



HomeOwnership Update

May 14, 2018

FHA Down Payment Assistance Documents

The following update applies to **MassHousing Mortgage FHA 100 with DPA Program only**.

On April 27, 2018, we released [Announcement 2018.06](#) to clarify our requirements for completing the FHA/DPA documents. We heard back from many of you and listened to your comments and concerns primarily about whether the loan should close in the name of MassHousing or in the lender's name.

Because we understand there is no national consensus on this issue, we will accept the FHA/DPA loan documents in either of the following two ways:

- Lenders that choose to close with Massachusetts Housing Finance Agency named as the lender, must also issue all disclosures in the name of Massachusetts Housing Finance Agency.
- Lenders that choose to close in their own name as lender must issue all disclosures in their own name.

FHA recognizes the importance of compliance with state and local law to the conduct of any Government Entity providing down payment assistance in the form of secondary financing. Where the Government Entity cannot legally or operationally ensure that secondary financing is "made" by the Government Entity, FHA will permit the secondary financing component to be made by an FHA-approved mortgagee or FHA-approved non-profit on behalf of the Governmental Entity provided the mortgagee or non-profit is not a prohibited source and the Government Entity holds the secondary financing prior to endorsement of the first mortgage for FHA insurance until further notice.

Mortgagees must document that the secondary financing is held by the Government Entity prior to submission of the mortgage to HUD via a Direct Endorsement process for insurance, or the endorsement of the mortgage for insurance through the Lender Insurance process.

This is a change from our previous instructions and we appreciate your working with us as we make adjustments in our rollout of this new program.

Should you have any questions, please contact us at 888-843-6432 Option 4 or your Relationship Manager for further details.

