



Portland Housing Bureau

Mayor Ted Wheeler • Director Shannon Callahan



PHB Program Guidelines by Loan Type – At-a-Glance (Correspondent)

	Government Loans	Freddie Mac (FRE) Eligible Loans
Eligible Loans	NA	FRE HFA Advantage
LTV/CLTV	NA	Up to 97% LTV/105% with Affordable 2nds
Eligible Properties	NA	1 unit SF, Condos, PUD, townhouses, ADUs
Eligible Borrowers	NA	First time and repeat buyers. May <u>not</u> own residential property at the loan closing.
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	620 minimum for all Borrowers	
DTI Ratio Maximum	NA	Subject to LPA approval only.
Homebuyer Ed	Homebuyer Education is required for all First Time Homebuyers on Note (3-year rule)	
Mortgage Insurance	NA	Lower "Charter" MI coverage
Prepaid MI Option	NA	Available
Program Assistance	NA	2 nd Loans of up to 7% of the final first loan amount; deferred principal, forgiven over 10 years, no accrued interest.
2nd Loan Documents	2 nd Loan TIL and 2 nd Loan closing documents are available in a fillable Acrobat Adobe format.	
Income Based Grant	NA	For Lower and Low Income Borrowers
Assistance Funding	Advanced by the originating Lender on behalf of PHB	
Pre-Close Review	No pre-close package required	
Program Fees	Up to 1% origination fee/customary and reasonable loan fees. No Discount fees	
Program Fees (paid to 360 Mortgage Group)	\$395 Loan Review Fee; \$8 Flood Cert Fee; \$300 UW Fee (non-delegated)	



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**PHB Home Purchase Assistance Program Guidelines
Freddie Mac HFA Advantage Loan Term Sheet (Correspondent Lenders)**

Eligible Loans	Freddie Mac’s Home Possible for HFAs (<i>HFA Advantage</i> SM) 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 combined 105% LTV.
Eligible Properties	1 unit primary residence, Condominiums, PUDs, Townhomes. ADUs are acceptable.
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% of Purchase Price or \$1,000 from Borrower’s own funds from any eligible resource per Freddie Mac guidelines (includes gifts from a documented relative).
Eligible Area	Within City of Portland limits. See www.portlandmaps.com for jurisdiction eligibility
Loan Purpose	Purchases only/Fixed Rate 30-year terms.
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 online portal at 360b2b.com between 8:30am-5:30pm CT. <u>Loans must be purchased and funded by the rate lock expiration date.</u> Lock extensions permitted subject to an extension fee.
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 Trust/Deed. They are not required to sign the 2nd Promissory Note.
Purchase Price Limit	None. The Freddie Mac loan limit of \$453,100 applies.
Program Income Limits	<p>All stable and verifiable income used for underwriting (as reported in the Freddie Mac UW 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> <ul style="list-style-type: none"> • Income Limits for all Borrowers regardless of family size: \$113,960 (140% AMI)
AUS Underwriting (LPA Only)	<ul style="list-style-type: none"> • Risk Class “Accept” Purchase “Eligible” from Loan Prospect Advisor (LPA) only. • 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 subject to an LPA approval.		
Credit Scores	620 minimum credit score for all Borrowers.		
Reserves	None required.		
Homebuyer Education	Required for all First Time Homebuyers (defined as a borrower who has not owned a primary residence in the last three years from the loan closing date). Homebuyers may attend PHB or HUD approved in person homebuyer education counseling courses or on-line courses through on-line providers like eHome America (www.ehomeamerica.com). Other Freddie Mac approved on-line courses (Frameworks, MGIC, Genworth, etc.)) are also acceptable. The Borrower’s Certificate of Completion is a condition for the loan closing.		
Seller Concessions	Permitted subject to Freddie Mac guidelines.		
Buydowns	Temporary buydowns are permitted subject to Freddie Mac guidelines.		
Mortgage Insurance (“Charter Coverage”)	<table border="1" style="width: 100%;"> <tr> <td style="width: 60%;"> <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: 40%;"> <p>Lenders may use any one of the Freddie Mac approved mortgage insurers offering HFA Advantage and charter MI (MGIC, Genworth, Radian, Arch, Essent, National). Many have a Housing Finance Agency Rate Card.</p> </td> </tr> </table> <p>Lenders may choose from “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, 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 purchase compliant Higher-Priced Mortgage Loans. • PHB Loans that violate HOEPA/State/local high cost thresholds are not eligible. 		
<i>Program Assistance</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. • The Borrower will sign a 2nd Promissory Note and a 2nd Trust/Deed (Short Form) which will 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 Second 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 cash back to the Borrower is a refund of any earnest money, prepaid fees, interest or tax credit. 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 as follows:</p> <ul style="list-style-type: none"> • AIS Grants of \$2,500 and \$1,500 available for Lower Income and Low Income Eligible Borrowers, respectively, as defined by Freddie Mac. <ul style="list-style-type: none"> ○ Up to \$37,350 (50% AMI) for Lower Income Borrowers ○ Up to \$59,760 (80% AMI) for Low Income Borrowers • The AIS Grant should be disclosed separately as “Affordable Income Subsidy” in Section L of the Closing Disclosure. 		

	<ul style="list-style-type: none"> • 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. • Lenders may use the 2nd Loan Truth in Lending Statement and Itemization of Amount Financed as provided for the initial and final disclosures (a GFE or HUD1 is not required) <u>or</u> they may generate their own a 2nd Loan Estimate and 2nd Loan Closing Disclosure. • Borrower must sign a final Borrower’s Acknowledgment. • Other federal and State disclosures regarding second liens may apply.
Funding	PHB’s 2nd Loans and AIS Grants will be advanced by the originating Lender at the loan closing, to be reimbursed when the 1st Loan is purchased and funded by 360 Mortgage Group.
Sizing	PHB’s 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.
Program Fees and Lender Compensation	<p>Origination Fees (to the Borrower)/Servicing Release Premiums (SRPs paid to Lender):</p> <ul style="list-style-type: none"> • For Loans up to \$150,000: No Origination Fee allowed/2.5% SRP • For Loans \$150,001-\$175,000: Up to .5% Origination Fee/2% SRP • For Loans >\$175,000: Up to 1% Origination Fee/1.5% SRP • Mortgage Related Fees (to the Borrower): “reasonable and customary”. • 360 Mortgage Group Fees (to the Correspondent Lender): \$395 Loan Review, \$8 Flood Cert (\$300 UW fee for non-delegated only) will be netted out of the loan purchase price. • Other than recording fees and transfer taxes, no other 2nd Loan related fees are permitted.
Pre-Close Review	No pre-close review or compliance package from the Lender 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 should use 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 30 days of the loan closing, the Title/Escrow Company or Lender must send via priority mail to 360 Mortgage Group:</p> <ul style="list-style-type: none"> • <u>Original</u> signed 2nd Promissory Note. • <u>Original recorded or certified true copy</u> of the 2nd Trust/Deed with original recordation stamp. The County Assessor’s Office must mail the recorded 2nd Trust/Deed bearing the original recordation stamp to 360 Mortgage Group directly. • Lender must work with 360 Mortgage Group to track any 2nd Trust/Deed mailed to the County for recording but not received by 360 Mortgage Group within 60 days of the loan closing. Lender should retain all applicable tracking information.