

Down Payment and Closing Cost Assistance Programs as of October 29, 2020

Both products are available for purchase transactions only.

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

- A 680 credit score is required, unless the borrower is using the First Loan that only requires a credit score of 640.
- Available for 2.5%, or 3.5% if using the First Loan program or Freddie Mac HFA products for 50% / 80% AMI borrowers.
- Maximum amount of second mortgage based on lesser of sales price or appraised value.
- Not to exceed the maximum LTV / CLTV approved by mortgage insurance guidelines.
- First Loan income limits apply for FHA loans with the Second Mortgage.
- Finally Home! Homebuyer Education is required. Only one certificate is required per loan.
- Borrowers must contribute at least .5% of the purchase price of their OWN funds into the transaction.

Forgivable Loan

0% interest 7-year loan.

There is tiered forgiveness

- 25% is forgiven if paid off (sale or refinance) after 4 years (months 49-60)
- 50% is forgiven if paid off (sale or refinance) after 5 years (months 61-72)
- 75% is forgiven if paid off (sale or refinance) after 6 years (months 73-84)
- 100% is forgiven after year 7 (after month 84)
- Risk adjustment 1/8th % (.125) for each .5% of DPCC used 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%

Additional Information:

- A lien will be placed on the title for the amount of the loan. The terms of forgiveness are described on the note.
- Documents are available on the home page of [Lender Connection](#).
- The Forgivable Loan may be combined with the Second Mortgage when using the First Loan, also when using the Freddie Mac HFA Advantage 50% / 80% AMI programs.
- Finally Home! Homebuyer Education is required. Only one certificate is required per loan.
- Borrowers must contribute at least .5% of the purchase price of their OWN funds into the transaction.