

BREVARD COUNTY HFA

2010 Single Family Program

LENDER TRAINING

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BREVARD HFA 2010 Single Family Program



THE PRODUCTS



First Mortgage, 30 year, fixed 4.99%

Loans have Zero Origination and Zero Discount. Lenders cannot charge any additional points.



Please note that while the program permits FHA, VA, RD and conventional loans (specific Fannie, Freddie products), Lenders net 1.75% for government loans and 1.25% for conventional loans.



BREVARD COUNTY

DOWN PAYMENT/CLOSING COST ASSISTANCE

1. Secured by a 30 year, 0% non-amortizing mortgage loan due on sale, transfer, non-occupancy, rental, other disposition of the property (including any involuntary transfer by or as a result of foreclosure or judicial sale or operation of law), refinance or satisfaction of the first mortgage loan, **or upon receipt by the borrower of the federal tax credit refund under the American Recovery and Reinvestment Act.**
2. Product is offered only to Brevard County buyers with the 4.99% first mortgage loan in an amount up to \$5,000.



CLAY COUNTY DOWN PAYMENT/CLOSING COST ASSISTANCE

1. Secured by a 30 year, 0% deferred mortgage loan due on sale, transfer, non-occupancy, rental, other disposition of the property (including any involuntary transfer by or as a result of foreclosure or judicial sale or operation of law), refinance or satisfaction of the first mortgage loan.
2. Product is offered only to Clay County buyers with the 4.99% first mortgage loan in an amount up to \$5,000.



BREVARD AND CLAY COUNTY DOWN PAYMENT/CLOSING COST ASSISTANCE

1. Income and Sales Price Limits are same as bond program.
2. Funds may be used for down payment, closing costs, and reimbursement of prepaids and earnest money deposit to the extent any minimum contribution has been satisfied.
3. There is no cash-back to the borrower.
4. No origination, discount or other fees permitted.



PROGRAM REQUIREMENTS



Eligible Borrowers:

- Buyers and their spouses (occupant and non-occupant) must meet first-time buyer requirement but waived for Targeted Areas & Vets Exception and must be able to permanently reside in the US.

BONUS

- FOR FIRST TIME BUYERS: THEY MAY QUALIFY FOR THE FEDERAL \$8,000 TAX CREDIT.
- FOR NON-FIRST TIME BUYERS: THEY MAY QUALIFY FOR THE FEDERAL \$6,500 TAX CREDIT.
- CONTRACT DEADLINE IS APRIL 30, 2010.



- **Work visas, student visas, any temporary visas do not qualify.**
- **Those with permanent asylum do qualify & should provide an I-9.**
- **Buyers must live in the property they purchase as their principal residence.**
- **All applicants must be considered irrespective of age, race, color, religion, national origin, sex, marital status, military status or physical handicap.**
 - **Buyers must occupy the property purchased within 60 days of closing**
 - **The past three years federal income tax returns are required - but not for targeted areas, Vets Exception**

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Veterans Exception

Qualified Veterans were discharged or released under conditions **other than dishonorable**. They **cannot have owned a home previously** as a non-first-time buyer as a result of using a bond or MCC program.

There is verbiage on the first page of the Affidavit that must be checked.



ELIGIBLE AREA

**BREVARD COUNTY
CLAY COUNTY
NASSAU COUNTY
ST JOHNS COUNTY
VOLUSIA COUNTY**



MINIMUM CREDIT SCORE

The HFA requires a minimum credit score of 600 (the **mid score** must be 600 or above) for government loans and 620 for conventional loans. Manual underwrites are permitted for non-traditional credit loans or where there is no FICO score.

Homebuyer Education

Homebuyers and everyone on the mortgage/deed must take homebuyer education from a HUD approved provider. A list of qualified courses appears on the website.



HOUSEHOLD INCOME LIMITS

Include income of borrower(s) and spouse(s) (occupants and non- occupants) and any person who will live in the household who is 18 years of age or older. Program income is not averaged. It's annualized.

See Bond Compliance Underwriting in the Administrator's Guidelines.



Targeted Areas

1. Brevard is Targeted in its entirety
2. Volusia targeted census tracts 0815.00, 0819,00, 0820.00, 0821.00
3. Clay, Nassau and St. Johns - have no targeted areas.
4. A portion of funds must be set aside for Targeted Areas and if not used before remain set aside for one year.
5. Non first-time homebuyers may buy in Targeted Areas
6. Income and sales price limits are higher in Targeted Areas



MAXIMUM HOUSEHOLD INCOME LIMITS

INCLUDE ALL INCOME

**OF BORROWER, SPOUSE (REGARDLESS OF
OCCUPANCY),**

ALL OCCUPANTS 18 OR OLDER.

**LIMITS IN GUIDELINES BY COUNTY
AND HOUSEHOLD SIZE
(1-2 PERSONS AND 4 OR MORE PERSONS)**



Eligible Properties include

- New or existing, one-four unit, detached or attached, condos,
- Homes are considered new if never previously occupied.
- Mobile, recreational, seasonal or other types of vacation or non-permanent homes are not permitted.
- Land may not exceed the size required to maintain basic livability.
- Properties purchased in the program must be residential units.
- No more than 15% of the square footage of the home being purchased may be used in connection with a trade or business including Child Care services (other than incidental rental from eligible multi-unit structures).



Maximum Acquisition Cost

(Maximum Sales Price)

New or Existing

BREVARD	\$316,177
CLAY, NASSAU, ST JOHNS	\$290,853
VOLUSIA	\$258,691



ABOUT THE FINANCING

Appraisal must indicate that the home has at least a 30 year remaining useful life.

Assumptions - First mortgage loans may be assumed by a qualified borrower meeting qualifying requirements, income and acquisition price restrictions in place at the time of the assumption. Such loans must continue to fully comply and be insured or guaranteed by the *insurer/guarantor* or the mortgage insurer.



Buydowns and Construction to perm are not permitted.

Provided FHA allows, **Cosigners are permitted for FHA loans under very specific conditions.** Follow FHA guidelines for credit purposes only. Treat cosigner credit/income as directed by FHA.

Cosigners are allowable in an FHA transaction when meeting the following conditions (1) a cosigner cannot have any ownership interest in the property (they cannot be on the Mortgage/Deed) and (2) the cosigner cannot reside in the property being purchased. A cosigners income is not considered for bond program purposes, tax returns are not required and cosigners do not sign any bond documents



Minimum Loan Amount - There is **no minimum loan amount** in this program.

Prepayments - The first and second mortgages may be prepaid at any time without penalty.

Recapture Tax - The conditions of repayment of the federal subsidy of these loans is explained in a separate brochure provided on the Website. Basically, if the property is disposed of in the first full nine years AND a net profit is made AND the borrowers income exceeds the income limits allowed at time of sale, recapture tax may have to be paid with the federal income tax return for the year in which the home is sold.



Refinances are not permitted. However, temporary, construction or bridge financing with a term of 2 years or less may be taken out with a bond program loan.

Remaining reserves are not established by the bond program. If any, these are determined by the type of financing used (i.e. FHA).



THE PROCESS



TIMING IS EVERYTHING

1. **Buyers MUST HAVE A FULLY- EXECUTED SALES CONTRACT FOR A SPECIFIC PROPERTY** in order to have funds reserved or be on a waiting list.
2. **Buyers may be prequalified. However, if the buyer does not have a contract on a property, BOND FUNDS MAY NOT BE HELD for the buyer until such time as the buyer presents a valid contract.)**
3. **New Construction cannot be reserved until 30 days before closing**

Loan Processing, Delivery and Purchase Timetable

Reservation to Underwriter Certification = **30 days**

Reservation to Closed & Delivered to Servicer = **50 days**

Reservation to Exceptions Cleared, Loans Purchased = **80 days**

Reservation to Recorded Docs Delivered = **120 days**

Loans not meeting timelines cancel. Don't reserve until you know the loan will meet the timelines



PROGRAM FEES



FEES

FIRST MORTGAGE FEES

There is 0% origination fee and 0% discount fee.

Lenders cannot charge any additional points.

Mortgages and notes are exempt from Documentary stamp tax and Intangible tax. Deeds are not exempt. Borrowers may not pay this charge (exception: homes purchased from HUD. Fannie, Freddie, bank in the case of a foreclosure).



FEES

ADMINISTRATOR FEE The program includes a non-refundable first mortgage **Bond Application Fee of \$225**. The fee is payable at closing. The fee must be disclosed on the HUD-1 as being paid to eHousingPlus.

SERVICER FEES

On the first mortgage, the program includes a **Tax Service Fee of \$85** and a **Transfer Fee of \$150** that will be netted by the Servicer at loan purchase. The fees must be disclosed on the HUD-1 as being paid to US Bank.



FEES

LENDER FEES

1. Lender Fees are fees paid to the Lender for services rendered (i.e. Processing Fees, Underwriting Fees, Administrative or Administration Fees and Doc Prep Fees). Lender fees should not exceed what is charged to other non-bond buyers by the lenders regardless of what they are called.
2. **JUNK FEES ARE NOT A DEFINED TERM AND MAY NOT BE CHARGED.**
3. An Application Fee must include only the actual costs of the credit report and/or appraisal.
4. Lenders net 1.75% on government loans and 1.25% on conventional loans.

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PROGRAM FORMS



The simple rule of who signs program forms if the person is named on the Mortgage/Deed, they sign the program forms. If they are not on the Mortgage/Deed, they do not sign the program forms.

Original, personal signatures of all borrowers and sellers are required and must match on all documents associated with the transaction.

Whenever a party is known in any of the documents by more than a single name, a Name Affidavit Will Be Required.

Powers of Attorney and/or Personal Representatives for the Borrower Are Not Acceptable. **Exception:** Active Duty Military Personnel may provide an Alive and Well letter.

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Now for a tour of the websites