



MFM Bulletin: 002-2025

Date: March 4, 2025

Subject: Updated Essex/National Homebuyers Fund FHA guidelines

We are updating our Essex/National Homebuyers Fund FHA 10 Year-Amortized loan program guidelines to include 2-unit properties; 3-4 unit properties are still not allowed. See below for complete program guidelines.

Please contact the MFM Underwriting Dept. (underwriting@memberfirstmortgage.com) if you have any questions or concerns.

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">• 1-2 unit properties• PUDS• Condos – project must be FHA HRAP (FHA) approved.• Manufactured homes – doublewide only. Ineligible properties: <ul style="list-style-type: none">• 3-4 unit properties• 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.