



NEWS RELEASE

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Homeownership Program Index Highlights Most Common Down Payment Assistance Programs

Down Payment Assistance Programs Represent 73% of Total Programs.

Atlanta, GA, July 29, 2021—Atlanta-based Down Payment Resource, the nationwide database for homebuyer programs, today released its **Second Quarter 2021 Homeownership Program Index (HPI)**. The number of total programs is 2,223, and over 81 percent (81.4) of programs currently have funds available for eligible homebuyers.

Down Payment Resource communicates with over 1,100 program administrators to track and update the country's wide range of homeownership programs, including down payment and closing cost programs, Mortgage Credit Certificates, affordable first mortgages and more. This quarter's HPI reviews today's common down payment assistance program options and features.

"From grants to forgivable loans, down payment assistance is the largest category of programs we track. This gives buyers flexibility when it comes to applying for down payment and/or closing cost help," said Rob Chrane, CEO of Down Payment Resource. "Buyers should discuss their program options with their loan officer and real estate agent to make sure they choose the program best suited to their personal needs."

Down payment assistance (DPA) programs make up 73 percent of the programs in the Down Payment Resource database and are available for income- and credit-qualified homebuyers

who are ready for homeownership. These programs may be in the form of a repayable second mortgage loan or a non-repayable grant, and they're offered by federal, state, county or local government agencies, nonprofits or employers.

Repayable down payment assistance programs are often a 0 percent interest second mortgage.

Some may accrue interest, while others may be amortizing loans. They typically range from 5-year to 30-year loans with varying payback provisions. The repayment may start immediately or kick in after a predetermined period of months or years, referred to as a "soft" second.

An example of a soft second is the [GC97 Freddie Mac HFA Advantage Program with GC97 Plus](#), offered through the Tennessee Housing Development Agency. Buyers can receive up to \$7,500, depending on the sales price of the home. The loan is amortized over a 15 year term, and the interest rate is the same as the first mortgage.

Some repayable programs may have a partial balloon payment, meaning the remaining balance of the original second mortgage may come due at the end of the second mortgage term.

Nearly two-thirds of all down payment programs are silent seconds or deferred loans.

With a silent second or deferred loan, payments are postponed until one of several events occurs—usually, when the borrower sells, refinances, rents or moves out of the original home purchased.

These loans are ideal for buyers who plan to live in the home for several years, so they can benefit from the home's appreciation in value. However, there may be a 1099 coming in the mail after the buyer sells, refinances, rents or moves out of the home—a taxable event buyers need to be aware of and plan for.

An example of a silent second is the [Florida Housing Finance Corporation Florida Assist](#) program, available statewide. This program offers buyers up to \$10,000 for Government

loans and up to \$7,500 on Conventional Loans. The payments are deferred, but the loan will be due upon sale or transfer of the property, satisfaction of the first mortgage, refinance, or a change in occupancy.

Forgivable second mortgage programs account for almost half all of down payment programs.

With a forgivable second, some or all of the original down payment assistance amount is forgiven. When and how much may vary, but it's common for a percentage of the loan to be forgiven each year for a predefined number of years. If the program's conditions are not met—for example, the buyer moves out of the home—the loan must be repaid, at times with interest.

One example is the [New Mexico Mortgage Finance Authority HOME/Now Program](#), available statewide. This second mortgage provides the lesser of 8 percent of the sales price or \$8,000 to first-time buyers and can be used for down payment and/or closing cost assistance. The program is non-amortizing, has a zero percent interest rate, and is forgiven after 10 years, if the borrower meets the program provider's requirements.

Grant programs are gifts which do not have to be repaid by the homebuyer.

Grant programs do not incur a lien on the property being purchased and have no associated note or deed. These programs offer a true gift to the buyer at closing to help cover the cost of some or all of the down payment or closing costs and provide immediate equity.

The [PenFed Foundation Dream Makers Grant](#) is a national grant program that provides eligible military or veteran homebuyers with a 2-to-1 matching grant up to \$5,000.

HPI Data Regarding All Program Types

- 73 percent of programs in the database are for down payment or closing cost assistance.
 - 64 percent of all DPAs include payment deferral for some period of time.
 - 43 percent of all DPAs are partially or fully forgivable.
 - 38 percent of all DPAs are both deferred and forgivable.
- 10 percent of programs are first mortgages.

- 5 percent of programs are Mortgage Credit Certificates (MCCs).
- 11 percent are additional programs, including matched savings programs and Housing Choice Vouchers (HCV).

Other HPI Findings to Note

- The HPI reports a decrease in programs that may have been temporarily suspended due to the pandemic. Currently, 0.9 percent of programs are temporarily suspended, a 0.7 percent decrease from the previous HPI.
- 38% of homeownership programs do not have a first-time homebuyer requirement and are available for eligible repeat homebuyers. (A first-time homebuyer is defined by HUD as someone who has not owned a home in three years.)
- 74% of programs are available in a specific local area, such as a city, county or neighborhood. 26% of programs are available statewide through state housing finance agencies.
- 26% of programs allow buyers to purchase a multi-family property as long as the buyer occupies one of the units.
- 26% of programs allow manufactured housing as an eligible property type. Some restrictions may apply and will vary by program.
- More than 8% of programs are available for community service workers, including educators, police officers, firefighters, and healthcare workers.
- 12% of programs have benefits for veterans, members of the military and surviving spouses. These programs can also be layered with zero down payment VA loans.
- States with the greatest number of down payment programs remained consistent—California, Florida and Texas are the top three.

About Down Payment Resource

Down Payment Resource (DPR) creates opportunity for homebuyers, REALTORS® and lenders by uncovering programs that get people into homes. The company tracks more than 2,000 homebuyer programs through its housing finance agency partners. DPR has been recognized by Inman News as “Most Innovative New Technology” and the HousingWire Tech100™. DPR is licensed to Multiple Listing Services, Realtor Associations, lenders and housing counselors across the country. For more information, please visit DownPaymentResource.com and on Twitter at [@DwnPmtResource](https://twitter.com/DwnPmtResource).

About Down Payment Resource’s Homeownership Program Index

The Homeownership Program Index (HPI) measures the availability and characteristics of down payment programs administered by state and local Housing Finance Agencies (HFAs), nonprofits and other housing organizations. It analyzed state, local and national programs available in the DOWN PAYMENT RESOURCE® registry as of July 9, 2021.

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