

# HomeSeeker Lender Guidelines



A PROGRAM OF THE NEW JERSEY HOUSING AND MORTGAGE FINANCE AGENCY

## PROGRAM OVERVIEW

The HomeSeeker Downpayment (DPA) Program will provide a \$10,000 incentive to qualified homebuyers to purchase a primary residence in targeted areas in New Jersey. HomeSeeker DPA loans are

only available to eligible homebuyers who obtain first mortgage financing through the New Jersey Housing and Mortgage Finance Agency's (NJHMFA) Homeward Bound mortgage program.

## AVAILABLE FUNDS

There is \$10 million allocated for this program. The program will continue until December 31, 2020, or until funding is fully reserved, whichever comes first.

## PROGRAM GOAL

The goal of the HomeSeeker DPA Program is to provide a \$10,000 incentive to homebuyers to choose a property within a targeted hardest hit neighborhood. Encouraging homeownership in housing markets that have been hardest hit by foreclosures will strengthen demand in those areas, stabilize the housing market and prevent future foreclosures.

## TARGET AREAS

NJHMFA evaluated all 21 New Jersey counties and identified the targeted areas based on seriously delinquent mortgage loans, negative equity, short sales, Real Estate Owned property sales and foreclosures.

The following counties are targeted and eligible for this program:

Atlantic, Burlington, Camden, Essex,  
Gloucester, Mercer, Passaic and Union

## OCCUPANCY

Property must be occupied as the Borrower's primary residence within 60 days of closing. Borrower must maintain occupancy for the life of the HomeSeeker DPA loan.

## LOAN TERMS

The NJHMFA will make HomeSeeker DPA loans for downpayment assistance, including closing costs, in the amount of \$10,000 to qualified Borrowers purchasing in the target areas listed above. The interest rate on the HomeSeeker DPA second mortgage is 0% for a five-year forgivable term. There will not be an add-on to the interest rate of the first mortgage. Interest rates for NJHMFA first mortgages are obtained from an approved NJHMFA participating

lender. The rates are available to lenders through the ILRS (<https://www.njhmfa.org/live>). The Note and the Mortgage are closed in New Jersey Housing and Mortgage Finance Agency's name and not the lender's. The Borrower may repay the unpaid principal in full or in part at any time before it is due. If the Borrower continuously resides in the premises, as their principal residence for five years from the date of the loan closing, the loan will be deemed satisfied and a cancellation of mortgage/release of lien will be issued to the Borrower. If the Borrower conveys, refinances or ceases to occupy the premises as their principal residence, all of the unforgiven loan funds will be due and payable from net equity proceeds.

## BORROWER ELIGIBILITY

Eligible Borrower(s) must qualify and meet all requirements for an NJHMFA first mortgage loan originated through a participating lender. The Borrower(s) must be a first-time homebuyer. A first-time homebuyer is defined as someone who has not had an ownership interest in their primary residence during the previous three years. Veterans are exempt from the three-year ownership rule and are granted a Veteran's Exception. Borrowers must meet the minimum FICO score and debt-to-income (DTI) rules as listed in the Policy and Procedures for Participating Lenders (Seller's Guide), available at [www.njhousing.gov/media/download/lenders/len\\_sellerguide.pdf](http://www.njhousing.gov/media/download/lenders/len_sellerguide.pdf). Any Borrower in violation of the Dodd-Frank Act for having been convicted of a mortgage related felony in the past 10 years is ineligible. Any Borrower receiving HomeSeeker DPA funds will not be eligible for other downpayment assistance programs offered by the NJHMFA.

## INCOME LIMITS

The Borrower(s) must not exceed 140% of the Area Median Income (AMI). Income is based on the total household income. The maximum limits are as follows in the individual counties:

- Atlantic, Burlington, Camden & Gloucester - \$127,680
- Essex & Union - \$131,880
- Mercer - \$133,560
- Passaic - \$135,100

## PURCHASE PRICE LIMITS

The property must not exceed the maximum purchase price limit in all counties of \$437,349 for existing one family dwellings or \$559,854 for existing two- to four-family dwellings.



## ASSET LIMITS

Borrowers with sufficient liquid assets to close a mortgage loan at less than 80% LTV are ineligible.

## PROPERTY ELIGIBILITY

The property must be a single-family home, condominium, townhome, manufactured or mobile home which is permanently affixed to real property owned by the Borrower, or a two- to four-family dwelling unit of which one unit is to be occupied by the mortgagor as his or her principal residence. The property must be the Borrower's primary residence. The property must be an existing residential dwelling. New construction is not permitted. Properties must meet all other guidelines in the Policy and Procedures for Participating Lenders (Seller's Guide), available at [www.njhousing.gov/media/download/lenders/len\\_sellerguide.pdf](http://www.njhousing.gov/media/download/lenders/len_sellerguide.pdf).

## HOUSING COUNSELING

All Borrowers must receive housing counseling through a HUD approved housing counseling agency. Once completed, a Homebuyer Education Certificate is issued to the Borrower. This certificate is required in the loan closing package. HUD counseling agencies may charge a reasonable and customary fee to provide homebuyer education. All counseling fees are the responsibility of the Borrower. To find a HUD approved counseling agency visit [HUD.gov](http://HUD.gov), enter "NJ Housing Counselors" in the search box and you will be directed to the list.

## UNDERWRITING

HomeSeeker DPA mortgage loans are underwritten in accordance with all applicable requirements of the Agency first-priority purchase money mortgage loan that the Borrower has applied for. All HomeSeeker loans are underwritten prior to closing by NJHMFA. The prior to closing underwriting package must include the Dodd-Frank Affidavit signed by the Borrower(s).

## CLOSING THE HOMESEEKER LOAN

HomeSeeker DPA loans are closed simultaneously with the accompanying first mortgage loan and funded when the purchase is authorized on the first mortgage loan. If the Agency

does not purchase the first mortgage loan, the HomeSeeker DPA loan will likewise, not be funded. If there is a repurchase demand on the first mortgage loan under the Mortgage Purchase Agreement of the Guide, the Agency may also demand refund of all HomeSeeker monies in the transaction.

Participating Lenders are required to verify that all Borrower names appear in exactly the same manner on the HomeSeeker Note and Mortgage as set forth on the Note, Mortgage and related documents for accompanying first mortgage loan. A discrepancy in Borrower's names may result in a delay in the purchase of not only the HomeSeeker loan but the first mortgage loan.

Forms, checklists and instruments applicable to the HomeSeeker program are available on the Agency's website, in the Media Room section under Resources for Lenders (<http://www.njhousing.gov/media/download/lenders>). Forms may also be generated in the ILRS (<https://www.njhmfa.org/live>). Participating Lenders are required to utilize these documents for HomeSeeker applications made in connection with the Agency's first mortgage products. The lender is to prepare the Loan Estimate (LE) and Closing Disclosure (CD) for the HomeSeeker loans. The Borrower must also sign the DPA Award Letter required for HomeSeeker loans closed with a FHA first mortgage at closing.

HomeSeeker Notes are not to be endorsed. The HomeSeeker loan is to be closed in the name of the Agency. An erroneous endorsement to the HomeSeeker Note will create delays in the Agency's ability to purchase not only the HomeSeeker loan, but the accompanying first mortgage loan. The only instance where an endorsement to the HomeSeeker Note would be necessary is in the event that the HomeSeeker loan is erroneously closed in the name of the originating Participating Lender.

## FIRST MORTGAGE PRICING

The 30-year first mortgage interest note rate will not have an add-on to the rate if a HomeSeeker loan is elected for use. The interest rate will be set daily by the NJHMFA. Pricing is available to NJHMFA Participating Lenders through the ILRS.

**FOR MORE INFORMATION ON THE HOMESEEKER PROGRAM,  
VISIT US ONLINE AT [WWW.NJHOUSING.GOV](http://WWW.NJHOUSING.GOV) OR CONTACT:**

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