



ADDITIONAL PROGRAM INFORMATION FOR LENDERS

MISCELLANEOUS

1. Down payment assistance for those making up to 80% of the Mecklenburg County area median income is provided by the Town of Davidson and is funded by the Department of Housing and Urban Development (HUD).
2. The client is pre-approved for down payment assistance by DreamKey Partners, or other approved housing agency. The pre-approval is subject to change if circumstances, such as an increase in income, change.
3. The request for down payment assistance must come from the lender.
4. The client must earn less than 80% of the area median income.
5. Income qualification calculations are based on gross annual income
6. Closing Disclosure is required for the down payment assistance.
7. At closing, the following documents must be signed by the client- Deed of Trust and Deed Restrictions, Promissory Note and Recapture Agreement.

QUALIFYING THE BORROWER

In general, the Town allows the lender's underwriting criteria to be the main factor in approving down payment assistance subsidies. However, the required monthly payment under both the insured mortgage and, if applicable, the second mortgage or lien, plus other housing expenses and all recurring charges, cannot exceed the borrower's ability to pay.

1. The Town's guideline for ratios is 33/45. If the borrower exceeds these ratios, we require at least three good compensating factors. Compensating factors include:
 - Copy of credit score page showing a minimum 620 mid-score. Town of Davidson does not have credit score requirements unless ratios exceed guidelines.
 - Current VOR showing at least 12 months good rental history.
 - Three (3) months reserves...available after closing.
 - Must provide the borrower's most recent bank statement or activity statement.
 - If there isn't 12 months recent history of paying rent, 6 months reserves are required. Liquid reserves from borrower's own funds are preferred. If

reserves are from a gift or retirement funds, must still show a least 1 month of their own liquid funds.

- Additional documentation may be required.
- With comp factors the housing ratio cannot exceed 40%, and the total DTI must be less than 50%.

2. Borrower does not have to be a first-time homebuyer.

3. Co-signer not allowed.

LIEN POSITION

The HOME and Town programs will take 2nd lien position to the primary mortgage. In the case where more than one down payment source is being utilized by the buyer, each case will be negotiated with the other funding source as to which position each funder will take.

ELIGIBILITY FOR DOWN PAYMENT ASSISTANCE

For eligibility purposes, all asset information must be listed on the lender application. The Town asset limit is 20% of the property purchase price. Liquid assets include cash and any asset that can be converted to cash within 30 days. This does not include long term retirement savings, such as 401K and IRA accounts.

For eligibility for down payment assistance – cash assets at the time of closing may not exceed 20% of the property purchase price.

The buyer may not own any other property or have an ownership interest in any real estate at the time of closing. This includes, for example, mobile homes, timeshares and vacant land.