



## Diamond FHA DPA

### Forgivable / Deferred Program 100% CLTV

#### Description

The program is designed to increase homeownership opportunities for low-to-moderate income individuals and families nationwide (excluding New York and Washington State). Down Payment Assistance (DPA) is available in the form(s) stated below.

#### First Mortgage Loan Types and Terms

- Loan Types:
  - FHA 203(b), 203(b)(2) and 234(c); in accordance with FHA guidelines.
  - 30 year and 25 year terms available.
  - Cooperative Housing (co-op) is not eligible.
- Loan Term:
  - 2<sup>nd</sup> lien is due and payable at the time of the first mortgage unless the forgivable parameters below have been satisfied.
  - Forgivable IF:
    - Loan has reached 10 years from Note Date, AND
    - A repayment event has not occurred, AND
    - The borrower has continued to occupy the property as their primary residence.
- Repayment Events:
  - The First Deed of Trust on the property is refinanced; or
  - The First Deed of Trust on the property becomes due and payable for any reason; or
  - Borrower sells, transfers or otherwise disposes of the property, including, without limitation, through foreclosure or transfer pursuant to any power of sale.
- Maximum Loan Amount:
  - Conforming and High Balance allowed
- Max LTV/CLTV:
  - Follow FHA guidelines
- Mortgage Insurance:
  - Follow Agency guidelines
- State Availability:
  - Not permitted in WA or NY

#### Down Payment and Closing Cost Assistance (DPA)

- DPA Amount:
  - Up to 3.5% of the sales price or appraised value (lesser of)
- DPA Form:
  - A deferred 30-year Second Mortgage Loan Note (No Interest)
  - Promissory Note Addendum
  - Loan Forgiveness Feature Disclosure
- DPA General Terms:
  - Proceeds may be used for down payment and/or closing costs.
  - There must be no cash back to the borrower from the DPA proceeds.
- DPA Second Mortgage Loan Terms:
  - 30-year loan term
  - Non-amortizing loan with no monthly payments required.
  - The 2<sup>nd</sup> mortgage note rate is 0%
  - The 2<sup>nd</sup> mortgage amount must be rounded up to the nearest whole dollar.
  - No subordination allowed.
  - Must conform to Federal RESPA and Truth-in-Lending (TILA) laws.
- DPA Second Mortgage Loan Documents
  - DPA Funding Commitment Notice – must be dated prior to the Note Date
  - NHF's EIN must be reflected on HUD's FHA Loan Underwriting and Transmittal Summary in conjunction with secondary financing assistance or the borrower when the borrower is receiving and FHA first mortgage. NHF's EIN is 42-1549314.

#### Borrower Eligibility



- Occupancy:
  - 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 pursuant to FHA loan guidelines and must be on title.
- Eligible Properties
  - Single Family residences
  - 2 units
  - PUDs
  - Townhouses
  - Condominiums – (must be Agency approved or obtain Single Unit Approval and must not be in litigation).
  - Manufactured housing – (no single wifes and must otherwise meet FHA requirements).
- Minimum Credit Score:
  - FHA with AUS Approval: 600
  - FHA Manual Underwrite: 660
  - Each borrower must have a minimum of one credit score.
- Maximum DTI:
  - FHA with AUS approval: Per AUS Approval
  - FHA Manual Underwrite: 45%
- Homebuyer Education:
  - At least one occupying borrower must complete a Homebuyer's Education course from FNMA/FHLMC or any HUD approved provider.

### Interest Rates and Mortgage Locks

- Mortgage Loan Interest Rates:
  - 2/1 Buydowns are permitted on the FHA First – adhere to all FHA requirements regarding Buydowns
- Fees and Points charged to the borrower:
  - Must pass all Points and Fees testing
  - 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 1<sup>st</sup>.
  - No Lender Fees are allowed on the DPA 2<sup>nd</sup> (3<sup>rd</sup> party closing costs are acceptable).