



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 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

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 no cash back to the borrower from DPA proceeds.

DPA Second Mortgage Loan Terms

- 30-year term
- Note Rate of Second Mortgage is 0%
- Non-amortizing loan with no monthly payments
- Second Mortgage is due and payable upon sale, refinance, or payoff of the First Mortgage, if forgivable terms are not satisfied
- Second loan amounts must be rounded up the nearest dollar
- No subordination allowed

Lender must conform to federal RESPA and Truth-in-lending laws in disclosing the terms of the Second Mortgage.

Borrower Eligibility

Occupancy:

- No first-time homebuyer requirement
- Borrower must occupy the residence as their primary residence within (60) days of closing
- Borrowers may have ownership in other property at time of closing, per agency guidelines
- Non-occupant co-borrowers allowed.



Eligible Properties:

- Single Family Residences
- 2 units-LLPA applies
- PUDs
- Townhouses
- Condominiums (Must not be in litigation)
- Double wide manufactured housing available – LLPA applies

Qualifying Income

- Up to 160% of SMI or AMI, Reference Borrower income % to the Indexed Used i.e. 105% of the AMI on the 92900-LT.
- Use 1003 qualifying income only
- May be less than the total actual household income
- Follow agency guidelines

Minimum Credit Score

- 600
- Each borrower must have a minimum of one credit score

Maximum DTI

- AUS approval required

Homebuyer Education

- At least one borrower must receive housing counseling from a HUD approved non-profit housing counseling agency

Mortgage Insurance

- Follow agency guidelines