Down Payment Resources

August 5th, 2020

Moderators:
Katelynn Harris, Senior Program and Policy Specialist for Affordable Housing Initiatives, MBA
John Paul Shaffer, AICP, Executive Director, BLDG Memphis

Panelists:
Rob Chrane, CEO, Down Payment Resource
Sean Moss, SVP, Down Payment Resource
Juanita Hamilton, Down Payment Assistance Program Manager, Division of Housing & Community Development
Ella Harris, Customer Account Manager, IGA, Tennessee Housing Development Agency
Amy Schaftlein, Executive Director, United Housing, Inc.
Katelynn Harris  
Senior Program and Policy Specialist for Affordable Housing Initiatives  
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BLDG Memphis
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Down Payment Assistance Program Manager
Division of Housing & Community Development

Ella Harris
Customer Account Manager, IGA
Tennessee Housing Development Agency

Amy Schaftlein
Executive Director
United Housing, Inc.
What is Down Payment Resource (DPR)?

• We help our business partners connect homebuyers with the down payment help they need.
• Licensed to Lenders, MLSs, Realtor Associations and Housing Non-Profits.
• Award-winning database of ~2,300 DPAs, Grants, Bond, MCCs and other affordable lending programs.
• Funding status, eligibility rules, benefits and more updated monthly.
Potential DPA Impact – Memphis, TN-MS-AR

~67% of homes for sale are eligible for DPA

39% Loans
Loans eligible for assistance
39% or 32,151

2.6 Programs
Average programs eligible
2.6 programs

$12K Dollars
Average amount of assistance
$12,104

? Affordability
Could this help make homeownership a reality for more buyers?

Source: 2018 Urban Institute Barriers to Accessing Homeownership Report
44 Programs Available in Memphis/Shelby County

Max Sales Price:
- $250k from THDA
- $254k from City of Memphis
- Some programs may go higher in targeted areas or other circumstances

Max Income:
- THDA up to HH1-2=$66,584 and HH3+=$76,572
- 80% AMI, some programs go higher (120-200% AMI) in certain circumstances

Max Assistance:
- Up to $7,500 from THDA (average about $8k per borrower in 2018)
- 10% or $10k from City of Memphis
- $3,500 from Shelby County
- $5k from UHI
- $5k to $25k from The Housing Fund, Inc
- FHLB funds as available
$6,000
Or
$7,500
DPA
Anywhere in TN
First Mortgage Products

**FIRST MORTGAGE**

- **Great Choice Home Loan**
  - 30 Year Fixed Rate
  - FHA, VA, USDA, CONV
  - THDA Sets Rate

**FIRST MORTGAGE**

- **Homeownership for the Brave**
  - 30 Year Fixed Rate
  - FHA, VA, USDA, CONV
  - Discounted Rate
  - 50 BPS Reduction

**FIRST MORTGAGE**

- 30 Year Conventional Fixed Rate
- Freddie Mac Product
- THDA Sets Rate

- **ELIGIBLE MILITARY, VETERANS, SPOUSES**

- **ALL ELIGIBLE APPLICANTS**
**Mortgage DPA Products**

**AVAILABLE ON ALL PROGRAMS**

THDA PROVIDES
$6000 < $150,000
$7,500 ≥ $150,000
Towards Down Payment and/or Closing Costs

THDA Sets the Rate

**GREAT CHOICE PLUS DPA**

Second Mortgage
15 Year Term
Fixed Rate
Rate Same as First Mortgage
Fully Amortizing
No Prepayment Penalty

Available For Great Choice and GC 97

**GREAT CHOICE PLUS DPA**

Second Mortgage
15 Year Term
Fixed Rate
Rate Same as First Mortgage
Fully Amortizing
No Prepayment Penalty

Homeownership For the Brave Eligible Applicants
Program Requirements
For GREAT CHOICE Program Only

- FIRST TIME HOMEBUYER*
- SINGLE FAMILY RESIDENCE
- HOUSEHOLD INCOME LIMIT
- OWNER OCCUPIED
- ACQUISITION COST LIMIT
- CORE 640 MIN/ 45% MAX DTI*
Program Requirements
For GC-97 Program Only

- **FREDDIE MAC PRODUCT ONLY**
- **INCOME LIMIT EQUALS QUALIFYING INCOME**
- **ACQUISITION COST LIMIT**
- **SINGLE FAMILY RESIDENCE**
- **OWNER OCCUPIED**
- **CORE 660 MIN/ 45% MAX DTI**

*DTI: Debt-to-Income Ratio*
# GC AND GC-97 COMPARISON MATRIX

<table>
<thead>
<tr>
<th>PROGRAM</th>
<th>GC97/97PLUS* HFA ADVANTAGE</th>
<th>GREAT CHOICE/ GREAT CHOICE PLUS*</th>
</tr>
</thead>
<tbody>
<tr>
<td>PRODUCT EXECUTION</td>
<td>Mortgage Backed Security</td>
<td>Mortgage Revenue Bond</td>
</tr>
<tr>
<td>LOAN TYPE</td>
<td>Conventional Insured &gt;78%</td>
<td>Government Loans &amp; Uninsured Conventional</td>
</tr>
<tr>
<td>CREDIT SCORE</td>
<td>660 Minimum</td>
<td>640 Minimum</td>
</tr>
<tr>
<td>LTV</td>
<td>97%</td>
<td>Dependent on guarantor/insurer program</td>
</tr>
<tr>
<td>CLTV</td>
<td>Max 105%</td>
<td>Dependent on Loan Type</td>
</tr>
<tr>
<td>UNDERWRITING TYPE</td>
<td>LPA Accept-HFA Advantage Only</td>
<td>AUS approved, no score or refer/eligible**</td>
</tr>
<tr>
<td>PROPERTY TYPES ALLOWED</td>
<td>SFR, Condo, PUD, Townhome</td>
<td>SFR, Condo, PUD, Townhome, or MFG Home</td>
</tr>
<tr>
<td>UNITS</td>
<td>One Unit Primary Residence</td>
<td>Up to 4 units***</td>
</tr>
<tr>
<td>INCOME LIMITS</td>
<td>80% of AMI See Home Possible Limits</td>
<td>County Limits See THDA website</td>
</tr>
<tr>
<td>INCOME ELIGIBILITY</td>
<td>Qualifying Income</td>
<td>Qualifying &amp; Household Income</td>
</tr>
<tr>
<td>OWNERSHIP OF OTHER PROPERTY</td>
<td>Allowed one additional property not THDA</td>
<td>Allowed-Calculated at 75% gross rent</td>
</tr>
<tr>
<td>NON-OCCUPANT CO-BORROWER</td>
<td>Not Allowed</td>
<td>Not Allowed</td>
</tr>
<tr>
<td>MORTGAGE INSURANCE</td>
<td>Per Freddie Mac HFA Advantage guidelines</td>
<td>Per Guarantor/insurer program</td>
</tr>
<tr>
<td>FIRST-TIME HOMEBUYER REQUIREMENT</td>
<td>No</td>
<td>Yes --or Targeted Area or Eligible Veteran</td>
</tr>
<tr>
<td>THDA UNDERWRITING DOCS</td>
<td>None, only GC97 UW/Submission</td>
<td>Seller &amp; Borrower affidavit, recapture disclosure, program disclosure</td>
</tr>
<tr>
<td>LENDER COMPENSATION</td>
<td>1.75% paid at time of purchase, 1% SRP no org/disc. points</td>
<td>1.75% paid at time of purchase, 1% SRP no org/disc. points</td>
</tr>
</tbody>
</table>

* Down Payment Assistance Available
** 2 out of 3 compensating factors
*** 1 unit 0/0-75% rent for additional units
Lenders

Current Interest Rates
THDA LOAN PROGRAMS
Great Choice Loan Program
Great Choice Plus (DPA)
Homeownership for the Brave
GC97 Freddie Mac HFA Advantage Program
GC97 Plus (DPA)

Lender Guidance during COVID–19 National Emergency

Tennessee Housing Development Agency
THDA was established by the Tennessee legislature through enactment of Tennessee Code Annotated
27-39-101 et seq. Under the direction of a 15-member Board of Directors, the mission of THDA is...
Homebuyers

THDA created Great Choice Home Loans to make homeownership possible for more Tennesseans of middle/moderate income.

Down Payment Assistance
If you qualify for a Great Choice Home Loan, you also have the option of financial assistance with your down payment and/or closing costs.

Great Choice Home Loans
A 30-year, fixed interest rate home loan created by THDA to make homeownership more affordable to qualified Tennesseans.

Homebuyer Education
THDA encourages all homebuyers to complete a homebuyer education course and requires these courses for our down payment assistance and...
• CITY OF MEMPHIS
• DIVISION OF HOUSING AND COMMUNITY DEVELOPMENT
• MAYOR JIM STRICKLAND
• DIRECTOR PAUL A. YOUNG

DOWN PAYMENT ASSISTANCE DPA
PROGRAMS AVAILABLE

Citywide DPA

- CWDPA
- Memphis Housing Authority (MHA)
- SHAPE (Housing Choice Voucher Program – Section 8)
- TADPA (Targeted Area DPA- HOPE VI Homeownership)

Homebuyer Incentive Program

- Citizen (HIPC)
- Police (HIPP)
- Fire (HIPF)
- Teacher (HIPT)
<table>
<thead>
<tr>
<th><strong>CITYWIDE DPA</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Federally funded</td>
</tr>
<tr>
<td>Must be first-time homebuyer</td>
</tr>
<tr>
<td>Household income may not exceed 80% AMI</td>
</tr>
<tr>
<td>Property must be located within Memphis city limits (or within specific boundaries for TADPA)</td>
</tr>
<tr>
<td>May receive up to 10% of sales price, max $10K) to be used for down payment and closing costs</td>
</tr>
<tr>
<td>No monthly payment required</td>
</tr>
<tr>
<td>Must own and occupy the property for five (5) years</td>
</tr>
<tr>
<td>Repay at a reduced amount if five year term is not met</td>
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<tr>
<td>Property must pass inspection</td>
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</tbody>
</table>
### CITYWIDE DPA – MHA – SHAPE - TADPA

<table>
<thead>
<tr>
<th>MHA</th>
<th>SHAPE</th>
<th>TADPA</th>
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<tbody>
<tr>
<td>Must be current MHA resident or displaced within last 12 months</td>
<td>Must hold Housing Choice Voucher (HCV) from MHA Must complete SHAPE Program through MHA</td>
<td>Applies to new construction of single family homes through the MHA HOPE VI Program McKinley Park is the only active development</td>
</tr>
<tr>
<td><strong>HOMEBUYER INCENTIVE PROGRAMS DPA (HIP PROGRAMS)</strong></td>
<td></td>
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<tr>
<td>--------------------------------------------------</td>
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<td></td>
</tr>
<tr>
<td>Do not have to be first-time homebuyer</td>
<td></td>
<td></td>
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<tr>
<td>Income limits determined by program</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Property must be located within Memphis city limits (or specific designated areas for HIP Citizen)</td>
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<td></td>
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<td>Must occupy the property for five (5) years</td>
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</tr>
<tr>
<td>City funded</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Police, Fire and Teacher must maintain employment during five (5) year term</td>
<td></td>
<td></td>
</tr>
<tr>
<td>HIP Programs</td>
<td>Description</td>
<td></td>
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<td>--------------</td>
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</tbody>
</table>
| HIP Police   | - Must be City of Memphis Commissioned Police Officer for minimum of one (1) year  
              - No household income limit |
| HIP Fire     | - Must be City of Memphis frontline Firefighter for minimum of one (1) year (includes EMT and paramedic)  
              - No household income limit |
| HIP Teacher  | - Must be Shelby County Schools full-time classroom teacher, certified grades K-12 for minimum of two (2) years  
              - No household income limit |
| HIP Citizen  | - Income must be over 80% but not exceeding 200% AMI  
              - Must purchase property in one of 15 designated areas |
Homebuyer Incentive Program Citizens Only
Designated Areas and Zip Codes

*Beltline    *Binghampton/Highland Heights
*Carnes Neighborhood    *Hickory Hill

38106  38107  38108  38109  38114  38116

38118  38122  38126  38127  38128

*Property must be within DPA Boundary. Please see map or verify with DPA Department before submitting file. Link below can be used to identify eligible properties.

https://www.google.com/maps/d/viewer?mid=1RV51eF6r8CngjW8hh7nBu0PDU222HzbN&ll=35.03841065006404%2C89.82002125&z=15
All programs may award up to 10% of the sales price, not to exceed $10,000, to be used for down payment and closing costs.

Require a minimum investment of 1% of the sales price.

Require a minimum account balance of $500 or 1 monthly mortgage payment, whichever is lower.

CWDPA has additional LTV requirement of max 96.5% LTV to receive full 10% if housing ratio is below 23%.

Minimum credit score requirement of 540.

2nd lien will be filed on all DPA closings.

Minimum credit score requirement of 540.
DOWN PAYMENT ASSISTANCE RESOURCES

• DPA Department – 901.636.7474  email: dpa@Memphistn.gov
• 170 N Main Street 4th Floor  Memphis, TN 38103
• Juanita Hamilton 901.636.7473  juanita.Hamilton@Memphistn.gov
• Jennifer Hart 901.636.7368  jennifer.hart@Memphistn.gov
• Gloria Washington 901.636.7441  gloria.Washington@Memphistn.gov
• HIP Citizen eligible property verification:
  https://www.google.com/maps/d/viewer?mid=1RVS1eF6r8CngjW8hh7nBu0PDU222HzbN&ll=35.03841065006404%2C-89.82002125&z=15
Down Payment Assistance Program
United Housing, Inc.
Programs Available

- Hope Plus Program
- Helping Homebuyers Program
Hope Plus

- Funded by NeighborWorks Capital
- $5,000 for closing costs
- Term: 10 years
- Flexible Rate (5%)
- 80% AMI or Below; or 200% AMI in LMI CT
- 1-4 unit Single-Family
- $275,000 max sales price
- UHI owns and services the loans
Helping Homebuyers

• Funded by Private capital
• Available with participating lenders
• Up to $10,000
• No Term; Due on Sale
• 0% rate, no payment
• Single-Family, 1-4 unit
• Up to 120% AMI in targeted LMI/MM CT
Eligible Homebuyer

- Current residence must be sold prior to closing on new primary residence (if applicable)
- Attend an 8-hour homebuyer education course approved by a HUD-counseling agency;
- Purchase a home within the City of Memphis limits or Shelby County;
- Obtain an approved fixed first mortgage loan from an HHP approved lender;
Eligible First Mortgages

• The first mortgage shall be a THDA, FHA 203(b), FHA 203(k), VA, RD or CONVENTIONAL 30-year fixed rate mortgage at an interest rate no more than 2% above THDA Great Choice program.

• Layering allowed – not to exceed 105% CLTV
Become a Participating Lender in HHP

• CRA Investor and Lender Credit
• Contact for application or to learn more

Amy Schaftlein
aschaftlein@uhinc.org
901-728-6921
Impact:

• Last year, 520+ new homeowners
• $3.2 million in DPA deployed
• Leveraged $47 million in first mortgages
Contact:

Trudie McClelland, Loan Officer
tmcclelland@uhinc.org
901-728-6936

Priscilla Reed, Homebuyer Education Director
preed@uhinc.org
901-728-6930