



# Equity DPA

## Credit Policy and Terms

As of December 7th, 2021

Equity Down Payment Assistance (DPA) is a soft-second program designed to provide financing for low-income and underserved homebuyers. Equity DPA includes special features and increased income limits for BIPOC homebuyers as well as any buyer purchasing in a US Treasury designated CDFI Investment Area. This down payment assistance loan carries zero-interest, has no fees for the borrower/homebuyer, and is fully forgiving with no payments required. Equity DPA is designed to help first-time homebuyers overcome the nation’s number one barrier to homeownership by providing the down payment to qualify for a conventional mortgage. It also encourages homeownership and stability, providing the borrower with full forgiveness after five years. HCA is proud to provide this direct assistance to underserved homebuyers thanks to donated funds by a range of corporate and private donors. These generous donors make the dream of homeownership a reality for homebuyers who otherwise qualify for a mortgage yet lack the necessary down payment. The Equity DPA program is available through participating mortgage lenders and funds are reserved on a first-come, first-served basis for eligible homebuyers.

Product Name	Equity DPA
Product Description	Silent Second Forgiven after 5 years of owner-occupancy
Eligible Transactions	<i>Origination:</i> Home Purchase <i>Re-subordinations:</i> Rate/Term Refinance (no cash out)
Borrower(s) Eligibility	<ol style="list-style-type: none"> <li>1. First-time Homebuyer</li> <li>2. The applicant(s) income must be below 80% of the Area Median Income (AMI), or up to 140% AMI as follows: <ol style="list-style-type: none"> <li>a. The applicant(s) income can be up to 140% AMI if they identify as any of the following racial or ethnic minorities in the HMDA section of the URLA: <ol style="list-style-type: none"> <li>i. American Indian;</li> <li>ii. Asian;</li> <li>iii. Black/African American;</li> <li>iv. Other/2 or More Races;</li> <li>v. Pacific Islander;</li> <li>vi. Hispanic or Latino</li> </ol> </li> <li>b. The applicant(s) income can be up to 140% AMI if the property is located in a <a href="#">US Treasury designated CDFI Investment Area</a> A CDFI</li> </ol> </li> </ol>



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	<p>investment area is defined as a geographic unit (state, county, census tract, block group, Indian/Native areas), or as contiguous geographic units entirely located within the United States that meets one of the following criteria:</p> <ul style="list-style-type: none"> <li>i. has a population poverty rate of at least 20 percent;</li> <li>ii. or has an unemployment rate of at least 1.5 times the national average;</li> <li>iii. or for a metropolitan area has a median family income (MFI) at or below 80 percent of the greater of either the metropolitan MFI or national metropolitan MFI;</li> <li>iv. or for a non-metropolitan area that has a MFI at or below 80 percent of the greater of either the statewide non-metropolitan MFI or national non-metropolitan MFI;</li> <li>v. or is wholly located within an Empowerment Zone or Enterprise Community;</li> <li>vi. or has a county population loss greater than or equal to ten percent for Metro areas or five percent for non-Metro areas.</li> </ul> <p>3. Borrower(s) must be US Citizen or lawful Permanent Resident(s) of the US</p> <p>4. Homebuyer Education performed by a HUD- approved organization or GSE- approved online course</p>
Occupancy	Owner Occupied – Primary Residence Only All borrowers must occupy the residence
Restrictions	Available through participating mortgage lenders
Eligible Property Types	1-4 Unit Dwelling PUD, Condominium Unit, Town Home
Maximum Sales Price	NA
Minimum Loan Amount	No minimum loan amount
Maximum Loan Amount	3% of the Purchase Price
Maximum LTV/CLTV	3% LTV for the HCA Equity DPA / Max CLTV of 105%



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Income Restrictions	80% AMI or less – per GSE Lookup Tool – OR 140% AMI or less for BIPOC Buyers ( <i>See Borrower Eligibility for Definitions</i> ) 140% AMI or less for Any Buyer in a <a href="#">UST CDFI Investment Areas</a> ( <i>See Map</i> )
Geographic Availability	Pilot State(s): <b>North Carolina and California, more to be added throughout 2022</b>
Geographic Restrictions	National
Subordinate Financing Lien Position	Other down payment/closing cost programs are permitted. Max CLTV of 105% Must meet <a href="#">Community Seconds Guidelines of FannieMae</a> or <a href="#">Affordable Seconds Guidelines of FreddieMac</a>
Term	5 years
Qualifying Ratios	AUS determined/eligible by 1 <sup>st</sup> mortgage Equity DPA is silent with no payments
Minimum Credit Score	AUS Eligible
Amortization Types	Forgives upon completion of term 100% balance forgiveness at the end of five years or sixty (60) months
Borrower Minimum Investment	Zero required by Equity DPA – Borrower must follow 1 <sup>st</sup> mortgage guidelines
Interest Rate	Zero 0%
Qualifying Rate	NA
Pricing Adjustments	NA



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Rate Lock Period	NA
Borrower Paid Fees (Non-"pass through" fees)	None
Homebuyer Education Requirements	Required and Certificate of Completion documented by one of the following: <ul style="list-style-type: none"> <li>• HUD-approved Housing Counseling Agency</li> <li>• eHome</li> <li>• Frameworks</li> </ul>
Cash Reserve Requirements	Per AUS Findings
Assets	Per AUS Findings
Allowable Seller Concessions or Contributions	Per 1 <sup>st</sup> mortgage lender guidelines
Prepayment Penalty	No prepayment penalty permitted
Special Underwriting Considerations and Compensating Factors	Max 3% Variance on AMI Other: <ul style="list-style-type: none"> <li>• Per 1<sup>st</sup> mortgage UW findings/guidelines</li> <li>• Maximum borrower liquid assets of \$50,000, not including 401Ks</li> </ul>
Assumable	Only assumable through inter-familial transfer of the property.
Deed Restrictions	None
Private Mortgage Insurance	Per 1 <sup>st</sup> mortgage, Equity DPA has no additional requirements



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Other Stipulations	None
Property Rehabilitation Standards	Per 1 <sup>st</sup> mortgage lender guidelines
Documentation Standards	Fully documented income/loan package
Credit Report Standards	AUS Eligible – Matches 1st mortgage
Appraisal Standards	Meets GSE requirements UCDP
Escrow & Insurance	Escrows/impounds required for taxes and insurance
Public or Philanthropic Funds Usage Allowed	Yes, can be senior lien to Equity DPA, and must meet <a href="#">Community Seconds Guidelines of FannieMae</a> or <a href="#">Affordable Seconds Guidelines of FreddieMac</a>
Subordination	Only with rate and term refinance (no cash out)
Reservation of Funds	Maximum 60-day Reservation with AUS Eligible findings, may be extended by MLO request at no cost, subject to availability.
Loan Servicing	Loans have no recourse in the event of default/foreclosure. Forgiveness upon resale within term with documented hardship. DPA fully forgiven after 5-years or 60-months of owner occupancy.