

## **HOME/MRB Program**

### **Program Description and Guidelines**

<b>Program Objectives</b>	<p>Provide assistance for "first time" homebuyers with incomes at or below HUD 80% AMI to purchase one-unit family homes.</p> <p>Increase homeownership for Low to Moderate Income homebuyers.</p>
<b>Eligible Activity</b>	Homeowner Assistance
<b>HOME Assistance</b>	Part of the allocated HOME funds will be offered to the qualifying borrower in the form of a grant to cover closing costs and required prepaid items related to the closing of the first mortgage loan.
<b>HOME Investment</b>	<p>HOME funds be blended with MRB funds in the mortgage loan amount for families of HUD 80% median income and below.</p> <p>Part of the allocated HOME funds will be offered to the qualifying borrower in the form of a grant to cover closing costs and required prepaid items related to the closing of the first mortgage loan.</p>
<b>Loan Purpose</b>	Homeownership
<b>Buy Downs</b>	No buy downs
<b>Approved Lenders</b>	Lenders that have completed MRB training.
<b>Lender Requirements</b>	<p>Lenders will register the 1st mortgage loan in LHC's reservation system using the LHC HOME/MRB Program.</p> <p>A full compliance package must be submitted to LHC for review and approval prior to closing.</p>
<b>Deadlines</b>	<p>Loan purchased by - 60 days</p> <p>Extensions are available for 15, 30, 45, or 60 days</p>

**Fees**

Compliance Fee - \$75  
Funding Fee - \$400  
Flood Certification Fee - \$10  
Tax Service Fee - \$75  
Wire Fee - \$20  
Extension Fee (if applicable)  
15 Days 0.125%, 30 days 0.250%, 45 days 0.375%, 60 days 0.500%

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 the servicer.

**Grant Assistance**

5-9% of Final Loan Amount

Assistance Payments on HOME Assisted Program Loans shall not exceed the lesser of (i) the actual charges shown on the Closing		
Loan Amount		Maximum Home Assistance Payment Allowed
\$0	\$25,000	9.00% of loan amount
\$25,001	\$35,000	7.50% of loan amount
\$35,001	\$45,000	6.75% of loan amount
\$45,001	\$55,000	5.75% of loan amount
\$55,001	\$75,000	5.25% of loan amount
\$75,001	and greater	5.00% of loan amount
Loan Estimate must indicate costs that are reasonable and customary. Eligible closing costs are Attorney fees, Recordation charges, Title Insurance Premium, Survey, Appraisal, Credit Report, Code Compliance Fee, Prepaid Items, Escrows, Realtor Commission, and Energy Audits.		

**Maximum Purchase Price**

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

**Mortgage Rate of First Mortgage Loan**

HOME/MRB Rate posted daily.

<b>Closing Cost Grant Amount</b>	Part of the allocation of HOME funds will be offered as a grant to cover "reasonable" closing costs related to the mortgage loan and required prepaid items, such as insurance and taxes related to the closing of the first mortgage loan. The Closing Cost Assistance must be clearly identified on the Closing Disclosure as "LHC Closing Cost Assistance".
<b>First Mortgage Loan Type</b>	FHA, VA, RD, Fannie Mae, or Freddie Mac first mortgage loan product.
<b>Ineligible Product Types</b>	FHA 203K, FHA 203H
<b>AUS</b>	Approved / Eligible
<b>Term</b>	30 yr first mortgage
<b>Household Income Limits</b>	80% HUD AMI 80% Conforming AMI restriction for conventional loans
<b>Credit Score</b>	Minimum 640 credit score Minimum 660 credit score for Manufactured Housing  At least 2 scores required  No manual underwrites.
<b>Non-Traditional Credit</b>	Not allowed
<b>Ratios</b>	Front-End Ratio (PITI) less than or equal to 30%. Back-end Ratio (DTI) which includes all debts using conforming loan program guidelines cannot be greater than 41%  On an average monthly basis, the estimate of the sum of the applicant's payments for mortgage principal and interest, insurance, real estate taxes, HOA fees, and other recurring homeownership costs must be less than or equal to 30% of the applicant's adjusted income and any subsidy that will be available for such payments (e.g., Section 8 HAP funds, etc.). The backend ratio may not be higher than 41% of the homebuyer's gross income.  Household income is projected on an annual basis to determine qualifying income. "Grossed up" non-taxable income is not used for qualifying purposes.
<b>DTI</b>	Max 41%

<b>Eligible Borrowers</b>	<p>First-time homebuyers with annual household incomes at or below HUD 80% Area Median Income (per Metropolitan Statistical Area Data) who are purchasing a qualified, principal residence. A first- time homebuyer is an individual who meets any one of the following criteria:</p> <p>An individual who has had no ownership in a principal residence during the 3-year period ending on the date of purchase of the property. This includes a spouse (if either meets the above test, they are considered first-time homebuyers).</p> <ul style="list-style-type: none"> <li>• A single parent who has only owned with a former spouse while married.</li> <li>• An individual who is a displaced homemaker and has only owned with a spouse.</li> </ul>
<b>Homebuyer Education</b>	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. Borrowers must furnish a copy of their certificate upon completion.
<b>Eligible Parishes</b>	All parishes.
<b>Eligible Property Types</b>	<p>One Unit Primary Residence, Townhouses, Condos, Manufactured</p> <p>Manufactured Requirements</p> <p>Double wide or greater</p> <p>Constructed prior to 1994</p> <p>Titled as Real Estate</p> <p>Permanently affixed</p>
<b>Ineligible Property Types</b>	Duplexes, Single Wide Mobile Homes, Vacation / Second Homes, Mobile / Recreational, Timeshares, Community Land Trusts, Working Farms and Ranches, Unimproved Land, Leaseholds, Condotels, Geodesic Domes
<b>Number of Units</b>	1
<b>Non-Arm's Length Transactions</b>	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

**Employment / Income Verification**

Verification of Employment for 2 years, Paystub within 30 days

**Asset Documentation**

6 months of checking and savings accounts

**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. LHC's mortgagee clause: Louisiana Housing Corporation, its successors and assigns as their interest may appear.

Conventional Loans at 80% AMI have reduced Mortgage Insurance

LTV 95.01 - 97%: 18%

LTV 90.01 - 95%: 16%

LTV 85.01 - 90%: 12%

LTV 80.01 - 85%: 6%

**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. All properties must pass a Housing Quality Standards (HQS) inspection and will be completed by internal LHC staff.

HQS inspections may take two (2) weeks to receive, lenders should factor this timeline into their closed loan delivery timeline.

<b>Occupancy Requirements and Hardship</b>	Program recipients must occupy the purchased unit as their principal residence for at least five (5) years to fifteen (15) years per the HOME Regulatory Agreement - Exhibit E2 based on the loan amount. The borrower must get written permission from LHC to sell or refinance within the Period of Affordability.
<b>Period of Affordability</b>	\$0 - \$15,000: 5 yrs. \$15,000.01 - \$40,000: 10 yrs. Over \$40,000: 15 yrs.
<b>Co-Signers / Non-Occupant Co-Borrowers</b>	Co-signers and Non-occupant Co-Borrowers are allowed. FHA only.
<b>Legal</b>	<p>LHC will provide the lender or title company the HOME Regulatory Agreement and the Gift Letter for the assistance that will need to be executed at the time of closing.</p> <p>Within 30 days of closing the lender or its designated title company will deliver the executed and recorded HOME Regulatory Agreement document directly to LHC:</p> <ol style="list-style-type: none"> <li>1. Recorded Certified True Copy of the Exhibit E2 - HOME Regulatory Agreement</li> <li>2. Original Exhibits executed at closing</li> </ol> <p>Correct mailing address is: Louisiana Housing Corporation, 2415 Quail Drive, Baton Rouge, LA 70808, Attention: Single Family</p>
<b>Documents</b>	<p>The lender will package and deliver the 1st mortgage loan to LHC's master servicer, Lakeview Loan Servicing, for purchase.</p> <p>The lender will package and submit the post close package to LHC.</p>
<b>Requesting Closing Cost Assistance</b>	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.

**Environmental Review Requirement**

All properties must pass an environmental review. The review will be completed by internal LHC Staff and can take up to two (2) weeks.

**Environmental Documents Required**

Environmental Review for Activity/Project that is Exempt or Categorically Excluded Not Subject to section 58.5  
Louisiana Flood Map  
Insurance Quotes  
Flood Certification