

**DELAWARE STATE HOUSING AUTHORITY (DSHA)  
HOMEOWNERSHIP LOAN PROGRAM NOTICE  
Effective January 15,2025**

**Homeownership 1st Mortgage Loans are available to eligible homebuyers through DSHA’s “Welcome Home” and “Home Again” first mortgage loan programs. Also, Down Payment and Closing Cost Assistance (DPA) is available (through Second Loans funded by DSHA) through its “Home Sweet Home”, “First State” DPA Programs.**

This Program Notice includes general summaries of the Programs and certain provisions contained in the Mortgage Origination Master Agreement, dated September 28, 2001 (the “Origination Agreement”), as amended, and such summaries are subject to the more detailed provisions set forth in the applicable Program guidelines, the Origination Agreement and other documentation issued by DSHA.

All sections of this Program Notice should be reviewed carefully by the representatives of any Lender considering participation in the program as a Mortgage Lender (“Lender”) or a correspondent Lender.

**Key Information Concerning the Program:**

<b>Program Characteristics</b>	<b>“Welcome Home” 1st Mortgage Loan Program (Borrowers required to be First-Time Homebuyers with certain exceptions)</b>	<b>“Home Again” 1st Mortgage Loan Program (Borrowers <u>not</u> required to be First Time Homebuyers)</b>
(Please visit <a href="https://Dsha.Mitas.com/lenderportal">https://Dsha.Mitas.com/lenderportal</a> to view the applicable interest rates. Interest rates are posted daily by 10:00 AM DE time. Interest rates are subject to change.)		
“Smart Start” 1st Mortgage Loan	“Low Rate” 1st Mortgage Loan (no DPA/closing cost assistance)	“Low Rate” 1st Mortgage Loan (no DPA/closing cost assistance)
“Home Sweet Home” DPA 2nd Loan:	\$10,000	\$10,000
“First State” DPA 2nd Loan:	3% of the 1st Loan Amount	3% of 1st Loan Amount
“Diamond in the Rough” DPA 2 <sup>nd</sup> Loan	5% of the 1 <sup>st</sup> loan Amount	N/A
Origination Fee:	Up to 0.50%	Up to 0.50%
Discount Fee:	0.00%	0.00%
FHA Limited 203(k) Origination Fee:	Up to 1.00%	N/A
Extension Fee:	See Mitas for current extension fee amounts	See Mitas for current extension fee amounts
1st Loan Amortization Terms:	30 Years (level pay)	30 Years (level pay)
Code Compliance Fee:	\$150 per loan	\$150 per loan
Reservation (Rate Lock) Period:	60 days from reservation to purchase by Master Servicer	60 days from reservation to purchase by Master Servicer

**Delivery of Mortgage Loans:** Once a 1st Mortgage Loan is closed, the Lender must deliver a complete 1st Mortgage Loan free of defects and have it purchased by Master Servicer prior to expiration of the reservation period. The Lender may request a one-time 15-day or 30-day extension prior to the expiration of the initial reservation. An extension fee will be assessed at the time the extension is granted. The cost of the extension is posted on the Mitas reservation site and the daily rate sheet.

The Master Servicer will net any unpaid extension or other fees due at loan purchase.

If a 1st Mortgage Loan is not purchased within the 60-day reservation period, or if extended and not purchased within the extended reservation period, the rate lock will expire. The Master Servicer (or DSHA) shall have no obligation to purchase a 1st Mortgage Loan after the expiration of the reservation or extension period.

**NOTE:** Lenders must monitor their pipeline and cancel “dead” 1st Mortgage Loan reservations through the Mitas online website prior to the reservation expiration date. Penalties for non-cancellation are \$500 (first mortgage). There will be no penalty charged if the Lender cancels the loan online or the loan is purchased within the applicable reservation period. Loan reservations are borrower specific, not property specific. In the event a property falls through, the borrower may select a new property to be financed without cancelling the existing reservation. Please contact DSHA to discuss timeline options.

**Actions by Approved Lenders:** To be eligible to reserve funds and originate 1st Mortgage Loans under the Program, all approved Lenders must submit to DSHA annually an updated Attachment to Exhibit A to the Offer to Participate, and advise of any changes (e.g., location address, phone numbers, contact names, etc.) relating to Lender’s originating offices where Mortgage Loan applications may be taken for processing and the annual participation fee of \$3,000.

**How to Participate if not yet Approved:** Financial institutions that would like to be approved by DSHA to participate in the Program may obtain the Offer to Participate and a copy of the Origination Agreement at <http://www.destatehousing.com/Lenders> to complete and return to DSHA. A non-refundable application fee of \$3,000 must be submitted with the Offer to Participate. If approved, the application fee will be applied to the first required \$3,000 Annual Participation Fee.

**Program Operation:** Prospective borrowers will submit applications for loans available under DSHA’s loan programs through Lenders approved by DSHA for participation in the loan programs. The 1<sup>st</sup> Mortgage Loans will be fixed rate, 30-year mortgage loans. The loan programs will be available to eligible borrowers on a statewide basis.

Lenders will reserve loan program funds with DSHA, process and underwrite the 1<sup>st</sup> Mortgage Loans, confirm program eligibility of the mortgagor and the housing unit being purchased, close the 1st Mortgage Loans with their own funds, and deliver 1<sup>st</sup> Mortgage Loans to the Master Servicer for purchase. This process may change subject to the guidelines of the Master Servicer.

DSHA will make DPA 2<sup>nd</sup> Loans (in conjunction with eligible 1<sup>st</sup> Mortgage Loans) to eligible borrowers, in order to provide down payment and closing cost assistance to borrowers. The DPA 2<sup>nd</sup> Loans will be funded at closing (table funded) by DSHA from its funds. The DPA 2<sup>nd</sup> Loan documents will be transferred to DSHA when the related 1<sup>st</sup> Mortgage Loan is sold to the Master Servicer.

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

**Origination Period:** 60 days from loan reservation to purchase of loan by Master Servicer.

**Extensions:** A one-time 15-day or 30-day extension may be purchased prior to initial reservation expiration. An extension fee will be assessed at the time the extension is approved. See Mitas rate table for extension fee cost. Lender must obtain extension through the Mitas online reservation system by selecting the “Extend Commitment” option on the loan detail screen. Lender must click “accept” when presented with the amount of the extension fee. Only the 1st Mortgage Loan needs to be extended. Lenders may choose to pass along the cost of the extension. Should a Lender require more time in excess of an expired lock, such fees required to purchase the loan cannot be

passed along and will be netted out of your lender compensation once completion of selling the servicing to our master servicer.

This cost will be 25bps per each 15-day period beyond the expiration or extended expiration date. Should the loan reach a period of 120 days beyond original reservation all lender compensation will be forfeited, should DSHA or its Master Servicer elect to purchase the loan.

**Cancellation:** Lenders must monitor their pipelines or be subject to fees or cancellation, as described in the Program Notice. Any loan which reaches the reservation expiration date will be subject to cancellation. DSHA provides the “Originator Detail Report” to assist Lenders in monitoring and managing their pipeline. The report can be found in the reports section of the Mitas system. Any unfunded loan which has reached the reservation expiration date, the rate lock will expire. The Master Servicer (or DSHA) shall have no obligation to purchase any 1st Mortgage Loan after reservation expiration, except in its sole discretion on a case-by-case basis.

**Borrower Eligibility:**

**“Welcome Home” Loan Program:** This program is for “First-Time Homebuyers” with certain exceptions. First-Time Homebuyers are those who have not had an ownership interest in their primary residence at any time during the three-year period ending on the date of the execution of the note for a Mortgage Loan. However, loans to Qualified Veterans and loans with respect to residences located in Targeted Areas are eligible for the Welcome Home Program even if the borrower(s) are not First-Time Homebuyers.

**“Home Again” Loan Program:** This program is for homebuyers who do not qualify for the Welcome Home Program, that is, generally, homebuyers who are not First-Time Homebuyers or who are not Qualified Veterans or have a residence located in a Targeted Area.

**Note: First-Time Homebuyers who wish to use the Delaware First-Time Homebuyer Tax Credit Program must use the Home Again program.**

**Note: Conventional Mortgage Loans are not subject to Loan Level Price Adjustments (LLPA’s).**

**“Home Sweet Home” DPA Program:** This is a DPA 2nd loan program for buyers that purchase homes with a purchase price of \$285,000.00 or less. This program will provide \$10,000 in down payment/closing cost assistance at closing (through a DSHA 2nd Loan). See Addendum B for program details.

**“First State” DPA Program:** This is a DPA 2nd loan program that will provide 3% down payment assistance of the final 1st Mortgage Loan principal amount. Principal of the DPA 2nd Loan will be deferred until one of the following events: refinance, sale, transfer of title, the property is no longer the borrower(s) primary residence, or 30 years from the date of the Mortgage Note (whichever comes first).

**“Diamond in the Rough” DPA Program:** This is a DPA 2nd loan program that will provide 5% down payment assistance of the final 1st Mortgage Loan principal amount. See Addendum D for program details.

These DPA 2nd loans can only be obtained under the Welcome Home programs.

Notes:

- Borrower may use only one DPA 2nd Loan program.
- DSHA will provide funds for all DPA 2nd Loans at closing of such loans.
- **Lenders are required to reimburse DSHA for any DPA 2nd Loans funded by DSHA if the related 1st Mortgage Loan is defective and not purchased by the Master Servicer.**

<b>Welcome Home Household Income Limits:</b>	<b>New Castle County</b>	<b>1-2 Person Family</b>	<b>3+ Person Family</b>
	Non-Targeted	\$114,700	\$131,905
	Targeted	\$137,640	\$160,580

**Kent & Sussex Counties**

Non-Targeted	\$106,300	\$122,245
Targeted	\$127,560	\$148,820

*Note: For Welcome Home FHA limited 203(k) loans, total acquisition & rehabilitation amount may not exceed these purchase price limits.*

**Home Again Household Income Limits:**

<b>New Castle County</b>	<b>1-2 Person Family</b>	<b>3+ Person Family</b>
	\$137,640	\$172,050
<b>Kent &amp; Sussex Counties</b>		
	\$127,560	\$159,450

**Purchase Price Limits for Single Family Homes:**

<b>Non-Targeted Areas</b>	<b>1 Unit</b>
New Castle County	\$ 571,946
Kent/Sussex Counties	\$ 510,939
<b>Targeted Areas</b>	
New Castle County	\$ 699,045
Kent/Sussex Counties	\$ 624,481

**Housing Counseling Requirements:**

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

In addition to the above requirements, Lenders should ensure that the minimum education requirements are met for each respective loan product originated (e.g., FHLMC, RD, FHA, FHA Limited 203(k), VA, Community Seconds, etc.) per Agency guidelines.

DSHA encourages all borrowers to participate in homeownership education.

**Residence Eligibility:**

**Location:** All residences financed with Mortgage Loans under the Programs must be located within the State of Delaware and must be used as the primary residence.

**Configuration:** 1, 2, 3 and 4\* unit dwellings only. Dwellings may be attached or detached (as in a townhouse, row house, or patio home).

**NOTE:** Conventional HFA Advantage 97% program loan financing is limited to 1 –unit dwellings.

**Underwriting Standards:**

Borrower(s) must have a minimum FICO score of 620. Mortgage loans must be underwritten through appropriate Automated Underwriting Systems (AUS):

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

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

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

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

Borrowers utilizing the FHA Limited 203(k) must have a minimum credit score of 640. Please see attached Addendum D for details of available down payment/closing costs assistance.

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

FHA, VA, and RD Mortgage Loans may be assumed by a subsequent homebuyer only if all eligibility requirements of the new Mortgagor, the Housing Unit, the Mortgage Loan, and all other Program requirements are satisfied at the time of assumption as if the Mortgage Loan was being originated for the first time. All assumptions must be submitted to DSHA for Code Compliance Review, and written approvals by all applicable parties must be obtained prior to closing.

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

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

#### MORTGAGE LOAN FUNDING RESERVATIONS

**Reservation (Rate Lock) Process:** Lendable proceeds will be available on a first-come, first-served basis through reservation requests submitted to DSHA online at <https://mitas.destatehousing.com>. The ability to reserve loans in the system is available Monday through Friday 10:00 AM to 5:30 PM only<sup>1</sup>. Modifications to rate locks and programs will be completed, if approved, by DSHA Staff during the hours of 10:00 AM to 3:30 PM. All other Mitas functions are available 24/7. Rates are locked once a reservation confirmation is obtained through Mitas.

A 1st Mortgage Loan must be purchased by the Master Servicer within 60 days from the date of reservation. 1st Mortgage Loans that are not purchased within this period, DSHA will reserve the right to cancel, and the Lender will be charged the appropriate non-cancellation fees. A one-time 15- or 30-day extension may be purchased by the Lender prior to expiration, subject to the extension fee(s) in effect at the time of extension.

***Interest rates are locked at the time of original reservation confirmation. This rate remains with the borrower(s) for the entire reservation period. If the 1st Mortgage Loan is cancelled or the reservation expires, it may not be re-reserved for a period of 60 days after the end of the reservation period (including any extension of such period). Upon re-reservation, borrowers will be subject to the offered rate through Mitas. DSHA will allow a borrower to make one time only switch between programs under the original lock timeframe, borrower will be subject to the higher rate of either the rate on the day of the request or the original lock date. DSHA will allow a borrower who needs to entertain a new property to be released from the existing lock and obtain a new lock.***

All 1st Mortgage Loans submitted for approval will be charged a non-refundable \$150.00 Code Compliance Fee netted at purchase. Files reviewed but not purchased will be assessed the Code Compliance Fee via invoice to the Lender. This fee is an allowable closing cost and may be included on the Closing Disclosure, subject to HUD and product rules and laws.

<sup>1</sup>See addendums for additional information.

#### MASTER SERVICER DESIGNATION

**Master Servicer:** Lakeview Loan Servicing, LLC

## LENDER COMPENSATION

**Originating Lenders:** For each 1st Mortgage Loan, Lenders will receive total compensation of 2.25% (plus any permitted origination fee), payable by the Master Servicer upon purchase of the 1st Mortgage Loan when servicing is transferred.

**Mortgage Loan Purchase Price:** The purchase price for each 1st Mortgage Loan purchased by the Master Servicer on/before the reservation expiration date is 100% of the unpaid principal balance plus accrued interest and applicable origination and service release fees, less any applicable program fees.

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

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## **Addendum A**

### **First State DPA 2nd Loan -- Down Payment and Closing Cost Assistance Overview**

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

- Loan Terms:**
- DPA 2nd Loan amounts equal to 3% of the Final 1st Mortgage Loan amount to be used toward down payment and/or closing costs.
  - The First State DPA 2nd Loan will have a second lien against the residence/property.
  - The interest rate will be 0%.
  - The maturity date will be 30 years.
  - Principal will be repayable under the following events: refinance, sale, transfer of title or the residence is no longer the borrower(s) primary residence (whichever comes first).
- Loan Closing:**
- DSHA or its agent at settlement will provide all proceeds for the First State DPA 2nd Loan.
  - All proceeds from the First State DPA 2nd Loan should be reflected on the 1st Mortgage Loan Closing Disclosure.
  - Actual recording costs related to the First State DPA 2nd Loan must be included on the 1st Mortgage Loan Closing Disclosure
- Purchase Obligation:**
- Lender will deliver the First State DPA 2nd Loan post-closing packet to the Master Servicer for review.
  - Any rejection prior to purchase of a 1st Mortgage Loan will result in the automatic rejection of the corresponding First State DPA 2nd Loan.
  - If Originating Lenders are required to repurchase a defective 1st Mortgage Loan, they are also required to repurchase the related First State DPA 2nd Loan from DSHA.

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## Addendum B

### Home Sweet Home DPA 2nd Loan -- Down Payment and Closing Cost Assistance Overview

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

**Property Qualifications:** The subject property may not have a purchase price in excess of **\$285,000**.

**Loan Terms:**

- DPA 2nd Loan amounts, up to \$10,000, are available to be used toward down payment and/or closing costs.
- The Home Sweet Home DPA 2nd Loan will have a second lien against the residence/property.
- Each year the homeowner(s) resides in the subject property as their primary residence the loan balance will be decreased (forgiven) by 10% up to year 10 (so that the DPA 2nd Loan will be fully forgiven after 10 years). The homeowners must verify that they have resided in the property as their primary residence. Verification must include a valid Government issued photo ID and most recent utility bill reflecting the subject property address and homeowner(s) name(s).

**Loan Closing:**

- DSHA or its agent at settlement will provide all funds for the Home Sweet Home DPA 2nd Loan.
- All proceeds from the Home Sweet Home DPA 2nd Loan should be reflected on the 1st Mortgage Loan Closing Disclosure.
- Actual recording cost related to the Home Sweet Home DPA 2nd Loan must be included on the 1st Mortgage Loan Closing Disclosure.

**Purchase Obligation:**

- Lender will deliver the Home Sweet Home Loan post-closing packet to the Master Servicer for review.
- Any rejection prior to purchase of a 1st Mortgage Loan will result in the automatic rejection of the corresponding Home Sweet Home DPA 2nd Loan.
- If Lenders are required to repurchase a defective 1st Mortgage Loan, they must also repurchase the related Home Sweet Home DPA 2nd Loan from DSHA.

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## Addendum C

### Diamond in the Rough (FHA203(k) Limited) DPA Program -- Down Payment and Closing Cost Assistance Overview

*This Addendum D, including the information related to the FHA 203(k) Limited Loan Program herein and in the attached Program Notice, is given in accordance with Sections 7.01, 7.16, and 7.18 of the Mortgage Origination Master Agreement between the Authority and the Lender dated and effective as of September 28, 2001, as amended (the "MOMA"). Lenders are advised to review the MOMA for their rights and obligations thereunder.*

- Borrower** All borrowers must have a minimum credit score of 640.
- Qualifications:** All borrowers and subject property must meet FHA 203k Limited guidelines.
- Loan Terms:**
- DPA 2nd Loan amounts equal to 5% of the Final 1<sup>st</sup> Mortgage Loan amount to be used toward down payment and/or closing costs.
  - The Diamond in the Rough DPA 2<sup>nd</sup> Loan will have a second lien against the residence/property.
  - The interest rate will be 0%.
  - The maturity date will be 30 years.
- Principal will be payable under the following events: refinance, sale, transfer of title or residence is no longer the borrower(s) primary residence (whichever comes first)
- Loan Closing:**
- DSHA or its agents at settlement will provide all proceeds for the Diamond in the Rough DPA 2<sup>nd</sup> loan.
  - All proceeds for the Diamond in the Rough DPA 2<sup>nd</sup> loan should be reflected on the 1<sup>st</sup> Mortgage Loan Closing Disclosure.
  - Actual recording costs related to the Diamond in the Rough DPA 2<sup>nd</sup> Loan must be included on the 1<sup>st</sup> Mortgage Loan Closing Disclosure.
- Purchase**
- Obligation:**
- Lender will deliver the Diamond in the Rough DPA 2nd Loan post-closing packet to the Master Servicer for review.
  - Any rejection prior to purchase of a 1st Mortgage Loan will result in the automatic rejection of the corresponding Diamond in the Rough DPA 2nd Loan.
  - If Originating Lenders are required to repurchase a defective 1st Mortgage Loan, they are also required to repurchase the related the Diamond in the Rough DPA 2nd Loan from DSHA.

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