

# Down Payment Assistance Loans

## The Process:

-  The borrower calls NWWVT to review the Down Payment Assistance Loan program.
  - Homebuyer education is required if the borrower is a first time homebuyer.
-  Borrower sends an email to 1<sup>st</sup> Mortgage Lender and NWWVT authorizing the sharing of information between the two.
-  The 1<sup>st</sup> Mortgage Lender sends the full underwriting file to NWWVT including 1003, income and asset verification and property information. Please include DPA loan in total monthly housing payment.
-  NWWVT creates application and disclosures to be signed by the borrower, either electronically or hard copy.
-  1<sup>st</sup> Mortgage Lender shares appraisal and all documents as they are provided by the borrower.
-  1<sup>st</sup> Mortgage Lender selects a settlement agent and shares information with NWWVT. If the borrower has their own attorney, the 1<sup>st</sup> Mortgage Lender shares that information as well.
-  NWWVT issues a commitment letter once the 1<sup>st</sup> Mortgage Lender has issued theirs indicating the rate has been locked. NWWVT requires a copy of both commitment letters signed for NWWVT's file.
-  1<sup>st</sup> Mortgage Lender notifies NWWVT when the closing has been scheduled.
  - NWWVT does its own closing disclosures and must abide by the TRID timelines.
-  NWWVT will send its documents to the settlement agent 48 hours prior to the closing and net fund their account. NWWVT requires a copy of the 1<sup>st</sup> mortgage note, mortgage, and CD for NWWVT files.

## The Top 3 List for a successful joint closing:

- Provide the **appraisal** as soon as you receive it
- Provide the **settlement agent information** and **borrower's attorney name** as soon as possible
- Be sure to notify us of the **closing date and time** as soon as it's scheduled

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The Down Payment Assistance Loan is a Community Affordable Second that does not prevent the first mortgage from being sold. NeighborWorks of Western Vermont offers a Down Payment Assistance Loan for Vermonters statewide to purchase their primary residence. There is no income cap or first-time buyer requirement and Vermonters may be able to borrow up to \$40,000 or 20% of the purchase price of the home, whichever is lower.

## Helpful Information:

- **If you need it, we need it.** Our loan is a community affordable second mortgage which means 100% financing in most situations should be available to the borrower while still allowing you to sell your mortgage. Be sure to set the loan identifier to a type that will allow this program (i.e. Freddie Mac Home Possible Advantage, Fannie Mae Home Ready, etc.) We will finance less than 20% upon request.
- **NWWVT's rate cannot be more than 2% above the 1<sup>st</sup> Mortgage Lender's** and stay in compliance with the community affordable second mortgage designation.
- **Typical closing costs are between \$750 and \$850.**
- For document sharing: we have found that **putting a flag on the file** cover helps us remember to share all information with you.

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