fcm

first community mortgage

EQUAL HOUSING LENDER

FCM NMLS ID 629700

a MORTGAGE Boutique

a division of First Community Mortgage

HomeZero

3-year Forgivable Guidelines

Forgivable DPA

Loan Term:

- 2nd Lien is due and payable at the time of the first mortgage unless the forgivable parameters have been satisfied
- Forgivable programs allowed: 3 years
- Forgivable IF
  - Loan has reached its 3rd year 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

DPA Amount

- Up to 3.5% of the Sales Price or Appraised Value (lesser of)

DPA Form

- A deferred 30-year Second Mortgage Loan (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 <u>no cash back</u> to the borrower from DPA proceeds.

DPA Second Mortgage Loan Terms

- 30-year term
- Non-amortizing loan with no monthly payments required.
- The 2nd mortgage note rate is 0%
- The 2nd mortgage amount must be rounded up to the nearest whole dollar
- No subordination allowed
- Second Mortgage is due and payable upon sale, refinance, or payoff of the First Mortgage, if forgivable terms are not satisfied
- Lender must conform to Federal RESPA and Truth-in-lending laws in disclosing the terms of the Second Mortgage.

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 in other property at time of closing, per agency guidelines

- Non-occupant co-borrowers allowed pursuant to FHA loans guidelines and must be on title

Eligible Properties:
- Single Family Residences
- 2 units-LLPA applies
- PUDs
- Townhouses
- Condominiums (must be Agency approved and must not be in litigation)
- Double wide manufactured housing available – LLPA applies

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 – No Maximum DTI
- FHA Manual Underwrite: Maximum DTI – 45%

Homebuyer Education
- At least one occupying borrower must complete a Homebuyer's Education course through FNMA/FHLMC or any HUD approved provider

Mortgage Insurance
- Follow Agency guidelines

Temporary Buydowns
- 2/1 Buydowns are mitted on the FHA First – adhere to all FHA requirements regarding Buydowns
    - Seller, Builder, or Borrower funded
- The 2nd Lien rate will be 2% higher than the full 1st Mortgage rate, not the bought down rate