

Rosebud Down Payment Assistance Program With Repayable Second Lien*

Product Description	A Down Payment Assistance (DPA) program for use with fixed rate FHA first mortgages. The funds from the second lien are to be used towards down payment and closing costs for the purchase of a principal residence. The DPA is provided as a second mortgage by the Rosebud Sioux Tribe via either a 10-year fixed rate or as two balloon payment options. A 30-year is due in 10 years, or a 20-year is due in 10 years. Utilizing the DPA allows the borrower to use the funds to permanently buydown the mortgage interest rate or assist in meeting the minimum required investment.
Second Mortgage Details	• 9.99% fixed interest rate for a 10-year term, 20/10, 20-year due in 10 years, or a
	 30/10, 30-year due in 10 years. Balloon terms must be verbally communicated to borrowers per regulations
	 A separate file for both the 1st and 2nd mortgage must be created in Mortgage
	Machine.
	 A Loan Estimate and Closing Disclosure must be delivered to the customer meeting TRID timing requirements for both 1st and 2nd mortgages.
	Resubordination is not allowed.
Second Mortgage	Up to 5% of the purchase price, must use the of the lower of the purchase price or
Amount	appraised value. Select the first mortgage product that matches the amount of assistance required.
DPA usage	The DPA funds may be used to fund down payment, closing costs, pre-paid items
	and other related mortgage loan fees and expenses.
	No portion of the DPA can be paid to the Borrower unless the Borrower is being
	reimbursed for an overage of earnest money deposit to the extent the minimum
	borrower contribution has been satisfied. Excess DPA funds will be applied as a
	principal reduction.
	Ineligible Transactions:
	The DPA <i>cannot</i> be used in conjunction with a cash-out refinance, renovation, or one-time construction products.
Fees	A \$500 "SmartBuy Admin Fee" is to be charged on the <u>first</u> mortgage LE/CD
	in Section A.
	Note: Applicable state recording fees, odd days interest, and title charges are the only fees that should be charged on the second LE/CD.
Eligible States	All U.S States except Delaware and New York
3	Alaska and South Carolina have a minimum \$5,000 loan size
Loan Types	FHA only
Loan Purpose	Purchase or streamline refinance only
Property Usage	Primary Residence only
Property Types	One-unit properties only including Condominiums, PUDs, and Double Wide
	Manufactured Homes are eligible.
	Ineligible Properties:
	Unique homes including but not limited to Log, Barndominium, Single Wide
	Manufactured Homes, and Geodesic Domes are not eligible.
Max Total Loan Amount	Lower of the county limit or \$726,200
(first mortgage)	

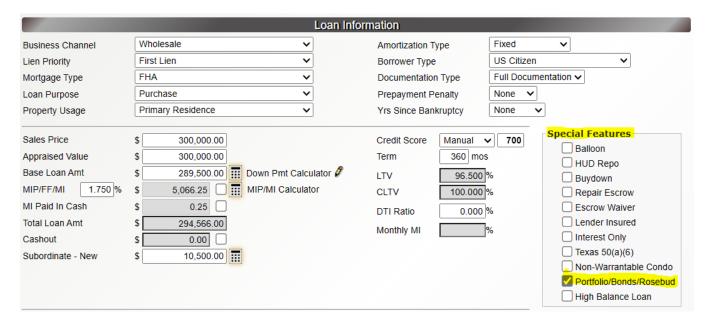
^{*}Last Revised on 6/05/2023

Income Limits	NONE
First-Time Buyer	NONE
Restrictions	
Minimum LTV	90%
Non-Occupant	Allowed. Required to have 5-month combined reserves.
Coborrower	
Payment Shock	Borrowers with payment shock greater than 125% will be required to pass residual income test. i.e. Current payment of \$1,000 with a new payment greater than \$1,250
Credit Scores	Minimum median credit score of 660.
	 Blended median credit score of 670. The higher income borrower must have the higher score. All borrowers must be occupants when blending the credit scores. Manufactured Home median credit score of 680.
	Definition of Higher Wage Earner
	60% or more of all household income for all borrowers on the application.
	Household income includes all income from each borrower on the loan application,
	even if the income is not needed to qualify.
Credit Depth	Two tradelines with a minimum of 12-month history
Derogatory Credit	No previous property foreclosures.
	Prior bankruptcy to follow standard FHA product guidelines.
	 Judgments must be satisfied and released prior to closing.
	IRS and Lien repayment plans must be fully paid off prior to closing.
	Patterns of NSF may cause ineligibility.
Underwriting	LP or DU Approve/Eligible required on first mortgage
	On 92900-LT the source for secondary financing should be REDCO
Ratios	Max Housing 36%
	Max total DTI 45%
	Exceeding these ratios by 5% is allowed with multiple compensating factors
	including but not limited to: 3 months reserves, a 720 or higher median credit
	score, 5 years or more at their current employer, limited use of revolving debt,
ol : /= !:	minimal payment shock, etc.
Closing/Funding	Second mortgage loan to close in the name of Click n' Close and be assigned to PERCO leafage insuring.
	REDCO before insuring.
	All closing documents must be prepared through Mortgage Machine and closed alectropically expert for notes and notes; desuments that are required to be inly
	electronically except for notes and notary documents that are required to be ink signed at closing.
	 CLOSING DISCLOSURE on 1st lien should list the DPA as "REDCO 2nd Lien" in Section L.

How To Apply In Mortgage Machine

FIRST MORTGAGE

Complete pricing and product selections for the <u>first mortgage</u>. Ensure the **Portfolio/Bonds/Rosebud** box is checked within the Special Features section. Choose the product with the corresponding percentage of down payment assistance needed. Note—the Smart Buy – FHA 30 DPA Rosebud Repay provides 3.5% assistance.



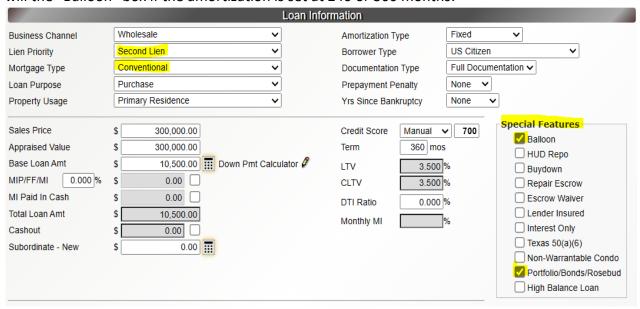


Section 4b of the loan application on the first mortgage should be completed as below with the proper loan amount and monthly payment included for the second lien.

4b. Other New Mortgage Loans on the Property You are Buying or Refinancing Creditor Name REDCO Creditor is an individual Lien Priority Second Lien 🗸 10,500.00 Loan Amount Monthly Payments 92.07 ıı. Funds Source Community NonProfit Features Affordable Loan? ☐ HELOC? **HELOC Balance** 0.00 Credit Limit 0.00 Payment deferred for first five years?

SECOND MORTGAGE

A <u>second mortgage</u> must be created in Mortgage Machine for this program. On the Pricing and Lock screen, the **Lien Priority** and **Mortgage Type** are set to **Second Lien** and **Conventional** to receive the loan program options. The term should be either **120**, **240**, or **360 months** depending on the desired amortization. The "Portfolio/Bonds/Rosebud" does get checked, as will the "Balloon" box if the amortization is set at 240 or 360 months.



Product Name
SmartBuy 2nd DPA Repay 30/10 Govt [3231]



Smart Buy Rosebud DPA -- Blended Credit Score Feature

• Eligibility:

FHA with Smart Buy repayable DPA

• Here is how it works:

- Does the higher wage earner have a better credit score? GREAT
- We can now blend the higher wage earner's middle credit score with the lower wage earner's middle credit score to get a blended qualifying score of 670 or above.

Required

- o The higher wage earner must have the higher credit score.
- There is no minimum credit score for the lower wage earner, as long as the blended score is 670 or above.
- Must maintain AUS approval.
- o All other Rosebud guidelines apply.

Definition of Higher Wage Earner

- o 60% or more of all household income for all borrowers on the application.
- Household income includes all income from each borrower on the loan application, even if the income
 is not needed to qualify.

• Example: Calculating Blended Score

o Example 1:

Primary Wage Earner 751 760 761 Secondary Wage Earner/Unemployed 600 603 610

Blended Score = 760 + 603 = 1363 / 2 681 Qualifying Score (always round down)

This loan **DOES** qualify; the blended score is above 670.

o Example 2:

Primary Wage Earner 600 603 610 Secondary Wage Earner/Unemployed 751 760 761

This loan does NOT qualify; the primary wage earner does not have the higher scores.

Example 3:

Primary Wage Earner 680 670 660 Secondary Wage Earner/Unemployed 600 603 610

Blended Score = 670 + 603 =1273/2 636 Qualifying Score (always round down)

The loan **does NOT** qualify; the blended score is below 670.

How to Price this Loan

- Use the Manual Feature on the Credit Score in Mortgage Machine to input the Blended Score.
- The Blended Score will be used for pricing.

