

# THE HFA INSTITUTE 2024

## Increasing Down Payment Assistance Availability and Effectiveness



National Council of  
State Housing Agencies



**MRBs and  
Other Federal  
Homeownership  
Programs**  
JANUARY 10 – 12



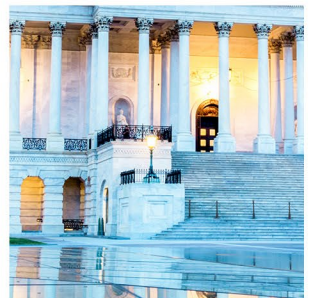
**Housing Credit**  
JANUARY 9 – 11



**Section 8 and  
Other Federal  
Multifamily  
Programs**  
JANUARY 10 – 12



**HOME and  
Housing Trust  
Fund**  
JANUARY 7 – 9



## DISCUSSION LEADER

### **Wendi Redfern**

Senior Vice President, Single-Family Programs | District of Columbia Housing Finance Agency

## SPEAKERS

### **Paul Barretto**

Senior Policy Analyst, Office of Housing and Regulation Policy, Division of Housing Mission and Goals | Federal Housing Finance Agency

### **Rob Chrane**

Chief Executive Officer | Down Payment Resource

### **Sandeep Kaur**

Senior Product Manager, Single-Family Innovation Lab | Freddie Mac

### **Mark Spates**

Director, Strategy and Policy | Freddie Mac

### **Sharmila Srivastav**

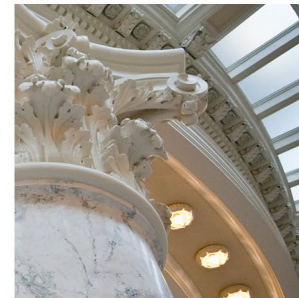
Principal, Affordable Lending | Fannie Mae

# THE HFA INSTITUTE 2024

## Increasing Down Payment Assistance Availability and Effectiveness



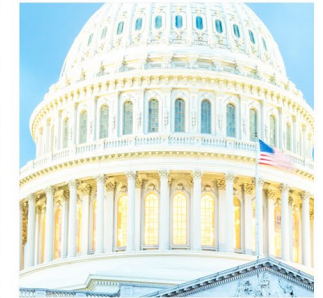
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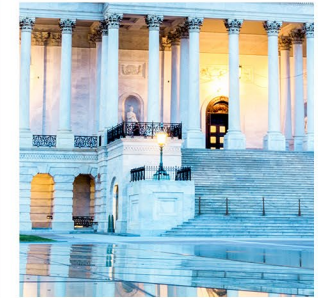
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# About Down Payment Resource

## Our Mission

To help our business partners connect homebuyers with the down payment help they need.

## Our Vision

Anyone aspiring to homeownership will know that down payment help is available and how to find it.



- **Founded in 2008**
- **Team with >100 yrs. of experience in housing finance, affordable lending programs and real estate.**

## Consumers

...acquire down payment and liquidity to buy & keep a home.

## Assistance Providers

... match assistance dollars with Consumers.

## PropTech, FinTech & Data Vendors

...create fully integrated ecosystems.

## Researchers, Policymakers

... improved decisions from factual data & analytics.



## GSEs

...expand homeownership by purchasing LMI loans from Lenders and Assistance Providers.

## Mortgage Lenders

...close more LMI loans by responsibly and safely expanding the pool of qualified borrowers.

## MLS's & Local Realtor Associations

...provide all critical property data.

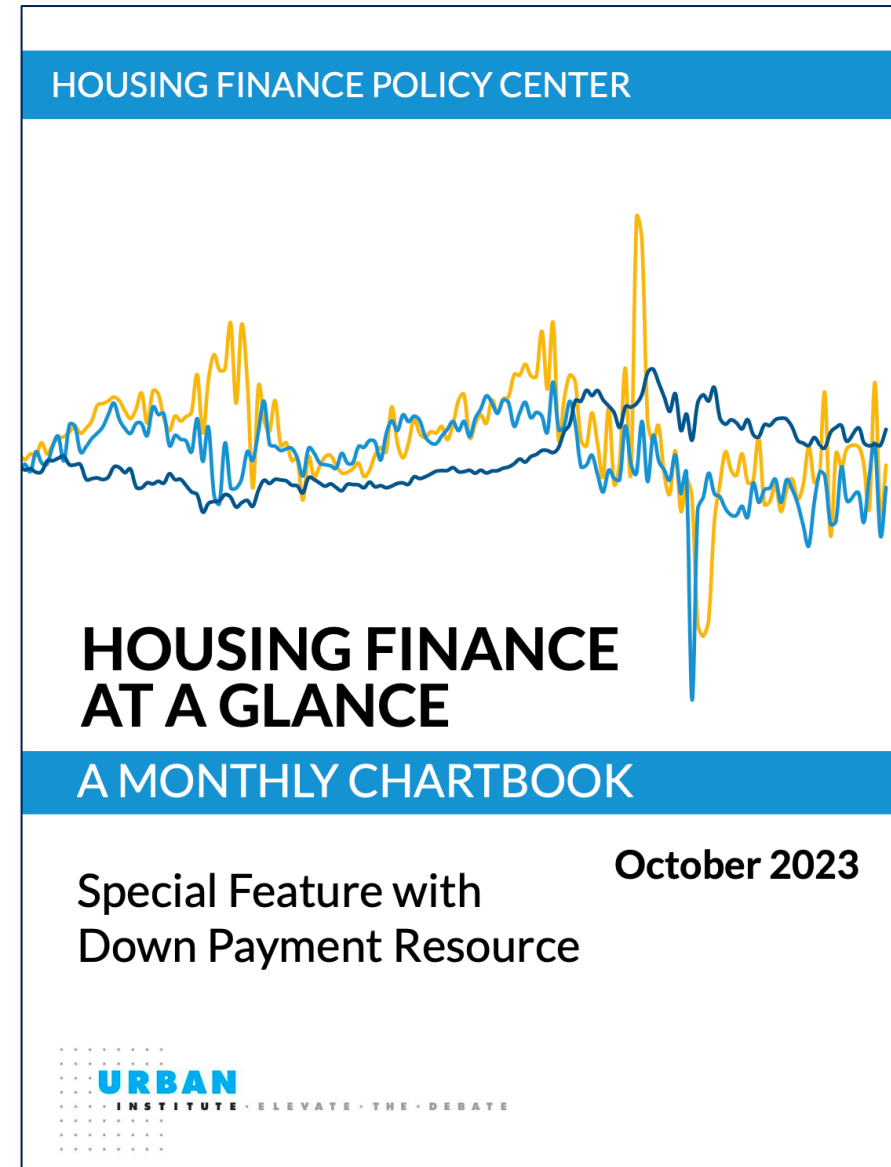
## Residential Real Estate

...remain the local market expert.

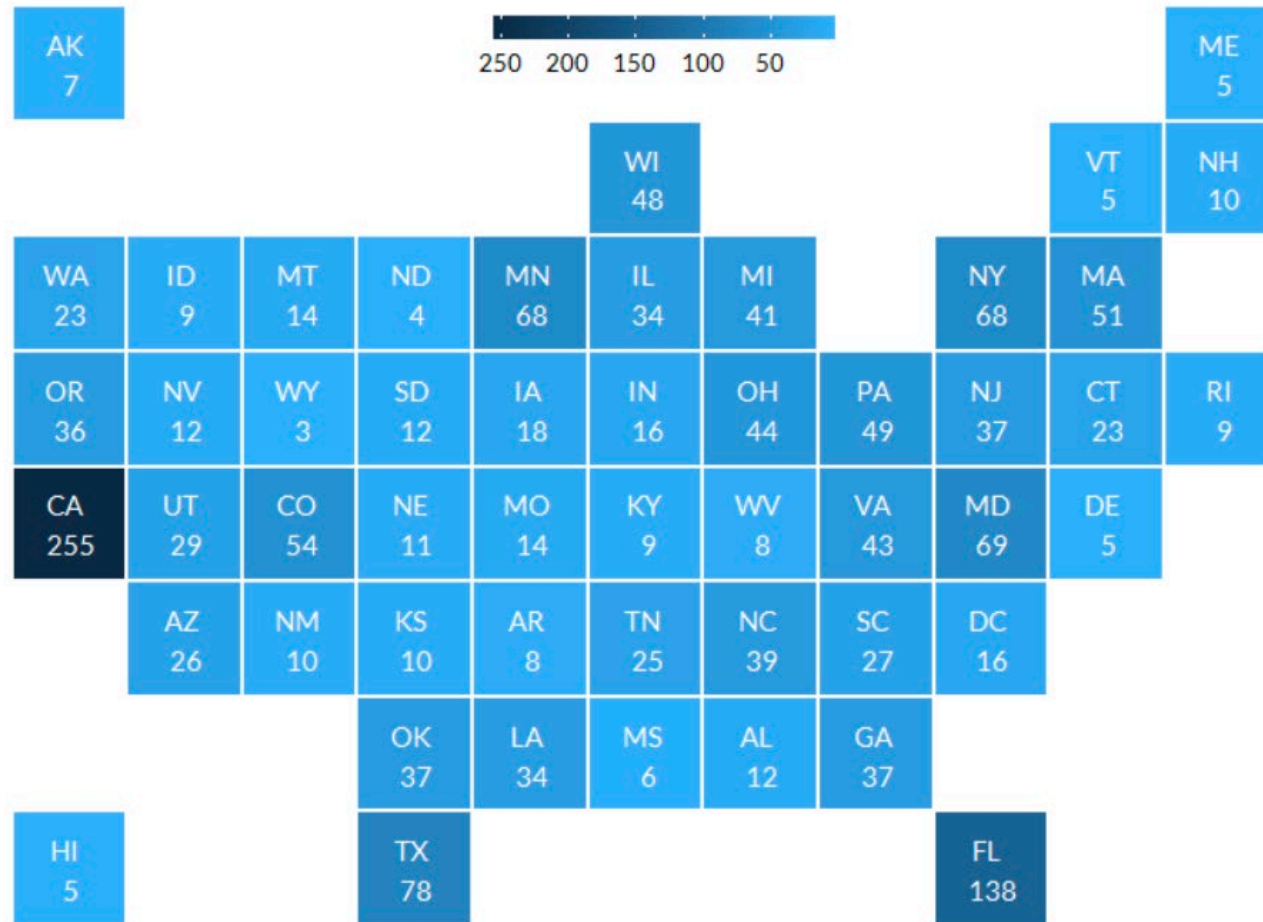
# Research & Data

Partnered with Urban Institute to analyze the current impact of DPA filtering 2022 HMDA data through DPR database from the 10 largest MSAs.

[Download PDF of Full Report](#)



# Down Payment Assistance Programs by State

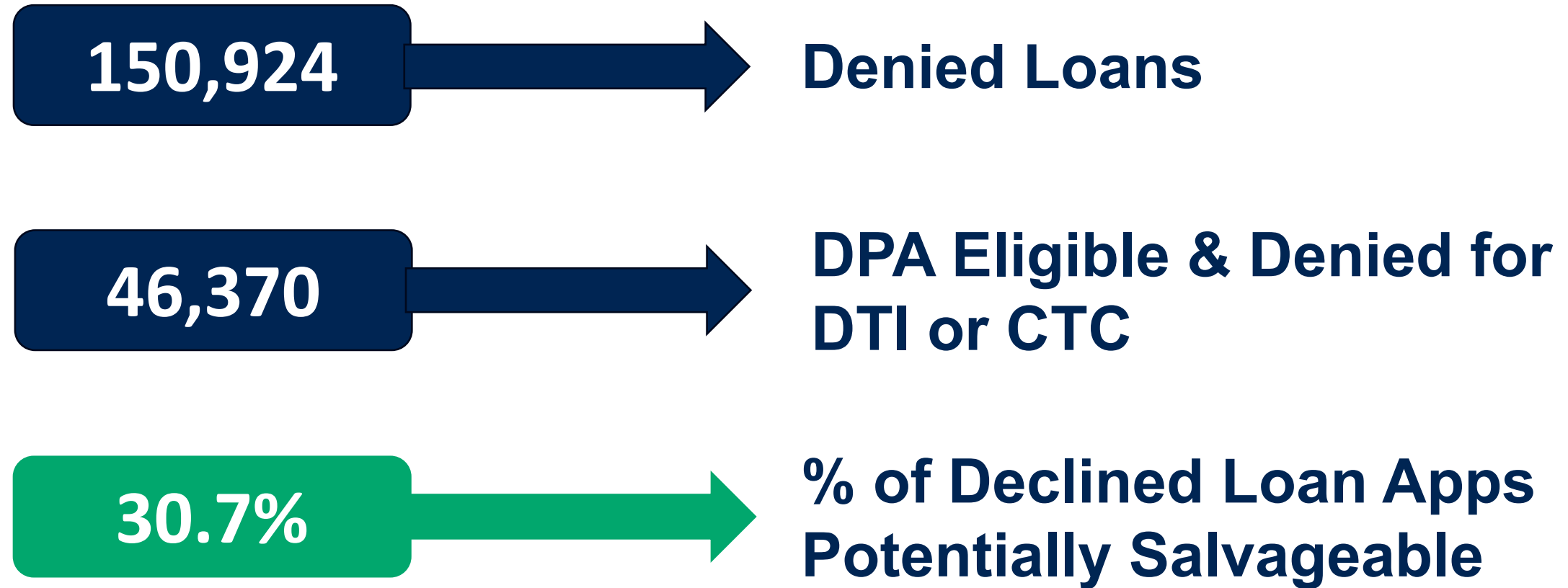


- Represents the 1,676 funded DPA programs as of Q2 2023.
- In 2022, 60.7% of programs contributed a set dollar amount to a borrower’s down payment, with a median contribution of \$15,000.

# How many loans are eligible for DPA?

Top 10 MSAs	Loan Type	Loans Eligible for Assistance	% Eligible for Assistance
	All	683,951	43.6%
	Conventional	499,238	36.2%
	FHA	134,873	79.8%
	VA	47,911	42.5%
	USDA	1,929	81.9%

# How many declined loans could have been salvaged with DPA?



# The Solution

- Automate matching eligible borrowers & properties with DPA  
*“Match.com for DPA”*
- Provide comprehensive database of 2,200+ DPA programs  
*“Allregs for DPA”*
- Educate lenders how to find, vet, onboard & originate DPA successfully

Real Estate  
Search  
Integrations

Consumer  
Portal

LO  
Portal

U/W  
Portal

DPA  
Directory

# Increased Access to DPA in 2023

## Supporting HFAs and Building Awareness

- More than **2,200** assistance programs, from over **1,300** agencies
- **275,091** program updates to our database in 2023

## Increased Access through Multiple Search Channels



*Millions of people searched our platform for DPA in 2023!*

The screenshot shows a Zillow 'Down payment assistance' pop-up window. At the top, it states 'Responses last submitted on 12/03/2022'. Below this, a message reads: 'Based on the information you provided, the following 16 programs, offering up to \$77,500 in down payment assistance, may be available to you. Choose a program below for more information and details on eligibility requirements.' A table lists 16 programs with columns for 'Assistance Amount' and 'Program'. The first two rows are circled in red. The first row is 'Up to \$77,500' for the 'Good Neighbor Next Door (GNND) Program'. The second row is 'Up to \$35,000' for 'The Housing Fund Down Payment Assistance Program'. At the bottom of the pop-up, two buttons are circled in red: 'Edit responses' and 'Share list'.

Assistance Amount	Program <small>Links to third-party site</small>
Up to \$77,500	Good Neighbor Next Door (GNND) Program
Up to \$35,000	The Housing Fund Down Payment Assistance Program - ...
Up to \$10,000	City of Memphis Down Payment Assistance - Homebuyer...
Up to \$10,000	City of Memphis Down Payment Assistance - Homebuyer...
Up to \$9,300	Tennessee Housing Development Agency (THDA) - Great...
Up to \$9,300	Tennessee Housing Development Agency (THDA) - HFA...
Up to \$9,300	Tennessee Housing Development Agency (THDA) - ...
Up to \$7,750	CBC Mortgage Chenoa Fund - FHA Forgivable DPA
Up to \$7,750	CBC Mortgage Chenoa Fund - FHA Repayable DPA
Up to \$6,000	Tennessee Housing Development Agency (THDA) - HFA...

# Coming Innovations:

- **GSE Eligibility**
- **LOS and CRM Integrations**
- **Direct Connections with Participating Lenders**
- **New Ways to Access Credit**

# Contact Rob Chrane

**404.272.7054**

**[rchrane@downpaymentresource.com](mailto:rchrane@downpaymentresource.com)**

**[DownPaymentResource.com](https://DownPaymentResource.com)**



NCSHA - HFA Institute  
January 12, 2024

# Increasing Down Payment Assistance Availability and Effectiveness

1/5/2024



# Freddie Mac Support for Down Payment Assistance Programs



Promote and support standardization to reduce costs, improve origination efficiencies and increase the use of available down payment assistance programs nationwide

- Credit Policies (Expanding the pie)
  - Continue to explore eligible sources of funds
    - Credit Unions, CDFI's, Mortgage Bankers
    - Gifts & Grants, Affordable Seconds
- Program Design (Making it easier for lenders to utilize programs)
  - DPA One
  - HFA 1
- Uniform Documentation and Process Consistencies (Creating Efficiencies)
  - Standardized Subordinate Lien Documents
- Reduce Origination Errors and Questions to DPA Providers

# DPA One's Value Proposition for Providers and Lenders



## Loan Officers & Housing Counselors

We help loan officers **quickly find, understand,** and **match** the best DPA programs to their borrowers by giving loan officers all the DPA **program information** they need **in one place** right **when they need it most.**



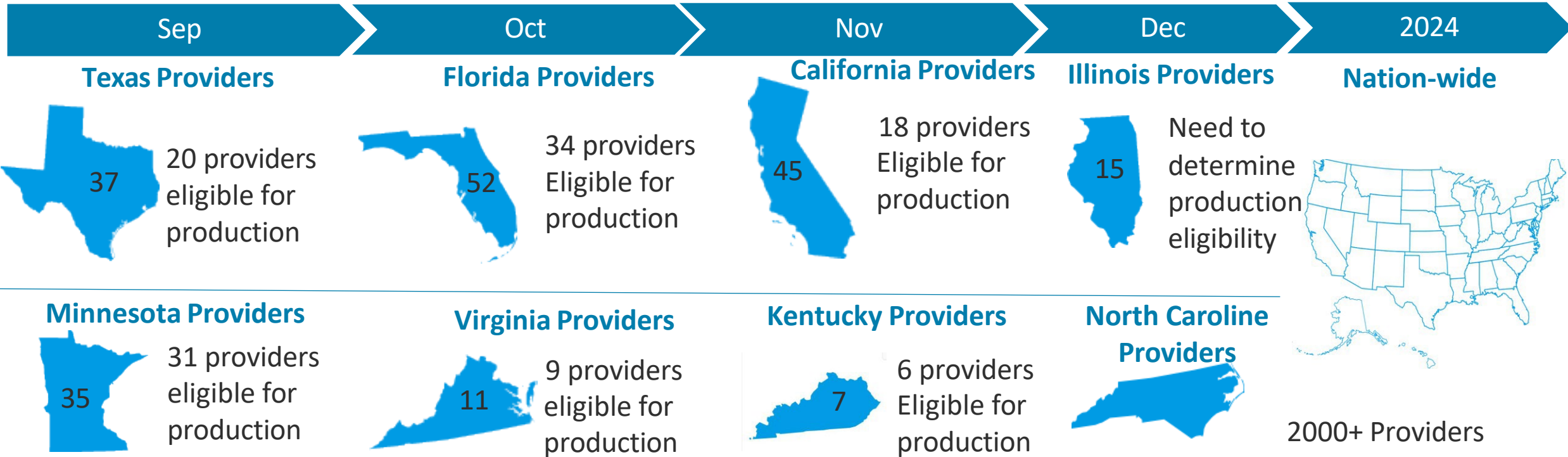
## DPA Providers

We help DPA program providers **reduce submission errors** and **program requirements questions** from lenders by giving DPA program providers a **single, standardized, insights-rich place** to manage all DPA program information.

# Delivering DPA One to the Market



Freddie Mac is promoting DPA One in a phased approach. States were selected based on population and early DPA provider participation. Housing professionals outside of these states may still access the program and enjoy the benefits.





# Increasing Down Payment Assistance (DPA) Availability and Effectiveness

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**Prepared for HFA Institute**

**By Sharmila Srivastav, Fannie Mae**

January 12, 2024



# An important note about the content

While every effort has been made to ensure the reliability of the session content, Fannie Mae's *Selling* and *Servicing Guides* and their updates, including *Guide* Announcements and Release Notes, are the official statements of Fannie Mae's policies and procedures and control in the event of discrepancies between the information in this session and the *Guides*.

## Key Obstacle

Lack of funds for down payment & closing costs are common barriers for low-to-moderate income borrowers in qualifying for a loan and achieving homeownership

There are more than 2,200 DPA programs available from non-profit and government sources

- State HFAs are primary sources of DPA for low-income homebuyers
- Fannie Mae works closely with many state HFAs leveraging HFA Preferred™ - Fannie Mae's affordable lending product that works with these down payment assistance programs by allowing grants from HFAs and accepting Community Seconds® to help bridge the affordable housing gap

We can improve access to equitable and sustainable homeownership by creating a simpler, more efficient origination process that helps consumers and lenders access available down payment funds

- Long term industry collaboration is key – All Boats Rise!
- Support existing industry efforts to introduce standardization and efficiency
- Continue to partner with non-profit entities and HFAs with sustainable DPA resources and innovate, where needed
- Increase awareness of existing DPA resources

# Standardized Subordinate Lien Legal Documents

- Partnered with Freddie Mac and the state HFAs to create and rollout standardized subordinate lien legal documents to help introduce efficiencies in the DPA origination process
  - Documents include security instruments, multi-state notes for deferred payment, forgivable, and amortizing seconds
- 1st phase rollout included documents for 9 state HFAs (CA, CO, ID, IL, MA, MN, TN, VA, WA)
- 2nd phase rollout included 7 more states (AL, AR, AZ, CT, IA, NM, SD)
- Phase 1 and Phase 2 documents have been distributed to the HFAs and posted on our website along with a Nov 2023 Selling/Servicing News communication to our lenders and the mortgage industry
- Received positive feedback from HFAs and lenders on the usage and impact
- Kicked-off Phase 3 in Nov 2023 and will continue to create legal documents in 2024 for the remaining 34 states, DC and 3 Territories

***HFAs are at the heart of any DPA solution and their collaboration leads to industry success***

# HFA1 Affordable Homeownership Lender Toolkit



Fannie Mae collaborated with HFAST (HFA Solutions Team) industry group in the development of HFA1 Lender Toolkit

HFA1 enables lenders to more easily access state HFA down payment programs and simplifies doing business with state HFAs across multiple states



Fannie Mae partnered with NCSHA to create a marketing flyer to promote HFA1 to the lender community

We promoted HFA1 at the October MBA Conference and will continue to promote the tool to showcase the more aligned HFA programs across states



23 participating HFAs and 124 lenders have signed up for HFA1

HFAs have reported positive results including improved speed to market and manufacturing loan quality, and reduced loan deficiencies.

***NCSHA's HFA1 tool is a successful milestone in helping lenders understand various DPA programs by presenting their common features in one place on a matrix.***



# DPA Search Tool for Consumers



**Partnered with Down Payment Resource to create a Consumer Search Tool on Fanniemae.com in Oct 2022 to help increase awareness of DPA programs for prospective home buyers**

The Search Tool enables consumers to identify a list of potential DPA programs that they may be eligible for



**Promoted the DPA Tool by launching a national marketing campaign, along with additional channels in select High Needs rural markets in support of our Duty to Serve commitments, helping prospective borrowers connect with DPA resources**



**Marketing Campaign has seen success in terms of increasing consumer awareness about down payment assistance and driving consumers to engage with our search tool, reinforcing consumer interest in down payment assistance programs**

***Consumer usage of the DPA Search Tool has exceeded our success benchmark thresholds***

# Down Payment Assistance Tool



The *Down Payment Assistance Search Tool* will ask 10 questions to narrow the number of matched programs.

## Find Down Payment Help

Down payment money is out there. We'll help you find it.

Matched Programs  
—  
[View Programs](#)

Where are you looking to buy?

In a county, city or neighborhood  At a specific property address

Single-Family or Multi-Family Home?

Single Family  Duplex  Triplex  Quadruplex

Estimated purchase price

\$

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About Your Household

How many people live in your household?  
Include yourself, spouse, children, other adults and senior dependents.

1

Do you currently own a home?

Please make a selection

What is your annual household income?  
Include all income for all occupants over 18 years of age.

\$

Are you (or a co-borrower) a current or former member of the U.S. military?  
Select all that apply.

Active Duty  Reserve/National Guard  
 Veteran  Surviving Spouse

Are you (or a co-borrower) Native American?

Yes

Do you (or a co-borrower) work in any of these professions?  
Select all that apply.

Education  Law Enforcement  
 Firefighter  Healthcare

Do you (or a co-borrower or dependent household member) have a disability?

Yes

[View Programs](#)

[Privacy Policy](#) | [Terms of Use](#)

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**DownPayment**  
RESOURCE

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# Down Payment Assistance Tool (Contd.)

The more questions the consumer answers, the more accurate the Matched Programs will be.

### Find Down Payment Help

Down payment money is out there. We'll help you find it.

Matched Programs  
**7**  
[View Programs](#)

Where are you looking to buy?

In a county, city or neighborhood  At a specific property address

County, City or Neighborhood  
DeKalb County, GA

Single-Family or Multi-Family Home?

Single Family  Duplex  Triplex  Quadruplex

Estimated purchase price  
\$ 180000

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About Your Household

How many people live in your household?  
Include yourself, spouse, children, other adults and senior dependents.  
3

Do you currently own a home?  
No, I have never owned a home

What is your annual household income?  
Include all income for all occupants over 18 years of age.  
\$ 100000

Are you (or a co-borrower) a current or former member of the U.S. military?  
Select all that apply.

Active Duty  Reserve/National Guard  
 Veteran  Surviving Spouse

Are you (or a co-borrower) Native American?  
 Yes

Do you (or a co-borrower) work in any of these professions?  
Select all that apply.

Education  Law Enforcement  
 Firefighter  Healthcare

Do you (or a co-borrower or dependent household member) have a disability?  
 Yes

[View Programs](#)

Powered by

A list of Matched Programs will be displayed with the Program Name, Maximum Amount, button to learn more about the program.

We found 7 programs for DeKalb County, GA

[Search Again](#)

### Down Payment Programs

Max Amount	Program Name	
Up to \$7,200 (4% of Purchase Price)	The National - Lakeview	<a href="#">Learn More</a>
Up to \$5,130 (2% of Base Loan Amount)	WE DeKalb Down Payment Assistance Program - Conventional	<a href="#">Learn More</a>
Up to \$5,130 (2% of Base Loan Amount)	WE DeKalb Down Payment Assistance Program - Government	<a href="#">Learn More</a>
\$15,000	Atlanta Neighborhood Development Partnership (ANDP) - Veterans Program	<a href="#">Learn More</a>
\$5,000	NeighborWorks Columbus - Employer Assisted Housing Program (Alac)	<a href="#">Learn More</a>
SAH Grant If you qualify for an SAH grant, you can get up to \$117,014 for FY 2024. This is the current total maximum amount allowed for SAH grants.	United States Department of Veterans Affairs - Specially Adapted Housing (SAH) Grant	<a href="#">Learn More</a>
SHA Grant If you qualify for an SHA grant, you can get up to \$23,444 for FY 2024. This is the current total maximum amount allowed for SHA grants.		
TRA Grant If you qualify for an SAH grant, you can get up to \$47,130 through the TRA grant program for FY 2024.  If you qualify for an SHA grant, you can get up to \$8,415 through the TRA grant program for FY 2024.		
\$5,000	NeighborWorks Columbus - Hallock Soldiers Fund Out of Funds	<a href="#">Learn More</a>

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# Down Payment Assistance Tool (Contd.)

After selecting the *Learn More* button, additional information such as a list of program benefits, contact information, next step guidance will be displayed along with a link to additional general DPA information on [www.downpaymentresource.com](http://www.downpaymentresource.com).

### Atlanta Neighborhood Development Partnership (ANDP) - Veterans Program

#### Benefits

- Our Veterans Program offers safe, newly renovated homes priced affordably and up to \$7,500 in homebuyer assistance!
- Buyer NOT required to be a first-time home buyer.
- Homes are priced affordably for families at or below 120% Area Median Income.
- ANDP also offers the option of leasing. Those actively working toward homeownership may choose to enroll in our lease purchase program. Under our lease purchase arrangement, a small portion of the tenant's monthly lease fee (approximately \$40-60 per month) is retained to be applied later to the down payment. In the ANDP lease purchase program, the tenant also agrees to participate in regular home buyer/financial counseling to prepare for homeownership.
- Veterans Affairs Supportive Housing vouchers (VASH) that provide recipients with combined rental assistance and case management and clinical services are accepted in ANDP's Veterans rental program.

#### Next Steps

**Program Provider's Phone**

For additional information, contact us at: 404-420-1600  
ANDP, Inc.  
229 Peachtree Street NE, Suite 705 Atlanta, GA 30303

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**Connect With Your Lender and Realtor**

This program can help you identify resources to help with your down payment, but you can't do it alone. Share this information with your real estate agent and your lender to help you take advantage of this opportunity.

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[Homebuyer Resources](#)

The screenshot shows the Down Payment Resource website. The main heading is "Resources for Homebuyers" with the subtext "Education is Key". Below the heading is a search bar and two article thumbnails. The first article is titled "Down Payment Programs 101: The 3 Most Common Homebuyer Assistance Programs Explained" and the second is "10 MYTHS ABOUT DOWN PAYMENT PROGRAMS".

# CalHFA and Shared Appreciation Program Development

- Partnered with CalHFA to support the development of their Dream For All (DFA) DPA program
- CalHFA received program funds for \$300 million in 2023 to develop their shared appreciation loan program
  - This was a DPA program that would provide shared appreciation loans to help low-and-moderate-income (LMI) first-time homebuyers (FTHB) achieve homeownership
  - Upon sale or transfer of the home, the homebuyer would repay the original down payment loan, plus a share of the appreciation in the value of the home
  - Any share of home appreciation would help replenish the DFA fund
- Fannie Mae collaborated with CalHFA to provide feedback on the draft program features and to ensure alignment with our policy requirements since the subordinate shared appreciation loans were combined with conventional first mortgages that were sold to Fannie Mae
- The DFA program funds were used up in 11 days after launch
- California Treasury has restored an additional \$255 million for the program
- Phase 2 DFA will launch in 2024

***> 90% of the loans were made to borrowers who could not otherwise have qualified for a loan without the DPA.***

# Fannie Mae Selling Guide Updates

- Made numerous policy updates over the last two years to clarify, simplify and enhance our DPA requirements as well as those for Gifts
  - March 2022 - clarified interest rate eligibility requirements for Community Seconds transactions
  - May 2022 - better defined the types of eligible DPA providers to assist lenders in determining who is an acceptable provider of a Community Seconds program
  - August 2022 - permitted lender-funded grants under certain conditions
  - September 2022 - expanded the list of acceptable gift donors and allowed electronic transfer of gift funds
  - March 2023 - extended the circumstances and limit to which sweat equity may be used; further defined provider requirements and provided guidance to lenders on how to determine the contributory value of sweat equity
  - April 2023 - permitted the use of the borrower's earned real estate commission for down payment and closing costs
  - May 2023 - updated the shared appreciation provider requirements; introduced new standards that promote consumer protection; clarified how repayment is made and aligned program requirements with industry standards

***Collaborating with partners like CalHFA on the Dream for All program enabled us to implement a comprehensive shared appreciation Selling Guide update that was responsive to current market conditions and customer needs***



**Other  
Initiatives/Programs**

- **Special Purpose Credit Program (SPCP)**
    - A strategy for creating more equitable mortgage opportunities for underserved communities
-



Fannie Mae®

Thank you for your  
continued partnership