

# VHDA Down Payment Assistance (DPA) Grant

## Program Guidelines

<b>Grant Amount</b>	<table border="1"> <thead> <tr> <th>Maximum Grant Amount:</th> <th>First Mortgage:</th> </tr> </thead> <tbody> <tr> <td>2%</td> <td>Fannie Mae Reduced MI</td> </tr> <tr> <td></td> <td>Fannie Mae No MI</td> </tr> <tr> <td>2.5%</td> <td>FHA</td> </tr> </tbody> </table>	Maximum Grant Amount:	First Mortgage:	2%	Fannie Mae Reduced MI		Fannie Mae No MI	2.5%	FHA
	Maximum Grant Amount:	First Mortgage:							
2%	Fannie Mae Reduced MI								
	Fannie Mae No MI								
2.5%	FHA								
	<ul style="list-style-type: none"> <li>Grant amount is based on the lesser of the sales price or appraised value and must be used towards down payment (not closing costs).</li> <li>If the sales price or appraised value is reduced after initial reservation, the lender must update the DPA Grant amount in VHDA's LOS (Mortgage Cadence) and obtain a new Grant Awards and Obligation Letter at the updated amount.</li> <li>If the calculation yields cents, then must round down to the nearest dollar.</li> <li>The borrower may not receive cash back at closing beyond verified Earnest Money Deposit (EMD) and any fees paid outside of closing (POCs).</li> </ul>								
<b>Eligible First Mortgages</b>	<ul style="list-style-type: none"> <li>VHDA FHA</li> <li>VHDA Fannie Mae No MI purchase program</li> <li>VHDA Fannie Mae Reduced MI purchase program</li> </ul>								
<b>Ineligible First Mortgages</b>	<ul style="list-style-type: none"> <li>VHDA VA</li> <li>VHDA RHS</li> <li>Any first mortgage used with the VHDA Plus Second Mortgage</li> <li>Any refinance</li> <li>Any Non-VHDA loan</li> </ul>								
<b>MCC Eligible</b>	<u>Yes</u> (First-Time Homebuyer Purchase only), in accordance with the Mortgage Credit Certificate (MCC) Guidelines.								
<b>CHR Eligible</b>	<u>Yes</u> (First-Time Homebuyer Purchase only), in accordance with the Community Housing Revitalization (CHR) Guidelines.								
<b>VHDA CCA Eligible</b>	<b>No.</b> (VHDA Closing Cost Assistance Grant)								
<b>Minimum LTV</b>	<p>First Mortgage: <b>90%</b> if the DPA Grant is used with other acceptable funds in accordance with the first mortgage requirements.</p> <p>*Note: The VHDA DPA Grant may be used with other acceptable <b>non-VHDA</b> down payment assistance in accordance with the first mortgage requirements. It cannot be used with the Plus Second Mortgage <b>or</b> CCA Grant.</p> <p><u>Exhibit LL</u> is <b>not</b> required for the DPA Grant; however it is required for any subordinate lien except FHLB.</p>								



# VHDA DPA Grant

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## Program Guidelines

<p><b>Loan Term</b></p>	<ul style="list-style-type: none"> <li>• Loan term is not applicable because the DPA Grant is not a loan but a gift provided by VHDA.</li> <li>• No repayment is required.</li> <li>• No Note or Deed of Trust for the grant funds.</li> <li>• DPA Grant must meet the requirements in these Program Guidelines as well as requirements of the first mortgage (see above for eligible first mortgage types).</li> </ul>
<p><b>First-Time Homebuyer</b></p>	<p>Required unless purchasing in a Targeted Area (applies to all borrowers and non-borrowers taking title).</p> <p>A borrower and non-borrower on title are considered a First-Time Homebuyer if they have not owned and occupied a primary residence in the last 3 years.</p> <p><b>Acceptable documentation to evidence First-Time Homebuyer:</b></p> <ul style="list-style-type: none"> <li>• The fully executed Single Family Loan and MCC Programs Disclosure and Borrower Affidavit (Exhibit E2) signed by all borrowers and non-borrowers taking title;</li> <li>• A completed Uniform Residential Loan Application (Form 1003); <b>and</b></li> <li>• The credit report.</li> </ul> <p><u>Note:</u> If unable to confirm from the Exhibit E2, Form 1003, or the credit report the borrowers and/or non-borrowers taking title are a First-Time Homebuyer, additional documentation may be required, such as:</p> <ul style="list-style-type: none"> <li>• Three years federal tax returns / tax transcripts</li> <li>• Rent verification(s)</li> <li>• Other reports such as a Lender Data Integrity Report (Examples: Drive Report, FraudGuard, Loansafe)</li> </ul>
<p><b>Income Limits</b> (All Household Income)</p>	<p>Apply <a href="#">DPA Grant Lower Income Limits</a>, which can be found on the Income and Sales Price / Loan Amount Limits webpage. Higher Targeted Area Income Limits do not apply.</p> <p>Must include income for all household members (regardless of whether they are a borrower or non-borrower on title).</p> <p>See <a href="#">Origination Guide</a> for more information on how to calculate household income, what income types must be included, and what may be excluded.</p>
<p><b>Sales Price / Acquisition Cost Limits</b></p>	<p>Apply <a href="#">VHDA Standard Sales Price / Loan Limits</a>. The limit is the highest of the gross loan amount (which does not include the DPA Grant), sales price, and acquisition cost.</p>
<p><b>Eligible Purpose</b></p>	<p>Primary Residence Purchase (no refinances).</p>



# VHDA DPA Grant

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## Program Guidelines

<p><b>VHDA Single Family Loan and Mortgage Credit Certificate Program Disclosure and Borrower Affidavit</b> (<a href="#">Exhibit E2</a>)</p>	<p>Required.</p> <ul style="list-style-type: none"> <li>• Must be executed by all borrowers and non-borrowers taking title.</li> <li>• Income from any household member (regardless of whether or not they are on title) must be included on page 4 of the Exhibit E2.</li> </ul>
<p><b>VHDA Seller Affidavit and Acknowledgment</b> (<a href="#">Exhibit F</a>)</p>	<p>Required.</p>
<p><b>VHDA Originating Lenders Submission Cover Letter</b> (<a href="#">Exhibit O</a>)</p>	<p>Required.</p>
<p><b>Homebuyer Education</b></p>	<p>Required for all First-Time Homebuyers.</p> <p>Complete VHDA course, <a href="#">HUD Approved Counseling</a> course, or Fannie Mae Framework course prior to approval.</p> <p>Homebuyer Education Certificate is valid for 2 years.</p>
<p><b>Tax Transcripts</b></p>	<p><b>FHA first mortgage:</b></p> <ul style="list-style-type: none"> <li>• Not required.</li> </ul> <p><b>Fannie Mae Reduced MI and No MI first mortgage:</b></p> <ul style="list-style-type: none"> <li>• Tax transcripts are required for all borrowers and is dependent on qualifying income types and number of years required per DU (i.e. W2 transcripts, 1099 transcripts, etc.) in addition to an executed 4506-T.</li> </ul>
<p><b>Tax Returns</b></p>	<p>Federal tax returns are <u>no longer required</u> to evidence all borrowers and non-borrowers taking title are a First-Time Homebuyer*.</p> <p>*See above for acceptable documentation evidencing First-Time Homebuyer.</p>
<p><b>Business Use of Home</b></p>	<p>No more than 15% of the financed dwelling may be used primarily in a trade or business. The borrowers and non-borrowers taking title must fully execute the <a href="#">Business Use of Home Certification</a> if the borrower has disclosed that a part of the current residence is being used primarily for a trade or business or if there is any other evidence in the file, such as:</p> <ul style="list-style-type: none"> <li>• The employment business address is the same as the borrower’s current residence address on the 1003, <b>or</b>.</li> <li>• Federal tax returns are provided and show the “business in home” deduction was taken (Typically this shows on Schedule C, line 30).</li> </ul> <p>The <a href="#">Business use of Home Certification</a> certifies that not more than 15% of the total living area of the subject property will be used primarily in a trade or business. If greater than 15% will be used in the subject dwelling then the borrower is not eligible.</p>



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## Program Guidelines

<b>Maximum Net Worth</b>	Cannot exceed 50% of sales price (See <a href="#">Origination Guide</a> for more information).
<b>Automated Underwriting System (AUS) / Manual Underwrites</b>	<p><b>FHA first mortgage:</b></p> <ul style="list-style-type: none"> <li>Grant must be entered in AUS as a gift (“Source of Funds” is “FHA-Gift – Government Assistance” / “Assets” is “Gift”) – It <b>cannot be entered as “Other”</b> in Details of Transaction or as a lien in “Subordinate Financing.”</li> <li>Desktop Underwriter Approve Eligible or Loan Prospector Accept Eligible.</li> <li>DU or LP decisions of Ineligible and Expanded Approval are not acceptable.</li> <li>DU or LP decision of Refer may be manually underwritten as long as the loan meets the more restrictive of VHDA requirements and FHA manual underwrite requirements in conjunction with the DPA Grant.</li> <li>Manual Underwrite is acceptable, including borrowers with no credit score. <ul style="list-style-type: none"> <li>Must meet FHA Non-Traditional credit requirements and all other FHA manual underwrite requirements.</li> <li>For manually underwritten loans, lender assumes full responsibility for compliance with FHA requirements.</li> </ul> </li> </ul> <p><b>Fannie Mae Reduced MI and No MI first mortgage:</b></p> <ul style="list-style-type: none"> <li>Grant must be entered in DU as a gift and <b>cannot be entered as “Other”</b> in Details of Transaction or as a lien in “Subordinate Financing.”</li> <li>Desktop Underwriter Approve/Eligible only used for the Fannie Mae first mortgage. <u>No Manual Underwrites.</u></li> <li>Community Lending Program for first mortgage in DU must be “HFA Preferred” for Fannie Mae Reduced MI / “HFA Preferred Risk Sharing” for Fannie Mae No MI.</li> </ul>
<b>Minimum Credit Score</b>	Follow first mortgage requirements.
<b>Maximum DTI</b>	Follow first mortgage requirements.
<b>Foreclosures / Deed in Lieu / Short Sales</b>	<ul style="list-style-type: none"> <li><b>No less than 5 years from date of title transfer to application date.</b></li> <li>No significant derogatory credit since the event (bankruptcy/judgments).</li> <li>No lates/collections last 3 years.</li> <li>Follow first mortgage waiting period requirements if more restrictive than 5 years.</li> </ul>
<b>Minimum Borrower Contribution</b>	<ul style="list-style-type: none"> <li>1% minimum down payment is required.</li> <li>The 1% may be made from any eligible source in accordance with the eligible first mortgage requirements (including a gift). <u>Note:</u> If Other Down Payment Assistance funds are being used, (see below) it may have its own minimum contribution requirement that the lender must follow.</li> </ul>
<b>Other Down Payment Assistance</b>	<p>The VHDA DPA Grant may be used with other acceptable <b>non-VHDA</b> down payment assistance in accordance with the first mortgage. It cannot be used with the Plus Second Mortgage <b>or</b> CCA Grant. The minimum LTV on the first mortgage is <b>90%</b>.</p> <p><a href="#">Exhibit LL</a> is <b>not</b> required for the DPA Grant; however it is required for any subordinate lien except FHLB.</p>



# VHDA DPA Grant

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## Program Guidelines

<p><b>Reserves / Acceptable Funds to Close</b></p>	<p><b>FHA first mortgage:</b></p> <ul style="list-style-type: none"> <li>• Follow FHA requirements for reserves.</li> <li>• 1% minimum down payment as mentioned above – Follow FHA requirements for funds to close (including a gift).</li> </ul> <p><b>Fannie Mae (No MI and Reduced MI) first mortgage:</b></p> <ul style="list-style-type: none"> <li>• Follow Agency requirements for reserves.</li> <li>• 1% minimum down payment as mentioned above – Follow Agency requirements for funds to close (including a gift) / no cash on hand.</li> </ul>
<p><b>Property</b></p>	<ul style="list-style-type: none"> <li>• Property must be located in Virginia, must meet first mortgage requirements, <b>and</b></li> <li>• Maximum 2 acres; exceptions considered &gt; 2 up to 5 acres. The Lender's underwriter may review and render a decision on the acreage exception. See the <a href="#">Origination Guide</a> for additional requirements and criteria.</li> </ul>
<p><b>Unfinished Area</b></p>	<p>The cost to complete unfinished areas that are suitable to finish in the property must be included in the acquisition cost on the <a href="#">Exhibit E2</a> and <a href="#">Exhibit F</a> (Examples: Unfinished basement, lower level of a tri-level, etc.). See the <a href="#">Origination Guide</a> for more information.</p>
<p><b>Post-Closing Repairs</b></p>	<p>Follow first mortgage requirements.</p>

## Procedures

<p><b>Reserving a DPA Grant</b></p>	<p>Follow steps outlined in the <a href="#">Mortgage Cadence User Guides</a> available on VHDA's website for Reserving a DPA Grant.</p> <p>The DPA Grant funds follow the first mortgage rate lock along with any allowed extension, up to a maximum 60-day extension (extension fees apply only to the first mortgage).</p> <p>The DPA Grant expires on the same day as the first mortgage loan lock expiration.</p>
<p><b>Origination</b></p>	<p>Loan originated in accordance with first mortgage program guidelines, and DPA Grant program guidelines.</p> <p>Loan Estimate is not required for the DPA Grant because it is not a loan/mortgage.</p>
<p><b>Underwriting</b></p>	<p>Loans underwritten in accordance with first mortgage and DPA Grant program guidelines.</p> <p>Underwriters must confirm DPA Grant funds are reserved in Mortgage Cadence.</p> <p>Ensure a copy of the signed DPA Grant Awards Letter is included in the submission to VHDA Underwriting for Non-Delegated loans.</p>



# VHDA DPA Grant

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## Procedures

<p><b>Special Documentation</b></p>	<ul style="list-style-type: none"> <li>• DPA Grant Awards Letter.</li> <li>• DPA Grant Letter of Obligation.</li> </ul> <p>These documents are generated upon DPA Grant reservation in Mortgage Cadence and are available in “Attachments.”</p> <p>The Awards letter must be signed by the borrower(s) and included in the closing package submitted to VHDA.</p>
<p><b>Closing</b></p>	<p>Loans closed in accordance with first mortgage guidelines and the Closing Disclosure must reflect “VHDA DPA Grant.”</p>
<p><b>Documents</b></p>	<p>Follow first mortgage requirements and ensure the DPA Grant is shown as a gift on all appropriate documentation (1003, Transmittal, AUS, Closing Disclosure, etc.)</p> <p>*FHA requires an Employee Identification Number (EIN) for the DPA Grant (gift) on the Transmittal (92900-LT). VHDA’s EIN is 0540921892.</p>
<p><b>Funding</b></p>	<p>Originating lender will fund the DPA Grant at closing and VHDA will reimburse the lender upon purchase of the first mortgage.</p>
<p><b>Delivery</b></p>	<p>Follow first mortgage requirements and ensure a copy of the signed DPA Grant Awards Letter is included in the package submitted to VHDA.</p>
<p><b>Important:</b> Refer to the <a href="#">Origination Guide</a> for more information about VHDA eligibility requirements.</p>	

The information contained herein (including but not limited to any description of VHDA and its lending programs and products, eligibility criteria, interest rates, fees and all other loan terms) is subject to change without notice.

