

GSFA PLATINUM FHA GUIDELINES



Table of Contents

1. Product Description (FHAGSFA30)	2
2. GSFA Platinum	2
3. Underwriting	2
4. Underwriting and Closing Documents	2
5. DeskTop Underwriting	2
6. GSFA Platinum	2
7. Down Payment and Closing Cost Assistance.....	2
8. Borrower Eligibility	6
9. Debt Ratio	6
10. Escrow Waiver	6
11. Property Eligibility	6
12. Maximum Loan Amount.....	6
13. Subordinate Financing	7
14. Assumable.....	7
15. Disaster Policy	7
16. Real Estate Certification and Amendatory Clause.....	7
17. Hazard Insurance Requirements	7
18. Flood Insurance Requirements	9
19. Additional Investor Requirements for Manufactured Homes.....	14
20. Title Requirements	14
21. Reservations.....	14
22. FHA-Case Authorization & Vesting.....	14
23. Fees/Points.....	15
24. Post Closing	15
25. Program Start/End Date.....	15

GSFA PLATINUM FHA GUIDELINES



PRODUCT DESCRIPTION (FHAGSFA30) PRODUCT	<ul style="list-style-type: none"> ▪ 30 year Purchase fixed term with full amortization Only: <ul style="list-style-type: none"> ○ Must meet conforming loan limits ○ FHA: 203(b); 234(c); in accordance with FHA guidelines. ○ Mortgage Insurance – follow HUD guidelines
GSFA PLATINUM	The Program is designed to increase homeownership opportunities for low-to-moderate income individuals and families in California . Down payment Assistance (DPA) is available in the form stated below. CHF name has changed to GSFA (Golden State Finance Authority) www.gsfahome.org
UNDERWRITING	<ul style="list-style-type: none"> ▪ Borrower must meet all required FHA 203(b) and 234(c) underwriting criteria ▪ MANUAL UNDERWRITES ARE NOT ALLOWED <ul style="list-style-type: none"> ○ NO EXCEPTIONS ▪ Underwriter to pull and review a Soft Pull (Credit Report) within 48 hours of funding. <ul style="list-style-type: none"> ○ NO EXCEPTIONS
UNDERWRITING AND CLOSING DOCUMENTS	<p>Underwriting and Closing Documents</p> <ul style="list-style-type: none"> ▪ Underwriter to condition for the following items to be fully executed with loan documents: <ul style="list-style-type: none"> ○ Deed of Trust ○ Disclosure ○ Note ○ GSFA Platinum Program Funding Commitment Notice Letter <p>GSFA Platinum Program Funding Commitment Notice letter will be provided with Reservation Confirmation. 3 year Forgivable Deed of Trust, Disclosure, and Note will be completed and sent with loan docs by Corporate Funding.</p>
WHOLESALE LOANS APPRAISAL REQUIREMENT AND REQUIRED DOCUMENTS	<ul style="list-style-type: none"> ▪ Mortgage Loan Origination Agreement (MLOA) or comparable form must be included in the loan file and signed by the broker and a minimum of one borrower. This form needs to identify the source of compensation (borrower-paid or lender-paid), and compensation amount (dollar amount or percentage). These items must also be disclosed on the final Closing Disclosure (CD). ▪ Completed Anti-Steering Certificate (aka) Anti-Steering Disclosure signed by the broker. <ul style="list-style-type: none"> ○ The form title must be appropriately titled (e.g., “Anti-Steering Loan Option Certification”) and should contain a general reference and explanation of the anti-steering rule and safe harbor requirement. ○ The certification must explain the loan options offered and purpose to comply with the rule and include three options for safe harbor boxes (lowest rate; lowest rate without negative amortization, a prepayment penalty, interest-only payments, a balloon payment in the first seven years of the life of the loan, a demand feature, shared equity or shared appreciation; and a loan with lowest origination points/fees). ○ The certification must also contain a signed and dated Broker Attestation Statement the loan options were discussed with the borrower and steering did not occur.
DESKTOP UNDERWRITING	<ul style="list-style-type: none"> ▪ Automated Underwriting Systems (AUS) DU and LPA.
DOWNPAYMENT AND CLOSING COST ASSISTANCE	<p>DPA is available from GSFA for Purchase Transactions in the form of a Second Mortgage Loan, forgivable after 3 years.</p> <p>DPA Second Mortgage Loan Terms</p> <ul style="list-style-type: none"> ▪ DPA Amount: <ul style="list-style-type: none"> ○ FHA: Up to 4% of the Total First Mortgage Loan Amount ▪ Note Rate of Second Mortgage is 0%; ▪ Non-amortizing loan with no monthly payments; ▪ Proceeds may be used for down payment and/or closing costs; ▪ There must be no cash back to the borrower from the Second Mortgage proceeds (other than the borrower’s initial deposit to escrow);

GSFA PLATINUM FHA GUIDELINES



DOWNPAYMENT AND CLOSING COST ASSISTANCE, CONTINUED

- Second Mortgage is forgiven after 3 years;
 - The outstanding principal amount of the Second Mortgage is reduced by one-third (1/3rd) of the original principal amount on each one-year anniversary date
 - Upon sale or refinance prior to the end of the 3 years, the total loan forgiveness will be calculated pro rata on a monthly basis with $x/36$ of the original principal amount being deducted from the original principal amount, x being equal to the total number of whole months completed since the date hereof
- Permitted per FHA Guidelines.
- PBM must conform to federal RESPA and Truth-in-Lending laws in disclosing the terms of the Second Mortgage
- PBM will upfront/overfund the DPA amount at closing and to be reimbursed by the Master Servicer (US BANK) on behalf of GSFA upon purchase of the Platinum First Mortgage.

<https://nhfresportal.nhfloan.org/login.aspx?ReturnUrl=%2>

Example Calculation of 4% Grant

- Purchase Price \$400,000
- 3.5% FHA Required Investment: \$14,000
- Base Loan Amount = Purchase Price \$400,000 minus 3.5% Required Investment \$14,000 = **\$386,000**
- Upfront MIP 1.75% of the Base Loan Amount: \$6,755
- Base Loan Amount \$386,000 + Upfront MIP \$6,755 = Final Loan Amount **\$392,755**
- 4% Grant is calculated off of the Final Loan Amount $\$392,755 \times 4\% = \mathbf{\$15,710.20}$
- **(\$14,000) 3.5% FHA Required Investment – Minus (\$15,710) 4% FORGIVABLE 3 YEAR SECOND CALCULATED OFF OF THE FINAL LOAN AMOUNT = \$1,710 AVAILABLE FOR ALLOWABLE CLOSING COSTS**

Second Mortgage Loan Documentation

- Required Second Mortgage Loan Documents include:
 - Promissory Note
 - Deed of Trust
 - Program Partial Exemption Disclosure (located in library > PBM Manuals > Quick Look Manual > Affordable Housing Programs)
- GSFA must serve as the Lender and the beneficiary for the Second Note and Security Instrument;
- PBM is required to reflect GSFA's EIN on HUD's FHA Loan Underwriting and Transmittal Summary in conjunction with secondary financing assistance or gifts to the borrower when the borrower is receiving an FHA First Mortgage.
- **GSFA's EIN is 68-0322272**
- PBM Funding is responsible for recording the Second Mortgage Loan Security Instrument concurrently with the 1st Mortgage Deed of Trust.

GSFA PLATINUM FHA GUIDELINES



**DOWNPAYMENT
AND CLOSING
COST ASSISTANCE,
CONTINUED**

LOS Job Aid:

Loan Type	Lien Position
<input checked="" type="checkbox"/> Conv	<input checked="" type="checkbox"/> First
<input type="checkbox"/> FHA	<input type="checkbox"/> Second
<input type="checkbox"/> VA	Refi. Sub. Financing:
<input type="checkbox"/> USDA-RHS	<input type="text"/>
<input type="checkbox"/> HELOC	<input type="button" value="Purch. 2nd Sub. Financing"/>
<input type="checkbox"/> Other - <input type="text"/>	

1. Go to (BSO) Borrower Summary Origination – PBM form.
2. Click on the Purch. 2nd Sub. Financing box.

Subordinate Mortgage Loan Amounts

1st Mortgage	<input type="text" value="286,150.00"/>
2nd Mortgage	<input type="text" value="14,308.00"/>
Additional	<input type="text" value="0.00"/>

3. Enter the amount of the Platinum 3 year forgivable lien.
4. Click OK.

Source of Down Payment	<input type="text" value="Secured Borrowed Funds"/>
Explanation of Down Payment	<input type="text"/>

5. On page 1 section II of 1003 select Secured Borrowed Funds as Source of Down Payment.

GSFA PLATINUM FHA GUIDELINES



**DOWNPAYMENT
AND CLOSING
COST ASSISTANCE,
CONTINUED**

VII. Details of Transaction			
a. Purchase Price	295,000.00	j. Subordinate financing	14,308.00
b. Alterations		k. CC paid by seller	
c. Land		l. Cash Deposit on sales ci	2,950.00
d. Refinance			
e. Estimated prepaid items	2,089.20		
f. Estimated closing costs	10,002.75		
g. PMI, MIP, Funding Fee		New First Mortgage	
h. Discount (if Borrower will pay)		CC from 2nd	
i. Total Costs (a through h)	307,091.95	CC paid by Broker, Lender, Oth.	
		m. Loan Amount	286,150.00
		n. PMI, MIP Financed	
		o. Loan Amount (m + n)	286,150.00
		Total Credits (j through n)	303,408.00
		p. Cash from borrower	3,683.95

6. This will populate item j in The Details of Transaction Subordinate financing field.

MORNETPlus Community Lending

Community Lending
 FannieNeighbors Eligible
 Community Seconds

Metropolitan Statistical Area or County

Fannie Mae's Community Lending Product

HUD Median Income

Income Limit Adjustment Factor %

Community Lending Income Limit

Community Seconds Repayment Structure

- 7. Go to FNMA Streamlined 1003 in Forms tab.**
- 8. Scroll down to MornetPlus Community Lending section.**
- 9. Select Community Seconds.**
- 10. In Community Seconds Repayment Structure select 02 Payments deferred five or more years, fully forgiven from drop down.**

GSFA PLATINUM FHA GUIDELINES



BORROWER ELIGIBILITY	<p>Occupancy:</p> <ul style="list-style-type: none"> ▪ Borrower must occupy the residence as their primary residence ▪ Non-occupant co-borrowers are not allowed ▪ Co-signer Requirements: Cosigners are liable for the debt and therefore, must sign the Note. Cosigners do not hold an ownership interest in the subject Property and therefore, do not sign the security instrument. The Cosigner will need to qualify for the loan as they are responsible for the Note. <p>Income Limits (based on county of property):</p> <ul style="list-style-type: none"> ▪ Follow GSFA Income Limits published online at http://www.gsfahome.org/programs/dpa/limits/asp <p>Minimum Credit Score:</p> <ul style="list-style-type: none"> ▪ All borrowers must have a minimum representative credit score of 640 or above ▪ Manufactured Housing requires a minimum representative score of 680 ▪ Qualifying Income is per the underwriter's Loan Transmittal, (LT) ▪ GSFA DPA can be combined with an approved MCC ✓ (Mortgage Credit Certificate) (cannot be used for credit qualifying)
DEBT RATIO	<ul style="list-style-type: none"> ▪ Maximum DTI allowable is 45% ▪ The borrower's liabilities must be reflected on the mortgage application and considered when qualifying the loan. The mortgage application, credit report, borrower's paystubs, and all other file documentation must be reviewed for borrower liabilities. Other file documentation can include, but is not limited to, bank statements, tax returns, divorce decrees, etc. When an undisclosed reoccurring debt is identified in the loan file, it must be included in the qualification of the loan. In instance where it negatively affects the loan qualification, a letter of explanation may be required.
ESCROW WAIVER	<ul style="list-style-type: none"> ▪ Not Permitted
PROPERTY ELIGIBILITY	<p>Eligible Properties:</p> <ul style="list-style-type: none"> ▪ Single Family (1-4 unit) properties ONLY, as allowed per FHA guidelines ▪ FHA Approved Condominiums ▪ Planned Unit Developments (PUDs) ▪ Manufactured Housing <ul style="list-style-type: none"> ○ Must meet all PBM, State, FHA and Investor requirements for the loan to be eligible ○ No Singlewide units ○ Minimum representative credit score is 680 ○ Maximum DTI is 45% ○ No manual underwrites allowed. ○ All requirements for Manufactured Homes as noted in the PBM's FHA/VA Manufactured Home Guidelines must be met. <ul style="list-style-type: none"> ✓ Must be coded correctly in Loan Operating System ✓ PBM's FHA/VA Manufactured Home Checklist must be completed ○ For more information refer to <u>Additional Investor Manufactured Home Requirements</u> in these guidelines ○ ▪ Property Flips: Flips ARE Allowed Per FHA/HUD Guidelines ▪ Properties Not Allowed <ul style="list-style-type: none"> ○ Rental Homes ○ Co-ops ○ Investment properties ○ Recreational, vacation, or second homes
MAXIMUM LOAN AMOUNT	<p>For FHA loans, please follow the loan limits by county. https://entp.hud.gov/idapp/html/hicostlook.cfm</p>

GSFA PLATINUM FHA GUIDELINES



SUBORDINATE FINANCING	<ul style="list-style-type: none"> ▪ Permitted per PBM’s FHA 4000.1 Guidelines
ASSUMABLE	<ul style="list-style-type: none"> ▪ Yes, Permitted per FHA 4000.1 Guidelines
DISASTER POLICY	<p>NATURAL DISASTER PROCEDURES</p> <ul style="list-style-type: none"> ▪ Geographic Areas identified as “Presidentially Declared Disasters” on the following FEMA websites: ▪ https://www.fema.gov/disasters and having Individual Assistance must be handled as follows: ▪ For any loan secured by property located within a Federally Declared Disaster Area, a re-inspection/certification must be obtained prior to the closing of the loan. Loans with appraisals completed after the dates of the Natural Disaster Incidence (FEMA Declaration dates) are not subject to this requirement unless specifically requested by an Underwriter. ▪ A re-inspection/certification must clearly show the property is habitable and contains no evidence of damage. ▪ A re-inspection/certification may be performed by any of the following parties: <ul style="list-style-type: none"> a. Insurance Company stating that a property is unaffected and remains insurable under their policy b. Original appraiser c. Staff Appraiser employed by investor or PBM d. Company specializing in property inspections ▪ The investor and PBM may waive this requirement on a case-by-case basis if they document the reason for waiving it and provide comments as to how they were able to ascertain that the property was not impacted and that the value and condition are supported. ▪ For any loan secured by a property within a Federally Declared Disaster Area, a re-inspection/certification must be obtained prior to funding ▪ If property is in one of the designated disaster counties but does not have any damage the investor will allow PBM to perform the re-inspection/certification as long as it meets the following requirements: <ul style="list-style-type: none"> a. PBM Lender certification to be performed and executed by an employee that will not receive direct compensation from the transaction and is not associated with the transaction. b. A minimum of 4 photos will be required. Exterior photos for all sides of the house to indicate no property damage c. PBM will determine whether the inspection is to include interior photo. d. PBM certifies the property is habitable and contains no damage, exterior and interior.
REAL ESTATE CERTIFICATION AND AMENDATORY CLAUSE	<p>Real Estate Certification and Amendatory Clause signed and dated by all borrower(s) and seller(s) <u>must be signed prior to closing, cannot be signed same day as closing.</u></p>
HAZARD INSURANCE REQUIREMENTS	<p>U.S. Bank Home Mortgage requires proof of protection against loss or damage from fire and other hazards covered by an extended coverage endorsement along with proof of payment for the first year's premium. This may be in the form of a policy or binder. The insurance agent is required to have an A. M. Best Company Key Rating Guide of Class VIII/A. Appropriate policies should also be obtained for any additional perils (i.e. flood, wind, sinkhole, mine subsidence, volcanic eruption, and avalanche) that are not coverage by standard property insurance.</p> <p>a) Rating of Insurer</p> <p>The required insurance must be provided by one of the following insurers whose current rating meets the following requirements:</p> <ul style="list-style-type: none"> • For an insurer rated by A.M. Best Company, a minimum Financial Strength Rating of B/III, or for a non-U.S. Insurer, A/VIII as reported online at <u>A.M. Best.</u> • For an insurer rated by Demotech, Inc., a minimum Financial Strength Rating of A as reported online at <u>Demotech.</u> • For an insurer rated by Standard & Poors, a division of The McGraw-Hill Companies, a minimum Financial Strength Rating of BBB as reported online at <u>Standard & Poors.</u>

GSFA PLATINUM FHA GUIDELINES



HAZARD INSURANCE REQUIREMENTS CONTINUED

b) **The policy/binder should include the following:**

- Name of the Insurance Company and Insurance Agency
- Policy number
- Agent's address and telephone number
- Signature of the licensed agent for the company
- The borrower's name(s)
- Insured property address
- Effective dates of policy (effective date must be the same or before the date of signing/closing as evidenced by notary signature date)
- Premium amount
- Dwelling coverage
- Deductible amount

The Loss Payee clause should read:

*U.S. Bank National Association
Its Successors and Assigns as Their Interest May Appear
c/o U.S. Bank Home Mortgage
P.O. Box 7298
Springfield, OH 45501-7298*

- The following guidelines must be adhered to on all loan closings.

c) **Amount of hazard insurance coverage for single family properties, PUDs and condominiums:**

- **Amount of Coverage** – if the policy does not indicate guaranteed replacement or 100% full replacement cost of the insurable improvements, the insurance limits must at least equal the higher of:
 - The unpaid principal balance (UPB) of the mortgage
 - 80% of the full replacement cost of the insurable improvements

IMPORTANT NOTE: The coverage must not exceed the replacement cost of the insurable improvements, even when the UPB exceeds the replacement cost.

- **Type of Coverage** – Must be an all risk or named perils with extended coverage
- **Maximum Deductible**
 - Cannot exceed the greater of \$1,000 or 1% of the face value of the policy's dwelling coverage amount or condominium master policy.

d) **Verification of coverage for PUDs and condominiums:**

- A copy of the hazard/liability policy for condo projects will be required when applicable
- For properties in an association such as a townhouse or condominium there is customarily a Master Policy with certificates issued to each Borrower. This will be acceptable as evidence of insurance.

e) **Acceptable Evidence of Payment of Hazard Insurance**

- Policy stating premium amount paid in full
- A canceled check, copy of front and back
- A paid receipt from the insurance agent or insurance company
- Payment deducted on and reflected on the Closing Disclosure
- A 60-day binder is acceptable with a one-year paid receipt
- U.S. Bank Home Mortgage will deduct the required amount of hazard insurance escrow from the wire amount to ensure sufficient funds are available to pay the premium when due. PBM will be responsible for collecting any shortage from the Borrower(s).
- If the premium is due within 60 days of closing, U.S. Bank Home Mortgage will require payment of the full premium at closing. Any payment of premiums due before U.S. Bank Home Mortgage purchases the loans will be the responsibility of PBM as will all late charges, penalties and other costs.

GSFA PLATINUM FHA GUIDELINES



HAZARD INSURANCE REQUIREMENTS CONTINUED	<p>f) Sinkhole Hazard Information Effective with loans closing on December 7, 2011 or after, sinkhole coverage will not be required. However, if the appraiser has identified any settlement deficiencies and it is referenced on the property appraisal a sinkhole inspection will be required. Based on the sinkhole inspection, sinkhole insurance coverage may be necessary. We will require a copy of the sinkhole inspection report to be present in the loan purchase file should there be evidence of settlement deficiencies referenced on the property appraisal.</p> <p><u>Proof of coverage required for sinkhole coverage may consist of the following:</u></p> <ul style="list-style-type: none"> • Clear evidence on the declarations page of the hazard insurance policy • Letter from the insurance agent, on their company letterhead referencing borrower, property address, reference borrower's policy # clearly stating borrower has sinkhole coverage as part of their insurance policy and signed by the insurance agent • Any other clearly identified, official clarification that sinkhole coverage is in effect • On Condos same rules apply <p>When sinkhole coverage is required, catastrophic ground collapse coverage is not acceptable in lieu of sinkhole coverage as it does <u>NOT</u> provide adequate coverage. It will only payout if the property is uninhabitable.</p>
FLOOD INSURANCE REQUIREMENTS	<p>Residential Single Family Dwelling (1 unit properties, Planned Unit Developments, detached individual condo unit or a condo unit where the association is not responsible for flood insurance).</p> <p>The amount of flood insurance must at least equal the lowest of the following:</p> <ul style="list-style-type: none"> • Unpaid Mortgage Balance plus Secondary Liens. The unpaid balance of the mortgage and the combined outstanding principal balance of all loans secured by the improved real estate concurrently originated by PBM and submitted to U.S. Bank for purchase or subordinated to U.S. Bank. Subordinated liens paid to or retained by a non-U.S. Bank lender are not included in the calculation. • Insurable Value. 100% replacement cost of the insurable building and other supporting structures (the cost to replace with the same kind of material and construction without deduction for depreciation); <u>or</u> • Maximum Limit Available Under NFIP. The maximum amount of coverage currently sold under the NFIP insurance program for the type of improvements insured. Please see section on NFIP limits. <p>Residential Condominium Owners Associations If the condominium consists of high-rise or other vertical dwelling units, the condominium association must maintain coverage that meets the following requirements for the lower of:</p> <ul style="list-style-type: none"> • 100% Replacement Cost. 100% replacement cost of the insurable building and other supporting structures (the cost to replace with the same kind of material and construction without deduction for depreciation);<u>or</u> • \$250,000 multiplied by the number of residential units in the building. • Third Party Checkpoint – Insufficient Coverage: The flood insurance policy from the Condominium Association that covers the entire building should be compared to the insurable value of the unit and the minimum amount of coverage required based on the insurance requirements set out in section on <i>Determining Insurable Value</i>. • If the association's existing policy is insufficient HSBHM must: <ul style="list-style-type: none"> ○ Request the unit owner/borrower to ask the Condo Association to increase its RCBAP (Residential Condominium Building Association Policy) coverage or any other policy provided by the condo association to meet the required coverage amount. If the Association does not obtain sufficient coverage; <ul style="list-style-type: none"> ▪ During the origination process or if a loan has closed and is in servicing, require the borrower to obtain an Individual Dwelling Policy to provide per unit coverage to make up for the deficiency (gap coverage); <u>or</u> ▪ If closing has not yet occurred, refuse to close or service the loan ○ If the loan is in servicing and the borrower fails to provide evidence of adequate coverage, LPFI for the gap amount should be placed after proper notice to the borrower.

GSFA PLATINUM FHA GUIDELINES



FLOOD INSURANCE REQUIREMENTS CONTINUED

Detached Structures (Out Buildings)

All structures on a subject property which are covered by a first or junior lien must have flood insurance coverage subject to the exclusions below.

- **Exclusion for Detached Structures When the Insurable Value of the Detached Structure is less than NFIP Deductibles.**
- When the insurable value of a detached structure or any structure within a SFHA is less than or equal to the NFIP minimum deductible, flood insurance no evidence of flood insurance on those structures is not required.
- **Third Party Checkpoint – FHA Non-Residential Detached Structures - \$5000 Threshold-**: Flood insurance is not required on non-residential detached structures for Government Loans in a FHA program when the replacement cost value of the structure is less than \$5000. All non-residential detached structures for Government Loans in a FHA program that have a replacement cost value of \$5000 or more require flood insurance.

Determining Insurable Value

In determining the required flood insurance coverage amount, the Flood Disaster Protection Act (FDPA) requires lenders to utilize the full “insurable value” of the building and/or its contents located in a SFHA, which is the same as 100% Replacement Cost Value (RCV). The “insurable value” established must be inclusive of the value/cost of the foundation. This calculation excludes any cost related to building contents and value of the land.

Below, in order of preference, is a listing of acceptable sources of “insurable value”. In all cases, the highest preferred source available should be utilized to determine the insurable value.

1. **Cost Approach - Appraisal:** From the cost approach section of the appraisal use the “Total Estimate Cost New” value which includes the value of the foundation. The site/land value should not be included when determining the insurable value
2. **Hazard Insurance:** If the RCV from the hazard insurance policy is used as the insurable value and it is lower than the total of all liens on the property or the NFIP maximum, then proof must be provided that indicates all structures are included in the RCV noted in the policy.
3. **Construction Cost Calculation:** If this method is used to calculate insurable value, it must indicate the cost of the foundation and other supporting structures and must not be more than 12 months old.

Third Party Checkpoint: Hazard insurance agents determine RCV through reasonable methods, such as an automated valuation tool or cost approach appraisal. Based on the RCV determined, the agent works with the consumer to ensure the hazard coverage amount adequately covers the structure. While foundation may not be covered in certain perils, it is always included in the RCV used to establish the hazard coverage amount (“Coverage A”). While Coverage A or Dwelling Coverage is appropriate to use for identifying the insurable value of the main dwelling/primary structure, it does not always reflect the coverage for individual detached structures. In those instances, you may default to a cost approach appraisal, consider the hazard coverage amount listed for other structures or contact the insurance agent to determine if the RCV for the detached structures has been captured.

Loans Secured by an Individual Condominium Unit

- **RCBAP Divided By Number of Units:** For loans secured by an individual condominium unit with a Residential Condominium Building Association Policy (RCBAP) in place, PBM should use the replacement cost value (RCV) listed on the RCBAP divided by the number of units to determine the appropriate insurable value on a per unit basis.
- **Absence of RCBAP:** In the absence of an RCBAP when the customer is required to provide an individual dwelling policy for their unit, if the appraisal does not provide a cost approach figure for the unit or building, the business line may look to the association’s hazard policy to determine the insurable value.

Maximum Amount of NFIP Coverage

The building coverage table represents the maximum amount of flood insurance available and required by law under the Emergency and Regular flood insurance programs.

GSFA PLATINUM FHA GUIDELINES



**FLOOD
INSURANCE
REQUIREMENTS
CONTINUED**

In any instance in which flood insurance coverage is mandatory, the coverage is only required to meet the maximum amounts below for the particular property type to be insured.

Maximum Building Limits of Coverage:

Building Coverage	Emergency Program	Regular Program
Single Family Dwelling	\$35,000	\$250,000

Contents Coverage

Contents or personal property coverage are not required to be included in a flood insurance policy unless the contents or personal property secure the mortgage loan.

Third Party Checkpoint-Personal Property & Contents Coverage: Master Servicer does not allow mortgage loans to be secured by personal property/contents. Therefore, contents coverage is not mandatory and need not be a part of the coverage requirements if flood insurance is mandatory.

Deductibles

Single Family. As of April 1, 2015, pursuant to the HFIAA of 2014, the maximum deductible for an NFIP flood insurance policy is \$10,000 for single family dwellings.

Third Party Check Point – Private Insurance Policies: For flood insurance obtained through the private market, the maximum allowable deductible is the greater of % 10,000 or 5% of the face value of the policy.

Condominiums. The maximum allowable deductible for a condominium association flood insurance policy is \$25,000.

Housing/Bond Agency or Housing Finance Agency (HFA) Loans. The maximum allowable deductible for housing/bond agency loans (HFA) is \$10,000, unless a higher maximum is allowed by state law or bond agency policy.

Third Party Checkpoint: While the NFIP allows for a deductible of up to \$10,000 for single-family dwellings, the determination of an acceptable deductible is a matter of bank policy based on many factors including but not necessarily limited to investor requirements and may differ from limits allowed by the Act, regulation or the NFIP. However, in no circumstance may bank policy exceed the limits set by the Act.

FLOOD INSURANCE POLICY STANDARDS:

Additional requirements to be considered when a flood insurance policy has been issued in conjunction with a mortgaged property are as follows:

Information	Standards
Name of title holder	<ul style="list-style-type: none"> ▪ The full and correct name of all mortgagors taking title (as indicated on the mortgage/deed of trust) must be shown on the policy or the flood application. ▪ If applicable, the condominium owners association’s name and address will show as the insured on the condominium master policy (RCBAP).
Address of insured	<ul style="list-style-type: none"> ▪ The complete and correct property address as indicated on the mortgage/deed of trust and the mailing address must be shown on the policy or flood application. ▪ If applicable, the condominium owners association’s policy will include the mortgaged unit number and address in the description section of the policy.
Insurance Company name and address	The name of the insurance company, and agent’s name and address must be shown on the policy or flood application.
The loss payable clause must read (with the exception of RCBAPs*):	U.S. Bank N.A. –Its Successors and/or Assigns c/o U.S. Bank Home Mortgage Loan: _____ P.O. Box 7298 Springfield, OH 45501-7298

GSFA PLATINUM FHA GUIDELINES



FLOOD INSURANCE REQUIREMENTS CONTINUED		*U.S. Bank is not required to be listed as a loss payee or mortgage on a condominium association’s policy.
	Exemption of 30-day waiting period	<p>Typically, there is a 30-day waiting period from date of purchase before a policy goes into effect. However, the 30-day waiting period does not apply when the initial purchase of flood insurance is in connection with the making, increasing, extension, or renewal of a loan. The intent of the 30-day waiting period was to prevent the purchase of flood insurance at times of imminent flood loss. Flood insurance must be effective AT TIME OF CLOSING and throughout the life of the loan, unless the property maps out of the flood hazard area.</p> <p>Note: A 30 day wait period before a flood policy goes into effect is not acceptable. Master Servicer will accept a policy in this scenario if the wait period has lapsed and coverage is in effect before the delivery date.</p>
	Acceptable proof of flood insurance	<p>The applicant must provide either a flood insurance declaration page or application with proof of payment of the premium.</p> <p>A certificate of insurance will only be accepted for existing or renewed policies if the following information is included:</p> <ol style="list-style-type: none"> 1. Policy form/type (GP, DP, RCBAP, PRP) 2. Policy term 3. Policy number 4. Insured's name and mailing address 5. Property location 6. Current flood risk zone 7. Rated flood risk zone (zone use for rating, including when grandfathering or issuing coverage under the PRP Eligibility Extension) 8. Grandfathered: Y/N 9. Mortgagee name and address 10. Coverage limits; deductibles 11. Annual premium <p>Note About RCBAP’s: For an RCBAP, the number of units and Replacement Cost Value (RCV) of the building must be listed.</p>

Third Party Checkpoint – Documentation: At the time of loan closing, the following documentation is required:

1. A copy of the flood insurance policy or declarations page; or
2. An application for flood insurance and a paid receipt covering a one full year of period from date of flood application (or no later than date of loan closing).

When an application with proof of payment is received, a declarations page must be received within 30 days from the date of loan closing.

- **Compliance Checkpoint – Insurance Binders:** An insurance binder is not an acceptable proof of insurance.
- **Compliance Checkpoint – Closing Disclosure Proof of Payment:** Proof of payment on the Closing Disclosure is sufficient proof of payment of the flood insurance premium when the premiums are being distributed from the loan proceeds. No additional proof of payment is required.
- **Compliance Checkpoint – Multiple Structures:** Each structure/building listed in a SFHA must be noted and tracked regardless of whether the structure requires a flood insurance policy. If the structure(s) are covered by a private policy (not underwritten by the NFIP), it is possible and acceptable for a single policy to list multiple buildings. However, a coverage amount should be detailed for each structure. Please see the section Detached Structures or additional guidance on whether a detached structure requires a flood insurance policy.

GSFA PLATINUM FHA GUIDELINES



FLOOD INSURANCE REQUIREMENTS CONTINUED

Escrow Requirements

For any loan secured by Residential Improved Real Estate or Mobile Home that is originated, refinanced, increased, extended or renewed on or after January 1, 2016, escrow is required of all premiums and fees for flood insurance, regardless of whether taxes, other insurance premiums, fees or other charges are escrowed.

Exemptions to this requirement include:

- Loans that are an extension of credit primarily for business, commercial or agricultural purpose;
- Loans in a subordinate lien position to a senior lien secured by the same property for which the borrower has obtained adequate flood insurance;
- Loans where coverage is provided by a condominium association, cooperative, homeowners association or other applicable group (the mandatory escrow rule applies to supplemental policies provided by the borrower);
- Home equity lines of credit;
- Nonperforming loans;
- Loans with a term of no longer than 12 months.

Required Documentation

- **Current flood determination** on the standard flood hazard determination form developed by the Director of FEMA.
- **Signed Notice to Borrower (NTB) or Acknowledgement.** A signed and dated NTB form OR an acknowledgement form signed by the customer indicating they previously received the NTB form. As an example of an acceptable acknowledgement, often MRB (Mortgage Revenue Bond) purchase funded loans contain an acknowledgement form signed and dated by the customer.
- **Proof of Coverage.** Proof of adequate flood coverage in force on or before the date of loan purchase by Master Servicer if the loan contains a flood determination that indicates the property is located in a special flood hazard area (SFHA).
- **Proof of Insurable Value** of the improved real estate providing proof from one of the following:
 - Appraisal that includes a Cost Approach method;
 - Replacement Cost Value (RCV) from Hazard Insurance policy. If the RCV from the hazard insurance policy is used as the insurable value and it is the lower than (1) the total of all liens on the property; and (2) the NFIP maximum, then the file must contain proof that indicates the foundation is included in the RCV; or
 - Construction Cost Calculation.
- Detached Structure Disclosure, If applicable

GSFA PLATINUM FHA GUIDELINES



ADDITIONAL INVESTOR REQUIREMENTS FOR MANUFACTURED HOMES	<p>Required Lien Perfection Documentation</p> <ul style="list-style-type: none"> RECORDED copy of the form “HCD 433A” entitled “Notice of Manufactured Home (Mobile Home) or Commercial Coach, Installation on a Foundation System”. This is a document that is recorded, in the land records/recorder’s office, when a manufactured home is originally placed on the real estate property. OR A search from the HCD that shows that the home has been CANCELLED <p><u>Sample:</u></p> <p style="margin-left: 40px;">Last Reported Owner:</p> <p style="margin-left: 80px;">WALTER E FULLMORE JR THERESA FULLMORE (Joint Tenants with Right of Survivorship) PO BX 372 INDEPENDENCE, CA 93526-0372</p> <p style="margin-left: 40px;">Last Title Date: CANCELLED Last Reg Card: CANCELLED Sale/Transfer Info: Price \$31,272.00 Transferred on 07/29/1985</p> <p>PROCESS</p> <ul style="list-style-type: none"> To obtain a copy of the Recorded 433A – select the link to obtain the contract information of the county recorder’s office: https://publicrecords.netronline.com/state/CA/ <ul style="list-style-type: none"> Explain that the property has a manufactured home. Provide the property address or tax PIN (Parcel Identification Number, listed on the tax bill or appraisal), to the county recorder asking for copy of the recorded “HCD 433A”, or copy of the recorded “Notice of Manufactured Home (Mobile Home) or Commercial Coach, Installation on a Foundation System” document <ul style="list-style-type: none"> * The county may ask a nominal fee to produce the document <p style="text-align: center;">OR</p> <ul style="list-style-type: none"> A HCD Formal Title Search showing that the title to the manufactured home has been cancelled can be provided. <ul style="list-style-type: none"> Using a credit card and the VIN/serial number of the manufactured home as the “Identifier” (from the appraisal or provided by the customer) The Formal Title search is \$35.00 per record https://casas2prodwlex2.hcd.ca.gov/casas <p>Select the Login icon **First time users will need to establish an account</p>
TITLE REQUIREMENTS	<p>The outstanding principal balance of each first mortgage loans must be covered by an ALTA Lender’s Policy of Title Insurance,</p> <ul style="list-style-type: none"> Naming the lender and GSFA Homebuyers Fund as their interests appear.
RESERVATIONS	<p>Corporate will complete all Reservations:</p> <ul style="list-style-type: none"> The Underwriter will make a PTD condition Corporate Reservation Approval Required. After ALL PTD CONDITIONS have been signed off by the Underwriter he/she will contact Corporate Specialty Administrator or PBM Secondary Marketing via email to reserve and lock the rate. PBM reserves DPA Second Mortgage Loan at the time of First Mortgage Loan registration The Reservation Confirmation is valid for 60 days. The published Mortgage Rate is subject to change at any time. A copy of the Reservation Confirmation will be uploaded to the eFolder. Program Cancellation fee of \$400.00 will be charged to the Branch on all applicable reservations. Reservation Extensions to reservations will require approval from the GSFA/NHF and will be subject to market conditions. A minimum fee of 0.375% of the First Mortgage loan amount will be applied to extensions. Fees may be higher depending on market conditions. <p>If the Reservation is cancelled you can ONLY re-register after 30 calendar days from cancellation date via the Reservation Portal.</p>
FHA-CASE AUTHORIZATION & VESTING “NAMES-ON-CLOSING DOCUMENTS”	<p>FHA Case Authorization & Vesting “Names on Closing Documents”</p> <ul style="list-style-type: none"> Borrower’s name on FHA Connection must match exactly to the Vesting. (Loan Documents) Condition “Borrower’s Vesting “Names on Closing Documents MUST match exactly to FHA Connection.”

GSFA PLATINUM FHA GUIDELINES



FEES/POINTS	<p>Fees and Points</p> <ul style="list-style-type: none"> ▪ Origination Fee: 2.0% (PBM) can be up to 2.0%; however, (PBM) must never charge less than 1.5% for the Origination Fee. ▪ Discount Points: 0.00% <ul style="list-style-type: none"> ○ <i>(This Program does not allow Discount Points to be charged to the Borrower)</i> ○ Fees charged on the DPA Second Loan cannot exceed 1% of the DPA Second Loan amount (recording fees and transfer taxes are not included in the 1% maximum) ▪ Funding Fee - \$400.00 ▪ Tax Service Fee \$80 effective for loans reserved on or after April 30, 2018 <ul style="list-style-type: none"> ○ Section B of the Loan Estimate (LE) and Closing Disclosure (CD) paid to either CoreLogic Tax Services or vendor or choice, <u>not U.S. Bank</u> ○ May also disclose the fee as payable to Provident Bank Mortgage ○ The payee should not be listed as TBD or left blank. <p>PBM Branches may charge customary and reasonable closing cost and fees with full disclosure in accordance with FHA and federal, state and local laws and regulations. Refer to Servicer Website for guidelines at www.hfa.usbank.com</p>
POST CLOSING	<ul style="list-style-type: none"> ▪ A fee of 6% of the loan amount will be charged for closed loans with DPA Second Mortgages that are not delivered for purchase, or are not eligible for purchase by Servicer. ▪ PBM Branches with excessive non-deliveries will be prohibited from participating in the GSFA Platinum Program.
PROGRAM START/END DATE	<p>The Program is ongoing.</p> <ul style="list-style-type: none"> ▪ GSFA may discontinue the program at any time.