



**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 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>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>Income Limits</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 and Term</b>	<p><b>Home in Five Advantage</b> Second Loans with Government First Loans (FHA, VA):</p> <ul style="list-style-type: none"> <li>Second Loan options with 3-year terms, sized at 3% or 4% of the final first mortgage loan amount, rounded down to the nearest dollar. There is no dollar cap. Size availability is subject to market conditions.</li> </ul> <p><b>Home in Five Advantage</b> Second Loans with either Fannie Mae HFA Preferred or Freddie Mac Advantage:</p> <ul style="list-style-type: none"> <li>Second Loan options with 3-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. Size availability is subject to market conditions.</li> </ul> <p><b>Home in Five Advantage PLUS</b> Second Loans (Freddie Mac HFA Advantage only):</p> <p>Second Loan options with 10-year terms, sized at 5%, 6%, or 7% of the final first mortgage loan amount, rounded down to the nearest dollar. There is no dollar cap. Size availability is subject to market conditions.</p>
<b>Second Loan Repayment Terms</b>	<ul style="list-style-type: none"> <li>Second Loans evidenced by a Second Promissory Note, recorded Second Deed of Trust.</li> <li>3-Year and 10-year Second Loans are due upon the sale or transfer of the property or upon the refinancing or payment in full of the First Loan prior to the maturity date.</li> </ul>
<b>Assumptions</b>	<ul style="list-style-type: none"> <li>The Second Loans are <u>not</u> assumable</li> </ul>

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<b>Subordination</b>	<ul style="list-style-type: none"> <li>The Second Loans are <u>not</u> eligible for subordination by the IDAs under any circumstances.</li> </ul>
<b>Second Loan Adjustments/ Additional Assistance</b>	<p><b>Second Loan options will be increased by Additional Assistance of 1% if the Borrowers qualify as follows:</b></p> <ul style="list-style-type: none"> <li>First Responders</li> <li>Income Qualified Borrowers</li> <li>Military Personnel</li> <li>Teachers</li> </ul> <p>Refer to <b>EXHIBIT A</b> for a definition of each Targeted Borrower and Product Codes.</p>
<b>Second Loan Principal Forgiveness</b>	<p><b>Home in Five Advantage Second Loans with 3-year Terms (pro-rata forgiveness):</b></p> <ul style="list-style-type: none"> <li>Borrower is eligible for Second Loan principal forgiveness equal to 1/36<sup>th</sup> per full month the Borrower lives in the home.</li> <li>After the 3-year term, the subordinate lien is released from the property.</li> </ul> <p><b>Home in Five Advantage PLUS Second Loans with 10-year Terms (extended forgiveness):</b></p> <ul style="list-style-type: none"> <li>There is no principal forgiveness for the first 5 years. Thereafter, Borrower is eligible for a Second Loan principal forgiveness equal to 1/60<sup>th</sup> per full month the Borrower lives in the home after the 5<sup>th</sup> year anniversary (years 6 through 10) of the Second Loan Date.</li> <li>After the 10-year term, the subordinate lien is released from the property.</li> </ul>
<b>Subsidy (Nonrepayable Grant)</b>	<p>Borrowers may be eligible for an Affordable Income Subsidy (“AIS”) as follows:</p> <ul style="list-style-type: none"> <li>AIS true Grant of \$2,500 for Lower Income Borrowers earning up to 50% of Area Median Family Income (AMFI), currently <b>\$34,550</b>.</li> <li>Disclosed separately as “Affordable Income Subsidy” in Section L of the 1<sup>st</sup> Loan Closing Disclosure.</li> </ul>
<b>Use of Program Assistance Proceeds</b>	<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 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.</li> <li>The AIS Grant as defined above may only be used as closing cost assistance.</li> </ul>
<b>Second Loan Registration and Product Codes</b>	<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 Home in Five Advantage Second Loans, use <b>EPX300</b></li> <li>For 10-year term Home in Five Advantage PLUS Second Loans, use <b>EPX100</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>
<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.</li> <li><i>Within LPA, Second Loan may be represented in the “Total Gift Fund” field of LPA instead of entering it into the “Subordinate Amount” field. For delivery requirements, the Second Loan must be represented as secondary financing.</i></li> </ul>
<b>Second Loan Disclosure</b>	<ul style="list-style-type: none"> <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 Second Loans qualify for the CFPB’s <u>partial</u> TRID/RESPA disclosure exemption, meaning:</li> </ul>

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	<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 use their own Second Loan Estimate and Second Loan Closing Disclosures.</li> <li>○ Originating Lenders should check with their own compliance department to determine the applicable disclosures and when they should be disclosed.</li> </ul>
<b>Funding</b>	Second Loans and AIS Grants 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.
<b>Second Loan Closing Documents</b>	<ul style="list-style-type: none"> <li>● The following Program Second loan documents are available 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> <li>○ Commitment/Enforceability Letter (FHA Loans only, not signed by the Borrower).</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 1st loan documents.</li> </ul>
<b>Post-Closing Compliance</b>	<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. The County Assessor's Office (or the Lender or Title/escrow company if the originals are returned to either party) must return the recorded Second Trust/Deed to Lakeview Loan Servicing</li> </ul> <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 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 any 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 Seconds, EPX101 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>INCOME QUALIFIED BORROWERS EARNING UP TO 50% OF AREA MEDIAN FAMILY INCOME (AMFI).</b> Currently, \$34,550 regardless of family size. (Use Product Codes EPX302 for 3-year Seconds, EPX102 for 10-year Seconds)</p> <p><b>MILITARY PERSONNEL (Product Code EPX303 for 3-year Seconds, EPX103 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, EPX104 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>
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