

# Offsetting the Affordability Crisis:

The Untapped Potential of DPA

Presented By:



# MGIC

**Thank you for  
joining us today!**



**Sean Moss**

EVP Product & Operations  
Down Payment Resource®

# About Down Payment Resource

## **Our Mission**

*To help our business partners connect homebuyers with the down payment help they need.*

## **Our Vision**

*Anyone aspiring to homeownership will know that down payment help is available and how to find it.*

- We're a national database and matching engine of ~2,200 homeownership programs.
- Our technology is integrated into MLSs and property listing data.
- Our lender tools help mortgage companies streamline DPAs.
- Our Down Payment Connect tool helps agents and loan officers connect buyers with DPA!

We help you  
connect  
homebuyers to  
the down  
payment help  
they need.



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# Today, we'll be discussing...

- State of DPAs
- Impact of DPA
- Where We Go From Here

# The State of DPA

## Today's Homebuyer Assistance Programs

- Current state of homebuyer programs
- DPA is everywhere
- Program trends

# Current DPA Trends

- Demand for DPAs is through the roof.
- DPA providers continue to enhance programs with more assistance, higher income limits and higher purchase price limits to keep up with rising prices.
- New state & local programs continue to launch in markets nationwide.
- 81% of all DPAs are funded and available.

***Down payment assistance is still available and not going away!***

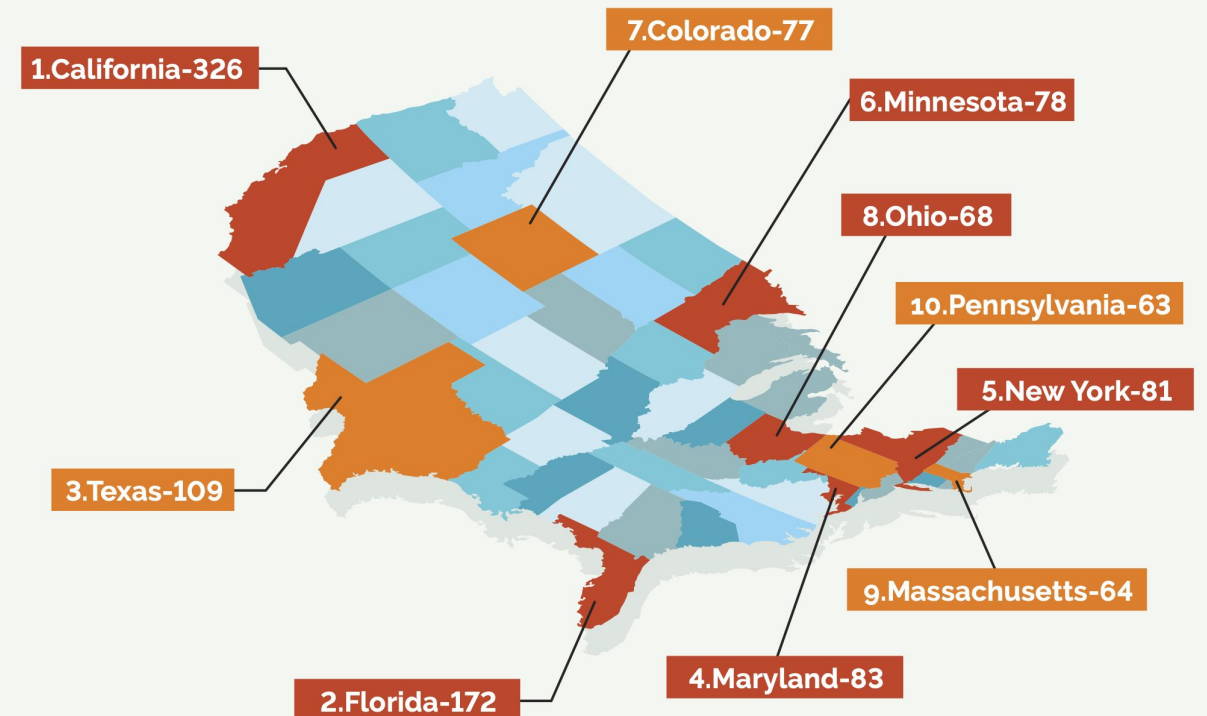
# Down Payment Help Is Available!

**Common Myth:** Down payment programs are not available in my area.

**Fact:** Down payment programs are available in every market across the country. Some are available statewide, while others serve local communities.

## 2,294 HOMEBUYER ASSISTANCE PROGRAMS AVAILABLE ACROSS THE COUNTRY

States with the Greatest Number of Programs, Ranked in Order:





# Current State of Homebuyer Assistance Programs

## HOMEOWNERSHIP PROGRAM TYPES

### 74% DOWN PAYMENT & CLOSING COST ASSISTANCE

81% of DPA programs have deferred payments.

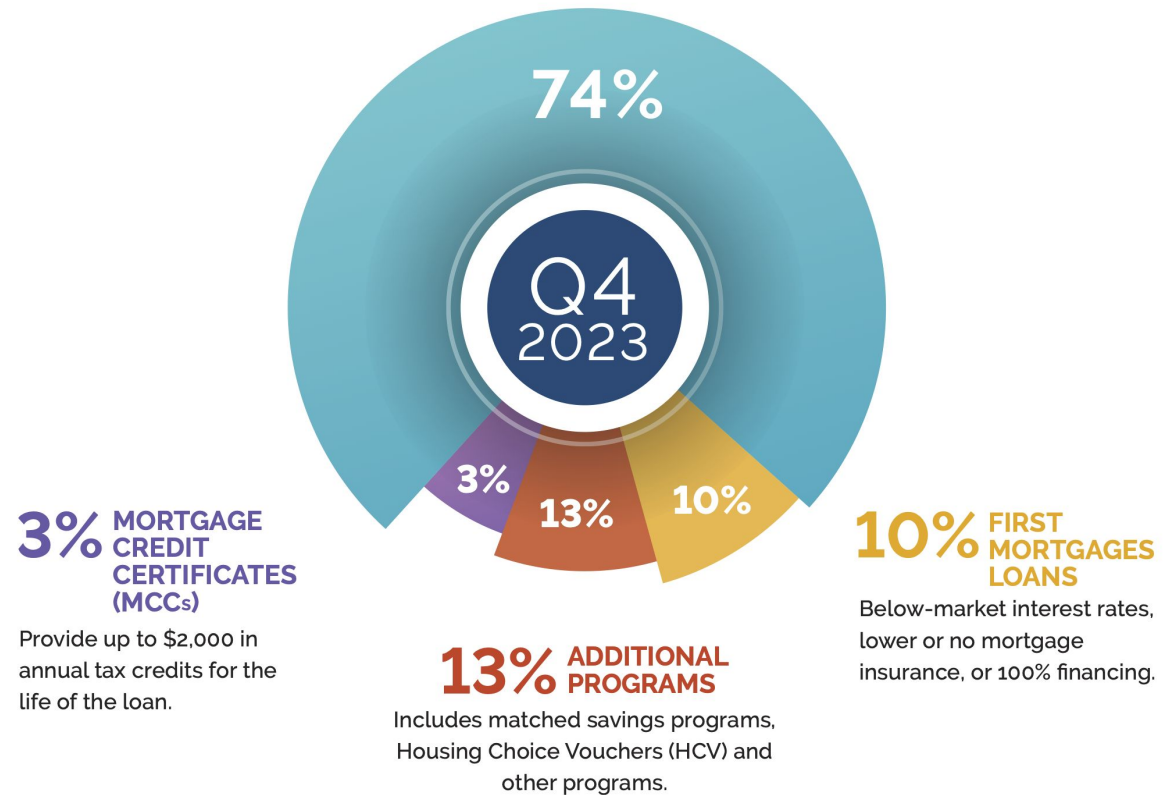
54% are forgivable loans.

54% are forgivable loans with deferred payments.

**Grants:** Gifts which do not have to be repaid.

**Second Mortgages:** Very low or 0% interest loans that may be deferred or incrementally forgiven over time.

**Combined First Mortgage & Down Payment Programs:** Down payment assistance programs combined with 1st mortgages that have favorable interest rates.



# Most DPAs are Deferred and Over Half Are Forgivable

Of the **74%** of programs that are DPAs...

**81%** have deferred payments.

**54%** are forgivable loans.

**54%** are forgivable loans with deferred payments.

# Influx of DPAs

## A GUIDE TO Q4 2023 HOMEBUYER ASSISTANCE PROGRAM TRENDS

81% of all homebuyer assistance programs are actively funded and available.

The Q4 2023 HPI report revealed a 6% year-over-year increase in the number of homebuyer assistance programs available, raising the total number of programs to 2,294.



# Influx of DPAs

## *Increase in Programs for Military Personnel and Veterans*

As of Q4 2023, there were **94** programs that offer incentives to veterans and service members to help build, buy or make accessibility-related home renovations, **a 47% YoY increase.**



# Evolution of DPAs

*Hundreds of Programs Allow Funds to be Used to Cover Certain Loan and MI Fees*

As of Q3 2023...

- **224 programs** can be used to pay the upfront mortgage insurance premium (UFMIP) on FHA loans, the funding fee on VA loans and guarantee fees on USDA loans.
- **71 programs** allow MI offsets so the homebuyer can reduce mortgage insurance costs.
- **241 programs** can be used to pay the MI premium.

# Evolution of DPAs

*Programs Allow Funds to be Used for Buydowns to Lower Mortgage Rates*

As of Q3 2023...

- **253 programs** allow for a permanent rate buydown
- **66 programs** allow for a temporary rate buydown
  - **53 programs** allow for 1-0 buydowns
  - **58 programs** allow for 2-1 buydowns
  - **55 programs** allow for 3-2-1 buydowns

# Impact of DPA

## Understanding What We Can Truly Accomplish

- Re-think your second review process
- Shrink the DPA awareness gap
- Serve LMI borrowers...and more

# How Many Closed Loans are Eligible for DPA?

Top 10 MSAs	Loan Type	Loans Eligible for Assistance	% Eligible for Assistance
	All	683,951	43.6%
	Conventional	499,238	36.2%
	FHA	134,873	79.8%
	VA	47,911	42.5%
	USDA	1,929	81.9%



# Awareness Gap?

- Case In Point: 2023 FHA Annual Report to Congress
  - “**14.98%** of FHA purchase loans **utilized** down payment assistance from government sources.”
- The Gap: Urban Institute Oct 2023 Chartbook
  - “**79.8%** of closed FHA purchase loans in 2022 **were eligible** for down payment assistance.”
  - “...and were generally eligible for **more programs** than conventional closed purchase loans.”

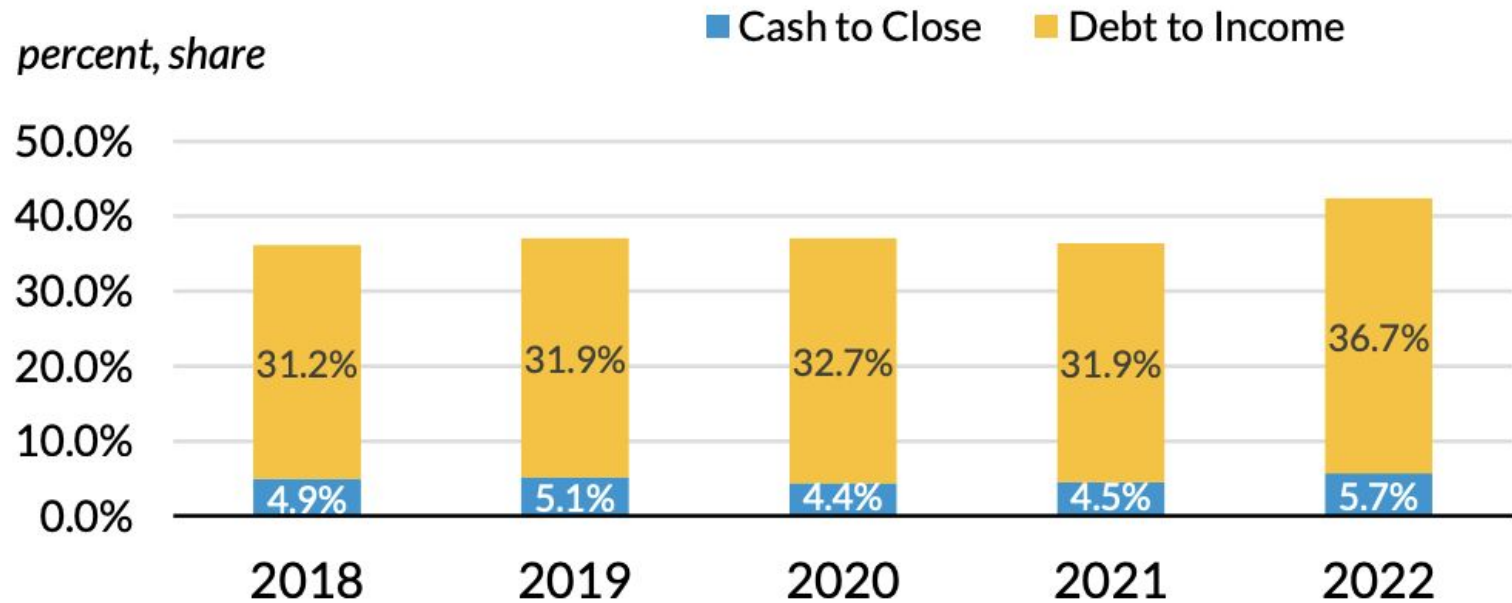
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# But also...

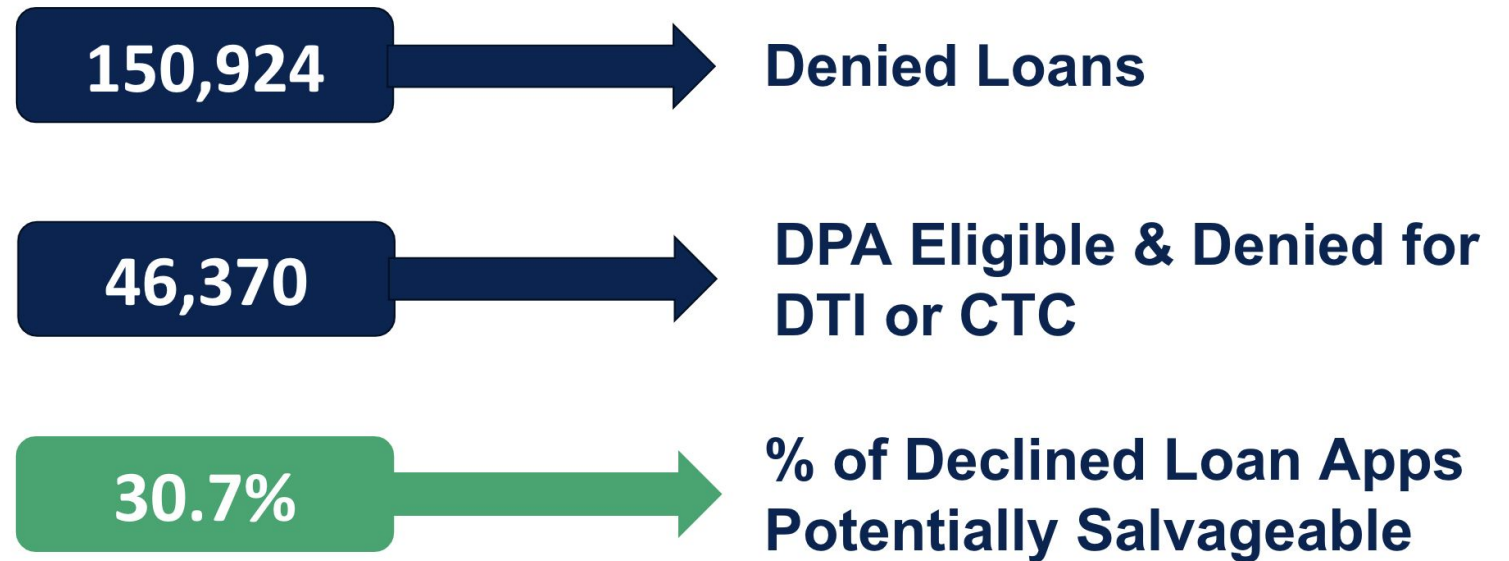
What about the many potential borrowers who are **turned away** or **give up** before they ever even make application?

# More Loans Can Be Saved with DPA

## Potentially Salvageable share of Denied Loans by Year

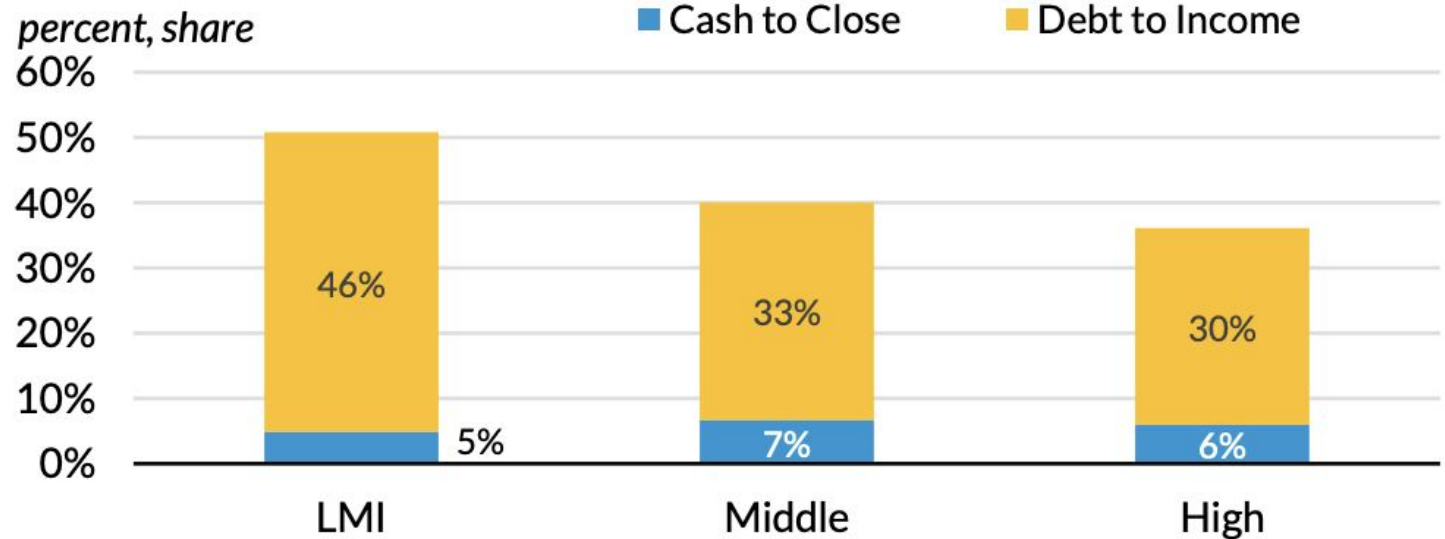


**30.7% of declined loan apps in top 10 MSAs in 2022 were salvageable with DPA.**



DPA's help more LMI borrowers, but not just LMI borrowers.

### Potentially Salvageable Share of Denied Loans in 2022 by Applicant Income



Source: HMDA and Urban Institute.

Note: Income categories determined by area median income (AMI) LMI <= 80% of AMI; middle 80-120% AMI; High >= 120% AMI.

# Raise the bar...

Do you think **2023** looked any different?

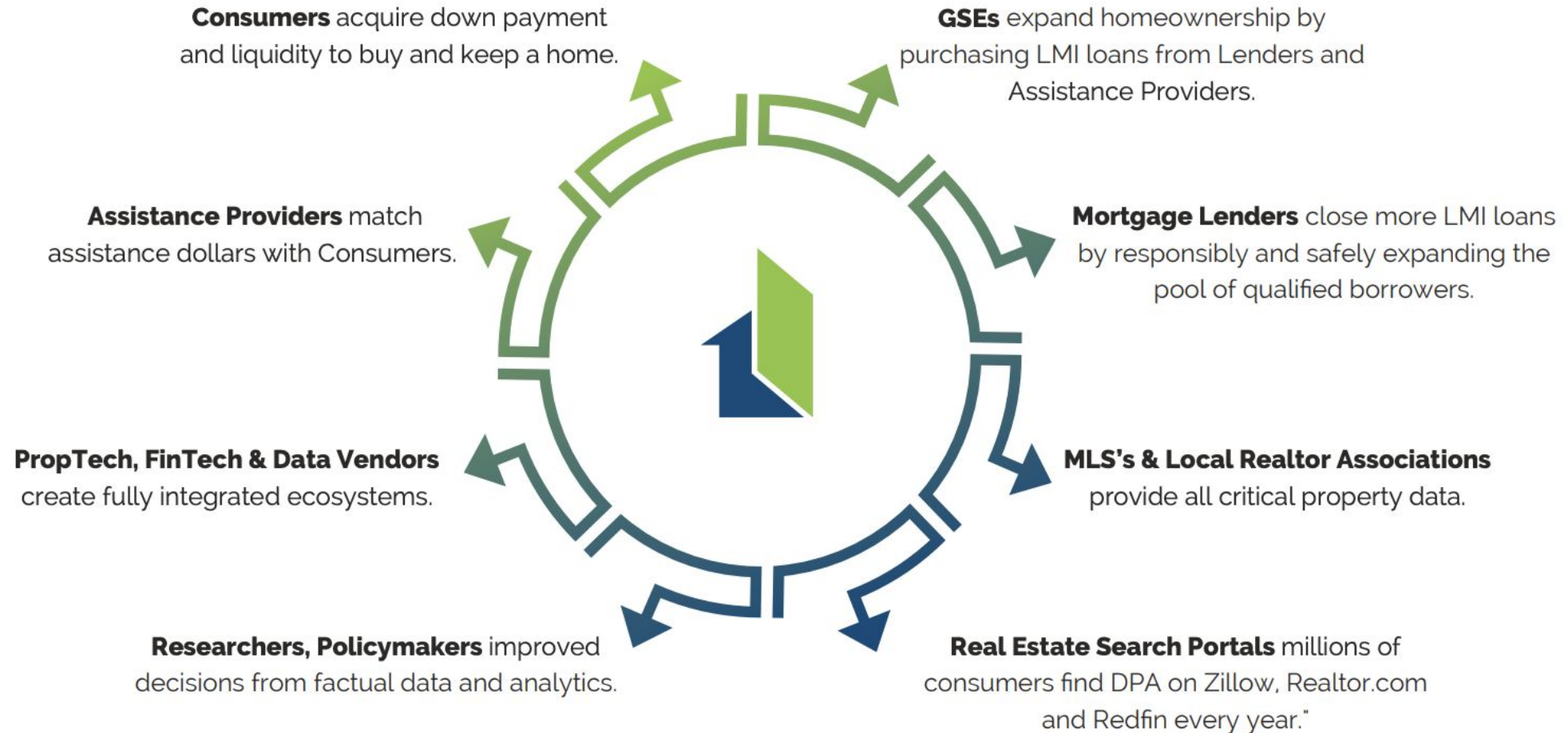
What will we do to improve in **2024**?

# Looking Ahead

## Where do we go from here?

- Raising awareness
- Opening inventory options
- Building better Agent/Lender partnerships
- Providing loan officers and lenders the tools they need to do more DPA better
- Know how DPAs can address costs beyond just down payment
- Recognizing opportunities to create buyers by leveraging DPA

# Connecting Stakeholders





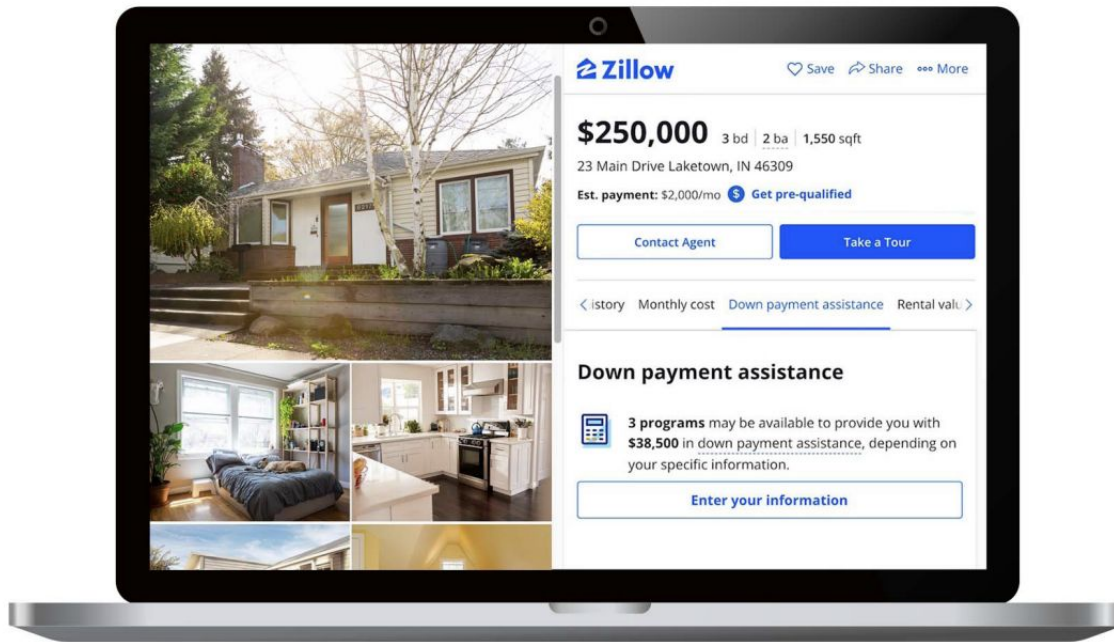
Continue to  
Educate  
Aspiring  
Homebuyers



REDFIN



# Of Those Who Used Zillow's DPA Finder...



**66%**

REPORT THEY ARE FIRST-TIME BUYERS

**\$17,000**

IS THE AVERAGE DPA BENEFIT

**93%**

GET AT LEAST ONE DPA RESULT

# Open More Inventory Options

## EXPANDED INVENTORY OPTIONS

804 programs allow for  
manufactured housing, a  
20% increase since Q4 2022.

686 programs allow for  
multi-family properties, an  
8% increase since Q4 2022.



# Open More Inventory Options

## **Know what properties your local DPAs allow.**

- Consider alternative inventory sources:
  - Agency-owned properties
  - Municipal-owned properties
  - Community Land Trusts (CLTs)
  - Homes that need minor repairs
  - “Coming soon” properties
  - 2-4 unit properties
  - Manufactured/Modular homes

# Real Estate Agents Are Desperate for Your Help

Most common question we get from real estate agents:

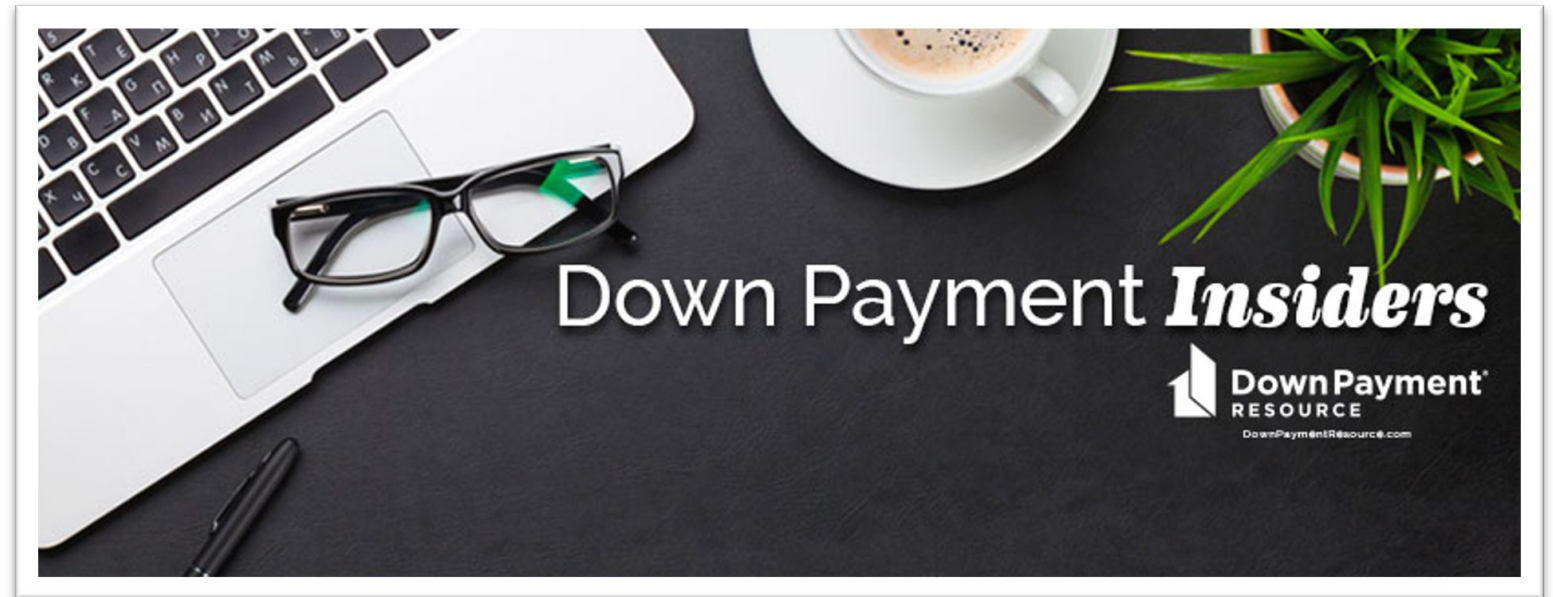
***“How do I find a loan officer that can help me with DPA?”***

# Real Estate Agents Are Desperate for Your Help

Real estate agents are looking for LOs and Lenders that:

- 1. Offer DPA.**
- 2. Are good at DPA.**
- 3. Want their purchase business.**

# Connect with 12,000 Down Payment Insiders!



***[Facebook.com/groups/DownPaymentInsiders](https://www.facebook.com/groups/DownPaymentInsiders)***

# More Than Just Down Payment Help



## PROGRAMS ALLOW FUNDS TO BE USED FOR BUYDOWNS TO LOWER MORTGAGE RATES

253 programs allow for a permanent rate buydown

66 programs allow for a temporary rate buydown

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## HUNDREDS OF PROGRAMS ALLOW FUNDS TO BE USED TO COVER CERTAIN LOAN AND MI FEES

**224 programs can be used to pay the upfront mortgage insurance premium (UFMIP) on FHA loans and the funding fee on VA loans.**

**241 programs can be used to pay the MI premium.**

**71 programs allow MI offsets so the homebuyer can reduce MI premiums upfront.**





# A Steady Stream of Housing Authority Referrals



*“As a local housing authority, we rely on lender partners to deliver programs on our behalf. To support our success, we connect prospective homebuyers with quality lending partners.”*

**Diane Arvizo**

*Director of Homeownership Programs, Nevada Rural Housing Authority*

**When interest rates hit a 20-year high in November of 2022, most originators were hearing crickets, but Mosi Gatling’s phone was ringing off the hook.**

*“My business was up 18% because I heavily engage with my housing authority on ways to help people overcome financing hurdles.”*

**Mosi Gatling**

*Sales Manager, loanDepot*



# The Smartest Kid in the Room

*“When the markets change like this,” muses Gatling, “the smartest kid in the room will always win. I’m down to be the smartest kid.”*

So what does Gatling see as the smart kid strategy? She’s going to continue shoring up referrals by being the source of information that real estate agents, home builders and homebuyers need.

***“I’m going to show them what it looks like to have a real professional in the room.”***

**Mosi Gatling**

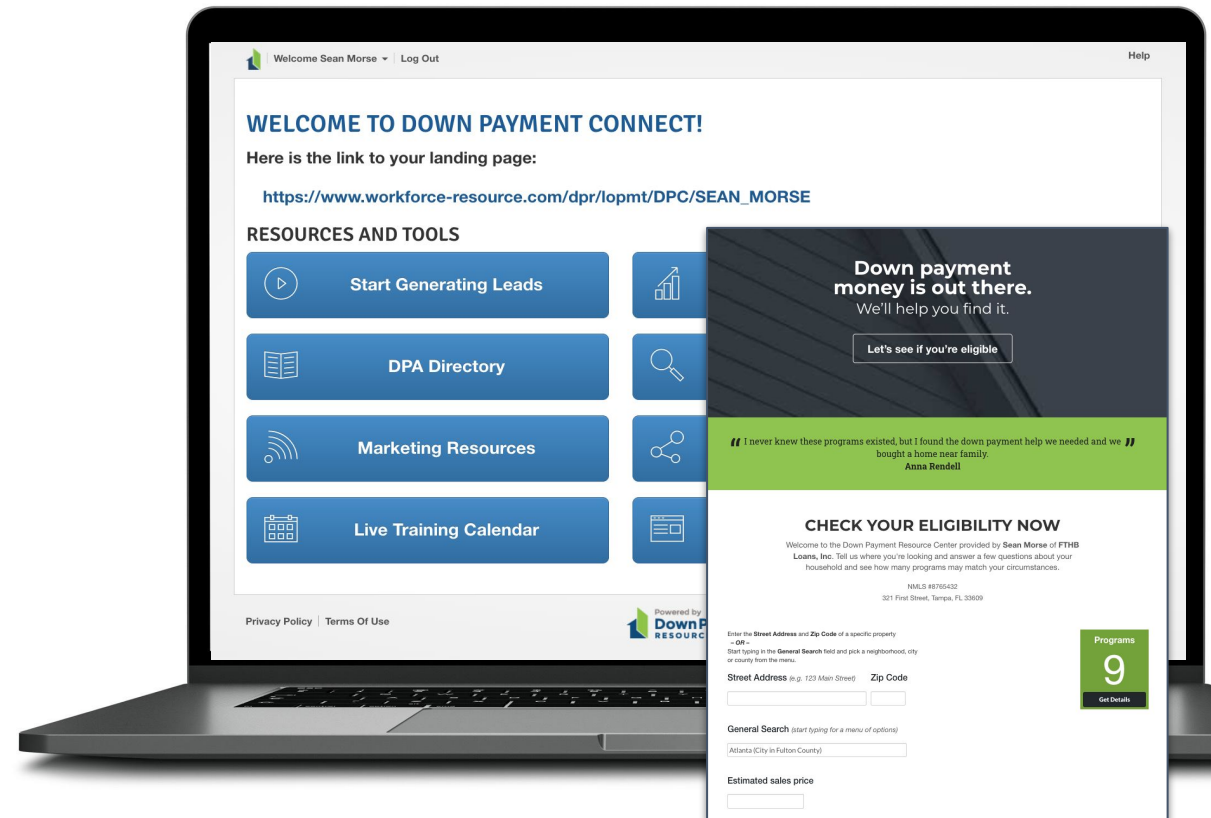
*Sales Manager, loanDepot*





[DownPaymentResource.com/DPC](https://www.DownPaymentResource.com/DPC)

- Engage and educate new buyers.
- Buyers complete a program search.
- Generate leads.
- Tap into growth markets.
- Run digital marketing campaigns.
- Details of all DPAs in your market.



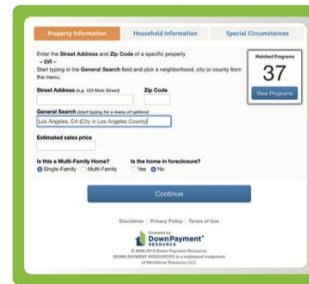
# Do DPA Better!

# DownPaymentResource.com/Lenders

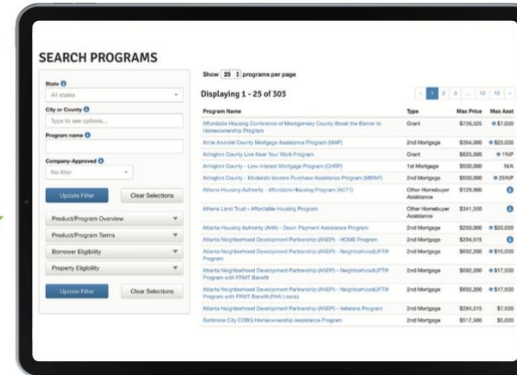
## DPA DIRECTORY

For Product Teams

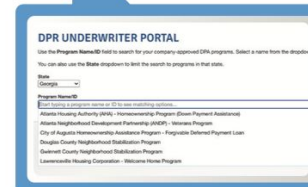
Manage your DPA roster with searchable online access to current DPA guidelines and requirements for all homebuyer programs.



**MLO PORTAL**  
For Loan Officers  
Automates the process of matching borrowers with your approved DPA programs.



**UNDERWRITER PORTAL**  
For Underwriters  
Access company-approved DPA guidelines and expedite DPA pipeline.



**CONSUMER PORTAL**  
For Homebuyers  
Share your DPA options with homebuyers and connect them with MLOs.

# Remember that awareness gap?

**15%** of FHA borrowers in 2023 received government-funded DPA.

**79.6%** of FHA borrowers in 2022 were eligible for government-funded DPA.

**Over 30%** of declined loans are salvageable with DPA.

# The Untapped Potential of DPA

## Who will fill the gap?

**Save borrowers:** Re-think your second review strategy.

**Create borrowers:** Leverage DPA programs for all their eligible uses.

**Court more agents:** They have borrowers for you.

**Build your DPA IQ:** Don't boil the ocean. Learn 1!

**Streamline:** Organize your DPA subject matter experts.

**Win:** Grow your purchase business while others balk at the idea of DPA.



# Contact Us

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