# Home Flex Plus with Cash Assistance – PO

## Description:
- Provides financing for the purchase of a home along with “Cash Assistance” of 2% or 3% of base loan amount. Cash Assistance can be used towards FHA required downpayment or for closing costs and prepaid escrows (purchase only).
- A summary of the Cash Assistance second mortgage is below. See the details in the Home Flex Plus: Cash Assistance Program, policy dated June 15, 2018.

## Term:
- 30 years

## Interest Rates:

## Loan Purpose:
- Purchase of a primary residence

## Occupancy:
- Must be owner occupied

## Eligible Borrowers:
- Non-occupant co-borrowers allowed per FHA guidelines
- Non-borrower title holders acceptable – if allowed by mortgage insurer
- Loans cannot be closed in a trust

## Income Limits, Purchase Price Limits:
- Income as currently published by New Hampshire Housing for loan programs
- Qualifying income only for mortgage programs, at minimum all of the base income must be counted
- Non-occupant co-borrower income should be used to qualify but not counted for compliance
- Multi-family rental income can be used to qualify but not counted for compliance limit
- No Purchase Price limits
- **WARNING:** MCC income and purchase price limits are different. If combining with a mortgage credit certificate (MCC), borrower and household must meet MCC income and purchase price limits.

## Eligible Properties:
- Owner occupied new or existing 1-4 unit homes
- Condos approved by FHA / RD or VA (no longer necessary for New Hampshire Housing to approve condos on behalf of RD, we will accept whatever approvals RD accepts)
- Manufactured home on its own land, documented per insurer guidelines
- No acreage requirement for loan program
- **Note:** Max acreage when combined with MCC: 5 acres

## Document Type:
- Full documentation

## Minimum Cash Investment, Cash Back:
- Per mortgage insurer requirements
- Cash back at closing is allowed, per insurers requirements, not to exceed borrower contribution

## Maximum LTV:
- Based on insurer guidelines

## Reserves:
- As per mortgage insurer

## Minimum Credit/ FICO:
- Min 620 FICO, all borrowers

## Underwriting/ Ratios:
- Approve/Eligible
- Any **DTI over 50%** must be approved/eligible and have a minimum credit score of 680
- RD Refers acceptable with 620 credit score
- RD manual underwrite acceptable
- FHA Refers acceptable, requires a manual underwrite if credit score at least 620

## Homebuyer Education:
- Mandatory by at least one borrower for this program
- Available at [www.GoNewHampshireHousing.com](http://www.GoNewHampshireHousing.com) or live classes statewide
- If buying a 2-4 unit, homebuyer and landlord education is required

## Collections:
- Per findings and insurers requirements

## Mortgage Insurance:
- Per insurer requirements, FHA / VA / RD

## Gifts:
- A gift letter is required. Verification of gift funds must be documented.

## Interested Party Contributions:
- As per mortgage insurer requirements
Water Test, Well and Septic:
- Water test required for private water source. Testing must include E.coli, Total Coliform, Lead, Nitrate and Nitrite. Any other primary parameter tested must pass.
- Dug Well: must meet insurer requirements as well as testing requirements above
- Community Wells: we will need a copy of the most recent water test
- Well and septic must be sited on the property being financed
- CONDEX: with shared well and septic will need acceptable tests for both systems and a hold harmless stating the borrower is aware they are responsible for those systems

Homeowners Insurance:
- Max deductible is the higher of $1,000 or 1% of face amount of policy. When allowed by the mortgage insurer we will take into consideration value of out buildings.
- CONDO: Must have master policy. If no walls in coverage and/or deductible $5,000 or more an HO6 will be required.
- HO6 will only be escrowed if requested by borrower

*IMPORTANT* • We DO NOT participate in MERS.

Cash Assistance Mortgage

Description: • The “Cash Assistance Mortgage” is the second mortgage that is connected with a Home Flex Plus first mortgage.

Loan Terms: • Full amount of the Cash Assistance will be repayable to New Hampshire Housing.
- Secured by a second mortgage
- No interest
- No periodic payments
- Forgiven in full after four years unless during the first four years, the borrower: 1) sells; 2) refinances; or 3) files for bankruptcy, in which case the borrower must repay the Cash Assistance.

Reservation: • When a lender reserves a Home Flex Plus loan, there is an automatic reservation for the Cash Assistance Mortgage, meaning a separate reservation is not required.

Application: • No separate application is required for the Cash Assistance Mortgage.

Lender: • New Hampshire Housing is the lender on the Cash Assistance Mortgage.

Document Preparer: • On the Cash Assistance Mortgage, the lender on the Home Flex Plus first mortgage acts simply as a document preparer.
- The document preparer must sign the Document Preparation Agreement (see the Policy).

Documents: • The Policy provides a list of and the forms for all of the documents connected with the Cash Assistance Mortgage.
- To document the repayment obligation and to provide a second mortgage to New Hampshire Housing, the borrower shall sign the “Mortgage and Promise to Pay” (see the Policy).

Funding Process: • There are very specific mandatory steps for requesting and funding the Cash Assistance, which are stated in the Policy.
- Cash Assistance funds must be requested by 12pm two days before closing.
- Failure to follow the Policy could result in:
  o Loan not being FHA insured; and
  o Lender having to pay back the Cash Assistance.