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Smart DPA — Down Payment Assistance Program

Government — FHA & USDA · Purchase Only

Effective with locks 10/5/2026 **Updated October 2026** NMLS **#64997**

Let's Make Home Happen.

Program Highlights

Three ways to cover the down payment — two fully forgivable, one repayable — on a subordinate second lien behind an FHA 203(b) or USDA first lien.

- 3.5% DPA on the 3- and 5-year forgivable options (0%, no payment)
- 3.5% or 5% DPA on the 10-year repayable option (7.99%, all states)
- No first-time homebuyer requirement · available in all GMFS eligible states

This guide provides the program structure, first lien eligibility, credit, pricing and disclosure requirements for the GMFS Smart DPA down payment assistance program, offered with an FHA or USDA first lien.

Effective with locks as of 10/5/2026. Subject to change without notice. For internal and business-partner use only — not a consumer advertisement.

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SECTION 1

01 Program Overview

The three options at a glance

Down payment assistance delivered as a subordinate second lien alongside an FHA or USDA first lien. Available nationally with no first-time homebuyer requirement. Loans must meet all FHA and USDA guidelines in the GMFS Product Guide except where this guide states an overlay.

The Three Options at a Glance

	3-Year Forgivable	5-Year Forgivable	10-Year Repayable
DPA amount	3.5%	3.5%	3.5% or 5%
Based on	Price or value, whichever is less	Price or value, whichever is less	Price or value, whichever is less
2nd lien rate	0% — no payment	0% — no payment	7.99% — all states
Forgiveness / structure	Forgiven after 36 payments	Forgiven after 60 payments	30/10 balloon or 10-year note
Minimum FICO	640	640	660
Minimum blended score	660	660	670
Manual underwriting	Eligible	Eligible	Not allowed

True for All Three Options

- FHA 203(b) or USDA first lien only. Second lien must carry a separate, distinct loan number.
- Purchase only, owner-occupied primary residence for the full term of the second lien. No second homes or investment property.
- DPA funds come from a non-profit source that meets agency requirements. No resubordination or additional liens.
- Available in all GMFS eligible states; not available in U.S. territories. No first-time homebuyer requirement.

SECTION 2

02 Second Lien — DPA Structure

Terms, forgiveness, amount and lien mechanics

Guideline	3-Year & 5-Year Forgivable	10-Year Repayable
Term & forgiveness	Fully forgivable if there is no 90-day or greater delinquency on the first 36 payments (3-year) or 60 payments (5-year) of the first lien. 30-year fixed, 0% interest, no monthly payment.	Repayable — not forgivable. 7.99% interest in all states. Either a 30-year amortization with a 10-year balloon, or a 10-year note.
DPA amount	3.5% of purchase price or appraised value, whichever is less.	3.5% or 5% of purchase price or appraised value, whichever is less.
Draw request	REDCO DPA Draw Request letter must be signed and dated at closing.	
Lien mechanics	Separate and distinct loan number from the first lien. No resubordinating and no additional liens allowed.	

SECTION 3

03 First Lien Eligibility

FHA / USDA guidelines apply, subject to these overlays

Refer to FHA / USDA guidelines to determine first lien eligibility, subject to the overlays below.

Guideline	3-Year & 5-Year Forgivable	10-Year Repayable
Mortgage type	FHA 203(b) or USDA. 30-year fixed rate only.	
Purpose & occupancy	Purchase only. Property must remain the primary residence throughout the term of the second lien. No investment properties or second homes. HPML eligible per agency guidelines; High-Cost Mortgage Loans not allowed.	
Borrower eligibility	Per FHA or USDA program guidelines; see the GMFS Product Guide for rules not stated here. • Owner-occupied only — at least one borrower must occupy the home. • No revocable trusts. Foreclosure exceptions require prior approval. • Not required to be first-time homebuyers. No income restrictions beyond USDA guidelines.	
LTV / CLTV	Minimum LTV 90.00%. Max FHA LTV / CLTV: 96.5% / 100%. USDA to 100% loan amount; CLTV capped at max loan amount plus guarantee fee.	Minimum LTV 90.00%. Max FHA CLTV: 100% at 3.5% DPA, 101.5% at 5% DPA. USDA to 100% loan amount; CLTV capped at max loan amount plus guarantee fee.
Property types	Single-family detached or attached, condos and PUDs. 1–2 units only. No unique property types.	
Availability	All GMFS eligible states. Not available in U.S. territories.	

SECTION 4

04 Credit & Underwriting

Scores, AUS and DTI

Guideline	3-Year & 5-Year Forgivable	10-Year Repayable
Minimum credit score	640 representative score.	660 representative score — no loan level price adjustment.
Minimum blended score	660	670
Blended score use	Qualification purposes only. Pricing stays based on each borrower's individual representative score. Full eligibility and calculation in Section 7.	
Underwriting	Approve/Eligible required from AUS (DU, GUS). Manual underwriting eligible — see the GMFS Product Guide for manual FHA rules. Manual downgrades eligible.	Approve/Eligible required from AUS (DU, GUS). Manual underwriting not allowed. Manual downgrades eligible.
DTI	Maximum DTI per AUS approval and agency guidelines.	

SECTION 5

05 Pricing, Structure & Property Conditions

High balance and buydowns

Guideline	3-Year & 5-Year Forgivable	10-Year Repayable
High balance	Not allowed.	Allowed, subject to Loan Level Price Adjustments.
Buydowns	Permanent rate buydown allowed on the first lien. 2-1 and 1-0 temporary buydowns allowed with an applicable LLPA — see the current rate sheet for the buydown LLPA amount.	

SECTION 6

06 Fees, TRID & Disclosures

Second lien disclosures, fees and mortgagee clause

Guideline	3-Year & 5-Year Forgivable	10-Year Repayable
Second lien TRID	Second lien requires a separate loan number and its own TRID disclosure. No lender fees on the second lien. Allowable fees are limited to prepaid interest, reasonable recording and settlement fees, and MERS registration/transfer fees.	
Balloon disclosure	Not applicable.	Required when structured as a 30-year amortization with a 10-year balloon.
Fees	In addition to the standard GMFS fees: • Admin Fee — $250 • Non-Profit Fee (2nd lien) — $500, applied to the first lien Fees-in are not allowed — refer to the GMFS Product Guide.	
Lender fees & credits	Fees charged to the borrower must comply with all applicable federal, state and local laws and disclosure requirements. The only exception is for required cures.	
TPO	On TPO transactions, GMFS must disclose and draw the documents.	
Hazard / flood mortgagee clause	Click n' Close, Inc. ISAOA/ATIMA — PO Box 2728 — Sioux City, IA 51106. Phone 800.998.0761 · Fax 800.709.4818 or 800.709.4819 · escrow@clicknclose.com	

SECTION 7

07 Blended Credit Score

Appendix — qualification guidance for all channels

Blended credit scoring lets borrowers qualify on the average of their representative (middle) scores when the conditions below are met. It is for qualification only — pricing must still be based on each borrower's individual representative score.

Eligibility Requirements

Requirement	Detail
Minimum blended score	Forgivable 660 · Repayable 670
Whose scores count	Occupying borrowers only, using each one's representative (middle) score.
Primary wage earner	Must earn 60% or more of total household income (including non-qualifying income) and must have the higher credit score.
Lower wage earner	No minimum credit score. Their score is used only when the condition above is met.
AUS	Loan must receive an AUS approval. No manual underwriting.
Pricing	Must contact the Lock Desk to obtain pricing.

How to Calculate the Blended Score

01 Determine each occupying borrower's representative credit score — the middle of three scores, or the lower of two.

02 Confirm the higher income earner also has the higher credit score.

03 If step 2 is met, average the two representative scores: Blended Score = (Borrower 1 rep. score + Borrower 2 rep. score) ÷ 2.

04 Verify the blended score meets the minimum — 660 forgivable, 670 repayable.

! Watch out: if the lower income earner has the higher score, blended scoring cannot be used — the borrowers must qualify on individual scores.

Worked Example — Repayable

	Borrower 1	Borrower 2
Credit scores	735 / 715 / 720	640 / 625 / 655
Representative score	720	640
Monthly income	$6,000	$3,000
Share of household income	66.7%	33.3%

Blended score: 680 — Borrower 1 earns 66.7% of the $9,000 household income and holds the higher score, so blending is allowed. (720 + 640) ÷ 2 = 680 — clears the 670 repayable minimum.

This guide is a summary for licensed mortgage professionals; refer to the GMFS Product Guide and applicable agency handbooks for complete requirements.

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