



LA CAFA Home Loan Grant

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THE FIRST MORTGAGE

PLEASE NOTE THAT RATES AND ASSISTANCE GRANT AMOUNTS ARE SUBJECT TO CHANGE AT ANY TIME. With respect to reserved loans, the mortgage rate and down payment assistance grant amount percentage will not change as long as loans are delivered according to the timetable included in this guide. Reserved loans cannot be cancelled and re-reserved at lower rates.

This grant offering is an FHA, 30 year program and Freddie Mac Home Possible Advantage for HFA, 30 year program.

Funds are available in first-come, first-served revolving pools that provide continuous funding. Borrowers receive a 30-year, fixed rate, fully amortizing first mortgage loan with 360 level monthly payments. Income limits apply.

ASSISTANCE

An assistance grant equal to 3.00% or 4.00%, of the original note amount is provided and may be applied toward down payment or closing costs. The assistance amount is tied to the first mortgage rate. Less assistance equals a lower first mortgage rate. Current rates are available in Optimal Blue.

The assistance is calculated on the **full Note amount**. The assistance may be used for down payment, closing costs or prepaids. While there is no cash back in this program, the borrower may be reimbursed for any overpayment of escrow. Because the assistance is a fixed percentage of the original principal amount of the mortgage loan, any remaining assistance must be applied as additional down payment or lastly as a principal reduction. Assistance is in the form of a non-repayable grant. It is not repayable other than for reasons of fraud or similar circumstances. When the first mortgage is reserved in the system, the assistance is automatically reserved. There is no additional reservation necessary. When the loan closes, there are not second mortgages, second notes, deed restrictions or liens. There is no repayment.

PROGRAM REQUIREMENTS

Eligible Borrowers

- **There is no first-time homebuyer requirement in this program.**
- With regard to citizenship requirements, follow FHA guidelines
- Buyers **must occupy** the property **within 60 days of closing.**
- Applicants must be considered irrespective of age, race, color, religion, national origin

Minimum FICO Score and AUS

For Both Programs: Buyers must have a minimum FICO credit score of 640.

For an FHA loan - Must have valid Approve / Eligible DU findings on FHA program. Manual Underwriting is allowed, but limited to 680 FICO. User must validate the Parish Income Limit noted below, DU does not validate.

For Freddie Mac Conforming loan – Must have a valid Accept / Eligible in LP. For LP to run Home Possible correctly, make sure you select Home Possible Advantage for HFAs when running LP. User must validate the Parish Income Limit noted below, LP does not validate.

Maximum Debt-to-Income (DTI) Ratio

The maximum DTI ratio is 45%. (For FHA manual underwrites, the max DTI is 43%)

Homebuyer Education

The Authority requires homebuyer education **for first-time buyers** as defined by FHA or Freddie Mac. Homebuyer education must be conducted by HUD-approved counseling agencies including online HUD-approved non-profits. CAFA has provided the following links to these local approved education providers.

www.midcityredevelopment.org

<http://www.nw.org/network/training/homeownership/default.asp>

<http://www.moneymanagement.org>

<http://homebuyers.mgic.com/>

Or Contact:

Lafayette Consolidated Government Community Development Neighborhood Services
Department 337-291-5452

Income Qualifying and Income Limits Maximum Income Limit - Based on Parish and Product

Acadia Parish limit is \$54,510 on FHA and \$66,360 on Freddie Mac Home Possible Advantage – HFA “Home Possible Advantage”.

Iberville Parish Limit is \$63,940 and \$77,840 on Home Possible

Lafayette Parish limit is \$83,490 on FHA and \$101,640 on Home Possible Advantage
Capital Area Parish Limit is \$74,635 on FHA and \$90,860 for Home Possible Advantage (see list below)

Use Form 1003 credit qualifying income as the qualifying income in the program. While all income may not be included on the 1003, all income from any one source must be included — it's all or nothing. On the 1003, lenders may not use a portion of a job's income. Must use all borrowers' income on the loan application.

Eligible Loan Area

- 1) Capital Area Parishes: Ascension, East Baton Rouge, West Baton Rouge, Livingston, Pointe Coupee, West Feliciana, East Feliciana; and St. Helena.
- 2) Acadia Parish
- 3) Iberville Parish
- 4) Lafayette Parish

QM Guidelines

CAFA loans are not subject to QM restrictions.

Property Requirements

- New or existing, one unit, detached or attached, condos or town homes. If multiple units, borrower must occupy one unit.
- Manufactured, Mobile, recreational, seasonal or other types of vacation or non-permanent homes are not permitted.
- Land may not exceed the size required to maintain basic livability.
- Properties purchased in the program must be residential units.

ABOUT THE FINANCING

Cash Back

Cash Back to the borrower is not permitted. However, borrowers are permitted a reimbursement of pre-pays and overage of earnest money deposit as permitted by Agency guidelines and to the extent any minimum contribution, if any, has been satisfied.

Construction to Perm

Not permitted.

Cosigners

Permitted to the extent permitted by FHA. Treat cosigner income as directed by FHA. A cosigner cannot reside in the property and cannot have any ownership interest in the property (they cannot be on the Mortgage/Deed/Warranty Deed).

Minimum Loan Amount

There is no minimum loan amount.

Prepayments

The first mortgage may be prepaid at any time without penalty.

Recapture Tax

There is NO RECAPTURE TAX IN THIS PROGRAM.

Refinances

Refinances are not permitted in this program. However, temporary, bridge or construction loans with a term of 2 years or less may be taken out with a program loan.

Remaining reserves are not established by the program. Follow Agency Guidelines.

THE PROCESS SUMMARY

Correspondent or Broker Set-up

Third Party Originator (TPO) must be an approved client of GMFS and is required to have approval for this particular program. **TPO must have signed a Mortgage Origination Agreement with GMFS for the Capital Advantage Program.** For additional information on Client approval, please go to www.gmfspartners.com and click on "Sign Up Here". Approved clients can contact your District Director for more information on this program.

GMFS Client Guide

Unless otherwise noted in this document, all policy and procedures follow GMFS Correspondent or Broker Client Guide located on www.gmfspartners.com

The Early Payoff Provision for this program is 6 months from the purchase date of the loan by GMFS. Client must sign an addendum to their Mortgage Loan Sale Agreement.

Locking and Pricing

Lock period is 45 days and there may be a 1X extension for up to 30 days, cost paid by the borrower. The loan must be submitted for initial underwriting within 15 days of the lock. Lock will be deemed invalid and cancelled if loan is not submitted to underwriting within that time frame. If the loan is extended, it must close within 75 days of lock. Extensions beyond 75 days are not allowed and the loan will need to go to worse case pricing.

You must select HFA - YES in Optimal Blue when entering the loan level pricing data to get access to daily pricing for the program.

You have an option of 3% or 4% Downpayment Assistance when locking the loan.

GMFS offers a 101.50, a 102 price or a 102.75 price. Broker/ Loan Officer must select the price that is appropriate for them based on their Compensation Agreement. There are no additional Loan Level Price Adjustments for CAFA loans.

UNDERWRITE

GMFS underwrites and is responsible for credit decisions of the loans in the program. Correspondents may choose to deliver a closed loan, keeping in mind that GMFS reviews each loan for a full underwrite and does not make exceptions to GMFS or program policy. If you are not familiar with the standard GMFS guidelines, please reference the Loan Eligibility section of the Correspondent Selling Guide. This Program Guide is additive to our existing guide.

Mortgage Insurance for Freddie Home Possible Advantage

Greater than 80% up to 85% - 6% MI Coverage
Greater than 85% up to 90% - 12% MI Coverage
Greater than 90% up to 95% - 16% MI Coverage
Greater than 95% up to 97% - 18% MI Coverage

Lender Paid MI or Financed MI is not permitted

Homebuyer Education Certificate (copy)

A copy of the homebuyer education certificate must be in the compliance file. All primary borrowers on the note must attend homebuyer education. (Co-signers do not need homebuyer education). Certificates are good for a period of one year from date of issuance.

CLOSE

GMFS closes loan. Notice of Down Payment/Closing Cost Assistance Grant Obligation Letter is signed at closing and retained by GMFS.

The Grant must be listed on the HUD as a separate line time; Grant from Capital Area Finance Authority.

PROGRAM FEES

Mortgage Fees

Retail, Correspondent or Agent Loan Officers can charge up to 1% origination fee, Brokers Clients may not charge an origination fee. No additional points may be charged.

All standard GMFS fees apply; see Broker Guide for those fees. The No Fee Option is not available under this program and the fees may not be financed.