
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 1%, 2%, 3% or 4% is offered on FHA, VA, USDA 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 DPA option of 1-4%

Purchase Advantage VA 30yr

- With DPA option of 1-4%

Purchase Advantage USDA 30yr

- With DPA option of 1-4%

Purchase Advantage <80% AMI Waiver Conventional 30yr

- With DPA option of 0-4%

Purchase Advantage AMI Waiver Conventional 30yr

- With DPA option of 0-4%

Unless otherwise stated in this guide, program guidelines for Purchase Advantage FHA follow FHA guidelines, Purchase Advantage VA follow VA guidelines, Purchase Advantage USDA follow USDA guidelines, and Purchase Advantage Conventional follow Freddie Mac’s HFA Advantage guidelines (Home Possible Mortgage modified for HFA).

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, VA, USDA or Freddie guidelines if applicable.
- Buyers **must occupy** the property **within 60 days of closing.**
- Applicants must be considered irrespective of age, race, color, religion, national origin
- Borrowers may own other properties
- Non-occupying Borrowers are not permitted

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
- Mortgages secured by 2 to 4 unit properties are not eligible
- Property with non-occupying borrowers are not eligible
- Mortgage with an associated HELOC are not eligible.

FICO, AUS and DTI Requirements

	Purchase Advantage-FHA / VA	Purchase Advantage- USDA	Purchase Advantage-Conventional
Minimum FICO	640 AUS / 680 Manual	640 AUS	640
AUS Guidelines	Approve / Eligible DU	GUS Approval	Accept / Eligible ¹
Debt-to-Income (DTI)*	45% AUS / 43% Manual	Follow USDA guidelines	50% with AUS approval
Income Maximums	115% AMI	Follow USDA guidelines	140% AMI**

1- See Addendum for instructions on how to enter in LPA

2-Follow standard program rules depending on program to determine which debts should be included in the ratio.

3-With an AMI from 80-140% normal MI limits will apply. The AMI Waiver product is not eligible for the reduced MI option.

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.

USDA loans will follow their own income guidelines.

Approved Parishes and Income Limits

	Purchase Advantage Conventional 80% AMI	Purchase Advantage Conventional 140% AMI	Purchase Advantage FHA / VA 115% AMI
Acadia Parish	\$61,920	\$108,360	\$86,480
Allen Parish	\$52,480	\$91,840	\$86,480
Ascension Parish	\$66,320	\$116,060	\$95,795
Assumption Parish	\$66,320	\$116,060	\$86,480
Avoyelles Parish	\$46,320	\$81,060	\$86,480
Beauregard Parish	\$65,360	\$114,380	\$93,955
Bienville Parish	\$46,320	\$81,060	\$86,480
Bossier Parish	\$55,600	\$97,300	\$86,480
Caddo Parish	\$55,600	\$97,300	\$86,480
Calcasieu Parish	\$65,360	\$114,380	\$93,955
Caldwell Parish	\$54,080	\$94,640	\$86,480
Cameron Parish	\$65,360	\$114,380	\$93,955
Catahoula Parish	\$50,880	\$89,040	\$86,480
Claiborne Parish	\$46,320	\$81,060	\$86,480
Concordia Parish	\$46,320	\$81,060	\$86,480
De Soto Parish	\$55,600	\$97,300	\$86,480
East Baton Rouge Parish	\$66,320	\$116,060	\$95,795
East Carroll Parish	\$46,320	\$81,060	\$86,480
East Feliciana Parish	\$66,320	\$116,060	\$95,795
Evangeline Parish	\$46,320	\$81,060	\$86,480
Franklin Parish	\$46,320	\$81,060	\$86,480
Grant Parish	\$50,240	\$87,920	\$86,480
Iberia Parish	\$61,920	\$108,360	\$86,480
Iberville Parish	\$66,320	\$116,060	\$95,795
Jackson Parish	\$48,960	\$85,680	\$86,480
Jefferson Parish	\$58,640	\$115,220	\$94,300
Jefferson Davis Parish	\$65,840	\$102,620	\$86,480
Lafayette Parish	\$61,920	\$108,360	\$94,990
Lafourche Parish	\$65,040	\$113,820	\$93,495
La Salle Parish	\$61,040	\$106,820	\$87,745

Lincoln Parish	\$51,040	\$89,320	\$86,480
Livingston Parish	\$66,320	\$116,060	\$95,795
Madison Parish	\$46,320	\$81,060	\$86,480
Morehouse Parish	\$49,200	\$86,100	\$86,480
Natchitoches Parish	\$48,400	\$84,700	\$86,480
Ouachita Parish	\$49,200	\$86,100	\$86,480
Pointe Coupee Parish	\$66,320	\$116,060	\$95,795
Rapides Parish	\$50,240	\$87,920	\$86,480
Red River Parish	\$49,360	\$86,380	\$86,480
Richland Parish	\$47,200	\$82,600	\$86,480
Sabine Parish	\$48,640	\$85,120	\$86,480
St. Bernard Parish	\$65,840	\$115,220	\$94,300
St. Charles	\$65,840	\$115,220	\$94,300
St. Helena Parish	\$66,320	\$116,060	\$95,795
St. James Parish	\$65,840	\$115,220	\$94,645
St. John the Baptist Parish	\$65,840	\$115,220	\$94,300
St. Landry Parish	\$46,320	\$81,060	\$86,480
St. Martin Parish	\$61,920	\$108,360	\$94,990
St. Mary Parish	\$49,760	\$87,080	\$71,530
St. Tammany Parish	\$65,840	\$115,220	\$94,300
Tangipahoa Parish	\$62,880	\$110,040	\$90,390
Tensas Parish	\$46,320	\$81,060	\$86,480
Terrebonne Parish	\$65,040	\$113,820	\$93,495
Union Parish	\$49,200	\$86,100	\$86,480
Vermilion Parish	\$61,920	\$108,360	\$88,895
Vernon Parish	\$55,120	\$96,460	\$86,480
Washington Parish	\$46,320	\$81,060	\$86,480
Webster Parish	\$46,320	\$81,060	\$86,480
West Baton Rouge Parish	\$66,320	\$116,060	\$95,795
West Carroll Parish	\$51,360	\$89,880	\$86,480
West Feliciana Parish	\$66,320	\$116,060	\$95,795
Winn Parish	\$49,600	\$86,800	\$86,480

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 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

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

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.

Make sure to select the correct product type – HFA/Bond 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%, 1%, 2%, 3% or 4% Down payment Assistance when locking the loan.

For FHA, VA, and USDA loans, you have an option of 1%, 2%, 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.

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%
95.01% up to 97%	18%	30%	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

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, VA, USDA 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, VA, USDA or Freddie Mac. Homebuyer education must be conducted by HUD-approved counseling agencies including online HUD-approved non-profits.

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.

Purchase Advantage

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Process Addendum



Updated Sept 2023

PRICING IN OPTIMAL BLUE

- In Optimal Blue you must select the appropriate county AND **HFA/Bond**. Otherwise, the Purchase Advantage pricing will not show as an option. In addition, for Conventional loans, you must select LP under AUS. HFA stands for Housing Financing Agency.

Product Type(s):

All
 Standard
 Affordable
 HARP
 Hero/Champion

HFA/Bond
 HUD Specialty
 Reno/Rehab
 Student Ln CO Refi
 USDA Streamline

Expanded Guidelines

Desired Price:
 Buydown: None

Desired Rate:
 Borrower Pays MI (if required): Yes

Desired Lock Period:
 Automated U/W System: LP

Interest Only: No
 Prepayment Penalty: None

- Once the pricing populates, you first need to choose the appropriate price based on the Loan Program (Conventional, FHA, or USDA) and Down Payment Assistance chosen. You have a 0% DPA (conventional only), 1% DPA option, 2% DPA option, 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 Details				
PRODUCT TYPE	AMORTIZATION TYPE	AMORTIZATION MONTHS	LOAN AMOUNT	INTEREST RATE
30 Year Fixed Rate	Fixed	360	\$164,900.00	3.2500%
LOAN PURPOSE	PURCHASE PRICE	ESTIMATED PROPERTY VALUE	APPRAISED PROPERTY VALUE	NUMBER OF UNITS
Purchase	\$170,000.00	\$172,000.00	\$172,000.00	1
PROPERTY TYPE	OCCUPANCY	REFINANCE TYPE	CASH OUT AMOUNT	NEW CONSTRUCTION
Site Built	Primary Residence	N/A	N/A	N/A
OFFERING IDENTIFIER	INTEREST RATE BUYDOWN	SALES CONCESSIONS	ARM QUALIFYING RATE	ARM QUALIFYING PITI
HFA Advantage	No	N/A	N/A	N/A
AFFORDABLE SECOND	SECONDARY FINANCING	HELOC BALANCE	HELOC LIMIT AMOUNT	LENDER SUBMITTED RESERVES
N/A	\$0.00	N/A	N/A	\$30,936.63

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
	\$
Reserves	Total Gift Fund
\$ 1000.00	\$ 5000.00

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

Affordable Lending and Access to Credit Messages

CODE	MESSAGE
FAL0002	Based on the annual qualifying income (\$51,588.00) and the Area Median Income (AMI) (\$77,500.00) where the property is located, the loan meets the housing goal qualifications for a Low-Income Purchase (LIP) since the income is at or below 80% AMI (\$62,000.00).
FAL0011	The Area Median Income (AMI) is (\$77,500.00) for the address submitted.
FAL0008	Only Freddie Mac seller/servicers with a negotiated commitment may deliver HFA Advantage mortgages. Ensure the annual qualifying income (\$51,588.00) falls within the maximum HFA-established income limits.
FAL0007	Since there is at least one borrower who is not a First-Time Homebuyer, homebuyer education is required only if specified by the HFA.

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)