



# ESSEX MORTGAGE

NATIONAL HOMEBUYER'S FUND (NHF): DOWN  
PAYMENT ASSISTANCE (DPA) PROGRAM

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[www.essexcorrespondent.com](http://www.essexcorrespondent.com)



# ESSEX PARTNERS WITH NATIONAL HOMEBUYERS FUND (NHF)

## National Homebuyer's Fund (NHF):

- Established in 2002
- NHF is a Non-Profit Public Benefit Corporation
- NHF is also an Instrumentality of Government under IRS Code Section 115

## Accomplishments:

- Helped Finance more than 48,300 Home Purchases
- These Purchases Totaled more than \$9.6 Billion
- Provided over \$417 Million in Down Payment Assistance



**COMMITTED TO RESPONSIBLE HOMEOWNERSHIP**

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## MYTHS AROUND DPA

At Essex, we will show you how any myths around DPA's have been dispelled. Our product is effortless and uncomplicated to offer to your clients.

We believe the DPA is one of the best tools that lenders have in today's market and for the foreseeable future.





# Essex DPA Solutions

- National Program Guidelines in 48 states
- No Income limits
- Lower credit scores and higher DTI ok
- This allows more borrowers to qualify
- Priced to require less cash to close
- Our DPA is fully delegated for fast closings





# DPA OVERVIEW

FHA: 100% CLTV Financing

- FHA 1st Lien = 96.5% LTV
- DPA 2nd Lien = 3.5% of Purchase Price
- Funds Can Be Used For Down Payment
- Funds Never Run Out



**100% LTV Financing in 48 States**

(Exception States: New York & Washington)

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# BORROWER ELIGIBILITY

## Guidelines: Minimal Overlays

- 600 Minimum FICO Score Per Borrower
- DU or LP Approval Required: No Max DTI
- Manual Underwrites allowed subject to:
  - 660 minimum credit score
  - 45.0 maximum DTI
- No First-Time Homebuyer Requirement
- Homebuyer Education Required
  - Fannie Mae's HomeView Course is free
    - <https://www.fanniemae.com/education>
- Non-Occupant Co-Borrowers Allowed
- Follow Agency Guidelines for UW

## Loan Limits: Follow FHA Guides

- Maximum HUD County Limit Applies

## Eligible Properties

- Single Family Residences: 1 Units
- Duplexes: 2 Units
- Manufactured Homes: No Single Wides
- PUDs
- Townhouses
- Condos: Agency Approved or Single Unit Approval accepted / No Litigation





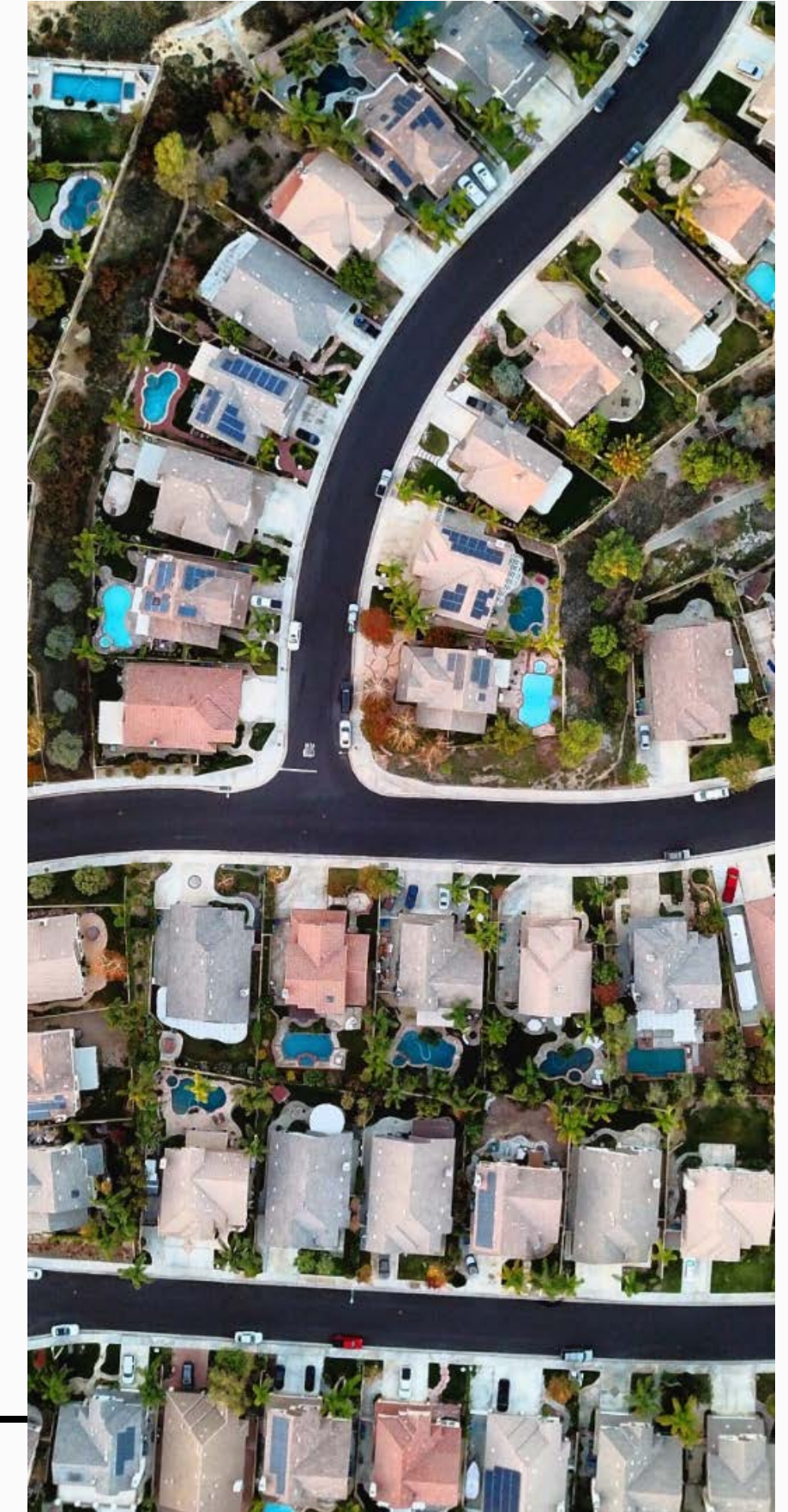


# OPTION 1: 2ND LIEN: RATE & PAYMENT DETAILS

Interest Rate = 1st Note Rate Plus 2%

Payments are not Deferred

- Payments are not Deferred
- 2/1 Buy down permitted
- 10 year term; 10 year amortized
- Payable Upon Sale, Refinance, or Pay-Off (if prior to 10 years)
- Cannot Be Subordinated
- 3.5% of Sales Price or Appraised Value





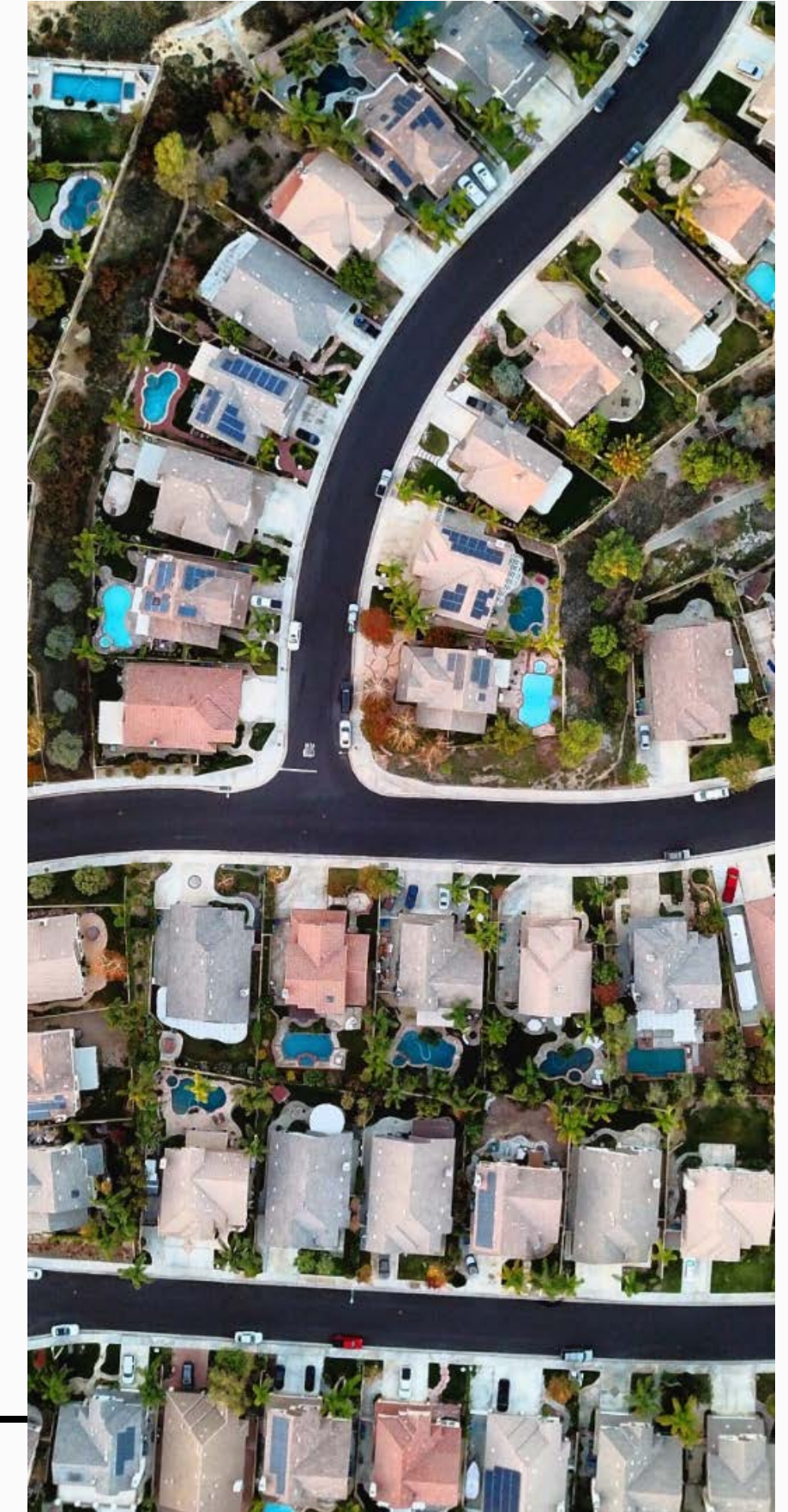


# OPTION 2: 2ND LIEN (FORGIVABLE): RATE & PAYMENT DETAILS

Interest Rate = 0%

No Payments for Life of Loan

- Payments are Deferred
- No Interest Accrues
- Loan is forgivable after 10 years; must still be owner occupied
- Payable Upon Sale, Refinance, or Pay-Off (if prior to 10 years)
- Cannot Be Subordinated
- 3.5% of lesser of Sales Price or Appraised Value
- 30 year term







# DPA: PROGRAM FEES

## Closing Costs Allowed:

- Any Normal and Customary Fees are Allowed
  - Fees: Appraisal, Credit Reporting, Survey, Title Insurance, etc.
- Must be Charged in Accordance with Agency Policies
- No Lender fees can be Charged on 2nd Lien
  - Exception: Title or Escrow Fees
  - Must “Pass” all Points and Fees Tests





# DPA DU / LP TIPS

Make sure the file is setup correctly:

On the FHA Transmittal Summary (92900-LT)  
You must fill out the Secondary Financing section:

Secondary Financing		
Source / EIN	42-1549314	
<input type="checkbox"/> Gov't	<input checked="" type="checkbox"/> NP	<input type="checkbox"/> Family
<input type="checkbox"/> Other		
Amount of Secondary Financing	10,500.00	

Source of Funds = **Secured Borrowed Funds**

Thin credit? Have the borrower shore it up by adding utilities, rental rating, coborrower (even non occupant.)

Low scored borrowers will generally need a stable job history, deeper credit including on-time current accounts and reserves. Sometimes DTI limits come into play.

Borderline borrowers with additional higher risk factors including use of gift funds and property type MH or Condo will be harder to get approved.

**Reserves, Reserves, Reserves**





# WHY USE DPA: TOP REASONS

- 100% Financing up to the HUD County Loan Limit
- 0% 2nd lien for up to 30 years
- Or “plus 2%” 2nd lien for 10 years and better pricing

- Minimal Overlays: 600 FICO
- No Max DTI with DU or LP Approval
- Underwrite to Agency Guidelines

- No Extra State Agency Underwrite
- Close DPA Loans as Fast as Other Loans
- Funds Never Deplete or Run Out

- Available in 48 States: (No NY or WA State)
- White label the program to fit your needs





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# QUESTIONS?

THANK  
YOU!

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