



TOPIC	FHA 1 <sup>st</sup> TD with 2 <sup>nd</sup> DPA
PROGRAM NOTES	<ul style="list-style-type: none"> <li>Unless otherwise specified here as an overlay, LSM adheres to all posted guidelines for FHA eligibility, as found in <a href="#">FHA Single Family Housing Handbook 4000.1</a>.</li> </ul> <p>LSM MaxONE Program is designed to increase homeownership opportunities for low-to-moderate income individuals and families nationwide (excluding New York and Washington state). Down Payment Assistance (DPA) is available in the form(s) stated below.</p>
FIRST MORTGAGE LOAN TYPES AND TERMS	<p><b>Loan Types:</b></p> <ul style="list-style-type: none"> <li>FHA: 203(b), 203(b)(2), and 234(c); in accordance with FHA guidelines.               <ul style="list-style-type: none"> <li>Cooperative housing (co-op) is not eligible.</li> </ul> </li> </ul> <p><b>Loan Term:</b></p> <ul style="list-style-type: none"> <li>30-year fixed term with full amortization.</li> </ul> <p><b>Maximum Loan Amount:</b></p> <ul style="list-style-type: none"> <li>Conforming Balance only</li> </ul> <p><b>Max LTV/CLTV:</b> Max LTV 96.50% combined with 3.5% DPA = 100% Max CLTV</p>
FEES & COMPENSATION	<p>\$995 Underwriting fee to LSM</p> <p>Broker may earn up to 2%. Brokers with comp plans of 2% or less, may choose lender paid if desired.</p>
DOWN PAYMENT AND CLOSING COST ASSISTANCE (DPA)	<p>DPA is available from LSM for Purchase transactions as outlined below:</p> <p><b>DPA Amount:</b></p> <ul style="list-style-type: none"> <li>Up to 3.5% of the Sales Price or Appraised Value (lesser of).</li> <li>Proceeds may be used for down payment and/or closing costs;</li> <li>There must be no cash back to the borrower from the DPA proceeds.</li> <li>2<sup>nd</sup> TD is 6% note rate, fully amortized over 10 years.</li> </ul>



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BORROWER ELIGIBILITY	<p><b>AUS:</b></p> <ul style="list-style-type: none"> <li>• AUS Approve/Eligible or Accept Findings Required</li> <li>• No manual UW allowed</li> </ul> <p><b>FICO:</b></p> <ul style="list-style-type: none"> <li>• Min 580 – Must meet all FHA credit standards addressed in HUD HB 4000.1</li> </ul> <p><b>Occupancy:</b></p> <ul style="list-style-type: none"> <li>• No first-time homebuyer requirement.</li> <li>• Primary Residence Only</li> <li>• Non-occupant co-borrowers allowed per FHA guides.</li> </ul> <p><b>Eligible Properties:</b></p> <ul style="list-style-type: none"> <li>• Single Family Residences and 2 units only</li> <li>• PUDs.</li> <li>• Townhouses.</li> <li>• Condominiums (Must not be in litigation).</li> <li>• Double wide manufactured housing allowed (no singlewide)</li> </ul> <p><b>Qualifying Income:</b></p> <ul style="list-style-type: none"> <li>• Follow agency guidelines.</li> </ul> <p><b>Maximum DTI:</b></p> <ul style="list-style-type: none"> <li>• Follow AUS: Approve/Eligible Required</li> </ul>
INCOME LIMITS	No Income Limit Requirement



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Homebuyer Education	<ul style="list-style-type: none"> <li>• <b>Homebuyer Education:</b> At least one borrower must receive housing counseling from a HUD approved non-profit housing counseling agency</li> <li>• <a href="https://www.hud.gov/program_offices/housing/sfh/hcc/hcc_home">https://www.hud.gov/program_offices/housing/sfh/hcc/hcc_home</a></li> </ul>
1003 – Initial and Final	<ul style="list-style-type: none"> <li>• Both the initial and final 1003 are required per agency guidelines</li> <li>• At least one of the 1003s must be signed by the Mortgage Loan Originator (MLO), and at least one must have the ‘Present Housing Expense’ section completed (no exceptions)</li> </ul>
Borrower Contribution	<ul style="list-style-type: none"> <li>• Borrower’s minimum contribution is \$0</li> </ul>
Cash Back to Borrower	<ul style="list-style-type: none"> <li>• Borrower may not receive any cash back from DPA proceeds (this includes EM deposits)</li> </ul>
Credit Score	<ul style="list-style-type: none"> <li>• 580 Minimum Credit Score</li> <li>• All borrowers must have at least one credit score</li> </ul>
Credit Report – Tradelines	Borrowers whose only credit history is built from Authorized User Accounts are not eligible.
DPA Amount	<ul style="list-style-type: none"> <li>• 3.5% of the purchase price of the subject property</li> </ul>
High-Cost & QM Compliance, HPML	<ul style="list-style-type: none"> <li>• HPML transactions are permitted; Lender must comply with CFPB &amp; TRID requirements</li> <li>• High-cost loans are <u>not</u> permitted</li> <li>• All loans must comply to QM/ATR compliance</li> <li>• Loans exceeding 3% maximum points/fees test are not permitted unless cure is applied</li> <li>• Bona Fide Discount Points must adhere to CFPB and all (if any) state regulations</li> </ul>
Ineligible Borrowers	<ul style="list-style-type: none"> <li>• Any borrower that does not meet FHA’s definition of a lawful, legal resident of the United States</li> <li>• For borrower residency or VISA classification acceptance, follow FHA Guidelines</li> </ul>



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Ineligible Features	<ul style="list-style-type: none"> <li>• Building on own land</li> <li>• Construction to Perm</li> <li>• Easements and Deed Restrictions that affect value, marketability, or property accessibility as determined by the appraiser and for which no protective title endorsement is available</li> <li>• Loans with resale Deed restrictions</li> <li>• Proposed, or under construction (new construction is OK, provided the property is complete at the time of purchase)</li> </ul>
IRS Transcripts Requirements	<ul style="list-style-type: none"> <li>• Only required for self-employed borrowers or any borrower that needs tax returns for qualifying</li> </ul>
Loan Amount	<ul style="list-style-type: none"> <li>• Minimum loan amount \$75,000.00</li> <li>• Maximum loan amount follows standard confirming FHA Guidelines and varies by subject property county, link below – no High Balance loan amounts. <a href="https://entp.hud.gov/idapp/html/hicostlook.cfm">https://entp.hud.gov/idapp/html/hicostlook.cfm</a></li> </ul>
Loan Purpose	<ul style="list-style-type: none"> <li>• Purchase Only</li> </ul>
Mortgage Insurance (MI)	<ul style="list-style-type: none"> <li>• Standard FHA Coverage</li> </ul>
Product Description	<ul style="list-style-type: none"> <li>• 1<sup>st</sup> TD, 30-Year Fixed Rate Term, full amortization only</li> <li>• 2<sup>nd</sup> TD, 10-Year Fixed Rate Term, full amortization only</li> </ul>
State-Specific Overlays	<ul style="list-style-type: none"> <li>• Washington State and New York not allowed</li> <li>• Arizona and South Carolina have minimum 2<sup>nd</sup> TD loan amounts of \$5000.00</li> </ul>