



**Louisiana Housing**  
Corporation

## **SINGLE FAMILY MRB LENDERS’ GUIDE**

### **MISSION**

The mission of the Louisiana Housing Corporation is to assure that every Louisiana resident is granted an opportunity to obtain safe, affordable, energy efficient housing. Each day this ongoing challenge is met by a dedicated staff of professionals who allocate federal and state funds to help low to moderate income citizens make their housing dreams a reality.

## INTRODUCTION

### **SINGLE FAMILY MORTGAGE REVENUE BOND PROGRAM**

This Lenders' Guide is intended to serve as a reference tool for the Corporation's Single Family Mortgage Revenue Bond Program. With each new issue, a Program Bulletin and or Notice is transmitted to all participating lenders, outlining specific parameters of the new bond issue.

The documents and instructions contained in this Lenders' Guide should be used for the reservation of funds and the compliance process. All documents contained in this Lenders' Guide are available on the Corporation's online reservation website in PDF format. The Internet address is <https://webapps4.lhc.la.gov>. The Lenders' Guide and Program documents may be updated at the Corporation's discretion. Check our website and Lender's bulletins often for updates.

The Corporation generally has at least two (2) types of Tax Exempt MRB programs:

**MRB Assisted Program** – Available to first-time homebuyers whose annual income does not exceed 115% of the median income in non-targeted areas or 140% in targeted areas and is adjusted by family size and parish in which the property being purchased is located. Single family (1-unit), owner-occupied, primary residences only are eligible under this program. All Conventional loans under the MRB programs are restricted to income levels of 80% AMI. See **Exhibit F(b)**. Assistance Payments equal to 4% of the original principal Mortgage Loan amount will be provided by LHC at closing to cover part of the down payment, closing costs, or prepaid items. The borrower will execute a Second Mortgage Promissory Note and Second Mortgage Instrument for the Assistance payment and it will be subordinate to the first mortgage lien note. The Second Mortgage Note will be forgiven over a five (5) year period of occupancy by 1/60 for each month the borrower occupies the property as primary residence. **The Note and MRB Second Mortgage be available after loan commitment by LHC. The lender must provide an overnight label or schedule a pickup time and date from the Corporation.**

**HOME/MRB Program** – Provides assistance to first-time homebuyers whose annual income does not exceed 80% of the HUD median income and is adjusted by family size and parish in which the property being purchased is located. Assistance provided will range from between 5% to 9% of the original principal mortgage amount. Lenders must confirm the borrower's PITI (front-end ratio) is less than or equal to 30% and DTI (back-end ratio) is less than or equal to 41%. Additionally, the borrower must contribute 1% of the purchase price or \$1,500, whichever is less to the transaction.

Single family (1 unit), owner occupied, primary residences only are eligible for HOME/MRB Program.

The chart below indicates the amount of HOME/MRB Assistance provided based upon the final loan amount.

Loan Amount	Maximum HOME/MRB 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 – greater	5.00% of Loan Amount

The chart below indicates the HOME/MRB Period of Affordability. Refer to Exhibit E2 HOME Regulatory Agreement for complete details.

Total HOME Contribution	Length of Affordability
Less than \$15,000	5 Years
\$15,000 - \$40,000	10 Years
Greater than \$40,000	15 Years

### HOME/MRB GUIDELINES

- Total mortgage payment (PITI) less than or equal to 30%.
- Debt to income (DTI) less than or equal to 41%.
- Borrowers must contribute 1% of purchase price or \$1500 whichever is less to the transaction.

## **ROLES OF PROGRAM PARTNERS**

### **THE ISSUER**

The Louisiana Housing Corporation issues the bonds and in conjunction with working group members (Financial Advisors, Bond Counsels, Issuer's Counsel, Underwriters, Master Servicer and Trustee) develops a bond and program structure. The staff of the LHC administers the reservation and compliance components of the bond program. In this role, staff monitors mortgage loan reservations, tracks program allocations, provides continuous updates to lenders, reviews files for compliance, answers compliance and allocation status questions for lenders and communicates with lenders regarding compliance issues.

### **PARTICIPATING LENDERS**

Participating Correspondent Lenders qualify borrowers, originate loans, submit information for compliance purposes to LHC, close and deliver the program loans to the Master Servicer for purchase. All lenders must execute Mortgage Origination Agreements for Standard MRB Assisted and HOME/MRB Programs prior to participation.

### **THE MASTER SERVICER**

**Standard Mortgage Corporation** is the Master Servicer that will purchase, fund and service the program loans.

## **TERMS AND CONDITIONS**

### **PROGRAM AREA**

Bond proceeds may be used to finance mortgage loans for the purchase of residences throughout the State of Louisiana only.

### **PROGRAM ANNOUNCEMENT**

New programs are announced through a Program Notice and or Bulletin emailed to all approved lenders containing the following information:

- Start Date
- Programs, Rates
- Amounts Allocated
- Program Deadlines

Program Notices/Bulletins are also posted to the Corporation's website. Rates may change daily and updates are posted to the website.

### **AVAILABLE FUNDING**

Funds are available to all participating Lenders on a first-come, first-served reservation basis. If the lender is unable to reserve funds on-line due to a system lockout, complete **Exhibit K – Reservation Request**, scan and email to [singlefamily@lhc.la.gov](mailto:singlefamily@lhc.la.gov) for the reservation, providing funds are available.

### **ACCEPTABLE LOAN TYPES**

Mortgage loans delivered for purchase must be Fannie, Freddie Mac, FHA, VA, or RD, and must be eligible for pooling in mortgage-backed securities guaranteed by Fannie Mae, Freddie Mac or GNMA as set forth in the applicable guidelines of Fannie Mae, Freddie Mac or GNMA. Loans must be 30-year fixed rate, first mortgages.

Down payment requirements are determined by mortgage type. Certain restrictions also apply by loan type and compliance requirements. Please ensure that all applicable parameters are met for loan purchase by the Master Servicer.

## RATES

Interest rates are posted daily to LHC's website at [www.lhc.la.gov/page/daily-rate](http://www.lhc.la.gov/page/daily-rate) and a Rate Sheet is emailed to lenders by 9:00 am. Reservations can only be made between the hours of 9:00 am – 6:00 pm daily. Once the reservation is made, the rate will remain with the borrower throughout the lock period.

Prior to making a reservation, lenders should always confirm the rate.

## CANCELLATIONS

Should the lender cancel a reservation and later request reinstatement of the reservation within the original lock period, the higher of the original MRB rate or current MRB rate will prevail.

If the lender cancels a reservation and later reserves the same borrower with a different address, a new loan number will be issued at the current MRB rate.

It is important for lenders to cancel the loan with LHC as soon as it is determined the loan will not close. LHC will report to Standard Mortgage Corporation all cancelled loans and they will cancel the loan in their system.

**Loans will be automatically cancelled if the compliance package has not been received by LHC within 40 days from the date of reservation without further notification.**

## INCOME LIMITS

The borrower's current Annual Household Income must not exceed established program Income Limits set forth in the corresponding **Exhibit N1** (for Standard MRB Assisted Program) and **Exhibit N2** (for HOME/MRB Program). Income limits are available under MRB Program Exhibits on the website.

All Conventional loans under the MRB programs are restricted to income levels of 80% HUD AMI. See **Exhibit F(b)**.

## ACQUISITION COST LIMITS

The Acquisition Cost of residential housing to be financed with the Assisted or HOME/MRB Mortgage Loan must not exceed the Acquisition Cost Limits set forth in **Exhibit O**.

## LOAN DOCUMENTATION/VERIFICATION REQUIREMENTS

### Taxes

- Complete federal income tax returns (all schedules, W-2's, 1099's, etc.) filed for the last three (3) years for non-targeted areas.
- One (1) year required for targeted areas.
- IRS Tax Return Transcript and W-2's may be used in place of the original tax returns.

### Income

For bond purposes, LHC projects the borrower income over the next 12 month period. Income from these sources and others will be included in the projected calculations:

- Regular hourly, weekly, monthly wages
- Anticipated or proposed raise reflected on VOE
- Bonus
- Overtime
- Commission
- Current P&L
- Rental Income – 75% of the gross rental income will be used in the projected income figures
- Part-Time Employment
- Social Security
- Retirement
- Interest/Dividend
- Child Support/Alimony with less than three (3) years remaining

### Base Calculations to Project Annual Income

Hourly wages by # of hours worked per year (2080 hours for full time employment) – no overtime
Weekly wages by 52
Bi-weekly wages (paid every other week) by 26
Semi-monthly wages (paid twice a month) by 24
Monthly wages by 12
Other than full time – multiply wages by actual hours and weeks the person is expected to work

Lenders are required to obtain the following income documentation:

- Verification of Employment – current employer (s)
- Current paystub for each employer – within 30 days
- Child support/alimony/separate maintenance documentation, if applicable
- Documentation for pensions and all benefits received
- Documentation for other sources of income

LHC includes all adult household members (18 years and older) in the projected income AND benefits or other unearned income from minors. Earnings in excess of \$480 for a full-time student 18 years of age or older who is a dependent are excluded.

There are areas that lenders should exercise caution when analyzing income documentation. Those areas include but are not limited to:

- Inconsistency of income between VOE and paystub
- Borrower paid bi-weekly verses 24 pay periods per year
- Number of pay periods for teachers – 9 or 12 months
- Overtime – rate and average may need written clarification from employer
- Bonus/Commission
- Future raises referenced on the VOE
- Self-Employment – YTD P&L required (P&L figures will be used to project annual income )

### **Alimony/Child Support**

If an applicant is divorced or a single parent, a copy of the Legal Documents (Child Support Decree and the Department of Social Services (DSS) printout) are required. If no documents exist, provide written certification from the borrower stating the amount of alimony and/or child support received OR Certification that they do not receive child support and/or alimony AND that no legal documents exist stating they should receive child support and/or alimony.

### **Assets**

MRB Assisted loans, use the actual income received from the assets.

HOME/MRB loans:

- If the total cash value of all the family assets is \$5,000 or less, the *actual income* the family receives from the assets is included in annual income, OR
- If the total cash value of all the family assets is greater than \$5,000, use the greater



of the *actual income* or the imputed rate (0.06%).

- Lenders should pay special attention to the interest claimed on the borrower's tax returns.
- Asset income should always be included in the total annual household income.

Assets consist of but are not limited to:

- Checking
- Savings
- Money Market
- CD's
- Mutual Funds
- Stocks
- Bonds

## **FIRST TIME HOMEBUYER REQUIREMENT**

A borrower may not have owned any residence in the past three (3) years. Exceptions to this rule are:

1. An individual who is a displaced homemaker and has only owned with a spouse.
2. A single parent who has only owned with a former spouse while married.
3. Targeted areas as reflected on **Exhibit P** (does not apply to HOME/MRB loans).

### **Mobile Homes**

If a prospective borrower has occupied a mobile home within the prior 3 year period, adequate proof must be obtained that the borrower **did not file homestead exemption**, regardless if they owned the actual land where the mobile home resided.

## **PROPERTY REQUIREMENTS**

### **Eligible Property Types**

All properties must be owner occupied principal residences.

- Single unit residence – 1 unit
- Double wide manufactured housing
- Modular
- Condo
- Townhome

Additional requirements for Manufactured Homes are:

- Manufactured after 6/1976
- Doublewides Only
- Minimum dimensions 20'x40'
- Titled as real estate
- Permanently affixed
- Eligible for 30 year financing
- HUD/FHA/Fannie Mae and Freddie Mac published guidelines (effective 1/27/23)

### **Ineligible Property Types**

- Properties located outside of Louisiana
- Single-wide manufactured housing
- Mobile/Recreational
- Vacation homes
- Proposed construction
- Investment property

### **DOWNPAYMENT AND CLOSING COSTS**

The amount of the down payment and closing costs will reflect loan product requirements. The borrower's own funds may be comprised of one or more of the following forms:

1. Gift from relative (for purpose of this paragraph, a relative is defined as the borrower's spouse, child, dependent, domestic partner, fiancé, or any other individual related to the borrower by blood, marriage, adoption, or legal guardianship).
2. Unsecured loan or grant from a government entity, the borrower's employer or a nonprofit organization (including churches, but a credit union is not considered to be a nonprofit organization for the purpose of this paragraph).

### **HOMEBUYER EDUCATION**

All HOME/MRB and all Conventional loans require at least one borrower attend a Homebuyer Education class. Borrowers can take classroom style training from any HUD approved counseling Agency.

For a complete list, visit the site below to locate one in your area

<https://apps.hud.gov/offices/hsg/sfh/hcc/hcs.cfm?&webListAction=search&searchstate=LA>

- eHome America @ [https://lhc.ehomeamerica.org/sponsor\\_user/sponsor\\_main](https://lhc.ehomeamerica.org/sponsor_user/sponsor_main)
- Framework @ <https://homeready.frameworkhomeownership.org/Default.aspx>
- LHC Homebuyer Education Course @ <https://www.lhc.la.gov/counseling-homebuyers>

Certificate will be required in the compliance package submission.

## COMBINING PROGRAMS

MRB Assisted loans allow the borrower to combine additional assistance as long as there is not a subordinate mortgage required and the additional source is not funded with mortgage revenue bonds. Lenders must ensure they meet the program guidelines and deadlines from both sources.

Additionally, HOME/MRB loans **do not allow** the borrowers to combine assistance from other Federal Funds.

The Mortgage Credit Certificate (MCC) program cannot be used in conjunction with any MRB loans.

## UNDERWRITING

Lenders are responsible for credit and collateral underwriting ensuring the loan meets both product and program guidelines and must determine the loan qualifies for Fannie Mae, Freddie Mac or GNMA pool policy. The Master Servicer will not re-underwrite Correspondent Lenders loans for eligibility or to ensure loans qualify to be placed in mortgage-backed securities. Additional guidelines to be aware of:

- All loans must receive “Approve/Eligible” through DU or “Accept” through LPA Automated Underwriting Systems.
- All Government Loans must be run through Fannie Mae AUS with an Approved Accept Finding – Government loans cannot be run through Freddie Mac LPA (effective 1/27/23)
- Manual underwriting is not allowed.
- Minimum credit score of 640 and at least 2 credit scores are required
- Underwrite loans according to product, program and the Automated Underwriting System Findings Report.

- Underwriter Certification must be completed by the underwriter and submitted online in the LHC reservation system upon loan approval.

## **LOAN FILE SUBMISSION**

- Compliance packages must be uploaded into the online reservation system. Please send a confirmation email after upload to [singlefamily@lhc.la.gov](mailto:singlefamily@lhc.la.gov).
- Documents should be placed in order as listed on the **Exhibit A – Compliance Review Checklist**.
- Lenders should request a follow-up, if the loan has not been assigned to a compliance specialist within 24 hours of sending the confirmation email.
- Review turn-time will be 2-3 business days.

## **COMPLIANCE REVIEW**

There are three (3) major areas of compliance review: (1) 1<sup>st</sup> Time Homebuyer Rule; (2) Income Limitations; (3) Purchase Price Limitations.

One of three (3) decisions will be delivered on a loan:

1. Compliance Exception Notice – reflecting conditions required prior to final approval.
  - a. Lender has 15 days to upload conditions into the online reservation system and to notify the Compliance Specialist.
2. Final Compliance Approval – Exhibit C Commitment Letter reflecting closing conditions, if applicable.
  - a. Exhibit C Commitment Letter will not be issued until the underwriter has completed the on- line Underwriter’s Certification.
  - b. Lenders should not increase the loan amount once the file has been submitted to the Corporation. Changes in the loan amount will require new documentation and a recommitment by LHC. This change may result in delayed compliance approval.
3. Loan Denied – Exhibit X issued stating reasons loan has been denied.

**NOTE:** If compliance package is not received within forty (40) days from reservation, LHC will cancel the loan unless written notification is received explaining what the delay is and how much additional time is needed.

## **HOME/MRB HQS INSPECTION AND ENVIRONMENTAL**

All HOME/MRB Program loans will require a HQS Inspection and Environmental Review. Upon the start of the compliance review, LHC will order the HQS inspection and the Environmental Review from internal staff. Receipt of HQS inspection and the

Environmental Review can take up to two (2) weeks. Lenders must factor this time into the compliance period.

## **DOWN PAYMENT ASSISTANCE WIRE REQUEST**

Lenders are required to submit to LHC 36 hours prior to a loan closing the following documents:

- Complete Closing Disclosure
- **Exhibit Q** – Wire Requisition Form
- Title Company Wire Instructions

Prior to closing, LHC will provide a gift letter to lenders for HOME/MRB loans. Borrowers are required to sign the gift letter at closing. Additionally, LHC will provide an original executed Second Mortgage Instrument signature page for MRB Assisted loans that must be executed by the Borrower at loan closing.

## **MORTGAGE LOAN CLOSING**

**All loans must close within 75 days of the reservation date.**

A mortgage loan may not be closed by a Mortgage Lender until a compliance approval letter (**Exhibit C**) for such mortgage loan is received by the Mortgage Lender. LHC's trustee, Hancock Whitney Bank will wire the DPA to the title company on the day of closing. The Master Servicer is not obligated to purchase a Mortgage Loan, which has closed without a compliance approval letter, gift letter, or LHC executed Second Mortgage Instrument, payable to LHC, signature page. Power of Attorney (POA) will not be accepted on behalf of the borrower at closing. The borrower must be present to wet sign all documentation.

## **DELIVERY TO LHC**

Lenders are required to submit the closing documents as listed on **Exhibit F – Post Closing Checklist** within 85 days of reservation including the following documents:

### **MRB Assisted Program**

- Certified Recorded Copy of the executed Second Mortgage Instrument
- Original executed Second Mortgage Promissory Note

### **HOME/MRB Program**

- **Exhibit E1** – Program HOME Summary
- **Exhibit E2** – Certified Recorded Copy of the executed HOME Regulatory Agreement with detailed legal description on Exhibit A attachment.

## **DELIVERY TO MASTER SERVICER**

Purchase files must be delivered to the Master Servicer within 85 days of the reservation.

Please note that all loans must close within the parameters outlined in the Program Notice/Bulletin and that loans not meeting these deadlines will cancel automatically without further notice. Additionally, all fees are nonrefundable including the \$75 compliance fee.

## **EXTENSION REQUEST**

By submitting **Exhibit M**, Extension Request, a Lender who cannot meet the closing deadline (75 days from reservation) or delivery deadlines (85 days from reservation) may obtain a 30 day extension for a fee of \$375 which will be netted from the First Mortgage Loan when purchased by Standard Mortgage. If the loan does not close, the Lender will be billed by LHC for the extension fee of \$375.

## **MORTGAGE NOTE RATE**

The Mortgage Note Rate is the interest rate selected on the day of loan reservation. As stated earlier in the manual, interest rates will be posted daily to the LHC website at [www.lhc.la.gov/page/daily-rate](http://www.lhc.la.gov/page/daily-rate) and a Rate Sheet will be emailed to lenders by 9:00 AM each business day.

## **ACCEPTABLE FEES**

The program determines the fees that may be charged and are indicated below referencing fees charged by the Corporation and Master Servicer. Lenders are permitted to charge reasonable and customary charges for settlement costs and out-of-pocket expenses. Settlement costs include title services, transfer taxes, lenders and owners title insurance, survey, recording charges, or other similar costs. Other allowable fees include appraisal, processing fee, underwriting fee, tax service fee, document preparation fees, funding fee, flood certification, compliance fee, prepaid escrow deposits and other similar charges allowable by FHA, VA, RD, Freddie Mac or Fannie Mae. “Junk fees” as determined by LHC are not allowed.

Standard Mortgage Corporation Fees are:

- Funding Fee - \$500
- Tax Service Fee - \$91
- Flood Cert. Fee – \$14.50

LHC Fees are:

- Compliance Fee - \$75
- Wire Fee - \$20 per wire. Soft Second Loans will require 2 wires.
- Extension Fee (if necessary) - \$375

All fees will be netted upon purchase by Standard Mortgage Corporation. If the loan is not purchased, LHC will bill the lender for all outstanding fees.

LHC monitors each loan's Loan Disclosure and Closing Disclosure to ensure excessive fees are not being charged.

#### **COMPENSATION PAID TO CORRESPONDENT LENDERS**

- Total Compensation paid for each loan closed and purchased is 2.0%.
- Correspondent Lenders will register, underwrite, close, fund and interim service these loans before transferring to the Master Servicer.
- Correspondent Lenders will assume the full representations and warranties outlined in LHC's Mortgage Origination Agreement for all loans sold to the Master Servicer.

#### **TARGETED AREA LOANS**

Targeted area loans are subject to special benefits. The following special benefits are available only to Assisted Program loans and not to HOME/MRB loans.

- a) 1<sup>st</sup> time homebuyer requirements are fully waived, but the residence financed under the Tax-Exempt Program must be the principal residence of the homebuyer/borrower.
- b) Purchase Price Limits for residences in Targeted Areas are generally increased by 20%. Family Income Limits are generally increased to 140% of applicable median family income (AMI) and, subject to precise oversight and approval by the LHC. One-third of the principal amount of mortgage loans in a Targeted Area may be made available to



homebuyers without any restriction on family incomes. This is only available for 1/3 of production and must be requested by the lender. Please note that a request **does not** guarantee a reservation for the 140% exception. Lenders may request an AMI exception by submitting **Exhibit R**. LHC staff will notify the lender concerning the status of the request.

## **NON-OCCUPYING CO-SIGNERS**

Follow FHA guidelines for credit purposes.

## **RESERVATION PROCESS**

LHC has a web-based reservation system, Mortgage Compliance Reservation System <https://webapps4.lhc.la.gov>, for lenders not only to reserve loans via the Internet, but also to manage their pipeline. Please periodically review loans that are in your pipeline and cancel those which you know will not close. Should the file already be submitted to LHC, please notify the Corporation in writing as soon as possible that you wish to cancel the loan. This will enable the Corporation to make funds available to other applicants.

Unless specifically allowed by the Corporation, there is a 30 day waiting period after a reservation has been cancelled before the same borrower may make a new reservation.

Lenders have direct access via a password protected log-in on the LHC website. The lenders are instructed to have a unique log-in and password for each individual that they wish to have access to the system. Apply by sending an email to [singlefamily@lhc.la.gov](mailto:singlefamily@lhc.la.gov) with the following specifics: Name, Position, Company Name, Physical Address, Phone Number, Fax Number, Email Address, NMLS #, and Chums # (if underwriter). Shared log-ins and passwords are prohibited and may result in suspension of website usage.

The reservation lock period is 75 days from reservation date to loan closing date.

Once the loan has been reserved, the compliance package must be received by LHC within 40 days from the date of the reservation. Within 85 days of the reservation, lenders are required to submit to LHC the closing documents listed on **Exhibit F – Post Close Checklist** and submit to SMC the complete closing package for purchase.

- **NOTE:** Once you begin a reservation in the Mortgage Compliance Reservation System, the system allows thirty (30) minutes to complete the reservation. If the reservation cannot be completed within that timeframe, you will be required to start the reservation from the beginning.

## **COMPLIANCE REVIEW**

There are requirements imposed by the IRS and the Corporation that must be reviewed for compliance with the program guidelines. It is the responsibility of the lenders to review program documents and to originate loans in accordance with the requirements. The Master Servicer is not obligated to purchase loans that do not comply with program terms. The compliance package for each loan must be received by the Corporation within forty (40) days from the reservation. The Corporation may cancel any loan not received by the Corporation within 40 days from reservation without notification to the lender.

**Processing Requirements and Forms** - The following information applies only with respect to submissions required by the Corporation and not requirements by RESPA, FHA, VA, Fannie Mae, Freddie Mac or Rural Development.

- I. Fannie Mae 1003 or Freddie Mac Form 65 application must show a physical address (not PO Box) for the borrower covering three years, clearly indicating if the borrower lived with relatives, rented, etc.
- II. Complete signed tax returns (most recent 3 years) with all schedules and W-2's and 1099's are required. Federal Recap forms, Tele-Tax and IRS Form 8879 are not allowed. Request a "Tax Return Transcript" along with W2 information from IRS ("Wage & Income Transcript") if client cannot provide an actual copy of the filed return. Tax return extensions are not accepted.
- III. Lenders must complete the bond documents made available on the Corporation's online reservation site. Re-created forms are not acceptable. Bond documents may be obtained from Corporation's online reservation site – <https://webapps4.lhc.la.gov>.
- IV. Loan Estimates: A copy of the initial Loan Estimate will be required for all program loans.
- V. Appraisal Report Submissions: The complete appraisal report must be submitted to the Corporation for compliance review. In the case of a doublewide mobile home, please submit a copy of the floor plan with dimensions.

Follow normal procedures, which must be modified to include the following program qualifiers:

- **First-time Homebuyer Requirements**

The HOME/MRB Program indicates that the Borrower must not have owned any residence in the three years prior to closing on the current residence.

- **Waiver of First-Time Homebuyer Rule**

The first-time homebuyer rules are waived for MRB Assisted Program purposes only in Targeted Areas, the designated census tracts or the Federally Declared Disaster Parishes listed on **Exhibit P**.

- **MRB Purchase Price Limits Elevated in Targeted Areas**

The MRB purchase price limits are elevated to targeted area purchase price limits for MRB Assisted Program purposes only in the designated census tracts or the Federally Declared Disaster Parishes listed on **Exhibit P**.

- **MRB Income Limits Elevated in Targeted Areas**

The MRB income limits are elevated to the targeted area income limits for MRB Assisted Program purposes only in the designated census tracts or in the Federally Declared Disaster Parishes listed on **Exhibit P**.

- **Eligible Household Income**

Borrowers' household income must not exceed established program income limits indicated on **Exhibit N1 or N2** as set forth for each loan program.

- **Purchase Price**

The purchase price must not exceed the Maximum Permissible Acquisition Cost for Residential Housing Units as set forth on **Exhibit O** as applicable.

- **Eligible Property**

**HOME/MRB PROGRAM** - New and existing, one unit dwellings, condos, townhomes, modular and manufactured homes that meet insurer/guarantor requirements are eligible properties. Homes are considered new if never previously occupied. Proposed construction is not eligible.

**MRB ASSISTED PROGRAM** - New and existing, one unit dwellings, condos, townhomes, modular and manufactured homes that meet insurer/guarantor requirements are eligible properties. Homes are considered new if never previously occupied. Proposed construction is not eligible.

- **HOME/MRB and MRB Assisted Requirements**

1. Primary Residence - Program funds may be used to finance residences that are the primary full-time residence of the borrower only. A primary residence is the legal residence of a person. It is also the place where the person lives on a full - time basis. Recreational, seasonal or other types of vacation or non- permanent homes are not eligible under the program.
2. Economic life - remaining economic life of the property may be no less than 30 years as indicated on the appraisal.
3. Ineligible Properties – Multiple units, single-wide mobile homes, recreational or vacation homes are not eligible under this program.
4. Manufactured housing - manufactured housing qualifies if it is a structure manufactured in a factory after June 15, 1976, which is delivered to a homesite in more than one section and placed on a permanent foundation. The dimensions of the completed house shall not be less than twenty feet by forty feet, the roof must be sloping, the siding and roofing must be the same as those found in a site-built house, and the house must be eligible for thirty year real estate mortgage financing in order to qualify for purchase. Manufactured Housing must meet all applicable guidelines of insurer/guarantor and be insured/guaranteed by same.

- **Credit Score Requirement**

All loans reserved **MUST** have a minimum credit score of **640**. Loans with a score **less than 640** are not eligible. Borrower must have at least 2 credit scores.

- **Submission Requirements for Compliance Package**

The Lender must submit required documents listed on the Compliance Review Checklist (**Exhibit A**). All documents listed are essential to the compliance review process. If documents are incomplete and/or missing, the compliance package may be returned or set aside without complete review by the compliance officer. The compliance package must also contain other supplemental information, i.e. divorce and or child support decrees/documentation, etc.

For construction to permanent loans, the file must include builder's cost breakdown or, if self-contracted, copies of invoices for materials which add up to the purchase price. Cost of land owned less than 2-years prior to the execution of the mortgage must be included in the purchase price.

## **QUICK TIPS ON POST CLOSING**

The entire closed loan package should be reviewed for completeness and accuracy before shipping to the Master Servicer.

After closing, immediately fax or email a copy of the **Exhibit G - Closing Certification** and the final Closing Disclosure to the LHC compliance specialist that approved the loan and send the originals to the Master Servicer.

Deliver documents as listed on **Exhibit F – Post Closing File Checklist**, to LHC within 85 days of the reservation date.

Deliver final documents to the Master Servicer within 85 days of the reservation date. Loans must be purchased within 100 days of the reservation date.

The Corporation in conjunction with the Master Servicer audits the closed loan files. Should irregularities or compliance issues be discovered, the lender will be required to repurchase the loan pursuant to the Mortgage Origination Agreements.

## Exhibits “101”

### Exhibit D- Borrower’s Affidavit and Notice of Potential Recapture Tax

- Include names and Social Security numbers of all borrowers.
- In #11, insert years that tax returns were **not** required to be filed by a borrower.
- In #13, insert the total household **annual** income which should be derived by multiplying the “Total Monthly Income” on Exhibit D2 x 12.  
Refer to **Exhibit N1 or N2** for applicable Family Income Limits.
- Pg. 5 & 6: To complete blanks in Section B and C(i), multiply the final loan amount x 6.25%. Do not round off cents. The table on page 7 should **not** be completed.

### Exhibit D1 – Acquisition Cost Worksheet

- All borrowers and sellers must sign this document. Sellers sign at closing only.
- The acquisition cost of the unit cannot exceed the maximum permissible acquisition cost limit for the program. Refer to **Exhibit O** for Acquisition Cost Limits.

### Exhibit D2 – Mortgage Income Eligibility Worksheet

- List all household members, regardless of age or income.
- Sources of Income added together should match “Total Monthly Income”.
- Complete both columns on page 2.

### Exhibit E1 – Homeownership Summary & Income Certification

- **Attachment II** – List all assets separately.  
Any income (actual or imputed) from assets must be included in the total household income calculation – monthly and annual - and appropriately listed on all income related documents, i.e. 1003, Exhibit D, Exhibit D2. If the total cash value of all the family’s assets is \$5,000 or less, the actual income the family receives from the assets is the amount that is included in annual income from assets. If the total cash value of all the family’s assets is more than \$5,000, use the greater of the imputed income or actual income. To obtain imputed income, multiply asset total by the current HUD passbook rate of 0.06% as of February 1, 2016.

### Exhibit E2 – Homebuyer Regulatory Agreement

#### Section 2

- The percentage of the “HOME funds Loan Component” is determined at the start of each Program. Please refer to the applicable Program Bulletin for the current percentage. The “HOME Funds Grant” is the Assistance amount which is determined

from the table in this document. These two numbers added together make up the “Total HOME Contribution”.

### **Section 13**

- In the borrower’s information section, indicate the new property address.  
**Exhibit A Attachment to E2**
- Provide the complete and detailed legal description of the property. (Obtain full legal from abstract or title report).

### **Exhibit J – Affidavit of Seller**

- Include names of all sellers. Must be signed by all sellers. If the seller is a company or corporation, the individual signing must indicate their position and indicate that they are signing for the company, i.e. John Doe, President of Better Built Home, Inc.
- In #5, mark either “new” or “previously occupied”.

### **Exhibit G – Closing Certification**

- Submit **Exhibit G** AND the final executed **Closing Disclosure** to LHC as soon as possible after the loan has closed, verifying that no information has changed since the compliance package was approved by LHC.
- Must be dated and signed by the appropriate representative of the company.

### **Single Family List of Contacts**

1-888-454-2001      Toll Free  
225-763-8700      Local  
225-763-8748      Fax

Brenda Evans	<a href="mailto:bevans@lhc.la.gov">bevans@lhc.la.gov</a>	Homeownership Director	Ext 1298
Cody Henderson	<a href="mailto:chenderson@lhc.la.gov">chenderson@lhc.la.gov</a>	Single Family Manager	Ext 1253
Kelya Woods	<a href="mailto:kwoods@lhc.la.gov">kwoods@lhc.la.gov</a>	Compliance Specialist	Ext 1236
Shannon Jenkins	<a href="mailto:sjenkins2@lhc.la.gov">sjenkins2@lhc.la.gov</a>	Compliance Specialist	Ext 1278
Kevin McCleary	<a href="mailto:kmccleary@lhc.la.gov">kmccleary@lhc.la.gov</a>	Compliance Specialist	Ext 1247
Sarah Davis	<a href="mailto:sdavis@lhc.la.gov">sdavis@lhc.la.gov</a>	Compliance Specialist	Ext 1250
Sharonda Rachal	<a href="mailto:srachal@lhc.la.gov">srachal@lhc.la.gov</a>	Compliance Specialist	Ext 1252
Monica Mealancon	<a href="mailto:MMeilleur-Mealancon@lhc.la.gov">MMeilleur-Mealancon@lhc.la.gov</a>	Executive Assistant	Ext 1215

### **Send Preliminary Compliance Packages to:**

<https://webapps4.lhc.la.gov>

Or

[singlefamily@lhc.la.gov](mailto:singlefamily@lhc.la.gov)