits • Positions with variable income or varying hours will require a minimum of twelve months to effectively calculate the stable monthly qualifying income. • Rental income received from a relative requires a documented 12-month payment history of rents. • Paystubs and W-2's may not be substituted with a written verification of employment. • Amended tax returns are only acceptable for documented errors or omissions. • 4506C: Full 1040 transcripts required on all UNITY loans, W2 Only transcripts not allowed. <ul style="list-style-type: none"> • First-time homebuyers: 3 years tax transcript • Non-First-time homebuyers: Follow LHFS Tax Transcript Policy
TITLE	<ul style="list-style-type: none"> • Any borrower holding title only must be a legal U.S. Resident. • Split vesting is not allowed. Vesting must be 100% in a trust or 100% individual.
OTHER CONSIDERATIONS	<ul style="list-style-type: none"> • Borrower may receive the difference of their earnest money. No portion of the grant nor seller credits (including tax proration credits) may be given back to the borrower and principal curtailments are not allowed. • Land Home Financial Services, Inc. will run Undisclosed Debt Monitoring (UDM) prior to closing which may require additional information or affect borrower's loan approval if additional credit is obtained or late payments are reported. Prior to closing, any new inquiries and/or debt must be documented. • Maximum days allowed for seller rent back 60 days. • All loan documentation should not be over 90 days old at submission. • Property Assessed Clean Energy (PACE) aka: Home Energy Renovation Opportunity (HERO) subordination not permitted. Must be paid in full prior to closing. • Temporary Buy down loans not permitted. • A married Borrower purchasing a home separately from spouse will be eligible only if the spouse does not currently own the departing residence or other real estate outside of the exceptions listed below. This program is not for borrower's intending to accumulate property, whether buying together or as sole and separate property. This applies regardless of whether the borrower is located in a community property or non-community property state. • Exceptions may be considered for relocated borrower(s) or borrower with property ownership in another state that has been a rental property for more than 12 months. • Prepaid interest credits are not allowed.
COLLATERAL	<p><u>Well & Septic:</u></p> <ul style="list-style-type: none"> • Local Health Authority well water analysis and/or septic report, where required by the local jurisdictional authority. • Properties vacant 90+ days require a well and septic certification. <p><u>Condo Requirements:</u> FHA approved condominiums:</p> <ul style="list-style-type: none"> • Must be currently approved on HUD's condo list. • Certification for individual unit financing dated within 30 days prior to date of closing is required to be present in the loan file. <p><u>Expired appraisals will not be accepted.</u> Exception:</p> <ul style="list-style-type: none"> • If an appraisal update is performed prior to expiration date. <p><u>Ineligible Properties / Locations:</u></p> <ul style="list-style-type: none"> • States of Washington. • LHFS does not offer financing to properties that are secured by community land trusts (i.e., Illinois Land Trust). • Co-ops. • 2-4 Units in the state of New Jersey. • Mixed-Use • Working farms/ranches • Unincorporated territories of the United States (borrowers and properties) are ineligible for financing: <ul style="list-style-type: none"> • Puerto Rico • US Virgin Islands • American Samoa • Swains Island • Guam

UNITY - FHA Guidelines - Manufactured Homes

DEFINITION	<ul style="list-style-type: none"> A “manufactured home” (MH) is any dwelling that is built on a permanent chassis and installed on a permanent foundation system with the wheels, axles, and towing hitch removed. Must be titled as “real property” and not personal property (also referred to as “chattel”).
ELIGIBILITY	<ul style="list-style-type: none"> Multi-wide Properties Home placed on permanent foundations in the last 12 months must be treated as a purchase transaction and comply with all new construction requirements.
INELIGIBLE	<ul style="list-style-type: none"> Single-Wide Homes Leasehold Land Ownership
PROPERTY COLLATERAL	<p><u>Manufactured Home Property Requirements:</u></p> <ul style="list-style-type: none"> 600 square feet or larger Multi-wide Constructed on or after June 15, 1976 Built and remains on a permanent chassis Lightweight skirting (such as vinyl, metal, aluminum) must have a continuous backing made of concrete, masonry, treated wood or a product with similar strength and durability. Presence of HUD Certification Labels and Data Plate Require or IBTS.org report(s) provided. The finished grade elevation beneath the manufactured home or, if a basement is used, the lowest finished exterior grade adjacent to the perimeter enclosure, shall be at or above the 100-year return frequency flood elevation, Flood Zones A or V. Must meet the Model Manufactured Home Installation Standards. Must carry a one-year manufacturer’s warranty if the unit is new. Be installed on a home site that meets established local standards for site suitability and has adequate water supply and sewage disposal facilities available. Anchoring system in compliance with HUD codes. If installed prior to October 20, 2008, the anchoring system complies with manufacturer’s design or design of licensed engineer. Engineer Certification confirming the foundation meets HUD’s Permanent Foundations Guide for Manufactured Housing (PFGMH) dated Sept 1996. <ul style="list-style-type: none"> Must address the impact of any additions and modifications made to the structure Must address if the subject is in its original location (never been moved) More than one dwelling of any type is strictly prohibited when property is zoned for multiple units. <ul style="list-style-type: none"> Must be designed as one family dwelling. Accessory Dwelling Units permitted. Chattel title must be retired/purged. Affidavit of Affixture must be recorded prior to or at closing. <p><u>Well & Septic:</u></p> <ul style="list-style-type: none"> Local Health Authority well water analysis and/or septic report, where required by the local jurisdictional authority. Properties vacant 90+ days require a well and septic certification. <p><u>Building on Own Land:</u> Treated as a purchase transaction with minimum investment requirement met.</p> <ul style="list-style-type: none"> Equity in the land may be used to meet MRI. Land owned six months or more the Closing Disclosure or similar legal document may be prepared as a refinance transaction. If the land was/is being given as a gift to the Borrower, the Mortgagee must verify that the donor was not a prohibited source. Gift letter is required. Cash back at closing prohibited. <p>Settlement Statement from purchase of land or purchase contract and Licensed General Contractor Contracts required.</p> <ul style="list-style-type: none"> The builder’s price to build must include the sum of the cost of the unit(s) and all on-site installation costs Must meet all New Construction Requirements <p>Maximum Mortgage Amount Lessor of the Property Value or the documented Acquisition Cost used to determine the Adjusted Value. The documented Acquisition Cost of the Property includes:</p> <ul style="list-style-type: none"> builder’s price or the sum of all subcontractor bids and materials and lessor of land purchase price (including land acquired less than 12 months before case assignment) or value of the land as shown in the site value of the appraisal.

UNITY - FHA Guidelines

**HELPFUL LINKS /
 INFORMATION**

Land Home Financial Additional Resources:

- [DASH](#)
- <https://Wholesale.LHFS.com>

FHA UNITY Grant Program:

- [Income Limits](#)

Agency Guidelines:

- [FHA Guide](#)
- [FHA Mortgage Limits](#)
- [FHA FAQ Preview](#)
- [FHA FAQ](#)
- [FHA Approved Condo Lookup](#)
- [FHA Approved Condo Questionnaire](#)

PAYOFF DEMAND

Payoff Demand for First loan:

LHFS Servicing

(877) 230-0466 (follow prompts for payoff request)

- Select Prompt #1 for English
 - System will ask for:
 - 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:
 - Balance, and
 - Last payment received
- Select Prompt #4 for payoff demands
 - Fax# required for entry
 - Fax will be sent within 4 hours containing payoff information

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:

4d. Gifts or Grants You Have been Given or Will Receive for this Loan

4d. Gifts or Grants You Have Been Given or Will Receive for this Loan Does not apply

Include all gifts and grants below. Under Source, choose from the sources listed here:

- Community Nonprofit • Federal Agency • Relative • State Agency • Lender
- Employer • Local Agency • Religious Nonprofit • Unmarried Partner • Other

Asset Type: Cash Gift, Gift of Equity, Grant	Deposited/Not Deposited	Source – use list above	Cash or Market Value
Grant -	<input type="radio"/> Deposited <input checked="" type="radio"/> Not Deposited	Federal Agency -	\$ 5,000.00
-	<input type="radio"/> Deposited <input type="radio"/> Not Deposited	-	\$

- Select “Grant” from the drop-down menu under “Asset Type”
- Select “Not Deposited”
- Select “Federal Agency” from the drop-down menu under “Source”
- Include DAP dollar amount under “Cash or Market Value”