



GMFS
PARTNERS

PARTNER TRAINING

Smart DPA

Down payment assistance for FHA & USDA purchases,
delivered as a second lien.

FHA & USDA

Purchase only

Effective with locks 10/5/2026

gmfspartners.com/products/dpa

ABOUT THE PROGRAM

Smart DPA, powered by GMFS

GMFS has partnered with Rosebud Economic Development Corporation (REDCO), a non-profit, to expand homeownership nationwide.

Smart DPA pairs an **FHA or USDA first lien** with a subordinate **second lien** that is either forgivable or repayable.

Lending since 1999



HOW A SMART DPA LOAN IS BUILT

FIRST LIEN

FHA 203(b) or USDA

30-year fixed · purchase · primary residence



SECOND LIEN · SMART DPA

3.5% or 5% assistance

Forgivable or repayable · funded by REDCO

Saving for a down payment keeps buyers on the sidelines

The challenge

Rising home prices create affordability pressure

Many buyers face barriers to entry

Limited cash reserves restrict down payment options

What Smart DPA delivers

Removes the down payment barrier with built-in assistance

Expands borrower eligibility with flexible options

Competes head-to-head with state and local bond DPA

Helps loan officers grow production and reach new markets

Opens homeownership to underserved buyers

THE THREE OPTIONS

Three ways to structure the second lien

3-YEAR FORGIVABLE

3.5%

of price or value, whichever is less

Rate	0%, no payment
Forgiven	After 36 payments
Min FICO	640
Blended	660
Manual UW	Eligible

5-YEAR FORGIVABLE

3.5%

of price or value, whichever is less

Rate	0%, no payment
Forgiven	After 60 payments
Min FICO	640
Blended	660
Manual UW	Eligible

10-YEAR REPAYABLE

3.5% or 5%

of price or value, whichever is less

Rate	7.99%, all states
Structure	30/10 balloon or 10-yr
Min FICO	660
Blended	670
Manual UW	Not allowed

TRUE FOR ALL THREE OPTIONS

Four rules every Smart DPA loan follows

01 Government first lien only

FHA or USDA, 30-year fixed. No conventional first liens.

02 Purchase, primary residence

Owner-occupied for the full term of the second lien. No second homes or investment property.

03 A clean second lien

Its own separate loan number. Funds from a non-profit that meets agency rules. No resubordination or added liens.

04 Available nationwide

All GMFS-eligible states, not U.S. territories. No first-time homebuyer requirement.

How the DPA second lien works

GUIDELINE	3-YEAR & 5-YEAR FORGIVABLE	10-YEAR REPAYABLE
Interest & payment	30-year, 0% interest, no monthly payment	7.99% in all states
Forgiveness	Forgiven after 36 or 60 payments with no 90+ day delinquency on the first lien	Not forgivable. 30-year amortization with 10-year balloon, or 10-year note
DPA amount	3.5% of price or appraised value, whichever is less	3.5% or 5% of price or appraised value, whichever is less
Draw request	REDCO DPA Draw Request letter signed and dated at closing	
Lien mechanics	Separate loan number from the first lien. No resubordination, no additional liens	

First lien eligibility follows FHA and USDA, with these overlays

Mortgage type

FHA or USDA. 30-year fixed rate only.

Purpose & occupancy

Purchase only. Primary residence for the term of the second lien. HPML eligible; no High-Cost loans.

Borrowers

At least one borrower occupies. No revocable trusts. Foreclosure exceptions need prior approval.

No extra hurdles

No first-time buyer rule. No income limits beyond USDA. No DTI overlays.

Property types

SFR attached or detached, condos and PUDs. 1–2 units. No unique properties.

Availability

All GMFS-eligible states. Not available in U.S. territories.

LTV, CLTV and high balance

GUIDELINE	3-YEAR & 5-YEAR FORGIVABLE	10-YEAR REPAYABLE
Minimum LTV	90.00%	90.00%
FHA max LTV / CLTV	96.5% / 100%	Max CLTV 100% at 3.5% DPA, 101.5% at 5% DPA
USDA	To 100% loan amount. CLTV capped at the max loan amount plus the guarantee fee	
High balance	Not allowed	Allowed, subject to Loan Level Price Adjustments

Credit and underwriting

GUIDELINE	3-YEAR & 5-YEAR FORGIVABLE	10-YEAR REPAYABLE
Min credit score	640 representative score	660 representative score, no LLPA
Min blended score	660	670
AUS	Approve/Eligible required from DU or GUS	
Manual underwriting	Eligible. Follow GMFS Product Guide manual FHA rules	Not allowed
Manual downgrades	Eligible on all options	
DTI	Per AUS approval and agency guidelines. No DTI overlays	

BLENDING CREDIT SCORE

Qualify on the average of two scores

For qualification only. Pricing stays on each borrower's individual representative score.

660

Forgivable minimum

670

Repayable minimum

Whose scores count

Occupying borrowers only, using each one's representative (middle) score

Primary wage earner

Earns 60% or more of household income, including non-qualifying income, and has the higher score

Lower wage earner

No minimum score; counted only when the rule above is met

AUS

Must receive and keep an AUS approval. No manual underwriting

BLENDING CREDIT SCORE

Calculating it in four steps

- 1 Find each occupying borrower's representative score: middle of three, or lower of two
- 2 Confirm the higher income earner also has the higher score
- 3 If so, average the two: $(\text{Borrower 1} + \text{Borrower 2}) \div 2$
- 4 Check the minimum: 660 forgivable, 670 repayable

WATCH OUT

If the lower earner has the higher score, blending can't be used. Qualify on individual scores.

WORKED EXAMPLE · REPAYABLE

Borrower 1

735 / 715 / 720

Rep. score **720**

\$6,000 · **66.7%**

Borrower 2

640 / 625 / 655

Rep. score **640**

\$3,000 · **33.3%**

680

$(720 + 640) \div 2 = 680$. Clears the 670 repayable minimum.

Borrower 1 earns 66.7% of the \$9,000 household income and holds the higher score, so blending is allowed.

PRICING & FEES

Program fees and buydowns

\$250

Admin fee

In addition to standard
GMFS fees

\$500

Non-profit fee

Second lien fee, applied to
the first lien

Permanent buydowns

Allowed on the first lien

Temporary buydowns

2-1 and 1-0 allowed with an LLPA. See the current rate sheet

Fees-in

Not allowed. Refer to the GMFS Product Guide

Fees charged to the borrower must comply with all federal, state and local laws and disclosure rules. The only exception is required cures.

Getting the second lien to the closing table

Second lien TRID

Own loan number and own TRID disclosure

No lender fees

Only prepaid interest, recording, settlement and MERS fees

Balloon disclosure

Required on the repayable 30/10 balloon only

TPO loans

GMFS discloses and draws the documents

HAZARD / FLOOD MORTGAGEE CLAUSE

Click n' Close, Inc.

ISAOA/ATIMA

PO Box 2728

Sioux City, IA 51106

Phone 800.998.0761

Fax 800.709.4818 or 800.709.4819

escrow@clicknclose.com

AT CLOSING The REDCO DPA Draw Request letter must be signed and dated.

POSITIONING

Where Smart DPA beats state and local bond programs

No first-time buyer rule

Open to repeat buyers

No income limits

Beyond USDA requirements

No DTI overlays

Follow AUS and agency guidelines

Counseling optional

Suggested, not required

Lower fees

\$250 admin + \$500 non-profit

Permanent buydowns

Allowed on the first lien

Seller concessions

Allowed to agency guidelines

Funds always available

Not tied to state or federal allocations

Nationwide

All GMFS-eligible states

THE BORROWER CONVERSATION

Even buyers with 3.5% saved can benefit from DPA

Pay down high-interest debt

Lower monthly obligations and better cash flow

Ease payment pressure

Cover utilities, HOA and insurance in the first 6–12 months

Avoid new debt

Keep post-closing expenses off credit cards

Stay flexible

Cash on hand if income changes or surprises come up

Ease the transition

Less financial stress while settling into ownership

Stronger loans

Supports long-term performance, not just qualification



Questions?

Program guide, rate sheets and resources at
gmfspartners.com/products/dpa

Effective with locks as of 10/5/2026. Subject to change without notice. For internal and business-partner use only; not a consumer advertisement.