# Home Flex Plus with Cash Assistance – PO

| Description: | • Provides financing for the purchase of a home along with “Cash Assistance” of 2%, 3% or 4% 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. |
<table>
<thead>
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<tbody>
<tr>
<td>Term:</td>
<td>• 30 years</td>
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<tr>
<td>Interest Rates:</td>
<td>• Established daily and published on <a href="http://www.nhhfa.org">www.nhhfa.org</a>, <a href="http://www.gonewhampshirehousing.com/rates">www.gonewhampshirehousing.com/rates</a></td>
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| Loan Purpose: | • Purchase of a primary residence  
• 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 |
• 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 is requested by borrower

**IMPORTANT**
- We DO NOT participate in MERS.

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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 days before closing.
- Failure to follow the Policy could result in:
  - Loan not being FHA insured; and
  - Lender having to pay back the Cash Assistance.