



Click n' Close™, Inc.
Mortgage

SmartBuy- Forgivable DPA Program POLICY & PROCEDURES MANUAL

- Silent Second Mortgage provided by the Rosebud Sioux Tribe
- 2nd Mortgage amount is 3.5% of Sales Price or Appraised Value (lower of the two values)
- \$500 administrative fee
- The second mortgage will be a five-year loan with no interest and no payments.
- 1-2 Units available, Manufactured, Condominiums, or PUDS
- Used with FHA/USDA
- No Income limits and NOT limited to first time homebuyers.
- Minimum 620 FICO/ 640 for manual Underwrites.
- Exception possible with compensating factors
- Blended credit score option available (see exhibit in the back of manual)
- Homebuyer counseling is required for ALL borrowers (Except for FHA)
- Can be used in conjunction with borrower's own down payment or gift.
- 90% is the minimum LTV on this Product.

TPO SMARTBUY
ROSEBUD DOWNPAYMENT ASSISTANCE PROGRAM
With 5-YEAR FORGIVABLE SECOND

Product Description	Rosebud is a Down Payment Assistance (DPA) program used with a fixed rate FHA or USDA first mortgage. The DPA is provided by the Rosebud Sioux Tribe and is forgivable after 5 years.
2 nd Mortgage DPA Details	<ul style="list-style-type: none"> • No interest & No Payments • After 60 payments, if the first mortgage is current at time of payoff, the Rosebud DPA will be forgiven. • If the first mortgage is paid-off before 60 payments have been made the full amount of the Rosebud DPA will be due and payable. • The property must remain owner occupied through the 60th payment or the Rosebud DPA will be called due and payable. • A separate file for both the 1st and 2nd loan must be created in Mortgage Machine. All documents should be retained in first mortgage. • The Rosebud DPA cannot be resubordinated.
2 nd Mortgage Amount	<ul style="list-style-type: none"> • 3.50% of the sales price or appraised value, whichever is lower.
DPA usage	<ul style="list-style-type: none"> • The DPA funds may be used fund 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 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. • The DPA <i>cannot</i> be used in conjunction with a cash-out refinance, renovation, or one-time construction products.
Fees	<ul style="list-style-type: none"> • A \$500 "SmartBuy Admin Fee" is to be charged on the <u>first</u> mortgage LE/CD in Section A. • There is NO LE/CD for the second mortgage. No fees can be charged on the second mortgage.
TPO Compensation	<ul style="list-style-type: none"> • Lender or Borrower Paid compensation acceptable
Eligible States	<ul style="list-style-type: none"> • All Except Delaware
Loan Types	<ul style="list-style-type: none"> • FHA • USDA-RD
Loan Purpose	<ul style="list-style-type: none"> • Purchase • No Cash-Out Refinance (FHA Only)
Property Types	<ul style="list-style-type: none"> • Eligible: One-unit properties including Condominiums, PUDs, and Doublewide Manufactured Homes and 2-Units • Ineligible: 3-4 units. Unique homes including, but not limited to Log Homes, Barndominium, Singlewide Manufactured Homes, and Geodesic Domes.
1 st Mortgage Max Total Loan Amount	<ul style="list-style-type: none"> • Lower of county limit or \$500,000 (Loan Amounts over \$400,000, a 1.00 price adjustment will be added to price).
Income Limits	<ul style="list-style-type: none"> • NONE other than product specific i.e., USDA
First-Time Buyer Restrictions	<ul style="list-style-type: none"> • NONE

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Non-Occupant Coborrower	<ul style="list-style-type: none"> Allowed with 5-month combined reserves and AUS approval
Underwriting	<ul style="list-style-type: none"> LP/DU Accept/Approve for FHA GUS Approval for USDA Manual allowed with second underwriter review
Credit Scores	<ul style="list-style-type: none"> Minimum: 620 (640 manual) Blended Score Feature: 660 (the higher income earning borrower must have the higher scores)(All borrowers must be occupants) Manufactured Home: 680 (AUS only) 2-Unit: 700 (AUS only)
Derogatory Credit	<ul style="list-style-type: none"> No Foreclosures in past 7 years. Bankruptcy follows program guidelines (FHA and USDA). Judgements must be satisfied and released prior to closing. IRS and Lien repayment plans must be paid-off in full prior to closing. Patterns of NSF may cause ineligibility. Manual <p>Housing/Installment: 0x30 12 months / 1x30 24 months Revolving: 2x60, 0x90 12 months</p>
Ratios	<p>With AUS approval</p> <ul style="list-style-type: none"> Max Housing 40% Max total DTI 50%* <p>Exceeding these ratios requires multiple compensating factors including 120% of a residual income calculation.</p> <p>With Manual approval</p> <ul style="list-style-type: none"> 31/43 with one month reserve 37/47 with three or more months reserve
*Payment Shock	Borrower with payment shock greater than 125% will require a residual income review and maximum DTI of 45%.
Homeownership Counseling	<ul style="list-style-type: none"> FHA All 1st time home buyers with a DTI greater than 43% must complete a HUD approved or HFA approved homeownership counseling course. USDA All borrowers must complete a HUD approved or HFA approved homeownership counseling course.
Closing/Funding	<ul style="list-style-type: none"> All closing documents must be prepared through Mortgage Machine and closed electronically except for notes and notary documents that are ink signed at closing. Order funds for the 1st from designated line. Order funds for 2nd from second loan number using cash option. Upload completed REDCO draw request form

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Effective for loans closed on and after October 3rd notes and security instruments for the Rosebud (Smart Buy) FORGIVABLE second loan should be completed in Mortgage Machine and Doc Magic.

A second file will need to be created in Mortgage Machine by the branch. The following fields must be completed for the documents to populate. Additional fields may be required to lock and process docs:

- Borrower Names
- Complete Address
- Term = 360
- Interest Rate = 0.00%
- Loan Amount
- Title Company

When sending the file to Doc Magic you may receive a failure due to the zero payment. The documents will still transfer to DM though as long as the loan detail report shows in the failure PDF. You will notice in DM that the audit button is greyed out. In order to Complete the process in Doc Magic, go to the TERMS tab and enter 0.00 for the monthly payment. Note: when clicking in this field it will default to payment other than 0.00. You must override that amount with \$0.00

The screenshot shows the 'Terms' tab in a software interface. The 'Monthly Payment' field is highlighted in yellow and contains the value '\$0.00'. Other fields include 'Rate Type' (FIXED), 'Appraised Value' (\$145,000.00), 'Sales Price' (\$145,000.00), 'Loan Amount' (\$8,000.00), and 'Initial Interest Rate' (0.000 %). The 'Term / Amortization' field shows '360 / 360' months.

Field	Value
Rate Type	FIXED
Buydown Type	
Appraised Value	\$145,000.00
Approved JR Lien	
Sales Price	\$145,000.00
Loan Amount	\$8,000.00
Initial Interest Rate	0.000 %
Term / Amortization	360 / 360 Months
Monthly Payment	\$0.00

After completing the payment, you may process for the documents. This will produce only a note and security instrument. Do **not** push these documents to the esignroom for esigning. You will send title the SECI for wet signing and the note needs to be added to the first lien eSign docs. To do so, please refer to the training guide on ***Uploading Docs to the eSignroom.***

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FUNDING – The funds for the second loan will now be sent to the title company from Click n' Close no longer from REDCO. More details to follow on how to correctly order.

Following the closing the note and sec. instrument should be uploaded in the first mortgage Xdocs as Closing – Rosebud 2nd lien docs.

If the note was not e-sign the original should be sent to the Addison office to the attention of Paul Westphal/Post-Closing.

Rosebud – New Blended Credit Score Option

- **Eligibility:**
 - FHA & USDA Rosebud Products
- **Here is how it works:**
 - Does the higher wage earner have a better credit score? GREAT
 - We can now blend the higher wage earner middle credit score with the lower wage earners middle credit score to get a blended qualifying score of 660 or above.
- **Required**
 - 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 660.
 - Must maintain AUS approval.
 - All other Rosebud guidelines apply.
- **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.
- **Example: Calculating Blended Score**
 - 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 660.
 - 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 660.
- **How to Price this Loan**
 - Use the Manual Feature on the Pricing Page in Mortgage Machine to input the Blended Score.
 - The Blended Score will be used for pricing.

Business Channel	<input type="text" value="Retail"/>	Amortization Type	<input type="text" value="Fixed"/>
QM Status	<input type="text" value="Safe Harbor"/>	Borrower Type	<input type="text" value="US Citizen"/>
Lien Priority	<input type="text" value="First Lien"/>	Documentation Type	<input type="text" value="Full Documentation"/>
Mortgage Type	<input type="text" value="FHA"/>	Prepayment Penalty	<input type="text" value="None"/>
Loan Purpose	<input type="text" value="Purchase"/>	Yrs Since Bankruptcy	<input type="text" value="None"/>
Property Usage	<input type="text" value="Primary Residence"/>		

Sales Price	\$	<input type="text" value="300,000.00"/>	
Appraised Value	\$	<input type="text" value="300,000.00"/>	
Base Loan Amt	\$	<input type="text" value="289,500.00"/>	<input type="button" value="Down Payment Calculator"/>
MIP/FF/MI	<input type="text" value="1.750"/> %	\$	<input type="text" value="5,066.25"/> <input type="button" value="MIP/MI Calculator"/>
(Monthly MI: 0.800%)			
MI Paid In Cash	\$	<input type="text" value="0.25"/>	<input type="checkbox"/>
Total Loan Amt	\$	<input type="text" value="294,566.00"/>	
Cashout	\$	<input type="text" value="0.00"/>	
Subordinate - New	\$	<input type="text" value="11,580.00"/>	<input type="button" value="Subordinate Calculator"/>

Credit Score	<input type="text" value="Manual"/>	<input type="text" value="660"/>
Term	<input type="text" value="360"/>	mos
Interest Rate	<input type="text" value="3.125"/>	%
LTV	<input type="text" value="96.500"/>	%
CLTV	<input type="text" value="100.360"/>	%
DTI Ratio	<input type="text" value="0.000"/>	%

Special Features

- ☐ Balloon
- ☐ HUD Repo
- ☐ Buydown
- ☐ Repair Escrow
- ☐ Escrow Waiver
- ☐ Lender Insured
- ☐ Interest Only
- ☐ Texas 50(a)(6)
- ☐ Non-Warrantable Condo
- ☒ Portfolio/Bonds/Rosebud

High Balance Loan: No

LO Comp Info

Admin Fee Source

To view pricing or lock, click on a product name below.

Selected Product: Rosebud FHA 30 DPA
Loan officer compensation has been deducted from the pricing displayed below.



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NOTES SECTION: How to Ensure that the DPA Submission is correct in Mortgage Machine

Please take note of how the 1003 should be completed to account for the DPA. This will ensure proper AUS results.

Section 4b

4b. Other New Mortgage Loans on the Property You are Buying or Refinancing

Creditor Name: ☐ Creditor is an individual

Lien Priority:

Loan Amount: \$

Initial P&I: \$

Funds Source:

Features:

- ☐ Affordable Loan?
- ☐ HELOC? HELOC Balance: \$ Credit Limit: \$
- ☐ Payment deferred for first five years?

Source of Down Payment on the 1003

Section 1a

Down Payments

Down Payment Type	Source	Description	Percent	Amount
<input type="text" value="Secured Borrowed Funds"/>	<input type="text"/>	<input type="text"/>	<input type="text" value="12250.00"/> %	<input type="text" value="12250.00"/>

☐ Update base loan amount

DPA does **NOT** get entered here on the 1003

Section 2b

2b. Other Assets and Credits You Have

Assets

Depository Name	Asset Type	Balance
<input type="text" value="Description"/>	<input type="text" value="Other Liquid Assets"/>	\$ <input type="text" value="0.00"/>
<input type="text" value="Source"/>	<input type="text" value="Source Other Description"/>	<input type="text" value="Estimated"/>

☐ test test



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Details of Transaction - subordinate financing entered into section L4, letter J "Other New Mortgage Loans on the Property the Borrower(s) is Buying or Refinancing":

L4. Qualifying the Borrower – Minimum Required Funds or Cash Back

DUE FROM BORROWER(S)

A. Sales Contract Price	\$	338,000.00
B. Improvements, Renovations, and Repairs	\$	0.00
C. Land (if acquired separately)	\$	0.00
D. For Refinance: Balance of Mortgage Loans on the Property to be paid off in the Transaction (See Table 3a: Property You Own)	\$	0.00 <input type="checkbox"/>
E. Credit Cards and Other Debts Paid Off (See Table 2c: Liabilities — Credit Cards, Other Debts, and Leases that You Owe)	\$	0.00 <input type="checkbox"/>
F. Borrower Closing Costs (including Prepaid and Initial Escrow Payments) (See Fees Page)	\$	52,138.89 <input type="checkbox"/>
G. Discount Points (See Fees Page)	\$	0.00
H. TOTAL DUE FROM BORROWER(S) (Total of A thru G)	\$	390,138.89

TOTAL MORTGAGE LOANS

I. Loan Amount (See 4a: Loan and Property Information)		
Loan Amount Excluding Financed Mortgage Insurance (or Mortgage Insurance Equivalent)	\$	328,170.00
Financed Mortgage Insurance (or Mortgage Insurance Equivalent) Amount	\$	5,707.88
J. Other New Mortgage Loans on the Property the Borrower(s) is Buying or Refinancing (See Table 4b: Other New Mortgage Loans on the Property You are Buying or Refinancing)	\$	16,008.00
K. TOTAL MORTGAGE LOANS (Total of I and J)	\$	347,885.00

TOTAL CREDITS

L. Seller Credits (Enter the amount of Borrower(s) costs paid by the property seller) (See Fees Page)	\$	0.00
M. Other Credits (Enter the sum of all other credits — Borrower Paid Fees, Earnest Money, Employer Assisted Housing, Lease Purchase Fund, Lot Equity, Relocation Funds, Sweat Equity, Trade Equity, Other) (See Table 2b: Other Assets and Credits)	\$	16,833.52
N. TOTAL CREDITS (Total of L and M)	\$	16,833.52

CALCULATION

TOTAL DUE FROM BORROWER(S) (Line H)	\$	390,138.89
LESS TOTAL MORTGAGE LOANS (Line K) AND TOTAL CREDITS (Line N)	\$	354,718.52
Cash From/To the Borrower (Line H minus Line K and Line N) NOTE: This amount does not include reserves or other funds that may be required by the Lender to be verified.	\$	25,418.37

Mortgage Machine



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How to Select the DPA - Rosebud Sioux Down Payment Assistance Program:

Mid America Mortgage, Inc. Welcome, chris.hartman | Site Map | Support

Loan Origination Interfaces Underwriting Doc Prep Post-Closing Reports

Business Channel: Wholesale
QM Status: Safe 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: tbd CA 91534
County: MIL
Property Type: Detached
of Units: 1
Condo Stories: 0

Credit Score: Manual 775
Term (mos): 360
Interest Rate: 0.000 %
LTV: 96.500 %
CLTV: 99.485 %

Sales Price: \$ 0.00
Appraised Value: \$ 335,000.00
Base Loan Amt: \$ 323,275.00
MP/FF/MI: 0.000 %
MI Paid In Cash: \$ 0.00
Total Loan Amt: \$ 323,275.00
Cashout: \$ 0.00
Subordinate - New: \$ 10000.00
LO Comp Info: Show
Admin Fee Source: Borrower 0.278% / \$899.00

Special Features:
☐ Balloon
☐ HUD Repo
☐ Buydown
☐ Repair Escrow
☐ Escrow Waiver
☐ Lender Insured
☐ Interest Only
☐ Texas 50(a)(6)
☐ Non-Warrantable Condo
☒ Portfolio/Bonds

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

Please include the amount of the 2nd Mortgage DPA

Select this product below- This is the Forgivable SmartBuy DPA

Update Products and Pricing View Pricing as a Different User Top of Page

Product Name	Rate	Price	Margin	Exp Date
SmartBuy - FHA 30 DPA Rosebud Repay (4%) [3236]	5.750	-0.219	99.999	04/03/2023
SmartBuy - FHA 30 DPA Rosebud Repay (3%) [3234]	5.750	-0.719	99.999	04/03/2023
SmartBuy - FHA 30 DPA Rosebud Repay (5%) [3238]	5.875	-0.093	99.999	04/03/2023
SmartBuy - FHA 30 DPA Rosebud Repay (6%) [3240]	6.375	0.104	99.999	04/03/2023
SmartBuy - FHA 30 DPA Rosebud Forgive [3221]	7.125	0.031	99.999	04/03/2023