

9210 ELIGIBLE TYPES AND TERMS OF FINANCING

9210.1 Family Responsibility. The household is responsible for securing their own mortgage loan financing from a Participating Lender.

9210.2 Permitted Types of Loans: The following types of loans are acceptable:

- (a) Primary fixed rate mortgage loans that are:
 - (1) Insured by the FHA;
 - (2) Guaranteed by VA or other governmental entity;
 - (3) Insured with private mortgage insurance, if: (i) The terms comply with secondary mortgage market underwriting of Fannie Mae, Freddie Mac, or the Federal Home Loan Bank; or
 - (4) Obtained through any other local or federal governmental lending program.
- (b) Subordinated mortgage loans, using
 - (1) Local Community Development Block Grant funds; or
 - (2) Other subsidized subordinate funding available in conjunction with the HCV/HOAP.

9210.3 Prohibited Loans. The following types of financing are considered high risk and are not approved for use:

- (a) Balloon payments;
- (b) Adjustable rate mortgages;
- (c) Loans to persons in addition to those listed in the household's HCV/HOAP application;
- (d) Owner financing except as may be approved on a case by case basis; and
- (e) Any other type of loan that may come to the attention of HCV/HOAP that demonstrates a high-risk factor, as may be determined on a case by case basis.

9210.4 Minimum Down Payment. The minimum down payment requirements are:

- (a) The Family shall contribute a minimum of three (3%) percent of the purchase price of the home as a down payment.
- (b) The source of the down payment (3%) funds can include, but is not limited to, the following:
 - (1) Gifts from family members or friends;
 - (2) Loans from family members or friends;
 - (3) Loans from any governmental program secured by a subordinate lien.

9210.5 Delinquency Notification by Lenders. Participating lenders shall agree to notify HCV/HOAP of any mortgage payment delinquency, in order to initiate prompt intervention and to avoid serious mortgage delinquency/default.

SOURCE: Notice of Final Rulemaking published at 49 DCR 5767 (June 21, 2002); as amended by Final Rulemaking published at 52 DCR 6180 (July 1, 2005).