BROKERS FIRST FUNDING

BFF_DPA MATRIX
Rev. 10.26.26.V1

TOPIC	BFF DPA REPAYABLE AND FORGIVABLE GOVERNMENT LOAN PROGRAMS MATRIX
BASIC GUIDELINES	The National Homebuyers Fund (NHF) program is designed to increase homeownership opportunities for low-to moderate income individuals and families nationwide. This matrix applies to the Federal Housing Administration (FHA) Handbook. Refer FHA Handbook 4000.1 | HUD.gov / U.S. Department of Housing and Urban Development (HUD) for additional guidance. Information in this matrix is subject to change without notice.
BFF DPA Eligible Programs	

Maximum LTV/CLTV/HCLTV		Min Credit Score and Max DTI			
		AUS		Manual	
3.5% Repayable	96.5% LTV + 3.5% DPA = 100% CLTV	Min FICO	Max DTI	Min FICO	Max DTI
3.5% Forgivable	96.5% LTV + 3.5% DPA = 100% CLTV	600	Per AUS	660	45%
5% DPA Repayable	96.5% LTV + 5% DPA = 101.5% CLTV				

Eligible Products/Terms on 2nd Loan

Loan Types:

2nd TD loan amounts must be rounded up to nearest dollar.

No subordination allowed.

- Repayable Option (3.5% and 5% DPA)
  - Note Rate is 2.0% greater than the rate on 1st Loan.
  - 10-year full amortizing loan
  - Monthly payments are required and must be included in qualifying ratios.
- Forgivable If:
  - Loan has reached its 3 years from Note Date, AND
  - A repayment event has not occurred, AND
  - The borrower has continued to occupy the property as their primary residence.
    - Repayment Events:
      - The 1st TD on the property is refinanced; or

	➢ The 1st TD on the property becomes due and payable for any reason; or ➢ The borrower sells, transfers, or otherwise disposes of the property, including, without limitation, through foreclosure or transfer pursuant to any power of sale.
Eligible Products/Terms on 1st Loan	• FHA 203(b) • FHA 203(b)(2) • FHA 234(c) • 25 or 30-Year Fixed with Full Amortization (must match term on FHA 1st)
Ineligible Product Type	• FHA o 203(K) loans o Good Neighbor Next Door (GNND) o HUD $100 Down with Repair Escrows o Cooperative housing (co-op) is not eligible. • VA • Conventional
Maximum Loan Amount	• Maximum loan amount follows FHA Forward Mortgage Limits. • High Balance allowed.
Minimum Loan Amount	• $75,000
Loan Purpose	• Purchase Only.
Occupancy	• Primary residence, owner occupied only
Temporary Buy Downs	Temporary 2-1 Buydown allowed. See Rate Sheet for price Adjustment.
Eligible Properties	• SFR • PUDs • Townhouses • Condominiums (No litigation) • 1-2 Units • Double wide manufactured

Borrower Eligibility	• Borrower(s) must occupy the residence as their primary residence with sixty (60) days of closing. • Non-occupant co-borrowers allowed.
Vesting	• Must vest as an individual(s). • Loan to Limited Liability Corporations are not permitted.
Homebuyer Education Requirements	• Homebuyer Education is required for at least one borrower to be provided by a Fannie/Freddie or HUD approved non-profit counseling agency prior to the Note Date. Homebuyer Education can be found in these links: Fannie Mae: HomeView Homebuyer Education | Fannie Mae Freddie Mac: CreditSmart®: Driving Informed and Empowered Borrowers Through Education - Freddie Mac Single-Family HUD: Office of Housing Counseling | HUD.gov / U.S. Department of Housing and Urban Development (HUD)
FICO Requirements	• FHA with AUS approval: 600 • FHA Manual Underwrite: 660
Non-Traditional Credit	• Not Permitted
Cash Back to Borrower	• Borrower may not receive any cash back from DPA proceeds (this includes any earnest money deposit)
Mortgage Insurance	• Standard FHA Coverage
Down Payment Assistance (DPA) and Closing Costs Assistance	• The DPA is available for purchase transactions as outlined below: o Up to 3.5% or 5% of the Sales Price or Appraisal Value (lesser of the two) o DPA proceeds may be used for down payment and /or closing costs. o There must be no cash back to the borrower from the DPA proceeds.
Financing Concessions	• Permitted in accordance with FHA Handbook except for the following: o Payment of condominium fees o Personal Property o Down Payment Assistance
Employment / Income Verification	• Follow AUS requirements and FHA Handbook requirements for income and employment verification.

	• All sources of qualifying income must be legal in accordance with all applicable federal, state, and local laws, rules and regulation, without conflict.
	• A 4506-C form is required to be signed at closing for all transactions
	• MCC income not permitted
	• Transcript Requirements:
	  o W-2/SSA-1099(fixed income) transcripts will not be required for a borrower when all income for that borrower is derived from W-2 wage earner and/or SSA-1099 fixed income sources.
	  o Tax transcripts are required in the following circumstances:
	  ▪ When tax returns are used to qualify a borrower. The number of years provided must be based on the AUS findings. Income verified via tax returns includes but is not limited to the examples listed below:
	  ▪ Self-employment income
	  ▪ Rental income
	  ▪ Other income sources (i.e., Dividend Interest, Capital Gains, Alimony, etc.)
	  ▪ When a written VOE (WVOE) form 1005 is used as standalone income verification.
	  ▪ Employment by family members
	  ▪ When amended tax returns have been filed, transcripts are required and must support the amended income.

Asset Documentation	• Asset documentation must comply with the requirements of AUS findings and the FHA Handbooks as applicable.
Ineligible Property Types	• Cooperatives • Group Homes • Community Land Trusts • Mobile Homes • 3-4 units • Working Farms and Ranches • Unimproved Land • Timeshares • Condotels • Hotel Condominiums

	• Unimproved LAND or Geodesic Domes • Properties encumbered by Property Assessed Clean Energy (PACE) liens at time of closing.
Appraisal Requirements	Appraisal Condition Rating of C5/C6 or a Quality Rating of Q6 is not permitted. • FHA – Refer to HUD SFH Handbook 4000.1 | HUD.gov / U.S. Department of Housing and Urban Development (HUD) o Appraisers must be on FHA Connection with State Certification designation of Certified General or Certified Residential o Appraiser must comply with the FHA Appraisal Independence Policy.
Appraisal Transfers	• Appraisal transfers must be executed in accordance with HUD Handbook 4000.1
Appraisal Re-Use	• The re-use of an appraisal under another case number is not permitted.
Escrow Holdbacks	• Not Permitted
High-Cost Loans	• BFF will not allow High-Cost Loans.
Higher Priced Mortgage Loans (HPML)	• BFF will allow HPML in accordance with FHA and CFPB guidelines.
Multiple Financed Properties	• Not Permitted
Assignment of Mortgage	• All loans (1st and DPAs) must be registered with MERS at the time of closing. The MERS transfer of beneficial rights and transfer of servicing rights must be initialed by FlexPoint within 7 calendar days of transfer date.
DPA Funding Commitment Notice	• Must be dated prior to the Note Date.
Escrow Waivers	• Escrow accounts for property taxes, homeowner's insurance and flood insurance (if applicable) are required on all loans.
State-specific Overlays	• WA – 2nd Lien 0.00% Note Rate with a deferred payment and Forgivable DPA options are not permitted. High Balance ineligible. • MI – Not Allowed