



ESSEX MORTGAGE

DOWN PAYMENT ASSISTANCE (DPA) PROGRAM

Webinar

January 28, 2025

www.essexcorrespondent.com



WHO IS NHF & IHFC

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

NHF Accomplishments:

- Helped Finance more than 52,600 Home Purchases
- These Purchases Totaled more than \$10.7 Billion
- Provided over \$461.1 Million in Down Payment Assistance



IHFC (Washington State):

- IHFC is also an Instrumentality of Government under IRS Code Section 115
- Established in 2016

COMMITTED TO RESPONSIBLE HOMEOWNERSHIP



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 49 states (except NY)
- No Income limits
- Lower credit scores and higher DTI accepted
- Allowing more borrowers to qualify
- Priced to require less cash to close
- Funds Never Run Out
- Our DPA is fully delegated for faster closings





DPA OVERVIEW

FHA: 100% CLTV Financing or 101.5% CLTV Financing

- FHA 1st Lien = 96.5% LTV
- DPA 2nd Lien = 3.5% or 5.0% of Purchase Price, or Appraised Value, Lesser of the two
- Funds Can Be Used For Down Payment and/or Closing Costs
- Borrowers can not receive cash back at closing
- 2/1 Buydowns and High Balance Available



100% or 101.5% CLTV Financing in 48 States (NHF)

Except New York & Washington State

100% or 101.5% CLTV Financing in Washington State (IHFC)



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
- Primary Residence Only

Loan Limits: Follow FHA Guides

- Maximum HUD County Limit Applies

Eligible Properties

- Single Family Residences: 1 Units
- Duplexes: 2 Units
- Manufactured Homes: Double & Triple Wide Only
- PUDs
- Townhouses
- Condos: Agency Approved or Single Unit Approval accepted / No Litigation

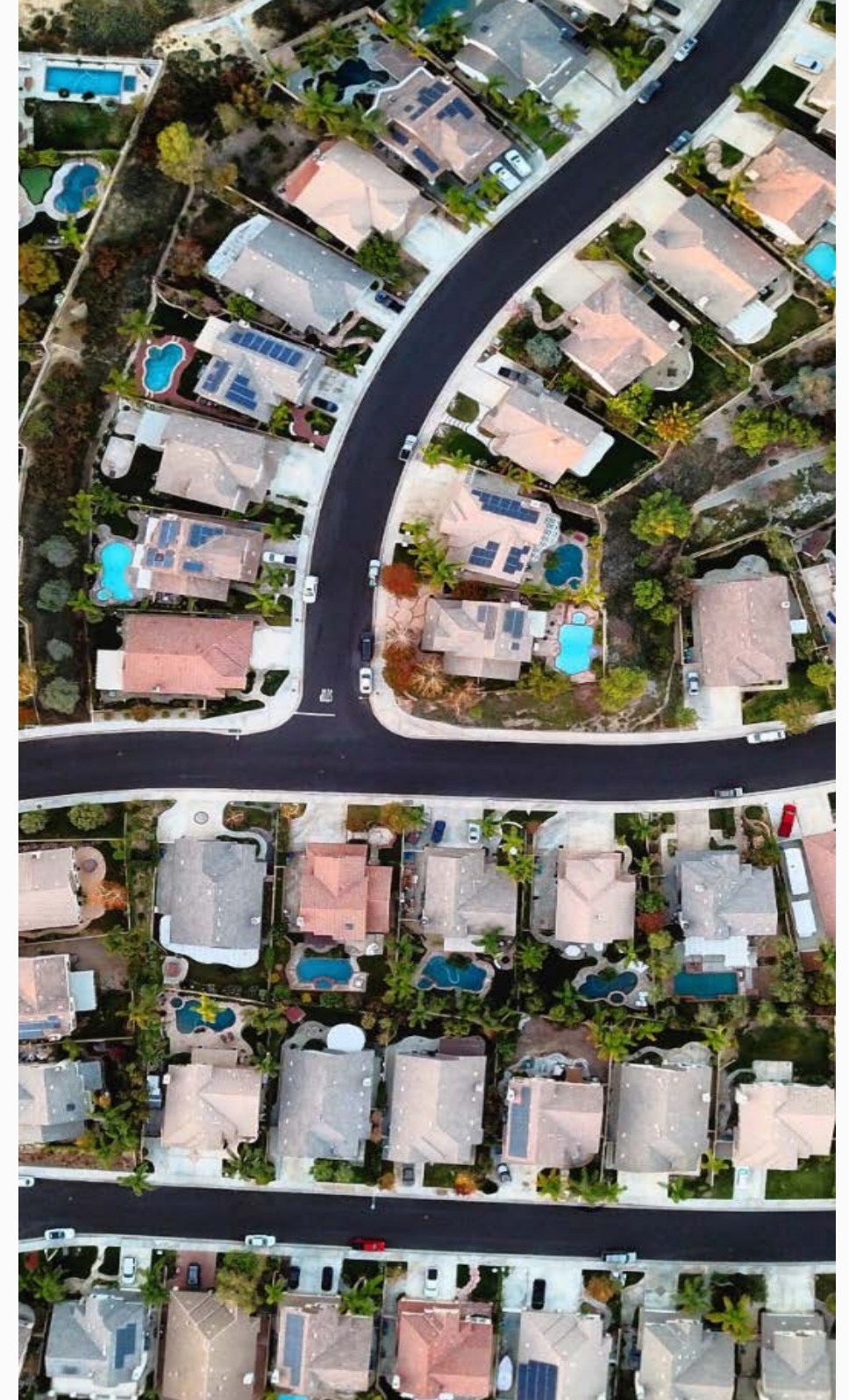




OPTION 1: 2ND LIEN (REPAYABLE) DETAILS

Interest Rate = 1st Note Rate Plus 2%

- 3.5% or 5.0% lesser of Sales Price or Appraised Value
- Payments are not Deferred
- 2/1 Buy down permitted, High Balance OK
- 10-year term; 10-year fully amortized
- Payable Upon Sale, Refinance, or Pay-Off
- Cannot Be Subordinated



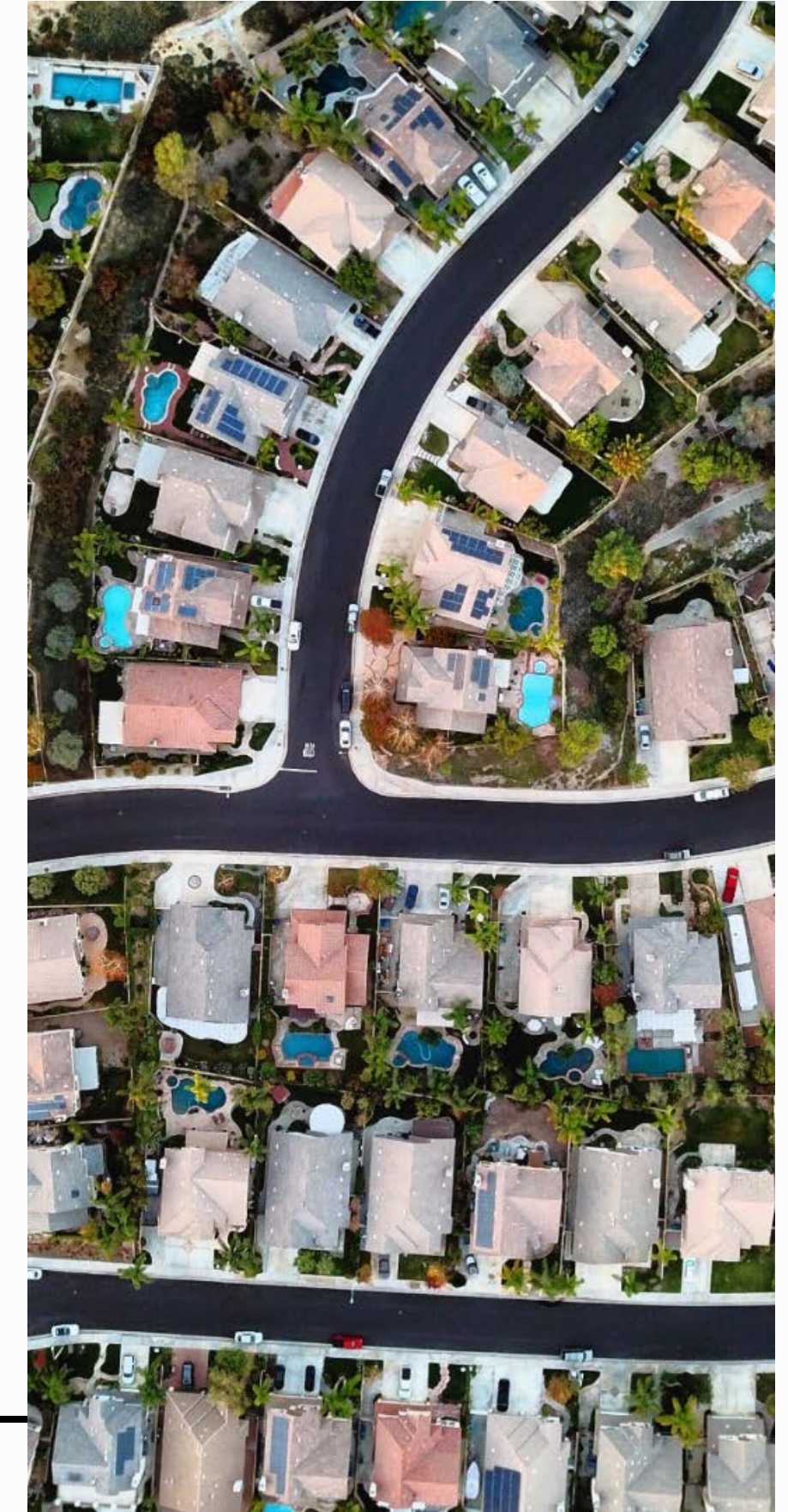


OPTION 2: 2ND LIEN (FORGIVABLE) DETAILS

Interest Rate = 0%

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

** Not available in Washington State*





DPA: PROGRAM FEES

Closing Costs Allowed:

- All Normal and Customary Fees are Allowed
 - Fees: Appraisal, Credit Reporting, Survey, Title Insurance, etc.
- Must comply with Agency, Federal, and State Requirements
- 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	

NHF EIN Number: 42-1549314

IHFC EIN Number: 87-1968327 (WA State)

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





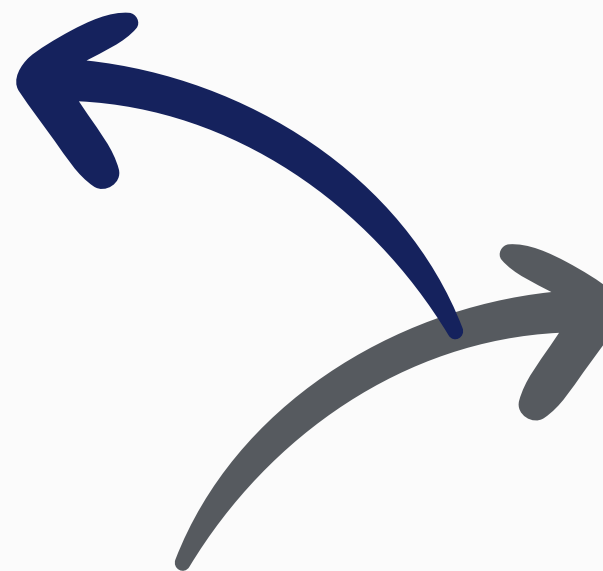
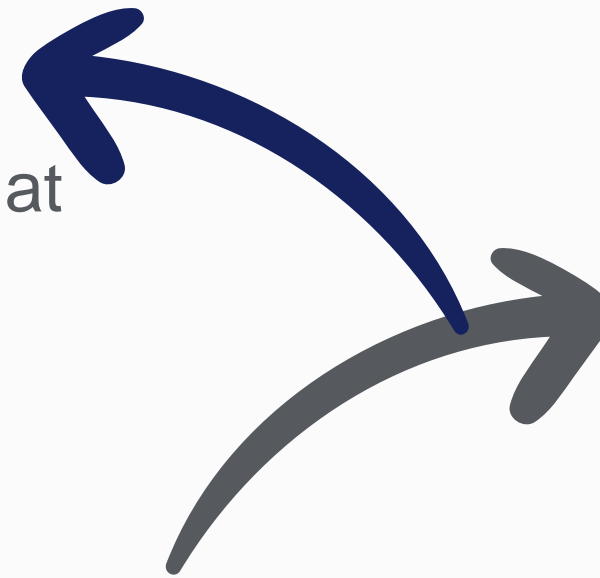
DPA PRODUCT SUMMARY

- 100% or 101.5% Financing up to the HUD County Loan Limit
- 0% 2nd lien for up to 30 years
- Or “plus 2%” 2nd lien for 10 years at 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

- NHF DPA Available in 48 States:
(Except NY & Washington State)
- Washington State Available through IHFC
- White label the program to fit your needs





ESSEX LINK LOAN COMING SOON!

This product allows originators to work with consumers who do not qualify for traditional financing and still get them into a home with the opportunity to obtain equitable title at closing.

It allows your real estate agent partners to close their sale with your company providing financing as part of the process.

We expect this product to do a significant volume, as it can tap into 10's of millions of underbanked or otherwise underserved consumers including those with ITINs. **The typical down payment for this product is 3.5%.**

QUESTIONS?

THANK YOU!

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