



NEW HAMPSHIRE  
HOUSING

HOMEOWNERSHIP

# Cash Assistance Mortgage Training

January 2019  
**NHHFA.org**



# 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](http://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?

# Big Picture: About the Cash Assistance Mortgage

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

	Disclosures	Documents	Underwriting	Requesting Cash Assistance	Income Limit
Home <i>Flex</i> Plus	Same	Same	Different	Same	\$126,700.00
Home <i>Preferred</i> Plus	Same	Same	Different	Same	80% of Fannie Mae's AMI for the property*

\*See separate training on the new Home *Preferred* Income Limits.

# Good News!

- Two 1<sup>st</sup> 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

# 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 1<sup>st</sup> 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<sup>nd</sup> mortgage
  - No interest
  - No periodic payments
  - No fees to borrower
  - Forgiven in full after four years, provided no Repayment Event

# Cash Assistance Mortgage Forgiveness Date

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**

# Cash Assistance Mortgage Repayment Events

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<sup>st</sup> mortgage  
Home *Flex* Plus Mortgage or Home *Preferred* Plus
2. Document Preparer – 2<sup>nd</sup> mortgage  
Cash Assistance Mortgage

# ***TWO MORTGAGES, TWO ROLES!***

## ***1ST MORTGAGE*** ***(HOME FLEXPLUS OR HOME PREFERRED PLUS)***

***1<sup>ST</sup> MORTGAGE  
CLOSED IN LENDER'S NAME***

***LENDER***

***MORTGAGE LOAN  
PURCHASE AGREEMENT***

## ***CASH ASSISTANCE MORTGAGE***

***2<sup>ND</sup> MORTGAGE  
CLOSED IN NEW HAMPSHIRE HOUSING'S NAME***

***DOCUMENT PREPARER***

***DOCUMENT PREPARATION  
AGREEMENT***

# Two Defined Roles

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

## 1<sup>st</sup> Mortgage

- Participating Lender's Role: Lender
- 1<sup>st</sup> 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.

# Participating Lender's Role Document Preparer

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

# Processing the Cash Assistance Mortgage

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

	Disclosures	Documents	Underwriting	Requesting Cash Assistance	Income Limit
Home <i>Flex</i> Plus	Same	Same	Different	Same	\$126,700.00
Home <i>Preferred</i> Plus	Same	Same	Different	Same	80% of Fannie Mae's AMI for the property

# Document Preparer Disclosures (Same)

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)

# Document Preparer

## Cash Assistance Mortgage

### 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



# Document Preparer

## Cash Assistance Mortgage: The Fine Print (Same)

- 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!

	Disclosures	Documents	Underwriting	Requesting Cash Assistance	Income Limit
Home <i>Flex</i> Plus	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	Different	Same	\$126,700.00
Home <i>Preferred</i> Plus	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	Different	Same	80% of Fannie Mae's AMI for the property

# Using the Cash Assistance Mortgage with Home *Flex* Plus

# About 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**”

VII. Details of Transaction	
a. Purchase Price	200,000.00
b. Alterations	
c. Land	
d. Refinance	
e. Estimated prepaid items	2,383.80
f. Estimated closing costs	5,503.60
g. PMI, MIP, Funding Fee	3,377.50
j. Subordinate financing	5,790.00
k. CC paid by seller	
l. Cash Deposit on sales ci	1,000.00

Source of Down Payment	Secured Borrowed Funds
Explanation of Down Payment	NHHFA Cash Assistance

- 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)**

VIII. Declarations	
	B (Y/ N)
a. Are there any outstanding judgments against you?	<input type="text" value="N"/>
b. Have you been declared bankrupt in the past 7 years?	<input type="text" value="N"/>
c. Have you had property foreclosed upon or given title or deed in lieu thereof in the last 7 years?	<input type="text" value="N"/>
d. Are you a party to a lawsuit?	<input type="text" value="N"/>
e. Have you been obligated on any loan resulted in foreclosure, transfer of title in lieu of foreclosure, or judgment?	<input type="text" value="N"/>
f. Are you presently delinquent or in default on any Federal debt or any other loan, mortgage, financial obligation, bond or loan guarantee?	<input type="text" value="N"/>
g. Are you obligated to pay alimony, child support, or separate maintenance?	<input type="text" value="N"/>
h. Is any part of the down payment borrowed?	<input checked="" type="text" value="Y"/>
i. Are you a co-maker or endorser on a note?	<input type="text" value="N"/>

Secondary Financing	
Source / EIN	<input type="text" value="NHHFA Cash Assistance"/>
<input checked="" type="checkbox"/> Gov't	<input type="checkbox"/> NP <input type="checkbox"/> Family
<input type="checkbox"/> Other	<input type="text"/>
Amount of Secondary Financing	<input type="text" value="5,790.00"/>

- FHA 92900 LT - Must show as “Secondary Financing” from **Gov’t Source**

# Cash Assistance Mortgage

## Important Note – FHA

### **Remember:**

There is no maximum Combined Loan-to-Value (CLTV) for secondary financing loans provided by Governmental Entities.

# Entering Cash Assistance Mortgage The Fine Print

- 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.II(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:

VII. Details of Transaction		
a. Purchase Price	200,000.00	j. Subordinate financing 5,790.00
b. Alterations		k. CC paid by seller
c. Land		l. Cash Deposit on sales c
d. Refinance		
e. Estimated prepaid items	2,383.80	
f. Estimated closing costs	5,503.60	
g. PMI, MIP, Funding Fee	3,377.50	

GUS:

\* = Required to Save Page, P = Required for Preliminary Submission, F = Required for Final Submission

### Details of Transaction

1 warning exist.

a. Purchase Price	\$191,500.00
b. Alterations, improvements, repairs	\$0.00
c. Land (if acquired separately)	\$0.00
d. Refinance Amount	\$0.00
e. Estimated prepaid items	\$1,027.39
f. Estimated closing costs	\$3,636.27
g. Funding Fee, Guarantee Fee	\$1,915.00
h. Discount (if Borrower will pay)	\$967.17
i. Total Costs (add items a through h)	\$199,045.83
j. Subordinate Financing	\$5,790.00
k. Borrower's closing costs paid by seller	\$0.00 x
l. Other Credits (sum of Other Credits below)	\$1,000.00
m. Loan Amount (exclude Funding Fee, Guarantee Fee financed)	\$189,586.00
n. Funding Fee, Guarantee Fee financed	\$1,934.00

Funding Fee, Guarantee Fee financed must not be greater than Funding Fee, Guarantee Fee.

# 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<sup>st</sup> mortgage must comply with all New Hampshire Housing requirements.
- New Hampshire Housing uses this document to prepare the Cash Assistance Mortgage (Must match 1<sup>st</sup> mortgage)

# Processing the Cash Assistance Mortgage

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

	Disclosures	Documents	Underwriting	Requesting Cash Assistance
Home <i>Flex</i> Plus	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	Different	Same
Home <i>Preferred</i> Plus	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	Different	Same

# 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](#)

# About Home *Preferred* Plus

- 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.

# About Home *Preferred* Plus

- 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.



# Cash Assistance Mortgage Entering in DO – Fannie Mae

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 1<sup>st</sup> 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).

# Cash Assistance Mortgage Entering in DO – Fannie Mae

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.

**Edit Loan: Quick 1003: Details of Transaction**

Borrower Name	Loan Number	Institution Name
Homeowner	Case #1	Documentation

  

**Quick 1003**

- [Borrower Information](#)
- [Types, Terms & Property](#)
- [Employment Information](#)
- [Income & Housing](#)
- [Assets](#)
- [Liabilities](#)
- [Details of Transaction](#)
- [Declarations](#)
- [Additional Data](#)

**Full 1003**

[Link to Underwriting](#)

[Guides](#)

  

a. Purchase Price	\$160,000.00
b. Alterations, Improvements, Repairs	\$0.00
c. Land	\$0.00
d. Refinance (Inc. debts to be paid off)	\$0.00
e. Estimated Prepaid Items	\$1,100.00
f. Estimated Closing Costs	\$2,900.00
g. PMI, MIP, Funding Fee	\$0.00
h. Discount	\$0.00
i. Total Costs	\$164,000.00
j. Subordinate Financing	\$10,000.00
k. Closing Costs Paid By Seller	\$0.00

# Cash Assistance Mortgage Entering in DO – Fannie Mae

2. Click **Additional Data** in the navigation bar. Locate the **Community Lending Information** section.

The screenshot displays the Fannie Mae DO system interface. On the left is a navigation bar with two main sections: 'Quick 1003' and 'Full 1003'. The 'Quick 1003' section includes links for Borrower Information, Types, Terms & Property, Employment Information, Income & Housing, Assets, Liabilities, Details of Transaction, and Declarations. The 'Full 1003' section includes a link to the Fannie Mae Selling Guide. A red arrow points from the 'Additional Data' link in the navigation bar to the 'Community Lending Information' section on the right. The 'Community Lending Information' section is highlighted with a red rectangular box and contains the following fields: Community Lending Product, Community Seconds, Community Seconds Repayment Structure, and Metropolitan Statistical Area or County. Below this section is the 'Loan Information' section.

**Quick 1003**

- [Borrower Information](#)
- [Types, Terms & Property](#)
- [Employment Information](#)
- [Income & Housing](#)
- [Assets](#)
- [Liabilities](#)
- [Details of Transaction](#)
- [Declarations](#)
- [Additional Data](#)

**Full 1003**

- [Link to Fannie Mae Selling Guide](#)

**Appraisal Information**  
Please Provide All Available Appraisal Information

Property Appraised Value

Appraiser Name

Appraiser Company

Appraiser's State License Number

Appraiser's Licensing State

Fieldwork Obtained

Supervisory Appraiser's License Number

**Community Lending Information**

Community Lending Product

Community Seconds

Community Seconds Repayment Structure

Metropolitan Statistical Area or County

**Loan Information**

# Cash Assistance Mortgage Entering in DO – Fannie Mae

3.

For the NHHFA Cash Assistance Mortgage, choose  
“Payments deferred 5 or more years and fully forgiven”

## Community Lending Information

Community Lending Product

Home Preferred

Community Seconds

Yes

Community Seconds Repayment Structure

County

Any payment (including interest only, P & I, etc) required within first 5 years

Payments deferred 5 or more years and fully forgiven

Payments deferred 5 or more years and not 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.

# Cash Assistance Mortgage Entering in DO – Fannie Mae

- 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.
- When you have finished entering all the necessary data, click **Submit**.

**Loan Information**

FIPS Code	<input type="text"/>
Seller Provided Below Market Financing	<input type="text" value="v"/>
First Year Buydown Rate	<input type="text" value="0.000%"/>

Will Escrow be Waived? ☐ Yes ☒ No

APR Spread (%)

Covered under HOEPA

# 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* 1<sup>st</sup> mortgage must comply with all New Hampshire Housing requirements.
- New Hampshire Housing uses this document to prepare the Cash Assistance Mortgage (Must match 1<sup>st</sup> mortgage)

## Cash Assistance Mortgage Reference Documents:

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- [Home Flex Plus with Cash Assistance Product Sheet](#)
- [Home Preferred with Cash Assistance Product Sheet](#)
- [Document Preparation Agreement](#)
- [Cash Assistance Mortgage](#)
- [Program Disclosure](#)
- [Model Loan Estimate](#)
- [Model Closing Disclosure](#)
- [Cash Assistance Wire Transfer Request](#)
- [Lender Exception Request and Acknowledgement](#)
- [New Hampshire Housing Letter on Legally Liabe/Obligated](#)

# Questions?

[nhhfa.org/lenders](http://nhhfa.org/lenders)

## NEW HAMPSHIRE HOUSING FINANCE AUTHORITY

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