

# MassHousing Product FAQ's

Please see the following questions raised by MassHousing Lenders and our responses. If you have further questions after review of this document, please send inquiries to:

[c6@masshousing.com](mailto:c6@masshousing.com)

## Down Payment Assistance Second Mortgage (DPA)

### 1. What are the parameters of the DPA?

- A. 1% fixed interest rate, 15 year fully amortizing loan with up to 3% of the purchase price or \$12,000, whichever is less.
- B. No additional fees are associated with this loan other than the recording fee of \$175 and the MERS Fee of \$11.95.
- C. DPA is due upon sale or refinance. Subordinations are not allowed.
- D. No prepayment penalty
- E. For first time homebuyers ONLY except in \*ACED Areas

### 2. Does the borrower have to contribute any of their own funds to the down payment?

- A. No.

### 3. Can the DPA be used for closing costs and prepaids?

- A. Yes

### 4. Does the DPA require an asset needs test?

- A. No

### 5. Do lenders need to submit two separate locks for loans that utilize the DPA?

- A. No, only one reservation number is needed. DPA will be entered within reservation.

### 6. Do we use a MERS Mortgage for the DPA?

- A. A. Yes; DPA Mortgage includes MERS (MOM) language.

## Forms and Documentation

- 1. Are there any special forms or disclosures for the DPA? If so how will we be able to retrieve them?**
  - A. Yes, a DPA Mortgage (Form B-005DPA) and DPA Note (Form B-006DPA) are available on [emasshousing.com](http://emasshousing.com). Please refer to [Form L-102, Document Checklist](#), for a complete list of required forms.
- 2. Do loans with DPA require a LE and CD?**
  - A. Yes
- 3. Are 3 years tax transcripts still needed on all loan programs?**
  - A. 3 years tax transcripts are required on all programs.
- 4. Are electronic signatures acceptable?**
  - A. MassHousing documents B-001 (now combined with B-002) and B-003 (B-004 for rehab only) is required for DPA. We will now be accepting electronic signature on the Borrower's Affidavit (B-001). [Documents Library](#).
- 5. What program documents are required?**
  - A. Click [HERE](#) for an explanation of MassHousing's forms.
- 6. Is the L-103 required on the DPA loans?**
  - A. Yes, L-103 Notice of Assignment, Sale or Transfer is required on the DPA loans, see Form [L-102 Document Checklist](#).

## Lender Eligibility

- 1. What do I have to do to be approved for MassHousing Mortgage FHA?**
  - A. Please reference section [2.5.3](#) in our seller guide for FHA Lender Eligibility requirements. Contact your Relationship Manager for next steps on how to apply.

## Policy

1. **How does the use of DO®/DU® and LPA® affect UCDP and UCD?**
  - A. MassHousing requires UCDP and UCD for both GSE's on all loans regardless of AUS being used.

## Compliance

1. **Are you requiring lenders to have a separate LE/CD for the DPA or can the fees for the mortgage recording and MERS be included on the 1<sup>st</sup> mortgage LE/CD?**
  - A. The LE and CD for the DPA second loan should include the recording fee and the MERS fee for DPA second loan.
  - B. The DPA second loan is its own and separate loan. Thus, the fees attributable to the DPA second loan should appear on the LE and CD for the DPA second loan.

## \*ACED Areas

1. **What are ACED Areas?**
  - A. Federal Designated Areas of Economic Distress (**ACED**) and consist of: Boston, Cambridge, Chelsea, Everett, Fall River, Lawrence, Lynn, North Adams, and Somerville.
  - B. First time homebuyer requirement for DPA waived in these areas.