

## OVERVIEW

The Power Purchase Down Payment Assistance Program is a competitively priced conventional loan program that requires only a 1% down payment from the homebuyer(s). Combined with a 2% Power Purchase grant, your borrower(s) has a total of a 3% down payment.

This Power Purchase 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 on their primary residence.

- Refinance transactions are not eligible.
- Conforming loan amounts only
- Minimum FICO 620
- No manual underwriting allowed
- Manufactured housing is allowed only under the [Power Purchase Manufactured Housing](#) program
- Down payment assistance is in the form of a 2% Power Purchase grant (no repayment required)
- [Income limits](#) are based off credit qualifying income reported on the 1003. All eligible income must be used in income limit calculation regardless of need. Manipulation of income to meet the income limit is not acceptable.
  - AMI must be 100% or below
- 1% minimum borrower cash investment requirement
  - Calculated off sales price or appraised value, whichever is lower
- No subordinate financing allowed, LTV 97.00%/CLTV 97.00%
- Benefit – Mortgage insurance coverage is lower 25% vs. standard 30% on a 97% LTV
  - Power Purchase Plus includes LPMI (minimum FICO 640)

### PROGRAM CODES

Power Purchase 2% Fixed 30	WCPP30HPA2-000
Power Purchase Plus 2% Fixed 30 LPMI	WCPPP30HPA2LPMI-000

**NOTE:** Standard LHFS [overlays](#) apply to this Down Payment Assistance Program.



**Power Purchase Conventional Guidelines Summary**

<b>FIRST MORTGAGE LOAN TYPES AND TERMS</b>	<ul style="list-style-type: none"> <li>• First mortgage conventional 30-year fixed term with full amortization, purchase transaction only</li> <li>• No buy-downs are allowed</li> </ul>
<b>BORROWER ELIGIBILITY</b>	<p>Borrower must meet the following requirements:</p> <ul style="list-style-type: none"> <li>• All borrowers must occupy the property as their primary residence</li> <li>• Cosigners/non-occupying co-borrowers are not allowed.</li> <li>• Meet income limits (see <a href="#">income limit</a> section)</li> <li>• Manual underwriting is not allowed under this program.</li> <li>• No foreclosures within the last 7 years</li> </ul>
<b>CASH BACK TO BORROWER</b>	<p>After the borrower has met the 1% of the sales price or appraised value investment, the borrower may receive the difference of their earnest money cash back. No portion of the 2% Power Purchase grant, credit for interest rate chosen, seller credits (including tax proration credits), or lender credits may be given back to the borrower and principal curtailments are not allowed.</p> <p>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 considered as a part of the borrower's cash, eligible to be refunded to the borrower outside close of escrow.</p>
<b>DISCLOSURES</b>	First mortgage follows standard disclosure requirements.
<b>DOWN PAYMENT AND CLOSING COST ASSISTANCE</b>	<ul style="list-style-type: none"> <li>• Borrower is responsible for closing costs. Closing costs may be paid by borrower, seller, and by lender credit.</li> <li>• 1% borrower contribution required, based off the sales price or appraised value, whichever is lower, and may include gift funds from a family member.</li> </ul>
<b>ELIGIBLE PROPERTIES</b>	<p><u>Eligible:</u></p> <ul style="list-style-type: none"> <li>• Single family detached or semi-detached</li> <li>• Condo units in an approved project (follow agency guidelines)</li> <li>• PUD attached or detached</li> </ul> <p><u>Ineligible:</u></p> <ul style="list-style-type: none"> <li>• Properties with significant repairs not paid by seller or buyer prior to closing are not allowed (no repair escrows or holdbacks)</li> <li>• Properties used for investment property, second home, or the operation of a business</li> <li>• 2-4 unit</li> <li>• Manufactured housing (See <a href="#">Power Purchase Manufactured Housing Matrix</a>)</li> </ul>
<b>ELIGIBLE STATES</b>	Nationwide Program
<b>FEES</b>	<ul style="list-style-type: none"> <li>• Standard LHFS state specific admin fees applicable (may be included in pricing).</li> <li>• Third-party processing fee may not exceed \$795.</li> <li>• Borrower Paid Compensation cannot exceed Lender Paid Compensation that is currently on file with LHFS.</li> <li>• A fee of \$400 will apply to each expired lock / locked loan not delivered.</li> </ul>
<b>FIRST-TIME HOMEBUYER</b>	<ul style="list-style-type: none"> <li>• Both 1st time homebuyers and repeat buyers allowed</li> <li>• Subject to restrictions noted in <a href="#">Ownership of Other Residential Property</a></li> </ul>



**Power Purchase Conventional Guidelines Summary**

<b>GRANT FUNDS</b>	<ul style="list-style-type: none"> <li>Grant amount is 2% of sales price</li> <li>Grant funds are reserved when the loan is locked.</li> <li>LHFS will advance the grant funds at closing</li> </ul>
<b>HOMEBUYER EDUCATION</b>	<p>At least one borrower must participate in a homeownership education program before the Note date.</p> <ul style="list-style-type: none"> <li>Homeownership education must not be provided by an interested party to the transaction, LHFS, or by the seller.</li> <li>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"> <li>Programs developed by HUD-approved counseling agencies, Housing Finance Agencies (HFAs) or Community Development Financial Institutions (CDFIs)</li> <li>Programs developed by mortgage insurance companies</li> <li>Programs that meet the standards of the National Industry Standards for Homeownership Education and Counseling (<a href="http://www.homeownershipstandards.com">www.homeownershipstandards.com</a>)</li> </ol> </li> <li>As an alternative to the programs listed above, LHFS allows CreditSmart® which meets the homeownership education requirements, provided:             <ul style="list-style-type: none"> <li>The borrower completes the on-line Credit Smart® – Steps to Homeownership Tutorial, which includes:                 <ul style="list-style-type: none"> <li>Module 1 (Your Credit and Why It Is Important)</li> <li>Module 2 (Managing Your Money)</li> <li>Module 7 (Thinking Like a Lender)</li> <li>Module 11 (Becoming a Homeowner) and</li> <li>Module 12 (Protecting Your Investment)</li> </ul> </li> <li>The financial literacy curriculum is not provided by an interested party to the transaction, the originating lender or by the seller</li> </ul> </li> <li>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.</li> </ul>
<b>INCOME LIMITS</b>	<p>Follow <a href="#">income limits</a></p> <ul style="list-style-type: none"> <li>Income limits apply, certain designated geographic areas have no income limits. Refer to your AUS for area income limit waivers.</li> </ul>
<b>LOCK STATUS</b>	<ul style="list-style-type: none"> <li>May lock at Conditionally Approved, with appraisal received.</li> <li>Loans are locked and grants reserved at the same time.</li> </ul>



**Power Purchase Conventional Guidelines Summary**

<b>MORTGAGE INSURANCE</b>	<p>25% coverage is required.</p> <p>Mortgage insurance options:</p> <ul style="list-style-type: none"> <li>• Borrower Paid Monthly</li> <li>• Borrower Paid Split Premium</li> <li>• Borrower Paid Single Premium</li> <li>• Lender Paid Mortgage Insurance (Power Purchase Plus Code: WCPPP30HPA2MI-000)</li> </ul>
<b>OWNERSHIP OF OTHER RESIDENTIAL PROPERTY</b>	<p>Borrower(s) may not, as of the Note Date, or the Effective Date of Permanent Financing for Construction Conversion and Renovation Mortgages, have an ownership interest in any other residential properties, except as stated below:</p> <p>The Borrower may have an ownership interest in a residential property other than the Mortgaged Premises if the Borrower does not occupy the property, and documents the following in the mortgage file:</p> <ul style="list-style-type: none"> <li>• The Borrower inherited their ownership interest in the property and shares ownership with another party, or</li> <li>• The Borrower owns the property with another party and the debt associated with the property was assigned to the other party by a court order (e.g. divorce decree), or</li> </ul> <p>The Borrower is a cosigner/guarantor on the related mortgage debt and someone other than the Borrower has made payments on the debt associated with the property for the most recent 12 months, as documented with copies of canceled checks or a statement from the lender.</p>
<b>SALES PRICE LIMITS</b>	<p>No sales price limits</p>
<b>SEASONING REQUIREMENTS</b>	<p><u>Bankruptcy</u></p> <ul style="list-style-type: none"> <li>• <u>Chapter 7</u>: 4 years from the discharge or dismissal date</li> <li>• <u>Chapter 13</u>: 2 years from discharge, 4 years from dismissal date</li> <li>• <u>Multiple Bankruptcy filings in the past 7 years</u>: 5 years from the discharge or dismissal date</li> </ul> <p><u>Foreclosure</u>: 7 years</p> <p><u>Deed-in-lieu of Foreclosure</u>: 4 years from the execution date</p> <p><u>Short Sale</u>: 4 years from the completion date</p>
<b>SERVICER</b>	<p>Land Home Financial Services, Inc.</p>
<b>SUBORDINATE FINANCING</b>	<p>No subordinate financing allowed.</p>
<b>UNDERWRITING</b>	<ul style="list-style-type: none"> <li>• LHFS will follow <a href="#">Agency Guidelines</a>.</li> <li>• Subject to <a href="#">LHFS overlays</a> as well as those outlined in <a href="#">borrower's eligibility</a></li> <li>• Min FICO is 620</li> <li>• Max DTI is determined by AUS</li> <li>• LHFS preferred – LPA (Accept / Eligible required)</li> <li>• No manual underwriting allowed</li> </ul>



**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	
<b>I. TYPE OF MORTGAGE AND TERMS OF LOAN</b>			
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

<b>II. PROPERTY INFORMATION AND PURPOSE OF LOAN</b>					
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) <b>Borrower and Grant Fund Assistance</b>					

**1003 Page 1 – Source of Down Payment – “Grant Funds”**



**ASSET SECTION**

other income," below)			Other:		
<b>Total</b>	\$	4,583.32	\$	4,583.32	<b>Total</b> \$ 0.00 \$ 1,952.31

\* Self Employed Borrower(s) may be required to provide additional documentation such as tax returns and financial statements.

B/C	Describe Other Income <i>Notice: Alimony, child support, or separate maintenance income need not be revealed if the Borrower (B) or Co-Borrower (C) does not choose to have it considered for repaying this loan.</i>	Monthly Amount
		\$

**VI. ASSETS AND LIABILITIES**

This Statement and any applicable supporting schedules may be completed jointly by both married and unmarried Co-Borrowers if their assets and liabilities are sufficiently joined so that the Statement can be meaningfully and fairly presented on a combined basis; otherwise separate Statements and Schedules are required. If the Co-Borrower section was completed about a non-applciant spouse or other person, this Statement and supporting schedules must be completed about that spouse or other person also.

Completed  Jointly  Not Jointly

ASSETS	Cash or Market Value	LIABILITIES	Monthly Pmt. & Mos. Left to Pay	Unpaid Balance
Description		Liabilities and Pledged Assets. List the creditor's name, address and account number for all outstanding debts, including automobile loans, revolving charge accounts, real estate loans, alimony, child support, stock pledges, etc. Use continuation sheet, if necessary. Indicate by (*) those liabilities which will be satisfied upon sale of real estate owned or upon refinancing of subject property.		
Cash deposit toward purchase held by:	\$ 3,000.00	Name and address of Company	\$ Payment/Months	\$
List checking and savings accounts below		collection	[25.00]	
Name and address of Bank, S&L, or Credit Union		Acct. no.	Other	850.00
Checking		Name and address of Company	\$ Payment/Months	\$
Acct. no.	\$ 4,340.00	collection	[50.00]	
Name and address of Bank, S&L, or Credit Union		Acct. no.	Revolving	50.00
Power Purchase Grant Gift 2%		Name and address of Company	\$ Payment/Months	\$
Gift		collection	[50.00]	
Acct. no.	\$ 5,600.00	Acct. no.	Other	50.00
Name and address of Bank, S&L, or Credit Union		Name and address of Company	\$ Payment/Months	\$
Acct. no.	\$	write off	[7.00]	
Name and address of Bank, S&L, or Credit Union		Acct. no.	Revolving	7.00
Acct. no.	\$	Name and address of Company	\$ Payment/Months	\$
Stocks & Bonds (Company name/number & description)	\$	write off	[7.00]	
Acct. no.	\$	Acct. no.	Installment	7.00
Name and address of Bank, S&L, or Credit Union		Name and address of Company	\$ Payment/Months	\$
Life insurance net cash value	\$			

- Borrower 1% needs to be included in borrower assets
- Assets:
  - “Power Purchase Grant Gift 2%” and dollar amount of total grant






**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 

[Back to Top](#) 

**Asset Breakdown**

**Loan Prospector Main**  
**Loan File Setup**  
**Loan Application Data**  
**FHA**  
**Request Services**  
**Unviewed Assigned/Released Loans**

**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	<a href="#">Details</a>	<a href="#">Delete</a>
Gift	Gift From Daughter for \$5,000		<a href="#">Details</a>	<a href="#">Delete</a>
Gift	Power Purchase Grant 2%	\$ 13256.00	<a href="#">Details</a>	<a href="#">Delete</a>

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



**INPUTTING INTO AUS – LPA VISUAL AID (CONTINUED)**

Details Of Transaction	
<u>Purchase Price</u>	<u>Estimated Prepaid Items</u>
\$ 322000.00	\$ 3305.73
<u>Alterations, Improvements, Repairs</u>	<u>Estimated Closing Costs</u>
\$	\$ 15164.44
<u>Cost of Land (if acquired separately)</u>	<u>PMI, MIP, Funding Fee</u>
\$	\$ 5333.13
<u>Refinance (include debts to be paid off)</u>	<u>Discount (if borrower will pay)</u>
\$	\$
<b>Subordinate Financing</b>	
<u>Subordinate Amount</u>	<u>HELOC High Credit Amount</u>
\$	\$
<u>Borrower's Closing Costs Paid by Seller</u>	<u>HELOC Actual Current Balance</u>
\$ 354.20	\$
<b>Other Credits</b>	
<u>Other Credit Type</u>	<u>Other Credit Amount</u>
Lender Credit	\$ 8914.89 <a href="#">Delete</a>
Seller Credit	\$ 354.20 <a href="#">Delete</a>
Borrower Paid Fee	\$ 13256.00 <a href="#">Delete</a>
Borrower Paid Fee	\$ 10000.00 <a href="#">Delete</a>
<a href="#">Add Another Credit</a>	
<u>Sales Concessions</u>	<u>Net Purchase Price</u>
\$	\$322000.00

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



## 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.

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The loan meets Home Possible income limits based on the property location for address entered

### Employment & Income

#### TYPE MESSAGES

- 18. Signed 95 Form 4506-T. Any borrower, whose income is used to qualify, must sign 95 Form 4506-T at both application and on the Note Date. If the signed 95 Form 4506-T from application is not used to the 95 Form 4506-T on the Note Date, the requirement to obtain an additional borrower signed 95 Form 4506-T on the Note Date is not required.
- 42. If applicable, document on the Uniform Residential Loan Application any employment gaps greater than 30 days and provide an explanation from the borrower in the mortgage file.
- 46. This loan meets Home Possible income limits based on property location for address entered. This loan must also meet all other Home Possible product requirements for delivery to Freddie Mac.

Employment & Income Section: Feedback message returned when either Home Possible or Home Possible Advantage Offering Identifier has been selected

