



# Correspondent Lending Guide

## Version 4.8

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# 1 || Overview

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Arrive Home™ is a facilitator of national affordable housing programs that was formed to provide an ease-of-use down payment assistance experience for mortgage companies. This Correspondent Lending Guide is intended to provide our clients with an overview of the product offerings and lending guidelines associated with Arrive Home™.

With seasoned leadership, innovative programs, and a commitment to empower Correspondents, Arrive Home™ is designed to allow Correspondent partners to deliver loans easily and confidently. We assist Correspondents in increasing sustainable homeownership opportunities while expanding the development of market-leading secondary mortgage products. Using standalone technology unmatched throughout the industry, we provide an ease of process unrivaled by our peers.

We are proud to provide you with the tools to control your DPA product so that your borrowers can confidently Arrive Home™!

*Arrive Home™ provides down payment assistance and innovative homeownership solutions on behalf of multiple government entities. Reimbursement funding for the Arrive Home™ 2nd mortgage (DPA) is provided through the government agency selected at the time of registration.*

*For any questions, contact [info@arrivehome.org](mailto:info@arrivehome.org).*

## 2 || Doing Business with Arrive Home™ on FHA Insured Loans

The Arrive Home™ down payment assistance program follows applicable published FHA handbooks, mortgagee letters, and announcements with some minimal overlays as outlined in this guide.

### 2.1 | Correspondent Eligibility

To be eligible to offer the suite of Arrive Home™ products, the Correspondent must meet FHA eligibility requirements as well as the following requirements.

#### 2.1.1 FHA Direct Endorsed (DE) Program Eligibility Requirements

The following requirements must be met to be eligible:

- ☐ Meet all Arrive Home™ and industry standard eligibility requirements, as applicable
- ☐ Meet HUD's minimum loan insurance requirements as defined by FHA Single Family Housing Policy Handbook HUD 4000.1, "Doing Business with FHA"
- ☐ Be issued Direct Endorsement (DE) approval through HUD and provide HUD approval documentation to Arrive Home™
- ☐ Be in good standing with HUD and other applicable agencies
- ☐ Maintain a HUD compare ratio of less than or equal to 150% (Correspondents with a compare ratio greater than 150% may be considered on an exception basis)
- ☐ Meet all state license, registration, or equivalent approval requirements for the states in which the Correspondent originates (if applicable)
- ☐ Meet the following net worth requirements:
  - ☐ \$1.5 million net worth
  - ☐ \$500k cash
  - ☐ Audited financials in accordance with GAAP or Call Reports
- ☐ Have a primary business in a commercial location

### 2.2 | Maintaining Eligibility

To remain an approved Correspondent in good standing, the Correspondent must:

- ☐ Maintain eligibility and be in full compliance with all terms and requirements detailed in the “Correspondent Eligibility” section of this guide
- ☐ Actively participate in the programs described in this guide
- ☐ Complete and submit, within required timeframes, all documents requested by Arrive Home™ as part of the Recertification Process; documents may not be older than ninety (90) days at the time of application
- ☐ Remit any fee and payment due to Arrive Home™ within the requested time frame
- ☐ Maintain a Neighborhood Watch Ratio below 150%

## 2.3 | Correspondent Renewal

To ensure approved Correspondents continue to meet eligibility criteria, a renewal review will be performed at a frequency described in section [2.3.1](#) (Renewal Process and Requirements). The renewal review will consist of two parts:

- ☐ Updated financial and lender documentation as requested by Arrive Home™
- ☐ Review of Correspondent’s performance and overall track record and history with Arrive Home™

### 2.3.1 Renewal Process and Requirements

The renewal review occurs around the anniversary date of the Correspondent’s original approval or the last completion date of the Correspondent’s most recent renewal; however, Arrive Home™ reserves the right to perform the review at any time. Correspondents will be notified via Comergence of the review. The Comergence notification will include a request for any documentation necessary to complete the renewal process. Correspondents must provide the necessary documentation within sixty (60) days of the request. Failure to provide the information within the required timeframe may result in suspension or termination.

### 2.3.2 Correspondent Performance

The Correspondent’s performance will be reviewed to ensure:

- ☐ Compliance with all terms of the Loan Purchase and Sale Agreement, and adherence to all applicable federal, state, and local legal and regulatory requirements
- ☐ Adherence to Arrive Home™ guidelines and loan parameters as outlined in this guide
- ☐ Continued adherence to the most current client eligibility standards set forth by Arrive Home™

- ☐ Acceptable pull through rates have been met
- ☐ Acceptable payment of all fees and payments due to Arrive Home™
- ☐ Acceptable and timely response to any inquiries by Arrive Home™

## 2.4 | Terminated Correspondents

If a Correspondent does not comply with the terms of their executed Loan Purchase and Sale Agreement, or the terms of the Correspondent Lending Guide, or when substantive issues have been discovered (e.g., fraud, unacceptable loan delivery performance), the relevant Correspondent may have its status as an approved Correspondent terminated. Notification of termination will be issued in writing and delivered by email service.

Once terminated for cause, a Correspondent may not be eligible for re-approval with Arrive Home™. In addition, if the reason for termination was the result of misrepresentation or any other serious concern, the Correspondent will be placed on the Arrive Home™ exclusionary list. In addition, in cases of misrepresentation or any breaches in representation, warranty, or covenant, Arrive Home™ reserves the right to pursue any and all remedies to which Arrive Home™ may be entitled, in accordance with the Loan Purchase and Sale Agreement.

## 2.5 | HUD Termination

Correspondents who are terminated by HUD from participating in the FHA program (based on Credit Watch or otherwise) will not be permitted to participate in the Arrive Home™ down payment assistance program.

## 2.6 | Audits

Correspondents must deliver to Arrive Home™, within fifteen (15) business days of receipt, copies of any adverse audit report issued by a state or federal regulator, government agency, or government-sponsored entity. If disciplinary action is taken by any such regulator, agency, or enterprise agency (including any formal enforcement action, suspension, or termination of the Correspondent's selling or servicing rights), the Correspondent must notify Arrive Home™ within three (3) business days of such action.

## 2.7 | Quality Control by Correspondent

Arrive Home™ requires Correspondents to establish and maintain quality control standards in accordance with the FHA Single Family Housing Policy Handbook 4000.1.

Correspondents must provide Arrive Home™ with a copy of their quality control plan and their fair lending and AIR policy prior to becoming an approved Correspondent with Arrive

Home™. Additionally, Correspondents must provide updates to policies upon request thereafter.

## 2.8 | Adherence to Fair Lending Standards

Correspondents must understand and acknowledge that Arrive Home™ is fully committed to the principles of fair lending and requires each of its business partners, including Correspondents, to follow similar principles. Arrive Home™ additionally requests that Correspondents and all of Arrive Home™'s owners, officers, partners, agents, and employees are adequately trained in fair lending policies and procedures.

Correspondents must acknowledge that they have received and reviewed the Fair Lending Policy adopted by Arrive Home™ and that the Correspondent has taken and will continue to take action to ensure that the Correspondent and each of its owners, officers, partners, agents, and employees are adequately trained in and follow generally recognized fair lending policies and procedures.

### 2.8.1 Fair Lending Policy

Arrive Home™ is committed to providing meaningful mortgage credit services to all of our customers and potential customers within each of our communities on a fair and equitable basis. We will provide every customer and potential customer an equal opportunity to apply for each of our available mortgage services. We believe that our commitment to fair lending is a good and sound business practice that allows us to serve all of our customers and communities. We believe that our success at serving a wide range of Consumer and business credit customers is essential to the economic vitality of Arrive Home™.

Arrive Home™ will not tolerate discrimination in its lending or business practices by any of our officers, employees, or approved Correspondents in serving our customers and potential customers. Arrive Home™ will always strive to lead by example in ensuring that fair lending principles are fully integrated into all of our corporate policies and procedures, our marketing efforts, and our relationships with third parties involved in the credit process.

We believe that our commitment to fair lending is strengthened and reinforced by our equally strong commitment to the creation of a workforce that will reflect the values, aspirations, and spirit of our multicultural communities, and thereby allow us to better understand and respond to the legitimate multi-faceted credit needs of our communities.

In order to fulfill our commitment, we have empowered each of our officers and employees to use their best personal and professional efforts and resources to continue to make available meaningful services to all of our customers and communities on a fair and equitable basis.

## 2.9 | Equal Credit Opportunity Act

The Federal Equal Credit Opportunity Act prohibits creditors from discriminating against credit applicants on the basis of race, color, religion, national origin, sex, marital status, or age (provided the applicant has the capacity to enter into a binding contract); because all or part of the applicant's income derives from any public assistance program; or because the applicant has in good faith exercised any right under the Consumer Credit Protection Act.

Arrive Home™ requires all correspondence to be in strict compliance with the Equal Credit Opportunity Act.

## 2.10 | Privacy of Consumer Financial Information

All capitalized terms used in this section and not otherwise defined shall have the meanings set forth in 12 C.F.R. Part 332 ("Privacy of Consumer Financial Information"), as amended from time to time (the "Privacy Regulation"), issued pursuant to Section 504 of the Gramm-Leach-Bliley Act (15 U.S.C. § 6801 et seq.).

### 2.10.1 Safeguards

Correspondents and Arrive Home™ will maintain safeguards and take technical, physical, and organizational precautions to ensure Consumer information against destruction, loss, alteration, unauthorized access, or disclosure to third parties while in the possession or under the control of Correspondent, Correspondent Agents, Arrive Home™, or Arrive Home™ agents. The objective of each such precaution will be to:

- ☐ Ensure the security and confidentiality of Consumer information
- ☐ Protect against any anticipated threats or hazards to the security or integrity of Consumer information
- ☐ Protect against unauthorized access to or use of Consumer information that could result in substantial harm or inconvenience to any customer

### 2.10.2 Unauthorized Access to Consumer Information

Correspondents and Arrive Home™ will maintain sufficient procedures to detect and respond to any unauthorized possession, disclosure, use, or other security breaches involving Consumer information.

### 2.10.3 Notification of Unauthorized Access

Correspondents and Arrive Home™ will, as soon as reasonably practicable, notify the other party of any unauthorized or attempted possession, disclosure, use, or knowledge of Consumer information when one party becomes aware of it, including any material breach



or potential material breach of security on a system, LAN, or telecommunications network which contains or processes Consumer information.

#### **2.10.4 Furnishing Details of Unauthorized Access**

Correspondents and Arrive Home™ will, as soon as reasonably practicable, furnish to the other party full details of an unauthorized or attempted possession, disclosure, use, or knowledge of Consumer information and use reasonable efforts to assist the other party in investigating or preventing the recurrence of any unauthorized or attempted possession, use, or knowledge of Consumer information.

#### **2.10.5 Cooperation**

Correspondents and Arrive Home™ will cooperate to correct any unauthorized possession, disclosure, or use of Consumer information, or any other security breaches, and will cooperate in any litigation and investigation deemed necessary to protect Consumer information.

#### **2.10.6 Recurrence**

Correspondents and Arrive Home™ will use all reasonable efforts to prevent a recurrence of any unauthorized possession, use, or knowledge of Consumer information.

#### **2.10.7 Confidentiality—Standard of Care**

Each Party will protect all Consumer information with the same degree of care as it uses to avoid unauthorized use, disclosure, publication, or dissemination of its own confidential information, but in no event less than a commercially reasonable degree of care.

#### **2.10.8 Restricted Disclosure**

Correspondents and Arrive Home™ may disclose Consumer information to its agents, accountants, attorneys, and affiliates or subsidiaries (respectively, each party's "Third Party Recipients") if reasonably necessary in performing its duties. Correspondents and Arrive Home™ agree that they will not disclose, release, or otherwise make available to any third party any Consumer information without the other party's prior written consent, provided, however, that the Correspondent and Arrive Home™ are each responsible for any violation of these confidentiality obligations by its Third-Party Recipients and will ensure that these individuals or entities are aware of these confidentiality obligations.

#### **2.10.9 Consumer Privacy and Mortgage Loan Documents**

Correspondents must fully comply with all provisions of the Gramm-Leach-Bliley Act (GLBA), including without limitation the Safeguards Rule, which requires Correspondents

to ensure the security and confidentiality of customer records and personal information, and the Consumer Financial Privacy Rule, which prohibits Correspondents from disclosing Nonpublic Personal Information about a Consumer unless it has satisfied various notice and opt-out requirements and the Consumer has not elected to opt out.

## 2.11 | Principal/Authorized Agent Relationship

A Principal/Authorized Agent Relationship is one in which a mortgagee with unconditional DE authority permits another DE-approved mortgagee to underwrite mortgages on its behalf. A mortgagee with unconditional DE authority (acting as the “principal”) can designate another DE-approved mortgagee to act as its “authorized agent” for the purposes of underwriting mortgages. A sponsored Third-Party Originator (TPO) may not act as a principal or authorized agent.

### 2.11.1 Required Authorities

The authorized agent must have unconditional DE authority to underwrite the type of mortgage that is being underwritten. The mortgagee must be approved as follows:

- ☐ To originate forward mortgages:
  - ☐ The principal may have unconditional DE authority for either forward mortgages or HECM
  - ☐ The authorized agent must have unconditional DE authority for forward mortgages
- ☐ For this process:
  - ☐ The principal must originate the mortgage and the authorized agent must underwrite the mortgage
  - ☐ The mortgage may close in either mortgagee’s name, and either may submit the mortgage for insurance endorsement
- ☐ With required documentation:
  - ☐ The relationship must be documented in FHAC by the authorized agent
  - ☐ Additionally, the principal’s FHA Lender ID must be entered in the “Originator” field on the FHA case file and in FHAC

## 2.12 | Exclusionary Lists—LDP/GSA

The mortgagee must not employ or contract with any individuals or entities excluded from participation in FHA programs. In addition, a mortgage is not eligible for FHA insurance if anyone participating in the mortgage transaction is listed on HUD’s LDP list (Limited Denial

of Participation) or in SAM (System for Award Management) as being excluded from participation in HUD transactions. A list of parties to the transaction which must be searched can be found in FHA Handbook 4000.1.

## 3 || Summary of Products

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### 3.1 | Arrive Home™

Arrive Home™ down payment assistance (DPA) is offered in the form of a second mortgage. This section will summarize the base offering of products, the structure of the program, and general risk criteria, as well as provide clarification on general FHA requirements.

Arrive Home™ offers several DPA products that are paired with FHA-insured first mortgages. The DPA amount is based on the purchase price or appraised value of the home, whichever is lower, and is rounded up to the nearest whole dollar.

DPA may be Repayable or Forgivable, and may be Powered by Solar (a unique forgivable DPA product).

Arrive Home™ DPA may be applied toward the borrower's minimum required investment, closing costs, or prepaid items, or any combination of the three. Arrive Home™'s Powered by Solar DPA may also be applied toward interest rate buydowns.

The governmental entity funds the second mortgage at the closing table.

If you would like a visual aid to review these guidelines and overlays, please refer to Arrive Home™'s product matrix.

### 3.2 | FHA Offerings Summary

Arrive Home™ secondary financing assists homebuyers in meeting their minimum required investment when purchasing a home using an FHA-insured mortgage for a primary residence. All buyers must sign the note and deed of trust (or mortgage, in applicable states) for the secondary financing.

Arrive Home™ down payment assistance must be in second lien position. Additional assistance (gift or secondary financing) may be combined with Arrive Home™ down payment assistance products as long as the underlying FHA-insured loan is sold to the Master Servicer, and as long as any Arrive Home™ lien is in second position.

The following FHA loan programs are eligible:

- ☐ FHA 203(b) 1–2 units, primary residence only
  - ☐ Note: Powered by Solar DPA uses the Solar Wind Technology variant of the FHA's Energy Efficient Mortgage and allows up to 4 units.

When secondary financing is used, a second lien loan application must be completed and executed by the borrowers. The respective loan application must identify the source of funds as Arrive Home™, including accurate loan amount and repayment terms of the secondary financing.

In all cases, first mortgage loans submitted to Arrive Home™ must conform with HUD's FHA 4000.1 handbook and be of investment quality and saleable on the secondary market. Origination partners must be fully delegated by FHA. They are expected to prudently underwrite all loans and to ensure that the file contains adequate documentation to support both the information represented in the borrower's loan application and the data elements entered into automated underwriting systems. The mortgage loan and the disbursement thereof must meet, or be exempt from, applicable state and federal laws, regulations, and other requirements pertaining to usury, fees, and expenses incurred in the making of a mortgage loan.

All secondary financing is issued in strict compliance with FHA guidelines regarding homebuyers qualified for an FHA-insured loan. In addition to all FHA guidelines, this document contains requirements that apply to each loan issued. All first mortgage loans funded in conjunction with a Arrive Home™ down payment assistance product must fully comply with FHA guidelines regarding Secondary Financing from a Government Entity, found in HUD Handbook 4000.1.

For all general underwriting requirements not referenced here or affected by Arrive Home™ overlays, please refer to FHA 4000.1 (found at [www.hud.gov](http://www.hud.gov)).

### **3.2.1 Arrive Home™ DPA for FHA Loans Product Summary**

Arrive Home™ offers several DPA products that are paired with FHA-insured first mortgages. All programs offered here are generally underwritten to FHA guidelines. Arrive Home™ overlays, if any, are specific to the 2nd mortgage offering and not related to the credit approval used to qualify the borrower, which is done by the DE UW.

Please refer to our daily rate sheet for interest rates on FHA first mortgages.

**Repayable DPA:** Repayable DPA second mortgages have a 10-year term with an interest rate 2% higher than the interest rate on the first mortgage. Repayable DPA second mortgages may be 3.5% or 5% of the purchase price or the appraised value of the home, whichever is lower.

**Forgivable DPA:** Forgivable DPA second mortgages have a 30-year term, no interest rate, and no monthly payments. Forgivable DPA second mortgages may only be 3.5% of the purchase price or the appraised value of the home, whichever is lower.

Forgivable assistance may be forgiven once the borrower makes thirty-six (36) consecutive, on-time payments on the FHA first mortgage. In addition:

- This forgiveness period resets if the borrower makes a late payment on the first mortgage.
- This loan permanently loses its forgivable status if, during the initial thirty-six (36) payments on the first mortgage, the borrower refinances the first mortgage and state law allows the second mortgage to subordinate without prior consent from Arrive Home™.

Once forgiveness conditions are met, the borrower must request forgiveness and provide payment for processing the lien release.

If Arrive Home™ forgivable DPA assistance has not been forgiven and/or met forgiveness conditions by the end of the 30-year term, then the loan may be forgiven at the borrower's request and upon the borrower's payment of processing the lien release.

**Powered by Solar:** Powered by Solar forgivable DPA second mortgages have a 10-year term, no interest rate, and no monthly payments. Powered by Solar DPA second mortgages are 3.5% of the purchase price or the appraised value of the home, whichever is lower. Closing costs are limited to FHA's standard (6% of the lower of the purchase price or appraised value) and may be provided by an interested party, including the solar partner.

Powered by Solar assistance may be forgiven; the forgiveness period is determined by the correspondent agreement. Once forgiveness conditions are met, the borrower must request forgiveness and provide payment for processing the lien release.

Powered by Solar is the only Arrive Home™ DPA program that assists borrowers with purchasing solar panels for their home, done as part of the mortgage transaction.

### 3.2.2 Arrive Home™ DPA Product Matrix

A summarized version of key parts of this CLG are available in the Arrive Home™ Product Matrix. This Product Matrix is available on the Arrive Home™ [website](#).

## 3.3 | Product Comparisons

If you would like a visual of the Arrive Home™ product offerings, please visit our Product Matrix, which provides a summarized version of the Correspondent Lending Guide.

Each Arrive Home™ product has its own requirements and guidelines, which are detailed in the rest of this section. The following definitions will help clarify what guidelines refer to which product:

- ❑ **All FHA**—Applicable to Arrive Home™ for FHA products (Repayable 3.5% and 5% DPA; Forgivable 3.5% DPA; Powered by Solar 3.5% DPA)
- ❑ **Repayable FHA**—Applicable to repayable Arrive Home™ for FHA products (3.5% DPA and 5% DPA)
- ❑ **Forgivable FHA**—Applicable to forgivable Arrive Home™ for FHA products (3.5% DPA)
- ❑ **Powered by Solar**—Applicable to repayable Arrive Home™ for FHA products (Powered by Solar 3.5% DPA)
  - ❑ This is the only Arrive Home™ product that assists borrowers with purchasing solar panels for their home, done as part of the mortgage transaction.
- ❑ **First Mortgage**—A requirement for the first mortgage that doesn't necessarily apply to the second mortgage

### 3.4 | Program Notes and Disclaimers

*All FHA:* Arrive Home™ adheres to all posted guidelines for FHA eligibility as found in the FHA Housing Handbook, 4000.1. All other posted program notes or guidelines are overlays of Arrive Home™, which are generally related to the terms and structure of the 2nd mortgage DPA offering.

### 3.5 | First Mortgage

*First Mortgage:* The FHA mortgage paired with Arrive Home™ down payment assistance must be a 30-year fixed rate term with full amortization only. **The first mortgage must be purchased by the master servicer after closing.**

The mortgage type must be FHA 203 (b) 1–2 units, primary residence only. Property types allowed with an FHA 203(b) loan are permitted; this includes manufactured, with overlays. (See [chapter 4](#) [Manufactured Housing] for more details.)

*Powered by Solar:* As above, but the Powered by Solar product must be paired with the Solar Wind Technology variant of the FHA's Energy Efficient Mortgage (still 203[b]), and up to 4 (four) units are allowed; manufactured homes are still limited to one (1) unit. Condos ineligible.

### 3.5.1 DPA Funding/Reimbursement

*First Mortgage:* Lenders fund the down payment assistance at closing and will be reimbursed upon purchase of the first mortgage under the terms of the Funding Obligation Letter issued at loan registration.

### 3.5.2 Loan Purpose

*First Mortgage:* Purchase only. Refinance ineligible.

## 3.6 | Borrower Income Limits

*All FHA:* No income limits. For files with an AMI above 160%, an LLPA will be applied.

### 3.6.1 AMI Calculation

The area median income (AMI) used to calculate program-specific income limits is valid as of the closing date of a loan. Arrive Home™ will require a letter of explanation if more dependents than are on the 1003 are used to set an AMI limit.

*All FHA:* Based on loan qualifying income only (only use the income on the final loan application). Use HUD's [AMI chart](#) for the most recent year. Use the Median Family Income or the Income Limit for the appropriate family size, whichever is larger.

## 3.7 | Occupancy and Property Type

*All FHA:* One of the borrowers must occupy the property as their primary residence. All other FHA guidelines apply. Property types per FHA 203(b) allowed, including SFR, PUD, townhome, condo, attached, detached, and modular; manufactured allowed with overlays. (See [chapter 4](#) [Manufactured Housing] for more details.)

1–2 units allowed.

*Powered by Solar:* As above, but the Powered by Solar product must be paired with the Solar Wind Technology variant of the FHA's Energy Efficient Mortgage (still 203[b]), and up to 4 (four) units are allowed; manufactured homes are still limited to one (1) unit. Condos ineligible.

## 3.8 | First-time Homebuyer

*All FHA:* Not required. However, relevant Agency guidelines may still require first-time homeownership.



### 3.9 | Homebuyer Education or Homeownership Counseling

Homebuyer education is not required by Arrive Home™. It may be required by Agency guidelines.

### 3.10 | Minimum Credit Score

Arrive Home™ follows industry standards (middle of three, lower of two) for determining which credit score to use for all Arrive Home™ credit score requirements.

*All FHA:* 600 FICO. Use the lowest middle FICO score on the loan.

### 3.11 | DTI Requirements

*All FHA:* Per AUS guidelines.

If payment shock exceeds 225% (with <620 credit score), front-end DTI may not exceed 36%.

### 3.12 | Payment Shock

*All FHA:* 225% maximum for loan files with either of the following:

- AUS approval **and** a qualifying credit score of 620 or below
- Manual underwrites (regardless of credit score)

Loan files that do not meet either of these conditions do not have a payment shock limit.

Payment shock may exceed 225% if front-end DTI is 36% or less.

### 3.13 | Verification of Rent

*All FHA:* Required for loan files with the following:

- AUS approval **and** a qualifying credit score of below 620
- Manual underwrites (regardless of credit score)

Loan files that do not meet either of these conditions are not required by Arrive Home™ to provide a VOR.

#### 3.13.1 Documenting VORs

Documentation must evidence rental history and support payment shock requirements.

Both of the following must be provided:

- Complete present housing expense (URLA)
- Complete VOR (12-month) filled out by landlord or property management company

Requirements for exceptions are detailed in section [3.29](#) (Guidelines Exceptions).

### **3.13.2 Living Rent-Free**

Borrowers living rent-free must provide an LOX about their rent-free living situation if their FICO score is below 620.

## **3.14 | Acceptable Sources of Funds for Down Payment and Closing Costs**

*All FHA:* Gifts, grants, and Arrive Home™ second mortgages. Any eligible loan may have more than one subordinate lien (i.e., third lien). Sweat equity is acceptable in accordance with FHA guidelines.

*Powered by Solar:* Up to 6% closing costs may be provided as part of the transaction, which may be provided by the solar provider as an interested party contribution.

## **3.15 | Manufactured Homes**

*All FHA:* Permitted with overlays. For more information, see [chapter 4](#) (Manufactured Housing).

## **3.16 | Non-occupant Borrowers**

*All FHA:* Allowed (family members or relatives only, as defined by FHA).

Only occupying borrower(s) qualifying income is used to determine program qualifications under AMI limits.

Occupying borrower income, when considered without non-occupant co-borrower income, must be greater than or equal to the combined monthly mortgage and other debt payments.

A LOX may be required evidencing that the non-occupying borrower will contribute to monthly mortgage payments.

Requirements for exceptions are detailed in section [3.29](#) (Guidelines Exceptions).

## **3.17 | Loan Amounts (Minimum and Maximum)**

*All FHA Programs:* Per FHA guidelines. Use the lesser of national or county limit. In Alaska and Hawaii, use the greater of national or county limit.

*Powered by Solar:* The base loan amount may exceed the [Nationwide Mortgage Limit](#) for the geographic area by no more than 20%.

### 3.17.1 High Balance Loans

A high balance loan is any loan that exceeds the national conforming loan limit published by the CFPB. (This limit is higher in Alaska and Hawaii.)

High balance loans may be approved for any Arrive Home™ product. However, correspondents must contact their account executive and receive pre-approval before registering a high balance loan. An LLPA adjustment may be required.

## 3.18 | Maximum LTV/CLTV and Subordinate Financing

*All FHA:*

- ❑ LTV to 90–96.5%

DPA financing may be 3.5% or 5% of the lower of the purchase price or appraised value, depending on the DPA product. No max CLTV; CLTV is only limited by FHA guidelines. Borrowers may increase their minimum required investment (down payment) by putting down additional funds above and beyond the assistance received through the Arrive Home™ program as long as the loan-to-value ratio does not go below 90%.

Borrowers may use other forms of down payment assistance in conjunction with the assistance received from Arrive Home™, even if the additional assistance creates additional liens on the property. In cases where secondary financing is received from Arrive Home™, the Arrive Home™ lien must be in a second lien position and the first mortgage must be sold.

*Powered by Solar:*

In addition to the above, the correspondent must compute the Adjusted Value by using the purchase price, excluding the cost and installation of the solar technology system, and the property value, excluding the cost and installation of the solar technology system.

The correspondent must add the lesser of:

- The cost and installation of the solar technology system; or
- 20% of the property value to the base loan amount

The correspondent must exclude any rebates identified in the contract and assigned to the contractor in determining the cost and installation of the solar technology system.

## 3.19 | Ineligible Borrowers

Arrive Home™ will rely on our Correspondent partners to document lawful residency in accordance with FHA guidance. We will enforce our reps/warrants policy to the extent that

FHA audits any loan and finds that a borrower does not meet these definitions of lawful residency.

*All FHA:* Any borrower that does not meet FHA's definition of a lawful, legal resident of the United States is ineligible for Arrive Home™.

### 3.20 | Mortgage Insurance (MI) Coverage

*All FHA:* Standard FHA coverage. See FHA Single Family Housing Policy Handbook Appendix 1 for further details: [HUD Handbook 4000.1](#).

[Access Mortgagee Letter 1/20/17.](#)

### 3.21 | Guidance on Fees

#### 3.21.1 Fees to Arrive Home™

*All FHA:* Arrive Home™ requires that a \$395 Investor Delivery fee be paid by the Correspondent. This is also known as an “Admin Fee.”

No lender fees allowed on secondary financing. The only fees chargeable to the borrower in conjunction with the secondary financing are prepaid interest, recording fees for the Deed of Trust, reasonable settlement fees, a courier fee to return the signed documents to the Lender, and a MERS registration/transfer fee.

The Admin fee is charged to the Correspondent and is reflected on the Purchase Advice as a deduction from the total loan sale proceeds. This fee is a secondary market cost to the Correspondent and is not part of the primary transaction, therefore it is not appropriate to charge this fee in section B or C of the LE/CD. Any addition to the lender's fees to the borrower to offset this charge must never reflect as a charge payable to Arrive Home™ and must always be listed in Section A, paid to the Correspondent (for example, included in the Origination Charges or as a separate line item charge). Any fees added to Section A must be included in the TRID points & fees test.

Fees on the LE and CD should **never** reflect as payable to the Master Servicer or Arrive Home™, regardless of the section.

Regarding discount points, Arrive Home™ follows CFPB and relevant Agency guidelines for TRID, including the QM 3% Points and Fees test.

*Powered by Solar:* The Investor Delivery fee is \$200 for Powered by Solar loans.

### 3.21.2 Seller Credits

Arrive Home™ takes the position that seller credits may be used to pay for origination points or discount points. Keep in mind that converting seller credits to seller-paid fees must be done prior to or at closing. Seller credits used to offset points and fees must be disclosed on the initial and final CD; they cannot be corrected after closing.

### 3.21.3 Fees to Originator

*All FHA:* Arrive Home™ does not have a cap on origination fees but does require Correspondents to adhere to the QM 3% Points and Fees Test. This includes charges for reasonable lender underwriting, administrative, or program fees, as well as charges to offset Arrive Home™ loan level pricing adjustments (LLPAs). Bona fide discount points are acceptable and may be excluded from QM Points and Fees testing. Lenders should have a policy in place for addressing QM Points and Fees violations, and in some cases may consider refunding borrowers for fees and charges that exceed the QM 3% Points and Fees Test. Seller-paid fees, properly disclosed and itemized on the final CD, may not count against the 3% Points and Fees Test.

## 3.22 | AUS

*All FHA:* DU®, Loan Prospector, or TOTAL Scorecard.

## 3.23 | Max Units

*All FHA:* 1–2 units.

## 3.24 | Manual Underwriting

*All FHA:* Allowed. Loans submitted with Refer/Eligible AUS findings and that have been manually underwritten according to FHA guidelines are acceptable. Follow FHA eligibility requirements for manually underwritten loans. Supporting documentation from the DE underwriter must be provided and meet FHA requirements.

No-credit and non-traditional/alternative credit files are not allowed.

All manually underwritten loans must have a completed VOR and a payment shock of 225% or less. (The payment shock requirement is waived with a front-end DTI of 36% or less.)

## 3.25 | Additional Properties Owned

*All FHA:* Allowed.

Supporting documentation (a lease and LOE) for owned and retained departing residence is required to support reasonability of occupancy for subject property purchase. An acceptable reason must be documented for the move, along with the intent behind retaining the current property. Occupancy reasonability must be documented and meet standard FHA requirements for reasonability. As an example: if the new residence puts the borrower's commute at an additional distance of thirty (30) minutes to the borrower's place of employment, Arrive Home™ expects this to be referenced in the LOE.

As a reminder, FHA guidelines regarding owner occupancy requirements must be met. Requirements for exceptions are detailed in section [3.29](#) (Guidelines Exceptions).

## 3.26 | General Overlays

### 3.26.1 Cash Back to Borrower

*All FHA:* Borrowers may only receive a refund of documented earnest money deposit and other documented, paid, third-party costs.

Borrowers may not receive cash back from the mortgage transaction. If an excess exists, the correspondent must apply these funds to the principal mortgage balance

### 3.26.2 Minimum Borrower Contribution

*All FHA:* \$0. All funds needed to complete the transaction may come from an Arrive Home™-approved second lien.

### 3.26.3 HPML, High Cost, & QM Compliance

*All FHA:* HPML transactions are allowed. Lenders must comply with all CFPB & TRID requirements.

High Cost loans are not permitted.

All first mortgages must adhere to QM/ATR compliance. Mortgage loans exceeding the 3% max points and fees test are not permitted.

Bona fide discount points must adhere to CFPB/TRID compliance and any or all state regulations. Bona fide discount points do not count toward the 3% max points and fees test.

Compliance reports must provide a compliance test, not a loan summary alone.

### 3.26.4 Required Documents

*All FHA:* Secondary financing requires the delivery of a complete second lien file to include an application, LE, CD, and all other state- and federal-required disclosures.

The first mortgage file must contain a copy of the note, the deed of trust/mortgage, and a Funding Obligation Letter dated prior to the loan closing date.

Arrive Home™ does not normally allow reverse bailees. In the event that an exception is granted, the notes for both mortgages using a reverse bailee must be delivered to Arrive Home™ within three (3) days after the reverse bailee is received.

### **3.26.5 Initial & Final URLA**

*All FHA:* An initial and a final URLA are required, per agency guidelines.

We require *either* the initial URLA or the final URLA to contain the signature of the originating MLO. It does not have to be both.

### **3.26.6 Seller's CD**

*All FHA:* A copy of the CD provided to the seller at closing is required on all transactions.

### **3.26.7 Ineligible Features**

*All FHA:*

- ☐ Building on own land
- ☐ Construction to Perm
- ☐ Easements and deed restrictions that affect marketability must be reviewed and approved by Arrive Home™ to be eligible for purchase, unless the easement or deed restriction expires upon foreclosure (requests for review should be submitted to your Corporate Account Executive)
  - ☐ Deed restrictions allowed per FHA 4000.1 are permissible without prior review
- ☐ Loans with resale deed restrictions- some exceptions may apply.
- ☐ Proposed or under construction
  - ☐ New construction is allowed, provided that the property is complete at the time of purchase
- ☐ Illegal Accessory Units (please follow all HUD guidelines and all zoning laws on allowable features)

Leasehold estates are only permissible if FHA guidelines are met.

### **3.26.8 Escrow Holdbacks**

*All FHA:* Escrow holdbacks are permitted and must meet the following general guidelines:

- ☐ Must be weather-related
- ☐ Cost of repairs should not exceed \$7500, but should meet general FHA requirements for the type of work completed
- ☐ Original appraisal must be completed “subject-to” the repairs required
- ☐ Repairs must be required by the appraiser or lender in order to bring the property up to FHA minimum property standards
- ☐ Contractor must provide an invoice with an estimate of work certifying that the work cannot be completed prior to disbursement (due to inclement weather conditions)
  - ☐ Inclement weather conditions are generally considered to be between November and March
- ☐ All repairs should be completed within six (6) months of the Note date
- ☐ The amount of money held in escrow for repairs must be 1.5 times the amount of the invoice plus a sufficient amount required for the FHA appraiser’s final inspection
- ☐ The Mortgagee must complete the “Escrow Closeout Certification” screen, in FHA Connection, within thirty (30) days of escrow closing/completion
  - ☐ Prior to Purchase: The lender must provide the executed HUD form 92300, Mortgagee’s Assurance of Completion, to indicate the repair escrow has been established
  - ☐ Post Purchase: The lender must provide HUD form 92051, Compliance Inspection Report, to evidence that repairs have been satisfactorily completed
- ☐ All other FHA guidelines must be adhered to
- ☐ Acceptable evidence of completion is provided by the borrower for minor repair or improvement items
- ☐ Note Energy Mortgages (NEM) are not allowed at this time

Effective for case numbers assigned on or after October 31, 2016, after the repair escrow account is closed then the mortgagee must complete the Escrow Closeout Certification screen in FHAC within thirty (30) days after the escrow account is closed.

*Powered by Solar:* As above, with the following additions.



- The correspondent must establish an escrow account in accordance with the Repair Completion Escrow Requirements for the remaining cost of the energy improvements if the installation of solar energy systems is not complete by the time of closing.
- Any funds remaining in the escrow account at the end of the improvement period must be applied to pay down the mortgage principal.
- *Borrower Labor*: Escrows may not include costs for labor or work performed by the borrower (“sweat equity”).
- *Required Documentation*: Form HUD-92300, *Mortgagee’s Assurance of Completion*.
- Completion Requirements
  - *Time of Completion*: Installations of solar energy systems must be completed within one-hundred and twenty (120) calendar days of Disbursement. If the work is not completed within the required time frame, the correspondent must apply the remaining solar escrow funds to a prepayment of the mortgage principal.
  - *Inspection*: The correspondent or their agent must inspect the solar improvement or obtain evidence from a local authority that the system was installed in accordance with local code.
  - *Escrow Closeout Certification*: After the repair or rehabilitation escrow account is closed, the correspondent must complete the Escrow Closeout Certification screen in FHAC within thirty (30) calendar days after the escrow account is closed.

### 3.26.9 Mortgage Credit Certificates (MCC)

*All FHA*: Allowed. All MCCs must be calculated according to FHA guidelines by adding the credit as income, not a payment reduction.

### 3.26.10 Mortgage Insurance Certificate (MIC)

*All FHA*: Upfront MIP must be paid prior to purchase. Evidence UFMIP has been paid should be uploaded in the closed loan package.

MICs are not required to be delivered prior to purchase, but must be delivered to Arrive Home™ within sixty (60) days of the note date. This will help us better align with industry standards for mitigating risk and preventing secondary delivery delays. Fees will be applied if delivery dates are not met. For more information, please contact your Corporate Account Director.

### 3.26.11 Flood Certificate

*First Mortgage:* Flood certifications must include a life of loan certification. Flood certification information must be drawn from a company that uses the CoreLogic or Service Link database. If the flood certificate that does not draw from the CoreLogic or Service Link database is present, Arrive Home™ will pull a CoreLogic flood certificate and bill the Correspondent the \$5 fee on the Purchase Agreement.

Flood policies must be in effect at closing.

If flood insurance is needed, the policy must be written by the National Flood Insurance Program.

Please note that a property is not eligible for FHA insurance if a residential building and related improvements to the property are located within SFHA Zone A (a Special Flood Zone Area) of Zone V (a coastal area) and insurance under the National Flood Insurance Program (NFIP) is not available in the community.

A property is not eligible for FHA insurance if the improvements are or are proposed to be located within a Coastal Barrier Resource System (CBRS).

For more information, please refer to [FHA 4000.1](#).

### 3.26.12 Disaster Certificates

*All FHA:* In counties that have been deemed disaster areas by FEMA, Arrive Home™ will require a 1004D disaster certificate, or a 442, with exterior photos. The certificate must be dated after the incident period.

In the case of ongoing wildfires, Arrive Home™ will make an exception to allow the certification to be issued before the end date. The certification must be issued after the start of the incident and the loan must be insured with FHA.

It is solely the Correspondent's responsibility to be aware of and act upon any mortgage loans that were, prior to the sale to Arrive Home™, impacted by disasters. The Correspondent should contact the appropriate source (e.g., a state office, regional Federal Emergency Management Agency (FEMA) office, news agency, etc.) to determine whether properties located in its origination regions are included in a disaster area.

Arrive Home™'s Disaster Policy applies to any of the following:

- ☐ FEMA-declared disaster areas eligible for Individual Assistance
- ☐ Areas identified by Arrive Home™
- ☐ Properties that the Correspondent has reason to believe sustained damage in a disaster

Arrive Home™ does not have the responsibility to provide notification to the seller of disaster areas. If, at any time after loan purchase, Arrive Home™ or a subsequent investor determines that the subject property was damaged and not in fully marketable condition at time of sale, the loan will be subject to repurchase.

### **3.26.13 Vouchers**

*All FHA:* Arrive Home™ does not currently accept Section 8 vouchers.

### **3.26.14 Escrow Accounts/Impounds**

Escrows calculated must be taken from the new purchase price/final assessed value of the subject property (purchase price multiplied by mill rate—per county records, or as county rules apply). The actual monthly tax rate must be taken into account. Impounded amounts cannot be calculated using the previously assessed tax rate.

### **3.26.15 UDM/Soft Pull Credit Update**

To reduce the risk of new adverse debt or credit activity prior to closing, a soft pull credit update, or a UDM (undisclosed debt monitoring) report, from at least one credit bureau is required within ten (10) calendar days prior to closing. Undisclosed debt or adverse credit activity found must be re-underwritten or satisfactorily resolved by an LOE from the DE underwriter.

### **3.26.16 Buydowns**

2-1 Buydowns are only acceptable with prior, written approval from Arrive Home™. Buydowns must be seller-funded only. Arrive Home™ will require that the loan being bought down does not compromise more than 10% of the monthly coupon delivery.

### **3.26.17 4506-C**

Required. Must be completed for each borrower individually.

### **3.26.18 Tax Transcripts**

Not required as a condition to purchase. If an audit is required and conducted on a non-performing loan, the 4506-C may be executed to verify income history (on a post-purchase basis only).

### **3.26.19 Borrower Informational Video**

One primary, occupying borrower who will receive Arrive Home™ repayable DPA (whether 3.5% or 5%) is required to watch an informational video regarding loan payments prior to closing and complete the form that comes with the video. This video may be found on the [Consumer page](#) of the Arrive Home™ website.

## 3.27 | State-specific Guidance

### 3.27.1 Alaska and South Carolina

*All FHA:* In Alaska and South Carolina the minimum second mortgage loan amount is \$5,000. Therefore, for purchase prices below \$143,800 with 3.5% assistance, or \$100,000 with 5% assistance, the DPA amount will be \$5,000 in those states.

### 3.27.2 New York

*All FHA:* Arrive Home™ is not offered in the state of New York.

### 3.27.3 Interest Credit Above 10 Days

*All FHA:* In states where law or statute prevents the first payment on the second mortgage from being more than forty-five (45) days from the note date, Arrive Home™ will allow up to sixteen (16) days of interest credit.

This will allow for a different first payment due date between the second mortgage and the first mortgage.

## 3.28 | Powered by Solar–Specific Guidelines

This section is for guidance solely applicable to the Powered by Solar DPA product.

### 3.28.1 Eligible Technologies

Active and passive solar systems are acceptable.

Photovoltaic systems must provide electricity for the residence and must meet applicable fire and electrical code requirements.

### 3.28.2 Title to Systems

Borrowers must own solar systems for the systems to be considered eligible improvements; leased ineligible. Leased equipment and Solar Power Purchase Agreements may not be financed under any FHA Title II programs.

### 3.28.3 Required Documentation

The correspondent must document the cost of work, including the energy systems' materials and labor.

### 3.28.4 Escrow Holdbacks

It's recommended for solar installation to be completed by or before closing. If an escrow holdback is necessary, please see section [3.26.8](#) (Escrow Holdbacks).

## 3.29 | Guidelines Exceptions

Exceptions to DTI, payment shock, and/or reserves may be allowed provided the lender documents additional qualification criteria. Additional qualification criteria are based on credit score range, DTI range, and compensating factors. The same additional qualification criteria may be used to satisfy multiple exception requests.

### 3.29.1 Exceptions to VOR

As outlined in section [3.13](#) (Verification of Rent), borrowers may be required to document present housing expense history (12-month) with a fully completed VOR. The VOR must be completed by a landlord or property management company.

To receive an exception, the following are all required:

- An LOE explaining why the VOR isn't available
- 2 months PITI reserves **or** max 36% front-end DTI

Even when a VOR exception is granted, payment shock must still meet posted guidelines but will instead be taken from the present housing expense listed on the URLA.

### 3.28.2 Exceptions to Non-occupant Borrowers or Additional Properties Owned

Exceptions may be provided to existing requirements with additional qualification criteria, including: 2 months PITI reserves, max 36% front-end DTI, and 225% payment shock.

## 3.30 | Requesting a Pre-Approval

To request a pre-approval before registering a loan in the CS Portal, please do the following:

- Address the email to [preapproval@arrivehome.org](mailto:preapproval@arrivehome.org)
- Have the subject line be "Credit Review Request" followed by the borrower's last name and "DPA"
- Attach the following supporting documentation:
  - Lender Pre-qualification
  - Credit Report
  - Income
  - Assets
  - Income
    - Tax Returns (if self-employed)
    - W2 (if W2)
  - Lease Application/1003

Expect a turn time of up to 48 hours.

## 4 || Manufactured Housing Overlays

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A manufactured home (MH) is a home that is built in a factory, is transportable in one or more sections, is designed and constructed to the Federal Manufactured Home Construction and Safety Standards (FMHCSS), and is so labeled regarding conformance with the FMHCSS.

### 4.1 | FHA Requirements

Manufactured homes are eligible for FHA financing, provided all the following requirements are met:

- ☐ Home was built on or after June 15, 1976, as evidenced by the HUD Data Plate, the appraisal, or the title policy
- ☐ Home must have been built to the FMHCSS as evidenced by having a HUD Certification
- ☐ Label/Tag is attached to the MH, or, if the HUD Tag is missing, a HUD Tag Letter of Verification from the Institute for Building Technology and Safety (IBTS); see section [4.2.8](#) (HUD Certification Label/Tag) for additional details
- ☐ Home must be permanently affixed to the subject property in accordance with FHA requirements
- ☐ ***Subject must be legally classified by the state as real property prior to loan purchase (\*\* Evidence of real property recording may be required\*\*)***
- ☐ Subject is a single-family dwelling
- ☐ Loan is underwritten in accordance with the requirements of the applicable Loan Program Guide
- ☐ Mortgage must cover both the home and the land

### 4.2 | Arrive Home™ Additional Guidance

Arrive Home™ adheres to all FHA guidelines for manufactured housing requirements. For more detailed underwriting clarifications, see the FHA housing handbook.

Manufactured homes are only eligible for Arrive Home™ products paired with FHA first mortgages.

New construction is allowed for manufactured housing. **For new construction, the home title conversion to real property must be initiated prior to loan purchase. In Non-**

**certificate of Title States, the house must be recognized as real property prior to loan purchase.**

If not mentioned in this chapter, follow FHA guidelines for manufactured housing requirements and Arrive Home™ overlays relevant to specific products.

#### **4.2.1 Minimum Credit Score**

*All FHA: 620 FICO.*

#### **4.2.2 Appraisal Requirements**

Fannie Mae™ 1004C, Manufactured Home Appraisal Report, is required. We also need Form 1004D (Appraisal Update and/or Completion Report) if this is needed to document repair completion.

#### **4.2.3 Ineligible Features and Properties**

The following features are ineligible:

- ☐ Building on own land
- ☐ Construction to Perm
- ☐ Easements and deed restrictions that affect marketability must be reviewed and approved by Arrive Home™ to be eligible for purchase, unless the easement or deed restriction expires upon foreclosure (requests for review should be submitted to your Corporate Account Executive)
  - ☐ Deed restrictions allowed per FHA 4000.1 are permissible without prior review
- ☐ Loans with resale deed restrictions
- ☐ Proposed or Under Construction loans
- ☐ Flood zones

The following properties are ineligible:

- ☐ Cooperative
- ☐ Manufactured homes in “Parks” not held in fee simple ownership, commonly known as “Mobile Home Parks”
- ☐ Properties with resale restrictions
- ☐ Site Manufactured Housing Condominiums
- ☐ A home that has been previously installed or occupied at any other site
- ☐ Single wide homes



Leasehold estates are only permissible if FHA guidelines are met.

#### **4.2.4 FHA MIC**

Required for all loans prior to purchase. Loans will not be eligible for purchase until a MIC is delivered to the Master Servicer.

#### **4.2.5 HUD Certification Label/Tag**

The Federal Manufactured Home Construction and Safety Standards require that manufactured homes have a HUD Certification Label/Tag (also known as a HUD Seal or HUD Label) affixed to the exterior of the property. Follow relevant FHA and Agency guidelines.

Either the HUD tag or the HUD Tag Letter of Verification must be included in the loan file.

#### **4.2.6 Title Requirements**

The title policy must evidence the following:

- ☐ The manufactured home is attached to the land
- ☐ The manufactured home is classified and taxed as real estate
- ☐ The title to the manufactured home has been surrendered or purged in accordance with the applicable jurisdictional requirements

#### **4.2.7 States' Approaches to Titling:**

The following lists provide instruction on how different states handle the certificate of title for a manufactured home, in addition to providing instruction on how the Correspondent needs to handle such titles.

Certificate of Title "Surrender" States:

- ☐ Certificate of title is issued upon purchase of manufactured home, but is surrendered after the home is affixed to the foundation and becomes real property
- ☐ Ensure that the certificate of title is surrendered following the state's procedures

Certificate of Title "No Surrender" States:

- ☐ Certificate of title is issued and remains outstanding (it is not surrendered or canceled)
- ☐ Ensure the MH lien (and no other lien) is indicated on the certificate of title
- ☐ Retain certificate of title in the loan file

- ☐ Ensure that home and land have the same ownership

Non-certificate of Title States:

- ☐ No certificate of title issued
- ☐ Retain in loan file evidence that no certificate of title was issued
- ☐ Ensure that MH is recognized as real property

A manufactured home must be covered by a standard real estate fee simple title insurance policy. Endorsement (ALTA 7, 7.1, or 7.2, or equivalent endorsement) is required as insurance that the manufactured home is part of real property that secures the loan. One clear title at closing is required that states the manufactured home and the land are classified as real estate. An affidavit of affixation, a recorded, signed, and written statement acknowledging that the manufactured home is attached and classified as real property securing the mortgage, is required.

#### **4.2.8 Structural Engineering Report (Engineer's Certification on Foundation Compliance Report)**

A Structural Engineering Report is required—see HUD Manual for details. The following is an excerpt from the HUD manual:

“For Manufactured Housing, the appraisal must be conditioned upon the certification of an engineer or architect that the foundation is in compliance with the permanent Foundations Guide for Manufactured Housing.”

Note that all Correspondent lenders are fully delegated and are subject to reps/warrants. Lenders in pre-purchase review will be expected to meet all FHA guidelines before the Master Servicer purchases the loan.

## 5 || Origination Through Closing

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### 5.1 | General Mortgage Loan Document Standards

Closing documents for Agency Mortgage Loan Programs must be the most current Fannie Mae™, Freddie Mac, or FHA forms, as applicable. In all cases, Correspondents are responsible for using the most current mortgage loan documents and ensuring that all documents, including, without limitation, any document supplied by Arrive Home™, conform to all applicable state and federal laws and requirements.

### 5.2 | Document Expiration Dates

Documents used in the origination and underwriting of a mortgage may not be more than one hundred and twenty (120) days old at the disbursement date (including new construction). Documents whose validity for underwriting purposes are not affected by the passage of time, such as divorce decrees or tax returns, may be more than one hundred and twenty (120) days old at the disbursement date.

For the purpose of counting days for periods provided in this document, a “day” is a calendar day (not a business day), and day one (1) is the day after the effective or issue date of the document, whichever is later.

### 5.3 | Handling of Documents

Lenders must not accept or use documents relating to the employment, income, assets, or credit of borrowers that have been handled by, or transmitted from or through, the equipment of unknown parties or interested parties. Lenders may not accept or use any third-party verifications that have been handled by, or transmitted from or through, any interested party or the borrower.

#### 5.3.1 Information Sent to the Lender Electronically

The lender must authenticate all documents received electronically by examining the source identifiers (e.g., the fax banner header or the sender’s email address) or contacting the source of the document by telephone to verify the document’s validity. The lender must document the name and telephone number of the individual with whom the lender verified the validity of the document.

### 5.3.2 Information Obtained via Internet

The lender must authenticate documents obtained from an internet website and examine portions of printouts downloaded from the internet, including the Uniform Resource Locator (URL) address, as well as the date and time the documents were printed. The lender must visit the URL or the main website listed in the URL if the page is password protected to verify the website exists and print out evidence documenting the lender's visit to the URL and website.

Documentation obtained through the internet must contain the same information as would be found in an original hard copy of the document.

## 5.4 | Allowable Mortgage Parameters

Follow all guidance as stated below in addition to the published HUD Handbook 4000.1, all relevant Mortgagee Letters, and Announcements.

A "Rebuttable Presumption Qualified Mortgage" has an APR greater than the APOR + 115 basis points (bps) + the ongoing mortgage insurance premium (MIP) rate. Legally, lenders that offer these loans are presumed to have determined that the borrower met the ability-to-repay standard by ensuring they comply with published FHA qualifying guidelines. These loans are acceptable to Arrive Home™.

## 5.5 | QM Points and Fees Calculation

Arrive Home™ requires that all first mortgages meet the QM Points and Fees calculation, also called the 3% max points and fees rule.

When a borrower is charged discount points it is required that Correspondents include their published rate sheet in the purchase package in order to allow Arrive Home™ to determine bona fide discount points from discount points that must contribute toward the 3% max points and fees calculation (non-bona fide discount points). This rate sheet must be from the day the loan was locked.

Following these guidelines will help to prevent purchase delays.

## 5.6 | Additional Guidance from CFPB on Appropriate Interest Rate for Excluding Discount Points Under Final ATR Rule

On August 3, 2013, the MBA requested guidance concerning how to determine the appropriate interest rate for excluding bona fide discount points for purposes of the QM Points and Fees calculations. It is recommended to review the CFPB's response. Arrive

Home™ follows CFPB and relevant Agency guidelines for TRID, including the QM 3% Points and Fees test.

## **5.7 | Seller and Lender Credits and QM Points and Fees**

Arrive Home™ takes the position that seller credits may be used to pay for origination points or discount points. Keep in mind that converting seller credits to seller-paid fees must be done prior to or at closing, never after closing. Seller credits used to offset points and fees must be disclosed on the final CD; they cannot be corrected after closing.

Arrive Home™ also allows lender credits. In either case, the total credits provided (seller and lender combined) may be no greater than 6% of the purchase price.

## **5.8 | Important Notice Regarding Arrive Home™ Investor Delivery Fee and Clarification of Rate Sheets**

Arrive Home™ requires that a \$395 Investor Delivery fee be paid by the Correspondent. This is also known as an “Admin Fee.” For more information, please see section [3.18.1](#) (Fees to Arrive Home™).

Regarding discount points, Arrive Home™ follows CFPB and relevant Agency guidelines for TRID, including the QM 3% Points and Fees test.

### **5.8.1 Seller Credits**

Arrive Home™ takes the position that seller credits may be used to pay for origination points or discount points. Keep in mind that converting seller credits to seller-paid fees must be done prior to or at closing. Seller credits used to offset points and fees must be disclosed on the initial and final CD; they cannot be corrected after closing.

## **5.9 | Interest Credit Option**

Loans disbursed on or before the tenth (10<sup>th</sup>) day of the current month may use an interest credit option.

## **5.10 | Mortgage Loan Document Corrections**

Corrections to the note and mortgages (deeds) should be made by drawing a single line through the incorrect information. The Correspondent must then type the correct information in the appropriate location on the document. All borrower(s) must initial the change. The use of correction tape, correction fluid, erasures, or lift-off is not permitted.

## 5.11 | Closing in Compliance with Mortgage Approval

The lender must instruct the settlement agent to close the mortgage in the same manner in which it was underwritten and approved.

The lender must ensure that the conditions listed on form HUD-92900-A/Addendum or form HUD-92800.5B, or both, are satisfied.

## 5.12 | Closing in the Mortgagee's Name

A mortgage may close in the name of the mortgagee or the sponsoring mortgagee (the principal or authorized agent). TPOs that are not FHA-approved mortgagees may not close in their own names or perform any functions in FHA Connection (FHAC).

The mortgagee must use the forms or language, or both, prescribed by FHA in the legal documents used for closing the mortgage.

## 5.13 | Data Integrity

For origination, underwriting, endorsement, and insuring the mortgagee must validate all data elements (including loan-level data) submitted through the Automated Underwriting System (AUS), Technology Open to Approved Lenders (TOTAL) Mortgage Scorecard, and FHA Connection (FHAC), and validate that documentation exists in the loan file to support all data used to underwrite the mortgage.

## 5.14 | Projected Escrow (Taxes and Insurance)

The lender must establish the escrow account in accordance with the regulatory requirements in 24 CFR § 203.550 and RESPA.

### 5.14.1 Monthly Escrow Obligations

The lender must collect a monthly amount from the borrower that will enable the lender to pay all escrow obligations in accordance with 24 CFR § 203.23. The escrow account must be sufficient to meet the following obligations when they become due:

- ☐ Hazard insurance premiums
- ☐ Real estate taxes
- ☐ Mortgage Insurance Premiums (MIP)
- ☐ Special assessments
- ☐ Flood insurance premiums, if applicable

- ☐ Ground rents, if applicable
- ☐ Any item that would create liens on the property positioned ahead of the FHA-insured mortgage, other than condominium or Homeowners' Association (HOA) fees

#### **5.14.2 Estimating Real Estate Taxes**

The mortgagee must use accurate estimates of monthly tax escrows when calculating the total mortgage payment.

Depending upon varying requirements, real estate taxes are generally calculated by taking the transfer price (or assessment) multiplied by the city/county mill rate, or the proposed assessment rate for the subject property transfer. In cases where the process differs, the lender is responsible for ensuring that the tax payment included in the PITI payment and impounds are calculated as accurately as possible.

When taxes are under-calculated, or the subject property's previous assessment value is used for current PITI and impounds, the borrower will be assessed a tax roll increase that could jeopardize ability to repay or to meet cash reserves.

#### **5.14.3 Estimating New Construction Real Estate Taxes**

In new construction transactions, property tax estimates for calculating the monthly payment must be based on the appraised land value plus improvements, along with the county tax/levy rate. In some cases, this can be done by using the manual calculation formula from the applicable taxing authorities. Alternatively, the title company may provide the estimate at the time the preliminary title is ordered. Documentation from the taxing authorities must be on file to support the estimated monthly tax used for payment calculation.

#### **5.14.4 Mis-Rep and EPD Scenarios**

Correspondents will be subject to mis-rep and the EPD provisions of the loan purchase and sale agreement if (a), they utilize the previous year's property tax in areas where the property will be reassessed; (b), the new tax is more than 25% higher than the tax used to qualify the borrower; and (c), a sixty-day delinquency or a payment default results.

### **5.15 | Closing Costs and Fees**

The lender must ensure that all fees charged to the borrower comply with all applicable federal, state, and local laws and disclosure requirements. The lender is not permitted to use closing costs to help the borrower meet the Minimum Required Investment (MRI).

Fees on the LE and CD should **never** reflect as payable to the Master Servicer or Arrive Home™, regardless of the section.

### **5.15.1 Collecting Customary and Reasonable Fees**

The lender may charge the borrower reasonable and customary fees that do not exceed the actual cost of the service provided. The mortgagee must ensure that the aggregate charges do not violate FHA's 3% points and fees rule (the QM 3% Points and Fees test).

### **5.15.2 Disbursement Date**

The "disbursement date" refers to the date the proceeds of the mortgage are made available to the borrower.

The disbursement date must occur before the expiration of the FHA-issued Firm Commitment, or DE approval, or credit documents.

### **5.15.3 Per Diem Interest and Interest Credits**

The mortgagee may collect per diem interest from the disbursement date to the date amortization begins. Alternatively, the mortgagee may begin amortization up to ten (10) days prior to the disbursement date and provide a per diem interest credit. Any per diem interest credit may not be used to meet the Borrower's MRI. Per diem interest must be computed using a factor of 1/360th of the annual rate.

## **5.16 | Real Estate Taxes Due the Following Month After Loan Purchase**

All escrow disbursements due the month following the loan purchase must be paid prior to loan purchase with evidence of payment documented (a copy of a check or a paid receipt) and an updated pay history. For example, if a loan is to be purchased in October and taxes are due in November, the November taxes must be paid prior to the Master Servicer purchasing the loan. An exception to this rule will be granted if a tax bill is not yet released.

Correspondents are expected to ensure that real estate tax calculations are reasonable and will not drastically increase following closing; for example, tax exemptions that won't apply to the new homeowner should not be included in the calculation.

### **5.16.1 Existing Construction**

FHA recommends using the actual assessed property tax figure per the county's assessment/tax rolls; however, if property taxes will increase significantly from the current assessment after purchase, it is recommended that an estimated value be used that will result in the most likely payment for the borrower. The property tax value used for



qualifying the borrower should be consistent throughout the file, including the URLA, AUS, CD, IEADS, and First Payment Letter.

### 5.16.2 New Construction

Arrive Home™ recommends using a property tax estimate based on multiplying the purchase price (less any homeowner's exemptions) by the mill rates (the tax rates per the county website) that will be in effect in order to determine the payment; this will result in the least amount of payment variation once the property is assessed by the taxing authority. This property tax value (monthly tax payment) used for qualifying the borrower should be consistent throughout the file, including the URLA, AUS, CD, IEADS, and First Payment Letter.

We do understand that, due to local tax collection practices, property taxes may increase significantly during the borrower's first year of homeownership, resulting in the need to prorate taxes at closing based on a much lower figure than what will need to be included in the borrower's monthly payment. We also understand that, in calculating closing figures, the unassessed value may be used to lower the borrower's cash to close and eliminate the collection of excessive tax escrow. In these circumstances, based on most document preparation services' limitations, a First Payment Letter that does not match the URLA, CD, and initial IEADS may be used to reflect the most accurate payment to the borrower; however, the First Payment Letter must match the AUS qualification figures. In addition, a new IEADS reflecting the accurate collection and disbursements of tax payments should be included in the file along with an LOE from the lender.

## 5.17 | Mortgage and Note

"Mortgage" refers to any form of security instrument that is commonly used in a jurisdiction in connection with a loan secured by a one- to four-family residential property, such as a deed of trust or security deed. "Note" refers to any form of credit instrument commonly used in a jurisdiction to evidence a mortgage.

The mortgagee must develop or obtain a separate mortgage and note that conforms generally to the Freddie Mac and Fannie Mae™ forms in both form and content, but that includes the specific modification required by FHA set forth in the applicable Model Note and Mortgage.

The mortgagee must ensure that the mortgage and note comply with all applicable state and local requirements for creating a recordable and enforceable mortgage and an enforceable note.

Arrive Home™ does not normally allow reverse bailees. In the event that an exception is granted, the notes for both mortgages using a reverse bailee must be delivered to Arrive Home™ within three (3) days after the reverse bailee is received.

#### **5.17.1 Disbursement of Mortgage Proceeds**

The mortgagee must verify that the mortgage proceeds are disbursed in the proper amount to the borrower and the seller, or, in the case of a refinance transaction, to the debt holder.

#### **5.17.2 FHA Underwriting & Eligibility Standards**

At closing, the mortgage proceeds disbursed by the mortgagee and the cash from the borrower must equal the total acquisition cost or refinance cost.

The mortgagee must obtain the final settlement statement or a similar legal document from the settlement agent.

### **5.18 | Principal Reductions/Principal Curtailments**

A principal reduction/curtailment refers to the immediate reduction of the original principal balance without a modification to the original terms of the loan. Principal reductions/curtailments are permitted on a limited basis in accordance with Agency guidelines to correct one of the following scenarios:

- ☐ Eliminate any excess credit for rate (premium pricing)
- ☐ Eliminate any excess cash back to the Borrower

### **5.19 | Reviewing Limited Denial Participation and SAM Exclusion Lists**

The mortgagee must check the HUD Limited Denial of Participation (LDP) list to confirm the borrower's eligibility to participate in an FHA-insured mortgage transaction. The mortgagee must check the System for Award Management (SAM) and must follow appropriate procedures defined by that system to confirm eligibility for participation.

### **5.20 | Minimum Required Repairs & Escrow Holdbacks**

Minimum required repairs are established by the FHA Roster Appraiser, the FHA DE Lender, or both. Arrive Home™ will accept escrow holdbacks. Prior approval is not required if the conditions in section [3.23.8](#) (Escrow Holdbacks) are met.

#### **5.20.1 Completion Date**

Improvements or repairs must be completed within six (6) months of the Note date.

Please note: it is the responsibility of the Correspondent lender to ensure that all repairs are completed. Notification from Arrive Home™ or the transferring investor is not guaranteed.

## 5.21 | Documentation—General Requirements

Arrive Home™ requires that each loan conforms to and complies with all applicable HUD and FHA underwriting, lending, selling, and servicing requirements, as well as all Ginnie Mae requirements for the inclusion of the mortgaged loan in a Ginnie Mae MBS pool. In addition to all FHA credit qualifying and documentation requirements, the loan must also include:

- ☐ An electronic fraud detection report covering standard areas of quality control, i.e., borrower validation, social security validation, property information, and MERS verification
- ☐ Compliance testing for adherence to QM/ATR, APR, and Points and Fees for the first mortgage
- ☐ The copy of the deed of trust, stamped as “True and Certified” by the settlement agent
- ☐ A completed tax information sheet
- ☐ The 4506-C address, set to match the last filed tax transcripts
  - ☐ In addition, a 4506-C must be completed for each borrower individually.
- ☐ Verbal verification of employment within ten (10) calendar days of the Note date, per Agency guidelines, and an independently obtained phone number or address for employer with source documented
- ☐ Evidence the FHA UFMIP has been paid
- ☐ A W-9 where borrowers have selected a Federal Tax Classification
- ☐ A Life of Loan flood certificate
  - ☐ Life of the loan flood certificates must be provided by CoreLogic or ServiceLink, or a company that uses the same databases
  - ☐ If a life of the loan flood cert is not provided, or if the flood cert provided is not life of the loan, or if the flood cert provided comes from a vendor other than CoreLogic or ServiceLink and does not use the appropriate database, a \$5 fee will be assessed at time of loan purchase and a qualifying flood cert will be ordered.

- ☐ Closing Protection Letter (CPL)
- ☐ Final settlement ALTA statement, signed by the settlement agent

Additionally, the loan must be fully eligible for FHA insurance, and it must already be insured by HUD or will be insured by HUD within sixty (60) days of the purchase date.

In addition, a **Compliance Test** is required on all transactions, including testing results on all of the following:

- Ability to Repay (ATR) and updated (2021) QM reviews and threshold tests
- Federal "HOEPA," state and local high costs threshold tests
- FHA/VA Enterprise Rule
- Higher Priced Mortgage Loans (HPML Indicator)
- HMDA Review
- Nationwide Mortgage Licensing and Registry (NMLS) review
- All State Regulatory Reviews

Compliance reports must provide a compliance test, not a loan summary alone.

### 5.21.1 Documentation—Further Requirements

Further documentation is required for all first mortgages.

- ☐ Closing Disclosure evidencing escrow of funds at disbursement
- ☐ Final inspection/documentation of completion of repairs, as required:
  - ☐ HUD form 92051—line 14 checked and signed by the Fee Inspector, DE Staff Inspector, Appraiser, or HUD Inspector; or
  - ☐ Fannie Mae™ Appraisal Update and/or Completion Report (form 1004D) with front photo of the subject property—completed by the appraiser or a qualified professional
    - ☐ A qualified professional may be one of the following:
      - ☐ A professionally licensed, bonded, registered engineer
      - ☐ A licensed home inspector
      - ☐ An appropriately registered/licensed tradesperson
    - ☐ If the borrower performed the minor repairs, receipts for the items needed to make the repairs and the fee inspection is required
  - ☐ HUD Form 92300 (Mortgagee's Assurance of Completion) must be completed by the Correspondent, and must reflect the escrow amount
    - ☐ Pages 1 & 2, must be signed and dated after completion of repairs
- ☐ Evidence of release of escrow funds

- ☐ If the contract indicates that the borrower is financially responsible for the required repairs, the source of the funds must be documented; follow standard requirements for documentation of assets/funds to close

### 5.21.2 Documentation—Second Loan Requirements

The following documents are required for all second lien loans:

- ☐ 2<sup>nd</sup> Lien Loan Application
  - ☐ Note: Not required when the 2<sup>nd</sup> lien loan application has been disclosed appropriately in conjunction with the 1<sup>st</sup> lien application
- ☐ 2<sup>nd</sup> Lien Closing Disclosure
- ☐ 2<sup>nd</sup> Lien 1<sup>st</sup> Payment Letter (Repayable 2nds only)—must reflect Arrive Home™'s servicing address. (Follow [this link](#) for the address.)
- ☐ 2<sup>nd</sup> Lien Note—payment address for repayable 2nds must reflect Arrive Home™'s servicing address shown above; must be delivered to Arrive Home™ within three (3) days of reverse bailee delivery if a reverse bailee is used
  - ☐ 2<sup>nd</sup> Lien Note to be Endorsed to the Master Servicer, or an Allonge that is wet signed (stamped signature OK if it is an original)
- ☐ 2<sup>nd</sup> Lien Mortgage/Deed of Trust
- ☐ Notice of Transfer of Servicing for 2<sup>nd</sup> Lien
- ☐ Any additional state-required disclosures

## 5.22 | Hazard Insurance

A hazard insurance policy that meets the following specifications must be provided by the applicant at closing:

- ☐ For purchase transactions, Arrive Home™ requires hazard insurance policy with a paid receipt for one (1) year or an invoice and sufficient funds collected to pay the invoice
- ☐ Even if a policy is issued for one (1) year, Arrive Home™ requires proof that the premium for the year is paid in full
  - ☐ Proof may be in the form of a receipt signed by an authorized individual of the insurance company; otherwise, the premium is to be paid at closing and indicated on the HUD-1 Settlement Statement
  - ☐ The same premium as shown on the policy is reflected on either the paid receipt or HUD-1

- ☐ If, on the date of purchase of the mortgage loan by the Master Servicer, there are less than thirty (30) days to policy expiration, Arrive Home™ requires a thirty-day binder or evidence that the policy has been renewed for one year
- ☐ Prior to purchase of the first mortgage and reimbursement of the second mortgage, the loss payee clause must be in the lender's name and include the verbiage "Its Successors and/or Assigns ATIMA." (ISAOA/ATIMA is an acceptable abbreviation of this verbiage.)
  - ☐ Alternatively, Correspondents may use the Arrive Home™ loss payee clause on the second mortgage only. If this option is used, the second mortgage loss payee clause should be:

**Arrive Home™**  
 10885 S State St  
 Sandy, UT 84070

Arrive Home™ requires the Homeowner Declarations page show an effective coverage date no later than the note date, along with proof of premium paid.

The applicant has the right to select the insurance carrier, provided the carrier has at least one of the following ratings at the time the mortgage loan was closed:

- ☐ "B" or better general policyholder's rating, or a "3" or better financial performance index rating, from A.M. Best's Insurance Reports; refer to <http://www.ambest.com> for additional information
- ☐ "A" or better rating in Demotech Inc.'s Hazard Insurance Financial Stability Ratings; refer to <http://www.demotech.com> for additional information
- ☐ "BBB" qualified solvency ratio, or "BBB" or better claims-paying ability rating, in Standard and Poor's Ratings Group Insurer Solvency Review; refer to [www.standardandpoors.com](http://www.standardandpoors.com) for additional information

Prior to closing, the Correspondent must verify that the hazard insurance rating specifications have been met. The following alternative hazard insurance coverage is also acceptable:

- ☐ In the event that the issuer of the hazard insurance policy does not meet the above-described rating specifications, the hazard insurance policy may, nevertheless, be acceptable if the insurer is reinsured by a company that meets either:
  - ☐ One of the A.M. Best's general policy-holder ratings
  - ☐ Standard and Poor's Ratings Group claim-paying ability ratings

- ☐ Both insurance companies must execute an Assumption of Liability Agreement (Fannie Mae™ Form 858) that provides for 100% reinsurance of the primary insurer's policy and a ninety-day written notice of termination of the reinsurance arrangement; the Assumption of Liability Agreement must be attached to the hazard insurance policy

### **5.22.1 1–2 Family Residences**

1–2 family residences must protect against loss or damage from fire and other hazards covered by the standard extended coverage endorsement. Arrive Home™ will not accept hazard insurance policies that limit or exclude from coverage (in whole or in part) windstorm damages, hurricane damages, hail damages, or any other perils that normally are included under an extended coverage endorsement. A lender must advise the borrowers that they may not obtain hazard insurance policies that include such limitations or exclusions—unless they are able to obtain a separate policy or endorsement from another commercial insurer that provides adequate coverage for the limited or excluded peril, or from an insurance pool that the state has established to cover the limitations or exclusions.

The insurance coverage must be of the type that provides for claims to be settled on a current replacement cost basis.

For land and improvements to support the use of replacement cost coverage, Arrive Home™ does not require separate appraisal valuations.

Insurance must be in an amount and form acceptable to the applicable Agency guidelines.

For FHA mortgage loans with case numbers assigned prior to November 14<sup>th</sup>, 2015, see the guidelines in HUD ML 2009-46 B, Condominium Approval Process for Single Family Housing, Section VI, Insurance Requirements, or a more recent HUD issuance, if applicable. FHA mortgage loans with case numbers assigned on or after November 14<sup>th</sup>, 2015, must be underwritten to FHA Single Family Housing Policy Handbook 4000.1.

### **5.22.2 Condominiums**

In general, the following are required for all condominium hazard insurance policies:

- ☐ The PUD, condominium homeowners' association, or fee simple landowner must maintain commercial general liability (CGL) insurance covering all common areas, common elements, commercial spaces, and public ways in the PUD or condominium
- ☐ The current master condo insurance policy must provide at least one million (\$1,000,000) liability coverage

- ☐ The “Severability of Interest” clause or specific endorsement must preclude the insurer’s denial of a unit owner’s negligence claim
- ☐ An acceptable fidelity bond is required on condominium projects with more than twenty (20) units
- ☐ The policy should provide for at least ten (10) days’ written notice to the homeowners’ association before the insurer can cancel or substantially modify it; for condo projects, an additional, similar notice must be given to each holder of a 1<sup>st</sup> mortgage or share loan on an individual unit in the project
- ☐ 100% of the insurable replacement cost coverage for the complete project and unit (interior and exterior of the condominium unit)

The project and unit (walls-in), the H06 policy, must both be insured. If the master condo insurance policy does not cover the unit (walls-in) then see the following H06 requirements:

- ☐ The walls-in (H06) policy must state that it provides coverage for the insurable value of the improvements and betterments; or
- ☐ the walls-in (H06) policy must provide the breakdown, or “cost estimator,” from the insurance company on how they determined the amount of coverage provided; or
- ☐ the borrower must obtain a statement from the insurance company that this is the maximum the company will insure and that this is sufficient to replace the improvements and betterments.

### 5.22.3 PUDs

Individual insurance policies are required on planned unit development (PUD) units unless the PUD unit is covered under the project’s blanket policy and the PUD project’s constituent documents allow the individual PUD units to be included in the project’s blanket policy.

In addition, the homeowners’ association must maintain a policy that covers the common areas, fixtures, equipment, personal property, and supplies of the project.

PUD hazard insurance must be in an amount and form acceptable to the applicable Agency guidelines.

If the individual units are covered by insurance purchased by their respective owners, the PUD homeowners’ association or the fee simple landowner must maintain “all risk” coverage for common areas and property for 100% of their insurable value, and provide for loss or damage settlement on a replacement cost basis. The association or fee simple landowner must also obtain any additional coverage commonly required by private



mortgage investors for developments similar in construction, location, and use, including the following (where applicable and available):

- ☐ Agreed amount
- ☐ Demolition cost
- ☐ Increased cost of construction
- ☐ Boiler and machinery

#### 5.22.4 Amount of Hazard Insurance

For first lien home mortgages on 1–2 unit properties, hazard insurance coverage must be equal to the lesser of:

- ☐ 100% of the insurable value of the improvements (replacement cost), as established by the property insurer; or
- ☐ the guaranteed replacement cost endorsement, which provides that the insurer agrees to replace the insurable property, regardless of the cost or the replacement cost endorsement; or
- ☐ the unpaid principal balance of the mortgage, as long as it equals the minimum amount (80% of the insurable value of the improvements) required to compensate for damage or loss calculated on a replacement cost basis; or
- ☐ other structures (**do not** add the insurance for “other structures” with the amount of coverage on the dwelling to meet the minimum required amount).

Note: Due to the revised agency appraisal form, which eliminated the site value box, the estimated site value can be submitted with a notation in the “Comments” section of the appraisal or an appraisal addendum signed by the appraiser.

If the hazard insurance is not equal to at least one of the above minimum coverage amounts, then additional hazard coverage that meets the minimum coverage amounts must be obtained before the mortgage loan can be purchased.

If an extended replacement cost is noted on the policy, the percentage of extended replacement costs must be detailed.

If the estimated site value, opinion site value, or an appraisal addendum signed by the appraiser is not available on the appraisal, the documents below are acceptable in the following order:

1. Insurance value form from the insurance agency

2. Third party vendor documents (Marshall and Swift [example: Data Quick] may have been used by the vendor)
3. (If the site value is not noted) The tax assessor value from the title policy/commitment or tax assessment form may be used for the calculation

#### **5.22.5 Hazard Insurance Deductible**

Deductible for hazard policies must conform to HUD guidelines.

### **5.23 | Title Policies and Insurance Commitments**

All title insurance policies must ensure that the title is generally acceptable and that the mortgage constitutes a lien of the required priority on a fee simple or leasehold estate in the property. The title policy should list any and all other liens as subordinate to the first lien.

The title policy must be written on an ALTA (American Land Title Association) form. In states where ALTA forms of coverage are not used, the state-standard or short form that provides the same coverage as the ALTA form may be used, provided that the coverage does not impair lien protection to all applicable liens for purchase.

The title policy should be dated as effective (no earlier, or no later) at the date of closing. Lien protection must begin at the time of consummation and extend through the life of the loan.

Please note: title insurance is not a requirement for Arrive Home™ second liens, although it may be applied at the lender's discretion. All title insurance requirements are in line with FHA guidelines for lien insurance protection for first liens used in connection with the purchase transaction.

#### **5.23.1 Adding Persons to Title and Sales Contracts**

Arrive Home™ allows persons to be added to the contract and title that are not on the loan, such as non-purchasing spouses, per Agency and state guidelines.

## 6 || Document Packages

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### 6.1 | Lock Policy

#### 6.1.1 Best Efforts Execution

All loans are delivered under best efforts execution. A complete closed loan file, a credit package, and collateral must be delivered by the lock expiration date, otherwise the lock will cancel upon lock expiration and the locked loan will be removed from our hedge.

#### 6.1.2 Lock Expirations

Locks that expire on the date of closed loan submission or within five (5) calendar days after submission will be automatically extended for seven (7) days from the submission date to allow for purchase conditions to be released (if any) and submitted by the Correspondent.

Locks that are canceled, or that expire and remain expired, for thirty (30) days or more are eligible for relock at current-day pricing. If a loan is locked and then canceled (or expires), and then a relock request is received within thirty (30) days of the original lock, the loan pricing will be at worst-case pricing between the original lock and relock day, in addition to any extension or roll fees and a 0.25 relock fee (which is the cost to reinstate our hedge).

#### 6.1.3 Extension and Roll Fees

Lock periods may be extended prior to loan purchase in 7-day increments (12.5 bps cost; subject to change based on market conditions). Lock periods may not receive longer than twenty-one (21) days in extensions in total.

For loans that are delivered prior to lock expiration but that are not purchased during the seven-day grace period, roll fees will be charged at a rate of 12.5bps/week (1.786 bps/day) and will be withheld from the purchase advice. Due to difficulty in hedging these types of loans and/or depending upon market conditions, roll fees may increase substantially during times of market volatility.

#### 6.1.4 Locks and Property Addresses

As a reminder, the lock is associated with the property address. If a borrower chooses to purchase a different property than was selected at the time of lock, the lock will need to be canceled and a new lock request submitted for the new property.

### 6.1.5 Locks Contact

For questions or exceptions to this policy, please send us an email at: [info@arrivehome.org](mailto:info@arrivehome.org).

## 6.2 | Delivery

The mortgage loan must be delivered to the Master Servicer in purchasable condition on or before the lock expiration date. Loans must be current at the time of purchase.

A delivered loan is considered in purchasable form if it meets the requirements of the following:

- ☐ Product and program parameters
- ☐ Federal, state, and local laws and regulations
- ☐ Industry standards (such as “good delivery”), the insuring requirements of FHA, and secondary market investor guidelines
- ☐ The requirements of this guide, including any updates, and the Correspondent Agreement (including in loan documentation)
- ☐ Arrive Home™ specific documentation and Arrive Home™ Loan Delivery Checklist

A closed mortgage loan submitted in non-purchasable form is considered incomplete and may be subject to relocking or repricing for a lock extension. Refer to section [6.1](#) (Lock Policy) for pricing details.

Loans must be uploaded in accordance with Arrive Home™’s specific Loan Delivery Checklist.

### 6.2.1 Good Delivery

For “good delivery”, a complete closed loan file, a credit package, and collateral must be delivered by the lock expiration date.

## 6.3 | Same Name Affidavits

Each borrower(s) name and signature should be consistently written throughout all the documentation in the mortgage loan file. On occasion we will allow a variation in the name, such as a missing middle initial or the omission of a “Jr.” or “Sr.” If there are significant variations between the borrower’s signatures, as compared to the printed name on the following documents, the borrower(s) must sign a Same Name or A/K/A Affidavit at closing listing all variations to be covered on the following documents:

- ☐ Note
- ☐ Mortgage

- ☐ Credit Report
- ☐ Title Policy

In addition to variations on the above documents, a Same Name or A/K/A Affidavit must be signed if the credit report indicates that the borrower has a disclosed alias that is significantly different from the name on the application or related documents. If there are name variations on documents in the file other than the note, mortgage, credit report, and title policy, a Same Name or A/K/A Affidavit may be required at the underwriter's discretion or for investor requirements.

## 6.4 | Use of Power of Attorney at Closing

Closing documents may be executed with a detailed Power of Attorney (POA) that complies with all applicable laws and Agency policies, provided the following conditions are met:

- ☐ POA must be specific to the transaction and subject property, including the following:
  - ☐ The borrower's full name (which must match all documents)
  - ☐ Full subject property address (which must match all documents)
- ☐ POA must have been in full force and effect on or before the date of closing and no more than one-hundred and twenty (120) days prior to the closing date
- ☐ The designated individual with Power of Attorney may not have a direct or indirect interest in the transaction
  - ☐ This exclusion does not apply to any of the borrowers on the transaction
- ☐ Grantor's (Borrower's) name appears exactly as it was stated to appear on all closing documents
  - ☐ If notarized outside of the United States, it must be notarized at a U.S. Embassy or at a military installation
- ☐ The Recorder's stamp must be present, if previously recorded; the POA must be dated no more than one-hundred and twenty (120) days prior to, and must be completed and in effect on, the closing date
- ☐ The attorney-in-fact must have completely executed all closing documents at the settlement closing
- ☐ Without any exception, the Title must insure that the Correspondent is in 1<sup>st</sup> lien
- ☐ POA document must be recorded immediately prior to the closing documents

General POAs are not acceptable.

Arrive Home™ requires a copy of the completed POA included with the closing package if a POA is being used by the borrower or seller.

#### 6.4.1 Signature requirements for a POA

There are no exceptions to these policies, for signatures or initials.

Sign the borrower's name, with the POA signature underneath, with the following verbiage: "as attorney in fact" (i.e., John Doe by Mary Doe, as attorney in fact). In the case of initials (no exceptions), initial the borrower's initials, with the POA initials underneath, with the following verbiage: "as attorney in fact" (i.e., JD by MD, as attorney in fact).

### 6.5 | Electronic Signatures

Arrive Home™ will accept the use of electronic signatures on certain documents when the signing is conducted in accordance with the outlined performance standards below and as permitted by applicable law, secondary market investors, and the performance standards required by HUD.

The following guidance is not intended as legal or regulatory advice. The Correspondent is responsible for obtaining professional advice, as needed, to ensure that mortgage loans submitted to Arrive Home™ are in compliance.

A Correspondent's electronic signature technology must comply with all the requirements of the ESIGN Act, including those relating to disclosures, consent, signature, presentation, delivery, and retention, and any state law applicable to the transaction. The ESIGN Act defines electronic signatures as "any electronic sound, symbol, or process attached to or logically associated with a contract or record and executed or adopted by a person with the intent to sign the record." (Esign 106(5)). Correspondents should follow this definition of electronic signatures, with the exception that Arrive Home™ will not accept an electronic signature that is solely voice or audio. The Correspondent's process for electronically signing authorized documents must ensure the document is presented to the signatory before an electronic signature is obtained. The electronic signature must be attached to, or logically associated with, the documents that have been electronically signed.

In each mortgage loan file using electronic signatures, the Correspondent should collect and retain appropriate evidence that the borrower consented to the use of any electronic signature or disclosure.

Electronic signatures are acceptable on initial application documents. However, the following specific closing documentation will require wet signatures that are not electronic: all Promissory Notes and Mortgages.

### 6.5.1 Representations and Warranties

In addition to the representations and warranties listed in the agreement and elsewhere in this guide, and when selling a mortgage loan with electronic signatures to the Master Servicer, the Correspondent must make the following representations and warranties with respect to any and all documents or record delivered to the Master Servicer which bear an electronic signature:

- ☐ All electronic signatures comply with applicable law, including the standards and requirements of the Electronic Signatures in Global and National Commerce Act (E-Sign) and, if applicable, the Uniform Electronic Transaction Act (UETA) adopted by the state in which the electronic signature is initiated
- ☐ Any and all documents or records bearing an electronic signature are fully transferable or assignable by Arrive Home™ to any third party
- ☐ Any and all documents or records bearing an electronic signature are fully enforceable by such third party to whom Arrive Home™ transferred or assigned such document or record
- ☐ Any and all documents or records bearing an electronic signature have been duly and properly executed and attested (if applicable) in full compliance with any and all applicable laws and regulations, including, but not limited to, any applicable Arrive Home™, Fannie Mae™, Freddie Mac, FHA, or VA requirements
- ☐ Each document or record that bears an electronic signature will be accepted by Fannie Mae™, Freddie Mac, FHA, or VA, as applicable, in accordance with the requirements of such agency or investor

### 6.5.2 Hybrid Closings, eClosings, and RONS

Hybrid closings and eclosings are allowed, provided that all promissory notes and mortgages are wet signed.

Remote Online Notaries (RONS) are not allowed.

## 6.6 | The Arrive Home™ Second Lien Closing Disclosure

The CFPB expects that typical transactions with a simultaneous second lien loan will involve two separate transactions. Regardless of if the transaction involves the same creditor providing the first loan and the simultaneous second loan, the two loans are treated as separate transactions, with the proceeds from the simultaneous second included in the Closing Disclosure for the primary transaction, where the seller is disclosed pursuant to Section 38(j)(2)(vi), per Comment 38(j)(2)(vi)-2.

Arrive Home™ second liens must have separate disclosures and should contain the information associated with the Arrive Home™ second mortgage loan (including, but not limited to, the loan amount, fees charged, and payment schedule). Arrive Home™ relies on its Correspondents to ensure the second mortgage final Closing Disclosure is compliant with the TILA-RESPA Integrated Disclosure Rule (TRID). In addition, Arrive Home™ requires that Correspondents preparing the second lien CD comply with Arrive Home™'s applicable investor, insurer, and guarantor requirements for the second lien CD. To this end, we are providing the following guidance that our investors have found to be acceptable.

#### **6.6.1 Properly Identifying Down Payment Assistance Funds on the First CD**

On the first mortgage CD, the down payment assistance funds from Arrive Home™ must be identified as coming from the Master Servicer (**not** Arrive Home™) and reflected as such in Section L, "Paid Already by Or on Behalf of Borrower at Closing," or under "Other Credits," using Lines 4 through 7.

#### **6.6.2 Showing Closing Costs for Secondary Financing on the First CD**

On the first CD, the total closing costs associated with the second mortgage may be reflected in "Section H" (of the first CD), "Other Costs," and identified as "Closing Costs for Secondary Financing" if those fees are not being paid by the borrower or "netted" from the second mortgage proceeds.

Either net proceeds or the principal balance from the second lien (from Arrive Home™) may be shown in the "Amount" Column; however, if net proceeds are shown, the principal balance must also be shown in parentheses in the description field.

Note: if net proceeds are shown in the "Amount" column in Section L, or under "Other Credits" on the first CD, the closing costs associated with the second mortgage CD will not be reflected in Section H of the first CD and it will be critical for the lender to confirm that the borrower has sufficient funds invested to meet the FHA minimum required investment.

*Powered by Solar:* Any funds provided by the solar partner will need to be included in the appropriate field when the second mortgage is registered so Arrive Home is aware of what will be included in the solar offering before the solar package is accepted by the borrower. Any closing costs paid by the solar provider should be subtracted from the total solar package prior to submitting forms for a tax credit.

### **6.7 | CD and Settlement Documentation**

The following documents are required to be delivered to Arrive Home™:



- ☐ Initial Borrower Closing Disclosure
- ☐ If multiple CDs:
  - ☐ “Final”-marked Borrower’s Closing Disclosure
  - ☐ “Final”-marked Seller’s Closing Disclosure
- ☐ Settlement agent disbursement sheet
- ☐ Fully completed and executed Settlement Agent Certification
- ☐ Closing Disclosure provided to the seller at closing/Seller’s Transaction

Arrive Home™ requires the borrower’s or borrowers’ signatures on the Closing Disclosure provided at closing. Arrive Home™ also requires a copy of the CD provided to the seller at closing, but it does not have to be signed. The Final Closing Disclosure must be marked “Final” to clearly distinguish it from other closing disclosures.

### **6.7.1 Preparation of the Closing Disclosure for a Seller**

For a purchase transaction, the settlement agent is required to provide the seller with the CD reflecting the actual terms of the seller’s transaction. The settlement agent may comply with this requirement by providing the seller with a copy of the same CD provided to the Consumer (buyer) if it also contains information relating to the seller’s transaction. Arrive Home™ does not require the seller’s signature on the CD containing both buyer and seller transactions, even if a separate seller-signed CD is not provided, but Arrive Home™ will still require a copy of the CD provided to the seller at closing. Alternatively, the settlement agent may provide the seller with a separate disclosure including only the information applicable to the seller’s transaction on the CD. If the seller’s disclosure is provided in a separate document, the settlement agent will provide the Correspondent with a copy of the CD provided to the seller; Arrive Home™ will require a copy of this document, but it does not have to be signed. The settlement agent will provide the seller its copy of the CD no later than the day of consummation.

### **6.7.2 Delivery of the Closing Disclosure**

The CD must be received by the Consumer at least three (3) specific business days prior to consummation and follow general TILA-RESPA Integrated Disclosure (TRID) regulatory compliance.

Under the timing requirements of the rule, if a creditor provides appropriate disclosures by mail, electronic delivery, or courier, the creditor may presume that the Consumer receives the disclosure three (3) specific business days after they are mailed, transmitted, or deposited with the courier service (for purposes of determining when the three-business-

day waiting period begins). This is commonly referred to as the three-business-day mailbox rule. When the Correspondent has evidence that the Consumer received the disclosures earlier than three (3) specific business days after mailing or delivery, the Correspondent may rely on that evidence under the rule and consider the disclosures to be received on that date.

If the CD is provided in person, it is considered received by the Consumer on the day it is provided.

The regulation allows the Consumer to waive or modify the three-business-day waiting period if an extension of credit is needed to meet a bona fide personal financial emergency.

### **6.7.3 Revised Closing Disclosures**

Once a CD is delivered or mailed to the Consumer, consummation cannot occur until three (3) specific business days after the disclosure is considered received by the Consumer. According to the TRID rule, there are three (3) categories of changes that require a corrected CD containing all changed terms:

- ☐ Changes that occur before consummation that will require a new three-specific-business-day waiting period:
- ☐ Changes that occur before consummation that do not require a new three-specific-business-day waiting period (i.e., any changes not covered above)
- ☐ Changes that occur after consummation

## **6.8 | Disclosures Required Post-consummation**

The Correspondent must make the following disclosures clearly and conspicuously in writing, in a form that the Consumer may keep.

If, during the thirty-day period following consummation, an event in connection with the settlement of the transaction occurs that causes the CD to become inaccurate, and such inaccuracy results in a change to an amount actually paid by the Consumer, the Correspondent must deliver or place in the mail a corrected CD no later than thirty (30) days after receiving information sufficient to establish that such an event has occurred. An example of such an event might be a recording fee or a transfer tax that differs from what was disclosed, or the discovery of an unpaid assessment at the time of document recording.

If the CD contains non-numeric clerical errors, the Correspondent must deliver or mail a corrected CD no later than sixty (60) days after consummation.

In the case where a refund of excessive fees, paid by the Consumer, are necessary, related to good faith analysis, the refund amount must be provided to the Consumer no later than sixty (60) calendar days after consummation. In addition, the Correspondent must deliver or mail the corrected CD reflecting such refund no later than sixty (60) days after consummation.

All other TRID disclosures must be provided to Arrive Home™ with a reliable form of evidence of delivery. If the three-day mail rule is truncated for delivery of the closing disclosure to allow for an early closing, evidence of the date of receipt is required.

## **6.9 | Loan Cancellation Policy**

Correspondents and Arrive Home™ can choose to cancel loans if necessary.

### **6.9.1 Loans Canceled Before Closing**

Loans canceled before closing are not assessed a fee or penalized in any way. However, the application for down payment assistance must be started anew if this loan is ever un-cancelled.

## 7 || Final Documents

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### 7.1 | Collateral Package Documents

Arrive Home™ requires all original and final collateral documents, with the exception of mortgages (deed of trust) that are pending recording within the assigned jurisdiction (for which a certified true copy must be provided within one-hundred and eighty [180] days from the closing date).

The original collateral package is reviewed by Arrive Home™ prior to the mortgage loan being approved for purchase. Any deficiencies will be listed on the Arrive Home™ client site. Collateral conditions for corrected or additional original documents should be sent to Arrive Home™, and a copy of the document should be uploaded to the Arrive Home™ client Site.

For each loan purchased by the Master Servicer, all final closing documents must be delivered by no later than eighty-five (85) days (sixty [60] days for FHA MIC) after the purchase of the mortgage loan. If complete documentation is not received within the eighty-five-day period (sixty [60] days from the note date if FHA MIC), Arrive Home™ may require the seller to incur a delivery fee or repurchase the mortgage loan, or both. (If a reverse bailee is used, the notes for both mortgages must be delivered within three [3] days of reverse bailee delivery.)

Arrive Home™ advises Correspondents to use an express shipping service to track shipments and ensure timely delivery of the original note, collateral package, and trailing documents.

To view addresses to send collateral to, please follow [this link](#).

#### 7.1.1 Purchase Advice Funding

Notify [operations@arrivehome.org](mailto:operations@arrivehome.org) that the collateral has been shipped and provide the following:

- Manifest (containing Loan Number, Name, Note Amount, Date Shipped, Carrier, Tracking Number) in Excel form
- Contact for PA

Once the Original signed NOTE and Bailee Letter have been received and cleared without any exceptions, funds will be released to the wire instructions provided on the Bailee Letter. The PA will be created and sent out to the email provided.

## 7.2 | Mortgage Electronic Registration Systems (MERS)

First mortgage loans sold to the Master Servicer, and all secondary mortgages, must be registered in Mortgage Electronic Registration Systems (MERS) in accordance with MERS guidelines. In addition, all mortgage loans, first and second liens, must be transferred to the Master Servicer as Investor (owner/beneficiary) and Servicer through MERS at the same time the first mortgage is transferred, but never before purchase. This MERS transfer **must be initiated** within forty-eight (48) hours to ensure that the MIN will be in the Master Servicer's name within seventy-two (72) hours. We remind all Correspondents of the following when registering and transferring MINs:

- ☐ Select the correct lien type for the loan
- ☐ Ensure the loan amount is correct
- ☐ Lender organization ID is entered as the Originator for all first mortgages
- ☐ The Master Servicer's organization ID is entered at the Originator for all second mortgages
- ☐ The borrower's or borrowers' social security number(s) is correct
- ☐ FHA Case Number is entered and is correct (if applicable)
- ☐ Enter the Arrive Home™ loan number as Investor Loan Number
- ☐ An interim funder should not be added for any Secondary Mortgage MINs

### 7.2.1 MIN Numbers

1st Lien MIN Transfers: USF (ORG ID #1005848)

2nd Lien MIN Transfers: Tule River (ORG ID #1016990)

## 7.3 | FHA Connection

### 7.3.1 FHA Mortgage Record Change

The Correspondent is responsible for completing the mortgage record change to the Master Servicer in FHA Connection (FHAC). To report servicer/holder transfer, the Correspondent must log in to FHAC to complete the transfer. Mortgage record changes must be completed within fifteen (15) business days from the date of purchase.

To do this:

1. Access the Mortgage Record Changes menu
2. Click Servicer/Holder Transfer (HUD Form 92080)
3. Enter the FHA Case Number (including the dash)

4. Enter original mortgage amount, including UFMIP (do not enter \$ sign or comma)
5. Enter the first five digits of the Arrive Home™ ID (72728) into the Holding Mortgagee
6. Complete the new Servicing Mortgagee field
7. Enter the date of transfer (Purchase Date)

If the appraisal number or FHA case number is in the name of anyone other than the final borrower on the loan, Arrive Home™ will require a complete paper trail of the case transfer.

### 7.3.2 Trailing Docs

For each loan purchased by the Master Servicer, all final, original closing documents must be delivered by the required delivery date, which is within eighty-five (85) calendar days of the closing of such mortgage loan (or thirty [30] calendar days from closing in the case of the FHA Mortgage Insurance Certificate).

## 7.4 | FHA Mortgage Insurance Certificate

MICs are not required to be delivered prior to purchase and must be delivered to the Master Servicer within sixty (60) days of the note date. However, loans with a previous mortgage credit reject (MCR) and manufactured housing are the exceptions to this rule: loans with a credit reject and manufactured housing will not be eligible for purchase until a MIC is delivered to the Master Servicer. Some exceptions may apply. In addition, proof of the upfront MIP (UFMIP) must be paid prior to purchase on all loans.

This will help us better align with industry standards for mitigating risk and preventing secondary delivery delays. Fees will be applied if delivery dates are not met. For more information, contact your Corporate Account Director.

## 8 || Servicing

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### 8.1 | Early Payment Default

An early payment default (for the purpose of the agreement between the Correspondent and Arrive Home™) is defined as the first payment that becomes thirty (30) days or more delinquent, or any of the second through fourth payments that become sixty (60) days or more delinquent, or if the mortgagor becomes a debtor in bankruptcy (or any similar type of proceeding). A payment is considered delinquent if a payment is not received within thirty (30) days of the due date designated on the mortgage note (first or second).

In the event that a borrower goes into an early payment default (EPD), Arrive Home™ will invoice the Correspondent lender for any premium pricing paid to the Correspondent at the time of loan purchase plus an admin fee, if applicable. The fee will be equal to the admin fee charged by Arrive Home™ (up to \$3500) or, for loans securitized indirectly by Arrive Home™, the admin fee will be \$1500. The Correspondent will also be required to purchase the second mortgage.

Depending upon the time the Loan Purchase Agreement was entered into, some Correspondents may have the EPD clause waived. Contact your Corporate Account Director for more details.

#### 8.1.1 Early Payoff

In addition to the other obligations of the seller and the other remedies available to the purchaser under this agreement, if a mortgage loan is prepaid in full, other than by a refinancing by the purchaser, on or before making the seventh (7<sup>th</sup>) monthly payment (due to the purchaser or its assigns) following the closing date, the seller shall:

- ☐ refund to the purchaser the premium paid by the purchaser to the seller (the term “premium” shall mean the portion of the amount paid by purchaser to seller for the applicable mortgage loan that exceeds the principal balance of such mortgage loan); and,
- ☐ if a grant or gift has been provided through the purchaser in connection to the mortgage loan, the seller shall also refund the amount of the grant or gift.

### 8.2 | Subordination Policy

Arrive Home™ rarely accepts subordination requests for our down payment assistance second lien products.

### 8.2.1 Amortized & Repayable Second Mortgage

Arrive Home™ does not allow for subordinations in the thirty-six (36) months beginning with the first payment on the loan. Borrowers who choose to refinance their first mortgage prior to the thirty-six (36) month period must pay off the second mortgage as Arrive Home™ will not subordinate. For payoff information, please contact [info@arrivehome.org](mailto:info@arrivehome.org).

During the aforementioned non-subordination period, if it is discovered that the original loan has a documented loan defect, this may be cured by the original maker of the loan via a refinance and Arrive Home™ would consider the subordination request for this refinance.

To subordinate after this thirty-six-month period, the borrowers must have made thirty-six (36) payments on both the primary and secondary loans, with no late payments (defined as more than thirty [30] days late). Payments may not be paid forward to satisfy the waiting period, and it is required that all the payments have been made prior to Arrive Home™ issuing a subordination approval.

See section [8.2.3](#) (General Subordination Policy) if the loan qualifies for subordination. To coordinate a payoff, reach out to [info@arrivehome.org](mailto:info@arrivehome.org).

### 8.2.2 Soft Seconds

Soft seconds do not qualify for subordinations during the initial forgiveness period (the initial thirty-six [36] payments on the first mortgage). The note specifically dictates that a refinance on the first mortgage would trigger a payoff of the second mortgage.

A forgivable second mortgage may be subordinated after the initial thirty-six (36) payments on the first mortgage if it is not forgiven.

Arrive Home™ forgivable DPA for FHA loans permanently loses its forgivable status if the borrower refinances the first mortgage and state law allows the second mortgage to subordinate without prior consent from Arrive Home™, but only if this occurs during the initial forgiveness period (the initial thirty-six (36) payments on the first mortgage). If the loan's forgivable status is permanently lost then the loan will have a 0% interest rate and no monthly payment, but it will need to be repaid upon refinance, transfer of ownership, or the end of the 30-year term.

If it is discovered that the original loan has a loan defect, this may be cured by the original maker of the loan via a refinance and Arrive Home™ would subordinate to this refinance.

To coordinate loan forgiveness or a payoff, reach out to [info@arrivehome.org](mailto:info@arrivehome.org).

### 8.2.3 General Subordination Policy

Should a loan qualify for subordination, the following process is required:



- ☐ The requesting party should email a copy of the subordination agreement to [info@arrivehome.org](mailto:info@arrivehome.org) for review and acceptance
- ☐ A \$150 processing fee is required (payable to the Master Servicer)
- ☐ A return shipping label is required, as well as a subordination document to be executed

All documents may not be executed until we have verified the payment as received.

### 8.3 | Indemnification

At the sole discretion of Arrive Home™, the Remedy of Indemnification against loss may apply to a mortgage loan that is otherwise subject to a Repurchase Remedy upon the occurrence of a Repurchase Event of Default, per the terms of the Agreement. The terms and conditions of the Indemnification may vary with circumstances relevant to each mortgage loan, but at Arrive Home™'s discretion may include a return to Arrive Home™ by the Correspondent of the amount of the purchase price that exceeds par, which includes without limitation any SRP and pricing premium paid to the Correspondent and the down payment assistance provided to the borrower. Par is 100% of the unpaid principal balance that was purchased by the Master Servicer.

In addition, the Indemnification may require payment of the estimated loss Arrive Home™ reasonably believes it may incur or actual loss it has incurred as a result of the Event of Default that gave rise to the Indemnification Remedy, including without limitation any marketing loss upon sale of an impaired Mortgage Loan at a reduced market price, loss due to indemnification, repurchase, or make-whole required of the Correspondent.

### 8.4 | Transfer of Servicing

After purchase of the loan, the Correspondent must immediately notify (within five [5] days) HUD and each borrower of the sale of the first mortgage loan. All disclosures and notifications to the borrowers must meet current applicable federal, state, local, and regulatory law requirements.

The Correspondent must issue all borrower notifications after the purchase of the loan and no less than fifteen (15) days before the effective date of the transfer of servicing duties.

Notifications must perform the following:

- ☐ Indicate and identify the date on which the servicing duties are to be transferred, which shall be the same date as the date on which payments are to commence to Arrive Home™ or its designated servicer

- ☐ Identify the date the Correspondent will no longer accept payments on the mortgage loan
- ☐ Identify the transferee of the servicing duties
- ☐ Provide the Correspondent's name and, for both companies involved in the transfer, a complete address, the appropriate department name, and a toll-free or collect call telephone number, which the borrower(s) may call with questions
- ☐ Direct the borrower(s) to forward future payments to the servicing payment processing center (see Payment Processing address information below)
- ☐ Notify the borrower(s) that the transfer does not affect any terms or conditions of the mortgage loan other than those related to servicing

Additionally, correspondents must provide a copy of the servicing-related notes and post-closing loan-level comments in their possession at the time of the transfer. Servicing notes and comments should be written in a manner that is appropriate to share with the borrower when required under the applicable law.

#### **8.4.1 Goodbye Letter: FHA First Mortgages**

In order to confirm an accurate notice of transfer of servicing, a "Goodbye Letter," Arrive Home™ requires a sample copy of the notice of transfer of servicing to be included in the loan package at time of delivery. This applies to all first mortgages.

For addresses applicable to the "Goodbye Letter," please follow [this link](#).

#### **8.4.2 Goodbye Letter: Repayable Second Mortgages**

In order to confirm an accurate notice of transfer of servicing, a "Goodbye Letter," Arrive Home™ requires a sample copy of the notice of transfer of servicing to be included in the loan package at time of delivery. This applies to all second mortgages.

For addresses applicable to the "Goodbye Letter," please follow [this link](#).

#### **8.4.3 Goodbye Letter: Forgivable Second Mortgages**

In order to confirm an accurate notice of transfer of servicing, a "Goodbye Letter," Arrive Home™ requires a sample copy of the notice of transfer of servicing to be included in the loan package at time of delivery. This applies to all first and second mortgages.

For addresses applicable to the "Goodbye Letter," please follow [this link](#).

## 9 || Arrive Home™ Key Contact Information

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Arrive Home™ key contact information for shipping, transfers, servicing, and insurance can be viewed by following [this link](#).

As a reminder, for all credit, underwriting, or compliance questions, please email your Corporate Account Executive.

### 9.1 | Arrive Home™ Quick Contact Information

- ☐ General Questions: [Info@ArriveHome.org](mailto:Info@ArriveHome.org)
- ☐ Lock Desk: [Locks@ArriveHome.org](mailto:Locks@ArriveHome.org)
- ☐ General Phone Calls (Sales, Operations, Due Diligence, Post Closing & Public Relations): (800) 270-7396

### 9.2 | Wiring Instructions (First Mortgages)

#### 9.2.1 Forwarded Payments—Payment Clearing

**Bank Name: Zions Bank**

Attn: United Security Financial Corporation

Account #: 018034215

ABA Routing #: 124000054

#### 9.2.2 Forwarded Payoffs—Payoff Clearing Beneficiary

**Bank Name: Zions Bank**

Attn: United Security Financial Corporation

Account #: 018034215

ABA Routing #: 124000054

### 9.3 | Qualified Written Requests

#### 9.3.1 FHA First Mortgages

Qualified Written Requests (QWRs) are required to be submitted to the address listed below. When the Master Servicer is in receipt of a Qualified Written Request (as defined by RESPA), an acknowledgment notice is sent within five (5) business days. We will respond

to you within thirty (30) business days of receipt of your written notice, unless otherwise defined by RESPA guidelines.

**Master Servicer—United Security Financial Corporation**

930 E 6600 S

Murray, UT 84121

**9.3.2 All Repayable Second Mortgages**

Qualified Written Requests (QWRs) are required to be submitted to the address listed below. When the Master Servicer is in receipt of a Qualified Written Request (as defined by RESPA), an acknowledgment notice is sent within five (5) business days. We will respond to you within thirty (30) business days of receipt of your written notice, unless otherwise defined by RESPA guidelines.

**BSI Financial Services**

PO Box 679002

Dallas, TX 75267

**BSI Financial Services (Overnight)**

Lockbox Number 679002

1200 E Campbell Rd. Ste. 108

Richardson, TX 75081

**9.3.3 All Forgivable Second Mortgages**

Qualified Written Requests (QWRs) are required to be submitted to the address listed below. When the Master Servicer is in receipt of a Qualified Written Request (as defined by RESPA), an acknowledgment notice is sent within five (5) business days. We will respond to you within thirty (30) business days of receipt of your written notice, unless otherwise defined by RESPA guidelines.

(All Mail and Delivery Services)

**Arrive Home™**

10885 S State St

Sandy, UT 84070

**9.4 | Custodian Information**

If a banking entity or custodian is required for collateral delivery, the following applies.

Arrive Home™ (08/07/2025)

(75)

Correspondent Lending Guide v4.8

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Note: Please ship 1st and 2nd mortgages in the same package.

#### **9.4.1 1st Mortgage Collateral Package Instructions**

**Southstar Bank**

Document Custody Services  
100 South Main Street  
PO Box 37  
Calvert, TX 77837

*Endorsements/Allonges:* All original collateral should be sent with a corresponding allonge, which may be sent blank. Originals require wet signature or stamped signature.

Notify [operations@arrivehome.org](mailto:operations@arrivehome.org) that the collateral has been shipped and provide the following:

- Manifest (containing Loan Number, Name, Note Amount, Date Shipped, Carrier, Tracking Number) in Excel form
- Contact for PA

Once the Original signed NOTE and Bailee Letter have been received and cleared without any exceptions, funds will be released to the wire instructions provided on the Bailee Letter. The PA will be created and sent out to the email provided.

#### **9.4.2 1st Mortgage Bailee Letter Instructions**

**Southstar Bank**

Document Custody Services  
100 South Main Street  
PO Box 37  
Calvert, TX 77837

#### **9.4.3 2nd Mortgage Collateral Package Instructions**

For repayable and forgivable 2nds.

**Bank of the Sierra**

ATTN: Warehouse Collateral  
61 N Second Street  
Porterville, CA 93257

Manifest must include the following **in Excel form**:

- Borrower Loan #
- Borrower Last Name and First Name (in that order)
- Borrower Address
- Overnight Tracking #
- Original WET signed 2nd Mortgage Note (all pages)
- Original WET signed 2nd Mortgage Allonge (Endorsement)
  - Texas Files Only: Contact Arrive Home™ management
  - All Other States: Pay to the order of “Arrive Home™”

#### **9.4.4 2nd Mortgage Bailee Letter Instructions**

**Bank of the Sierra**

ATTN: Warehouse Collateral

61 N Second Street

Porterville, CA 93257