

**Down Payment Assistance Programs**
**Summary**

Product Types	30yr and 15yr Fixed
Eligible Programs	FHA, VA, Conventional Conforming, HomePossible and HomeReady

**FHA**

Loan Purpose	Minimum FICO	Maximum LTV	Maximum CLTV
Purchase	640	96.50%	125%

**VA**

Loan Purpose	Minimum FICO	Maximum LTV	Maximum CLTV
Purchase	640	100%	100%

**Conventional Conforming**

Loan Purpose	Minimum FICO	Maximum LTV	Maximum CLTV
Fannie Mae Purchase	640	95%	105%
Freddie Mac Purchase	640	95%	95%

**HomePossible & HomeReady**

Loan Purpose	Minimum FICO	Maximum LTV	Maximum CLTV
HomeReady Purchase	640	97%	105%
HomePossible Purchase	640	97%	105%

Nations Direct Mortgage will accept first Mortgage Loans originated in conjunction with Affordable or Community Second Programs according to the parameters outlined below. These include, but are not limited to, such programs as Down payment Assistance Programs (DAP), Up-Front Cost Assistance Programs (UCAP), and Housing Assistance Programs (HAP).

## Program Requirements

General Requirements	<ul style="list-style-type: none"> <li>• All DAPs must be required and approved for adherence to NDMs credit policy requirements and must appear on NDMs list of approved assistance programs <ul style="list-style-type: none"> <li>○ NDM does not approve borrowers, this is done by the housing agency</li> </ul> </li> <li>• All DAP providers must be a government agency or a government sponsored entity</li> <li>• Non-Government nonprofits are not eligible</li> <li>• All subordinate financing/community seconds must close in the name of a government agency</li> <li>• All loans must adhere to the underlying product requirements <ul style="list-style-type: none"> <li>○ Product requirements take precedence over what the assistance program will allow</li> </ul> </li> <li>• The NDM first mortgage must not be subject to any terms or conditions of a bond program</li> <li>• The DAP, UCAP or HAP must not restrict the transfer of servicing rights of the first Mortgage</li> <li>• The DAP, UCAP or HAP may not require prior notification or approval from the sponsoring authority in the event of the transfer of the first Mortgage’s servicing rights.</li> <li>• The DAP does not have a shared appreciation feature</li> <li>• Fee for the assistance cannot exceed \$250</li> </ul>
AUS	<ul style="list-style-type: none"> <li>• All loans must utilize an Automated Underwriting System</li> <li>• LPA is not allowed for FHA loans</li> </ul>
Program Approval	<ul style="list-style-type: none"> <li>• If the DAP is not on NDM’s list of approved assistance programs, the AE must complete the DAP approval request form and submit to Sales Management</li> <li>• Sales Management must review the program for compliance to NDM’s “general requirements”</li> <li>• The request form and all required documentation must be submitted by Sales Management to the Credit Policy Committee (CPC) for approval</li> <li>• The request form and all required documentation must be submitted to the Credit Policy Committee (CPC) for approval</li> <li>• The Chairperson of the CPC will review all approval requests and make the final decision <ul style="list-style-type: none"> <li>○ Allow 3-5 business days for all new approvals</li> </ul> </li> <li>• If approved, the program will be added to the list of approved programs and posted to the intranet</li> </ul>
Credit Report and FICO Requirements	<ul style="list-style-type: none"> <li>• Minimum FICO score for all products is 640 and tri merge credit bureau is required for all transactions.</li> <li>• Non-borrowing spouse credit report required in community property states and debts must be included in debt ratio.</li> <li>• Borrowers must explain all inquiries shown on the credit report in the last 120 days.</li> <li>• Trade line requirements determined by the AUS.</li> <li>• Primary borrower must have a FICO score</li> </ul>
High Balance Loans	<ul style="list-style-type: none"> <li>• Not allowed on Conventional loans</li> <li>• If the total mortgage indebtedness exceeds \$1MM, a approval from the CPC Chairperson is required</li> </ul>
Loan Purpose	<ul style="list-style-type: none"> <li>• Purchase transactions only</li> </ul>
Property Type	<ul style="list-style-type: none"> <li>• 1 unit only; SFR, PUD &amp; Condo, no units</li> </ul>
Occupancy	<ul style="list-style-type: none"> <li>• Owner Occupied, Primary Residence only</li> </ul>

**Program Requirements (cont)**

Community Seconds	<ul style="list-style-type: none"> <li>• The terms of the Community Second must not require a balloon payment due before the maturity or payment in full of the First Lien Mortgage.</li> <li>• If monthly payments on the Affordable Second are required and begin before the 61 monthly payment under the First Lien Mortgage, such monthly payments must be included in the Borrower's monthly housing expense-to-income ratio and monthly debt payment-to-income ratio</li> <li>• If monthly payments on the Community Second begin on or after the 61 monthly payment under the First Lien Mortgage or if repayment of the entire Second amount is due only upon sale or default, the amount of the Community Second monthly payment may be excluded from both ratios</li> </ul>
Documentation – Community Seconds	<ul style="list-style-type: none"> <li>• Documentation showing the amount of funds provided to the Borrower for each transaction;</li> <li>• Copies of the loan instruments; and</li> <li>• A letter from the Governmental Entity on their letterhead evidencing the relationship between them and the nonprofit for each FHA-insured Mortgage, signed by an authorized official and containing the following information:             <ul style="list-style-type: none"> <li>○ the FHA case number for the first Mortgage;</li> <li>○ the complete property address;</li> <li>○ the name, address and TaxID for the nonprofit;</li> <li>○ the name of the Borrower(s) to whom the nonprofit is providing secondary financing;</li> <li>○ the amount and purpose for the secondary financing provided to the Borrower; and</li> <li>○ a statement indicating whether the secondary financing:                 <ul style="list-style-type: none"> <li>▪ will close in the name of the Governmental Entity; or</li> <li>▪ will be closed in the name of the nonprofit and held by the Governmental Entity.</li> </ul> </li> </ul> </li> <li>• Where a nonprofit assisting a Governmental Entity with its secondary financing programs is not a HUD-approved Nonprofit, a documented agreement must be provided that:             <ul style="list-style-type: none"> <li>○ the functions performed by the nonprofit are limited to the Governmental Entity's secondary financing program; and</li> <li>○ the secondary financing legal documents (Note and Deed of Trust) name the Governmental Entity as the Mortgagee.</li> </ul> </li> </ul>
Documentation – DAP, Gifts/Grants	<ul style="list-style-type: none"> <li>• A copy of the approval letter from the Agency/Entity</li> <li>• Final CD to reflect the gift/grant amount and any associated fees</li> </ul>
States	Where Nations Direct Mortgage lends (see <a href="http://www.myndm.com">www.myndm.com</a> for licensed states)