

## Down Payment and Closing Cost Assistance Programs as of September 4, 2018

### Second Mortgage

- Fixed rate of 5% over 10 years making the monthly payment low so borrowers can easily qualify for the loan amount they need.
- Credit scores
  - Preferred and Advantage program with a 680+ credit score.
  - First Loan products with a minimum credit score of 640.
- Maximum amount of second mortgage based on lesser of sales price or appraisal
  - 2.5% for Advantage or HFA Preferred
  - 3.5% for First Loan program
  - Not to exceed the maximum LTV approved by mortgage insurance guidelines.
- First Loan income limits apply for FHA loans with the second mortgage.
- Finally Home! Homebuyer Education is required if both borrowers are first-time homebuyers. Only one certificate is required for both borrowers.
- Borrowers must contribute at least .5% of the purchase price of their OWN funds toward the transaction.

### Forgivable Loan

- Available for purchase and rate term refinance programs.
- 0% interest 7yr grant
- Forgivable years 4-7
  - 25% is forgiven if paid off in year 5 (months 48-60)
  - 50% is forgiven if paid off in year 6 (months 61-72)
  - 75% is forgiven if paid off in year 7 (months 73-84)
  - 100% is forgiven after year 7 (after month 84)
- Risk adjustment 1/8<sup>th</sup> % for each half % of DPCC up to 3.5%
  - .125 for .50%
  - .25 for 1%
  - .375 for 1.5%
  - .50 for 2%
  - .625 for 2.5%
  - .75 for 3%
  - .875 for 3.5%
- A lien should be placed on the title for the amount of the grant. The terms of forgiveness are described on the note. Documents will be available on Lender Connection on September 4, 2018.
- Can be combined with the second mortgage on the First Loan program as well as the Freddie Mac Home Possible Advantage for HFA – 50% and 80% AMI programs.
- Finally Home! Homebuyer Education is required if both borrowers are first-time homebuyers. Only one certificate is required for both borrowers.
- A minimum cash investment of .5% of sales price must be the borrower's own funds.
- May be used for down payment or closing cost assistance.