



# LENDER GUIDE

## DC4ME (FUTURE) AND DC4ME PLUS

### INTRODUCTION

The DC4ME and DC4ME PLUS programs are administered by the District of Columbia Housing Finance Agency (“DCHFA” or “the Agency”), which was established in 1979 to stimulate and expand affordable homeownership and rental housing opportunities in Washington, DC.

This manual is intended to be a guide for lenders’ use only. The most recent Product Matrix can be found at <https://lakeviewcorrespondent.com/>.

**DC4ME and DC4ME PLUS programs follow DC Open Doors conventional conforming guidelines with the exceptions noted in this guide.**

DC4ME and DC4ME PLUS offer a reduced interest rate first trust mortgage, with or without the option of 3% down payment assistance with a 0% deferred subordinate loan. Loans may be financed by the District of Columbia Housing Finance Agency from the proceeds of qualified mortgage revenue bonds issued pursuant to Section 143 of the Internal Revenue Code of 1986.

DC4ME PLUS is offered to current Full-Time District Government employees, including employees of District Government-based Instrumentalities, Independent Agencies, District of Columbia Public Charter Schools, and Organizations, provided the applicant/borrower's employer falls under the oversight of the Council of the District of Columbia.

Applicants may combine DC4ME with other District home purchase assistance programs, if eligible including: the District of Columbia Employer Assisted Housing Program (EAHP) and the District of Columbia Home Purchase Assistance Program (HPAP).

**District of Columbia Housing Finance Agency**

**Administration:**

Lisa Hensley  
Senior Vice President, Single Family Programs  
202-777-1635  
[Lhensley@dchfa.org](mailto:Lhensley@dchfa.org)

Bill Milko  
Business Development Officer, Single Family Programs  
202-777-1642  
[Wmilko@dchfa.org](mailto:Wmilko@dchfa.org)

**Single Family Programs:**

[SingleFamilyPrograms@dchfa.org](mailto:SingleFamilyPrograms@dchfa.org)

**Mailing Address:**

District of Columbia Housing Finance Agency  
Single Family Programs  
815 Florida Avenue, NW  
Washington, DC 20001

## **TABLE OF CONTENTS**

- I. Borrower Eligibility**
- II. Eligible Loan Types**
- III. Maximum Sales Price**
- IV. Down Payment Assistance**
- V. Mortgage Credit Certificates**
- VI. Required Loan Submission Documentation**
- VII. Required Income Documentation**
- VIII. Property Eligibility**
- XVI. Required Program Disclosures**
- XVII. Loan Closing**

# I.

## **BORROWER ELIGIBILITY AND INCOME LIMITS**

### **A. FIRST TIME HOMEBUYER**

1. The Borrower, or any other person taking title to the property, must be a first time homebuyer, having had no ownership interest in a primary residence during the most recent 3 year period and no ownership interest in any property of any type at the time of settlement.
2. Exceptions to this requirement are allowed if:
  - 1) The property being purchased is located in a Targeted Area; OR
  - 2) The borrower is a veteran purchasing a home using proceeds under a one-time exception allowance. The veteran may not own any other real property at the time of settlement for the subject property, and must make application for financing prior to the 25th anniversary of the last date on which the veteran left active service (a DD214 reflecting the date of an honorable discharge is required).

**B. SEPARATED/DIVORCED BORROWERS:** Individuals who are separated or divorced and have had an ownership interest in a primary residence/real property within the last 3 years may be eligible if the borrower can document that he/she did not reside in the marital property during the last 3 years. In addition, they must no longer have any ownership interest in the property, or must divest themselves of that property interest prior to settlement.

**C. PROHIBITION ON CO-SIGNORS:** Co-signors are not accepted for the DC4ME/DC4ME PLUS programs.

### **D. EMPLOYMENT**

1. DC4ME PLUS requirement
  - a. At least one Borrower must be a current Full-Time District Government employee, including employees of District Government-based Instrumentalities, Independent Agencies, District of Columbia Public Charter Schools, and Organizations, provided the applicant/borrower's employer falls under the oversight of the Council of the District of Columbia.<sup>1</sup>

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<sup>1</sup> For qualifying DC Government Agencies/Entities see current list available at <https://dccouncil.us/committees-for-council-period-23/>.

## **E. INCOME LIMITS**

1. Household Income is defined as the gross annual income of the borrower(s) and ***any other person, related or unrelated, who is expected to reside in the residence being financed***; including income received by any household member who is 18 years of age and older, except full-time dependent students, even if they will not be liable for the mortgage or take title to the property.
2. Maximum Household Income is the published income limits for the program as posted on the DCHFA website – [www.dchfa.org](http://www.dchfa.org). Changes to eligible Maximum Household Income are announced by DCHFA via lender notification and on our website.
3. The income calculation includes Household Income that is earned/received as of the date of lender submission for approval. Income used for qualifying for a mortgage loan differs from compliance underwriting as the income for this program is not averaged since it is the total current annualized income (expected annual earnings).

## **II. ELIGIBLE LOAN TYPES**

**LOAN TYPE:** Thirty (30) year fixed rate conventional following Guidelines for HFA Loans and Master Servicer. Most recent Product Matrix can be found at <https://lakeviewcorrespondent.com/>

## **III. MAXIMUM SALES PRICE**

**A. MAXIMUM SALES PRICE:** DC4Me/DC4ME PLUS program maximum home sales price can be found on our website: [www.dchfa.org](http://www.dchfa.org).

## **IV. DOWN PAYMENT ASSISTANCE (DPA/DPAL)**

- A. Eligible borrowers may borrow up to three percent (3%) of the purchase price
- B. The DPAL is only available in conjunction with a DC4ME/DC4ME PLUS first trust Mortgage

## **V. MORTGAGE CREDIT CERTIFICATES**

**A. COMPATABILITY:** MCCs are not compatible with the DC4ME/DC4ME PLUS programs.

## **VI. REQUIRED LOAN SUBMISSION DOCUMENTATION**

- A. All lender submission files must contain the following:
1. Signed 1008 including all Underwriting Notes.
  2. Final 1003 (Uniform Residential Loan Application).
  3. Copy of Lender's LE.
  4. Fully Ratified Purchase Contract, including ALL addenda.
  5. Documentation of all Household Income as defined and described in Section I
  6. Satisfactory Documentation Borrower(s) is/are First-Time Homebuyers as described in Section I (not required for a purchase in a Targeted Area or one-time Veteran's Exemption).
  7. Executed copies of Program Disclosures listed under Section IX.

## **VII. REQUIRED INCOME DOCUMENTATION**

- A. All occupants receiving income must submit all of the following documentation, as applicable:
1. Pay stub dated within 45 days of submission (and not more than 120 days before closing) clearly defining base pay, overtime, bonuses, etc., and year-to-date income.
  2. Written verification of employment and/or year-end pay stub for the previous year may also be requested by DCHFA.
  3. Most recent year's W2 forms, 1099s, K1s as applicable.
  4. Self-employed borrowers must include two (2) years signed federal tax returns, including all schedules, and a signed and dated year-to-date profit & loss statement through the end of the most recent quarter, profit and loss statement is only required if 120 days or more has passed since the end of the most recent tax year.
  5. If calculated income equals a negative amount, it will be counted as \$0 and may not be used to decrease household income.
  6. Complete partnership or corporate tax returns must be submitted if the borrower is a 25% or greater partner or owner of a corporation.
  7. Social Security/Disability Income – most recent Award/Benefit statement.
  8. Interest/Dividend Income – current statements to reflect year-to-date earnings plus previous year's federal tax return.

9. Alimony/Child Support Income – pages of separation agreement, divorce decree/court order reflecting the monthly amount being received
10. For married borrowers living separately and apart, provide notarized statement of the borrower's intent to live separately from their spouse, which must address child support, alimony, and ownership interest in any other property.

**B. Income Exclusions:** Income that may be excluded from the household income calculation includes the following:

1. Educational scholarships.
2. Amounts paid by the government to a veteran for use in meeting the costs of tuition, fees, books and equipment.
3. Amounts specifically for reimbursement of business and/or educational expenses.
4. One-time sign-on employment bonus.
5. Lump sum additions to assets, such as inheritance, insurance, capital gains, and settlement for personal/property losses.
6. Payments received for the care of foster children.
7. Severance pay.

## **VIII.**

### **PROPERTY ELIGIBILITY**

- A.** Subject property must be located in the District of Columbia.
- B.** Acceptable property types include Detached Single-Family, One-Half of a Duplex (Semi-Detached), or Attached (Rowhome/Townhome) residential units, and Condominium units approved by the insurer/guarantor.
- C.** No more than fifteen percent (15%) of the total area of the principle residence may be used for the following:
  1. A principal place of business for, or in connection with, any trade or business on an exclusive and regular basis.
  2. A place of business that is used exclusively and on a regular basis for the purpose of meeting or dealing with patients, clients or customers in the normal course of business or trade.
  3. A place that is used on a regular basis where the inventory is held for use in the business or trade of selling products at wholesale or retail, but only if the residence is the sole fixed location of such business or trade.
- D.** Ineligible property types/uses:
  1. Manufactured housing (mobile homes)
  2. Cooperatives
  3. Rental homes or any home in which a portion is to be rented

4. Investment homes
5. Commercial property
6. Properties purchased through the sale of contract rights
7. Any 2, 3 or 4 unit property or multi-unit property
8. Any residence used on a regular basis in the business or trade of providing day care for children or other individuals regardless of age
9. Roommates are considered utilizing more than fifteen percent (15%) of the residence for business purposes and thus ineligible.

## **IX. REQUIRED PROGRAM DISCLOSURES**

- A. DCHFA DC4ME (Plus) Applicant Disclosure
- B. DCHFA Notice Regarding Potential Recapture Tax
- C. DCHFA Program Disclosure (for DPAL)

## **X. LOAN CLOSING**

- A. DCHFA Applicant Closing Affidavit
- B. DCHFA Note (for DPAL only)
- C. DCHFA Deed of Trust (for DPAL only)