



**APPENDIX A - Home in Five<sup>SM</sup> Down Payment Assistance Guidelines**

<b>HFA/Second Loan Lender</b>	The Industrial Development Authorities of the City of Phoenix and the County of Maricopa (the “IDAs”) will serve as the Second Loan Lender and beneficiaries of the Second Loans.
<b>Eligible Area</b>	For homes purchased within Maricopa county, including the City of Phoenix.
<b>EIN</b>	For FHA Loans, HUD requires the HFA’s EIN. Phoenix IDA’s EIN Number is 52-2038405, Maricopa IDA’s EIN Number is 86-0445263.
<b>Income Limits</b>	<b>Program Income Limit: \$138,600</b> <b>Low Income Limit: \$79,200 (80% AMI), conventional loans and loans with 7-year seconds. Lower Income Limit: \$49,500 (50% AMI)</b>
<b>Eligible First Loans</b>	<p><b>Down Payment Assistance (DPA) is only available in connection with Home in Five FHA, VA, Fannie Mae HFA Preferred and Freddie Mac HFA Advantage First Loans offered through Lakeview Loan Servicing and is provided in the form of Second Loans as described here.</b></p> <p><b>Refer to Lakeview’s Home in Five Advantage First Loan Matrix for these First Loan guidelines and to the <a href="#">Lakeview Servicing Seller Guide</a> for rate lock and delivery instructions.</b></p>
<b>Eligible Borrowers</b>	
<b>Properties/Appraisals</b>	
<b>Credit/Underwriting</b>	
<b>Mortgage Insurance</b>	
<b>Homebuyer Education</b>	
<b>Rate Locks</b>	
<b>Delivery/Purchase</b>	
<b><i>Down Payment Assistance</i></b>	
<b>Second Loan Size, Term and Repayment (Size availability is subject to market conditions.)</b>	<p><b>Home in Five Advantage 3-Year</b> Second Loans with Government First Loans only (FHA, VA):</p> <ul style="list-style-type: none"> <li>• Second Loan options with 3-year terms, sized at 3%, 4%, 5% or 6% of the final first mortgage loan amount, rounded down to the nearest dollar. There is no dollar cap.</li> <li>• Principal is deferred, due upon sale, transfer or refinance, with no interest due, forgiven 1/36<sup>th</sup> per full month for as long as the borrower(s) remain in the home. After the full term, the subordinate lien is released free and clear.</li> </ul> <p><b>Home in Five Advantage 7-Year</b> Second Loans with Government First Loans (FHA, VA), Fannie Mae HFA Preferred or Freddie Mac Advantage:</p> <ul style="list-style-type: none"> <li>• This Second Loan option is limited to those Borrowers earning up to 80% of the area median income (AMI).</li> <li>• Second Loan options with 7-year terms, sized at 3%, 4%, 5% or 6% of the final first mortgage loan amount, rounded down to the nearest dollar. There is no dollar cap.</li> <li>• Principal is deferred, due upon sale, transfer or refinance, with no interest due, forgiven 1/84<sup>th</sup> per full month for as long as the borrower(s) remain in the home. After the full term, the subordinate lien is released free and clear.</li> </ul>

	<p><b>Home in Five Advantage 10-Year</b> Second Loans with Government First Loans (FHA, VA), Fannie Mae HFA Preferred or Freddie Mac Advantage:</p> <ul style="list-style-type: none"> <li>• Second Loan options with 10-year terms, sized at 3%, 4%, 5% or 6% of the final first mortgage loan amount, rounded down to the nearest dollar. There is no dollar cap.</li> <li>• Principal is amortized over the 10-year term at a 6% interest rate. Borrower(s) will receive a separate monthly statement and will be required to make a separate monthly Second Loan payment to the Servicer.</li> <li>• Principal plus any accrued interest is due upon sale, transfer or refinance. After the full term, the subordinate lien is released free and clear. There is <u>no</u> principal forgiveness.</li> <li>• The monthly payment associated with this Second Loan option must be included in the DTI ratio calculations.</li> </ul> <p><b>Home in Five Advantage 30-Year</b> Second Loans with Fannie Mae HFA Preferred or Freddie Mac Advantage only:</p> <ul style="list-style-type: none"> <li>• Second Loan options with 30-year terms, sized at 3%, 4% or 5% of the final first mortgage loan amount, rounded down to the nearest dollar. There is no dollar cap.</li> <li>• Principal is deferred, due upon sale, transfer or refinance, with no interest due. There is no principal forgiveness until maturity at the 30-year anniversary. After the full term, the subordinate lien is released free and clear.</li> </ul>
<p><b>Assumptions</b></p>	<p>The Second Loans are <u>not</u> assumable.</p>
<p><b>Subordination</b></p>	<p>The Second Loans are <u>not</u> eligible for subordination by the IDAs under any circumstances.</p>
<p><b>Second Loan Adjustments/ Additional Assistance</b></p> <p><b>and</b></p> <p><b>Home in Five Advantage BOOST</b></p> <p><i><u>(Both require underlying second loan)</u></i></p>	<p><b>Second Loan options can be increased by Additional Assistance of 1% (limited to 1%) if the Borrowers qualify as one of the following:</b></p> <ul style="list-style-type: none"> <li>• First Responders</li> <li>• Income Qualified Borrowers (qualify for BOOST, see below)</li> <li>• Military Personnel</li> <li>• Teachers</li> </ul> <p><b>Second Loan options can be increased by 0.5% for Home in Five Advantage BOOST loans as one of the following:</b></p> <ul style="list-style-type: none"> <li>• Income Qualified Borrowers (automatically a total of 1.5% when combined with 1% Additional Assistance above)</li> <li>• Homes purchased in low-income census tracts (cannot be added to 1.5% assistance for Income Qualified Borrowers)</li> </ul> <p>See <b>EXHIBIT A</b> for the <u>limited</u> definitions of each Targeted Borrower and Product Codes.</p>
<p><b>Use of Program Assistance Proceeds</b></p>	<ul style="list-style-type: none"> <li>• Second Loan proceeds may be used to fund up to 100% of the Borrower’s cash to close. Only allowable cash back to the Borrower is a refund of any earnest money, prepaid fees, interest or tax credit. Surplus cash must be used for principal reduction.</li> </ul>
<p><b>Second Loan Registration and Product Codes</b> <i>(see Summary on page 5 for additional details)</i></p>	<ul style="list-style-type: none"> <li>• Second Loans will be assigned a unique Second Loan Number. With each First Loan rate lock, use the following Second Loan Product Codes:             <ul style="list-style-type: none"> <li>○ For 3-year term (FHA or VA) and 30-year term (Fannie Mae HFA Preferred or Freddie Mac Advantage) Home in Five Advantage Second Loans, use <b>EPX3xx</b></li> <li>○ For 7-year term Home in Five Advantage Second Loans, use <b>EPX7xx</b></li> <li>○ For 10-year term Home in Five Advantage Second Loans, use <b>EPX2xx</b></li> <li>○ If Additional Assistance is provided to a Targeted Borrower, use the Product Codes referenced in <b>Exhibit A</b></li> </ul> </li> </ul>

	<ul style="list-style-type: none"> <li>○ For BOOST loans, use the Product Codes referenced in <b>Exhibit B</b></li> </ul>
<b>Second Loan Entry into DU and LPA</b>	<ul style="list-style-type: none"> <li>● Within DU, Second Loan must be represented as a Community Second. Lenders must take care to select the appropriate Second Loan option (deferred with forgiveness, monthly payment required, etc.).</li> <li>● Within LPA: 1) Enter the Second Loan information into the section entitled “Other New Mortgage Loans on the Property you are Buying or Refinancing” 2) For the 30-year, 3-year or 7-year forgivable seconds click the circle <u>Yes</u> under the question “Is the Other New Mortgage an Affordable Second”, 3) For the 10-year forgivable seconds click the circle <u>No</u> under the question “Is the Other New Mortgage an Affordable Second”, and 4) Lenders must take care to select the appropriate Second Loan option (deferred with forgiveness, monthly payment required, etc.).</li> </ul>
<b>Second Loan Documents and Disclosure</b>	<ul style="list-style-type: none"> <li>● Second Loans will be evidenced by a Second Note and secured by a recorded Second Deed of Trust.</li> <li>● Originating Lenders are responsible for providing the Borrower with the applicable Second Loan disclosures on behalf of the IDAs concurrently with the 1<sup>st</sup> Loan disclosures.</li> <li>● Home in Five’s <u>3-year, 7-year and 30-year</u> deferred principal Second Loan options qualify for the CFPB’s <u>partial</u> TRID/RESPA disclosure exemption, meaning: <ul style="list-style-type: none"> <li>○ Originating Lenders may use the <b>Disclosure of Second Loan Terms</b> as provided by the IDAs (an additional GFE or HUD-1 is not required) <u>or</u>,</li> <li>○ Originating Lenders may board the Second Note and Deed of Trust (available from the IDAs in Word) and use their own Second Loan Estimate and Second Loan Closing Disclosures.</li> </ul> </li> <li>● Home in Five’s <u>10-year</u> amortizing Second Loan option does <u>not</u> qualify for the CFPB’s <u>partial</u> TRID/RESPA disclosure exemption, meaning: <ul style="list-style-type: none"> <li>○ Originating Lenders must generate a full and separate loan origination package for the Second Loan (all documents including the 1003).</li> <li>○ Originating Lenders may board the Second Note and Deed of Trust (available for the HFAs in Word) and use their own Second Loan Estimate and Second Loan Closing Disclosures.</li> </ul> </li> <li>● Originating Lenders should check with their own compliance department to determine the applicable disclosures for each Second Loan option and when they should be disclosed.</li> </ul>
<b>Funding</b>	Second Loans will be advanced by the originating Lender, to be reimbursed when the First Loan is purchased by Lakeview Loan Servicing.
<b>Second Loan Fees</b>	Other than a recording fee, no other Second Loan related fees are permitted.
<b>Loss Payee</b>	The IDAs, as Second Lien mortgagee, should be listed as the loss payee.
<b>Title Insurance</b>	The Second Loan does not require title insurance.
<b>Pre-Close Review</b>	No pre-close review or compliance package from the originating Lender is required.

<p><b>Second Loan Closing Documents</b> <i>(not required for No DPA conventional loans)</i></p>	<ul style="list-style-type: none"> <li>• The following Program Second loan documents are available either in Word or in an Acrobat Adobe fillable PDF format.             <ul style="list-style-type: none"> <li>○ Disclosure of Second Loan Terms (signed by all Borrowers)</li> <li>○ Second Promissory Note (signed by all Borrowers)</li> <li>○ Second Deed of Trust (signed by all Borrowers, notarized, recorded)</li> </ul> </li> <li>• The originating Lender is ultimately responsible for accurately preparing and generating the Second Loan documents prior to the loan closing on the IDAs' behalf and to ensure that the dates, names, amounts, and addresses are accurate and consistent with those used in the First Loan documents.</li> <li>• Commitment/Enforceability Letter (FHA Loans only, not signed by the Borrower) generated by the Lakeview portal at the time of lock.</li> </ul>
<p><b>Post-Closing Compliance</b></p>	<p>Within 90 days of the loan closing, the Title/Escrow Company or originating Lender must send via priority mail to the Lakeview Loan Servicing:</p> <ul style="list-style-type: none"> <li>• <u>Original</u> signed Second Promissory Note.</li> <li>• <u>Original recorded or certified true copy</u> of the Second Deed of Trust with original recordation stamp.</li> </ul> <p>The originating Lender is ultimately responsible for ensuring that the Second Trust/Deed is submitted to the County Recorder's Office for recording, and that the original and a signed Second Note and recorded Second Deed of Trust with the recordation stamp are also returned to Lakeview Loan Servicing.</p>

**EXHIBIT A**

**For Borrowers who meet one of the following criteria, Lenders must use the Product Codes stated below when registering the Second Loan with Lakeview Loan Servicing.**

<b>Targeted Borrower Definitions</b>	<p><b>FIRST RESPONDERS (Product Code EPX301 for 3-year and 30-year Seconds, EPX701 for 7-year Seconds, EPX201 for 10-year Seconds)</b></p> <ul style="list-style-type: none"> <li>• <u>Peace Officers</u>, defined in A.R.S. § 1-215, certified by the Arizona peace officer standards and training Board (AZPOST) or by the Arizona correctional officer training Academy (COTA) and employed full-time as: <ul style="list-style-type: none"> <li>○ Sheriffs, Deputy Sheriffs of Counties, Constables, Policemen of Cities and Towns Commissioned Personnel of the Department of Public Safety.</li> <li>○ Personnel Employed by the State Department of Corrections or the Department of Juvenile Corrections.</li> <li>○ Police Officers appointed by Community College District Governing Boards, Arizona Board of Regents or Governing Body of a Public Airport Pursuant to Section 28-8426</li> <li>○ Special Agents from the Office of the Attorney General, or of a County Attorney, including Police Officers employed by a Tribal Police Agency.</li> <li>○ <u>Detention Officers</u>, as defined by A.R.S. § 13-3907, means a person other than an elected official who is employed by a county, city or town and who is responsible for the supervision, protection, care, custody or control of inmates in a county or municipal correctional institution. Detention officer does not include counselors or secretarial, clerical or professionally-trained personnel.</li> </ul> </li> <li>• <u>Professional Firefighter</u>, as defined in A.R.S. § 9-901, employed full time as a member of an organized paid Fire Department.</li> <li>• <u>Emergency Personnel</u>, whose primary responsibility is the care of patients in an ambulance and is employed full-time, to include the following occupations, defined in A.R.S. § 36-2201 as Emergency Medical Technicians Advanced Emergency Medical Technicians, Emergency Medical Technicians I-99, Paramedics.</li> </ul> <p><b>MILITARY PERSONNEL (Product Code EPX303 for 3-year and 30-year Seconds, EPX703 for 7-year Seconds, EPX203 for 10-year Seconds)</b></p> <ul style="list-style-type: none"> <li>• Qualified Veteran</li> <li>• Active-Duty Military, Active Reservist, Active member of National Guard</li> </ul> <p><b>TEACHERS (Product Code EPX304 for 3-year Seconds, EPX704 for 7-year Seconds, EPX204 for 10-year Seconds)</b></p> <p>A teacher employed full-time by a state-accredited public school or private school that provides direct services to students in grades pre-kindergarten through 12 (or any subset), as well as teachers employed full-time by Grand Canyon University.</p>
<b>Home in Five Advantage BOOST Qualifying</b>	<p><b>INCOME QUALIFIED BORROWERS EARNING UP TO 50% OF AREA MEDIAN INCOME (AMI).</b> Currently, \$49,500 regardless of family size. (Use Product Code EPX312 for 3-year and 30-year Seconds, EPX712 for 7-year Seconds, EPX212 for 10-year Seconds)</p> <p>For homes purchased in low-income census tracts, refer to the <u>Verification of a BOOST purchase in a low-income census tract</u> document available on the Training page, at <a href="http://www.homein5advantage.com">http://www.homein5advantage.com</a>. The Second Loans use the following codes.</p>

<p><b>Home in Five Advantage BOOST Qualifying (cont.)</b></p>	<p><b>NON-TARGETED BORROWERS PURCHASING HOMES IN LOW-INCOME CENSUS TRACTS (Product Code EPX 310 for 3-year and 30-year Seconds, EPX710 for 7-year Seconds, EPX210 for 10-year Seconds)</b></p> <p><b>FIRST RESPONDERS (AS DEFINED ABOVE) PURCHASING HOMES IN LOW-INCOME CENSUS TRACTS (Product Code EPX 311 for 3-year and 30-year Seconds, EPX711 for 7-year Seconds, EPX211 for 10-year Seconds)</b></p> <p><b>MILITARY PERSONNEL (AS DEFINED ABOVE) PURCHASING HOMES IN LOW-INCOME CENSUS TRACTS (Product Code EPX 313 for 3-year and 30-year Seconds, EPX713 for 7-year Seconds, EPX213 for 10-year Seconds)</b></p> <p><b>TEACHERS (AS DEFINED ABOVE) PURCHASING HOMES IN LOW-INCOME CENSUS TRACTS (Product Code EPX 314 for 3-year and 30-year Seconds, EPX714 for 7-year Seconds, EPX214 for 10-year Seconds)</b></p>
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Additional Assistance is only available with an underlying Second

*Summary of Second Loan Product Codes*

Base Assistance (3% - 6%) for borrowers who do **not** qualify as Targeted or BOOST, use EPX300 (3-year or 30-year term), EPX700 (7-year term), or EPX200 (10-year term)

2nd Loan Adjustments & Product Codes		Targeted Borrowers			BOOST Borrowers			
2nd Loan Adjustments only apply to Borrowers who have selected a 2nd loan								
Borrower Eligibility	Adj	3&30-Yr Term	7-Year Term	10-Year Term	Adj	3&30-Yr Term	7-Year Term	10-Year Term
First Responders	1.00%	EPX301	EPX701	EPX201	1.50%	EPX311	EPX711	EPX211
Military Personnel	1.00%	EPX303	EPX702	EPX203	1.50%	EPX313	EPX713	EPX213
K-12 Teachers	1.00%	EPX304	EPX704	EPX204	1.50%	EPX314	EPX714	EPX214
Lower Income Borrowers *					1.50%	EPX312	EPX712	EPX212
Non-Targeted Borrowers who purchase homes in Low Income Census Tracts **					0.50%	EPX310	EPX710	EPX210
** For purchases in Low Income Census Tracts, use <a href="https://www.novoco.com/resource-centers/new-markets-tax-xredits/data-tools/nmtc-mapping-tool">https://www.novoco.com/resource-centers/new-markets-tax-xredits/data-tools/nmtc-mapping-tool</a> to determine eligibility. A copy of the screenshot verifying eligibility must be included in the loan delievery file (does not apply to EPX312 or EPX712)								
<b>* CURRENT INCOME LIMITS (as of June 5, 2023)</b>								
<b>Higher Income Borrowers (Income Limit):</b>		<b>\$138,600</b>		<b>Low Income Borrowers:</b>		<b>\$79,200</b>		
				<b>Lower Income Borrowers:</b>		<b>\$49,500</b>		

EPX312, EPX712 and EPX212 require documentation of Borrowers showing income ≤ 50% AMI regardless of home location