DC HFA Program

Last Updated October 3, 2022
The Key to Homeownership in the City!

• Partnership between DC Housing Finance Agency (DC HFA) and Lakeview

• The DC HFA Program was created by the District of Columbia Housing Finance Agency to help make home ownership affordable and attainable in Washington, D.C.

• Qualifies as a provider of down payment assistance under Fannie Mae, Freddie Mac, and FHA guidelines.

Let’s dive in!
Benefits

Fewer Restrictions & Easier to Use

• No Underwriter Certification
• Assistance is available for both first-time and repeat homebuyers
• No minimum required investment
• Conventional High Balance loans are permitted
• No additional condominium reviews required
  • Condominiums must meet agency/investor guidelines
Program Highlights

• Purchase transactions only
• Owner-occupied, single-family properties, including
  • Condos
  • PUDs
  • Townhomes
• Government and Conventional first loan options available
• Homebuyer Education (in person or online) is required prior to close per investor/agency guidelines.
• Proceeds of the optional assistance can be used for 100% of the borrower’s down payment.
**Income Limits**

- **Program Income Limit**: Refer to [DCHFA](#) for current limit
  - Additional limits may apply depending on product selected.
  - Use [Fannie Mae's income lookup tool](#) to find AMI information.
- All verified qualifying income must be applied against the applicable program income limit.
- Lender must attempt to verify all income listed on the application or disclosed through the loan process.
  - What is the definition of **disclosed through the process**?
    - Listed on the 1003
    - Shown on the pay stubs
    - Shown on a written verification of employment
    - Shown on tax documents
  - If the additional income does not meet investor guidelines (ex. one-time bonus), it does not need to be added to the application and run through the AUS. However, the Underwriter must indicate on the 1008/applicable government forms why it was not used for qualification.

*Example*: “Verified that borrower’s bonus was one-time.”
Qualifying Income Examples

Example 1
• The 1003 lists a second job, but it is not needed to pass ratios.

Does the income need to be developed?
• Yes, review the income documentation and determine if the income meets the guidelines: continuity, history, etc.
  • If it does, add it to the LOS and run through AUS for qualification.
  • If it does not, the underwriter documents why.

Example 2
• The underwriter reviews a pay stub and sees a bonus or overtime income that was not listed on the 1003.

Does the income need to be developed?
• Yes, review income documentation and determine if the income meets guidelines: continuity, history, etc.
  • If it does, add it to the 1003, LOS, and run through AUS for qualification.
  • If it does not, the underwriter documents why.
First Mortgage Loans - Conventional

- Fannie Mae’s HFA Preferred loans and Freddie Mac HFA Advantage loans only
  - Standard Freddie Mac and Fannie Mae loan products are not permitted.
  - High Balance loans must utilize DU and Fannie Mae’s HFA Preferred.
- LTV/CLTV: Up to maximum 97/105%*
  - High Balance loans are limited to 95/105%
- All Borrowers must have a FICO score of no less than 640
- Co-signors and non-occupant co-borrowers are not permitted
- DTI: Not to exceed 50% subject to a DU or LPA approval
- Underwriting: Approve/Eligible from DU or Accept/Eligible from LPA; manual underwriting and/or non-traditional credit are not permitted
- Employment and income documentation follow DU/LPA findings, with a few exceptions:
  - Tax transcripts are required when utilizing 1040 income, working for family, or using WVOE as stand-alone income verification.**

Please refer to the product matrix for complete program guidelines.
(www.LakeviewCorrespondent.com | Delegated/Closed Loan Portal | Product Matrices - Lakeview Affordable Lending)
First Mortgage Loans - Conventional (Continued)

• Lower Charter or Custom Mortgage Insurance coverage is available for loans with $\text{AMI} \leq 80\%$

<table>
<thead>
<tr>
<th>LTV</th>
<th>Coverage</th>
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<tbody>
<tr>
<td>95.01%-97%</td>
<td>18%</td>
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<tr>
<td>90.01-95%</td>
<td>16%</td>
</tr>
<tr>
<td>85.01-90%</td>
<td>12%</td>
</tr>
<tr>
<td>80.01-85%</td>
<td>6%</td>
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</tbody>
</table>

• See the product matrix for more information

In the case of conflicting guidelines, lenders must follow the more restrictive guidelines of DC HFA, Fannie Mae or Freddie Mac (as applicable), Mortgage Insurer, Lender, or Lakeview.
First Mortgage Loans – FHA

• 203b or limited 203k available
• **96.5 LTV/CLTV** – per FHA guidelines
• All borrowers must have a **FICO** score of no less than **640**
• Co-signors and non-occupant co-borrowers are not permitted
• **DTI:**
  • ≤ 45% subject to a DU or LPA approval
  • > 45% minimum 680 FICO required, not to exceed 50% subject to a DU or LPA approval
• **Underwriting: Approve/ Eligible** from DU or **Accept** from LPA
  • Manual downgrades are permitted only if additional information was not considered in the Approve/ Eligible or Accept/ Eligible decision, subject to:
    • **660 minimum FICO** score for all borrowers
    • **43% maximum DTI**

In the case of conflicting guidelines, lenders must follow the more restrictive guidelines of DC HFA, FHA, Lender or Lakeview.
Optional Second Mortgage Assistance Programs – DC Open Doors

• Can be paired with Government and Conventional first mortgages
• 3% assistance for conventional loans and 3.5% assistance for FHA loans
• Open to first-time and repeat homebuyers
• Open to all neighborhoods and wards
• Open to both residents and non-residents of DC
• No maximum sales price limit
• Can be paired with a Mortgage Credit Certificate (MCC)
• Down Payment Assistance second mortgage loan:
  • Proceeds may be used to fund up to 100% of the borrowers’ cash to close.
  • 0% interest non-amortizing.
  • Due upon sale, refinance, or if you no longer occupy the property as a primary residence
  • Not eligible for subordination.
Optional Second Mortgage Assistance Programs- DC4Me

- Reduced interest rate on First Mortgage
- Available with or without 3% down payment assistance loan
- Must be a first-time homebuyer
- At least one borrower must be a full-time district government employee
  - See DCHFA.org for eligible employer list.
- Refer to DC Housing for maximum sales price
- Conventional first mortgage only
- Down Payment Assistance second mortgage loan:
  - Proceeds may be used to fund up to 100% of the borrowers’ cash to close.
  - 0% interest non-amortizing.
  - Due upon sale, refinance, or if you no longer occupy the property as a primary residence.
  - Not eligible for subordination
Second Loan Representation in DU and LPA

• Within **DU**, second loans are entered as a liability and in the **Community Lending** section. Remember to fill out the correct repayment type for the Community Second as well. Payments deferred 5 or more years and fully forgiven.

• Enter the second loan information into the section entitled “Other New Mortgage Loans on the Property You are Buying or Refinancing”
  - Answer **Yes** to the question: Is the Other New Mortgage an Affordable Second?
  - Answer **Yes** to the question: Is the Affordable Second Payment Deferred?
The Process

1. **Loan application taken**
2. **Loan is locked with DC HFA**
3. **Submit to DC Housing for approval**
   - Use DC HFA’s pre-close submission portal.
4. **Close the Loan**
   - In accordance with all Agency, Investor, Lakeview, and DC HFA guidelines.
5. **Deliver Loan to Lakeview**
Online Resources

• For more information or questions about the Second Mortgage options, refer to the DC HFA Website.

• For more information or questions about the First Mortgage or delivery process access the Lakeview Correspondent Closed Loan/Delegated portal at: www.lakeviewcorrespondent.com

• Please note access to the site may be limited by your organization. Follow your internal process for obtaining information on program details.
<table>
<thead>
<tr>
<th>Topic</th>
<th>Who to contact</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Product or Process</td>
<td>Contact your internal product development or training team.</td>
</tr>
<tr>
<td>Pricing and Program Guidelines</td>
<td>Pricing and guidelines are available in most product and pricing engines. Contact your internal lock desk on how to access pricing.</td>
</tr>
<tr>
<td>Loan-level Issues</td>
<td>Consult your Lakeview Business Development Director, Client Manager, or the Lakeview Underwriting Scenario desk (Phone: 855-253-8439, Option 2 or <a href="mailto:UnderwritingQuestions@Bayview.com">UnderwritingQuestions@Bayview.com</a>), or DC HFA (William Milko <a href="mailto:wmilko@dchfa.org">wmilko@dchfa.org</a> or 202. 321. 2156) as applicable.</td>
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Lakeview Correspondent Portal

Here you will find:

1. Announcements
2. Product Matrices for all affordable lending programs
3. Seller Guides
4. Reference library, which houses:
   - Quick reference guides
   - Delivery file checklists for closing and credit
   - Sample documents
5. Training Resources
Any Questions?
Thank You