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# Purchase Advantage

Powered by CAFA



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# THE CAFA GRANT

**PLEASE NOTE THAT RATES AND ASSISTANCE GRANT AMOUNTS ARE SUBJECT TO CHANGE AT ANY TIME.**

Funds are available in first-come, first-served revolving pools that provide continuous funding. Borrowers receive a 30-year, fixed rate, fully amortizing first mortgage loan with 360 level monthly payments. Income limits apply.

An assistance amount of 3% or 4% offered on FHA and Conventional Loan types. A “no-assistance” option is available on Conventional. The assistance is calculated on the full original note amount. The assistance may be used for down payment, closing costs, single premium borrower paid MI or prepaids. While there is no cash back in this program, the borrower may be reimbursed for any overpayment of escrow. Because the assistance is a fixed percentage of the original principal amount of the mortgage loan, any remaining assistance must be applied as additional down payment or lastly as a principal reduction.

Assistance is in the form of a non-repayable grant. It is not repayable other than for reasons of fraud or similar circumstances. When the first mortgage is reserved in the system, the assistance is automatically reserved. There is no additional reservation necessary. When the loan closes, there are not second mortgages, second notes, deed restrictions or liens. There is no repayment.

## PROGRAM REQUIREMENTS

### Eligible Products

#### Purchase Advantage FHA 30yr

- With 3% DPA
- With 4% DPA

#### Purchase Advantage Conventional 30yr

- With 0% DPA
- With 3% DPA
- With 4% DPA

**Unless otherwise stated in this guide, program guidelines for Purchase Advantage FHA follow FHA guidelines and Purchase Advantage Conventional follow Freddie Mac’s Home Possible Advantage-HFA guidelines.**

### Eligible Borrowers

- **The borrower may be a first-time homebuyer, but is not required to be under this program.**
- With regard to citizenship requirements, follow FHA guidelines or Freddie if applicable.
- Buyers **must occupy** the property **within 60 days of closing.**
- Applicants must be considered irrespective of age, race, color, religion, national origin

### Property Requirements

- For FHA or Conventional: New or existing, one unit, detached or attached, condos or town homes. Only FHA allows multiple units and borrower must occupy one unit.
- Manufactured, Mobile, recreational, seasonal or other types of vacation or non-permanent homes are not permitted
- Land may not exceed the size required to maintain basic livability.
- Properties purchased in the program must be residential units.

## FICO, AUS and DTI Requirements

	Purchase Advantage-FHA	Purchase Advantage-Conventional
Minimum FICO	640 AUS / 680 Manual	640
AUS Guidelines	Approve / Eligible DU	Accept / Eligible See Addendum for instructions on how to enter in LPA
Debt-to-Income (DTI)*	45% AUS / 43% Manual	50% with AUS approval
Income Maximums	115% AMI	140% AMI**

\*Follow standard FHA or Freddie Mac Home Possible Advantage- HFA rules depending on program to determine which debts should be included in the ratio.

\*\*Income limits on Freddie Mac Conventional Loans have been lifted until 12/01/2018

## QM Guidelines

CAFA loans are not subject to QM restrictions.

## ELIGIBLE LOAN AREAS, INCOME QUALIFYING AND INCOME LIMITS

### Maximum Income Limit - Based on Parish and Product

Use Form 1003 credit qualifying income as the qualifying income in the program. While not all income may be included on the 1003, all income from any one source must be included — it is all or nothing. On the 1003, lenders may not use a portion of a job's income. Must use all borrowers' income on the loan application.

### Approved Parishes and Income Limits

\*Income limits on Freddie Mac Conventional Loans have been lifted until 12/01/2018 in all parishes listed below.

	AMI	Purchase Advantage Conventional	Purchase Advantage FHA		AMI	Purchase Advantage Conventional	Purchase Advantage FHA
Acadia	\$62,100	\$86,940	\$71,415	Jefferson Davis	\$62,100	\$86,940	\$71,415
Allen	\$62,100	\$86,940	\$71,415	Lafayette	\$70,400	\$98,560	\$80,960
Ascension	\$74,800	\$104,720	\$86,020	Lafourche	\$62,100	\$86,940	\$71,415
Assumption	\$62,900	\$88,060	\$72,335	Livingston	\$74,800	\$104,720	\$86,020
Avoyelles	\$62,100	\$86,940	\$71,415	Ouachita	\$62,100	\$86,940	\$71,415
Beauregard	\$62,500	\$87,500	\$71,875	Pointe Coupee	\$74,800	\$104,720	\$86,020
Calcasieu	\$62,100	\$86,940	\$71,415	St. Bernard	\$65,600	\$91,840	\$75,440
Cameron	\$62,100	\$86,940	\$71,415	St. Helena	\$74,800	\$104,720	\$86,020
East Baton Rouge	\$74,800	\$104,720	\$86,020	St. James	\$64,500	\$90,300	\$74,175
East Feliciana	\$74,800	\$104,720	\$86,020	St. Landry	\$62,100	\$86,940	\$71,415
Evangeline	\$62,100	\$86,940	\$71,415	St. Martin	\$70,400	\$98,560	\$80,960
Franklin	\$ 62,100	\$86,940	\$71,415	St. Tammany	\$65,600	\$91,840	\$75,440
Iberia	\$62,100	\$86,940	\$71,415	Tangipahoa	\$63,300	\$88,620	\$72,795
Iberville	\$62,100	\$86,940	\$71,415	Terrebonne	\$62,100	\$86,940	\$71,415
Jackson	\$62,100	\$86,940	\$71,415	West Baton Rouge	\$74,800	\$104,720	\$86,020
Jefferson	\$65,600	\$91,840	\$75,440	West Feliciana	\$74,800	\$104,720	\$86,020

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## ABOUT THE FINANCING

### Cash Back

Cash Back to the borrower is not permitted. However, borrowers are permitted a reimbursement of pre-pays and overage of earnest money deposit as permitted by Agency guidelines and to the extent any minimum contribution, if any, has been satisfied.

**Construction to Perm--** Not permitted.

### Cosigners

Permitted to the extent permitted by FHA. Treat cosigner income as directed by FHA. A cosigner cannot reside in the property and cannot have any ownership interest in the property (they cannot be on the Mortgage/Deed/Warranty Deed).

Cosigners **are not permitted** on Conventional loans.

### Minimum Loan Amount

There is no minimum loan amount.

### Prepayments

The first mortgage may be prepaid at any time without penalty.

### Refinances

Refinances are not permitted in this program.

### Reserves

Not established by the program. Follow Agency Guidelines.

## THE PROCESS SUMMARY

### Correspondent or Broker Set-up

Third Party Originator (TPO) must be an approved client of GMFS and is required to have approval for this particular program.

**TPO must have fully executed Mortgage Origination Agreement with CAFA for the Purchase Advantage Program.** For additional information on Client approval, please go to [www.gmfspartners.com](http://www.gmfspartners.com) and click on "Sign Up Here". Approved clients can contact your District Director for more information on this program.

### Required Origination Disclosures

TPO must provide borrower with Upfront Disclosure and submit to GMFS with initial submission package. Disclosure available on the [Affordable Lending](#) section of [gmfspartners.com](http://gmfspartners.com)

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Must select either No DPA or DPA based on the loan program:

- [Purchase Advantage Application Disclosure with NO DPA](#)
- [Purchase Advantage Application Disclosure with DPA](#)

### GMFS Client Guide

Unless otherwise noted in this document, all policy and procedures follow GMFS Correspondent or Broker Client Guide located on [www.gmfspartners.com](http://www.gmfspartners.com)

The Early Payoff Provision for this program is 6 months from the purchase date of the loan by GMFS. Client must sign an addendum to their Mortgage Loan Sale Agreement.

### Locking and Pricing

Lock period is 30 days or 45 days and there may be a 1X extension for up to 30 days, cost paid by the borrower. All standard GMFS lock polices apply.

**You must select HFA - YES** in Optimal Blue when entering the loan level pricing data to get access to daily pricing for the program.

For Conventional loans, you have an option of 0%, 3% or 4% Down payment Assistance when locking the loan.

For FHA loans, you have an option of 3% or 4% Down payment Assistance when locking the loan.

Broker must select the price that is appropriate for them based on their Compensation Agreement. The standard agency loan level adjustments are not applicable for Purchase Advantage loans.

### Underwrite

GMFS underwrites and is responsible for credit decisions of the loans in the program. Correspondents may choose to deliver a closed loan, keeping in mind that GMFS reviews each loan for a full underwrite and does not make exceptions to GMFS or program policy. If you are not familiar with the standard GMFS guidelines, please reference the Loan Eligibility section of the Correspondent Selling Guide. This Program Guide is additive to our existing guide.

*Please see Process addendum on how to enter loan in LPA or DU.*

### Mortgage Insurance for Conventional Purchase Advantage

LTV Ratio	Purchase Advantage Insurance Coverage	Standard Mortgage Insurance Coverage/	Home Possible Advantage*
80.01% up to 85%	6%	12%	12%
85.01% up to 90%	12%	25%	25%
90.01% up to 95%	16%	30%	25%
<b>95.01% up to 97%</b>	<b>18%</b>		25%

- Grant money can be used to cover Borrower Paid Single Mortgage Insurance
- Premiums are allowed to be financed up to 97%
- Lender-paid mortgage insurance option may not be used

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### Homebuyer Education Certificate (copy)

A copy of the homebuyer education certificate must be in the file if education is required by the terms of the program (FHA or Conventional). Certificates are good for a period of one year from date of issuance.

The Authority requires **homebuyer education for first-time buyers** as defined by FHA or Freddie Mac. Homebuyer education must be conducted by HUD-approved counseling agencies including online HUD-approved non-profits. CAFA has provided the following links to these local approved education providers.

<http://www.thecafo.org/homebuyer/programs/la-cafa-grant-program>

### Close

GMFS or the Correspondent closes the loan. If the correspondent closes the loan, they need to ensure the proper disclosures executed are shipped to GMFS. Please get with your Sales Team who will provide a copy of the disclosures prior to closing.

The Grant must be listed on the HUD as a separate line item; **Grant from Capital Area Finance Authority.**

Correspondent must advance the down payment assistance at closing and will be reimbursed by GMFS when we purchase the loan.

## PROGRAM FEES

### Mortgage Fees

Correspondent or Agent Loan Officers can charge up to 1% origination fee, Broker Clients may not charge an origination fee. No additional points may be charged.

All standard GMFS fees apply; see Broker Guide for those fees. The No Fee Option is not available under this program and the fees may not be financed.

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## Process Addendum



Updated 12.7.17

# PRICING IN OPTIMAL BLUE

- In Optimal Blue you must select the appropriate county AND **HFA Loan – YES**. Otherwise the Purchase Advantage pricing will not show as an option. HFA stands for Housing Financing Agency.

**Property Information**

Occupancy Primary Residence	Property Type Single Family	Number of Units 1 Unit	Number of Stories 1
State Louisiana (LA)	County East Baton Rouge	Construction No	HUD REO -- None Selected --
Property Zip		HFA Loan Yes	

- Once the pricing populates, you first need to choose the appropriate price based on the Loan Program (Conventional or FHA) and Down Payment Assistance chosen. You have a 0% DPA (conventional only), 3% DPA option or a 4% DPA Option.

## Purchase Advantage Conventional Loans-LPA

Select “Home Possible Advantage HFA” in the “Offering Identifier” field within the “Mortgage Type and Loan Terms” section of LPA. See screen below. If using a Loan Origination Software (LOS) system, please contact them to verify what field and value to enter. Some LOS systems may have you enter “251”.

**Mortgage Type And Loan Terms**

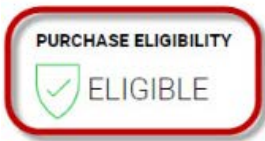
Mortgage Type * Conventional	Amortization Months * 360
Base Loan Amount (exclude PMI, MIP, Funding Fee financed) * \$ 97000.00	PMI, MIP, Funding Fee Financed \$
Amortization Type * Fixed Rate	Loan Amount \$ 97000.00
Lien Priority * First Lien	Interest Rate * 3.00
Offering Identifier Home Possible Advantage for HFAs (eligible users only)	Temporary Subsidy Buydown? <input type="radio"/> Yes <input checked="" type="radio"/> No



An affordable second that doesn't require a payment within the first 60 months should be entered in the "Total Gift Fund" field located in the "Assets and Reserves" section.

Asset Category	Asset Amount
Depository Accounts	\$ 4000.00
	\$
<b>Reserves</b>	
\$ 1000.00	
	<b>Total Gift Fund</b>
	\$ 5000.00

Below is how the LPA Feedback will look if you submitted the loan as Home Possible Advantage for HFA.



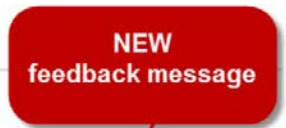
**CODE MESSAGES**

TW Loan Product Advisor Assessment Expiration Date for JOHN S LLKEHKFUA is 03/20/2018.

K9 83900.00 is the Area Median Income for the address submitted.

81 The loan submitted as a Home Possible Advantage for HFA (HFA Advantage) mortgage, must be delivered by the HFA or its Master Servicer under the required Negotiated Commitment for HFA Advantage mortgages. The seller must ensure all HFA program and income eligibility requirements are met.

EW Seller is responsible for documenting and underwriting all Mortgages in accordance with the requirements of the Single-Family Seller/Servicer Guide and/or Master Agreement.



Verify the loan was submitted correctly by checking the value entered in the “Offering Identifier” field is show “Home Possible Advantage for HFAs as shown below. This is found in the Mortgage Information section of the LPA feedback.

### Mortgage Information

PRODUCT TYPE 30 Year Fixed Rate	AMORTIZATION TYPE Fixed	AMORTIZATION MONTHS 360
INTEREST RATE 3.0000%	PURPOSE OF LOAN Purchase	PURCHASE PRICE \$100,000.00
LOAN AMOUNT \$97,000.00	ESTIMATED VALUE OF PROPERTY \$100,000.00	APPRAISED VALUE OF PROPERTY \$100,000.00
PROPERTY TYPE Single Family Detached	INTENDED USE OF PROPERTY Primary Residence	NUMBER OF UNITS 1
AFFORDABLE PRODUCT TYPE N/A	CASH OUT AMOUNT N/A	TEMPORARY SUBSIDY BUYDOWN N/A
OFFERING IDENTIFIER Home Possible Advantage for HFAs (eligible users only)	SUBORDINATE AMOUNT N/A	SALES CONCESSIONS N/A
NEW CONSTRUCTION N/A	PURPOSE OF REFINANCE N/A	LENDER SUBMITTED RESERVES \$10,000.00

LPA returns the correct amount of MI required for each loan. See the “ZI” message below as an example.

One last place to verify that a loan was submitted correctly as a Home Possible Advantage for HFA is the “NU” message shown below.

### General Messages

CODE	MESSAGES
TV	Loan Product Advisor Assessment Expiration Date for ALICE FIRSTIMER is 11/11/2017.
EL	Review for Accuracy: Submitted Proposed Housing (PITI) \$100.00 appears to be in error.
K9	107300.00 is the Area Median Income for the address submitted.
EW	Seller is responsible for documenting and underwriting all Mortgages in accordance with the requirements of the Single-Family Seller/Servicer Guide and/or Master Agreement.
ZI	This Home Possible Advantage for HFA mortgage requires 18% MI coverage.
4D	The net purchase price is calculated by subtracting the sales concessions from the gross purchase price.
NU	Loan submitted as Home Possible Advantage for HFA mortgage.

# Purchase Advantage FHA Loans-DU

The CAFA Grant must be entered as Government Assistance in DU

Section of the 1003

- Quick 1003
  - Borrower Information
  - Types, Terms & Property
  - Employment Information
  - Income & Housing
  - Assets
  - Real Estate Owned
  - Liabilities
  - Details of Transaction
  - Declarations
  - Demographic Information
  - Additional Data
  - Government

Source of down payment must be entered as Government Assistance

**Down Payment Information**

Amount	Source of Down Payment	Explanation
<input type="text" value="\$6,284.08"/>	<input type="text" value="FHA – Gift – Source Government Assistance"/>	<input type="text"/>
<input type="text" value="\$0.00"/>	<input type="text" value="Checking/Savings"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>

**If Refinance Loan**

**Purpose of Refinance**  
(if applicable)