



MFM Bulletin: 023-2023

Date: August 11, 2023

Subject: FHA DPA Loan Program from Essex Mortgage

We are pleased to announce the roll out of an FHA downpayment assistance program through Essex Mortgage. With this loan program, down payment assistance (DPA) is in the form of a fully amortizing second mortgage provided by National Homebuyers Fund, which operates nationwide except for New York and Washington state.

This program offers up to 3.5% DPA, which may be used for either down payment or closing costs and prepaids. A second mortgage file must also be setup in Blue Sage, along with the first mortgage FHA loan.

Locks will be accepted for this program beginning Monday, August 14th, and MFM will schedule a training for this program the week of August 14th-18th.

See below/attached for the complete Essex FHA downpayment assistance program guidelines.

Thank you

Essex/National Homebuyers Fund (NHF) FHA 10-Year Amortized DPA Program



PROGRAM GUIDELINES

Program Sponsor	National Homebuyers Fund - A Section 115 entity considered by HUD as an instrumentality of the government for the purpose of providing secondary financing on FHA loans.
Investor/Servicer	Data Mortgage, Inc, dba Essex Mortgage
Program Description	FHA loan with a DPA provided by NHF, designed to increase homeownership opportunities for low-to-moderate income individuals nationwide (excluding New York and Washington state).
First Mortgage Program Loan Types and Terms	<p>Loan Types:</p> <ul style="list-style-type: none"> FHA 203b FHA 234 (c) - condos <p>Loan Term:</p> <ul style="list-style-type: none"> 30 year fixed rate. <p>Maximum Loan Amount:</p> <ul style="list-style-type: none"> Conforming limit OR maximum HUD county limit if lower – you can exceed county limit by UFMIP and 2nd lien. <p>Max LTV/CLTV:</p> <ul style="list-style-type: none"> 96.5/100% - or maximum LTV based on agency guidelines. <p>Loan purpose:</p> <ul style="list-style-type: none"> Purchase transactions only. Total of loan origination fees and discount points paid by the borrower cannot exceed 2%.
Down Payment and Closing Cost Assistance (DPA)	<p>DPA is a second mortgage from NHF as outlined below:</p> <p>DPA amount:</p> <ul style="list-style-type: none"> Up to 3.5% of the lesser of sales price or appraised value. <p>DPA Form:</p> <ul style="list-style-type: none"> NHF 10-year Second Mortgage Loan Note <p>DPA General terms:</p> <ul style="list-style-type: none"> Proceeds may be used for down payment and/or closing costs. No cash back to the borrower at closing. Lenders upfronts the DPA amount at closing and is reimbursed by the servicer when first mortgage is purchased by Essex. <p>DPA Second Mortgage Loan Terms:</p> <ul style="list-style-type: none"> 10 year fully amortizing loan term. Note rate is 2.0% greater than the rate on the 1st mortgage loan. Second mortgage loan amount must be rounded up to the nearest dollar. No subordination allowed if first mortgage is refinanced.

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<p>Down Payment and Closing Cost Assistance (DPA) Continued</p>	<ul style="list-style-type: none"> • Second mortgage loan amount must be rounded up to the nearest dollar. • No subordination allowed if first mortgage is refinanced. • No Lender fees can be charged on second mortgage except for title fees. <p>TERMS OF THE SECOND MORTGAGE MUST BE DISCLOSED PER FEDERAL RESPA AND TRUTH-IN-LENDING LAWS.</p>
<p>DPA Documentation</p>	<p>MFM Secondary Marketing Department will register second mortgage at the same time first mortgage is registered.</p> <p>The following forms will be provided by NHF (through Essex) once second is registered:</p> <ul style="list-style-type: none"> • DPA Funding Commitment Notice • DPA Reservation Confirmation form <p>DPA Second Mortgage Loan Documents Required:</p> <ul style="list-style-type: none"> • DPA Funding Commitment Notice. • Second Mortgage Note – Fully Endorsed after closing to National HomeBuyers Fund, Inc, an instrumentality of Government Section 115 entity. • Second Mortgage Security Instrument. • Clear Compliance Ease compliance certifications for both first and second mortgages. • NHF’s EIN number must be shown on FHA Loan Transmittal – NHF’s EIN number is 42-1549314.
<p>Borrower Eligibility</p>	<p>Occupancy:</p> <ul style="list-style-type: none"> • No First Time Homebuyer Requirement. • Borrower must occupy the property within 60 days of closing. • Borrowers may have ownership in other properties – per FHA guidelines. • Non-occupant co-borrowers allowed - per FHA guidelines. <p>Income limitations:</p> <ul style="list-style-type: none"> • None. <p>Minimum credit Score:</p> <ul style="list-style-type: none"> • 600 • Each borrower must have a minimum of one score. <p>Homebuyer Education:</p> <ul style="list-style-type: none"> • Homebuyer Education is required for at least one borrower and must be provided by either Fannie Mae HomeView course , Freddie Mac CreditSmart course or HUD Approved Counseling Agency.

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Property Eligibility	Eligible properties: <ul style="list-style-type: none">• Single family• PUDS• Condos – project must be FHA HRAP (FHA) approved.• Manufactured homes – doublewide only. Ineligible properties: <ul style="list-style-type: none">• Multi family• Single wide manufactured homes• Properties in New York and Washington state.
Underwriting and FHA Mortgage Insurance	<ul style="list-style-type: none">• AUS approval is required – no manual underwriting allowed.• First mortgage must meet all FHA program guidelines.• Max 53% DTI (MFM overlays)• Second mortgage payment must be included in DTI.