



HOMEOWNERSHIP DIVISION

February 21, 2019

Lender Notice: Downpayment Assistance—New Hampshire Housing is Your Trusted and Known Source

Some New Hampshire lenders were recently contacted by an entity that purported to be a government entity that is authorized to offer downpayment assistance with various loan programs.

As you know, FHA requires borrowers to make a minimum required cash investment (MRI) to qualify for FHA insurance. The FHA permits certain sources for that MRI (example family members), but FHA prohibits other sources (example someone that financially benefits from the transaction). FHA specifically allows instrumentalities of governments to provide the MRI. Therefore, New Hampshire Housing, as the state's only housing finance authority, clearly can provide the MRI. See for example, [24 CFR 203 \(December 5, 2012\)](#).

Unfortunately, some governmental entities have been offering to provide the MRI even though the loan is being made outside that entity's jurisdiction. At a recent national conference, the FHA Commissioner repeated that entities are only authorized to offer the MRI to borrowers in that entity's jurisdiction. This means when an entity provides the borrower's MRI outside that entity's jurisdiction, that loan likely does not meet FHA requirements. This places lenders at unnecessary risk with FHA.

New Hampshire Housing is your trusted and local source of downpayment assistance. You know you can use our Cash Assistance programs for your borrower's MRI.

- We are New Hampshire's only state-created housing finance agency.
- We value working with you to help our state citizens become successful homeowners.
- We offer cash assistance with FHA, RD, VA and Fannie Mae loans.
- We invest in your state and local communities, including investments in homeownership, rental, homelessness, substance-abuse housing and accessibility for people with mobility challenges. These are our neighbors. When you work with us, you enable us to do more of this good work in New Hampshire!

We appreciate your good work in New Hampshire, helping people buy their home!

If you have any questions, please call Darren O'Toole, Director of Business Development at New Hampshire Housing at (603) 310-9270 or dotoole@nhhfa.org.