

Keys for Service Program Program Description and Guidelines

Program Objectives

Provide assistance for first responder homebuyers with incomes at or below \$110,000 to purchase one-unit family homes. Increase homeownership for Low to Moderate Income homebuyers.

Eligible Activity

Homeowner Assistance

Loan Purpose

Homeownership

Buy Downs

No buy downs

Approved Lenders

Lenders that have completed MRB training SMC approved.

Lender Requirements

Lenders will register the 1st mortgage loan in LHC's reservation system using the LHC MRB Keys for Service Program. A full compliance package must be submitted to LHC for review and approval prior to closing.

Deadlines

Closed loan delivered to Servicer - 75 days

Loan purchased by - 100 days

Extensions are available for 30 days

Fees

Compliance Fee - \$75
Funding Fee - \$500
Flood Certification Fee - \$14.50
Tax Service Fee - \$91
Wire Fee - \$40
Extension Fee - \$375

LHC is exempt from recordation fees per LA Revised Statute 40:600.100(C).

All fees must be disclosed on the Lending Disclosure & Closing Disclosure for the first mortgage.

Lender Compensation

The Lender is not allowed to charge origination or discount points. They are allowed to charge other fees that are deemed reasonable and customary. Total Lender Compensation is 2% SRP for each loan sold to SMC.

Maximum Purchase Price

The Maximum Permissible Purchase Price shall not exceed the FHA loan limits.

Mortgage Rate of First Mortgage Loan

Keys for Service rate posted daily.

Soft Second Loan Amount

4% of Final Loan Amount

Soft Second Loan Repayment

Repayment of the principal amount of the soft second assistance shall be deferred until the loan is extinguished upon sale or refinance. The assistance will be forgiven over a five (5) year period, as long as the borrower occupies the property as their primary residence, at a rate of 1/60 each month. Within the 5-year compliance period, the balance of the Soft Second Assistance is due upon sale or refinance.

Soft Second Loan Interest

The annual percentage rate of interest on the assistance funded loan rate shall be zero (0%) percent.

First Mortgage Loan Type

FHA, VA, RD, Fannie Mae, or Freddie Mac first mortgage loan product.

Ineligible Product Types

FHA 203K, FHA 203H

AUS

Approved / Eligible

Term

30 yr. first mortgage, 5 yr. second mortgage

Household Income Limits

\$110,000

Credit Score

Minimum 640 credit score

At least 2 scores required

No manual underwrites

Non-Traditional Credit

Not allowed

DITI

Max 50%

Eligible Borrowers

Homebuyers with annual household incomes at or below \$110,000 who meet the employment requirements and are purchasing a qualified, principal residence. The borrower must have employment in one of the following categories to be eligible for the program.

Active, full time employee of a state, parish, or city police department.

Active, full time employee of a state, parish, or city fire department.

Active, full time, licensed, and employed paramedic.

Active, regular, full time employee of a state, parish, city, or private school board, holding a Louisiana teacher's certificate.

Borrowers cannot own other property at the time of closing.

Homebuyer Education

All eligible homebuyers must complete Homeownership Education class that meets the National Industry Standards. The homebuyer can attend class through a HUD approved counseling agency or through an online course. Follow loan product guidelines.

Eligible Parishes

All parishes.

Eligible Property Types

One Unit Primary Residence, Townhouses, Condos, Manufactured

FHA only

Manufactured Housing Requirements

Double wide or greater

Built after 1978

Titled as Real Estate

Permanently affixed

Ineligible Property Types

Duplexes, Single Wide Mobile Homes, Vacation / Second Homes, Mobile / Recreational, Timeshares

Number of Units

1

Non- Arm's Length Transactions

Follow Loan Product Guidelines

Documents Required to Reserve Funds

Borrower must present a legally binding purchase agreement with application for funds when applying for assistance under the program. Properties must be essentially "move in" ready when the purchase agreement is executed. Application date is based on the date that a complete application is received by an LHC approved lender. Lenders will reserve the loan funds in LHC's reservation system. All applicants will be served on a "first come, first served" basis.

Program Administrator and Compliance

Louisiana Housing Corporation 2415 Quail Drive Baton Rouge, LA 70808 Attention: Single Family.

Second Mortgage Loan Payee

Second Mortgage will be made payable to Louisiana Housing Corporation.

Employment/Income Verification

Verification of Employment for 2 years, Paystub within 30 days

Assumptions

Not allowed

Insurance Requirements

Eligible properties must be insured with standard homeowner's coverage with wind/hail insurance and flood insurance (if required) in an amount equal to the first mortgage balance.

Physical Standard / Inspections

All properties must meet Parish Building Code requirements, Zoning Code requirements and the physical standards and inspection procedures of the FHA, VA, RD, Fannie Mae, or Freddie Mac mortgage loan product associated with the First Mortgage Loan

Occupancy Requirements and Hardship

Program recipients must occupy the purchased unit as their principal residence for at least five (5) years in order to receive forgiveness for 2nd mortgage indebtedness. Failure to do so without the written permission of LHC will result in the soft second balance being immediately due and payable as described under the Second Mortgage Repayment above.

Co-Signers / Non –Occupant Co-Borrowers

Co-signers and non-occupant co-borrowers are allowed. FHA only.

Legal

LHC will provide the lender or title company the Second Mortgage Promissory Note and Second Mortgage Instrument that will need to be executed at the time of closing. Within 30 days of closing the lender or its designated title company will deliver the following Soft Second Mortgage Loan documents directly to LHC:

1. Original Second Mortgage Promissory Note
2. Recorded Certified True Copy of Second Mortgage Instrument
3. Original Exhibits executed at closing

Correct mailing address is: Louisiana Housing Corporation, 2415 Quail Drive, Baton Rouge, LA 70808, and Attention: Single Family

Documents

The lender will package and deliver the 1st mortgage loan to LHC’s master servicer, Standard Mortgage Corporation, for purchase.

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Requesting Closing Cost Assistance

Lenders are required to submit to LHC the completed Exhibit Q, Program Requisition Form - Wiring Instructions along with the Closing Disclosure 36 hours prior to the loan being closed requesting the Assistance to be wired to the closing table with the cutoff being 12:00 PM.