Requirements for First Trust Lender Partners

First trust lending institutions that seek to partner with the City First Homes (CFHomes) program are required to have their designated Senior Underwriter review the following and (i) sign and date the last page and (ii) initial and date the bottom of each page, to acknowledge having reviewed and accepted the terms of partnership. Please return the signed form to Program Manager stephen@cfhomes.org or fax it to 202-232-2880. Please contact City First Homes at 202-745-4490 or stephen@cfhomes.org if you have any questions.

Participating First Lien Lenders

An important aspect of the City First Homes (CFHomes) program is the leveraging of CFHomes funding with a first trust mortgage supplied by a local lender partner. As a result, part of the process of originating the CFHomes grant includes consideration of certain activities that are also performed by the first trust mortgage partner. All CFHomes approvals are contingent on the applicant receiving approval for a first trust mortgage from a lender approved by CFHomes. Many of the processing tasks that the mortgage partner undertakes are similar or the same as those performed by CFHomes staff. In an effort to minimize the amount of duplication imposed on CFHomes applicants, CFHomes will need copies of certain documents obtained by the mortgage partner during the underwriting process. An Authorization to Release Information shall be executed by the applicant prior to the initiation of any request for information from CFHomes.

Minimum General Lending Criteria

The following list contains the minimum loan attributes acceptable to CFHomes for mortgage loans originated in combination with the CFHomes program:

1. The loan product offered by the mortgage lender shall not be priced above what is considered market rate at the time the loan is funded. Market rate is defined as the rate that is charged a borrower obtaining either a conforming conventional loan or a loan that is guaranteed or insured by the Federal Government (FHA or VA) with a minimum credit score necessary for the most beneficial pricing offered in the market, the average of which is published each Tuesday in the Wall Street Journal.

2. The loan must be a fixed-rate loan for the entire period of the loan that has a minimum amortization of 15 years.

3. Balloon payments are not allowed.

4. Prepayment penalties are not allowed unless there is a documented financial benefit given to the borrower such as a reduction in the note rate for the life of the loan in return for accepting a prepayment penalty. If there is a prepayment penalty imposed by the mortgage lender it may not be in effect beyond the first three years of the amortization of the loan and must comply with Federal requirements.

5. Property taxes and insurance must be managed by the mortgage lender with monthly impounds.

6. The lender must require an appraisal conforming to industry standards.

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7. Title insurance shall be a requirement for the transaction.
8. The lending institution must have an established track record of lending activity within the District, unless exempted at CFHomes’ discretion.
9. Unless the mortgage lender is exempt from licensing, due to its status as a nonprofit lender, the Loan Originator and lender must comply with the SAFE Act with proper licensing.
10. The lending institution must be: (a) an “institutional” lender, including, but not limited to, a federal, state, or local housing finance agency, a bank (including a savings and loan association or insured credit union), an insurance company, a pension and/or profit-sharing fund or trust, or any combination of the foregoing, that has its policies and procedures subject to direct governmental supervision; or (b) a “community development financial institution”, as certified by the U.S. Department of the Treasury, or a similar non-profit lender to housing projects for low- and moderate-income persons. Exceptions to this policy will be reviewed on a case-by-case basis and subject to approval by the Housing Director.
11. The mortgage lender must accept CFHomes legal documents, including the standard Note, Deed of Trust, and Unit Housing Covenant.
12. In determining whether to accept a first lien lender’s financing for CFHomes’ customers, CFHomes shall apply the following standards and criteria:
   a. Generally accepted standards, which are not considered to be predatory, are used when reviewing the credit worthiness of applicants for CFHomes’ financing. Loans that are described in Section 202 of the Home Loan Protection Act of 2002 (“HLPRA,”) effective May 7, 2002 (D.C. Law 14-132; D.C. Code § 26-1152.02), regardless of the lender, shall be considered predatory.
   b. The first mortgage loan for the qualified housing unit shall not be a loan described in section 202 of HPLA (D.C. Official Code § 26-1152.06).
   c. No first mortgage loan shall be deemed acceptable by CFHomes unless it is supported by:
      i. A hazard insurance policy and a lenders’ and owners’ title insurance policy, all of which shall conform to industry standards; and
      ii. A property appraisal report, which shall conform to industry standards.

Eligibility Criteria

To be eligible to participate in the CFHomes program, potential homebuyers must satisfy several criteria. They must meet CFHomes’ programmatic income requirements and other selection criteria outlined below. They must also attend homeowner education classes.

Current CFHomes eligibility requirements include:

- **Income Requirements**: To participate in the CFHomes program, potential homeowners may not have an income that exceeds 120% of Area Median Income (AMI) as published by HUD annually. However, CFHomes seeks to achieve a portfolio average of homes affordable to households at 80% of AMI or less.
- **Purchasing in DC**: To participate, homeowners must purchase a home listed with CFHomes which will be located within Washington, DC city limits.
- **Owner-occupancy**: Since CFHomes is designed to support homeownership, potential homeowners or a close family member must inhabit the home for at least

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six months of the year. Work, or health-related absences are permitted for up to 2
years subject to CFHomes’ approval. If a purchaser already owns a home, they must
sign an agreement stating that the CFHomes unit will be their primary residence.
Proof that their existing residence has been rented or is pending a sale must be
provided to ensure that the applicant is not jeopardizing their ability to service the
debt on the CFHomes loan and first lien lender’s loan if their request is approved.

- **Selection Criteria:** Generally, CFHomes makes its funds available to eligible,
    qualified home purchasers on a first-come basis. In instances, where the financing
    is oversubscribed, CFHomes uses a selection criteria matrix to prioritize homebuyer
    applications to the program. In accordance with the legal and regulatory
    requirements as described in the legislation that created this loan program, the
    CFHomes homebuyer selection process gives preference to employees of the D.C.
    government, including its instrumentalities, D.C. residents, and first-time
    homebuyers, to ensure that CFHomes funds are distributed fairly, in accordance
    with DC law, and consistently with CFHomes’ requirements.

Additional Eligibility Requirements: To purchase a CFHome, homebuyers must complete standard
pre-purchase and CFHomes-specific homebuyer education classes and a Loan Document Review
session prior to completing the purchase transaction.

The CFHomes Program Manager is empowered to confirm eligibility and issue the CFHomes Notice
of Eligibility.

**Application Process**

CFHomes administers a fair and transparent application process and does not discriminate against
any applicant for credit on the basis of race, color, religion, national origin, sex, marital status,
sexual orientation, receipt of public benefits, or age of the applicant.

Potential borrowers apply for the Down Payment Assistance Loan by submitting:

1. **CFHomes Request for Determination of Eligibility.** This application must be filled out
   completely so that CFHomes staff can determine that, based on the information provided,
   the applicant meets CFHomes’ maximum household income and owner-occupancy
   requirements. Applicants meeting CFHomes’ criteria will be issued a Notice of Eligibility,
   which is valid for up to 3 months. All borrowers requesting assistance from CFHomes will
   be provided a copy of CFHomes’ privacy notice at time of application. The Notice of
   Eligibility will contain the following information:

   a. The maximum income program requirements must be met at time of funding any
   future loan;

   b. Any change in status of the borrowers income could affect future eligibility for the
   program;
c. Applicant must report any change in their income from the amount indicated in the application and be required to show proof of income stated in the Request for Determination of Eligibility;

d. The Notice of Eligibility is not a guarantee of receipt of a first trust mortgage loan or a CFHomes loan.

2. **Fannie Mae Uniform Residential Loan Application (Form 1003):** The purchaser will submit this application to the first trust mortgage lender. The purchaser signs an Authorization to Release Information from and between the first trust mortgage lender and CFHomes that permits the first trust mortgage lender to share a copy of their 1003 and all supporting documentation of that loan request with CFHomes.

3. **Additional income, credit, debt and collateral documentation:** Purchasers must submit documents verifying their income, credit, debt and collateral to the first lien lender, which will include but is not limited to bank statements, paystubs, W-2s, tax returns, credit report, outstanding debt information, and other relevant information.

In accordance with RESPA and TILA guidelines, within three days of receipt of application, the Program Manager will issue an initial Truth in Lending Disclosure and Good Faith Estimate via email and mail. The Program Manager will also issue a final Truth in Lending Disclosure at time of closing.

**Underwriting**

In underwriting the underlying property being financed, CFHomes requires:

1. A written property inspection report, prepared by a qualified inspector acceptable to CFHomes, must show no current or imminent major system failure or other substantial defect, except in an acquisition or financing where CFHomes loan proceeds will be used to correct the current or imminent major system failure or other substantial defect. For properties outside the CFHomes portfolio, CFHomes will require a second HQI Inspection at CFHomes’ expense.

2. A copy of the appraisal furnished to the first trust mortgage lender. The combined loan-to-value ratio (including first lien lender and CFHomes), based on this appraisal may not exceed 105%.

3. The property to be financed by CFHomes shall be in compliance with the Zoning Regulations of the District of Columbia (as such term is defined in 11 DCMR §100.5), the Housing Code (chapters 1 through 15 of Title 14, DCMR), and the Construction Codes (as such term is defined in 12A DCMR §101.2), at the time of closing on the land lien financing; provided that, if CFHomes is providing financing to correct a current or imminent major system failure or other substantial defect, then the property may be in non-compliance with the foregoing regulations and codes at the time of closing but shall be in compliance with the foregoing regulations and codes when the housing units financed by CFHomes financing are offered for sale.

**Documents and Information Required by CFHomes from first trust mortgage lender**

CFHomes requires the following information to complete its underwriting process:

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1. A copy of the Uniform Underwriting Transmittal Summary (Fannie Mae form 1008) from first lien Lender indicating loan terms, loan conditions, and credit risk variables considered when determining eligibility of applicants loan request for the program requested.

2. A properly completed and typed Uniform Residential Loan Application (Fannie Mae Form 1003)

3. First trust mortgage lender approval letter including all conditions that must be met for that loan to close

4. A tri-merged factual credit report that includes credit scores

5. Letter(s) of Explanation – if applicable, for any derogatory/adverse items disclosed on the credit report

6. W-2’s and tax returns (last 2 years)

7. Pay stubs from the most recent three pay periods

8. Bank statements for the last two months

9. Verification that earnest money deposit has cleared bank account

10. Verification of Employment

11. Verification of Employment completed by the appropriate person at the applicant’s place of employment or paystubs and W2s combined with CFHomes staff conducting and noting in the file verbal verification of employment.

12. Copy of Appraisal obtained by first trust mortgage lender to include all pages and photos contained in the original report.

13. Copy of Inspection Report obtained by first trust mortgage lender

14. Good Faith Estimate prepared by CFHomes staff

15. Truth-in-Lending Statement prepared by CFHomes staff

**CFHomes Underwriting Review Process**

As a mission-oriented nonprofit lender, CFHomes aims to balance achieving its mission of expanding homeownership with employing a prudent and responsible lending process. We believe the aforementioned criteria provide reasonable parameters to ensure this balance. The four key risk factors considered when evaluating loan eligibility are credit (historic debt management), capacity (ability to repay the loan), collateral (the property used to secure the loan) and capital (the amount of funds provided by the applicant for down payment and closing costs).

Upon receipt of the information due from the first lien lender as noted above, CFHomes begins its independent review and confirmation of the information obtained.

**Income Review Process** – Income is calculated differently for different purposes. Those purposes are program eligibility to determine that the applicant’s household does not exceed 120% of Area Median Income (AMI) as published by HUD. The second purpose is to determine an applicant’s capacity to service the first and second loans they are seeking for the purpose of purchasing their new home. Verified income from all signers of the Note for the first lien lender and all other permanent members of the household will be considered when determining income limits are met but not exceed as allowed for program participation. Verified income from all signers of the Note for the first lien lender shall be considered when determining an applicant’s capacity for servicing the combined purchase mortgage debt to acquire their new home.

Qualifying for the program shall be determined with gross income (earned pay before all taxes, insurances, retirement, and other items are withheld to determine net pay owed) when income is

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taxable and gross income received from all sources that are non-taxable. Qualifying for the CFHomes grant is determined with gross income; however, when income is non-taxed, that income shall be multiplied by a factor of 25% to ensure that there is an equivalent determination of income whether the income is taxable or not. Below is a description of how income is calculated based on the following:

- Income that is paid on a weekly, bi-weekly, monthly, or other regular basis – the qualifying income shall be determined by calculating the annual income based on the pay period and gross income. Annualized income shall be divided equally by 12 to determine monthly gross income. This method is used to determine income for loan approval purposes and for program eligibility guidelines.

- Income that is not taxed such as Social Security, some types of child support, or other untaxed income shall be multiplied by 125% to determine income for loan approval purposes. This activity is known as grossing up the income. Actual income will be used when determining program eligibility.

- Income that is based on a commission must have been received for a period of not less than 24 months. Monthly commission income is determined by adding all gross commission income received for the prior 24 months and then dividing that amount by 24 to determine average monthly commissions paid.

- Overtime income must be a regular occurrence for the prior 24 month period. Overtime income is determined by adding all gross overtime income received for the prior 24 months and then dividing that amount by 24 to determine average monthly overtime paid. When overtime income is verified, the employer must be willing to state that overtime is likely to be continued for at least 12 months.

- Secondary employment income will only be considered when there is an established pattern of secondary employment for the prior 24 months.

- Income derived from tips must be a regular occurrence for the prior 24 month period. Tip income is determined by adding all gross tip income received for the prior 24 months and then dividing that amount by 24 to determine average monthly tip paid. When tip income is verified it must be documented as tip income on the applicant’s W2 form and pay stubs.

- Income from Child Support, Separate Maintenance, or Alimony – all applicants should be encouraged to include these types of income when completing their loan application to CFHomes. When the applicant reports income is received from child support, separate maintenance, or alimony it shall be treated as regular monthly income and must be verified. The legal agreements that determined who pays, how much is paid, and how long it shall be paid should be in the file to verify this source of income. Proof of regular payment must also be provided. As noted above, if this income is not taxable, it should be grossed up as described above.

- Income from renting a property shall be determined by assuming a vacancy will occur between leases. Residual rental income to be considered when determining capacity is calculated by subtracting annual expenses (mortgages, insurances, taxes, maintenance, and commissions) from the total rents that are likely to be received in ten months. In order for any income from a rental property to be considered, applicant must provide a copy of an

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executed 12 month lease that reverts automatically to a month-to-month renewal. If the rental property is within a 50 mile radius of the property being purchased, the lease must have been executed to coincide with the close-of-escrow of the property being purchased.

*Capacity Analysis* – Qualifying ratios are to be used to determine a level of risk and repayment capacity for the borrower. The two ratios used are Housing Expense-to-Income (known as housing ratio) and Total-Payments-to-Income (known as total debt ratio). The ratios are defined as follows:

**A. Housing Ratio**

The payment-to-income ratio is calculated by dividing the total monthly housing expense by the applicant’s gross monthly income as defined above.

Monthly payments for the following items are to be included when calculating the monthly housing expense:

1. Principal and interest payment of any first mortgage
2. Principal and interest payment of any subordinate mortgages
3. Real estate taxes
4. Hazard insurance premium
5. Flood insurance premium, if applicable.
6. Monthly mortgage insurance premium, if applicable
7. Condo Dues, if applicable

The ratio is calculated by determining the monthly housing expense and dividing that amount by the applicant’s gross income (as described above). CFHomes workforce housing trust grants allow for a housing ratio up to 35% (of gross income).

**B. Debt-to-Income Ratio**

The total debt-to-income ratio is calculated by adding together the total monthly payments of all existing recurring debts (with a remaining term of 10 or more months) and the total monthly housing payment and dividing that sum by the applicant’s gross monthly income.

The total monthly recurring debt to be considered includes:

1. Monthly housing expense on the property as defined above;
2. Payment on any down payment and closing cost loan to the borrower (unless considered in the housing expense);
3. Net monthly housing expenses on other real estate owned (if there is a negative cash flow from the rent of an existing property as defined above);
4. Long-term installment debt beyond 10 months remaining to be paid;
5. Minimum payments required on revolving accounts and lines of credit that have a balance;

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6. Alimony, child support, or separate maintenance, if applicable; and
7. Stock pledges, if applicable.

Generally, the result of the total debt-to-income ratio calculation should not exceed 50% of applicant’s gross monthly income.

C. Special Financing Allowances for Higher Ratios

In some cases, CFHomes will be applying its financing in conjunction with other first mortgage financing for home purchase, which allows the applicant to have higher ratios.

In these cases, CFHomes will consider the higher ratios and substantiate that the borrower has met any special requirements of these programs, such as counseling or attendance at a home buying seminar. A verified history of the applicant’s rent justifying the higher ratio is an important factor to consider when applying an exception to policy. In order to avoid payment shock, any housing ratio that exceeds 35% will only be considered when the proposed new housing expense is equivalent to or less than the applicant’s existing rent. If the applicant’s existing rent includes utilities then this exception may not be allowed unless there is proof in the file that the equivalent housing expense plus utilities for the new purchase does not exceed total rents currently paid that includes utilities.

D. Exceptions to Policy—Approval Justifications

The ratios discussed here are general guidelines and flexibility may be exercised in specific underwriting situations.

The following are examples of considerations that may justify approvals of loans with higher ratios.

1. Applicant’s proven ability to devote a larger percentage of gross income to housing expenses.
2. Applicant’s substantial net worth.
3. Applicant’s demonstrated ability to maintain good credit history.
4. Evidence of applicant’s potential for future increased earnings and job stability such as a recent college graduate beginning a professional career.
5. A substantial down payment on the purchase of the property
6. Cost-efficient property characteristics (such as documented energy-efficient items) that make more income available for repaying mortgage debt.
7. Other verified factors that indicate borrowers’ ability to maintain the housing expense for the property they are buying.

Any exceptions to policy must be applied to all borrowers with similar circumstances. Consideration may not be given to the benefit of, or detriment to, borrowers who are protected by either the Equal Credit Opportunity Act or the Fair Housing Act. An important question to consider for any loan decision is: Is this applicant being set up for failure if this loan is approved?

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Credit Analysis – a credit report is used to help determine the applicant’s creditworthiness. The information provided on the report will be valuable for determining the applicant’s:

1. History of debt repayment,
2. Manner and pattern of repayment, and
3. Attitude towards the use of credit.

When an applicant for a CFHomes does not have an established credit history, verification of ability to manage debt will be done using alternative methods.

The following requirements apply to credit reports.

1. A credit report must be a standard factual data credit report issued by an authorized credit reporting agency.
2. The report must include information covering at least two years of credit history and residency.
3. The report must be no older than 90 days at the date of loan approval.
4. There must be evidence that public records have been checked.
5. The report must disclose information that coincides with the initial and final application.
6. A report must be obtained on each applicant.
7. For those borrowers who do not have established credit, the following may be used:
   • A 12-month history of rent and utilities.
   • Borrowers may supply credit reference letters from rent-to-own or furniture stores.
   • Savings pattern can be used as a credit reference.
   • Additional nontraditional credit references may also be considered when documented properly.

Examining the Credit Report – in order to have a good understanding of an applicant’s historic practices of repaying debt obligations, a credit report is an important tool.

It is essential that the entire report be examined. The information presented must be reviewed for accuracy and must be examined for consistency with the initial and final loan applications.

The top section of the report must be examined for:
1. Applicant’s name
2. Address information for the previous two years
3. Employment history for the previous two years
4. Social security numbers
5. Marital status

The next section provides information pertaining to actual credit accounts. The information is to be examined for:
1. Identity of any creditor
2. Dates accounts were opened or closed
3. Highest credit limits
4. Dates of last transactions
5. Account balances
6. Any past-due amounts
7. Payment and loan terms
8. Rating as to the manner of payment

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9. Public record information

Analyzing the Credit Report – the following procedures shall be used when evaluating how the credit report pertains to the underwriting process:

a) The credit report must be analyzed for consistency with the loan application as well as for complete credit account information from the credit reporting agency.
b) Any inconsistencies must be explained in writing by the applicant.
c) Any lapses or inconsistencies in employment or place of residence must be explained in writing by the applicant.
d) Any obligations listed on the credit report that are not verified or rated will require written verification prior to underwriting the loan package.
e) Any obligations that appear on the credit report that do not appear on the initial loan application will require a written explanation from the applicant and proof that payments have been made, or proof that the obligation is paid in full.
f) Any obligations that appear on the initial application that do not appear on the credit report will require written explanation from the applicant and proof that payments have been made, or proof that the obligations are paid in full.

Derogatory Remarks on the Credit Report are sometimes unavoidable. Often, derogatory payment histories during a certain period of time indicate a one-time stress on a household’s financial condition. It is important to understand what happened to cause late payment but to also consider whether the events at that time were isolated or recurring. All derogatory remarks or information found on the credit report must be explained in writing by the applicant, even if the account has been brought current. Explanations are required for:

1. Payments referred to as slow (30 days or over),
2. Accounts or payments reported as delinquent, and
3. Any negative responses from creditors contained in the report.

Public Records – are not a common finding in credit reports. However, any outstanding issues that are a matter of public record sometimes have financial implications that could affect the capacity of the applicant to repay their loan. Therefore the public records reference on each report is to be checked for:

1. Suits involving the applicant,
2. Judgments against the applicant,
3. Collection accounts,
4. Bankruptcy, or
5. Tax liens.

If any of these are reported, the loan will not be considered unless the following documentation is received from the applicant:

1. Written explanation of the cause of the problem.
2. Evidence of satisfaction and release from all debts related to the action.
3. Evidence of an agreement to repay the obligation on a monthly basis showing that at least 60% of the payments have been made and showing that all payments have been paid as agreed.

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For bankruptcy, in addition to a written explanation of the cause of the problem and evidence of satisfaction and release from all debts related to the action, the following will be required:

1. Evidence of discharge of bankruptcy showing that it has been discharged for at least 24 months. An exception may be made if the bankruptcy has been discharged for at least 12 months, where there is proof that the bankruptcy was caused by one of the following:
   a) Major medical bills that have been incorporated into the bankruptcy.
   b) Death of a primary wage earner in the family.
   c) A divorce in which the borrower is not obligated on the debts listed in the divorce decree, but against which the ex-spouse has filed bankruptcy, thereby forcing the borrower to file due to the inability to pay the debt. (Note that even though the divorce decree orders payment by the ex-spouse, the debt is still an obligation from the marital estate that carries over to both parties after the divorce.)
2. Evidence that a satisfactory credit history has been re-established.

Credit Explanations by Applicant - credit explanations by the applicant must be examined to determine if:

1. The explanations are plausible.
2. The conditions that caused the difficulties are not likely to reoccur.

When analyzing bankruptcies, consideration will be given to whether there is a history of recovery and evidence of a current good financial standing.

Credit Scores - Credit scores are regularly used by first mortgage lenders when determining credit risk. Often an automated underwriting system is used for approving requests for credit and credit scores play a critical role when the loan request is evaluated.

CFHomes recognizes that the use of credit scores is an important factor regarding the likelihood for repayment of debt. However, many CFHomes applicants may not have a credit score or may not have held credit long enough to overcome a low credit score. Therefore, although credit scores are a key indicator of an applicant’s ability and inclination to repay, no loan will be approved or declined on the basis of credit score alone.

Credit score requirements will be stated as part of any CFHomes product description. Applicants that do not have a credit score will be underwritten based on alternative credit as described herein. Applicants with a low credit score shall receive one-on-one counseling to determine if there is an opportunity to take action over a short period of time to increase their credit score.

**Capital** – a common barrier to home ownership for many first time buyers and others is insufficient down payment. CFHomes was created to provide a solution to this barrier by making grants that do not require a large down payment. However, the applicant’s assets are an essential part of underwriting a loan and demonstrate:

1. The applicant’s ability to accumulate assets, and
2. Whether there are sufficient funds to apply towards the down payment, closing costs, and prepaid items.

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A strong net worth can be a positive factor in reviewing and analyzing loan requests.

The following are some types of assets that may be used for down payment and closing costs:

Liquid assets include:
1. Funds in savings and checking accounts,
2. Escrow deposits held toward the purchase of a property,
3. Funds received as a gift, and
4. Cash on hand (must be verified and accompanied by a budget letter showing ability to save and source of cash on hand).

Common additional assets include:
1. Stocks and bonds,
2. Money market funds and IRA accounts,
3. Profit sharing and thrift plans,
4. Cash value of life insurance policies,
5. Automobiles, furniture, and personal property,
6. Assets related to or involving the ownership of real estate, and
7. Real property assets.

In an effort to create a streamlined but comprehensive loan origination process, CFHomes will try to eliminate redundant activities and requests for information therefore may ask for copies of proof of assets already obtained by the first lien lender. However, if a Verification of Deposit is required, then the following must be included in that verification:

1. The applicant's assets held in a depository institution.
2. The amount and liquidity of assets, sufficient to close the loan.
3. The amount of time funds have been on deposit. If funds have not been on deposit for more than 90 days then a letter of explanation should be required to determine source of the increase in deposited funds to ensure there is no obligation for repayment as a result of those funds. If repayment is required, terms of that repayment should be considered when calculating ratios.

Funds to close may come from a variety of sources. As a result, every effort will be given to incorporate these funds into the transaction. The following documentation needs to be in the loan file to adequately document such funds:
1. Award letter from funding source, and
2. A copy of any security instruments that may be associated with the grant.

Collateral – the collateral for the loans issued by CFHomes is the property being purchased with funds from the loan. CFHomes provides second lien loans in conjunction with a first lien partner and receives a copy of the appraisal report that the first lien lender uses to establish that the property being purchased is adequate collateral.

By signing below, I verify that (i) I have reviewed the City First Homes Requirements for First Trust Lender Partners and my lending institution will adhere to all requirements and (ii) all loan officers originating loans with the City First Homes program will be required to review the City First Homes Requirements for First Trust Lender Partners.

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