

DELAWARE STATE HOUSING AUTHORITY (DSHA)  
 HOMEOWNERSHIP LOAN  
**PROGRAM NOTICE**  
 July 12<sup>th</sup>, 2020

The sections of this Program Notice marked with an asterisk (\*) are general summaries of provisions contained in the Mortgage Origination Master Agreement, dated September 28, 2001 (the “Origination Agreement”), as amended, and are subject to the more detailed provisions set forth in the Origination Agreement. All sections of this Program Notice should be reviewed carefully by the representatives of any lender considering participation in the program as a Mortgage Lender (“Lender”) or a Correspondent Lender.

***Homeownership Loans are available to Homebuyers through DSHA’s “Welcome Home”, “Home Again”, “Welcome Home Preferred Plus”, “Home Again Preferred Plus”, “Homes for Grads”, “FHA 203K” mortgage products.***

***Key Information Concerning the Program***

Mortgage Loan Characteristics	Program Loans
Interest Rate (Posted by 9:30 AM Eastern)	Please visit <a href="https://mitas.destatehousing.com">https://mitas.destatehousing.com</a> to view the most current mortgage rates. Rates are posted daily by 9:30 AM. Rates are subject to change.
Preferred Plus Assistance Amount	2.00%
Preferred Plus Assistance Amount	3.00%
Preferred Plus Assistance Amount	4.00%
Preferred Plus Assistance Amount	5.00%
Origination Fee	Up to 0.50%
Discount Fee	0.00%
203(k) &(limited) Origination Fee	2.00%
Extension Fees	See Mitas for current cost
Amortization Term	30 Years
Code Compliance Fee	\$75 per loan
Reservation (Rate Lock) Period:	60 days from reservation to funding (purchase) by the Master Servicer

***Delivery of Mortgage Loans***

Once a Mortgage Loan is closed, the Lender must deliver a complete Mortgage Loan free of defects and have it purchased by Master Servicer prior to expiration of the reservation period. The Lender may request a one-time 15 or 30-day extension prior to the expiration of the initial reservation. An extension fee will be assessed at the time the extension is granted. The cost of the extension is posted on the Mitas reservation site and the daily rate sheet.

The Master Servicer will net any further extensions or other fees due at loan purchase.

If a Mortgage Loan is not purchased within the 60-day reservation period, or if extended and not purchased within the extended reservation period, the rate lock will expire. DSHA shall have no obligation to purchase a Mortgage Loan after the expiration of the reservation or extension period.

**NOTE:** Lenders must monitor their pipeline and cancel “dead” Mortgage Loan reservations through the Mitas online website prior to the reservation expiration date. Penalties for non-cancellation are \$300 (first mortgage). There will be no penalty charged if the lender cancels the loan online or the loan is purchased within the applicable reservation period. *Loan reservations are borrower specific, not property specific. In the event a property falls through, the borrower may select a new property to be financed without cancelling the existing reservation. Please contact DSHA to discuss timeline options.*

***Actions by Approved Lenders***

To be eligible to reserve funds and originate Mortgage Loans under the Program, all approved Lenders must submit to DSHA annually an updated Attachment to Exhibit A to the Offer to Participate, and advise of any changes (e.g., location address, phone numbers, contact names, etc.) relating to Lender’s originating offices where Mortgage Loan applications may be taken for processing and the annual participation fee of \$3000.

***How to Participate if not yet Approved***

Financial institutions that would like to be approved by DSHA to participate in the Program may obtain the Offer to Participate and a copy of the Origination Agreement at [www.destatehousing.com](http://www.destatehousing.com) to complete and return to DSHA. A non-refundable application fee of \$3,000 must be submitted with the Offer to Participate. If approved, the application fee will be applied to the first required \$3,000 Annual Participation Fee.

***Program Operation\****

Prospective Mortgages submit applications for DSHA's loan programs through Lenders that have been approved by DSHA for participation in the Program.

Lenders reserve funds with DSHA, process and underwrite the mortgage loans, confirm program eligibility of the mortgagor and the housing unit being purchased, close the First Mortgage Loan(s) with their own funds, and deliver closed loan packages to the Master Servicer for purchase. All DSHA down payment assistance will be table funded by DSHA at time of settlement. This process may change subject to the guidelines of the Master Servicer. Funds will be made available on a statewide basis to purchase mortgage loans for 30-year fixed rate mortgages. Funds will also be made available for down payment and closing cost assistance (as further set forth herein).

***Other Key Dates***

**Compliance Package Delivery Date:** Complete Compliance Packages must be received for processing by DSHA at least three (3) business days prior to loan closing.

**Origination Period:** 60 days from reservation to funding (purchase) by Master Servicer.

**Extensions:** A **one-time 15-day or 30-day** extension may be purchased prior to initial reservation expiration. An extension fee will be assessed at the time the extension is approved. See Mitas rate table for extension fee cost. Lender must obtain extension through the Mitas online reservation system by selecting the "Extend Commitment" option on the loan detail screen. Lender must click "accept" when presented with the amount of the extension fee. Only the first mortgage needs to be extended. Lenders may choose to pass along the cost of the extension. Should a lender require more time in excess of an expired lock, such fees required to purchase the loan cannot be passed along and will be netted out of your proceeds once completion of selling the servicing to our master servicer

**Cancellation:** Lenders must monitor their pipeline or be subject to fees or cancellation, as described in the Program Notice. Any loan which reaches the reservation expiration date will be subject to cancellation. DSHA provides the "Originator Detail Report" to assist lenders in monitoring and managing their pipeline. The report can be found in the reports section of the Mitas system. Any unfunded loan which has reached the reservation expiration date, the rate lock will expire. DSHA or its Master Servicer shall have no obligation to purchase any loan after reservation expiration, except in its sole discretion on a case-by-case basis.

***Borrower Eligibility\****

**Welcome Home:** First-Time Homebuyers are those who have not had an ownership interest in their primary residence at any time during the three-year period ending on the date of the execution of the note for a Mortgage Loan, or those claiming an exemption listed below.

**Home Again:** Those who are not eligible as First-Time Homebuyers under "Welcome Home" or are not eligible for a Qualified Veterans or Targeted Area exemption. Borrowers who do not qualify for one of the exemptions listed below must use a "Home Again" Mortgage Loan.

**Homes for Grads Loan Program:** Those borrower(s) who have graduated college with a four year degree or higher. To qualify borrower or co-borrower(s) must have completed the required courses within three years of the date of reservation rate lock with DSHA. Official transcripts and a copy of the diploma will be required as proof of dates and education.

**Qualified Veterans:** Qualified Veterans as defined in 38 USC Section 101 are exempt from the First-Time Home Buyer requirements, and therefore are eligible to apply for the "Welcome Home" program. When applying, Qualified Veterans must provide a copy of their Department of Defense (DD) Form 214 demonstrating military discharge or release under conditions other than dishonorable. Please note that the Qualified Veteran does not need to be the applicant or co-applicant., however the home being purchased must be the primary residence of the Qualified Veteran.

<b>Household Income Limits</b>	<b>New Castle County</b>	<b>1-2 -person family</b> \$115,920	<b>3+ person family</b> \$144,900
	<b>Kent &amp; Sussex Counties</b>	<b>1-2- person family</b> \$98,280	<b>3+ person family</b> \$122,850
<b>FHLMC Borrower Income Limits</b>	<b>New Castle County</b>	\$77,280	
	<b>Kent County</b>	\$54,720	
	<b>Sussex County</b>	\$59,520	

**Housing  
Counseling  
Requirements**

All borrowers with a **FICO score at or below 659** must complete a home ownership education course through a HUD-approved Housing Counseling Agency located in the State of Delaware.

In addition to the above requirements, lenders should ensure that the minimum education requirements are met for each respective loan product originated (e.g., FHLMC, RD, FHA, VA, Community Seconds, etc.) per Agency guidelines.

DSHA encourages all borrowers to participate in home ownership education.

**Residence  
Eligibility\***

**Location\*:** All Housing Units financed with Mortgage Loans under the Program must be located within the State of Delaware, and be utilized as the primary residence.

**Configuration\*:** 1 to 4\* unit dwellings only. Dwellings may be attached or detached (as in a townhouse, row house, or patio home). \*Note: Conventional HFA Advantage 97% program loan financing is limited to 1 –unit dwellings.

**Maximum Loan  
Limit**

**Statewide** \$417,000

*203(k) & 203(limited) loans' total acquisition & rehabilitation amount may not exceed FHA maximum loan limits.*

**Underwriting  
Standards\***

Borrower(s) must have a minimum FICO score of 620. Mortgage loans must be underwritten through appropriate Automated Underwriting Systems (AUS). Borrowers with a FICO score at or below 699 must have a DTI =< 45%.

Loan Prospector (LP) – Conventional FHLMC HFA Advantage or FHA  
Guaranteed Underwriting System (GUS)- USDA/RD  
Desktop Underwriter (DU)- FHA only

Borrowers purchasing a Manufactured Home must have a minimum FICO score of 660. This can be the middle of three (3), the lower of two (2), or in the event there is only one (1) score, that score must meet the minimum. If the product of your choice has a FICO requirement, the stricter of the two guidelines should be followed. Loans for Manufactured Homes must obtain an Automated underwriting System (AUS): Approve/Eligible- Manual Underwriting not permitted.

Manual Underwritten loans will be permitted for FHA loans, those borrowers must have a minimum FICO of 660 and a maximum DTI of 43.00%. Lenders should refer to Master Servicer guidelines for further requirements. No Manual Underwriting permitted on Conventional mortgage loans.

All loans must receive an “Approved/Eligible” as determined by the Automated Underwriting System (AUS) Please review the Master Servicer product matrices for any further restrictions.

Borrowers utilizing the 203(k) or (limited) loan(s) must have a minimum credit score of 660. These loans are only to be originated by approved DSHA 203 (k) lenders. Please see attached Addendum C for details of available down payment/closing costs assistance.

**Assumptions\*:** Conventional Mortgage Loans may not be assumed by a subsequent buyer of the housing unit.

FHA, VA, and RD Mortgage Loans may be assumed by a subsequent homebuyer only if all eligibility requirements of the new Mortgagor, the Housing Unit, the Mortgage Loan, and all other Program

requirements are satisfied at the time of assumption as if the Mortgage Loan was being originated for the first time. All assumptions must be submitted to DSHA for Code Compliance Review, and written approvals by all applicable parties must be obtained prior to closing.

**Prepayment\*:** May be prepaid in whole or in part at any time without prepayment penalties.

**Types of  
Mortgage  
Loans**

*The following mortgage product(s) are allowed: FHA (including FHA 203 (k) and(limited) , VA, RD, and Freddie Mac HFA Advantage.*

**Types of  
Down-  
Payment and  
Closing Cost  
Assistance**

**Preferred Plus** offers a deferred second mortgage loan in a principal amount up to \$20,850 that may be applied toward down payment and closing costs. This product is in the form of a second loan and requires a second lien on the property. Lenders must review the attached Addendum A for further information regarding the Preferred Plus second loan rules.

**Welcome  
Home  
Preferred and  
Home Again  
Preferred**

The “Welcome Home & Home Again Preferred Plus 2-5% DPA programs” provides borrower(s) assistance in the amount of 2%, 3%, 4% or 5% based on the corresponding 1<sup>st</sup> mortgage final loan amount. Borrower(s) must use these funds towards their down payment and/closing costs, or principal reduction. Lenders should follow their respective product guidelines (e.g., FHLMC, RD, FHA, and VA). This product requires a second lien on the property. Detailed terms for this product are set forth in the attached Addendum A. DSHA or its agent at settlement will provide all proceeds for the Preferred Plus second loan.

- Originating Lenders are required to reimburse DSHA for any downpayment assistance funds provided at closing for defective Mortgage Loans that are not purchased by the Master Servicer.

**MORTGAGE LOAN FUNDING RESERVATIONS**

**Reservation  
(Rate Lock)  
Process\***

Lendable proceeds will be available on a first-come, first-served basis through reservation requests submitted to DSHA online at <https://mitas.destatehousing.com>. The ability to reserve loans in the system is available Monday through Friday 9:30 AM to 5:30 PM only<sup>a</sup>. All other Mitas functions are available 24/7. Rates are locked once a reservation confirmation is obtained through Mitas.

A Mortgage Loan must be purchased by the Master Servicer within 60 days from the date of reservation. Mortgage Loans that are not purchased within this period, DSHA will reserve the right to cancel and the lender will be charged the appropriate non-cancelation fees. A one-time 15 or 30- day extension may be purchased prior to expiration, subject to the extension fee(s) in effect at the time of extension.

***Interest rates are locked at the time of original reservation confirmation. This rate remains with the borrower(s) for the entire reservation period. If the Mortgage Loan is cancelled or the reservation expires, it may not be re-reserved for a period of 60 days after the end of the reservation period (including any extension of such period). Upon re-reservation, borrowers will be subject to the offered rate through Mitas. DSHA will allow a borrower to make one time only switch between programs under the original lock timeframe and terms. DSHA will allow a borrower who needs to entertain a new property to be released from the existing lock and obtain a new lock.***

All Program Loans submitted for approval will be charged a non-refundable \$75 Code Compliance Fee netted at purchase. Files reviewed but not purchased will be assessed the Code Compliance Fee via invoice to lender. This fee is an allowable closing cost and may be included on the Closing Disclosure, subject to HUD and product rules and laws.

**MASTER SERVICER DESIGNATION**

**Master  
Servicer**

Lakeview Loan Servicing, LLC

## LENDER COMPENSATION

**Originating Lenders\*** Lenders will receive total compensation of 2.25% Lender Compensation, payable by the Master Servicer upon purchase of the Mortgage Loan when servicing is transferred.

**Mortgage Loan Purchase Price** The purchase price for each loan purchased by the Master Servicer on/before the reservation expiration date is 100% of the unpaid principal balance plus accrued interest and applicable origination and service release fees, less any applicable program fees.

<sup>a</sup>The Mitas reservation system will not be available during State holidays and closures. Program information can be found on the Lenders Resource website, <http://lenders.destatehousing.com/>

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## Addendum A

### Down Payment and Closing Cost Assistance Overview

*This Addendum A, including the information related to the Preferred Plus herein and in the attached Program Notice, is given in accordance with Sections 7.01, 7.16, and 7.18 of the Mortgage Origination Master Agreement between the Authority and the Lender dated and effective as of September 28, 2001, as amended (the "MOMA").*

*Lenders are advised to review the MOMA for their rights and obligations thereunder.*

#### **Borrower Qualifications:**

- Household Income may not exceed the following:

New Castle County	1-2 -person family \$115,920	3+ person family \$144,900
Kent & Sussex Counties	1-2 - person family \$98,280	3+ person family \$122,830

#### **Property Qualifications:**

- The subject property may not have a Loan Amount above the following:
  - \$417,000
  - For DE Tax Credit recipients, home purchase price limits also apply

#### **Loan Terms:**

- Loan amounts, up to \$20,850, are available to be used toward down payment and/or settlement costs.
- The Preferred Plus will have a second lien against the residence/property.
- Principal will be deferred until the following events: refinance, sale, transfer of title, property is no longer the borrower(s) primary residence (whichever comes first).

#### **Loan Closing:**

- DSHA or its agent at settlement will provide all proceeds for Preferred Plus second loan settlement.
- All proceeds from the Preferred Plus second loan should be reflected on the Primary Mortgage closing disclosure
- Actual recording cost related to Preferred Plus second loan must be included on the Primary Mortgage closing disclosure.

#### **Purchase Obligations:**

- Lender will deliver Preferred Plus second loan post-closing packet to the Master Servicer for review.
- Any rejection prior to purchase of a first Mortgage Loan will result in the automatic rejection of the corresponding Preferred Plus second loan.
- If Originating Lenders are required to repurchase a defective first Mortgage Loan, they are also required to repurchase the related Preferred Plus second loan from DSHA.

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**Addendum B**

**Homes for Grads Loan Program**

*This Addendum B, including the information related to the Graduate Loan Program herein and in the attached Program Notice, is given in accordance with Sections 7.01, 7.16, and 7.18 of the Mortgage Origination Master Agreement between the Authority and the Lender dated and effective as of September 28, 2001, as amended (the "MOMA").*

*Lenders are advised to review the MOMA for their rights and obligations thereunder.*

**Borrower Qualifications:**

- Must Be a Graduate of a Four-year degree or higher within the past three years from date of reservation lock with DSHA.
  - Graduate must be either the borrower or co-borrower
  - Non-occupying co-signers, additional household members or other non-borrowing applicants do not meet the requirements for the program discount.

- Household Income may not exceed the following:

New Castle County	1-2 - person family \$115,920	3+ person family \$144,900
Kent & Sussex Counties	1-2 - person family \$98,280	3+ person family \$122,850

**Property Qualifications:**

- The subject property may not have a Loan Amount above the following:
  - \$417,000

**Required Documentation:**

- Must provide a copy of official transcript within the compliance review package.
- Must provide a copy of the diploma to confirm graduation.

**Available products:**

- **Only available products are the assistance products, 2%, 3%, 4% and 5% - excluding the 203(k) and unassisted loan programs.**

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**Addendum C**

**203(k) and (limited) Program**

*This Addendum C, including the information related to the 203(k) and (limited) Loan Program herein and in the attached Program Notice, is given in accordance with Sections 7.01, 7.16, and 7.18 of the Mortgage Origination Master Agreement between the Authority and the Lender dated and effective as of September 28, 2001, as amended (the "MOMA").*

*Lenders are advised to review the MOMA for their rights and obligations thereunder.*

**Borrower Qualifications:**

- All borrowers must have a minimum credit score of 660.
- Borrower(s) loan options are as follows:
  - Unassisted, – No down payment/closing costs assistance
  - 5% assisted (consists of 5% of final loan amount after MIP)

**Loan Pricing:**

- Pricing will be separate on the daily rate sheet
- Household Income may not exceed the following:

New Castle County	1-2-person family \$115,920	3+ person family \$144,900
Kent & Sussex Counties	1-2-person family \$98,280	3+ person family \$122,850

**Property Qualifications:**

- The subject property may not have a *total acquisition & rehabilitation amount may not exceed:*
  - \$417,000