

DCHFA

SingleFamilyPrograms@dchfa.org

HOME PURCHASE ASSISTANCE PROGRAM (HPAP) LENDER CHECKLIST



Anticipated Closing Date: _____ Contract Expiration Date: _____

Check ALL that Apply: ☐ DC Open Doors ☐ DCOD DPAL ☐ MCC ☐ HPAP

DCHFA/MCC #: _____ Lender's Loan #: _____

Borrower: _____

Last Name First Name Credit Score

Co-Borrower: _____

Last Name First Name Credit Score

Property Address: _____, Washington, DC _____

Ward: _____ Census Tract: _____ Targeted Area: Yes _____ No _____

Names on Title: _____

Manner in which title will be held: ☐ Sole Owner ☐ Joint Tenancy ☐ Tenants by the Entirety

Property Type: ☐ Detached ☐ Duplex ☐ Townhome ☐ Condo-Garden ☐ Condo – High Rise

☐ PUD ☐ Coop

Property: ☐ Existing ☐ New Year Built _____

Loan Type: Conventional FHA VA Fixed Rate **OR** FHA ARM

IZ/Subsidy: \$ _____

HPAP Down Payment Assistance: \$ _____

HPAP Closing Cost Assistance: \$ _____

Other Subordinate Financing: \$ _____

MCC: ☐ Yes ☐ No

1st Trust: Loan Amt: \$ _____; Term: _____ years; Discount Points: _____; Rate: _____%

Purchase Price/Acquisition Cost: \$ _____; Appraised Value \$ _____

Reservation/NTP Date: _____; NTP Expiration Date: _____

Lender Name: _____; Loan Officer: _____

Person Submitting: _____; Email: _____

Phone #: _____, Ext. _____; Other Contact #: _____

Title Company: _____; Phone #: _____

Person to Contact: _____; Email: _____

District of Columbia Home Purchase Assistance Program (HPAP) Lender Summary for the 2nd Trust Mortgage (Second Lien)

Effective Date: 10/01/2024

For Use by First Trust Mortgage Lenders submitting HPAP loans to DCHFA

Program Overview

The Home Purchase Assistance Program (HPAP) provides financial assistance to eligible low-to-moderate-income District residents to purchase a home in Washington, DC. HPAP provides a 2nd Trust Mortgage in the form of a 0% interest, fully deferred payment or repayable loan that functions as a second lien.



This 2nd Trust Mortgage is used for down payment assistance, closing cost coverage, and functioning as gap financing when needed. HPAP has a minimum front-end DTI of 28% and a max LTV of 50%, meaning the HPAP loan cannot exceed the 1st trust loan amount.

Loan Summary

Feature	HPAP Info
Loan Type	0% interest, fully deferred or repayable second mortgage
Maximum Loan Amount	Up to \$202,000 (with additional \$4,000 closing cost assistance)
Loan Term	Fully Deferred or Deferred for 5 years (Repayable) ; repayment triggered by certain events
Repayment Triggers	Sale, refinance (cash-out), ceases to be borrowers' primary residence, transfer of title, default
Forgiveness	No forgiveness: the entire principal is repayable unless subordinated or satisfied through payoff
Subordination Policy	Subordination may be granted upon approval for rate/term refinances only

Acceptable 1st Trust Loan Types	ARM, Conventional, FHA, Portfolio, VA <i>*ARM Loans: Minimum 5-year first adjustment, 2% annual CAP, 5% lifetime MAX</i>
Max HOI Deductible	\$2,500.00 to 4,250.00
Minimum Borrower Contribution	The greater of either \$500.00 or ½ of assets exceeding \$3,000.00 or the total amount of gift funds received by the borrower
Gift Funds	All borrower received gift funds must be used in the transaction, IZ/ADU purchase transactions are capped at 6% of the sales price for allowable gift funds
Debt Payoff	Borrower funds used to pay off debt at closing/or for qualifying purposes, may not be considered as funds towards the required minimum contribution

Eligible Properties

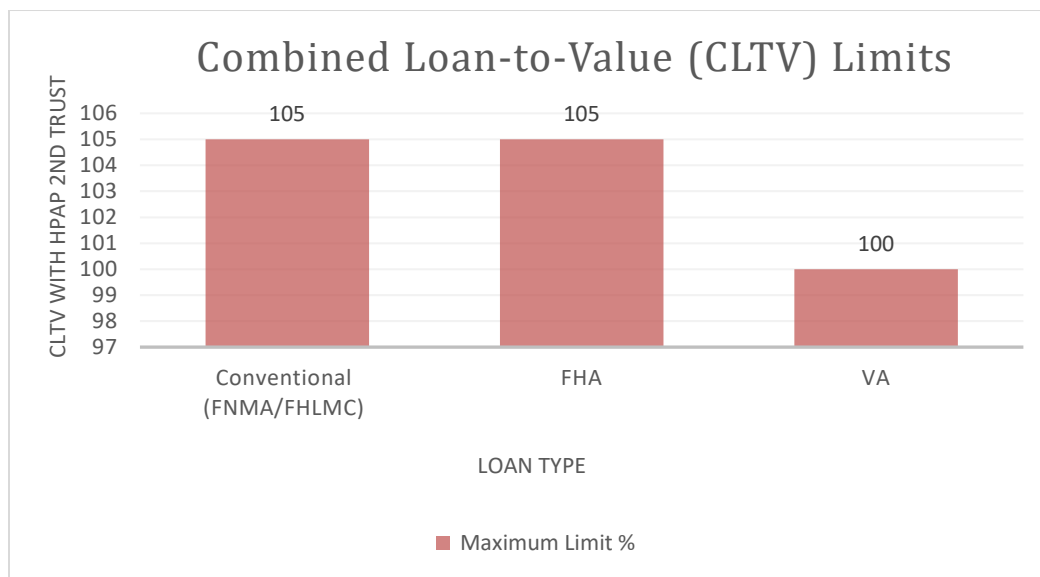
- **Location:** Must be located within Washington, DC
 - **Occupancy:** Owner-occupied only
 - **Property Types:**
 - Single-family homes
 - Condominiums
 - Cooperatives (*underwritten by GWUL only*)
 - **Property Condition:** Must meet DC housing code and HPAP inspection requirement
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Borrower Eligibility Summary

Criteria	Requirement
Residency	Must be a current DC resident
Income Limits	Up to 110% MFI, adjusted by household size
First-Time Buyer	Must be a first-time homebuyer (no ownership in last 3 yrs)
Homebuyer Education	Completion of an 8-hour approved course required from a participating CBO
Credit Score	Minimum 630
Debt-to-Income (DTI)	Max 45% (front-end + back-end, combined with 1st mortgage) <i>*exception request w/ an approved compensating factor required for DTI >45%</i>

Lender Responsibilities for 2nd Trust

- Underwrite the HPAP 2nd lien alongside the 1st mortgage, ensuring total DTI, CLTV, and borrower eligibility meet program guidelines
- Coordinate with DC Housing Finance Agency (DCHFA) for:
 - Reservation of HPAP funds
 - Final approval (Firm Commitment) and Closing Disclosure (CD) review
- Ensure Closing Disclosure (CD) encompasses the HPAP 2nd Trust loan
- Ensure recordation of the 2nd Trust Deed and Note by Title



Closing and Funding Notes

- HPAP 2nd Trust funds are wired directly from DCHFA to the settlement agent
- Settlement agents must disclose HPAP 2nd as a separate loan
- Record the HPAP Deed of Trust in second lien position
- Return final closing documents to DCHFA within 3-5 business days

Post-Closing

- HPAP loans are serviced by TCAM, not DCHFA
- Any early payoffs, subordination, or servicing issues must be directed to TCAM for HPAP Servicing

INSTRUCTIONS FOR TITLE COMPANY

(THIS PAGE MUST BE PROVIDED TO TITLE COMPANY)

THIS TRANSACTION INCLUDES A SUBORDINATE HPAP SECOND MORTGAGE

THE HPAP LOAN IS A SUBORDINATE SECOND LIEN THAT REQUIRES RECORDATION & TITLE INSURANCE (LENDER'S COVERAGE ONLY)

IT IS NOT A GRANT

WE REQUIRE A SEPARATE ICL/CPL, AND THE SECOND MUST BE LISTED ON BOTH SCHEDULE A & B

THE MORTGAGEE CLAUSE IS:

**DC Dept of Housing & Community Development c/o DCHFA
ISAOA, ATIMA**

HPAP DOES NOT CHARGE FEES, HOWEVER THE LOAN MUST BE RECORDED AND TITLE INSURANCE (LENDER'S COVERAGE) IS REQUIRED

OF THE TOTAL HPAP LOAN AMOUNT, UP TO \$4000 COVERS CLOSING COSTS ONLY AND THE REMAINDER GOES TOWARDS DOWN PAYMENT ALONE.

THE FINAL HPAP LOAN AMOUNT MAY BE REDUCED DEPENDING ON FINAL CLOSING COSTS/TOTAL CREDITS AND THE BORROWER'S MINIMUM REQUIRED CONTRIBUTION

TITLE COMPANY SHOULD REVIEW BUYER'S DOCUMENTATION TO DETERMINE ELIGIBILITY FOR THE DC TAX ABATEMENT CREDIT PRIOR TO SETTLEMENT

UNDERWRITING CHECKLIST

Borrower Name: _____

File Contact Email: _____

Lender & Contact _____

File Contact Phone No: _____

DCHFA RESERVES THE RIGHT TO REQUEST ADDITIONAL DOCUMENTATION TO EVALUATE THIS LOAN PACKAGE

HPAP Documents	
	HPAP NTP (Signed by Borrower)
	HPAP/EAHP Home Sales Contract Addendum
	HPAP Inspection Form Pages: 1-3 and/or Re-Inspection Form
Title Documents	
	Title Wiring Instruction
	Closing Protection Letter (CPL) for HPAP loan
	Title Commitment signed by Authorized Title Agent for HPAP
Conventional	
	1008 Transmittal Summary
	LPA Feedback Results "Accept" Including Document Checklist
FHA	
	FHA Loan Underwriting & Transmittal Summary
	92900.A HUD/VA Addendum to URLA. Pgs 1-4;-executed
	FHA Amendatory Clause
VA	
	Loan Analysis
	HUD/VA Addendum to URLA Pages 1-2 executed by borrower
	LNV-Lender Notification of Value
	VA Amendatory Clause
If Applicable Documents	
	Lead Disclosure(s) *DC and Federal (built before 1978)
	Final Inspection reflecting all repairs are complete
203K Streamline (\$75k max repairs)	
	Borrower's Acknowledgment; Form 92700-A
	Borrower's Certification- Identity of Interest
	Copy of SOW and Cost Estimate
	Homeowner/Contractor Agreement
	Rehabilitaion Loan Agreement

Approval Documents	
	AUS Feedback Results (DU/LPA)
	Additional Documentation refer/no score
	Additional Documentation per feedback results
	Lenders Commitment/ Underwriter Approval
Application	
	1003/URLA-initial (3 Years residency for HPAP)
	1003/URLA-Final
Credit Report	
	Credit Report
	Credit Supplements
	Credit Explanation/Inquiry Explanation
	Documentation for any Co-signed/Authorized user
Income	
	Underwriter Income Worksheet
	Self-Employment Documentation; P&L, 3 yrs taxes
	Paystub within 30 days of submission to DCHFA
	10-day (business) Verbal VOE prior to Note date
	VOE prior employment for 2 yrs/match W2s
	IRS Non-filing for non-purchasing spouse or HH members
	Written VOE; if needed
	Child Support/Alimony, SSI/Disability or other assistance
Assets	
	Copy of Earnest Money Deposit
	Gift Letter or source funds to close
	Gift Transfer/Donor's Ability to Give
	Verification of Deposit; 2 months bank statements
Property	
	Termite Report (SF, TH, and Condo units below 4th floor- Signed by Inspector)
	Sales Contract, all addendums and extension if needed
	Appraisal Report-must state Purpose/Intent of Use
	Passing Inspection report
	HO3/HO6 insurance reflecting DCHFA mortgagee clause
	Flood Certification-reflecting ISAOA
	Master HO Policy (Condo and PUD)
Compliance	
	8-Hour Homebuyer Education Certificate
	Loan Safe/ DRIVE / Mortgage Connect QC Report
	Borrower Signature Authorization
Other	
	Specific Power of Attorney (original recorded)

EXCEPTION REQUEST FOR BACK RATIO > 45

Loan Type ☐ Conventional ☐ FHA ☐ Portfolio

Loan Product ☐ FIX30 ☐ ARM

DTI ____ / ____

Qualifying Credit Score _____

Current Monthly Housing Payment \$ _____

Proposed Monthly Housing Payment \$ _____

Compensating Factors:

COMPENSATING FACTORS EXAMPLES:

- Reduction in Housing Payment (Proposed Payment is lower than Current Documented Payment) - must be documented with satisfactory 12-month VOR
- Documented Overtime/Bonus received in current year and likely to continue but not used for qualifying
- Documented savings history with fully available 3 months reserves after settlement
- Documented Household Member/Spouse income that is not included for qualifying