

OVERVIEW

The GSFA Government Down Payment Assistance Program (DAP) is a competitively priced loan program that does not require a minimum down payment from the homebuyer(s). GSFA Platinum is designed to increase homeownership opportunities for low-to-moderate income individuals and families in California. GSFA provides your borrower(s) with a choice of a 3% DAP or a 4% 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, both 1st time and repeat buyers allowed
- Borrower may not own any other property at the time of closing, no exceptions
- Exempt from QM
- Down payment assistance is in the form of a soft second lien, 0.00% interest, forgiven over a 3-year period (1/36th).
- Government conforming first mortgages only. Must use GSFA 1st mortgage program. Down Payment Assistance (DPA) is available in the form(s) stated below:
 - FHA: Up to 4.00% of the Total First Mortgage Loan amount.
- LHFS advances down payment assistance funds
- High cost statewide income limits
- 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% FHA, or DAP Options 4% for FHA available DAP based on first mortgage loan amount	
FHA @ 97% LTV	

PROGRAM CODES	
W CA-GSFA Gov FHA 3% DAP	WF30GSFADAP3-041
W CA-GSFA Gov FHA 4% DAP	WF30GSFADAP4-041

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



GSFA FHA Guidelines Summary

<p>FIRST MORTGAGE LOAN TYPES AND TERMS</p>	<p><u>Loan Types:</u></p> <ul style="list-style-type: none"> FHA; in accordance with FHA guidelines. Cooperative housing (co-op) is not eligible. <p><u>Loan Term:</u></p> <ul style="list-style-type: none"> 30-year fixed term with full amortization. <p><u>Maximum Loan Amount:</u></p> <ul style="list-style-type: none"> Follow the loan agency loan limits by county. <p><u>Max LTV/CLTV:</u></p> <ul style="list-style-type: none"> Follow loan agency guidelines. <p>For Conventional Loan options within the GSFA Platinum Program, please see the GSFA Platinum Matrix</p>
<p>BORROWER ELIGIBILITY</p>	<p><u>Occupancy:</u></p> <ul style="list-style-type: none"> Borrower must occupy the residence as their primary residence. For non-occupant co-borrowers, refer to loan agency guidelines. <p><u>Income Limits (based on county of property):</u></p> <ul style="list-style-type: none"> GSFA loan limits - GSFA income limits <p>Minimum Credit Score: 640</p> <p>Maximum DTI: 45%</p> <p><u>Homebuyer Education:</u></p> <ul style="list-style-type: none"> Please refer to loan agency for specific requirements.
<p>CASH BACK TO BORROWER</p>	<ul style="list-style-type: none"> No portion of the GSFA Platinum DAP, seller credits, or tax proration credits, may be given back to the borrower. Once the Minimum Required Investment (MRI) has been satisfied, borrowers are permitted reimbursement of POC items and/or earnest money deposit (must leave a \$250 cushion). If the Appraisal fee was paid by debit card transaction, a copy of the bank statement listed on the 1003 showing immediate withdrawal from the borrowers account, will be consider as a part of the borrower's cash and will eligible to be refunded to the borrower. Principal reductions are not allowed
<p>COMMUNITY / AFFORDABLE SECONDS</p>	<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.



GSFA FHA Guidelines Summary

DAP FUNDS	<p>DAP is available from GSFA for Purchase transactions as outlined below:</p> <ul style="list-style-type: none"> • Standard DAP from 3% up to 4% of loan amount • FHA: Up to 4.00% of the Total 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
DOWN PAYMENT AND CLOSING COST ASSISTANCE	<p>DAP is available from GSFA for Purchase transactions in the form of a Second Mortgage Loan, forgivable after 3 years.</p> <p>DAP Second Mortgage Loan Terms</p> <ul style="list-style-type: none"> • 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.
ELIGIBLE PROPERTIES	<p>Eligible properties</p> <ul style="list-style-type: none"> • Single Family (1 -4 Unit) properties, as allowed per Agency guidelines. • Condos <ul style="list-style-type: none"> • Condo must be approved by the investor • Manufactured housing allowed with a minimum of 680 FICO <p>Ineligible properties</p> <ul style="list-style-type: none"> • Co-ops • Rental homes, investment properties • Recreational, vacation or second homes
ELIGIBLE STATES	California only
FEES	<ul style="list-style-type: none"> • Up to 2.00% borrower paid compensation is allowed for this program (No LPC) <ul style="list-style-type: none"> • Please note - FHA highbalance: 1.50% borrower paid compensation “Broker Origination” and 0.50% to LHFS listed as the “Origination” fee. • 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 FHA Guidelines Summary	
FIRST-TIME HOMEBUYER	<ul style="list-style-type: none"> Available for first time, repeat buyers Borrower may not own any other property at the time of closing, no exceptions
HOMEBUYER EDUCATION	<p>Follow Agency guidelines: At least one of the borrowers to complete the simple and easy to use MGIC Homebuyer Education or similar course. (https://homebuyers.mgic.com)</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
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.
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 FHA Guidelines Summary

MORTGAGE INSURANCE	Follow Agency Guidelines
PLATINUM "SELECT" ELIGIBILITY	<p>The Platinum "Select" feature provides DPA in the form of a non-repayable Gift. The following First Mortgage Loan Types are eligible for the Platinum "Select" feature:</p> <ul style="list-style-type: none"> FHA Mortgages where borrower has one of the following occupations in California: <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"> Not allowed
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"> Acceptable AUS – LPA only/no manual underwriting allowed Max DTI of 45% Minimum FICO 640 (manufactured 680) Income limits based off 1003 qualifying income. All eligible income must be used in income limit calculation. regardless of need. Manipulation of income to meet the income limit is not acceptable. Gift funds allowed 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).



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			Property will be:		
<input type="checkbox"/> Purchase <input type="checkbox"/> Construction <input type="checkbox"/> Other (explain): <input type="checkbox"/> Refinance <input type="checkbox"/> Construction-Permanent			<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
Source of Down Payment, Settlement Charges, and/or Subordinate Financing (explain)					<input type="checkbox"/> Fee Simple <input type="checkbox"/> Leasehold (show expiration date)

Down Payment Assistance

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



DETAILS OF TRANSACTION SECTION

VII. DETAILS OF TRANSACTION		VIII. DECLARATIONS			
		If you answer "Yes" to any question a through i, please use continuation sheet for explanation.			
		Borrower		Co-Borrower	
		Yes	No	Yes	No
j.	Subordinate financing				
	7500.00				
k.	Borrower's Seller				
	Enter DAP				
l.	Other Credits (explain)				
m.	Loan amount (exclude PMI, MIP, Funding Fee financed)				
n.	PMI, MIP, Funding Fee financed				
o.	Loan amount (add m & n)				
f.	Are you presently delinquent or in default on any Federal debt or any other loan, mortgage, financial obligation, bond, or loan guarantee?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
g.	Are you obligated to pay alimony, child support, or separate maintenance?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
h.	Is any part of the down payment borrowed?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
i.	Are you a co-maker or endorser on a note?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
j.	Are you a U.S. citizen?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
k.	Are you a permanent resident alien?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
l.	Do you intend to occupy the property as your primary residence?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

- **Details of Transaction: Should reflect DAP amount if input correctly as a 2nd mortgage.**

INPUTTING INTO AUS – LPA VISUAL AID

Assets and Reserves (combined for all borrowers) [Asset Breakdown](#)

Provide the asset category and amount from the loan file. All amounts should reflect the account value prior to the deposit of any gift(s).

Asset Category	Asset Amount
Depository Accounts	\$15000.00
	\$
	\$
	\$
	\$
	\$
	\$
Reserves	Total Gift Fund
\$63.87	\$13256.00

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Asset Breakdown

Borrower:
 Loan App #:
 Loan Prospector ID: L5866589 Transaction ID: T573543891

<< Previous Save Submit

Fields marked with an asterisk are always required.

Borrower Name:
 If assets and liabilities are being reported jointly, please select the name of the borrower for whom to associate the assets.

Asset Type	Asset Identifier	Amount		
Checking Account	6789	\$ 15000.00	Details	Delete
Gift	Gift From Daughter for \$5,000		Details	Delete
Gift	GSFA	\$ 13256.00	Details	Delete

Select [Asset Type](#) to add an asset

INPUTTING INTO AUS – LPA VISUAL AID (CONTINUED)

Details Of Transaction

<p><u>Purchase Price</u> \$ 322000.00</p> <p><u>Alterations, Improvements, Repairs</u> \$</p> <p><u>Cost of Land</u> (if acquired separately) \$</p> <p><u>Refinance</u> (include debts to be paid off) \$</p> <p>Subordinate Financing</p> <p><u>Subordinate Amount</u> \$</p> <p><u>Borrower's Closing Costs Paid by Seller</u> \$ 354.20</p> <p>Other Credits</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;"><u>Other Credit Type</u></th> <th style="text-align: left;"><u>Other Credit Amount</u></th> <th></th> </tr> </thead> <tbody> <tr> <td>Lender Credit</td> <td>\$ 8914.89</td> <td style="text-align: right;">> Delete</td> </tr> <tr> <td>Seller Credit</td> <td>\$ 354.20</td> <td style="text-align: right;">> Delete</td> </tr> <tr> <td>Borrower Paid Fee</td> <td>\$ 13256.00</td> <td style="text-align: right;">> Delete</td> </tr> <tr> <td>Borrower Paid Fee</td> <td>\$ 10000.00</td> <td style="text-align: right;">> Delete</td> </tr> <tr> <td colspan="3" style="text-align: left;">> Add Another Credit</td> </tr> </tbody> </table> <p><u>Sales Concessions</u> \$</p>	<u>Other Credit Type</u>	<u>Other Credit Amount</u>		Lender Credit	\$ 8914.89	> Delete	Seller Credit	\$ 354.20	> Delete	Borrower Paid Fee	\$ 13256.00	> Delete	Borrower Paid Fee	\$ 10000.00	> Delete	> Add Another Credit			<p><u>Estimated Prepaid Items</u> \$ 3305.73</p> <p><u>Estimated Closing Costs</u> \$ 15164.44</p> <p><u>PMI, MIP, Funding Fee</u> \$ 5333.13</p> <p><u>Discount</u> (if borrower will pay) \$</p> <p><u>HELOC High Credit Amount</u> \$</p> <p><u>HELOC Actual Current Balance</u> \$</p> <p style="text-align: right;"><u>Net Purchase Price</u> \$322000.00</p>
<u>Other Credit Type</u>	<u>Other Credit Amount</u>																		
Lender Credit	\$ 8914.89	> Delete																	
Seller Credit	\$ 354.20	> Delete																	
Borrower Paid Fee	\$ 13256.00	> Delete																	
Borrower Paid Fee	\$ 10000.00	> Delete																	
> Add Another Credit																			

When sending the loan from your LOS, the Grant Amount may auto populate into the Details of Transaction and must be removed manually