Helpful tips for Special Programs

Wells Fargo Funding is committed to supporting neighborhood stabilization efforts and assisting communities across the country. Below you’ll find explanations for some of the most common issues and questions we encounter related to down payment assistance and other special programs designed to assist borrowers with the cost of purchasing or refinancing a home. This list is not all inclusive and should not be considered a complete set of guidelines or requirements. Down Payment Assistance/special programs must meet all applicable Wells Fargo and Agency guidelines.

**Down Payment Assistance Programs (DAPs)**

**Definition**
DAPs offer assistance to first-time homebuyers, low-income and moderate-income individuals and families who wish to achieve homeownership. There are also assistance programs designed to benefit the many veterans who have served our country. DAPs enlist the participation of nonprofit organizations and government agencies to help Borrowers cover the costs of a down payment (along with, in some cases, closing costs and other upfront cash requirements).

**Purchase Eligibility**

<table>
<thead>
<tr>
<th>Wells Fargo Funding:</th>
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<tr>
<td>• Purchases first mortgages with DAPs, mortgage credit certificates (MCCs), and affordable resale deed restrictions.</td>
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<td>• Does not approve DAPs for Seller use; Sellers should originate first mortgages that are combined with a special program according to acceptable first mortgage Agency guidelines.</td>
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<td>• Does not accept DAPs that require the first mortgage servicer to notify the DAP agency of first mortgage payment delinquencies or default.</td>
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<td>• Soft seconds, community seconds or forgivable seconds must be secured with a Mortgage or Note.</td>
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<tr>
<td>• DAPs must not restrict the transfer of servicing rights of the first Mortgage sold to Wells Fargo. All servicing requirements should align with standard federal or state regulations.</td>
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<tr>
<td>• DAPs may not require prior notification or approval from the sponsoring authority in the event of the transfer of the first Mortgage's servicing rights.</td>
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**Underwriting**

• Sellers should originate and underwrite first mortgages that are combined with a special program according to acceptable first mortgage Agency guidelines. Be aware if there are more restrictive guidelines between the first mortgage and the DAP.
• Delegated approvals apply.

**Credit Policy Considerations**

• Sellers should refer to first mortgage Agency guidelines for underwriting guidance on loans with layered down payment assistance programs. **Not eligible:**
  • The first Mortgage sold to Wells Fargo Funding cannot be subject to any terms or conditions of a bond program.
  • Loans with any rehabilitation components, manufactured/mobile homes, shared equity\(^1\) or below market rate\(^2\) programs. Refer to the Seller Guide for complete guidelines.
  • Loans where an associated DAP restricts the Deed.

**Seller Participation Requirements**

• Sellers are responsible for contacting the applicable state/local Housing Finance Agency (HFA). These agencies generally require approval to participate in their programs; check their websites for information concerning Seller approval processes.
• Confirm DAP meets all Agency, FHA, VA, Rural Development, Secondary, Subordinate, and DAP financing guidelines. Refer to **Seller Guide Sections 600.09; 820.07(a); 820.14(d); 820.35.**
• Comply with DAP Agency’s program relating to borrower, property, loan product, etc requirements, processes and timelines.

**Delivery Process**

• Sellers should use their standard first mortgage delivery process to sell loans with special programs to Wells Fargo Funding.
• Evidence of DAP should be included in Loan Package.
• Make sure DAP amount appears on AUS as subordinate financing.
• Bulk and specified pools are eligible.
Helpful tips for Special Programs

Deed Restrictions
Wells Fargo Funding will purchase Conforming conventional loans subject to resale deed restrictions – whether terminating upon, or surviving foreclosure – only after Wells Fargo has approved the resale restrictions. Refer to Seller Guide section 820.14(d): Resale Deed Restrictions for complete guidelines.

Mortgage Credit Certificate (MCC) programs
MCCs are payment subsidies issued by a government entity to qualifying homebuyers. The MCC may be in the form of direct payments or tax rebates/credits. More information is available in the Seller Guide sections 820.43 Manual Underwriting and 844 Home Opportunities Program.

LIFT Programs
The LIFT programs (e.g. HomeLIFTSM, NeighborhoodLIFT®, CityLIFT®) are collaborative programs of Wells Fargo Bank, N.A., and NeighborWorks® America, an independent nonprofit organization. Wells Fargo may be the sponsor of a LIFT program, however, borrowers may seek financing for the remaining balance of the home purchase from any qualified lender who accepts the LIFT down payment assistance program.

The facts
- Wells Fargo Funding Sellers can participate, but they need to become an approved NeighborWorks affiliate via their local NeighborWorks office.
- Once approved, Sellers will have access to the allocation of funds for that municipality.
- Consumers have to register for access, can come to NeighborWorks sponsored events, and may select the lender of their choice (within the approved lenders for the program).

Helpful information
The NeighborWorks America site provides viewers access to available locations, offices, and contacts in their footprints: http://www.neighborworks.org/About-Us/What-We-Do/Where-We-Work

Where to go with questions
- Wells Fargo Funding Seller Guide, especially 600.09 Down Payment Assistance programs (government), 820.07(a) Subordinate Financing, 820.14(d) Resale Deed Restrictions, 820.35 Down Payment Assistance Programs (conventional) and 820.43 Manual Underwriting, and 844 Home Opportunities Program.
- wellsfargofunding.com – As a courtesy, a list of DAPs and MCCs, is available under the News and Information page. This is not an all-inclusive list and is subject to change without notice. Wells Fargo does not grant nor require individual DAP or MCC approvals.
- Scenario helpdesk at 800-818-5855, option 2, option 3 or a member of your regional sales team.

1 Shared Equity – Indicates the mortgage is for resale-restricted, owner-occupied housing in which the rights, responsibilities, and benefits of residential property ownership are shared between individual homeowners and another party representing the interests of a larger community. (SPA’s shared equity/shared appreciation relates to repayment of the DAP plus a portion of the equity, there may be confusion regarding the definitions.

2 Below Market Rate – Loans with resale restrictions that require the use of the Fannie Mae Alternative LTV calculation and delivery of Special Feature Code 630, are ineligible for delivery to Wells Fargo.

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