

## **Market Rate CONV Program**

### **Program Description and Guidelines**

<b>Program Objectives</b>	Provide assistance for "first time" homebuyers with incomes at or below 80% AMI to purchase one-unit family homes.  Increase homeownership for Low to Moderate Income homebuyers.
<b>Eligible Activity</b>	Homeowner Assistance
<b>Loan Purpose</b>	Homeownership
<b>Buy Downs</b>	No buy downs
<b>Approved Lenders</b>	Lenders that have completed Market Rate training.
<b>Lender Requirements</b>	Lenders will register the 1st mortgage loan in LHC's reservation system using the LHC Market Rate GNMA Program.  No compliance package required.
<b>Deadlines</b>	Closed loan delivered to Servicer - 45 days Loan purchased by - 70 days  Extensions are available for 30 days
<b>Fees</b>	Funding Fee - \$500 Flood Certification Fee - \$14.50 Tax Service Fee - \$91 Wire Fee - \$40 Extension Fee - \$375  All fees must be disclosed on the Lending Disclosure & Closing Disclosure for the first mortgage.
<b>Lender Compensation</b>	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.
<b>Grant Assistance</b>	3-4% of Final Loan Amount
<b>Maximum Purchase Price</b>	The Maximum Permissible Purchase Price shall not exceed the

LHC SINGLE FAMILY DOCUMENT AS OF 09/08/2022

	Conforming loan limits.
<b>Mortgage Rate of First Mortgage Loan</b>	Market Rate CONV Rates posted daily
<b>First Mortgage Loan Type</b>	Fannie and Freddie first mortgage product.
<b>Ineligible Product Types</b>	FHA, VA, and RD
<b>AUS</b>	Approved / Eligible
<b>Term</b>	30 yr. first mortgage
<b>Household Income Limits</b>	80% AMI
<b>Credit Score</b>	Minimum 640 credit score At least 2 scores required No manual underwrites.
<b>Non-Traditional Credit</b>	Not allowed
<b>DTI</b>	Max 50%
<b>Eligible Borrowers</b>	All eligible first time 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.
<b>Homebuyer Education</b>	Not required.
<b>Eligible Parishes</b>	All parishes.
<b>Eligible Property Types</b>	One Unit Primary Residence, Townhouses, Condos
<b>Ineligible Property Types</b>	Duplexes, Single Wide Mobile Homes, Vacation / Second Homes, Mobile / Recreational, Manufactured, Timeshares
<b>Number of Units</b>	1
<b>Non-Arm's Length Transactions</b>	Follow Loan Product Guidelines
<b>Documents Required to Reserve Funds</b>	Borrower must present a legally binding purchase agreement with application for funds when applying for assistance under the program.

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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**

Follow AUS findings

**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.

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 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.

**Co-Signers / Non-Occupant Co-Borrowers**

Co-signers and Non-occupant Co-Borrowers are not allowed.

**Legal**

LHC will provide the lender or title company the Gift Letter for the assistance that will need to be executed at the time of closing.

**Documents**

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

**Requesting Closing Cost Assistance**

Lenders are required to submit to LHC the completed Exhibit E, 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.

