



Portland Housing Bureau (PHB) Home Purchase Assistance Loan Program



**Portland
Housing Bureau**

Mayor Ted Wheeler • Director Shannon Callahan

The Portland Housing Bureau Home Purchase Assistance Loan Program is a partnership program between Lakeview Loans Servicing and the Portland Housing Bureau aimed at assisting low to moderate income borrowers obtain affordable housing in the Portland area.

Portland Housing Bureau Home Purchase Assistance Loan Program



Red indicates a change from previous matrix.
 Overlays to Freddie Mac guidelines are underlined and in italics

Portland Housing Bureau Home Purchase Assistance Loan Program				
Fixed Rate				
Occupancy	Purchase			
	Number of Units	Maximum LTV/CLTV/HCLTV	FICO	DTI
Primary Residence	1 Unit	97/105	640	Lessor of 50% or AUS

Loan Product														
Eligible Products/Terms	<ul style="list-style-type: none"> Product codes <p>First Lien:</p> <table border="1"> <tr> <td>CPT300 - 30 year No DPA</td> <td>CPT301 - 30 year No DPA (LIP)</td> <td>CPT302 - 30 year No DPA (VLIP)</td> </tr> <tr> <td>CPT340 - 30 year 4% DPA</td> <td>CPT341 - 30 year 4% DPA 2nd (LIP)</td> <td>CPT342 - 30 year 4% DPA 2nd (VLIP)</td> </tr> <tr> <td>CPT350 - 30 year 5% DPA</td> <td>CPT351 - 30 year 5% DPA 2nd (LIP)</td> <td>CPT352 - 30 year 5% DPA 2nd (VLIP)</td> </tr> <tr> <td>CPT360 - 30 year 6% DPA</td> <td>CPT361 - 30 year 6% DPA 2nd (LIP)</td> <td>CPT362 - 30 year 6% DPA 2nd (VLIP)</td> </tr> </table> <p>Second Lien:</p> <table border="1"> <tr> <td>EPT 100</td> </tr> </table> <ul style="list-style-type: none"> 30 Year Fixed Rate Only Freddie Mac HFA Advantage Fannie Mae HFA Preferred 	CPT300 - 30 year No DPA	CPT301 - 30 year No DPA (LIP)	CPT302 - 30 year No DPA (VLIP)	CPT340 - 30 year 4% DPA	CPT341 - 30 year 4% DPA 2nd (LIP)	CPT342 - 30 year 4% DPA 2nd (VLIP)	CPT350 - 30 year 5% DPA	CPT351 - 30 year 5% DPA 2nd (LIP)	CPT352 - 30 year 5% DPA 2nd (VLIP)	CPT360 - 30 year 6% DPA	CPT361 - 30 year 6% DPA 2nd (LIP)	CPT362 - 30 year 6% DPA 2nd (VLIP)	EPT 100
CPT300 - 30 year No DPA	CPT301 - 30 year No DPA (LIP)	CPT302 - 30 year No DPA (VLIP)												
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CPT360 - 30 year 6% DPA	CPT361 - 30 year 6% DPA 2nd (LIP)	CPT362 - 30 year 6% DPA 2nd (VLIP)												
EPT 100														
Income Limits	<ul style="list-style-type: none"> \$113,960 (regardless of family size) All stable and verifiable income used for underwriting qualification as reported in the Freddie Mac / Fannie Mae Underwriting and Transmittal Summary must be applied against the Program Income Limits. Household income does not apply. 													
Ineligible Product Types	<ul style="list-style-type: none"> Homestyle Renovation Standard Fannie Mae HomeReady Standard Freddie Mac Home Possible 													
Purchase Price Limits	<ul style="list-style-type: none"> None. The Current Freddie Mac/Fannie Mae loan limit of \$453,100 applies. Non-conforming Loans are not eligible 													
Loan Purpose	<ul style="list-style-type: none"> Purchase 													
Occupancy	<ul style="list-style-type: none"> Primary residence, 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 													



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Contact Us

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Eligibility	
Borrower Eligibility	<ul style="list-style-type: none"> Refer to Lakeview Loan Servicing Seller Guide related to Non-U.S. citizen borrowers Not limited to first-time homebuyers Borrowers may not have an ownership interest in another property at the time of the loan closing
Homebuyer Education Requirements	<ul style="list-style-type: none"> 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 approved, in person, homebuyer education counseling courses locally or they can complete an on-line homebuyer education course with e-Home America, a nationally recognized on-line homebuyer course. Other Freddie Mac or Fannie Mae approved on-line courses are also acceptable. The homebuyer's receipt of a homebuyer education counseling Certificate of Completion is a condition for the loan closing.
Co-Signers/Non-Occupant co-borrowers/Non-purchasing Spouse	<ul style="list-style-type: none"> Co-Signers and Non-occupant Co-Borrowers are not permitted A non-purchasing spouse is allowed on title to the property as long as they also sign the Second Deed of Trust. They are not required to sign the second Promissory note.
Non-Arm's Length Transactions	<ul style="list-style-type: none"> Per Freddie Mac Seller Guide or Fannie Mae Selling Guide as applicable
Credit	
AUS	<ul style="list-style-type: none"> Freddie Mac Loan Prospect Advisor (LPA) Accept/Eligible or Fannie Mae DU Approve/Eligible is required. <u>Manual underwriting is not permitted</u>
Underwriting Authority	<ul style="list-style-type: none"> Delegated underwriting only <ul style="list-style-type: none"> Non-delegated underwriting not permitted
FICO Requirements	<ul style="list-style-type: none"> All borrowers must have a <u>640</u> minimum credit score subject to an LPA accept./DU a/e <u>If any of the borrowers do not have a usable credit score, the loan is NOT eligible.</u>
Non-Traditional Credit	<ul style="list-style-type: none"> <u>Not permitted</u>
Significant Derogatory Credit	<ul style="list-style-type: none"> Refer to Freddie Mac Seller Guide or Fannie Mae Selling Guide as applicable
DTI	<ul style="list-style-type: none"> The lessor of 50% or AUS



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Employment/Income

<p>Employment/Income Verification</p>	<ul style="list-style-type: none"> • Employment and income documentation must comply with the requirements of the AUS findings and the Fannie Mae Seller Guide or Freddie Mac Seller Guide as applicable <ul style="list-style-type: none"> ◦ Approved third party suppliers and distributors that generate employment and income verification reports are permitted for the purpose of verifying income and/or employment. • For salaried borrowers the verbal verification of employment must be completed within 10 business days prior to the note date. • For self-employed borrowers the verbal verification of employment must be completed within 30 days prior to the note date. • For borrowers in the military, a military Leave and Earnings Statement dated within 30 days prior to the note date is acceptable in lieu of a verbal verification of employment. • All sources of qualifying income must be legal in accordance with all applicable federal, state and local laws, rules and regulation, without conflict. • A 4506-T form is required to be signed at closing for all transactions. • <u>Transcript Requirements:</u> <ul style="list-style-type: none"> ◦ W-2/1099 transcripts will not be required for a borrower when all income for that borrower is derived from W-2 wage earner and/or 1099 fixed income sources. ◦ <u>Tax transcripts are required in the following circumstances:</u> <ul style="list-style-type: none"> ▪ <u>When tax returns are used to qualify a borrower. The number of years provided must be based on the AUS findings. Income verified via tax returns includes but is not limited to the examples listed below:</u> <ul style="list-style-type: none"> • <u>Self-employment income</u> • <u>Commission Income ≥ 25%</u> • <u>Rental Income</u> • <u>Other income sources (i.e. Dividend Interest, Capital Gains, Alimony, etc.)</u> ▪ <u>When a written VOE form 1005 is used as standalone income verification.</u> ▪ <u>Employment by family members</u> ▪ <u>When amended tax returns have been filed, transcripts are required and must support the amended income</u>
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Assets/Reserves

<p>Asset Documentation</p>	<ul style="list-style-type: none"> • Asset documentation must comply with the requirements of AUS findings and the Fannie Mae Seller Guide or Freddie Mac Seller Guide as applicable <ul style="list-style-type: none"> ◦ Approved third party suppliers and distributors that generate asset verification reports are permitted for the purpose of verifying assets
<p>Financing Concessions</p>	<ul style="list-style-type: none"> • Refer to Freddie Mac Seller Guide or Fannie Mae Selling Guide as applicable
<p>Borrower Contribution</p>	<ul style="list-style-type: none"> • Lesser of 1% of Purchase Price or \$1,000 from the Borrower's own funds from any eligible resource



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Subordinate Financing

**Subordinate
Financing/Down
Payment Assistance**

Second Lien:

- 2nd Loan funding of up to 6% of the final first loan amount, rounded down to the nearest dollar. There is no dollar cap.
- The Borrower will sign a Second Promissory Note and a Second Trust/Deed 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 are 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 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
- 2nd Loan and any applicable Freddie Mac AIS Grant will be advanced by Lender, to be reimbursed when the First Loan is purchased by Lakeview Loan Servicing

Note:

When submitting the PHB second mortgage through Loan Product Advisor, the lender may enter the amount of the PHB second mortgage in the **Total Gift Fund** field of Loan Product Advisor or enter it into the Subordinate **Amount** field. Refer to Freddie Mac Seller Guide Section 4204.2 for more information.

When submitting the PHB second mortgage through Desktop Underwriter, the lender must enter this as a Community Second

AIS Grant:

- Loans purchased in the 2018 calendar year may be eligible for an Affordable Income Subsidy ("AIS") Grant as follows:
- Non-repayable AIS Grants of \$2,500 and \$1,500 are available for Lower Income and Low Income Eligible Borrowers, respectively, as defined by Freddie Mac.
 - o Up to \$40,700 for Very Low Income (VLIP) Borrowers
 - o Up to \$65,120 for Low Income (LIP) Borrowers
- Disclosed separately as "Affordable Income Subsidy" in Section L of the 1st Loan Closing Disclosure.

The AIS Grant is based on the final qualifying income as of the loan closing, not from when the loan rate was locked in. If the Borrower is deemed ineligible upon purchase by Lakeview Loan Servicing, the Lender will not be reimbursed for its AIS Grant advance.

- **For more details on the originating lender's responsibilities with respect to the Second Loan disclosure and documents on behalf of Portland Housing Bureau, please refer to I (Appendix A)**



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Property/Appraisal	
Eligible Property Types	<ul style="list-style-type: none"> • 1- unit primary residence • Townhomes • PUDs • Condominiums (Freddie Mac HFA Advantage only) • Leaseholds (Freddie Mac HFA Advantage only) • Construction Conversion (Freddie Mac HFA Advantage only) • Resale Restricted Properties (Freddie Mac HFA Advantage only)
Ineligible Property Types	<ul style="list-style-type: none"> • Manufactured Homes • <u>Cooperatives</u> • Mobile Homes • 2-4 units • Community Land Trusts • Condominiums (Fannie Mae HFA Preferred) • Leaseholds (Fannie Mae HFA Preferred) • Construction Conversion (Fannie Mae HFA Preferred) • Resale Restricted Properties (Fannie Mae HFA Preferred)
Appraisal Requirements	<ul style="list-style-type: none"> • Determined by AUS findings with the exception of: <ul style="list-style-type: none"> ◦ Fannie Mae PIW not permitted • <u>Appraisal Condition rating of C5/C6 or Quality rating of Q6 is not permitted</u> • <u>Lakeview will require successful UCDP Submission Summary Reports (SSRs) from both Fannie Mae and Freddie Mac. Lakeview will not purchase loans that include the proprietary messages that indicate 100% of the loans submitted with appraisals from the identified appraiser or supervisory appraiser will be reviewed, or that Fannie Mae or Freddie Mac will not accept appraisals from the identified appraiser or supervisory appraiser as applicable.</u>
Appraisal Transfers	<ul style="list-style-type: none"> • Appraisal transfers are permitted in accordance with the Fannie Mae Selling Guide or Freddie Mac Seller Guide as applicable
Appraisal Re-Use	<ul style="list-style-type: none"> • The re-use of an appraisal is permitted in accordance with the Fannie Mae Selling Guide or Freddie Mac Seller Guide as applicable
Construction Conversion Transactions	<ul style="list-style-type: none"> • Freddie Mac HFA Advantage only, not permitted for Fannie Mae HFA Preferred • Refer to Freddie Mac Seller Guide



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<p>Disaster Policy</p>	<ul style="list-style-type: none"> • Refer to the list of affected counties published by FEMA http://www.fema.gov/disasters. • If FEMA does not identify an area as a disaster, Lakeview reserves the right to declare an area not identified by FEMA as a disaster. In these cases, Lakeview will communicate any declarations • Lakeview’s Disaster Policy should be followed during an ongoing disaster and up to 90 days from the FEMA declaration incident period end date • If the subject property is located in one of the impacted counties and the appraisal was completed prior to the incident period start date (as defined by FEMA), Lakeview Loan Servicing will require a post disaster inspection confirming the property was not adversely affected by the disaster • Full appraisals obtained after the incident period end date must indicate that the property has not been impacted by the disaster • If the property inspection notes that the property is uninhabitable, unsound, or the condition of the property has been affected by the disaster, a new full appraisal is required • The following are acceptable inspection formats: <ul style="list-style-type: none"> ◦ A property inspection report with photo from a licensed inspector ◦ Appraisal Update and /or Completion Report ◦ A substitute appraiser may be used when the original appraiser is not available
<p>Escrow Holdbacks</p>	<ul style="list-style-type: none"> • Escrow holdbacks are permitted for outstanding minor repairs for incomplete construction or for alterations and repairs that cannot be completed prior to loan closing provided the subject property is habitable and safe for occupancy at the time of closing • Follow Freddie Mac /Fannie Mae guidelines regarding reason, type of improvements, time to complete, quality, disbursements, and post-closing documentation • It is the Seller’s responsibility to forward final completion documents to Lakeview Loan Servicing per Freddie Mac/ Fannie Mae guidelines • Loans with outstanding escrow repairs must not impact Lakeview Loan Servicing’s ability to deliver/sell the loan • The correspondent lender or designated escrow company will be responsible for managing and disbursing the escrows • The correspondent lender shall deliver loans that were originated in accordance with the Freddie Mac Seller Guide or Fannie Mae Selling Guide as applicable. • Correspondent lender or designated escrow company is to retain the escrow funds until all improvements have been completed. Lender to provide Lakeview Loan Servicing confirmation of all work completed and that escrow funds have been released.
<p>Conversion of Primary Residence</p>	<ul style="list-style-type: none"> • Not Permitted
<p>Geographic Restrictions</p>	<ul style="list-style-type: none"> • Property must be within the city limits of Portland • Lenders must utilize Portland Maps to verify eligibility within Portland City limits
<p>Special Restrictions</p>	
<p>High Cost Loans</p>	<ul style="list-style-type: none"> • <u><i>Lakeview will not purchase High Cost Loans, as defined by the CFPB</i></u>



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Higher Priced Mortgage Loans (HPML)	<ul style="list-style-type: none"> Lakeview will purchase HPML in accordance with Freddie Mac/ Fannie Mae guidelines 										
Buy downs	<ul style="list-style-type: none"> Not Permitted 										
Assumptions	<ul style="list-style-type: none"> May not be assumed by a subsequent buyer 										
Multiple Financed Properties	<ul style="list-style-type: none"> Not Permitted 										
Insurance											
Mortgage Insurance	<ul style="list-style-type: none"> The following MI types are permitted: <ul style="list-style-type: none"> Borrower paid monthly premium Borrower paid single premium Split Premium MI Financed mortgage insurance premium must be included in the LTV and CLTV are subject to High Cost loan calculations <table border="1" style="margin-left: 40px;"> <thead> <tr> <th>LTV</th> <th>Coverage</th> </tr> </thead> <tbody> <tr> <td>95.01-97%</td> <td>18%</td> </tr> <tr> <td>90.01-95%</td> <td>16%</td> </tr> <tr> <td>85.01-90%</td> <td>12%</td> </tr> <tr> <td>80.01-85%</td> <td>6%</td> </tr> </tbody> </table>	LTV	Coverage	95.01-97%	18%	90.01-95%	16%	85.01-90%	12%	80.01-85%	6%
LTV	Coverage										
95.01-97%	18%										
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85.01-90%	12%										
80.01-85%	6%										
Other Considerations											
Age of Documents	<ul style="list-style-type: none"> All credit documents must be dated within 120 days of the note date Preliminary title policies must be no more than 180 days old on the date the note is signed 										
Assignment of Mortgage	<ul style="list-style-type: none"> All loans must be registered with MERS at the time of delivery to Lakeview. The MERS transfer of beneficial rights and transfer of servicing rights must be initialed by the Seller within 7 calendar days of purchase date. Refer to selling guide for transfer requirements. 										
Seasoning	<ul style="list-style-type: none"> <u>Loans must not be aged more than 45 days from the loan closing date until the time the loan is delivered to Lakeview for purchase. This includes the date the credit and closing file is received and the loan is eligible for purchase. All loans must be purchased by Lakeview within 60 days of the note date</u> 										
Escrow Waivers	<ul style="list-style-type: none"> <u>Escrow accounts for property taxes, homeowner's insurance and flood insurance (if applicable) are required on all loans.</u> 										



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<p>Identifier Code/</p>	<ul style="list-style-type: none"> • HFA Advantage: <ul style="list-style-type: none"> ○ Use Identifier Code 251 for Home Possible HFAs • HFA Preferred: <ul style="list-style-type: none"> ○ Use Loan Program Identifier “HFA Preferred”, ○ Use Investor Feature Identifier Code 943, And ○ Use Investor Feature Identifier Code 583 to indicate HFA Preferred with community second
<p>Fees</p>	<ul style="list-style-type: none"> • Origination Fees (to the Borrower)/Servicing Release Premiums (SRPs paid to Lender): <ul style="list-style-type: none"> ○ 1.5% SRP upon purchase by Lakeview Loan Servicing. ○ Up to 1% Origination Fee ○ Discount Fees are not permitted. ○ Mortgage Related Fees (to the Borrower): “reasonable and customary”. ○ Lakeview Loan Servicing Fees (to the Correspondent Lender): \$250-\$400 Funding Fee, \$10 Flood Cert, \$75 Tax Service Fee will be netted out of the loan purchase price. • Other than a recording fee and transfer taxes, no other 2nd Loan related fees are permitted.

Seller shall deliver loans that were originated in accordance with Freddie Mac or Fannie Mae guidelines as applicable, unless otherwise stated with this product matrix. **In the case of conflicting guidelines, lender must follow the more restrictive to meet the credit, income limits, total debt-to-income ratio and loan and property requirements of PHB, Fannie Mae or Freddie Mac,(as applicable), Mortgage Insurer, Lender or Lakeview Loan Servicing.



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Version Control

Author	Section	Date	Update
DM	ALL	7/12/18	<ul style="list-style-type: none"> Created on new format
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Appendix A



Portland Housing Bureau

Mayor Ted Wheeler • Interim Director Shannon Callahan

PHB Home Purchase Assistance Program Guidelines

Eligible First Loans

Eligible Borrowers

Properties/Appraisals

Credit/Underwriting

Eligible Area

Income Limits

Mortgage Insurance

Homebuyer Education

Rate Locks

Delivery/Purchase

Refer to Lakeview Program Matrix for terms, criteria and instructions.

Program Assistance

2nd Loan Terms

- 2nd Loan funding of up to 6% of the final first loan amount, rounded down to the nearest dollar. There is no dollar cap.
- Second Promissory Note and a notarized recorded Second Trust/Deed (Short Form). Borrower must be provided a copy of the PHB Master Trust/Deed already recorded with the Multnomah, Clackamas and Washington county offices.
- The 2nd Loan is forgiven over a 10-year term, with no accrued interest, principal repayments due upon sale or refinance of the 1st Loan, 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 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.

2nd Loan Registration

2nd Loans will be confirmed by Lakeview currently with the 1st loan rate lock.

Additional Assistance (Grant)

Borrowers may be eligible for an Affordable Income Subsidy (“AIS”) as follows:

- AIS Grant (nonrepayable) of \$2,500 for Lower Income Borrowers earning up to **\$42,300**.
- AIS Grant of \$1,500 (nonrepayable) for Low Income Borrowers earning up to **\$67,680**.
- Disclosed separately as “Affordable Income Subsidy” in Section L of the 1st Loan Closing Disclosure.

2nd Loan in DU or LPA

- For DU, 2nd loan must be represented as a Community Second.
- For LPA, Freddie Mac allows the 2nd Loan to be inputted either as a Gift in the Assets and Reserve section or as an Affordable Second.

Appendix A

2nd Loan Disclosure	<ul style="list-style-type: none"> • The PHB 2nd Loan qualifies for the CFPB’s partial TRID/RESPA disclosure exemption, meaning Lenders may use a RESPA or TRID 2nd loan disclosure. • Originating Lenders are responsible for providing the Borrower with the applicable 2nd Loan initial and final disclosures on behalf of PHB at the same times the 1st Loan disclosures are due. • Originating Lenders may use the RESP 2nd Loan Truth in Lending Statement disclosure as provided by PHB (an additional GFE or HUD-1 is not required) or they may generate their own 2nd Loan Estimate and 2nd Loan Closing Disclosures. Lenders should check with their own compliance department to determine the applicable disclosures. • Prior to close, Borrowers must sign a final PHB Borrower’s Acknowledgement.
Funding	<p>PHB’s 2nd Loans and Freddie Mac’s AIS Grants will be advanced by the originating Lender, to be reimbursed when the First Loan is purchased by Lakeview.</p>
2nd Loan Fees	<p>Other than a recording fee and transfer taxes, no other 2nd Loan related fees are permitted.</p>
Pre-Close Review	<p>No pre-close review or compliance package from the Lender is required.</p>
2nd Loan Closing Documents	<ul style="list-style-type: none"> • The following PHB 2nd loan documents are available in an Acrobat Adobe fillable PDF format. <ul style="list-style-type: none"> ○ Borrower’s Acknowledgment (signed) ○ 2nd Promissory Note (signed) ○ 2nd Trust/Deed (short Form) (signed, notarized, recorded) ○ Copy of the Master Trust/Deed (Long Form); no signatures required. • The originating Lender is ultimately responsible for preparing and generating the 2nd Loan documents prior to the loan closing on PHB’s behalf and to ensure that the dates, names, amounts, and addresses are accurate and consistent with those used in the 1st loan documents.
Post-Closing Compliance	<ul style="list-style-type: none"> • Immediately upon closing, the Title/Escrow Company or originating Lender must send the Original signed Second Promissory Note via priority mail to Lakeview Loan Servicing in order to prepare the loan for purchase. • Within 90 days of the loan closing, the County Assessor’s Office (or the lender or title/escrow company if the originals are returned to either party) must return the original recorded or certified true copy of the Second Trust/Deed with original recordation stamp to: <p style="margin-left: 40px;">Indecomm Global Services FD-BV-9902 1260 Energy Lane St. Paul, MN 55108</p> <p>The originating Lender is ultimately responsible for ensuring that the Second Trust/Deed is submitted to the County Assessor’s Office for recording, and that the original signed Second Note and recorded Second Trust/Deed with the recordation stamp are sent to the parties listed above.</p>