Be In Mortgage

SIMO DPA Guidelines

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1. About This Document

The (DPA) Down Payment Assistance program follows applicable published FHA handbooks, mortgagee letters, and announcements with some minimal overlays as outlined in this guide.

2. First Mortgage

First Mortgage: The FHA mortgage paired with Be In Mortgage Inc. down payment assistance must be a 30-year fixed rate term with full amortization only. The first mortgage must be purchased by the master servicer after closing.
The mortgage type must be FHA 203 (b) 1–2 units, primary residence only. Property types allowed with an FHA 203(b) loan are permitted; this includes manufactured, with overlays.

2.1 Loan Purpose

First Mortgage: Purchase only. Refinance ineligible.

3. Borrower Income Limits

All FHA: No income limits. For files with an AMI above 160%, an LLPA will be applied.

3.1 AMI Calculation

The area median income (AMI) used to calculate program-specific income limits is valid as of the closing date of a loan. Be In Mortgage Inc. will require a letter of explanation if more dependents than are on the 1003 are used to set an AMI limit.

All FHA: Based on loan qualifying income only (only use the income on the final loan application). Use HUD's AMI chart for the most recent year. Use the Median Family Income or the Income Limit for the appropriate family size, whichever is larger.

4. Occupancy and Property Type

All FHA: One of the borrowers must occupy the property as their primary residence. All other FHA guidelines apply.
Property types per FHA 203(b) allowed, including SFR, PUD, townhome, condo, attached, detached, and modular; manufactured allowed with overlays.

5. First-time Homebuyer

All FHA: Not required.

6. Homebuyer Education or Homeownership Counseling

Homebuyer education is not required.

7. Minimum Credit Score

Be In Mortgage Inc. follows industry standards (middle of three, lower of two) for determining which credit score to use for credit score requirements. *All FHA*: 600 FICO. Use the lowest middle FICO score on the loan.

8. DTI Requirements

All FHA: Per AUS guidelines.
If payment shock exceeds 225% (with <620 credit score), front-end DTI may not exceed 36%.

9. Payment Shock

All FHA: 225% maximum for loan files with either of the following:

- AUS approval and a qualifying credit score of 620 or below
- Manual underwrites (regardless of credit score)

Loan files that do not meet either of these conditions do not have a payment shock limit.
Payment shock may exceed 225% if front-end DTI is 36% or less.

10. Verification of Rent

All FHA: Required for loan files with the following:

- AUS approval and a qualifying credit score of below 620
- Manual underwrites (regardless of credit score)

Loan files that do not meet either of these conditions are not required by Be In Mortgage Inc. to provide a VOR.

10.1 Documenting VORs

Documentation must evidence rental history and support payment shock requirements. Both of the following must be provided:

- Complete present housing expense (URLA)
- Complete VOR (12-month) filled out by landlord or property management company

10.2 Living Rent-Free

Borrowers living rent-free must provide an LOX about their rent-free living situation if their FICO score is below 620.

11. Acceptable Sources of Funds for Down Payment and Closing Costs

All FHA: Gifts, grants, and Be In Mortgage Inc. second mortgages. Any eligible loan may have more than one subordinate lien (i.e., third lien). Sweat equity is acceptable in accordance with FHA guidelines.

12. Manufactured Homes

All FHA: Permitted with overlays. For more information see Manufactured Homes.

13.Non-occupant Borrowers

All FHA: Allowed (family members or relatives only, as defined by FHA).
Only occupying borrower(s) qualifying income is used to determine program qualifications under AMI limits.
Occupying borrower income, when considered without non-occupant co-borrower income, must be greater than or equal to the combined monthly mortgage and other debt payments.
A LOX may be required evidencing that the non-occupying borrower will contribute to monthly mortgage payments.

14.Loan Amounts (Minimum and Maximum)

All FHA Programs: Per FHA guidelines. Use the lesser of national or county limit. In Alaska and Hawaii, use the greater of national or county limit.

14.1 High Balance Loans

A high balance loan is any loan that exceeds the national conforming loan limit published by the CFPB. (This limit is higher in Alaska and Hawaii.)
High balance loans may be approved for any Be In Mortgage Inc. product. However, correspondents must contact their account executive and receive pre-approval before registering a high balance loan. An LLPA adjustment may be required.

15.Maximum LTV/CLTV and Subordinate Financing

All FHA: LTV to 90–96.5%
DPA financing may be 3.5% or 5% of the lower of the purchase price or appraised value, depending on the DPA product. No max CLTV; CLTV is only limited by FHA guidelines. Borrowers may increase their minimum required investment (down payment) by putting down additional funds above and beyond the assistance received through the Be In Mortgage Inc. program as long as the loan-to-value ratio does not go below 90%.
Borrowers may use other forms of down payment assistance in conjunction with the assistance received from Be In Mortgage Inc., even if the additional assistance creates additional liens on the property. In cases where secondary financing is received from Be In Mortgage Inc., the Be In Mortgage Inc. lien must be in a second lien position and the first mortgage must be sold.

16.Ineligible Borrowers

Be In Mortgage Inc. will rely on our Correspondent partners to document lawful residency in accordance with FHA guidance. We will enforce our reps/warrants policy to the extent that FHA audits any loan and finds that a borrower does not meet these definitions of lawful residency.
All FHA: Any borrower that does not meet FHA's definition of a lawful, legal resident of the United States is ineligible for Be In Mortgage Inc.

17.Mortgage Insurance (MI) Coverage

All FHA: Standard FHA coverage. See FHA Single Family Housing Policy Handbook 40000.1 Appendix 1.

18. Guidance on Fees

18.1 Seller Credits

Be In Mortgage Inc. takes the position that seller credits may be used to pay for origination points or discount points. Keep in mind that converting seller credits to seller-paid fees must be done prior to or at closing. Seller credits used to offset points and fees must be disclosed on the initial and final CD; they cannot be corrected after closing.

18.2 Fees to Originator

All FHA: Be In Mortgage Inc. does not have a cap on origination fees but does require to adhere to the QM 3% Points and Fees Test.

19. AUS

All FHA: DU®, Loan Prospector, or TOTAL Scorecard.

20. Max Units

All FHA: 1–2 units.

21. Manual Underwriting

All FHA: Allowed.
Loans submitted with Refer/Eligible AUS findings and that have been manually underwritten according to FHA guidelines are acceptable. Follow FHA eligibility requirements for manually underwritten loans. Supporting documentation from the DE underwriter must be provided and meet FHA requirements.
No-credit and non-traditional/alternative credit files are not allowed. All manually underwritten loans must have a completed VOR and a payment shock of 225% or less. (The payment shock requirement is waived with a front-end DTI of 36% or less.)

22. Additional Properties Owned

All FHA: Allowed. Supporting documentation (a lease and LOE) for owned and retained departing residence is required to support reasonability of occupancy for subject property purchase. An acceptable reason must be documented for the move, along with the intent behind retaining the current property. Occupancy reasonability must be documented and meet standard FHA requirements for reasonability. As an example: if the new residence puts the borrower's commute at an additional distance of thirty (30) minutes to the borrower's place of employment, Be In Mortgage Inc. expects this to be referenced in the LOE. As a reminder, FHA guidelines regarding owner occupancy requirements must be met.

23.General Overlays

23.1 Cash Back to Borrower

All FHA: Borrowers may only receive a refund of documented earnest money deposit and other documented, paid, third-party costs.
Borrowers may not receive cash back from the mortgage transaction. If an excess exists, the correspondent must apply these funds to the principal mortgage balance.

23.2 Minimum Borrower Contribution

All FHA: $0. All funds needed to complete the transaction may come from an Be In Mortgage Inc.–approved second lien.

23.3 HPML, High Cost, & QM Compliance

All FHA: HPML transactions are allowed. Lenders must comply with all CFPB & TRID requirements.
High Cost loans are not permitted.
All first mortgages must adhere to QM/ATR compliance. Mortgage loans exceeding the 3% max points and fees test are not permitted.
Bona fide discount points must adhere to CFPB/TRID compliance and any or all state regulations.
Bona fide discount points do not count toward the 3% max points and fees test.
Compliance reports must provide a compliance test, not a loan summary alone.

23.4 Required Documents

All FHA: Secondary financing requires the delivery of a complete second lien file to include an application, LE, CD, and all other state- and federal-required disclosures.
The first mortgage file must contain a copy of the note, the deed of trust/mortgage, and a Funding Obligation Letter dated prior to the loan closing date.
Be In Mortgage Inc. does not normally allow reverse bailees. In the event that an exception is granted, the notes for both mortgages using a reverse bailee must be delivered to Be In Mortgage Inc. within three (3) days after the reverse bailee is received.

23.5 Initial & Final URLA

All FHA: An initial and a final URLA are required, per agency guidelines.
We require either the initial URLA or the final URLA to contain the signature of the originating MLO. It does not have to be both.

23.6 Seller's CD

All FHA: A copy of the CD provided to the seller at closing is required on all transactions.

23.7 Ineligible Features

All FHA:

- Building on own land
- Construction to Perm
- Easements and deed restrictions that affect marketability must be reviewed and approved by Be In Mortgage Inc. to be eligible for purchase, unless the easement or deed restriction expires upon foreclosure (requests for review should be submitted to your Corporate Account Executive.)

- Deed restrictions allowed per FHA 4000.1 are permissible without prior review
- Loans with resale deed restrictions- some exceptions may apply.
- Proposed or under construction
- New construction is allowed, provided that the property is completed at the time of purchase
- Illegal Accessory Units (please follow all HUD guidelines and all zoning laws on allowable features.)

Leasehold estates are only permissible if FHA guidelines are met.

23.8 Escrow Holdbacks

All FHA: Escrow holdbacks are permitted and must meet the following general guidelines:

- Must be weather-related
- Cost of repairs should not exceed $7500, but should meet general FHA requirements for the type of work completed
- Original appraisal must be completed "subject-to" the repairs required
- Repairs must be required by the appraiser or lender in order to bring the property up to FHA minimum property standards
- Contractor must provide an invoice with an estimate of work certifying that the work cannot be completed prior to disbursement (due to inclement weather conditions)
    - Inclement weather conditions are generally considered to be between November and March
- All repairs should be completed within six (6) months of the Note date
- The amount of money held in escrow for repairs must be 1.5 times the amount of the invoice plus a sufficient amount required for the FHA appraiser's final inspection
- The Mortgagee must complete the "Escrow Closeout Certification" screen, in FHA Connection, within thirty (30) days of escrow closing/completion
    - Prior to Purchase: The lender must provide the executed HUD form 92300, Mortgagee's Assurance of Completion, to indicate the repair escrow has been established
    - Post Purchase: The lender must provide HUD form 92051, Compliance Inspection Report, to evidence that repairs have been satisfactorily completed
- All other FHA guidelines must be adhered to
- Acceptable evidence of completion is provided by the borrower for minor repair or improvement items

Effective for case numbers assigned on or after October 31, 2016, after the repair escrow account is closed then the mortgagee must complete the Escrow Closeout Certification screen in FHAC within thirty (30) days after the escrow account is closed.

- Any funds remaining in the escrow account at the end of the improvement period must be applied to pay down the mortgage principal.
- Borrower Labor: Escrows may not include costs for labor or work performed by the borrower ("sweat equity").
- Required Documentation: Form HUD-92300, Mortgagee's Assurance of Completion.
- Escrow Closeout Certification: After the repair or rehabilitation escrow account is closed, the correspondent must complete the Escrow Closeout Certification screen in FHAC within thirty (30) calendar days after the escrow account is closed.

23.9 Mortgage Credit Certificates (MCC)

All FHA: Allowed. All MCCs must be calculated according to FHA guidelines by adding the credit as income, not a payment reduction.

23.10 Mortgage Insurance Certificate (MIC)

All FHA: Upfront MIP must be paid prior to purchase. Evidence UFMIP has been paid should be uploaded in the closed loan package.

MICs are not required to be delivered prior to purchase, but must be delivered to Be In Mortgage Inc. within sixty (60) days of the note date. This will help us better align with industry standards for mitigating risk and preventing secondary delivery delays. Fees will be applied if delivery dates are not met. For more information, please contact your Corporate Account Director.

23.11 Flood Certificate

First Mortgage: Flood certifications must include a life of loan certification. Flood certification information must be drawn from a company that uses the CoreLogic or Service Link database. If the flood certificate that does not draw from the CoreLogic or Service Link database is present, Investor will pull a CoreLogic flood certificate and bill the Correspondent the $5 fee on the Purchase Agreement.

Flood policies must be in effect at closing.

If flood insurance is needed, the policy must be written by the National Flood Insurance Program.

Please note that a property is not eligible for FHA insurance if a residential building and related improvements to the property are located within SFHA Zone A (a Special Flood Zone Area) of Zone V (a coastal area) and insurance under the National Flood Insurance Program (NFIP) is not available in the community.

A property is not eligible for FHA insurance if the improvements are or are proposed to be located within a Coastal Barrier Resource System (CBRS).

For more information, please refer to FHA 4000.1.

23.12 Disaster Certificates

All FHA: In counties that have been deemed disaster areas by FEMA, Be In Mortgage Inc. will require a 1004D disaster certificate, or a 442, with exterior photos. The certificate must be dated after the incident period.

In the case of ongoing wildfires, Be In Mortgage Inc. will make an exception to allow the certification to be issued before the end date. The certification must be issued after the start of the incident and the loan must be insured with FHA.

It is solely the Correspondent's responsibility to be aware of and act upon any mortgage loans that were, prior to the sale to Be In Mortgage Inc., impacted by disasters. The Correspondent should contact the appropriate source (e.g., a state office, regional Federal Emergency Management Agency (FEMA) office, news agency, etc.) to determine whether properties located in its origination regions are included in a disaster area.

Be In Mortgage Inc. Disaster Policy applies to any of the following:

- FEMA-declared disaster areas eligible for Individual Assistance
- Areas identified by Be In Mortgage Inc.

- Properties that the Correspondent has reason to believe sustained damage in a disaster

Be In Mortgage Inc. does not have the responsibility to provide notification to the seller of disaster areas. If, at any time after loan purchase, Be In Mortgage Inc. or a subsequent investor determines that the subject property was damaged and not in fully marketable condition at time of sale, the loan will be subject to repurchase.

23.13 Escrow Accounts/Impounds

Escrows calculated must be taken from the new purchase price/final assessed value of the subject property (purchase price multiplied by mill rate—per county records, or as county rules apply). The actual monthly tax rate must be taken into account. Impounded amounts cannot be calculated using the previously assessed tax rate.

23.14 UDM/Soft Pull Credit Update

To reduce the risk of new adverse debt or credit activity prior to closing, a soft pull credit update, or a UDM (undisclosed debt monitoring) report, from at least one credit bureau is required within ten (10) calendar days prior to closing. Undisclosed debt or adverse credit activity found must be re-underwritten or satisfactorily resolved by an LOE from the DE underwriter.

23.15 Buydowns

2-1 Buydowns are only acceptable with prior, written approval from Be In Mortgage Inc. Buydowns must be seller-funded only. Be In Mortgage Inc. will require that the loan being bought down does not compromise more than 10% of the monthly coupon delivery.

23.16 4506-C

Required. Must be completed for each borrower individually.

23.17 Tax Transcripts

Not required as a condition to purchase. If an audit is required and conducted on a non-performing loan, the 4506-C may be executed to verify income history (on a post-purchase basis only).

23.18 Borrower Informational Video

One primary, occupying borrower who will receive Arrive Home™ repayable DPA (whether 3.5% or 5%) is required to watch an informational video regarding loan payments prior to closing and complete the form that comes with the video. This video may be found on the Consumer page of the Arrive Home™ website. Consumer - Arrive Home

24.State-specific Guidance

24.1 Alaska and South Carolina

All FHA: In Alaska and South Carolina the minimum second mortgage loan amount is $5,000. Therefore, for purchase prices below $143,800 with 3.5% assistance, or $100,000 with 5% assistance, the DPA amount will be $5,000 in those states.

24.2 New York

All FHA: Be In Mortgage Inc. is not offered in the state of New York.

24.3 Interest Credit Above 10 Days

All FHA: In states where law or statute prevents the first payment on the second mortgage from being more than forty-five (45) days from the note date, Be In Mortgage Inc. will allow up to sixteen (16) days of interest credit.
This will allow for a different first payment due date between the second mortgage and the first mortgage.

24.4 Required Documentation

The correspondent must document the cost of work, including the energy systems' materials and labor.

25.Manufactured Housing Overlays

A manufactured home (MH) is a home that is built in a factory, is transportable in one or more sections, is designed and constructed to the Federal Manufactured Home Construction and Safety Standards (FMHCSS) and is so labeled regarding conformance with the FMHCSS.

25.1 FHA Requirements

Manufactured homes are eligible for FHA financing, provided all the following requirements are met:

- Home was built on or after June 15, 1976, as evidenced by the HUD Data Plate, the appraisal, or the title policy
- Home must have been built to the FMHCSS as evidenced by having a HUD Certification
- Label/Tag is attached to the MH, or, if the HUD Tag is missing, a HUD Tag Letter of Verification from the Institute for Building Technology and Safety (IBTS); see section 4.2.8 (HUD Certification Label/Tag) for additional details
- Home must be permanently affixed to the subject property in accordance with FHA requirements
- Subject must be legally classified by the state as real property prior to loan purchase (Evidence of real property recording may be required)
- Subject is a single-family dwelling
- Loan is underwritten in accordance with the requirements of the applicable Loan Program Guide
  Mortgage must cover both the home and the land