



A PROGRAM OF THE NEW JERSEY HOUSING AND MORTGAGE FINANCE AGENCY

## **FREQUENTLY ASKED QUESTIONS FOR LENDERS**

- 1. Can the HomeSeeker DPA loan be used for conventional loans?**  
No, it may only be used with the Homeward Bound first mortgage which is Government Insured (FHA, VA, USDA).
- 2. What is the maximum CLTV?**  
The NJHMFA does not set this parameter. The maximum CLTV is determined by the loan type (FHA, VA, USDA) guidelines and the lenders DE underwriter will underwrite the loan to the respective first mortgage guidelines.
- 3. Is an assignment of mortgage needed for the HomeSeeker DPA loan when sold to NJHMFA?**  
No, the HomeSeeker DPA loan is closed in NJHMFA's name, not the lender's.
- 4. Can the \$16,000 be used for downpayment and closing costs?**  
Yes, the monies apply to both.
- 5. Can the HomeSeeker DPA loan be used with an outside investor's first mortgage?**  
No, it may only be used with the NJHMFA Homeward Bound first mortgage.
- 6. Does the Dodd-Frank Certification and the Mortgagor's Affidavit Specific to HomeSeeker DPA have to be signed and submitted with the pre-closing underwriting package?**  
Yes.
- 7. Does an LE and CD have to be prepared individually for both the Homeward Bound and HomeSeeker DPA loans?**  
Yes both loans require their own LE's and CD's.
- 8. For the asset test, are retirement and pension accounts considered liquid assets?**  
No.
- 9. Is seller assistance/concessions allowed?**  
Yes, you must follow the respective loan type (FHA, VA, USDA) guidelines for the amount allowed.
- 10. If the borrower moves or refinances before the five year HomeSeeker DPA loan term, what do they have to pay back?**  
They must repay the entire \$16,000. There is no pro-ratio.
- 11. What are the maximum debt ratios?**  
For FHA it is 40/50, USDA is 32/44, and VA is 50 (VA does not have a front-end ratio).

**Questions? Contact James Hall, Asst. Director of Single Family Business Development at [jhall@njhmf.gov](mailto:jhall@njhmf.gov)**