



MID AMERICA
MORTGAGE, INC.

Mid America Mortgage's DPA Program POLICY & PROCEDURES MANUAL

Down Payment Assistance Program

- Silent Second Mortgage provided by the Rosebud Sioux Tribe
- Mortgage amount is 2-6% of the total loan amount
- \$500 administrative fee
- Eligible for partial forgiveness beginning after the 5th year. 100% forgiven after 10th year
- Single family, condominiums, or PUDS
- Used with FHA/VA/RD
- No Income limits and NOT limited to first time homebuyers
- Minimum 660 FICO
- Homebuyer counseling is required for ALL borrowers
- To price and lock program, click the Portfolio/Bonds box on pricing screen
- Can be used in conjunction with customers own down payment or gift

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General Description

Mid America Mortgage, Inc.'s Down Payment Assistance Program, (the Rosebud Sioux DPA Program) provides the first mortgage financing and down payment/closing cost assistance to eligible mortgagors. The down payment/closing cost assistance is in the form of a silent second mortgage to the borrower which is forgivable after ten years. The program is created to provide housing opportunities for low to moderate income individuals and families.

Terms and Schedule

The down payment assistance is in the form of a second mortgage – where forgiveness begins after the first 60 payments on the first mortgage are made in a timely manner. (Please review exhibit 1) Timely is defined as never more than 90-day late. If at year 10 the first is current, the second will be forgiven regardless of prior late payments.

The second mortgage will be a ten-year loan with no interest and no payments. The loan may not be subordinated in the first eight years.

At the end of five years 20% of the balance will be forgiven and an additional 20% each year through the eighth year. Full and total principal amount will be forgiven at the end of year 10.

Exhibit 1

- Year 6: 20% of second forgiven
- Year 7: 20% of second forgiven
- Year 8: 20% of second forgiven
- Year 9: 20% of second forgiven
- Year 10: 20% and final of second forgiven

Eligible Lenders- **Wholesale Channel Only** – Lenders must be approved by Mid America Mortgage, Inc. to participate in the Rosebud Economic Development Corporation Down Payment Assistance Program. Interested lenders should contact their Account Executive.

Third party originations are accepted. **The second mortgage Docs must be drawn by Mid America Mortgage, Inc. for this program.** TPOs will not be eligible to draw the DPA docs. The first lien docs can be drawn as agreed upon by the wholesale division and the TPO.

Any TPOs on a watch list or under heightened quality control review are not eligible until removed from either the Watch list or the heightened review.

Loan Purchase

Mid America Mortgage, Inc. will close the first mortgage loan at a rate and price reflected on the rate lock reflected in Mortgage Machine.

Allowable Features

Property Locations

Properties located in the United States except for Delaware, New York, and Wyoming. Properties located in US territories are not eligible.

Types of Loans

FHA, VA, USDA, and HUD-184 purchase loans on a primary residence. Conventional loans are not eligible with this DPA program. MCC only loans in Texas through the TSAHC program.

Eligible & Ineligible Properties

Eligible: 1-Unit to include condominiums and PUDs are permissible for purposes of eligibility for the program.

Ineligible: 2-4 Units, Co-ops, Manufactured Homes, Log Homes, Bamboo Homes, Metal Homes, Container Homes, and Post-Frame Homes (e.g., Barndominiums)

Occupancy Type

Owner-Occupied.

If the property is later moved (changed) to an investment property, any previously forgiven balance will be recouped, and no further amounts or percentages will be forgiven.

Maximum Loan Amounts

Amount of assistance is 2.0% to 6.0% of base loan amount (determined by the lender/TPO). Any UFMIP is not included in this calculation. Mid America Mortgage, Inc. will allow up to 6% of the total loan amount.

The Rosebud Sioux Tribe DPA can be combined with the customer's verified down payment for reduced LTV

Broker Compensation- Borrower Paid Compensation only

Funds Use

The funds may be used to pay up to 100% of the Borrower's cash requirement to close, including the down payment, closing costs, pre-paid items and other related mortgage loan fees and expenses. No portion of the DPA funds may be paid to the Borrower unless the Borrower is being reimbursed for an overage of his/her earnest money deposit to the extent the minimum Borrower contribution has been satisfied. Under the rate/term refinance- The DPA would be used towards loan balance, and/or closing costs above the amount of the first mortgage loan.

AUS Eligibility

Loans may be underwritten through Mortgage Machine utilizing DU, LP, GUS. If the loan is underwritten outside of Mortgage Machine, it must still go through an approved AUS (i.e. DU, LP, GUS). Loans are not eligible for manual underwrite with the exception of Mid America Mortgage's HUD-184 loans.

The source of funds should be **Secured Borrower Funds (1003)**. Mortgage Machine will round to the nearest dollar. The DPA amount should be entered into the 1st mortgage in Mortgage Machine in the **"subordinate – new" box**. No other terms are entered for the 2nd mortgage (i.e. term or payment). This will ensure the LTV/CLTV are accurate, and the AUS reads the DPA funds accurately

Allowable & Required Fees

Only the standard fees normally charged to the borrower will apply for the first mortgage; no other fees may be added as a result of the DPA program. There will be a **\$500** Rosebud Economic Development Corporation (REDCO) Admin fee charged for the second mortgage which is to be included as a fee on the first mortgage. The fee will be a Section B Fee of the Loan Estimate on the first mortgage as it is a required fee in which the borrower cannot shop.

No fees are permitted on the second/DPA program. The only fee associated with the Rosebud DPA is the \$500 REDCO Fee which is to be charged on the first mortgage.

Eligibility Requirements

Borrower Eligibility

Borrower(s) does not need to be a First-Time Homebuyer. Eligibility is primarily determined by the First Mortgage Program selected. MAM overlay's to determine the eligibility for the First Mortgage Program.

Non-occupying co-signors are permitted. Co-signors must **have in excess of 5 monthly payments of the first mortgage's PITI in reserve after closing for their income to be considered.**

Payment Shock will be taken under consideration. For those with **payment shock greater than 50% will have a review of the Bank Statements and other compensating factors to ensure they have the ability to repay and residual income.**

Credit History

All borrowers MUST have a **minimum representative Credit Score of 660**. The DTI requirement adjusts based upon the FICO score. See the [Debt Ratios and Income](#) section for further details. HUD-184 loans may use an Alternative Credit Score as allowable under the First Mortgage HUD-184 Program.

Bankruptcies and foreclosures in the prior seven years are ineligible for this program. Judgements must be satisfied and released.

Debt Ratios and Income

DTI will primarily be determined by the First Mortgage Program but cannot exceed 55%. DTI is based on FICO scores.

- FICO scores between 660 – 679, the DTI cap is 50%
- FICO scores greater than 680, the DTI cap is 55%

Manual Underwrites are not available

There are no income limits

Homeownership Counseling

All DPA loans under this program are required to take HUD approved Homeownership Counseling. In the event the primary mortgage program does not require and dictate the counseling, all qualifying borrowers must take a Homeownership Counseling class with certificate. A certificate of completion will be required from all borrowers on the note.

Eventually, the counseling will have to be done through the Rosebud Sioux Tribe Homebuyer Counseling. At this time, the tribe is not ready to begin offering; so, any HUD approved class providing a certificate is allowed prior to closing.

Interested Party Contributions

Caps and allowances regarding interested party contributions are dictated by the First Mortgage Program.

Responsibilities and General Flow

All loans will be locked, approved, DPA funds requested, and post-closing documents uploaded through Mortgage Machine. The Rosebud Sioux second mortgage will be considered locked simultaneously with the first mortgage when utilizing the Rosebud product in Mortgage Machine.

Locking and Approval of DPA

When locking the first mortgage loan, the DPA amount will need to be manually deducted from the overage of the lock. Odd amounts can be used, as long as the amount stays within 2% to 6% of the base loan amount excluding UFMIP. Overages are not to be kept by the branch, division, or TPO. The overage should be given to the borrower up to 6% of the base loan amount.

Mid America Mortgage underwriting is delegated to underwriter these loans. Submission to Rosebud prior to closing and funding is not required

Closing and Funding the DPA

All closing documents and closing disclosures must be prepared through Mortgage Machine and electronically closed except for notes required to be papered. A request for documents on the second is not required. Closing will automatically draw the docs for the Rosebud Second.

A second loan will NOT need to be set up in Mortgage Machine. Closing will be able to draw both the first and second from the first mortgage information.

The Rosebud Sioux will wire funds to title based upon reports Rosebud pulls from Mortgage.

Please indicate "Secured Borrower Funds" in the Down Payment Source section

Source of Down Payment on the 1003

Down Payment Source(s)	Source	Description	Amount
Secured Borrower Funds	Redbud Sioux Down Payment Assistance Program		\$500.00

Details of Transaction- subordinate financing entered into section VII

VII, DETAILS OF TRANSACTION		
a. Purchase Price	170,000.00	
b. Alterations	0.00	
c. Land	0.00	
d. Refl (incl debits to be paid off)	0.00	
e. Estimated Prepaid Items	2,016.21	
f. Estimated Closing Costs	2,472.76	
g. PMI, MIP, FF	2,870.87	
h. Discount (if Borrower will pay)	0.00	
i. Total Costs	177,369.23	
j. Subordinate Financing		6,500.00
k. Seller Closing Costs		
From the Closing Disclosure	0.00	
Additional Seller Amount	0.00	
l. Credits		
Other Description (optional)		0.00
Other	Property Seller	
Other Description (optional)		4,000.00
m. Loan Amount Base		164,050.00
n. PMI, MIP, FF Financed	MI Paid Cash: 0.87	2,870.00
		166,920.00
p. Cash from/to Borrower		-60.77

Please include the second mortgage amount in the details of transaction (VII)

How to Select the DPA - Rosebud Sioux down Payment Assistance Program

Mid America Mortgage, Inc. | Welcome, chris@mamri.com | Site Map | Support

Loan Origination Interfaces Underwriting Doc Prep Post-Closing Reports

Business Channel: Wholesale
 QM Status: Sale Harbor
 Lien Priority: First Lien
 Mortgage Type: Rural Development
 Loan Purpose: Purchase
 Property Usage: Primary Residence
 Amortization Type: Fixed
 Borrower Type: US Citizen
 Documentation Type: Full Documentation
 Prepayment Penalty: None
 Yrs Since Bankruptcy: None

Property Address: TBD
 City/State/Zip: bd CA 51534
 County: MLI
 Property Type: Detached
 # of Units: 1
 Condo States: 0

Credit Score: Manual = 775
 Term (max): 360
 Interest Rate: 0000 %
 LTV: 99.99 %
 CLTV: 99.99 %

Special Features:
 Balloon
 HUD Repo
 Buydown
 Repair Escrow
 Escrow Waiver
 Lender Insured
 Interest Only
 Texas50(a)(6)
 Non-Warrantable Condo
 Portfolio/Bonds

Sales Price: \$ 0.00
 Appraised Value: \$ 335,000.00
 Base Loan Amt: \$ 323,275.00
 MIP/FFAM: 0.000 %
 MI Paid In Cash: \$ 0.00
 Total Loan Amt: \$ 323,275.00
 Subordinate - New: \$ 100,000.00
 Admin Fee Source: Borrower

Select "Portfolio / Bonds" under Special Features section to trigger the Rosebud Product. Located in pricing screen.

Please include the amount of the 2nd Mortgage loan

Rosebud DPA Product selection below

Product Name	Rate	Price	Margin	Exp Date
Rosebud FHA 30 DPA	4.250	2.410	99.999	02/18/20
Rosebud VA 30 DPA	4.250	2.210	99.999	02/18/20
Rosebud Rural Development 30 DPA	4.250	2.410	99.999	02/18/20

Rosebud Pricing (Borrower Paid Compensation Example)

Rosebud Pricing (Borrower Paid Compensation Only)

Selected Product: **Rosebud FHA 30 DPA**
 LO Compensation Source: **Borrower +**

Rate	02/18/20	03/04/20	03/19/20	04/03/20
4.250	-2.490	-2.200	-2.010	-1.700
4.375	-3.707	-3.567	-3.307	-3.057
4.500	-4.707	-4.557	-4.307	-4.057
4.625	-5.000	-4.810	-4.600	-4.410
4.750	-5.362	-5.212	-4.962	-4.712
4.875	-7.813	-7.463	-7.213	-6.963
5.000	-8.113	-7.963	-7.713	-7.463
5.125	-8.471	-8.321	-8.071	-7.821
5.250	-8.709	-8.569	-8.309	-8.169
5.375	-9.400	-9.319	-9.000	-8.819
5.500	-9.735	-9.735	-9.619	-9.500
5.625	-9.735	-9.735	-9.735	-9.700
5.750	-9.735	-9.735	-9.735	-9.735

Click on a price to select for locking
 Pricing is based on user settings for Compensation

Description	Price Adj.	Rate Adj.	Margin Adj.	Max Price
Gov't 30 Day FICO	-0.250	0.000	0.000	100
Purchase Special	-0.125	0.000	0.000	100
Gov't 30 Loan amount \$300,001-\$360,000	-0.110	0.000	0.000	100
Gov't 30 State adjustment - CA	0.000	0.000	0.000	100

[Return to Products and Pricing Lookup](#)

This 30 day lock would result in a \$10,424.00 2nd Mortgage - that can be use the down payment, closing costs and prepaids

Example: \$200,000 loan amount