



Portland Housing Bureau

Mayor Ted Wheeler • Director Shannon Callahan



Portland Housing Bureau (PHB)

Home Purchase Assistance Program Guidelines by Loan Type – At-a-Glance (Wholesale)

	Government Loans	Freddie Mac (FRE) Eligible Loans
Eligible Loans	NA	Freddie Mac HFA Advantage
LTV/CLTV	NA	Up to 97%/105% with Affordable 2nds
Eligible Properties	NA	1 unit SF, Condos, PUD, townhouses
Eligible Borrowers	NA	First time and repeat buyers. May <u>not</u> own residential property.
Borrower Investment	Lesser of \$1,000 or 1% of purchase price from Borrower’s own funds (gifts allowed).	
Eligible Area	For homes purchased within City of Portland limits. See www.portlandmaps.com	
Loan Purpose	Purchases only/primary residence/owner occupied.	
Loan Rates and Locks	Available through 360 Mortgage Group, LLC’s website 360b2b.com	
Price Adjustments	None	
Purchase Price Limits	NA	None. Freddie Mac \$453,100 loan limit applies
Income Limits	NA	Currently, \$113,960 regardless of family size.
AUS Underwriting	NA	Subject to LPA approval only.
Manual Underwriting	NA	Not permitted.
Credit Score	640 minimum for all Borrowers	
DTI Ratio	NA	Subject to LPA approval only
Homebuyer Ed	First Time Homebuyers (3 year rule) on Note required to take Homebuyer Education	
Mortgage Insurance	NA	Lower “Charter” MI coverage
Program Documents	360 Mortgage Group will provide brokers with initial TILA disclosure documents (2 nd Loan TIL) and 2 nd Loan closing documents in a fillable PDF format.	
2nd Loan Funds	NA	Up to 7% of the final 1st Loan amount; deferred principal, forgiven over 10 years, no accrued interest.
Income Based Grant	NA	For Lower and Low Income Borrowers
Assistance Funding	Advanced by 360 Mortgage Group at the loan closing	
Pre-Close Review	No pre-close package required from Broker.	
Program Fees (to Borrowers)	Customary and reasonable loan fees. Lender Paid Compensation based on broker established compensation plans (2.50% max). 1% discount payable to 360 Mortgage Group. Borrower paid comp acceptable with a 1% Origination Fee to the Borrower.	
Program Fees (360 MG)	\$995 Underwriting Fee.	



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Portland Housing Bureau Home Purchase Assistance Program Guidelines Freddie Mac HFA Advantage Loan Term Sheet (Wholesale)

Eligible Loans	Freddie Mac’s Home Possible for HFAs (<i>HFA AdvantageSM</i>) up to 97% LTV.
Ineligible Loans	<ul style="list-style-type: none"> Standard Freddie Mac Home Possible and Home Possible Advantage Fannie Mae “Home Ready for HFAs” and standard Fannie Mae Loans.
LTV/CLTV	Up to 97% LTV/Affordable Seconds up to a 105% CLTV.
Eligible Properties	1 unit primary residence, Condominiums, PUDs, Townhomes
Ineligible Properties	2-4 units, manufactured homes.
Eligible Borrowers	Not limited to first-time homebuyers. Borrowers may not have an ownership interest in another property at the loan closing.
Borrower Investment	Lesser of \$1,000 or 1% of the purchase price from the Borrower’s own resources or from any eligible resource.
Eligible Area	For homes purchased within City of Portland limits. See www.portlandmaps.com .
Loan Purpose	Purchases only/Fixed Rate 30-year terms.
Loan Originations (Summary)	<ul style="list-style-type: none"> Brokers will accept and screen loan applications from Borrower candidates and prepare the initial 2nd loan TILA disclosure and Itemization of Amount Financed as provided by 360 Mortgage Group. 360 Mortgage Group will underwrite the 1st Loan and serve as the 1st Loan Lender of record, provide the final 2nd Loan disclosures, prepare the final 1st loan documents and 2nd loan documents as provided by the County, fund the 1st Loan and advance the 2nd Loan on behalf of PHB at the loan closing.
Program Assistance (Summary)	<ul style="list-style-type: none"> 2nd Loans of up to 7% of the final 1st mortgage loan amount. Affordable Income Subsidies (AIS Grants) for Low and Lower Income Borrowers.
Occupancy	Owner occupied only. Borrowers and spouses must reside in the U.S. and occupy the property as their primary residence within 60 days of closing.
Loan Rates & Locks	60-day rate locks for HFA Advantage Loans available daily through the 360 Mortgage Group, LLC’s online portal at 360b2b.com between 8:30am-5:30pm CT. <u>Loans must be funded by the rate lock expiration date.</u> Lock extensions permitted subject to an extension fee. Once the 1 st Loan is rate locked, the 2 nd Loan is confirmed.
Co-Signers	Co-Signers and Non-Occupant Co-Borrowers are not permitted.
Non-Purchasing Spouse	A non-purchasing spouse is allowed on title to the property as long as they also sign the 2nd Mortgage. They are not required to sign the 2nd Promissory Note.
Purchase Price Limit	None. The Freddie Mac 1 st loan limit (currently \$453,100) applies.
Program Income Limits	<p>All stable and verifiable income used for underwriting (as reported in the Freddie Mac Underwriting and Transmittal Summary) must be applied against the Program Income Limits. Follow Freddie Mac guidelines with respect to allowable income sources and calculation method used. Income from a single source may not be misrepresented. Household income does <u>not</u> apply.</p> <p>It is allowable to only use one spouse on the loan – i.e., one spouse’s income and one spouse’s debt for qualifying income.</p> <p>\$131,775 Income Limit for all Borrowers regardless of family size .</p>
AUS Underwriting (LPA Only)	<ul style="list-style-type: none"> Risk Class “Accept”/Purchase “Eligible” from Loan Prospect Advisor (LPA) only.

	<ul style="list-style-type: none"> Manual underwriting is <u>not</u> permitted. DU is <u>not</u> permitted. 		
Inputting into LPA	The 2nd Loan and, if applicable, the AIS Grant as defined below must be entered into LPA in the “Total Gift Fund” field located in the “Assets and Reserve” section.		
DTI Ratios	No maximum DTI ratio subject to an LPA approval and MI guidelines.		
Credit Scores	640 minimum credit score for all Borrowers.		
Reserves	None required.		
Homebuyer Education	<p>Required for all First Time Homebuyers on the Note, defined as a Borrower who has not owned a residential property in the last three years from the loan closing date. Borrowers may select from a nationally accredited in person or on-line homebuyer education counseling center. In person counseling is strongly recommended.</p> <p>The Borrower’s receipt of a homebuyer education counseling Certificate of Completion dated prior to the loan closing date is a condition for the loan closing.</p>		
Seller Concessions	Permitted subject to Freddie Mac guidelines.		
Buydowns	Temporary buydowns are permitted subject to Freddie Mac guidelines. Must be seller paid. Buydowns will be priced as a Discount.		
Mortgage Insurance (“Charter Coverage”)	<table border="1" style="width: 100%;"> <tr> <td style="width: 50%;"> <ul style="list-style-type: none"> LTV 95.01% up to 97%: 18% coverage LTV 90.01% up to 95%: 16% coverage LTV 85.01% up to 90%: 12% coverage LTV 80.00% up to 85%: 6% coverage </td> <td style="width: 50%;"> <p>Lenders may use any one of the Freddie Mac approved mortgage insurers offering HFA Advantage and charter MI (MGIC, Genworth, Radian, Arch, Essent, and National). Many have a Housing Finance Agency Rate Card.</p> </td> </tr> </table> <p>360 Mortgage Group will select and activate a mortgage insurance policy from any one of the offered “Borrower Paid” mortgage insurance (BPMI) monthly, “split” or single premium plans subject to High Cost Loan calculations and maximum LTV limitations.</p>	<ul style="list-style-type: none"> LTV 95.01% up to 97%: 18% coverage LTV 90.01% up to 95%: 16% coverage LTV 85.01% up to 90%: 12% coverage LTV 80.00% up to 85%: 6% coverage 	<p>Lenders may use any one of the Freddie Mac approved mortgage insurers offering HFA Advantage and charter MI (MGIC, Genworth, Radian, Arch, Essent, and National). Many have a Housing Finance Agency Rate Card.</p>
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CFPB Restrictions (First Loans)	<ul style="list-style-type: none"> PHB Loans are exempt from CFPB Ability to Repay (ATR)/QM restrictions. 360 Mortgage Group will only fund compliant Higher-Priced Mortgage Loans. PHB Loans that violate HOEPA/State/local high cost thresholds are not eligible. 		
Pre-Close Review	A First Loan pre-close compliance review is not required.		
<i>Program Assistance Options</i>			
2nd Loan Terms	<ul style="list-style-type: none"> Up to 7% of the final first loan amount, rounded down to the nearest dollar. There is no dollar cap. Borrower will sign a 2nd Promissory Note and a 2nd Mortgage, with the Portland Housing Bureau as the 2nd Loan Lender and beneficiary, to be recorded as a subordinate lien on the Property. The 2nd Loan is forgiven over a 10 year term, with no accrued interest, principal repayments due upon sale or refinance of the original 2nd Loan amount, with principal forgiveness pro-rata (1/120th) over 10 years for each full month the Borrower lives in the Property. After 10 years, any repayment obligation is completely forgiven and the subordinate lien is released. 2nd 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 or prepaid fees. Surplus cash for a principal reduction is also permitted. 		
Additional Assistance (AIS Grant)	<p>Freddie Mac eligible loans purchased in the 2018 calendar year may be eligible for an Affordable Income Subsidy (“AIS”) Grant from Freddie Mac as follows:</p> <ul style="list-style-type: none"> For Borrowers earning up to and including \$38,450 regardless of family size: an AIS Grant of \$2,500 of the accompanying First Loan amount. For Borrowers earning between \$38,450-\$61,520 regardless of family size: an AIS grant equal to \$1,500 of the accompanying First Loan amount. 		

	<ul style="list-style-type: none"> This subsidy should be disclosed separately as “Affordable Income Subsidy” in Section L of the Closing Disclosure. These AIS Grants are not repayable at any time. <p><i>The AIS Grant is based on the <u>final</u> qualifying income as of the loan closing, not from when the loan rate was locked in.</i></p>
Disclosure	<ul style="list-style-type: none"> The 2nd Loan qualifies for the CFPB’s partial TRID/RESPA disclosure exemption. Brokers must provide Borrowers with an initial 2nd Loan Truth in Lending (TIL) Disclosure and Itemization of Amount Financed as provided by PHB (a GFE is not required). Brokers may not use their own TRID Loan Estimate for the 2nd Loan. Prior to the loan closing, 360 Mortgage Group will generate and provide Borrowers with a final 2nd Loan TIL and Itemization of Amount Financed on behalf of PHB. Other federal and State disclosures regarding second liens may apply.
2nd Loan Funding	PHB 2nd Loans and AIS Grants will be advanced by 360 Mortgage Group for Borrowers on behalf of PHB and Freddie Mac, respectively, at the loan closing.
Sizing	PHB 2nd Loans are <u>always</u> calculated as a percentage of the final first loan amount, not the purchase price, rounded down to the nearest dollar.
2nd Loan Confirm	Once the 1 st loan is rate locked, the 2 nd loan amount is confirmed.
Program Fees and Broker Compensation	<ul style="list-style-type: none"> Lender-paid Compensation based on Broker established comp plans (max 2.50%) 1.00% Discount paid to 360 Mortgage Group. Origination Fees not permitted with LPC. LO Comp plans <2.50% will reduce Discount due to 360 Mortgage Group Borrower-paid comp allowed with 1% Origination Fee. No discount allowed on BPC. For Loans up to \$150,000: No Discount Fee For Loans \$150,001-\$175,000: .5% Discount Fee For Loans >\$175,000: 1% Discount Fee Mortgage Related Fees (to the Borrower) must be “reasonable and customary”. \$995 Underwriting Fee payable to 360 Mortgage Group, netted out of the loan price. Other than a recording fee and transfer taxes payable to local governments, no other Second Loan related fees are permitted.
Pre-Close Review	No pre-close review or compliance package from the Broker is required.
2nd Loan Closing Documents	<ul style="list-style-type: none"> PHB 2nd loan documents are available in a fillable Acrobat Adobe PDF format. Lenders and Title/Escrow companies must use (and sign) the 2nd Loan Closing Checklist to confirm all related documents required by PHB have been received as a condition to the loan closing.
Post-Closing Compliance	<p>Within 10 days of the loan closing, the Title/Escrow Company must send via priority mail to 360 Mortgage Group:</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 Mortgage. The County Assessor’s Office must mail the recorded Second Mortgage (bearing an original recordation stamp from the Assessor’s Office) to 360 Mortgage Group directly.