## Home Flex Plus with Cash Assistance Second Mortgage

### 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 Rate:
- Established daily and published on [www.nhhfa.org](http://www.nhhfa.org), [wwwGoNHHousing.com](http://wwwGoNHHousing.com)

### Loan Purpose:
- Purchase of a primary residence
- Must be owner occupied

### Occupancy:
- 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

### Eligible Borrowers:
- 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
- When combined with MCC, single units only and maximum 5 acres

### Eligible Properties:
- Income limits 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

### Income Limits:
- No Purchase Price limits
- **WARNING**: MCC income and purchase price limits are different. If combining with a Homebuyer Tax Credit (MCC program), borrower and household must meet MCC income and purchase price limits.

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### 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:
- Per mortgage insurer

### 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

### Collections:
- Per findings and insurer's requirements

### Homebuyer Education:
- Mandatory by at least one borrower for this program
- 2-4 units – homebuyer and landlord education required
- Homebuyer Education available online at [wwwGoNHHousing.com](http://wwwGoNHHousing.com)

### Mortgage Insurance:
- Per Insurer requirements
- Current insurers: FHA / VA / RD

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

### Interested Party Contributions:
- Per mortgage insurer requirements

### Water Test:
- Water test required on private water source. Testing must include Ecoli, Total Coliform, Lead, Nitrate and Nitrite. Any other primary parameters tested must pass.

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HFP/wCAM/rev. 05.18.2020
**Well and Septic:**
- Community Wells: we will need a copy of the most recent water test
- Dug Well: must meet insurer requirements as well as testing requirements above
- 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, also 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 is $5,000 or more an HO6 will be required.
- We will escrow for the HO6 only if it is requested by the borrower

*Important*
- We DO NOT participate in MERS
- Loans cannot be closed in a trust (NHHFA policy)
- Escrows for property taxes, hazard insurance, flood insurance and mortgage insurance are required on every New Hampshire Housing loan
- MANCHESTER multi-families need Certificate of Compliance

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**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 business days before closing.
- Failure to follow the Policy could result in:
  - The loan not being FHA insured
  - The lender having to pay back the Cash Assistance