Cash Assistance
Mortgage Training
Today’s Agenda

- What’s New with the Cash Assistance Mortgage
- The Value of Cash Assistance
- About the Cash Assistance Mortgage
- Participating Lender's Role
- Processing the Cash Assistance Mortgage
- Using the Cash Assistance Mortgage with Home Flex Plus and the NEW Home Preferred Plus
- Questions and Answers

NHHFA.ORG/LENDERS
Disclaimer: The information in this material is for training and illustrative purposes only. The training material is not comprehensive and is not a legal or program document. The full Cash Assistance Mortgage Policy, February 19, 2019, and other program documents and contracts should be consulted for the complete requirements for this program.
What’s New With the Cash Assistance Mortgage Program?
Cash Assistance Mortgage is mostly the same for both the Home *Flex* Plus and Home *Preferred* Plus!

<table>
<thead>
<tr>
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<th>Income Limit</th>
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*See separate training on the new Home *Preferred* Income Limits.
Good News!

• Two 1st mortgage loan products can now be combined with New Hampshire Housing’s Cash Assistance Mortgage:
  • Home Flex Plus (FHA, USDA/RD, VA); and
  • Home Preferred Plus (NEW PROGRAM! – conventional).

• Borrower can use the Cash Assistance for downpayment and closing costs.

• Helps low- and moderate-income homebuyers purchase a home.
The Value of Cash Assistance
• Cash Assistance available for downpayment and closing costs on both Government insured and conventional loans.

• Helps get your borrowers:
  • Get into a home earlier – prices and rates may rise
  • Cash Assistance – tax free
  • Provide economic benefit – 5 to 7 year break even
  • Retain reserves – keep money for the unexpected

• Helps low- and moderate-income homebuyers purchase a home.
About the Cash Assistance Mortgage
Must Have a New Hampshire Housing 1st Mortgage

• **Home Flex Plus** (FHA, VA or USDA Rural Development)

• **Home Preferred Plus**

Note: Cash Assistance is **only** available with Home Preferred w/MI; **not** available with Home Preferred No MI.
About the Cash Assistance Mortgage

• New Hampshire Housing is the lender on the Cash Assistance Mortgage

• Cash Assistance Mortgage – Actual recorded 2\textsuperscript{nd} mortgage
  – No interest
  – No periodic payments
  – No fees to borrower
  – Forgiven in full after four years, provided no Repayment Event
Full amount of Cash Assistance is forgiven on the fourth anniversary of the Cash Assistance Mortgage closing date, provided no Repayment Event.

Example:
- Closing date: March 1, 2019
- Forgiveness date: March 1, 2023
Full amount of the Cash Assistance Mortgage will be repayable to New Hampshire Housing during the first four years if any of the following Repayment Events happen:

• Borrower repays or refinances the first mortgage;
• Borrower sells the home; or
• Borrower files bankruptcy.

Notes:

• New Hampshire Housing will not subordinate the Cash Assistance Mortgage.
• Repayment obligation on refinance applies even if refinancing with New Hampshire Housing.
• Cash Assistance Mortgage will not be released as part of a modification or bankruptcy.
About the Cash Assistance Mortgage

Participating Lender’s Roles:

1. Participating Lender – 1\textsuperscript{st} mortgage
   Home \textit{Flex Plus} Mortgage or Home \textit{Preferred Plus}

2. Document Preparer – 2\textsuperscript{nd} mortgage
   Cash Assistance Mortgage
TWO MORTGAGES, TWO ROLES!

1ST MORTGAGE
(HOME FLEX PLUS OR HOME PREFERRED PLUS)

1ST MORTGAGE CLOSED IN LENDER’S NAME

LENDER

MORTGAGE LOAN PURCHASE AGREEMENT

CASH ASSISTANCE MORTGAGE

2ND MORTGAGE CLOSED IN NEW HAMPSHIRE HOUSING’S NAME

DOCUMENT PREPARER

DOCUMENT PREPARATION AGREEMENT
New Hampshire Housing will be the lender on the Cash Assistance Mortgage because New Hampshire Housing wants to:

- Preserve public-entity status
- Preserve housing finance agency (HFA) exemptions
  - NMLS
  - HMDA
  - ATR/QM
  - FHA
  - CFPB
- For Home Flex Plus – Have specific FHA Cash Assistance requirements
Participating Lender's Role
Participating Lender's Role

1st Mortgage

- Participating Lender's Role: **Lender**
- 1st mortgage product – Home *Flex* Plus/Home *Preferred* Plus
- Must meet New Hampshire Housing’s program guidelines
- Loan to be sold to New Hampshire Housing
- Governed by the Mortgage Loan Purchase Agreement
Participating Lender's Role
Document Preparer

- Participating Lender's Role – Cash Assistance Mortgage: Document Preparer – not the lender.
- Loan is being made by New Hampshire Housing.
- The Document Preparer administers certain documents on behalf of New Hampshire Housing.
- Document Preparer will provide the borrower with disclosures as instructed by New Hampshire Housing.
To offer the Home *Flex* Plus or Home *Preferred* Plus program, a Participating Lender must sign the:

**Document Preparation Agreement - Cash Assistance Mortgage Program**

This agreement:

- Defines roles;
- Preserves special HFA status and exemptions; and
- Protects the Participating Lender.
Processing the Cash Assistance Mortgage
**Cash Assistance Mortgage is mostly the same for both the Home *Flex* Plus and Home *Preferred* Plus!**

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<td><strong>Home Preferred Plus</strong></td>
<td>Same</td>
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<td>80% of Fannie Mae’s AMI for the property</td>
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Document preparation on New Hampshire Housing’s behalf. This includes: required closing disclosures, mortgage and promise to pay and recording.

1. Program Disclosure (Document Preparer)
2. Loan Estimate (Document Preparer)
3. Closing Disclosures (Document Preparer)
4. Cash Assistance Mortgage (New Hampshire Housing complete this)
IMPORTANT!

New Hampshire Housing uses the Cash Assistance Wire Transfer Request form to create the Cash Assistance Mortgage.

The Cash Assistance Wire Transfer Request form is a key document and must be filled out correctly:

- Borrower’s name(s) – Must Match first mortgage!!!!!!
- Cash Assistance amount
- Closing date
• New Hampshire Housing is the Lender.
• Document Preparer is not making a credit decision or exercising discretion.
• 1003 – No separate loan application is needed for the Cash Assistance Mortgage (Source of DPA “Secured Borrower Funds”).
• Loan Reservation – No separate loan reservation needed.
• Program Disclosure – Provide with Loan Estimate.
• Loan Estimate and Closing Disclosure – Show New Hampshire Housing as the Lender.
• New Hampshire Housing is exempt from paying recording fees (See RSA 204-C:49).
**Processing the Cash Assistance Mortgage**

Cash Assistance Mortgage is mostly the same for both the Home *Flex Plus* and Home *Preferred Plus*!

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*AMI* stands for Average Median Income.
Using the Cash Assistance Mortgage with Home *Flex* Plus
• 2% or 3% Cash Assistance based on loan amount
• Minimum 620 credit score
• Any DTI over 50% must be approve/eligible and have a minimum credit score of 680
• Homebuyer education required
• Follow FHA, VA or USDA RD guidelines
• [Home Flex Plus Factsheet](#)
Cash Assistance Mortgage Entering in LOS/AUS – FHA

• When entering the Home Flex Plus, source of downpayment must be “Secured Borrowed Funds”

• Cash Assistance must be shown as Subordinate financing. **Do not list Cash Assistance as an asset or gift funds.**
Cash Assistance Mortgage Entering in LOS/AUS – FHA

- Question h. must be: **Yes (Y)**

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<td><strong>a.</strong> Are there any outstanding judgments against you?</td>
</tr>
<tr>
<td><strong>b.</strong> Have you been declared bankrupt in the past 7 years?</td>
</tr>
<tr>
<td><strong>c.</strong> Have you had property foreclosed upon or given title or deed in lieu thereof in the last 7 years?</td>
</tr>
<tr>
<td><strong>d.</strong> Are you a party to a lawsuit?</td>
</tr>
<tr>
<td><strong>e.</strong> Have you been obligated on any loan resulted in foreclosure, transfer of title in lieu of foreclosure, or judgment?</td>
</tr>
<tr>
<td><strong>f.</strong> Are you presently delinquent or in default on any Federal debt or any other loan, mortgage, financial obligation, bond or loan guarantee?</td>
</tr>
<tr>
<td><strong>g.</strong> Are you obligated to pay alimony, child support, or separate maintenance?</td>
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<td><strong>h.</strong> Is any part of the down payment borrowed?</td>
</tr>
<tr>
<td><strong>i.</strong> Are you a co-maker or endorser on a note?</td>
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- FHA 92900 LT - Must show as “Secondary Financing” from **Gov’t Source**
Remember:

There is no maximum Combined Loan-to-Value (CLTV) for secondary financing loans provided by Governmental Entities.
LTV/CLTV – Per FHA guidelines, there is no maximum CLTV when subordinate financing is from a housing finance agency such as New Hampshire Housing [See FHA Handbook 4000.1I(A)(4)(d)(1)(b)].

Your findings must show the DPA as a subordinate lien, and you will receive the following note in DO:

“This loan casefile may be ineligible for HFA financing as the CLTV exceeds 96.5% on a purchase transaction. Please refer to the Online version of FHA Single Family Housing Policy Handbook 4000.1 to determine if the source of the secondary financing allows the CLTV to exceed 96.5%.”
Cash Assistance Mortgage Entering in LOS/AUS – RD-GUS

1003:

GUS:
Requesting Cash Assistance Funds
Home *Flex* Plus

• Read the [Cash Assistance Mortgage policy](#)!

• Failure to follow the policy could result in:
  • No FHA insurance;
  • New Hampshire Housing will not buy the loan; and/or
  • Participating Lender must repay New Hampshire Housing for Cash Assistance.

• The process is exactly the same.
Requesting Cash Assistance Funds
Home *Flex* Plus

Lender must request Cash Assistance funds by submitting the Cash Assistance Wire Transfer Request by 12:00 noon at least two (2) business days prior to closing.

[Wire Transfer Request form](#) (See example)

**IMPORTANT REMINDER:**

- Home *Flex* Plus 1\(^{st}\) mortgage must comply with all New Hampshire Housing requirements.
- New Hampshire Housing uses this document to prepare the Cash Assistance Mortgage (Must match 1\(^{st}\) mortgage)
Cash Assistance Mortgage is mostly the same for both the Home *Flex* Plus and Home *Preferred* Plus!

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Using the Cash Assistance Mortgage with Home *Preferred* Plus
About Home *Preferred* Plus

- 3% Cash Assistance based on loan amount
- Income limit: 80% or less of Area Median Income (AMI) See: [Lookup Tool](#)
- Minimum 620 credit score
- Any DTI over 50% must be approve/eligible and have a minimum credit score of 680
- Homebuyer education required for first-time homebuyers
- Maximum LTV:
  - 97% for 1-unit/CLTV 105%
  - 95% for 2-4 units/CLTV 105%
- Follow Fannie Mae Selling guide
- [Home *Preferred* Plus Factsheet](#)
New Hampshire Housing has designed the Home Preferred Plus program consistent with the Fannie Mae Selling Guide.

Additionally, the Cash Assistance Mortgage complies with Fannie Mae’s Community Seconds requirements.
• When entering the Cash Assistance Mortgage in DO, choose the drop-down choice: “Payments deferred 5 or more years and fully forgiven.”

• Please note, while the full amount of Cash Assistance is forgiven on the fourth anniversary of the Cash Assistance Mortgage closing date (provided no Repayment Event), New Hampshire Housing has confirmed with Fannie Mae that the lender must choose “Payment deferred 5 or more years and fully forgiven” for the Community Seconds Repayment Structure in DO.

• This way DO does not impute any Cash Assistance payments in underwriting.
Fill in the **Community Lending Information** section. Enter Community Seconds data.

**Note:** The first mortgage does not have to be a Community Lending product.

Take the following steps:

a. If you are using HomeReady® for the 1st mortgage, select **Home Preferred** in the Community Lending Product field.

b. Select **Yes** in the Community Seconds field. Otherwise the system defaults to “No” for this field.

c. If you are using a Community Seconds mortgage, you must select the appropriate option from the **Community Seconds Repayment Structure** drop-down list.

d. You may select the County, but it is no longer used to determine the income limit. The census tract is used to determine the income limit. If DO is unable to determine the census tract, then you may enter the FIPS Code associated to the property, which would then be used to determine the income limit (see next step).
1. Click **Details of Transaction** in the navigation bar. The Details of Transaction screen appears. Enter the subordinate lien amount in the **j. Subordinate Financing** field.
2. Click **Additional Data** in the navigation bar. Locate the **Community Lending Information** section.
3. For the NHHFA Cash Assistance Mortgage, choose “Payments deferred 5 or more years and fully forgiven”

Please note, while the full amount of Cash Assistance is forgiven on the fourth anniversary of the Cash Assistance Mortgage closing date (provided no Repayment Event) New Hampshire Housing has confirmed with Fannie Mae that the lender must choose “Payment deferred 5 or more years and fully forgiven” for the Community Seconds Repayment Structure in DO.
4. DO will determine the income eligibility requirements based on the census tract in which the property is located. If DO is unable to determine the census tract, the lender may provide the Federal Information Processing Standard (FIPS) code which is a unique code assigned to all geographic areas by the U.S. Census Bureau.

5. When you have finished entering all the necessary data, click **Submit**.
Requesting Cash Assistance Funds Home *Preferred* Plus

- Read the Cash Assistance Mortgage policy!
- Failure to follow the policy could result in:
  - New Hampshire Housing will not buy the loan; and/or
  - Participating Lender must repay New Hampshire Housing for Cash Assistance.

Note: The Cash Assistance Mortgage is a loan, no gift letter.
Requesting Cash Assistance Funds
Home *Preferred* Plus

Lender must request Cash Assistance funds by submitting the Cash Assistance Wire Transfer Request by 12:00 noon at least two (2) business days prior to closing.

[Wire Transfer Request form](#) (See example)

**IMPORTANT REMINDER:**

- Home *Preferred* Plus 1st mortgage must comply with all New Hampshire Housing requirements.
- New Hampshire Housing uses this document to prepare the Cash Assistance Mortgage (Must match 1st mortgage)
Questions?

nhhfa.org/lenders