Down Payment Advantage – Guide Sheet

Government combined guidelines for the Down Payment Advantage second mortgage programs. All guidelines follow FHA guidelines and GMFS product guides unless stated otherwise in this document.

PROGRAM 1 10 Year Amortized Second Guidelines – FHA Loan

PROGRAM SPONSOR	The Down Payment Advantage program is sponsored by National Homebuyers Fund (NHF), a non-profit public benefit corporation established in 2002 to expand homeownership nationwide. The NHF program is designed to increase homeownership opportunities for low-to-moderate income individuals.
SERVICER	GMFS will release the first and second mortgage and the servicer will be Data Mortgage, Inc. dba Essex Mortgage.
FIRST MORTGAGE LOAN TYPES AND TERMS	**Loan Types** FHA — All guidelines will follow FHA guidelines and GMFS product guides unless stated otherwise in this document. (For clarity, the second is considered Conventional in the system.) **Loan Term** Due and payable in 30 years. **Maximum Loan Amount** • Maximum Loan Amount = Conforming or maximum HUD county limit. • You can exceed county loan limits by the amount of UFMIP and the 2nd lien. **Max LTV / CLTV** Follow loan agency guidelines.
ELIGIBLE PROPERTIES	• Single family residences: 1 unit • Duplexes: 2 units • PUDs • Townhouses • Condo — agency approved

DOWN PAYMENT AND CLOSING COST ASSISTANCE (DPA)	DPA is available from Down Payment Advantage for purchase transactions as outlined below. **DPA Amount** • 3.5% of the sales price or appraised value (lesser of), or 5% option available. • Second must be 3.5% or 5% to match product selected, or get prior approval for a lower amount. **DPA Form** DPA 10-year Second Mortgage Loan Note. **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. • Lender upfronts the DPA amount at closing, to be reimbursed by the servicer upon purchase of the first mortgage loan. **DPA Second Mortgage Loan Terms** • 10-year term. • Note rate is 2.0% greater than the rate on the 1st loan. • 10-year fully amortizing loan; monthly payments required. • Second loan amounts must be rounded up to the nearest dollar. • No subordination allowed. • GMFS will conform to federal RESPA and Truth-in-Lending laws in disclosing the terms of the second mortgage.
DPA DOCUMENTATION	**DPA Second Mortgage Loan Documents (required)** • DPA Funding Commitment Notice — must be dated prior to the note date. • Second Mortgage Note. • See Exhibit A for the GMFS process unique to this product.
DISCLOSING	• Broker and Correspondent loans eligible. • TPO loans must be disclosed by GMFS. • COYOD docs are not allowed.

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 — 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). Follow agency guidelines. **Credit** • Minimum credit score — 620. • For FICO less than 640 — if gift funds apply, no rent-free borrowers allowed. Verification of rental history is required; must be verified with VOR and be 0x30. VOR cannot be provided by an interested party or family member. • At least one borrower must have a minimum of two credit scores, and each borrower must have one credit score. • Maximum DTI: per AUS. 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.
INTEREST RATES AND MORTGAGE LOCKS	**Loan Registrations (Reservations)** • Seconds are registered with NHF prior to closing. • NHF DPA Funding Commitment Notice and second loan documents must be submitted with the mortgage loan file. GMFS cannot purchase a mortgage loan without these documents. • NHF DPA Funding Commitment Notice must be dated prior to the note date. **First Mortgage Loan Lock — Price Adjustments** • All adjustments are cumulative. • Loans are subject to the LLPAs and fees as noted in Optimal Blue. • Must pass points and fees testing. • No fees in.

COMPLIANCE CERT	Provide a separate compliance certificate for both the 1st and 2nd liens.

PROGRAM 2 3 Year Forgivable Second Guidelines – FHA Loan

PROGRAM SPONSOR	Down Payment Advantage is sponsored by National Homebuyers Fund (NHF), a non-profit public benefit corporation established in 2002 to expand homeownership nationwide. The DPA program is designed to increase homeownership opportunities for low-to-moderate income individuals.
SERVICER	GMFS will release the first and second mortgage and the servicer will be Data Mortgage, Inc. dba Essex Mortgage.
FIRST MORTGAGE LOAN TYPES AND TERMS	**Loan Types** FHA — All guidelines will follow FHA guidelines and GMFS product guides unless stated otherwise in this document. (For clarity, the second is considered Conventional in the system.) **Loan Term** • Due and payable in 30 years. • The 2nd lien is due and payable at the time of the first mortgage unless the forgivable parameters below have been satisfied. **Forgivable if all of the following are met** • The loan has reached 3 years from the 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** • Maximum Loan Amount = Conforming or maximum HUD county limit. • You can exceed county loan limits by the amount of UFMIP and the 2nd lien. **Max LTV / CLTV** Follow loan agency guidelines.

DOWN PAYMENT AND CLOSING COST ASSISTANCE (DPA)	DPA is available for purchase transactions as outlined below. **DPA Amount** • 3.5% of the sales price or appraised value (lesser of). • Must be 3.5% or get prior approval for a lower amount. **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 the DPA proceeds. **DPA Second Mortgage Loan Terms** • 30-year term. • Note rate of the second mortgage is 0.0%. • 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 to the nearest dollar. • No subordination allowed. • GMFS will conform to federal RESPA and Truth-in-Lending laws in disclosing the terms of the second mortgage.
DPA DOCUMENTATION	**DPA Second Mortgage Loan Documents (required)** • DPA Funding Commitment Notice — must be dated prior to the note date. • Second Mortgage Note. • Security instrument should contain MERS "MOM" language as well as a MIN number. • See Exhibit A for the GMFS process unique to this product.
DISCLOSING	• Broker and Correspondent loans eligible. • TPO loans must be disclosed by GMFS. • COYOD docs are not allowed.

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 — 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). **Credit** • Minimum FICO 620. • For FICO less than 640 — if gift funds apply, no rent-free borrowers allowed. Verification of rental history is required; must be verified with VOR and be 0x30. VOR cannot be provided by an interested party or family member. • At least one borrower must have a minimum of two credit scores, and each borrower must have one credit score. • Maximum DTI: per AUS. 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.

INTEREST RATES AND MORTGAGE LOCKS	**Loan Registrations (Reservations)** • Seconds are registered with NHF prior to closing. • NHF DPA Funding Commitment Notice and second loan documents must be submitted with the mortgage loan file. GMFS cannot purchase a mortgage loan without these documents. • NHF DPA Funding Commitment Notice must be dated prior to the note date. **First Mortgage Loan Lock — Price Adjustments** • All adjustments are cumulative. • Loans are subject to the LLPAs and fees as noted in Optimal Blue. • Must pass points and fees testing. • No fees in. • Administration fee — additional fee charged on the first: $395.00. • DTI price hit may apply; must reprice if DTI > 50.
COMPLIANCE CERT	Provide a separate compliance certificate for the 1st transaction.