

## **II. ORIGINATION THROUGH POST-CLOSING/ENDORSEMENT**

### **A. Title II Insured Housing Programs Forward Mortgages**

#### **5. Manual Underwriting of the Borrower**

- Mortgage Payment protection insurance; and
- payment of the UFMIP.

Interested Party Contributions that exceed actual origination fees, other closing costs, and discount points are considered an inducement to purchase. Interested Party Contributions exceeding 6 percent are considered an inducement to purchase.

Interested Party Contributions may not be used for the Borrower's MRI.

Payment of real estate agent commissions or fees, typically paid by the seller under local or state law, or local custom, is not considered an Interested Party Contribution. **The satisfaction of a PACE lien or obligation against the property by the Property owner is not considered an Interested Party Contribution.**

#### **(3) Required Documentation**

The Mortgagee must document the total Interested Party Contributions on form HUD-92900-LT, Settlement Statement or similar legal document, and the sales contract.

#### **(H) Inducements to Purchase (Manual)**

Inducements to Purchase refer to certain expenses paid by the seller and/or another Interested Party on behalf of the Borrower and result in a dollar-for-dollar reduction to the purchase price when computing the Adjusted Value of the Property before applying the appropriate Loan-to-Value (LTV) percentage.

These inducements include, but are not limited to:

- contributions exceeding 6 percent of the purchase price;
- contributions exceeding the origination fees, other closing costs and discount points;
- decorating allowances;
- repair allowances;
- excess rent credit;
- moving costs;
- paying off consumer debt;
- Personal Property;
- sales commission on the Borrower's present residence; and
- below-market rent, except for Borrowers who meet the Identity-of-Interest exception for Family Members.

#### **(1) Personal Property (Manual)**