



**GMFS**  
PARTNERS

## Down Payment Advantage – Guide Sheet

### Contents

10 Year Amortized Second Guidelines – FHA Loan.....	2
3 Year Forgivable Second Guidelines – FHA Loan .....	5

## 10 Year Amortized Second Guidelines – FHA Loan

<b>PROGRAM SPONSOR</b>	<p>The Down Payment Advantage program is sponsored by National Homebuyers Fund, (NHF) is non-profit public benefit corporation established in 2002 to expand homeownership nationwide. NHF Program is designed to increase homeownership opportunities for low-to- moderate income individuals</p>
<b>SERVICER</b>	<p>GMFS will release the first and second mortgage and the servicer will be Data Mortgage, Inc. dba Essex Mortgage</p>
<b>FIRST MORTGAGE LOAN TYPES AND TERMS</b>	<p>Loan Types:</p> <ul style="list-style-type: none"> <li>• 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)</li> </ul> <p>Loan Term:</p> <ul style="list-style-type: none"> <li>• Due and payable in 30 years</li> </ul> <p>Maximum Loan Amount:</p> <ul style="list-style-type: none"> <li>• Maximum Loan Amount = \$726,200 or</li> <li>• Maximum HUD County Limit             <ul style="list-style-type: none"> <li>○ You Can Exceed County Loan Limits by the Amount of UPMIP and the 2nd Lien</li> </ul> </li> </ul> <p>Max LTV/CLTV:</p> <ul style="list-style-type: none"> <li>• Follow loan agency guidelines</li> </ul>
<b>ELIGIBLE PROPERTIES</b>	<ul style="list-style-type: none"> <li>• Single Family Residences: 1 Unit</li> <li>• Duplexes: 2 Units</li> <li>• PUDs</li> <li>• Townhouses</li> </ul> <p>Condo Agency Approved</p>



<p><b>DOWN PAYMENT AND CLOSING COST ASSISTANCE (DPA)</b></p>	<p>DPA is available from Down Payment Advantage for Purchase transactions as outlined below DPA Amount:</p> <ul style="list-style-type: none"><li>• 3.5% of the Sales Price or Appraised Value (lesser of)</li><li>• <b>OR</b> 5% option available</li><li>• Second must be 3.5% or 5% to match product selected <b>OR</b> get prior approval for lower amount</li></ul> <p>DPA Form:</p> <ul style="list-style-type: none"><li>• DPA 10-year Second Mortgage Loan Note</li></ul> <p>DPA General Terms:</p> <ul style="list-style-type: none"><li>• 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.</li></ul> <p>DPA Second Mortgage Loan Terms:</p> <ul style="list-style-type: none"><li>• 10 year Term;</li><li>• Note Rate is 2.0% greater than rate on 1st loan</li><li>• 10 yr fully amortizing loan</li><li>• Monthly payments required</li><li>• Second loan amounts must be rounded up to nearest dollar;</li><li>• No subordination allowed;</li></ul> <p>GMFS will conform to federal RESPA and Truth-in-lending laws in disclosing the terms of the Second Mortgage.</p>
<p><b>DPA DOCUMENTATION</b></p>	<p>DPA Second Mortgage Loan Documents (Required):</p> <ul style="list-style-type: none"><li>• DPA Funding Commitment Notice – <b>must be dated prior to the Note date</b></li><li>• Second Mortgage Note</li></ul> <p>See Exhibit A for GMFS Process unique to this product</p>
<p><b>BORROWER ELIGIBILITY</b></p>	<p>Occupancy:</p> <ul style="list-style-type: none"><li>• No first-time homebuyer requirement.</li><li>• Borrower must occupy the residence as their primary residence within (60) days of closing).</li><li>• Borrowers may have ownership in other property at time of closing, per agency guidelines.</li><li>• Non-occupant co-borrowers allowed.</li></ul> <p>Eligible Properties:</p> <ul style="list-style-type: none"><li>• Single Family Residences</li><li>• 2 units – LLPA applies</li><li>• PUDs</li><li>• Townhouses</li><li>• Condominiums (Must be agency approved and must not be litigation). Follow agency guidelines. Minimum Credit Score:</li></ul>



	<ul style="list-style-type: none"><li>• FHA: 600</li><li>• Each borrower must have a minimum of one credit score</li><li>• Maximum DTI: Per AUS</li><li>• AUS approval required</li><li>• Homebuyer Education:</li><li>• At least one borrower must receive housing counseling from a HUD approved non-profit housing counseling agency</li></ul>
<b>MORTGAGE INSURANCE</b>	Follow agency guidelines.
<b>INTEREST RATES AND MORTGAGE LOCKS</b>	<p>Loan Registrations (Reservations):</p> <ul style="list-style-type: none"><li>• 2nds are registered with NHF prior to closing</li><li>• 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.</li><li>• NHF DPA Funding Commitment Notice must be dated prior to the Note date First Mortgage Loan Lock:</li></ul> <p>Price Adjustments: All adjustments are cumulative</p> <ul style="list-style-type: none"><li>• Loans are subject to the LLPA's and Fees as noted in Optimal Blue.</li><li>• Must pass points and fees testing</li><li>• <b>No Fees in</b></li><li>• For 5% - Lender Paid is not allowed.</li></ul>
<b>COMPLIANCE CERT</b>	Provide a separate compliance certificate for both the 1st and 2nd liens

## 3 Year Forgivable Second Guidelines – FHA Loan

<p><b>PROGRAM SPONSOR</b></p>	<p>Down Payment Advantage is sponsored by National Homebuyers Fund, (NHF) is 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</p>
<p><b>SERVICER</b></p>	<p>GMFS will release the first and second mortgage and the servicer will be Data Mortgage, Inc. dba Essex Mortgage</p>
<p><b>FIRST MORTGAGE LOAN TYPES AND TERMS</b></p>	<p>Loan Types:</p> <ul style="list-style-type: none"> <li>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)</li> </ul> <p>Loan Term:</p> <ul style="list-style-type: none"> <li>Due and payable in 30 years</li> <li>2nd Lien is due and payable at the time of the first mortgage unless the forgivable parameters below have been satisfied             <ul style="list-style-type: none"> <li>Forgivable IF 1. loan has reached 3 yrs from Note date AND 2. a Repayment event has not occurred, AND 3. The borrower has continued to occupy the property as their primary residence.</li> </ul> </li> </ul> <p>Repayment Events</p> <ul style="list-style-type: none"> <li>The First Deed of Trust on the Property is refinanced; or</li> <li>The First Deed of Trust on the Property becomes due and payable for any reason; or</li> <li>Borrower sells, transfers or otherwise disposes of the Property, including, without limitation, through foreclosure or transfer pursuant to any power of sale.</li> </ul> <p>Maximum Loan Amount:</p> <ul style="list-style-type: none"> <li>Maximum Loan Amount = \$726,200 or</li> <li>Maximum HUD County Limit             <ul style="list-style-type: none"> <li>You Can Exceed County Loan Limits by the Amount of UPMIP and the 2nd Lien</li> </ul> </li> </ul> <p>Max LTV/CLTV:</p> <ul style="list-style-type: none"> <li>Follow loan agency guidelines</li> </ul>



<p><b>DOWN PAYMENT AND CLOSING COST ASSISTANCE (DPA)</b></p>	<p>DPA is available for Purchase transactions as outlined below: DPA Amount:</p> <ul style="list-style-type: none"> <li>• 3.5% of the Sales Price or Appraised Value (lesser of)</li> <li>• Must be 3.5% or get prior approval for lower amount</li> </ul> <p>DPA Form:</p> <ul style="list-style-type: none"> <li>• A deferred 30-year Second Mortgage Loan (no interest)</li> <li>• Promissory Note Addendum</li> <li>• Loan Forgiveness Feature Disclosure</li> </ul> <p>DPA General Terms:</p> <ul style="list-style-type: none"> <li>• Proceeds may be used for down payment and/or closing costs; There must be no cash back to the borrower from the DPA proceeds;</li> </ul> <p>DPA Second Mortgage Loan Terms:</p> <ul style="list-style-type: none"> <li>• 30 year Term;</li> <li>• Note Rate of Second Mortgage is 0.0%</li> <li>• Non-amortizing loan with no monthly payments</li> <li>• Second Mortgage is due and payable upon sale, refinance or payoff of the First Mortgage; If forgivable terms are not satisfied</li> <li>• Second loan amounts must be rounded up to nearest dollar</li> <li>• No subordination allowed;</li> </ul> <p>GMFS will conform to federal RESPA and Truth-in-lending laws in disclosing the terms of the Second Mortgage.</p>
<p><b>DPA DOCUMENTATION</b></p>	<p>DPA Second Mortgage Loan Documents (Required):</p> <ul style="list-style-type: none"> <li>• DPA Funding Commitment Notice – <b>must be dated prior to the Note date</b></li> <li>• Second Mortgage Note</li> <li>• Security Instrument should contain MERS "MOM" language as well as a MIN number</li> </ul> <p>See Exhibit A for GMFS Process unique to this product</p>
<p><b>BORROWER ELIGIBILITY</b></p>	<p>Occupancy:</p> <ul style="list-style-type: none"> <li>• No first-time homebuyer requirement.</li> <li>• Borrower must occupy the residence as their primary residence within (60) days of closing).</li> <li>• Borrowers may have ownership in other property at time of closing, per agency guidelines.</li> <li>• Non-occupant co-borrowers allowed.</li> </ul> <p>Eligible Properties:</p> <ul style="list-style-type: none"> <li>• Single Family Residences</li> <li>• 2 units – LLPA applies</li> <li>• PUDs</li> <li>• Townhouses</li> <li>• Condominiums (Must be agency approved and must not be litigation).</li> </ul>



<b>BORROWER ELIGIBILITY CONT.</b>	<p>Follow agency guidelines. Minimum Credit Score:</p> <ul style="list-style-type: none"><li>• FHA: 600</li><li>• Each borrower must have a minimum of one credit score</li></ul> <p>Maximum DTI: Per AUS</p> <ul style="list-style-type: none"><li>• AUS approval required</li></ul> <p>Homebuyer Education:</p> <ul style="list-style-type: none"><li>• At least one borrower must receive housing counseling from a HUD approved non-profit housing counseling agency</li></ul>
<b>MORTGAGE INSURANCE</b>	Follow agency guidelines.
<b>INTEREST RATES AND MORTGAGE LOCKS</b>	<p>Loan Registrations (Reservations):</p> <ul style="list-style-type: none"><li>• 2nds are registered with NHF prior to closing</li><li>• 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.</li><li>• NHF DPA Funding Commitment Notice must be dated prior to the Note date First Mortgage Loan Lock:</li></ul> <p>Price Adjustments: All adjustments are cumulative</p> <ul style="list-style-type: none"><li>• Loans are subject to the LLPA's and Fees as noted in Optimal Blue.</li><li>• Must pass points and fees testing</li><li>• <b>No Fees In</b></li><li>• Administration fee – additional fee charged on the first - \$395.00</li><li>• DTI price hit may apply, must reprice if DTI &gt;50</li></ul>
<b>COMPLIANCE CERT</b>	Provide a separate compliance certificate for 1 <sup>st</sup> Transaction