



APPENDIX A - Home in FiveSM Down Payment Assistance Guidelines

HFA/Second Loan Lender	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.
Eligible Area	For homes purchased within Maricopa county, including the City of Phoenix.
EIN	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.
Income Limits	Program Income Limit: \$152,440, Low Income Limit: \$87,680 (80% AMI) conventional loans, 7-Year Second Income Limit: \$131,520 (120% AMI).
Eligible First Loans	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. Refer to Lakeview’s Home in Five Advantage First Loan Matrix for these First Loan guidelines and to the Lakeview Servicing Seller Guide for rate lock and delivery instructions.
Eligible Borrowers	
Properties/Appraisals	
Credit/Underwriting	
Mortgage Insurance	
Homebuyer Education	
Rate Locks	
Delivery/Purchase	
<i>Down Payment Assistance</i>	
Second Loan Size, Term and Repayment (Size availability is subject to market conditions.)	Home in Five Advantage <u>3-Year</u> Second Loans with Government First Loans (FHA, VA): <ul style="list-style-type: none">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.Principal is deferred, due upon sale, transfer or refinance, with no interest due, forgiven 1/36th 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. Home in Five Advantage <u>7-Year</u> Second Loans with Government First Loans (FHA, VA), Fannie Mae HFA Preferred or Freddie Mac Advantage: <ul style="list-style-type: none">This Second Loan option is limited to those Borrowers earning <u>up to 120%</u> of the area median income (AMI) for FHA or VA loans, and <u>up to 80%</u> AMI for Fannie Mae HFA Preferred or Freddie Mac Advantage loans.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.Principal is deferred, due upon sale, transfer or refinance, with no interest due, forgiven 1/84th 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.

	<p><u>Special Restrictions for 7-Year Second Loans Only</u></p> <ul style="list-style-type: none"> • First Time Homebuyers. • Residents of Arizona for a minimum of six (6) months. <p>Home in Five Advantage 10-Year Second Loans with Government First Loans (FHA, VA), Fannie Mae HFA Preferred or Freddie Mac Advantage:</p> <ul style="list-style-type: none"> • 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. • 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. • Principal plus any accrued interest is due upon sale, transfer or refinance. After payment is received in full, the subordinate lien is released free and clear. There is <u>no</u> principal forgiveness. • The monthly payment associated with this Second Loan option must be included in the DTI ratio calculations. <p>Home in Five Advantage 30-Year Second Loans with Fannie Mae HFA Preferred or Freddie Mac Advantage:</p> <ul style="list-style-type: none"> • 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. • 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.
Assumptions	The Second Loans are <u>not</u> assumable.
Subordination	The Second Loans are <u>not</u> eligible for subordination by the IDAs under any circumstances.
Use of Program Assistance Proceeds	<ul style="list-style-type: none"> • Second Loan proceeds may be used to fund up to 100% of the Borrower's cash to close, including real estate broker fees. 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 reduction of loan size.
Second Loan Registration and Product Codes (see Summary on page 5 for additional details)	<ul style="list-style-type: none"> • 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"> ○ 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 EPX3xx ○ For 7-year term Home in Five Advantage Second Loans, use EPX7xx ○ For 10-year term Home in Five Advantage Second Loans, use EPX2xx
Second Loan Entry into DU and LPA	<ul style="list-style-type: none"> • 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.). • 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 3-year, 7-year or 30-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.).

Second Loan Documents and Disclosure	<ul style="list-style-type: none"> • Second Loans will be evidenced by a Second Note and secured by a recorded Second Deed of Trust. • Originating Lenders are responsible for providing the Borrower with the applicable Second Loan disclosures on behalf of the IDAs concurrently with the 1st Loan disclosures. • 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"> ○ Originating Lenders may use the Disclosure of Second Loan Terms as provided by the IDAs (an additional GFE or HUD-1 is not required) <u>or</u>, ○ 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. • 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"> ○ Originating Lenders must generate a full and separate loan origination package for the Second Loan (all documents including the 1003). ○ 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. • 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.
Funding	Second Loans will be advanced by the originating Lender, to be reimbursed when the First Loan is purchased by Lakeview Loan Servicing.
Second Loan Fees	Other than a recording fee, no other Second Loan related fees are permitted.
Loss Payee	The IDAs, as Second Lien mortgagee, should be listed as the loss payee.
Title Insurance	The Second Loan does not require title insurance.
Pre-Close Review	No pre-close review or compliance package from the originating Lender is required.
Second Loan Closing Documents <i>(not required for No DPA conventional loans)</i>	<ul style="list-style-type: none"> • 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"> ○ Disclosure of Second Loan Terms (signed by all Borrowers) ○ Second Promissory Note (signed by all Borrowers) ○ Second Deed of Trust (signed by all Borrowers, notarized, recorded) • 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. • Commitment/Enforceability Letter (FHA Loans only, not signed by the Borrower) generated by the Lakeview portal at the time of lock.

Post-Closing Compliance	<p>Within 90 days of the loan closing, the Title/Escrow Company or originating Lender must send via priority mail to Lakeview Loan Servicing:</p> <ul style="list-style-type: none">• <u>Original</u> signed Second Promissory Note.• <u>Original recorded or certified true copy</u> of the Second Deed of Trust with original recordation stamp. <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>
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Summary of Second Loan Product Codes

Base Assistance (3% - 6%) for borrowers, use
EPX300 (3-year or 30-year term), EPX700 (7-year term), or EPX200 (10-year term)