



TOPIC	FHA 1 st TD with 2 nd DPA
PROGRAM NOTES	<ul style="list-style-type: none"> Unless otherwise specified here as an overlay, LSM adheres to all posted guidelines for FHA eligibility, as found in FHA Single Family Housing Handbook 4000.1. <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>Loan Types:</p> <ul style="list-style-type: none"> FHA: 203(b), 203(b)(2), and 234(c); in accordance with FHA guidelines. <ul style="list-style-type: none"> Cooperative housing (co-op) is not eligible. <p>Loan Term:</p> <ul style="list-style-type: none"> 30-year fixed term with full amortization. <p>Maximum Loan Amount:</p> <ul style="list-style-type: none"> Conforming Balance only <p>Max LTV/CLTV: Max LTV 96.50% combined with 3.5% DPA = 100% Max CLTV</p>
FEES & COMPENSATION	NA
DOWN PAYMENT AND CLOSING COST ASSISTANCE (DPA)	<p>DPA is available from LSM for Purchase transactions as outlined below:</p> <p>DPA Amount:</p> <ul style="list-style-type: none"> Up to 3.5% of the Sales Price or Appraised Value (lesser of). Proceeds may be used for down payment and/or closing costs; There must be no cash back to the borrower from the DPA proceeds. 2nd TD is 0% note rate, fully amortized over 30 years.



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



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Homebuyer Education	<ul style="list-style-type: none"> • Homebuyer Education: At least one borrower must receive housing counseling from a HUD approved non-profit housing counseling agency • https://www.hud.gov/program_offices/housing/sfh/hcc/hcc_home
1003 – Initial and Final	<ul style="list-style-type: none"> • Both the initial and final 1003 are required per agency guidelines • 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)
Borrower Contribution	<ul style="list-style-type: none"> • Borrower’s minimum contribution is \$0
Cash Back to Borrower	<ul style="list-style-type: none"> • Borrower may not receive any cash back from DPA proceeds (this includes EM deposits)
Credit Score	<ul style="list-style-type: none"> • 580 Minimum Credit Score • All borrowers must have at least one credit score
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"> • 3.5% of the purchase price of the subject property
High-Cost & QM Compliance, HPML	<ul style="list-style-type: none"> • HPML transactions are permitted; Lender must comply with CFPB & TRID requirements • High-cost loans are <u>not</u> permitted • All loans must comply to QM/ATR compliance • Loans exceeding 3% maximum points/fees test are not permitted unless cure is applied • Bona Fide Discount Points must adhere to CFPB and all (if any) state regulations
Ineligible Borrowers	<ul style="list-style-type: none"> • Any borrower that does not meet FHA’s definition of a lawful, legal resident of the United States • For borrower residency or VISA classification acceptance, follow FHA Guidelines



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Ineligible Features	<ul style="list-style-type: none"> • Building on own land • Construction to Perm • 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 • Loans with resale Deed restrictions • Proposed, or under construction (new construction is OK, provided the property is complete at the time of purchase)
IRS Transcripts Requirements	<ul style="list-style-type: none"> • Only required for self-employed borrowers or any borrower that needs tax returns for qualifying
Loan Amount	<ul style="list-style-type: none"> • Minimum loan amount \$75,000.00 • Maximum loan amount follows standard confirming FHA Guidelines and varies by subject property county, link below – no High Balance loan amounts. https://entp.hud.gov/idapp/html/hicostlook.cfm
Loan Purpose	<ul style="list-style-type: none"> • Purchase Only
Mortgage Insurance (MI)	<ul style="list-style-type: none"> • Standard FHA Coverage
Product Description	<ul style="list-style-type: none"> • 1st TD, 30-Year Fixed Rate Term, full amortization only • 2nd TD, 30-Year Fixed Rate Term at 0% Interest Rate
State-Specific Overlays	<ul style="list-style-type: none"> • Washington State and New York not allowed • Arizona and South Carolina have minimum 2nd TD loan amounts of \$5000.00