

What is the DPA Grant?	<p>Virginia Housing's Down Payment Assistance (DPA) Grant provides eligible first-time homebuyers with funds to help with the down payment. It is a gift provided by Virginia Housing, not a loan.</p>								
Grant Amount	<table border="1" data-bbox="654 390 1338 552"> <thead> <tr> <th>Maximum Grant Amount:</th> <th>First Mortgage:</th> </tr> </thead> <tbody> <tr> <td>2%</td> <td>Conventional</td> </tr> <tr> <td></td> <td>Conventional No MI</td> </tr> <tr> <td>2.5%</td> <td>FHA</td> </tr> </tbody> </table> <ul style="list-style-type: none"> Grant amount is based on the lesser of the sales price or appraised value and must be used towards down payment (not closing costs). If the sales price or appraised value is reduced after initial reservation, the lender must update the DPA Grant amount in Virginia Housing's LOS (Mortgage Cadence) and obtain a new Grant Award and Obligation Letter (if applicable) at the updated amount. If the calculation yields cents, then must round down to the nearest dollar. The borrower may not receive cash back at closing beyond verified Earnest Money Deposit (EMD) and any fees paid outside of closing (POCs). 	Maximum Grant Amount:	First Mortgage:	2%	Conventional		Conventional No MI	2.5%	FHA
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Eligible First Mortgages	<ul style="list-style-type: none"> Virginia Housing FHA Virginia Housing Conventional Virginia Housing Conventional No MI 								
Ineligible First Mortgages	<ul style="list-style-type: none"> Virginia Housing VA Virginia Housing RHS Any first mortgage used with the Virginia Housing Plus Second Mortgage Any refinance Any Non-Virginia Housing loan 								
MCC Eligible	<p>Yes in accordance with MCC guidelines.</p>								
SPARC Eligible	<p>Yes in accordance with SPARC guidelines.</p>								
Plus Second Mortgage Eligible	<p>No.</p>								
CCA Grant Eligible	<p>No.</p>								
Minimum LTV	<p>First Mortgage: 90% if the DPA Grant is used with other acceptable funds in accordance with the first mortgage requirements.</p> <p>*Note: The DPA Grant may be used with other acceptable non-Virginia Housing down payment assistance in accordance with the first mortgage requirements. It cannot be used with the Plus Second Mortgage or CCA Grant.</p> <p>Exhibit LL is not required for the DPA Grant; however it is required for any subordinate lien except FHLB when originated with FHA. If the first mortgage is Conventional the applicable agency's Community Seconds Checklist or Affordable Seconds Checklist may be used in lieu of Exhibit LL.</p>								
Loan Term	<ul style="list-style-type: none"> Loan term is not applicable because the DPA Grant is not a loan but a gift. No repayment is required. No Note or Deed of Trust for the grant funds. 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). 								

<p>First-time Homebuyer</p>	<p>Required unless purchasing in a Targeted Area (applies to all borrowers).</p> <p>Borrowers are considered a first-time homebuyer if they have not owned and occupied a primary residence in the last 3 years.</p> <p>Acceptable documentation to evidence first-time homebuyer:</p> <ul style="list-style-type: none"> • The fully executed Programs Disclosure and Borrower Affidavit (Exhibit E) signed by all borrowers; • A completed Uniform Residential Loan Application (Form 1003); and • The credit report. <p><u>Note:</u> If unable to confirm from the Exhibit E, Form 1003, or the credit report all borrowers are a first-time homebuyer, additional documentation may be required, such as:</p> <ul style="list-style-type: none"> • Three years' federal tax returns / tax transcripts • Rent verification(s) • Other reports such as a Lender Data Integrity Report (Examples: Drive Report, FraudGuard, Loansafe)
<p>Income Limits (All Household Income)</p>	<p>Apply Virginia Housing DPA Grant Lower Income Limits, 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. See Origination Guide for more information on how to calculate household income, what income types must be included, and what may be excluded.</p> <p><u>Note:</u> LLPAs apply to the first mortgage if the first mortgage is Conventional and the borrowers' qualifying income is greater than Fannie Mae / Freddie Mac 80% AMI limits. Must also be within Virginia Housing's standard limit. LLPAs do not apply to any other programs (including Conventional No MI).</p>
<p>Sales Price / Acquisition Cost Limits</p>	<p>Apply Virginia Housing Standard Sales Price / Loan Limits. The limit is the highest of the gross loan amount (which does not include the DPA Grant), sales price, and acquisition cost.</p>
<p>Eligible Purpose</p>	<p>Primary Residence Purchase (no refinances).</p>
<p>Programs Disclosure and Borrower Affidavit (Exhibit E)</p>	<p>Required.</p> <ul style="list-style-type: none"> • Must be executed by all borrowers. • Income from any household member must be included on page 4 of the Exhibit E.
<p>Seller Affidavit and Acknowledgment (Exhibit F)</p>	<p>Required.</p>
<p>Originating Lender's Submission Cover Letter (Exhibit O)</p>	<p>Required.</p>
<p>Homebuyer Education</p>	<p>Required for all first-time homebuyers.</p> <p>Complete Virginia Housing course, HUD Approved Counseling Agency course, Fannie Mae Framework, or Freddie Mac CreditSmart course prior to approval (Fannie Mae loans will accept Freddie Mac's CreditSmart course and Freddie Mac loans will accept Fannie Mae's Framework course).</p> <p>Homebuyer Education Certificate is valid for 2 years.</p>
<p>Tax Transcripts</p>	<p>Follow first mortgage requirements.</p>

<p>Business Use of Home</p>	<p>No more than 15% of the financed dwelling may be used primarily in a trade or business. The borrowers must fully execute the Business Use of Home Certification 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"> • The employment business address is the same as the borrower’s current residence address and/or the borrower has marked yes for mixed-use property on the 1003, or • Federal tax returns are provided and show the “business in home” deduction was taken (Typically this shows on Schedule C, line 30). <p>The Business use of Home Certification 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>
<p>Maximum Net Worth</p>	<p>Cannot exceed 50% of sales price (See Origination Guide for more information).</p>
<p>Automated Underwriting System (AUS) / Manual Underwrites</p>	<ul style="list-style-type: none"> • Follow first mortgage requirements, and • Grant must be entered in AUS as a grant. It cannot be entered as “Other” in Minimum Required Funds section or as a lien in “Subordinate Financing.”
<p>Minimum Credit Score</p>	<p>Follow first mortgage requirements.</p>
<p>Maximum DTI</p>	<p>Follow first mortgage requirements.</p>
<p>Foreclosures / Deed in Lieu / Short Sales</p>	<ul style="list-style-type: none"> • No less than 5 years from date of title transfer to application date. • No significant derogatory credit since the event (bankruptcy/judgments). • No lates/collections last 3 years. • Follow first mortgage waiting period requirements if more restrictive than 5 years.
<p>Minimum Borrower Contribution</p>	<ul style="list-style-type: none"> • 1% minimum down payment is required. • The 1% may be made from any eligible source in accordance with the eligible first mortgage requirements (including a gift). Note: If Other Down Payment Assistance funds are being used, (see below) it may have its own minimum contribution requirement that the lender must follow.
<p>Other Down Payment Assistance</p>	<p>The DPA Grant may be used with other acceptable non-Virginia Housing down payment assistance in accordance with the first mortgage. It cannot be used with the Plus Second Mortgage or CCA Grant. The minimum LTV on the first mortgage is 90%.</p> <p>Exhibit LL is not required for the DPA Grant; however it is required for any subordinate lien except FHLB when originated with FHA. If the first mortgage is Conventional the applicable agency’s Community Seconds Checklist or Affordable Seconds Checklist may be used in lieu of Exhibit LL.</p>
<p>Reserves / Acceptable Funds to Close</p>	<p>FHA first mortgage:</p> <ul style="list-style-type: none"> • Follow FHA requirements for reserves. • 1% minimum down payment as mentioned above – Follow FHA requirements for funds to close (including a gift). <p>Conventional and Conventional No MI first mortgage:</p> <ul style="list-style-type: none"> • Follow Agency requirements for reserves. • 1% minimum down payment as mentioned above – Follow agency requirements for funds to close (including a gift) / no cash on hand.



<p>Property</p>	<ul style="list-style-type: none"> Property must be located in Virginia, must meet first mortgage requirements. <p>Acreage:</p> <ul style="list-style-type: none"> The maximum lot size is 2 acres. Exceptions are considered > 2 up to 5 acres. The Lender’s underwriter must review and render a decision on the acreage exception. See the Origination Guide for additional requirements and criteria. If originated without an MCC: Exceptions are considered > 5 up to 10 acres as long as the loan is not originated with an MCC. The Lender’s underwriter may review and render a decision on the acreage exception. See the Origination Guide for additional requirements and criteria.
<p>Unfinished Area</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 Exhibit E and Exhibit F (Examples: Unfinished basement, lower level of a tri-level, etc.). See the Origination Guide for more information.</p>
<p>Post-Closing Repairs</p>	<p>Follow first mortgage requirements.</p>

Reserving a DPA Grant	<p>Follow steps outlined in the Mortgage Cadence User Guide 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>
Origination	<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>
Underwriting	<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 Award Letter is included in the submission to Virginia Housing Underwriting for Non-Delegated loans.</p>
Special Documentation	<ul style="list-style-type: none"> • DPA Grant Award Letter (FHA, Conventional, Conventional No MI first mortgage). • DPA Grant Obligation Letter (FHA first mortgage only). <p>The document(s) are generated upon DPA Grant reservation in Mortgage Cadence and are available in "Attachments."</p> <p>The Award Letter must be signed by the borrower(s) and included in the closing package submitted to Virginia Housing.</p>
Closing	<p>Loans closed in accordance with first mortgage guidelines and the Closing Disclosure must reflect "Virginia Housing DPA Grant."</p>
Documents	<p>Follow first mortgage requirements and ensure the DPA Grant is shown on all appropriate documentation (1003, Transmittal, AUS, Closing Disclosure, etc.)</p> <p>* The DPA Grant must be listed in the Gift section of the Transmittal (92900-LT). FHA requires an Employee Identification Number (EIN) for the DPA Grant. Virginia Housing's EIN is 0540921892.</p>
Funding	<p>Originating lender will fund the DPA Grant at closing and Virginia Housing will reimburse the lender upon purchase of the first mortgage.</p>
Delivery	<p>Follow first mortgage requirements and ensure a copy of the signed DPA Grant Award Letter is included in the package submitted to Virginia Housing.</p>

Important: Refer to the [Origination Guide](#) for more information about Virginia Housing eligibility requirements.

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