

Workforce Initiative Subsidy for Homeownership

REFER TO [PBM HOMEReady GUIDELINES](#) FOR ANY ADDITIONAL UNDERWRITING/ ELIGIBILITY REQUIREMENTS NOT DISCLOSED IN THESE “WISH” OVERLAY GUIDELINES

<p>DESCRIPTION/ MATCHING GRANT PROGRAM</p>	<ul style="list-style-type: none"> • 3 to 1 matching grant for down payment and closing cost assistance for eligible first-time home buyers. • Here’s an example of how the 3-to-1 matching grants works: <ul style="list-style-type: none"> ▪ Amount borrower contributes to down payment: \$5,000.00 ▪ Amount of money that is matched: <u>\$15,000.00</u> ▪ Total amount available for home purchase \$20,000.00 • HomeReady First Mortgage financing for credit worthy. • Low-to-moderate-income borrowers.
<p>PRODUCT CODES</p>	<ul style="list-style-type: none"> • CF30HRFNW • CF15HRFNW
<p>DEBT RATIO</p>	<ul style="list-style-type: none"> • Maximum Debt Ratio <u>35% HTI 45% Total Expense Ratio</u> <ul style="list-style-type: none"> ○ HTI Ratio greater than 35% must have a satisfactory explanation.
<p>CREDIT SCORE</p>	<ul style="list-style-type: none"> • Minimum Credit Score 620 <ul style="list-style-type: none"> ○ NO EXCEPTIONS
<p>SOURCE/OFFERED BY</p>	<ul style="list-style-type: none"> • Federal Home Loan Bank of San Francisco (FHLBSF)

<p>UNDERWRITING</p>	<ul style="list-style-type: none"> • DU APPROVE/ELIGIBLE ONLY <ul style="list-style-type: none"> ○ No Manual Underwrites <ul style="list-style-type: none"> ▪ No Exceptions 						
<p>WISH GRANT AMOUNT</p>	<ul style="list-style-type: none"> • <u>Up to \$15,000</u> • No Payback of Grant, if the borrower (homebuyer) stays in the subject property for 5 years. <ul style="list-style-type: none"> ○ Enrollment in the WISH Program is not a guarantee to the homebuyer of receipt of WISH Grant funds. The WISH grant recipients must sign a WISH Promissory Note, WISH Deed of Trust, WISH Rider to the Deed of Trust and Borrower(s) WISH GRANT Acknowledgment and Certification Form and there will be a lien placed against the subject property for the amount of the grant that will remain on the property for five years. ○ The amount owed will decrease by 20% for each year the borrower retains homeownership of the subject property as their primary residence. No payments toward the WISH grant are due as long as the homebuyer (borrower) resides in the subject property and abides by the terms of the WISH grant. ○ After five (5) years, the WISH grant is forgiven and the lien is released from the subject property. • Other Down Payment Assistance programs that are allowed on the HomeReady Product can be layered with the WISH product. • WISH GRANT IS CALCULATED AS PART OF THE CLTV. 						
<p>BORROWER PROGRAM ENROLLMENT</p>	<ul style="list-style-type: none"> • <u>Branch Underwriter determines income eligibility and email Corporate Administration to enroll borrower in Wish Program PRIOR TO OPENING ESCROW.</u> <ul style="list-style-type: none"> ○ Fully completed “WISH Down Payment Assistance Loan Application” is submitted to Corporate Administrator along with, the “WISH Program Enrollment” form. ○ Borrower to complete “WISH Program Enrollment” form. ○ Income eligibility is determined at time of WISH enrollment <ul style="list-style-type: none"> ▪ Escrow must be opened within 1 year of program enrollment: <table border="1" data-bbox="766 1258 2047 1372"> <tr> <td style="background-color: #800000; color: white; text-align: center;">ENROLLMENT</td> <td style="background-color: #800000; color: white; text-align: center;">1 Year →</td> <td style="background-color: #800000; color: white; text-align: center;">ESCROW OPENED UP UNTIL</td> </tr> <tr> <td style="text-align: center;"><i>Including Income Eligibility June 01, 2018</i></td> <td></td> <td style="text-align: center;"><i>March 31, 2019</i></td> </tr> </table>	ENROLLMENT	1 Year →	ESCROW OPENED UP UNTIL	<i>Including Income Eligibility June 01, 2018</i>		<i>March 31, 2019</i>
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<i>Including Income Eligibility June 01, 2018</i>		<i>March 31, 2019</i>					

<p>BORROWER PROGRAM ENROLLMENT (CONTINUE)</p>	<ul style="list-style-type: none"> • Corporate enrolls income eligible household (borrower) in the WISH Program using the completed and fully executed “WISH Program Enrollment Form”. <ul style="list-style-type: none"> ○ Branch Underwriter must sign/date the “WISH Program Enrollment Form” and submit the form to Corporate Administration. Note the date the Branch Underwriter signs the Enrollment form is considered the program enrollment date. ○ Address listed must be homebuyer’s (borrower(s)) current residence at time of enrollment. • If the WISH Income application is denied for income you are unable to resubmit the loan using this product.
<p>HOUSEHOLD INCOME QUALIFICATION WORKBOOK/GUIDELINES (HIQW)</p>	<ul style="list-style-type: none"> • Only this <u>WISH Income Qualification Worksheet</u> can be used to determine the income for qualifying. • HomeReady Income Limits are not applicable on this product if they are higher than the HUD AMI calculation. • Determine that household is at 80% or less of AMI at time of enrollment in WISH program. <ul style="list-style-type: none"> ○ Refer to AHP Household Income Qualification Workbook <ul style="list-style-type: none"> ▪ Corporate 2nd signature is required for income Calculation of the WISH-Required Household Income Qualification Workbook <ul style="list-style-type: none"> ✓ Located in QuickLook Manual Under WISH Guidelines WISH Required Household Income Calculation Workbook ▪ WISH-Required Household Income Qualification Workbook Form must be signed by Homebuyer and Branch Underwriter • <u>What constitutes annual income?</u> <ol style="list-style-type: none"> A. All amounts, which are not specifically excluded in the section below, received by the household head, spouse, and/or any other household member over the age of 18 residing in the unit (even if temporarily absent) B. The full amount, before any payroll deductions (e.g., flex spending), of wages and salaries, overtime pay, commissions, fee, tips and bonuses, and other compensation for personal services. C. All regular pay, special pay and allowances of a member of the armed forces.

**HOUSEHOLD INCOME
QUALIFICATION
WORKBOOK/GUIDELINES
(HIQW)
(CONTINUE)**

- D. The full amount of periodic amounts received from Social Security, annuities, insurance policies, retirement funds, pensions, disability or death benefits, veterans' benefits, and other similar types of periodic receipts.
- E. Public assistance (e.g. Temporary Assistance to Needy Families, Aid to Families with Dependent Children, General Assistance)
- F. Payments in lieu of earnings, such as unemployment, disability compensation, and worker's compensation.
- G. Net income from the operation of a business or profession. Net income is defined as gross income less legitimate expenses.
- H. Child Support and alimony payments
- I. Recurring cash contributions
- J. Income-earning assets (interest, dividends, and other investment income)
- **What does not constitute annual income?**
 - A. Income from employment of children (including foster Children) under the age of 18 years
 - B. Amounts received by the household that are specifically for, or in reimbursement of, the cost of medical expenses for any household member
 - C. Payments received for the care of foster children or foster adults (usually persons with disabilities, unrelated to the tenant household, who are unable to live alone)
 - D. Adoption assistance payments
 - E. Lump-sum additions to household assets, such as inheritances, insurance payments (including payments under health and accident insurance and worker's compensation), capital gains, and settlement for personal or property losses
 - F. Special pay to a household member serving in the armed forces who is exposed to hostile fire.
 - G. Educational assistance paid directly to a student, educational institute, or a veteran,
 - H. HUD Section 8 vouchers
 - I. Earned Income Tax Credits
 - J. Temporary, nonrecurring, or sporadic income (including, but not limited to, winnings from casinos or lotteries)
 - K. Value of food stamp allotments.

INSTRUCTIONS FOR USING AHP HOUSEHOLD INCOME QUALIFICATION WORKSHEET

- **Use the Household Income Qualification Worksheet to calculate and certify household income.**
 - <http://www.fhlbsf.com/community/grant/wish.aspx#5>
 - AHP Household Income Qualification Workbook
 - Household Income Qualification
- **Section I: Income Qualification Date and HUD AMI**
 - Enter the Income Qualification Date from the “WISH Program Enrollment” Form signed/dated by Branch Underwriter (Lender/Member)
 - Enter the HUD Region/MSA and current 100% AMI (take “Very Low-Income” amount as posted on <http://www.huduser.org/portal/datasets/il.html> and multiply by 2).
 - *Example: Sacramento—Roseville---Arden-Arcade, CA HMFA*
 - *FY 2018 MFI 80,100*
 - ✓ *VERY LOW INCOME(50% AMI) 4 PERSON 40,050 x 2 = \$80,100 (100% AMI)*
- **Section II: Household Composition**
 - Enter the personal information for every person in the household, including unborn children.
 - Make sure the “Income Qualification Date” is filled in so that each person’s age can be automatically calculated.
- **Section III: Income-Earning Assets**
 - Enter the asset “source” (checking, savings, CD, Mutual Fund, etc.), current value, and income generated.
 - If household has no asset, check the box labeled “No Assets to Report.”
 - Any asset of \$5,000 or more requires third-party documentation showing either the current amount and interest rate, or the income generated.
- **Section IV: Household Income Qualification (choose only one option)**
 - Enter the “Household Member Number.” His/Her name will auto-fill.
 - Select the “Income Source” from the drop-down list.
 - Enter the type of third-party “Income Document,” e.g. VOE, paystub, benefit letter, etc. (refer to “Acceptable Forms of Verification for Household Income Qualification” form).
 - Test at least two calculation methods to determine the highest projected income (refer to methods below).

**INSTRUCTIONS FOR USING AHP
HOUSEHOLD INCOME
QUALIFICATION WORKSHEET
(CONTINUE)**

NOTES:

- List all earned income aside from wage/salary (e.g. overtime, anticipated raise/COLA, unemployment, etc.) as separate line items for each source of income per household member.
- Verify frequency of gross pay (i.e. hourly, weekly, bi-weekly, semi-monthly), anticipated increase in pay and effective dates, overtime, and bonuses.
- Use numbers up to 2 decimal places.
- Annualize wage by using full 12-month calculation (unless seasonal/irregular employment):
 - Paid weekly: wages X 52 weeks
 - Paid every two weeks: wages X 26 weeks
 - Paid semi-monthly (i.e. twice a month): wages X 24 weeks

Method 1:

- A. Hourly wage or overtime rate as stated on VOE or paystub.
- B. Average hours (regular & overtime) worked per week as stated on VOE.
If VOE only shows average monthly hours, then divide by 4.5 to determine average weekly hours, or use Year-To-Date (YTD) Calculator.
- C. Total weeks worked per year: assume 52 weeks unless otherwise indicated (seasonal or irregular employment).

Method 2: If hourly wage is available, use the yellow calculation section.

- A. If weekly pay does not vary (e.g., unemployment benefits) enter weekly pay and 52 weeks per year.
 - i. If weekly pay varies (e.g., employment plus overtime) use the YTD Calculator to determine average weekly pay.
 - ii. Enter total number of weeks worked per year in Section H (assume 52 weeks unless otherwise indicated).
- B. If bi-weekly pay (every two weeks) does not vary, enter bi-weekly pay and 26 weeks.
 - i. If bi-weekly pay varies, use the YTD Calculator to determine average weekly pay, and then enter 52 weeks in Section H.

**INSTRUCTIONS FOR USING AHP
HOUSEHOLD INCOME
QUALIFICATION WORKSHEET
(CONTINUE)**

- C. If monthly pay does not vary, enter monthly pay (semi-monthly pay x 2) e.g., social security, child support, or other monthly assistance.
- i. If monthly pay varies, use the YTD Calculator to determine average weekly pay, and then enter 52 weeks in Section H.
- D. If annual amount (salary, tax returns, bonus, gifts, other annual payments), enter total annual amount as per acceptable documentation.
- i. Enter the number (1) in Section H.

Overtime: Must be apparent on VOE or submitted pay stubs.

- Enter overtime amount on a separate line from employment income, unless you have used the gross YTD to calculate income (which already incorporates overtime pay).
- Calculate overtime either by using hourly rate as stated on VOE or pay stub, or by using current YTD overtime.
- If using current YTD overtime, divide total overtime-to-date by pay periods-to-date, then multiply by total pay periods per year to annualize overtime. Use the most conservative expected overtime amount.
- If there is any discrepancy between VOE and pay stubs, use the higher amount of expected overtime.
- If hours or rate of pay are expected to change but not noted on the VOE, then a signed explanation from employer is required.

Seasonal/Irregular employment: Calculate on a weekly basis (pay rate = hourly rate X average hours\per week) to account for full 52-week year.

- Determine how many weeks a household earner will actively work during the current year.
- If earner currently receives or intends to receive unemployment benefits during the year, include from unemployment as documented on current documentation or previous years' tax return to complete the full 52 weeks.

INSTRUCTIONS FOR USING AHP HOUSEHOLD INCOME QUALIFICATION WORKSHEET (CONTINUE)

Periodic Payments: Frequency of payments and expected length of benefit term must be verified.

- Verify that checks or automatic bank deposit slips provide gross amount of benefits.
- If not, a written explanation of the deduction is required.
- If benefit letter is older than 12 months, request prior year's 1099 in lieu of benefit letter.

Payments in lieu of earnings, i.e. unemployment benefits or worker's compensation:

- Annualize unemployment benefits over 12 months, unless household has proof of other new source of income (e.g., new employment).

Self-employment and Commission:

- Enter the average of the 2 most recent years' income into the Annual Amount column and enter the net income of the YTD profit & loss statement into the YTD Gross column to figure current year annualized income.
- Choose the higher of the two income calculations.
- Net income is gross income less legitimate expenses, which may include: cost of goods (inventory) sold, car and truck expenses for business use of the home in certain cases.

Section V: Total Household Income as Percentage of HUD AMI

- Worksheet automatically calculates household percentage of HUD AMI.

Section VI: Certification of Household Income Qualification Worksheet

- After completion of worksheet, print, sign, date, and keep on file until time of disbursement request (SAP)
- Worksheet must be signed by Head of Household and Branch Underwriter (Lender) signature is required.
- **WORKSHEET AUTOMATICALLY CALCULATES HOUSEHOLD PERCENTAGE OF HUD AMI.**

ACCEPTABLE FORMS OF VERIFICATION FOR HOUSEHOLD INCOME QUALIFICATION

INCOME CATEGORY	ACCEPTABLE FORMS OF VERIFICATION	VERIFICATION TIPS		
<p>A) Identification of each Household Member A1) Name</p>	<p>Provide one or more of the following or equivalent document:</p> <table border="1" data-bbox="1037 418 1575 1138"> <tr> <td> <ul style="list-style-type: none"> • Birth certificate • Driver's license • Employer records • Income tax return • Marriage Certificate • School records • Social Security Administration records • Support payment records • Veterans Affairs records • Baptismal certificate • Military discharge papers • Utility bills • Certification (TIC/HUD/USDA) </td> <td> <ul style="list-style-type: none"> • Valid passport • Census document • Naturalization certificate • Social Security Card • Identification card issued by a federal, state or local agency; a medical insurance provider; or an employer or trade union • Earnings statements on payroll stubs • Bank statement • Form 1099 • Household income </td> </tr> </table>	<ul style="list-style-type: none"> • Birth certificate • Driver's license • Employer records • Income tax return • Marriage Certificate • School records • Social Security Administration records • Support payment records • Veterans Affairs records • Baptismal certificate • Military discharge papers • Utility bills • Certification (TIC/HUD/USDA) 	<ul style="list-style-type: none"> • Valid passport • Census document • Naturalization certificate • Social Security Card • Identification card issued by a federal, state or local agency; a medical insurance provider; or an employer or trade union • Earnings statements on payroll stubs • Bank statement • Form 1099 • Household income 	<ul style="list-style-type: none"> • Provide at least one of these documents or equivalent for each household member, if not already providing an acceptable document as verification of income. • If tax return is not available, a tax summary can be requested from the IRS at www.irs.gov. • Ensure that all documents are signed/dated as necessary.
<ul style="list-style-type: none"> • Birth certificate • Driver's license • Employer records • Income tax return • Marriage Certificate • School records • Social Security Administration records • Support payment records • Veterans Affairs records • Baptismal certificate • Military discharge papers • Utility bills • Certification (TIC/HUD/USDA) 	<ul style="list-style-type: none"> • Valid passport • Census document • Naturalization certificate • Social Security Card • Identification card issued by a federal, state or local agency; a medical insurance provider; or an employer or trade union • Earnings statements on payroll stubs • Bank statement • Form 1099 • Household income 			
<p>A2) Unborn Children</p>	<ul style="list-style-type: none"> • Self-certified affidavit of pregnancy 	<ul style="list-style-type: none"> • Sponsor or Lender may not verify further than self. 		
<p>A3) Zero Income</p>	<ul style="list-style-type: none"> • Self-certified affidavit of zero income 			

ACCEPTABLE FORMS OF VERIFICATION FOR HOUSEHOLD INCOME QUALIFICATION (CONTINUE)

INCOME CATEGORY	ACCEPTABLE FORMS OF VERIFICATION	VERIFICATION TIPS
<p>B) Employment C) Military Pay</p>	<ul style="list-style-type: none"> • Verification of employment (VOE) form completed by employer or most recent, consecutive paystubs for at least 3 pay periods, and • Most recent signed, dated, and complete federal income tax return and W-2 forms. • If seasonal employment, then submit all of the following: <ul style="list-style-type: none"> ○ VOE for current year from all employers ○ Signed federal tax return and W-2 forms for 2 most recent years, and ○ EDD documentation or equivalent for current year • If commission-based, then submit the following: <ul style="list-style-type: none"> ○ VOE for current year from all employers ○ Signed federal tax return and W-2 forms for 2 most recent years. 	<ul style="list-style-type: none"> • Verify frequency of gross pay (i.e., hourly, weekly, every two weeks, semi-monthly), anticipated increases in pay and effective dates, overtime and bonuses. • Annualize wages by using full 12-month calculation. <ul style="list-style-type: none"> ○ Paid hourly: wages x weekly x 52 weeks ○ Paid weekly: wages X 52 weeks. ○ Paid every two weeks: wages x 26 weeks ○ Paid semi-monthly: wages x 24 weeks. • If overtime is apparent on VOE or submitted paystubs, factor the highest expected amount of gross overtime pay into calculation.

ACCEPTABLE FORMS OF VERIFICATION FOR HOUSEHOLD INCOME QUALIFICATION (CONTINUE)	INCOME CATEGORY	ACCEPTABLE FORMS OF VERIFICATION	VERIFICATION TIPS
	<p>D) Periodic Payments</p> <ul style="list-style-type: none"> • Social Security (SS or SSI) • Annuities' • Insurance policies • Retirement • Pensions • Disability or death benefits • Veterans benefits <p>E) Public Assistance (e.g. temporary aid to needy families, aid to families with dependent children, general assistance)</p>	<ul style="list-style-type: none"> • Most recent signed, dated, and complete federal income tax return, any W-2s and/or 1099s, and • Either of the following is also required: <ul style="list-style-type: none"> ○ Current benefit notification letter prepared and signed by authorizing agency for the period during the time of enrollment/qualification, or ○ Copy of check/automatic deposit showing gross amount of source of benefit. 	<p>Calculate overtime by using current year-to-date (YTD) overtime divided by pay periods, and then multiply by total pay periods per year to annualize overtime. If hours or rate of compensation are expected to changed but not noted on the VOE, then a signed explanation form the employer is required.</p> <ul style="list-style-type: none"> • If household size on tax form differs from household income qualification form, an explanation is required from Branch Underwriter, tenant, or homebuyer. • Calculate employment income using at least two different methods, including the YTD calculator, and choose the highest yielding calculation, within the same time frame. <ul style="list-style-type: none"> • Frequency of payments and expected length of benefit term must be verified. • Verify that checks or automatic bank deposit slips provide gross amount of benefits. If not, then Branch Underwriter must provide an explanation of the deduction. • If benefit letter is older than 12 months, request prior year's 1099 in lieu of benefit letter.

ACCEPTABLE FORMS OF VERIFICATION FOR HOUSEHOLD INCOME QUALIFICATION (CONTINUE)			<ul style="list-style-type: none"> Pensions are to be considered periodic payment if the home buyer is of eligible age to receive periodic pension payments. Otherwise, see Section J) Income-Earning Assets
	F) Payments in Lieu of Earnings <ul style="list-style-type: none"> Worker’s compensation Disability Unemployment benefits 	<ul style="list-style-type: none"> If household currently receives unemployment benefits notification letter or current bank statement showing 3 recent payments. 	<ul style="list-style-type: none"> Annualize unemployment benefits over 12 months, unless household has proof of other new source of income (e.g., new employment)
	G) Self-Employment	<ul style="list-style-type: none"> Most recent signed, dated, and complete federal income tax returns (with all schedules) for last 2 years, and Either of the following is also required: <ul style="list-style-type: none"> Most recent profit & loss (P & L) statement showing 3 months of earnings, or Notarized self –affidavit of earnings anticipated over next 12 months. 	<ul style="list-style-type: none"> If tax return is not available, a tax summary can be requested from the IRS at www.irs.gov
	H) Child Support/Alimony	<ul style="list-style-type: none"> Most recent signed, dated, and complete federal income tax return, and any of the following is also required: <ul style="list-style-type: none"> Separation or divorce agreement 3 recent bank statements, or equivalent, 	<ul style="list-style-type: none"> If discrepancy found between court document and actual family situation, request applicant to sign and notarize an affidavit stating the current support/custody situation.

**ACCEPTABLE FORMS OF
VERIFICATION FOR
HOUSEHOLD INCOME
QUALIFICATION
(CONTINUE)**

	<ul style="list-style-type: none"> ○ Notarized statement or notarized affidavit signed by applicant indicating whether or not payments are being received and description of efforts to collect past due amounts 	
I) Recurring Cash Contributions/Gifts	<ul style="list-style-type: none"> • Notarized statement or affidavit signed by the person providing the assistance, giving the purpose, dates and value of contribution/gifts 	<ul style="list-style-type: none"> • Sporadic contributions/gifts are not counted as income.
J) Income-Earning Assets (interest, dividends, and other investments)	<ul style="list-style-type: none"> • Most recent signed, dated, and complete federal income tax return or self-certified affidavit (for assets <\$5,000) • If household has no asset or earns \$0 income from assets, make sure to indicate this on the income qualification worksheet by checking the box labeled “No Assets to Report” or inputting \$0 income. • If total assets exceed \$5,000, provide most recent account statement or other verification form from the financial institution indicating the cash value and interest rate or income generated by each asset. 	<ul style="list-style-type: none"> • Tax deferred assets, such as retirement funds (401(k), pensions, IRA, etc.) are not counted unless <ul style="list-style-type: none"> ○ Funds have been drawn down in current year, or ○ Household member can draw down funds without penalty. • Annualize either current balance with interest rate or YTD interest earned; use the higher amount.

DETERMINING AREA MEDIAN INCOME (AMI)	<ul style="list-style-type: none">• Area Median Income (AMI) is determined by 3 factors:<ol style="list-style-type: none">1. Household's residence at time of enrollment (MSA).<ol style="list-style-type: none">a. Use https://geomap.ffiec.gov/FFIECGeocMap/GeocodeMap1.aspx to determine MSA2. Number of people in household3. Year-Use most recent year's income limits at the time of enrollment from HUD's website:<ol style="list-style-type: none">b. http://www.huduser.org/portal/datasets/il.html<ol style="list-style-type: none">i. 2017: released 04/14/2017ii. 2018: released 04/01/2018
HOMEREDY IMPORTANT INFORMATION	<ul style="list-style-type: none">• This is a fixed-rate loan with fixed monthly principal and interest payments for the life of the loan.• You may be eligible for a HomeReady loan if the subject property is located in a low-income census tract or you meet certain income limits for the census tract in which the subject property is located.• Loan amounts available up to \$453,100 on 1- unit properties.• HomeReady loans are available for Purchase Transactions. 85% financing is available 2-unit properties, and 75% financing is available on 3-4 unit properties.• Minimum reserve requirements may apply and may impact the amount that can be borrowed and the interest rate/APR for which you are eligible.• Mortgage insurance is required for loans exceeding 80% LTV. Funds required to close may be gift funds from an eligible donor or from an approved down payment assistance (DAP) program.• If these requirements are not met, a contribution of up to 3% from the borrower's own funds will be required.• Income from non-occupant borrowing household members may be considered. Non-occupant borrower must provide documentation of income, and sign a statement of their intent to reside with the borrower(s) for a minimum of 12 months.• Non-occupant borrower must be at least 30% of the qualifying income and may only be utilized on loans with an automated underwriting approval.• The income from the non-occupant borrower is being considered for qualifying purposes, it is also considered in determining whether the loan meets the WISH income Eligibility requirements.

<p>HOMEReady IMPORTANT INFORMATION (CONTINUE)</p>	<ul style="list-style-type: none"> • Non-occupying co-borrower income is included when calculating the income limitations and allowed on purchase transactions on loans with an LTV <95%.
<p>FIRST-TIME HOMEBUYER</p>	<ul style="list-style-type: none"> • Yes
<p>MAXIMUM INCOME LIMIT</p>	<ul style="list-style-type: none"> • 80% of AMI per HUD limits at the time of enrollment • Only this <u>WISH Income Qualification Worksheet</u> can be used to determine the income for qualifying. • HomeReady Income Limits are not applicable on this product if they are higher than the HUD AMI calculation.
<p>OCCUPANCY</p>	<ul style="list-style-type: none"> • Primary Residence ONLY <ul style="list-style-type: none"> ○ Owner Occupied • 1- to 4- Units properties secured by Fixed-Rate loans.
<p>MAXIMUM SALES PRICE LIMIT</p>	<ul style="list-style-type: none"> • Per Fannie Mae Home Ready Guidelines
<p>MAXIMUM FIRST MORTGAGE AMOUNT LIMIT</p>	<ul style="list-style-type: none"> • The loan amount must meet general HomeReady product loan limits.

HOMEBUYER COUNSELING

- **Homebuyer Counseling**

- Must be completed prior to loan documents
- A certificate of completion is required prior loan documents

Homebuyer counseling is required by Fannie Mae per HomeReady Guidelines

For HomeReady purchase transactions, at least one borrower on the loan must complete the homeownership education or housing counseling requirements described below prior to loan closing:

- **Overview:** Fannie Mae recognizes that credit and underwriting guidelines alone are not always enough to assess a borrower's readiness for homeownership. Fannie Mae believes that high-quality homeownership education and housing counseling can provide the borrower with the additional information and resources to make informed decisions that support long-term homeownership sustainability.
- **Compliance with Law:** All education, collection, and counseling efforts must comply with the requirements of applicable federal and state laws, including the Equal Credit Opportunity Act, the Fair Debt Collections Practices Act, and the Fair Credit Reporting Act.

Definitions: The following definitions, based on those developed by the U.S. Department of Housing and Urban Development (HUD), apply to these requirements:

- **Homeownership Education:** Education with an established curriculum and instructional goals, provided in a group or classroom setting or via other formats, that covers such homeownership topics as the home-buying process, how to maintain a home, budgeting, and the importance of good credit.
- **Housing Counseling:** One-on-one assistance that addresses unique financial circumstances and housing issues, and focuses on overcoming specific obstacles to achieve housing goals such as,
 - Repairing Credit,
 - Locating cash for a down payment,
 - Recognizing predatory lending practices,
 - Understanding fair lending and fair housing requirements,
 - Avoiding foreclosure, and
 - Resolving a financial crisis.

HOMEBUYER COUNSELING (CONTINUE)

All housing counseling involves the creation of a budget and a written action plan, and includes a homeownership education component.

Note: References to the use of a HUD-Approved agency include affiliated agencies (as defined in the HUD Housing Counseling Program Handbook) participating in a HUD program through a HUD-approved intermediary or State Housing Finance Agency.

Homeownership education is required for all HomeReady purchase mortgage loans. At least one borrower on the mortgage loan must complete homeownership education prior to loan closing.

Meeting the Homeownership Education Requirements:

- To meet the homeownership education requirements, borrowers must complete the Framework Homeownership, LLC (Framework®) online education program, unless an exception exists as described below.
- The Framework homeownership education program is available in both English and Spanish. It meets the standards defined by both the National Industry Standards for Homeownership Education and Counseling and by HUD. PBM must retain a copy of the certificate of course completion from Framework in the loan file to document that the education requirement was met.
- The following exceptions provide alternatives for borrowers to meet the homeownership education requirements using a source other than Framework:
 - Borrowers for whom online education may not be appropriate:
 - The presence of a disability, lack of Internet access, or other situations may indicate that a borrower is better served through other education modes (for example, in-person classroom education or via a telephone call). In these situations, borrowers should be directed to Framework's toll-free customer service line, from which they can be directed to a HUD-approved counseling agency that can meet their needs. The counseling agency that handles the referral must provide a certificate of completion, and the underwriter must retain a copy of the certificate in the loan file to document that the education requirement was met. Underwriters may contact Fannie Mae for guidance in other situations not addressed above.

HOME BUYER COUNSELING (CONTINUE)

o Borrowers who completed housing counseling prior to execution of the sales contract

- Borrowers who already completed housing counseling are not required to complete the Framework program. The underwriter must retain a copy of the *Certificate of Completion of Housing Counseling* (Fannie Mae [Form 1017](#)), signed by both the counseling recipient and the HUD counselor to document that the requirement was met. See below for additional information.

Housing Counseling

- If a borrower opts to work with a counselor, completion of housing counseling will satisfy Fannie Mae's homeownership education requirement, provided it was completed before the borrower executed a sales contract.
- Housing counseling must be provided by a HUD-approved counseling agency and meet HUD standards for the delivery of this service. The requirements are described in [Form 1017](#). The form must be signed by both the counseling recipient and the HUD counselor, and the underwriter must retain a copy of the form in the loan file to document that the requirement was met.

Landlord Education: no longer required for HomeReady loans

Additional Resources

Fannie Mae provides additional resources to lenders, borrowers, and nonprofit agencies in support of homeownership education and housing counseling on its website, including:

- *Frequently Asked Questions* (FAQs) and
- Options for locating HUD-approved agencies
- **Post-purchase Early Delinquency Counseling:** no longer required.

HOME BUYER COUNSELING (CONTINUE)

<https://www.fanniemae.com/singlefamily/mortgage-products-education-counseling>
Summary of Homeownership Education and Housing Counseling Options

	HOMEOWNERSHIP EDUCATION	HOUSING COUNSELING
PROVIDER	<ul style="list-style-type: none"> Framework Homeownership, LLC; or Education course provided by a Community Seconds or other down payment assistance program provider, where the program requires its own homeownership education or counseling provided by a HUD-approved counseling agency 	HUD-Approved Counseling Agency
METHOD OF DELIVERY	<ul style="list-style-type: none"> On-line if provided by Framework, or any method offered by provider <p>Note: For borrowers who have a disability, lack of Internet access or other situation where another form of education (other than on-line) may be more appropriate, Framework will provide a referral to a HUD-Approved counseling agency that can meet their needs</p>	In person, telephonic, or video conferencing per HUD standards
DATE REQUIRED FOR COMPLETION	<ul style="list-style-type: none"> Prior to loan closing 	Prior to execution of the sales contract

<p>HOMEBUYER COUNSELING (CONTINUE)</p>	<p>REQUIRED DOCUMENTATION</p>	<ul style="list-style-type: none"> • Certificate of Course Completion from Framework (or alternate provider based on Framework referral, if applicable); or • Certificate of completion from provider 	<p><i>Certificate of Completion of Housing Counseling (Fannie Mae Form 1017), signed by both the counseling recipient and the HUD counselor.</i></p>	
<p>RENTENTION/RECAPTURE PERIOD</p>	<ul style="list-style-type: none"> • 5 years <ul style="list-style-type: none"> ○ Enrollment in the WISH Program is not a guarantee to the homebuyer of receipt of WISH grant funds. <ol style="list-style-type: none"> 1. The WISH grant recipients must sign a WISH Promissory Note, and 2. WISH Deed of Trust, WISH Rider to the Deed of Trust, and 3. Borrower's WISH GRANT Acknowledgement and Certification Form and there will be a lien placed against the subject property for the amount of the WISH grant that will remain on the property for five years. <ul style="list-style-type: none"> ▪ <u>Lien may be in any position (2nd, 3rd, 4th, ...)</u> ▪ <u>Branch Underwriter to condition for all 3 documents above Prior To Funding (UTR) Underwriter to review.</u> ○ The amount owed will decrease 20% for each year the borrower retains homeownership of the property as their primary residence. No payment toward the grant is due as long as the borrower (homebuyer) resides in the property and abides by the terms of the WISH grant. • <u>AFTER FIVE (5) YEARS, THE GRANT IS FORGIVEN AND THE LIEN IS RELEASED FROM THE PROPERTY.</u> 			
<p>FEES</p>	<ul style="list-style-type: none"> • Customary and reasonable closing costs per the HomeReady Product and Guidelines. 			

CASH-BACK

- **Up to \$250 Cash-Back to borrower is allowed, but cannot exceed this amount.**
 - Includes borrower debt payoff
 - If borrower debt reported on Closing Disclosure/Settlement statement, escrow instructions required.
 - If borrower debt is evident additional cash beyond minimum contribution required.
- Borrower(s) cannot get the amount of their EMD (Earnest Money Deposit) back from escrow. **The minimum cash back to the borrower cannot exceed \$250 regardless of the borrower's contribution or Escrow Deposit.**
 - **You cannot return EMD as un sourced funds. You must source the EMD.**
- **Principal reduction is allowed.**
- **NO Exceptions.**

HOMEREDY GUIDELINES

- **Refer to Provident Bank Mortgage HomeReady Guidelines for any additional requirements not disclosed in these guidelines.**