



**Southeast Texas Housing Finance Corporation (SETH)  
5 Star Texas Advantage Program (US Bank as  
Servicer) HFA 2016 Guidelines - At A Glance**

	Government Loans	Freddie Mac HFA Advantage Loans	
Loan Products	FHA, VA, USDA	HFA Advantage	
Loan Type	Primary residence; purchase only	Primary residence; purchase only	
Borrower Eligibility	No first-time homebuyer requirement May own other property.	No first-time homebuyer requirement. Cannot own another property at loan closing.	
Property Eligibility No Manufactured Homes Permitted	1-4 unit single family structures. Condos, townhomes, PUD, duplexes permitted per Agency Guidelines.	<u>LTV up to 95%</u> : 1 unit properties only. Condos permitted.	<u>LTV 95.01-97%</u> : 1-unit properties only. Condos are <u>not</u> permitted.
First Loan Terms	30-year fixed	30-year fixed	
Loan Rates	Posted daily; 70-day lock to Lender	Posted daily; 70-day lock to Lender	
Loan Qualifying	<b>FHA Loans:</b> 45% DTI ratio <b>VA/USDA Loans:</b> 640-659 credit score: Max 45%DTI; 660+ credit score: Max 50% DTI.	<u>LTV up to 95%</u> : 640 CS. DTI 50= CS 660+ Below 660= 45 DTI	<u>LTV 95.01-97%</u> : 640 CS minimum, maximum 45% DTI regardless of AUS.
Loan Underwriting	Loans are underwritten by Lender. Manual UW permitted. See US Bank guidelines.	Loans underwritten by Lender. AUS approval required. LP: Use Offer Identifier Code #251 Home Possible Advantage for HFAs. No Manual UW.	
Borrower Investment	No minimum down required from Borrower's own resources.	No minimum required but subject to DU, LP and Mortgage Insurer minimum.	
Credit Score Minimum	640 minimum.	<u>LTV up to 95%</u> : 640 minimum FICO score.	<u>LTV 95.01-97%</u> : 640 minimum FICO score
Home Price Limit	FHA:\$274,050;VA/USDA:\$324,000	\$324,000	
Income Limits	FHA/VA: Exhibit A USDA: Exhibit B	See Exhibit C	
SETH Grant	Between 3-6% funded at closing.	4% funded at closing.	
Homebuyer Ed	SETH Course Required. All Borrowers on Mortgage Loan to Complete Individually.		
Mortgage Insurance	As required by FHA, VA, USDA.	Charter coverage required: 18% coverage for 95.01-97 LTV, 16% for 90.01-95 LTV.	
MI Premiums	As required by FHA, VA, USDA.	Monthly, single and split premium plans permitted.	
Per Loan Fees	None	<u>No</u> delivery or adverse market fees.	
Origination Fee	Up to 1% origination fee. Income to Lender. No Discount Fee.	Up to 1% origination fee. Income to Lender. No Discount Fee.	
US Bank Fees	\$250 Funding Fee. No Tax Service.	\$250 Funding Fee. No Tax Service Fee.	
Admin Fee	\$275 payable to eHousing	\$275 payable to eHousing	



**Southeast Texas Housing Finance Corporation (SETH)**  
***5 Star Texas Advantage Program***  
**HFA Guidelines (U.S. Bank as Servicer)**

Program Sponsor	Southeast Texas Housing Finance Corporation (“SETH”) is an approved provider of down payment assistance per HUD and Freddie Mac guidelines.
Program Administrator	EHousingPlus on-line system will post mortgage loan rates, accept and confirm loan reservations and manage Program funding.
Eligible Lenders	Must be approved by U.S. Bank and sign a Lender Agreement with SETH.
Servicer	First Loans will be purchased and serviced by U.S. Bank (the “Servicer”).
Eligible Loan Area	Program is available throughout the State of Texas except in the cities of El Paso, Grand Prairie, and McKinney and the County of Travis.
Occupancy	Primary residence only. Borrowers and their spouses must permanently reside in the U.S. and must occupy the property within 60 days.
Eligible Borrowers	There is no SETH first-time homebuyer requirement. Non-occupant Borrowers or co-signers are not permitted.
Eligible Properties	<u>FHA, VA and USDA</u> : 1-4 unit properties. Single family, owner-occupied, detached structures, or condominiums, town homes/PUDs or duplexes, subject to FHA, VA and USDA guidelines. Manufactured homes are not permitted. <u>Freddie Mac HFA Advantage</u> : 1 unit properties only. Manufactured homes are not permitted. Condos only permitted at or below 95% LTV.
Income Limits	Qualifying Income for FHA/VA/USDA loans as reported on the 1003 Form may not exceed Income Limits as posted in Exhibits A or B. Freddie Mac Conventional Income Limits posted in Exhibit C and income used must be in accordance with Freddie Mac guidelines.
Home Price Limits	<ul style="list-style-type: none"> <li>• <u>FHA</u>: Home purchase price may not exceed \$274,050.</li> <li>• <u>USDA, VA</u>: Home purchase price may not exceed \$324,000.</li> <li>• <u>Freddie Mac</u>: Home purchase prices may not exceed \$324,000.</li> </ul>
Borrower Investment	<ul style="list-style-type: none"> <li>• <u>FHA, VA, USDA</u>: No minimum Borrower investment required.</li> <li>• <u>Freddie Mac</u>: Per DU, LP and Mortgage Insurer guidelines.</li> </ul>
Credit Score Minimum	<ul style="list-style-type: none"> <li>• <u>FHA, VA, USDA</u>: Minimum 640 credit score (all Borrowers on title).</li> <li>• <u>Freddie Mac HFA Advantage</u>: Minimum 640 credit score (all Borrowers on title)</li> </ul>
Homebuyer Education	Required for all Borrowers, even for non-first time homebuyers. Borrowers should visit the SETH homepage <a href="http://www.sethfc.com">www.sethfc.com</a> and select “Homebuyer Information” tab to locate the required Homebuyer Education Course instructions on how to achieve the required Homebuyer’s Education Certificate for either an individual Borrower or all Co-Borrowers.

**First Loan Terms and Guidelines**

First Loan Types	<ul style="list-style-type: none"> <li>FHA 203(b), 203(b)(2), 203(k) streamlined and standard, 203(h), 234 (c), Section 184, VA, USDA.</li> <li><b>Freddie Mac HFA Advantage</b> <ul style="list-style-type: none"> <li>1unit properties only, principal residences. Manufactured Housing is not permitted.</li> <li>Condos permitted at or below 95% LTV; not permitted at 95.01-97% LTV.</li> <li>Borrower must sign a Mortgagor’s Acknowledgment, certifying that the Sponsor and Servicer may forward the Borrower’s payment history to an experienced third party counseling organization.</li> <li>Borrower’s qualifying income must be within the income limits listed in Exhibit C.</li> </ul> </li> </ul>
Transaction Type	Purchase transactions; rate/term refinancings are not permitted.
First Loan Terms	30-year fixed rate fully amortizing first mortgage loan only.
Mortgage Loan Rates	Mortgage Loan Rates are available through eHousing and will be posted daily from 9:00 AM to 4:00 PM CST.
Rate and Price Adjustments	Freddie Mac HFA Advantage loans are <u>not</u> subject to any loan level price adjustments and delivery fees. There is no Freddie Mac adverse market delivery fee.
Rate Locks and Extension	<p>Borrowers must have a fully executed sale contract for a specific property before a Rate Lock can be submitted. Within 25 days for each Rate Lock, the Loan must be underwriter certified on the eHousing lender portal.</p> <p>Loans must be purchased and funded by Servicer within 70 days of the rate Lock Date. Any Mortgage Loan not purchased within the 70 days is ineligible for purchase unless the Lender elects a one-time only 30-day extension, subject to a \$375 extension fee which will be netted from the Loan Purchase Price.</p>
Loan Underwriting/Ratios/Reserves	<ul style="list-style-type: none"> <li>FHA, VA, USDA, Freddie Mac and US Bank guidelines with respect to reserves and underwriting guidelines subject to a DU qualified “Approve/Eligible” or LP qualified “Accept/Eligible” finding. Manual underwriting is not permitted under Freddie Mac HFA Advantage.</li> <li><u>FHA</u>: Max DTI 45%. Loans Manually Underwritten or with Credit Scores below 660 will be limited to Option 2 with reductions in the amount of assistance provided.</li> <li><u>USDA/VA</u>: For Borrowers with credit scores 659 and below, 45% DTI; for Borrowers with 660+ credit scores, DTI up to 50%.</li> <li><u>Freddie Mac HFA Advantage</u>: <b>For 95.01-97% LTV</b>, 640 minimum credit score and maximum 45% DTI regardless of LP/AUS decision. For <b>loans at or below 95LTV</b>, minimum credit score is 640; Borrowers with credit scores 659 and below, 45% max DTI; Borrowers with 660+ credit scores, DTI up to 50%. When using LP for AUS be sure to use Offer Identifier Code #251 Home Possible Advantage for HFAs. DU subject to Freddie overlays.</li> <li>Per CFPB guidelines: “Extensions of credit made by creditors pursuant to a program administered by a Housing Finance Agency (HFA) are exempt from the ATR requirements regardless of the funding source (e.g. Federal, State, or other sources).” However, such loans are <u>not</u> exempt from TILA requirements for Higher-Priced Mortgage Loans (HPMLs) or High Cost Mortgage Loans.</li> </ul>
First Loan Limits	FHA, VA, USDA and Freddie Mac first loan limits apply, subject to SETH’s maximum purchase price limits.

## Down Payment and Closing Cost Assistance

Grant Funds available from SETH	<ul style="list-style-type: none"> <li>• <u>FHA, VA, USDA</u>: SETH Grant of up to <u>6%</u> of the final Mortgage Loan amount as shown on the Mortgage Note. Grant funds are automatically reserved once the Mortgage Loan is reserved on the eHousingPlus reservation system. For FHA loans only: The assistance will be reduced for loans with a representative FICO score below 660 and loans that are manually underwritten.</li> <li>• <u>Freddie Mac</u>: SETH Grant of <u>4%</u> of the final Mortgage Loan amount as shown on the Mortgage Note. Grant funds are automatically reserved once the Mortgage Loan is reserved and confirmed on the eHousing reservation system. Additional Grant funding may be available, with terms to be announced under separate Bulletin.</li> <li>• May be applied towards the Borrower’s down payment or closing costs.</li> <li>• The Grant is nonrepayable in any form.</li> <li>• Other than earnest money reimbursement, or items paid by the Borrower outside of closing, there can be no cash back to the Borrower.</li> <li>• Lenders are required to report to HUD the Employer Identification Number (EIN) of all down payment assistance sponsors on HUD’s FHA Loan Underwriting and Transmittal Summary. SETH’s EIN is 76-0061310.</li> <li>• Borrower will be asked to acknowledge and sign a SETH Grant letter or Mortgagor Acknowledgment.</li> </ul>
Grant Funding	With a 2 day notice, upon receipt of a Grant Funding/Wire Transfer Request Form, SETH through its custodial agent will arrange for the wire transfer of the Grant funds directly to the Closing Agent or Title Company for the benefit of the Borrower.

## Mortgage Insurance

Required Mortgage Insurance (MI) Coverage	<ul style="list-style-type: none"> <li>• FHA, VA, and USDA-RD MI coverage per HUD, VA, USDA-RD requirements.</li> <li>• For Freddie Mac Loans: <ul style="list-style-type: none"> <li>➢ 18% charter coverage for 95.01-97% LTV Loans</li> <li>➢ 16% charter coverage for 90.01-95% LTV Loans</li> <li>➢ 12% charter coverage for 85.01-90% LTV Loans</li> <li>➢ 6% charter coverage for 80.01-85% LTV Loans</li> </ul> </li> </ul>
Mortgage Insurance Rates	<ul style="list-style-type: none"> <li>• Insurers must be approved by Freddie Mac.</li> <li>• Borrower paid MI monthly, split or single premiums are acceptable per MI company guidelines.</li> <li>• Lender is responsible for activating any MI policy and remitting any MI payments due to the Mortgage Insurer prior to the sale of the loan to the Servicer. Lender is also responsible for transferring the MI policy to the Servicer after the loan sale.</li> <li>• PMI rates, pricing, and guidelines may differ among the participating Mortgage Insurers and are subject to change. Lenders should consult the current MI guidelines at each company to determine the terms and conditions by which such loans will be insured.</li> <li>• This Term Sheet does not supersede, nor are they a substitute for, the guidelines in place with each Mortgage Insurer at the time the loan is underwritten.</li> </ul>

## Compliance Review Summary

Lender Certification	Within 25 days of the loan reservation date, Underwriter's Certification must be completed in the on-line Lender Portal at eHousingplus.com.
Grant Funding Request	2 business days prior to the scheduled loan closing date, Lenders must submit a Grant Funds/Wire Transfer Request Form to SETH's custodian, Bank of Texas.
Post-Close Compliance	<p>Within 10 days of the loan closing date, Lender must prepare the following for delivery to eHousingPlus:</p> <ul style="list-style-type: none"> <li>✓ Real Estate Purchase Contract</li> <li>✓ Executed Closing Disclosure</li> <li>✓ Final Loan Application (1003)</li> <li>✓ FHA Loan Underwriting and Transmittal Summary</li> <li>✓ SETH Homebuyer Education Certificate</li> <li>✓ Signed Grant letter (FHA, VA, USDA Loans only)</li> <li>✓ Signed Mortgagor's Acknowledgment (Freddie Mac loans only)</li> <li>✓ \$275 check payable to eHousingPlus</li> </ul>

## Compensation, Seller Contributions and Fees

Lender Compensation	<ul style="list-style-type: none"> <li>• <u>FHA, VA, USDA</u>: Lenders will receive a 1.5% SRP for FHA and USDA loans upon the purchase of the loan by the Servicer. For VA loans, the SRP is 1%. Lenders may charge an origination fee of up to 1% to the Borrower.</li> <li>• <u>Freddie Mac</u>: Lenders will receive a 1.5% SRP upon the purchase of the loan by the Servicer. Lenders may charge an origination fee of up to 1% to the Borrower.</li> <li>• Reasonable and customary fees and closing costs, as long as such fees and expenses are comparable to other FHA, VA, USDA and Freddie Mac of similar size and are fully disclosed to the Borrower in accordance with federal, state and local laws and regulations.</li> </ul>
Seller Contribution	Permitted subject to FHA, VA, USDA and Freddie Mac guidelines.
Loan Purchase Price and Program Fees	Servicer will purchase all FHA, USDA and Freddie Mac loans at a 101.5% purchase price or 101% for all VA loans less Servicer's \$250 Funding Fee and any extension fees.

## Servicer and SETH Contact Information

Loan Delivery Information	Final document delivery information and checklist are posted on <a href="http://www.mrbp.usbank.com">www.mrbp.usbank.com</a> , or contact the US Bank Help Desk. A \$50 late fee will be assessed on final documents not delivered within 60 days of purchase.
Delivery Address	US Bank Home Mortgage, 17500 Rockside Road, Bedford, Ohio 44146-2099
US Bank Lender Help Desk	For underwriting questions, contact the US bank Help Desk at 800-562-5165 or <a href="mailto:mrbp.helpdesk@usbank.com">mrbp.helpdesk@usbank.com</a>
US Bank Underwriting Services	Lenders that require US Bank Home Mortgage underwriting services may have additional underwriting requirements and should contact US Bank directly.
SETH Contact Information	Rhonda Mitchell, SETH Single Family Program Manager <a href="mailto:rmitchell@sethtexas.com">rmitchell@sethtexas.com</a> 11111 S Sam Houston Parkway East Houston, TX 77089 281.484.4663 x110