

OVERVIEW

The GSFA Conventional Down Payment Assistance Program (DAP) is a competitively priced Conventional loan program that does not require a minimum down payment from the homebuyer(s). GSFA provides your borrower(s) with a choice of a 3%, 4%, or a 5% DAP.

This home loan program is a purchase money first lien mortgage with down payment assistance in the form of a subordinate soft second lien with a 3-year term, forgiven at 1/36th of the loan repayment amount for each full calendar month over a 3-year period, for purchase buyers on their primary residence. Borrower(s) must remain current on their mortgage for the second mortgage to be forgiven.

- Owner occupied, purchase & limited cash out refinance, both 1st time and repeat buyers allowed
- Borrower may not own any other property at the time of closing, no exceptions
- Conventional only
- Offered as:
 - Freddie Mac HFA Advantage
 - Fannie Mae HFA Preferred
- Down payment assistance is in the form of a soft second lien, 0.00% interest, forgiven over a 3-year period (1/36th).
- Must use GSFA 1st mortgage program
- LHFS advances down payment assistance funds
- Available for refinances with no cash back
- If borrower meets applicable [income limit requirements](#), the GSFA Platinum DAP can be combined with a GSFA Affordable Subsidy (May be used towards the down payment and/or closing costs. No cash back to borrower.):
 - \$2,500 for Qualifying Income ≤ 50% AMI
 - \$1,500 for Qualifying Income ≤ 80% AMI
- High cost statewide income limits
- Available for both purchase and refinance transactions
- Two product options:
 - Down payment assistance from 3% up to 5% of the 1st mortgage loan amount or,
 - GSFA Paid LPMI Option with a \$1,000 or 2.50% DAP of the loan amount.
 - Minimum FICO 660 if DTI is less than 45%
 - Minimum FICO 720 if DTI exceeds 45%
- Interest rates on the 1st mortgage loan vary based on the assistance selected
- LHFS prepares - TRID partial exemption applies to the soft second lien:
 - NHF Program – Partial Exemption Disclosure and HUD-Settlement Statement required
 - LE and CD's not eligible

Platinum DAP Program

DAP Options 3%, 4% or 5% available (based on first mortgage loan amount)	GSFA DAP PAID LPMI Options (limits loan amount to \$453,100) (limits of \$484,350 for loans closed on or after January 1, 2019)
Conforming @ 97% LTV	Conforming @ 97% LTV \$1,000 DAP <i>or</i> Conforming @ 97% LTV \$ 2.50% DAP
GSFA affordable subsidy available	GSFA affordable subsidy available

NOTE: LHFS will follow standard FHLMC & Mortgage Insurance guidelines. Also, subject to LHFS overlays as well as those outlined in borrower's eligibility, property eligibility and underwriting sections of this document.



PROGRAM CODES	
W CA-GSFA Conv 3% DAP	WC30GSFADAP3-041
W CA-GSFA Conv 4% DAP	WC30GSFADAP4-041
W CA-GSFA Conv 5% DAP	WC30GSFADAP5-041
W CA-GSFA Conv No MI 1k DAP	WC30NOMIGSFADAP1K-041
W CA-GSFA Conv No MI DAP	WC30NOMIGSFADAP-041



GSFA Conventional Guidelines Summary

FIRST MORTGAGE LOAN TYPES AND TERMS	<ul style="list-style-type: none"> Standard 30 Year Terms with full amortization, purchase and refinance available <ul style="list-style-type: none"> Standard conforming loan limits of \$453,100 <ul style="list-style-type: none"> Conforming loan limits of \$484,350 for loans closed on or after January 1, 2019 Freddie Mac HFA Advantage conforming Max LTV 97%/ CLTV 105% Fannie Mae HFA Preferred conforming Max LTV 97%/ CLTV 105% Note: Super conforming loans are not allowed All Freddie Mac HFA Advantage conventional guidelines apply
BORROWER ELIGIBILITY	<p>Minimum Credit Score</p> <ul style="list-style-type: none"> For GSFA Paid LPMI options: <ul style="list-style-type: none"> 660 if DTI is 45% or less 720 if DTI exceeds 45% For all other loans: 640 <p>Maximum DTI</p> <ul style="list-style-type: none"> For loans underwritten through an AUS, unless a lower maximum DTI is required for product/property type per GSE, Insurer, or HFA guidelines: <ul style="list-style-type: none"> 45% maximum for loans underwritten through LPA with an "Accept" finding 50% for loans underwritten through DU with an "Approve/Eligible" finding require a minimum representative credit score of 720 Follow County income limits (1003 qualifying income) Must occupy the property as their primary residence Homebuyer education required Non-occupant co-borrowers or cosigners are not allowed Borrower may not own any other property at the time of closing, no exceptions <p>Refinance Transactions:</p> <ul style="list-style-type: none"> Down Payment Assistance up to 5% of the first mortgage amount available to be used towards borrower paid mortgage insurance and/or closing costs. Follow County income limits (1003 qualifying income) Minimum 3% equity required No cash out/cash back Full documentation
CASH BACK TO BORROWER	<p>Purchase:</p> <ul style="list-style-type: none"> After meeting the minimum required investment, only excessive EMD may be returned to the borrower in the form of cash back. Excessive down payment assistance funds: <ul style="list-style-type: none"> Loan amount must be reduced, and loan documents must be re-drawn. Principal reductions are not allowed <p>Refinance:</p> <ul style="list-style-type: none"> No portion of the down payment assistance may be given as cash back to the borrower No cash out allowed
COMMUNITY / AFFORDABLE SECONDS	<ul style="list-style-type: none"> Additional subordinate financing allowed, follow agency, investor and MI provider's guidelines. Must be an LHFS approved External DAP program.
DAP FUNDS	<p>DAP is available from GSFA for Purchase or Refinance transactions as outlined below:</p> <ul style="list-style-type: none"> Standard DAP from 3% up to 5% of loan amount GSFA paid LPMI options: <ul style="list-style-type: none"> DAP of \$1,000, or DAP of 2.50% of the First Mortgage Loan Amount
DISCLOSURES	<ul style="list-style-type: none"> 1st mortgage follows standard disclosure requirements, both LE and CD. 2nd mortgage will require NHF Program – Partial Exemption Disclosure, with a final HUD-1 at settlement



GSFA Conventional Guidelines Summary

<p>DOWN PAYMENT AND CLOSING COST ASSISTANCE</p>	<p>DAP is available from GSFA for Purchase or Refinance transactions in the form of a Second Mortgage Loan, forgivable after 3 years. DAP Second Mortgage Loan Terms</p> <ul style="list-style-type: none"> • DAP Amount: <ul style="list-style-type: none"> • Up to 5.00% of the First Mortgage Loan amount. • GSFA Paid LPMI Options (purchase transactions only): <ul style="list-style-type: none"> • DAP of \$1,000, or • DAP up to 2.50% of the First Mortgage Loan Amount. • Note Rate of Second Mortgage is 0%; • Non-amortizing loan with no monthly payments; • Proceeds may be used for down payment and/or closing costs; • There must be no cash back to the borrower from the Second Mortgage proceeds; • Second Mortgage is forgiven after 3 years; <ul style="list-style-type: none"> • The outstanding principal amount of the Second Mortgage is reduced by one-third (1/3rd) of the original principal amount on each one-year anniversary date. • Upon sale or refinance prior to the end of the 3 years, the total loan forgiveness will be calculated pro rata on a monthly basis with x/36 of the original principal amount being deducted from the original principal amount, x being equal to the total number of whole months completed since the date hereof. • No subordination allowed. • LHFS upfronts the DAP amount at closing. <p>DAP types available:</p> <ul style="list-style-type: none"> • For Platinum “Select” transactions, the DAP is in the form of a Gift. (See Platinum “Select” Eligibility section for details) • For all other Platinum transactions, the DAP is in the form of a Second Mortgage Loan, forgivable after 3 years.
<p>ELIGIBLE PROPERTIES</p>	<p>Eligible properties</p> <ul style="list-style-type: none"> • Single Family, attached or detached, one unit only • Condos <ul style="list-style-type: none"> • Condo must be approved by the investor <p>Ineligible properties</p> <ul style="list-style-type: none"> • Manufactured homes • Co-ops • Rental homes, investment properties • Recreational, vacation or second homes
<p>ELIGIBLE STATES</p>	<p>California only</p>
<p>FEES</p>	<ul style="list-style-type: none"> • Up to 2.00% borrower paid compensation is allowed for this program (No LPC) • Processing fee may not exceed \$995. • LE must show “Mortgage Broker Compensation – Borrower Paid” • LHFS standard GSFA Platinum admin fee of \$1145 applies to all loans • A fee of \$400 will apply to each expired lock / locked loan not delivered. <p><u>2nd Mortgage:</u></p> <ul style="list-style-type: none"> • Escrow/Settlement Agency fees may not exceed 1% of the loan amount. • Recording fees and transfer tax are not included in the 1% tolerance.



GSFA Conventional Guidelines Summary

FIRST-TIME HOMEBUYER	<ul style="list-style-type: none"> Available for first time, repeat, and current owners for a refinance Borrower may not own any other property at the time of closing, no exceptions
HOMEBUYER EDUCATION	<p>Fannie Mae DU Frameworks only, or HUD approved HBE provider</p> <p>Freddie Mac LPA At least one borrower must participate in a homeownership education program before the Note date.</p> <ul style="list-style-type: none"> Homeownership education must not be provided by an interested party to the transaction, LHFS, or by the seller. Homeownership education programs may use different formats and require different lengths of time to complete. The following are acceptable: <ol style="list-style-type: none"> Programs developed by HUD-approved counseling agencies, Housing Finance Agencies (HFAs) or Community Development Financial Institutions (CDFIs) Programs developed by mortgage insurance companies Programs that meet the standards of the National Industry Standards for Homeownership Education and Counseling (www.homeownershipstandards.com) As an alternative to the programs listed above, Freddie Mac's free financial literacy curriculum, CreditSmart®, meets the homeownership education requirements, provided: <ul style="list-style-type: none"> The borrower completes the on-line Credit Smart® – Steps to Homeownership Tutorial, which includes: <ul style="list-style-type: none"> Module 1 (Your Credit and Why It Is Important) Module 2 (Managing Your Money) Module 7 (Thinking Like a Lender) Module 11 (Becoming a Homeowner) and Module 12 (Protecting Your Investment) The financial literacy curriculum is not provided by an interested party to the transaction, the originating lender or by the seller A copy of Exhibit 20, Homeownership Education Certification, or another document (such as the CreditSmart® – Steps to Homeownership certificate of completion) containing comparable information must be retained in the mortgage file. .
INCOME LIMITS	<ul style="list-style-type: none"> GSFA loan limits - GSFA income limits
LPA OFFERING IDENTIFIER	<ul style="list-style-type: none"> Select Offering Identifier "Home Possible Advantage HFA (eligible users)" for single family properties, condos, or PUD's (attached or detached).
LOCK STATUS	<ul style="list-style-type: none"> May lock at Conditionally Approved, with appraisal received. Loans are locked, and DAP funds reserved at the same time. GSFA loans are locked in eXPRESS. Special Programs are subject 2:00 PST cutoff for same day lock commitment. 30-day lock period only <p>Please Note: If loan is locked, and DAP amount (%) needs to change, the lock will be cancelled, a \$400 cancelation fee will apply, and 30 days must elapse before locking to the new program.</p>
MAX LOAN AMOUNT	<ul style="list-style-type: none"> Lesser of \$453,100 or county limits. Conforming loan limits of \$484,350 for loans closed on or after January 1, 2019
MINIMUM BORROWER CONTRIBUTION	<ul style="list-style-type: none"> No minimum required borrower contribution Additional gift funds and seller concessions allowed Follow agency, mortgage insurance, and LHFS GSFA guidelines



GSFA Conventional Guidelines Summary

MORTGAGE INSURANCE	<p>All LHFS approved Mortgage Insurance providers are eligible</p> <ul style="list-style-type: none"> Mortgage Insurance – HFA Preferred reduced/charter coverage levels: <ul style="list-style-type: none"> Greater than 95% up to and including 97% LTV: 18% Greater than 90% up to and including 95% LTV: 16% Greater than 85% up to and including 90% LTV: 12% Greater than 80% up to and including 85% LTV: 6% <p>No MI if using the GSFA paid LPMI option</p> <ul style="list-style-type: none"> LHFS does NOT obtain MI certificate on these loans LPMI initial disclosure required
PLATINUM “SELECT” ELIGIBILITY	<p>Borrowers with the following occupations in California are eligible for the Platinum “Select” feature, which provides DAP in the form of a non-repayable Gift:</p> <ul style="list-style-type: none"> Peace Officers, Sheriff, Border Patrol Agents, Correctional Officers and others serving in a Law Enforcement capacity; Firefighters, CalFire, paramedic, and Emergency Medical Technicians (EMTs), including administrative staff that supports firefighters; or Current members of the California State Teachers Retirement System (CalSTRS) or University of California Retirement Plan (UCRP), employees of a California accredited Private, Charter or Public School District or California State University, Junior College or Private College, including school administration and staff. See Platinum Select Guidelines here
REFINANCE TRANSACTIONS	<ul style="list-style-type: none"> Minimum 3% equity required No cash out allowed Full Documentation required
SALES PRICE LIMITS	N/A
SECOND MORTGAGE LOAN DOCUMENTATION	<p>The “soft second” will close in the name of National Homebuyers Funds and follow RESPA partial exemption:</p> <ul style="list-style-type: none"> Initial Truth In Lending Disclosure Subordinate Loan Promissory Note Subordinate Deed of Trust 2nd HUD-1 at closing
UNDERWRITING	<p><u>Follow agency guidelines, LHFS guidelines and overlay matrix</u></p> <ul style="list-style-type: none"> Max conforming LTV/CLTV – 97%/105% Income limits based off 1003 qualifying income Available through DU under HFA Preferred as Approve/Eligible, or Loan Product Advisor (LPA) Risk Class “Accept” Modifications to a reservation require approval; only property address or loan amount are allowed with NHF, any other modifications require loan cancellation (borrower, interest rate, DAP) No manual underwrites allowed (LHFS overlay) Borrower may not own any other property at the time of closing, no exceptions <p><u>Conforming:</u></p> <ul style="list-style-type: none"> HFA Advantage is available through LPA. Select “Offering Identifier” “251 Home Possible Advantage for HFAs”



1003 DETAIL

Uniform Residential Loan Application

This application is designed to be completed by the applicant(s) with the Lender's assistance. Applicants should complete this form as "Borrower" information must also be provided (and the appropriate box checked) when the income or assets of a person other than the Borrower (including the Borrower's spouse or other person who has community property rights pursuant to state law will not be used) or the income or assets of the Borrower's spouse or other person who has community property rights pursuant to applicable law and Borrower resides in a community property state, or the Borrower is relying on other property located in a community property state as a basis for repayment of the loan.

If this is an application for joint credit, Borrower and Co-Borrower each agree that we intend to apply for joint credit (sign below):

Borrower		Co-Borrower	
I. TYPE OF MORTGAGE AND TERMS OF LOAN			
Mortgage Applied for:	<input type="checkbox"/> VA <input type="checkbox"/> FHA	<input type="checkbox"/> Conventional <input type="checkbox"/> USDA/Rural	<input type="checkbox"/> Other (explain): Agency Case Number

II. PROPERTY INFORMATION AND PURPOSE OF LOAN					
Subject Property Address (street, city, state & ZIP)					No. of Units
Legal Description of Subject Property (attach description if necessary)					Year Built
Purpose of Loan <input type="checkbox"/> Purchase <input type="checkbox"/> Construction <input type="checkbox"/> Other (explain): <input type="checkbox"/> Refinance <input type="checkbox"/> Construction-Permanent			Property will be: <input type="checkbox"/> Primary Residence <input type="checkbox"/> Secondary Residence <input type="checkbox"/> Investment		
<i>Complete this line if construction or construction-permanent loan.</i>					
Year Lot Acquired	Original Cost	Amount Existing Liens	(a) Present Value of Lot	(b) Cost of Improvements	Total (a + b)
	\$	\$	\$	\$	\$
<i>Complete this line if this is a refinance loan.</i>					
Year Acquired	Original Cost	Amount Existing Liens	Purpose of Refinance	Describe Improvements	<input type="checkbox"/> made <input type="checkbox"/> to be made
	\$	\$		Cost: \$	
Title will be held in what Name(s)			Manner in which Title will be held		Estate will be held in: <input type="checkbox"/> Fee Simple <input type="checkbox"/> Leasehold (show expiration date)
Source of Down Payment, Settlement Charges, and/or Subordinate Financing (explain)					
Down Payment Assistance					

1003 Page 1 – Source of Down Payment – “Down Payment Assistance”



INPUTTING INTO AUS – LPA VISUAL AID



Select send loan, then manually modify the “Mortgage Type and Loan Terms” section and the “Details of Transactions” section.

Mortgage Type And Loan Terms

Mortgage Type *	Conventional	Amortization Months *	360
Base Loan Amount (exclude PMI, MIP, Funding Fee financed) *	\$ 176540.00	PMI, MIP, Funding Fee Financed	\$ 0.00
Amortization Type *	Fixed Rate	Loan Amount	\$ 176540.00
Lien Priority *	First Lien	Interest Rate *	5.00
Offering Identifier	<input type="text" value="Home Possible"/> <input type="text" value="Home Possible Advantage"/> <input type="text" value="Home Possible Advantage for HFAs (eligible users only)"/> <input type="text" value="Relief Refinance - Open Access"/>	Temporary Subsidy Buydown?	Yes No

Subordinate Financing amount must reflect in the Subordinate financing field of the Details of Transaction

Loan Application Data

Purchase Price: \$ 250000.00

Alterations, Improvements, Repairs: \$

Cost of Land (if acquired separately): \$

Refinance (include debts to be paid off): \$

Subordinate Financing
 Subordinate Amount: \$ 7500.00



LOAN APPLICATION DATA / RUN THE PROPERTY IDENTIFIER

Enter data on the **Loan Application Data** page, beginning with the **Mortgage Type and Loan Terms** subsection.

Mortgage Type and Loan Terms subsection:



If the loan is a Home Possible®, Home Possible Advantage™, Home Possible Advantage for HFAs (eligible users only*) or Relief Refinance – Open Access™ loan, select the applicable product in the **Offering Identifier** field. Home Possible Advantage have 97% maximum loan-to-value (LTV) and 105% maximum total LTV (TLTV) ratio limits for qualified low- and moderate-income borrowers, including first-time homebuyers, who may lack funds for a larger down payment.

*This Mortgage must be delivered by either the HFA, or its Master Servicer, under the required Negotiated Commitment to deliver HPA for HFAs.

Mortgage Type And Loan Terms

Mortgage Type *	Conventional	Amortization Months *	360
Base Loan Amount (exclude PMI, MIP, Funding Fee financed) *	\$ 176540.00	PMI, MIP, Funding Fee Financed	\$ 0.00
Amortization Type *	Fixed Rate	Loan Amount	\$ 176540.00
Lien Priority *	First Lien	Interest Rate *	5.00
Offering Identifier	Home Possible Home Possible Advantage Home Possible Advantage for HFAs (eligible users only) Relief Refinance - Open Access	Temporary Subsidy Buydown?	Yes No

PURCHASE ELIGIBILITY **RISK CLASS** ACCEPT **COLLATERAL RAV* RELIEF** UNAVAILABLE

CODE MESSAGES

TW Loan Product Advisor Assessment Expiration Date for JOHN S LLKEHKFUA is 03/20/2018.

K9 83900.00 is the Area Median Income for the address submitted.

B1 The loan submitted as a Home Possible Advantage for HFA (HFA Advantage) mortgage, must be delivered by the HFA or its Master Servicer under the required Negotiated Commitment for HFA Advantage mortgages. The seller must ensure all HFA program and income eligibility requirements are met.

EW Seller is responsible for documenting and underwriting all Mortgages in accordance with the requirements of the Single-Family Seller/Service Guide and/or Master Agreement.

NEW feedback message



INPUTTING INTO DU – DU VISUAL AID

HFA Preferred is available through DU using the “Additional Data” screen: select “HFA Preferred”.
 Conforming loan amounts only.

Community Lending Information

Community Lending Product	HFA Preferred
Community Seconds	Any payment (including interest only, P & I, etc) required within first 5 years
Community Seconds Repayment Structure	Payments deferred 5 or more years and fully forgiven
County	Payments deferred 5 or more years and not fully forgiven
HomeBuyer Education Completion	HomeBuyer Education complete

A DU recommendation of **Approve/Eligible** is required

DU Underwriting Findings

SUMMARY

Recommendation

Approve/Eligible

