

# Market Rate GNMA Program FAQ

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As of 8-22-17

**Q. Where can I find the rate?**

A. Mortgage loan rates are posted daily on LHC's website, [www.lhc.la.gov](http://www.lhc.la.gov). Rates are current from 9:00 AM to 6:00 PM Central Time. Click on "Today's Rate" at the top of the home page.

**Q. What property types are eligible?**

A. Single family dwelling (1-unit), duplex (2-unit FHA), condominium, or townhome – owner occupied.  
Double-wide mobile home permanently affixed to borrower's property (FHA only).

**Q. What is the purchase price limit?**

A. None. Follow the current FHA, VA and USDA-RD mortgage limits  
*See Exhibit F: Market Rate GNMA Program Maximum Permissible Mortgage Limits.*

**Q. Must the borrower be a first-time homebuyer?**

A. No, but the purchased home must be the borrower's principal residence.

**Q. What is the maximum income allowed?**

A. Maximum annual household income of 115% AMI by parish, regardless of family size.  
*See Exhibit G: Market Rate GNMA Program Income Limits for each parish.*

**Q. Is Mortgage Insurance applicable?**

A. Yes, lenders should follow the FHA, VA, and USDA-RD regulations.

**Q. What is the minimum credit score allowed?**

A. 640 minimum.

**Q. Are co-signers permitted?**

A. No

**Q. Are non-occupant borrowers permitted?**

A. Yes, FHA only

**Q. How much assistance will a borrower receive?**

A. The grant is 3% or 4% of the loan amount, which may be used toward down payment or closing costs or prepaid items.

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**Q. Is there an investment from borrower's own funds required?**

A. LHC does not have a minimum required investment.

**Q. Are there required ratios and reserves?**

A. LHC does not have any ratio and reserve requirements, however the loan must meet FHA/VA/RD guidelines.

**Q. What amount is allowed toward seller contribution?**

A. Follow FHA/VA/RD guidelines.

**Q. Is homebuyer education counseling required for the borrower?**

A. No, but always recommended for first-time homebuyers. Homebuyer Education classes are offered through HUD approved Counseling Agencies or through on-line courses such as *eHome America*.

**Q. Will LHC require a compliance package to review and approve the loan?**

A. No, but the lender must complete and submit a *Market Rate GNMA Program Lender Certification Form (Exhibit C)* regarding the borrower's qualification for the Market Rate GNMA Program within 15 days of the loan reservation date.

**Q. Is Manual Underwriting allowed?**

A. No, the loan must receive an approval from DU and the underwriter.

**Q. What about points and lender fees?**

A. No origination or discount points may be charged. Reasonable and customary fees are acceptable. Lender fees will be monitored on the preliminary Closing Disclosure.

**Q. What is the lender compensation?**

A. A 2% SRP is paid when the loan is purchased by the master servicer (SMC).

**Q. Are there other established fees?**

A. Yes: \$300 funding fee (SMC); \$85 tax service (SMC); \$20 wire transfer fee (LHC)

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**Q. How should the program fees be disclosed?**

A. It is the lenders decision how the fees are disclosed to the borrowers. Some lenders charge a flat fee that includes all fees and some indicate them individually.

**Q. Are the program fees netted from the purchase advice?**

A. Yes

**Q. Can all the program fees be charged to the borrower?**

A. Yes, if allowed by the loan product.

**Q. What is the maximum insurance deductible allowed?**

A. **FHA** – Hazard Insurance – The higher of 1% or \$1,000 and Flood Insurance – up to maximum of \$10,000.

**VA** – Hazard Insurance – 5% of policy amount and Flood Insurance – up to maximum of \$10,000.

**RD** – Hazard Insurance – 5% of the face amount of the policy and Flood Insurance – the higher of 1% or \$1,000.

**Q. How are the assistance funds provided at the closing?**

A. The lender submits a completed *Program Requisition Form-Wiring Instructions (Exhibit E)* to LHC at least 24 hours before a closing along with the completed preliminary Closing Disclosure for review. Upon approval by management, the wire is set up to transfer funds to the title company on the day of closing.

**Q. Is there a Gift Letter to be signed by the borrower at closing? Who provides it?**

A. Yes, LHC will prepare, sign, and email it to the lender after the wire request is approved.

**Q. I've never made a reservation in LHC's system before. How can I get help?**

A. Part 1: You must have a user ID and password registered with LHC. Register on our website, [www.lhc.la.gov](http://www.lhc.la.gov). Select "Buyers", "Market Rate GNMA Program", "Information for Lenders", and click on the "Single Family Web Applications" link. Select "Register" under the Login box. Complete the fields and submit.

Part 2: Use the *Program Reservation Guide* available on our website, [www.lhc.la.gov](http://www.lhc.la.gov). Select "Buyers", "Market Rate GNMA Program", "Information for Lenders", and select "Reservation Guide" from the list of Program Documents. Follow the step-by-

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step instructions. If you have trouble in the process, call the Single Family department for technical assistance. LHC's main number is 225-763-8700.

**Q. The Reservation system is down and I need to make a reservation. What do I do?**

A. First, please call the Single Family department to report that the reservation system is down. LHC's main number is 225-763-8700. If confirmed by SF staff, they may direct you to submit a completed *Market Rate GNMA Program Reservation Request (Exhibit B)*, fax or email it to the person you spoke to, and a reservation will be completed for you as soon as possible.

**Q. How long is the loan reservation good for?**

A. Loans must be delivered to SMC, master servicer, no later than 45 days from the loan reservation date. Loans must be purchased and funded by SMC no later than 70 days from the loan reservation date.

**Q. Can a reservation ever be extended?**

A. A one-time 30-day extension is available upon request prior to the 70 day deadline. A \$375 extension fee will be assessed and netted from the loan purchase price.

**Q. Can this program be used for refinances?**

A. No – purchase transactions only.

**Q. How does my company become an eligible lender?**

A. Complete Standard Mortgage Corporation's required lender package and submit for approval. Once approved, the lender is required to sign a Mortgage Origination Agreement with LHC prior to participation.

**Q. Are interest credits allowed?**

A. No

**Q. If the borrower is obtaining 100% financing and the seller concessions are covering all or most of the closing cost and prepaid items, can the assistance be used to lower the loan amount?**

A. Yes