

Helpful tips for special programs

Wells Fargo Funding is committed to supporting neighborhood stabilization efforts and assisting communities across the country. Below you'll find explanations for some of the most common questions we encounter related to down payment assistance and other special programs designed to assist borrowers with the cost of purchasing or refinancing a home.

Refer to the *Wells Fargo Funding Seller Guide* (Seller Guide) for complete requirements. All down payment assistance and special programs must meet applicable Wells Fargo and Agency guidelines.

Down payment assistance (DPA) programs	
Definition	DPA enlists the participation of nonprofit organizations and government agencies to help borrowers cover the costs of a down payment (also, in some cases, closing costs and other upfront cash requirements).
Purchase eligibility	<ul style="list-style-type: none"> • First Mortgages with DPAs, mortgage credit certificates (MCCs), and affordable resale-deed restrictions are eligible for purchase. • Wells Fargo Funding does not approve DPAs for Seller use. • DPAs that require the first Mortgage servicer to notify the DPA agency of first mortgage payment delinquencies or default are ineligible for purchase. • Soft seconds, community seconds, or forgivable seconds must be secured with a Mortgage or Note. • DPAs must not restrict the transfer of servicing rights of the first Mortgage sold to Wells Fargo. All servicing requirements should align with standard federal or state regulations. • DPAs must not require prior notification or approval from the sponsoring authority in the event of the transfer of the first Mortgage's servicing rights.
Underwriting	Sellers should originate and underwrite first Mortgages that are combined with a special program according to acceptable first Mortgage Agency guidelines. Be aware if there are more restrictive guidelines between the first Mortgage and the DPA.
Credit policy considerations	<p>Sellers should refer to first Mortgage Agency guidelines for underwriting guidance on Loans with layered down payment assistance programs.</p> <p>Ineligible:</p> <ul style="list-style-type: none"> • The first Mortgage is subject to any terms or conditions of a bond program. • Loans with rehabilitation components, manufactured, or mobile homes, shared equity¹ or below market rate² programs. • Loans where an associated DPA restricts the deed.
Seller participation requirements	<ul style="list-style-type: none"> • State and local housing finance agencies (HFAs) generally require approval to participate in their programs; check their websites for information concerning Seller approval processes. • Confirm DPA meets all Agency, FHA, VA, Rural Development, secondary, subordinate, and DPA financing guidelines. Refer to Seller Guide Sections 600.09; 820.07(a); 820.16; 820.35.
Delivery process	<ul style="list-style-type: none"> • Evidence of DPA should be included in the Closed Loan Package. • Make sure DPA amount appears on the automated underwriting system as subordinate financing. • Bulk and specified pools are eligible.

1. Shared equity – Indicates the mortgage is for resale-restricted, owner-occupied housing in which the rights, responsibilities, and benefits of residential property ownership are shared between individual homeowners and another party representing the interests of a larger community. Wells Fargo's Special Program's Administration shared equity/shared appreciation relates to repayment of the DPA plus a portion of the equity, there may be confusion regarding the definitions.

2. Below market rate – Loans with resale restrictions that require the use of the Fannie Mae affordable LTV ratio calculation and delivery of Special Feature Code 630, are ineligible for delivery to Wells Fargo Funding.

Special programs

Deed restrictions

Wells Fargo Funding will purchase conventional Conforming Loans subject to resale-deed restrictions – whether terminating upon, or surviving foreclosure – only after Wells Fargo has approved the resale restrictions. There is no fee for this review. Refer to Seller Guide **Section 820.16: Resale-Deed Restrictions** for complete guidelines.

Mortgage credit certificate (MCC) programs

MCCs are payment subsidies issued by a government entity to qualifying homebuyers. The MCC may be in the form of direct payments or tax rebates/credits.

Wells Fargo NeighborhoodLIFT® program

A collaborative effort of Wells Fargo Bank, with NeighborWorks America and local nonprofit organizations, the Wells Fargo NeighborhoodLIFT® program supports sustainable homeownership and advances neighborhood revitalization by providing down payment assistance and financial education to homebuyers.

How can my company participate?

- **Research.** Visit the [NeighborWorks America site](#) to access available locations.
- **Build relationships.** Contact the local nonprofit administrator to learn more about becoming an approved lender.
- **Take action.** Request an application from the local nonprofit administrator, complete, and submit for approval.

Note: The first mortgage can be financed by any NeighborhoodLIFT program-approved lender. Down payment assistance grants cannot be used to purchase bank-owned properties managed by Wells Fargo Premiere Asset Services.

Wells Fargo Funding can help

Access our **DPAs** list, though not an all-inclusive list, it provides a place to start researching available programs.

1. Visit [wellsfargofunding.com](#).
2. Select **Resources** from the navigation bar.
3. Under **Diverse Segments**, select the **Down payment assistance (DPA) programs** link.

We also offer a **Special Programs Power Hour** so you can learn even more about how to help first-time homebuyers attain their dream of homeownership. Contact a member of your regional sales team or email CorrespondentDiverseSegments@wellsfargo.com to schedule one today!



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