Simply DPA

TOPIC	Simply DPA
DPA Amount	Repayable: 5% of the purchase price. Forgivable: 3.5% of the purchase price.

Term and Rate	• Repayable DPA Terms
	  ○ Interest Rate = 1st TD Note Rate + 2%
	  ○ Term = Fully amortizing loan for 120 months
	  ○ Include payment in DTI calculation
	  ○ LTV: Min: 90% Max: 96.5%
	  ○ CLTV: 100%/101.5%
	• Forgivable DPA Terms
	  ○ Interest Rate = Fixed 0%
	  ○ Term = Fully amortizing loan for 360 months
	  ○ Forgiven at the borrower's request after 36 consecutive, on-time payments on the first mortgage.
	  ○ Include payment in DTI calculation
	  ○ LTV: Min: 90% Max: 96.5%
	  ○ CLTV: 100%

AMI Limit Credit	• No income limits. • LLPA will be applied when AMI is above 160%.
Score	• Minimum 600 Fico score for all borrowers, lowest middle score.
DTI	• Per AUS. • If Manual follow FHA guidelines • If payment shock exceeds 225%, front-end/housing ratio may not exceed 36%.
Payment Shock	• 225% or less if (a) AUS approval and credit score 620 or below; or (b) manually underwritten. • Payment shock may exceed 225% only if front-end/housing ratio is 36% or lower.
Homebuyer Education	• Required for each borrower with a credit score below 640
Property Types	• SFR • PUD • Condo • Manufactured (FICO 620+) • Duplex • FHA 203 (B) only
Verification of Rent	• A 12-month VOR is required if the loan is manually underwritten
Non-Occupant Borrowers	• Allowed (family members or relatives only, as defined by FHA). Only occupant borrowers' incomes are considered when determining whether a file meets AMI limits. • Total borrower income must be sufficient to make monthly mortgage, and debt payments on its own, and an LOX may be required showing the non-occupant co-borrower will contribute to monthly mortgage payments.
Manual Underwriting	• Allowed: Refer/Eligible AUS results or manually downgraded borrowers are underwritten per FHA manual UW guidelines. No credit or non-traditional/alternative credit not allowed.

	• Supporting documentation from the DE must be provided and meet FHA requirements. Completed VOR required, payment shock 225% or less.
Residency	• Follow 4000.1 Guidelines
UDM/Soft Pull Credit Update	• To reduce the risk of new adverse debt or credit activity prior to closing, a soft pull credit update, or a UDM (undisclosed debt monitoring) report, from at least two credit bureaus is required within 10 calendar days prior to closing. • Undisclosed debt or adverse credit activity found must be re-underwritten or satisfactorily resolved by an LOE from the DE underwriter.
Purpose of Loan	• Purchase Transactions Only
Borrower Informational Video	• All borrowers are required to watch an informational video regarding loan payments prior to closing, and complete the form that comes with the video: Servicing Video