

ESSEX MORTGAGE
DPA CORRESPONDENT PROGRAM 10 YEAR AMORTIZED 2 PLUS
100% CLTV and 101.5% CLTV
WASHINGTON STATE ONLY
LENDER GUIDELINE / TERM SHEET
Revised 12.3.2024

PROGRAM SPONSOR	Interagency Home Finance Cooperative, LLC (IHFC, LLC)
SERVICER	Data Mortgage, Inc. dba Essex Mortgage
PARTICIPATING LENDERS	Lenders interested in participating in this program must be an approved Correspondent Lender with Essex Mortgage.
DESCRIPTION	The program is designed to increase homeownership opportunities for low-to-moderate income individuals and families in Washington State. Down Payment Assistance (DPA) is available in the form(s) stated below.
FIRST MORTGAGE LOAN TYPES AND TERMS	<p>Loan Types:</p> <ul style="list-style-type: none"> FHA 203(b), 203(b)(2), and 234(c); in accordance with FHA guidelines. Cooperative Housing (co-op) is not eligible. <p>Loan Term:</p> <ul style="list-style-type: none"> Due and payable in 30 years <p>Maximum Loan Amount:</p> <ul style="list-style-type: none"> Conforming and High Balance allowed <p>Max LTV/CLTV:</p> <ul style="list-style-type: none"> Follow FHA guidelines
DOWN PAYMENT AND CLOSING COST ASSISTANCE (DPA)	<p>Down Payment Assistance (DPA) is available from IHFC for purchase transactions as outlined below:</p> <p>DPA Amount:</p> <ul style="list-style-type: none"> Up to 3.5% or 5% of the sales price or appraised value (lesser of) <p>DPA Form:</p> <ul style="list-style-type: none"> IHFC 10-year Second Mortgage Loan Note <p>DPA General Terms:</p> <ul style="list-style-type: none"> Proceeds may be used for down payment and/or closing costs. There must be <u>no cash back</u> to the borrower from the DPA proceeds. Lender upfronts the DPA amount at closing to be reimbursed by Essex Mortgage (the servicer), on behalf of IHFC, upon purchase of the first mortgage loan.

IHFC 10-Year Amortized 2-Plus Program Term Sheet (Essex) – FHA – WASHINGTON STATE ONLY

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	<p>DPA Second Mortgage Loan Terms:</p> <ul style="list-style-type: none"> • 10 year fully amortizing loan term; monthly payments required • The 2nd mortgage note rate is 2% greater than the 1st mortgage note rate. • The 2nd mortgage amount must be rounded up to the nearest whole dollar. • No subordination allowed • Lender must conform to Federal RESPA and Truth-in-Lending (TILA) laws in disclosing the terms of the Second Mortgage <p>Late Charge Amount:</p> <ul style="list-style-type: none"> • Assessed if payment is not made within 15 days of the due date. The late charge is 5% or the maximum amount if a statutory limit is less than 5%.
<p>DPA DOCUMENTATION</p>	<p>Program Manager (IHFC) shall provide the DPA Funding Commitment Notice , which can be obtained via the Essex Portal – https://essex.lauramac.io/#/ Lenders may obtain State Specific Security Instrument and Note via DocMagic or ICE Technologies (information below): (Non-MERS Instrument)</p> <p>PLAN CODES:</p> <ul style="list-style-type: none"> • DocMagic – IHFC_IHFC1 • Encompass (ICE) – Plan ID 00000102 (All Fixed Rate Conventional Junior Lien Loans) <p>DPA Second Mortgage Loan Documents (Required):</p> <ul style="list-style-type: none"> • DPA Funding Commitment Notice – must be dated prior to the Note date • Second Mortgage Note – Fully endorsed to: Interagency Home Finance Cooperative, LLC. • Lenders will use State Specific Security Instrument <ul style="list-style-type: none"> ○ Lender must serve as the Lender for the Second Note and Security Instrument • Lender is responsible for recording the Security Instrument (Non-MERS). • Assignment of the Security Instrument to Interagency Home Finance Cooperative is required to be recorded by Lender within 5 days of reimbursement • Lender must adhere to any Local, State, and Federal compliance requirements.

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	<ul style="list-style-type: none"> • The Lender must provide separate clear compliance certificates for both the first and second mortgage loans • Servicer Address (Including First Payment on DPA 2nd) : 1417 North Magnolia Ave, Ocala, FL 33475 <p>Lender is required to reflect IHFC’s EIN on HUD’s FHA Loan Underwriting and Transmittal Summary in conjunction with secondary financing assistance or to the borrower when the borrower is receiving an FHA first mortgage. IHFC’s EIN is 87-1968327.</p>
<p>BORROWER ELIGIBILITY</p>	<p>Occupancy:</p> <ul style="list-style-type: none"> • Borrower is not required to be a first-time homebuyer • Borrower must occupy the residence as their primary residence within sixty (60) days of closing. • Borrowers may have ownership of other property at time of closing, per Agency guidelines. • Non-occupant co-borrower(s) allowed, per Agency guidelines. <p>Eligible Properties:</p> <ul style="list-style-type: none"> • Single family residences • 2 units – LLPA applies • PUDs • Townhouses • Condominiums – (must be Agency approved or obtain Single Unit Approval and must not be in litigation). • Manufactured housing – (no single wides and must otherwise meet FHA requirements.) See Price Sheet for LLPA. <p>Minimum Credit Score.</p> <ul style="list-style-type: none"> • FHA with AUS Approval: 600 • FHA Manual Underwrite: 660 • Each borrower must have a minimum of one credit score

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	<p>Maximum DTI:</p> <ul style="list-style-type: none"> FHA with AUS approval - No Maximum DTI FHA Manual Underwrite: Maximum DTI – 45% <p>Homebuyer Education:</p> <ul style="list-style-type: none"> At least one occupying borrower must complete a Homebuyer’s Education course from FNMA/FHLMC or any HUD approved provider
MORTGAGE INSURANCE	Follow Agency guidelines.
INTEREST RATES AND MORTGAGE LOCKS	<p>Mortgage Loan Interest Rates:</p> <ul style="list-style-type: none"> See Price Sheet for available interest rate ranges 2/1 Buydowns are permitted on the FHA First – adhere to all FHA requirements regarding Buydowns <p>Loan Registrations (Reservations):</p> <ul style="list-style-type: none"> 2nds are registered with Essex prior to closing with IHFC via the Essex portal – https://essex.lauramac.io/#/ IHFC DPA Funding Commitment Notice and Second Loan Documents must be submitted with the mortgage loan file. Essex Mortgage cannot purchase a Mortgage Loan without these documents. IHFC DPA Funding Commitment Notice must be dated at least one day prior to the Note date <p>First Mortgage Loan Lock:</p> <ul style="list-style-type: none"> Best Efforts and Mandatory Locks 7/15/30/45-day Mandatory and Best Effort Locks available. Files must be delivered by the lock expiration date and must be purchased within 7 calendar days of the lock expiration date. See the Essex Lock Policy for further details. (Mandatory locks canceled or not delivered are subject to pair-off fee.) <p>Price Adjustments: All adjustments are cumulative</p> <ul style="list-style-type: none"> Loans are subject to LLPAs and Fees as noted on the price sheet (adjustments are assessed at the time of purchase.) LLPA for manufactured properties. Single wide properties are not permitted. <p>Extension Fees:</p> <ul style="list-style-type: none"> See Price Sheet for Extension Fees

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	<p>Fees and Points Lender may charge to Borrower:</p> <ul style="list-style-type: none"> • Must pass all Points and Fees Testing • Participating Lender may charge customary and reasonable closing costs and fees with full disclosure in accordance with loan agency, Federal, State and local laws and regulations on the FHA 1st • No Lender Fees are allowed on the DPA 2nd (3rd party closing costs are acceptable) <p>Fund to Lender from Servicer at Loan Purchase:</p> <ul style="list-style-type: none"> • DPA 2nd lien is reimbursed at 100% of the Note Amount at the time of the first lien purchase • The First Mortgage is purchased based on locked price less fees and escrow balance. • RESPA Notice / Goodbye cut-off is the 15th of the month. • Fees to Essex charged on the first mortgage only: <ul style="list-style-type: none"> ○ Administration Fee - \$395 ○ Tax Service Fee - \$75 ○ Flood Certificate Fee - \$5.00
<p>LOAN DELIVERY AND PURCHASE</p>	<p>All Loan Docs for the 1st and 2nd liens must be provided to Essex on or before the lock expiration date. IHFC DPA Funding Commitment Notice and Second Loan Documents must be submitted with the mortgage loan file.</p> <p>See Required Documents List for additional information.</p>
<p>COMPLIANCE CERTIFICATE</p>	<p>Provide separate Compliance Certificates for both the 1st and 2nd lien from Mavent or ComplianceEase with an acceptable rating on all compliance reviews.</p>