



2009 Single Family Program

LENDER TRAINING

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REV 1-30-10 (MINIMUM FICO)



THE PRODUCTS

First Mortgage, 30 year, fixed

4.99% Low Rate (initial current rate)

1.00% origination fee and 0% discount

Lenders cannot charge any additional points.

DOWNPAYMENT AND CLOSING COST ASSISTANCE PROGRAM (DPL LOANS)

Downpayment and closing cost assistance is available in conjunction with the use of a Dakota County CDA first mortgage loan in the 2009 program.

Available are downpayment and closing cost assistance loans of up to \$10,000 (dependent on income)

PROGRAM REQUIREMENTS

Eligible Borrowers:

- **Buyers and their spouses must meet first-time buyer requirement but waived for buyers qualifying under the Vets Exception.**

BONUS

- **FOR FIRST TIME BUYERS: MAY QUALIFY FOR THE FEDERAL \$8,000 TAX CREDIT.**

- **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 Vets Exception**

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 in the Affidavit that must be checked and discharge/release papers must be included.

ELIGIBLE AREA

DAKOTA COUNTY

MINIMUM CREDIT SCORE

The program requires a minimum credit score of 620 (the mid score must be 620 or above).

Manual underwrites are permitted for non-traditional credit loans or when there is no FICO score.

HOUSEHOLD INCOME LIMITS

Include income of borrower(s) and spouse(s) and any person who will live in the household who is 18 years of age or older. Program income is not averaged. It is annualized. See Bond Compliance Underwriting in the Administrator's Guidelines. Final Income calculations are included on the Mortgagor's Affidavit completed at closing.

MAXIMUM HOUSEHOLD INCOME LIMITS

1 or 2 person households: \$83,900

3 or more person households: \$92,290

Eligible Properties include

Existing single family homes, townhomes, FHA approved condominiums or duplexes in Dakota County (Duplexes can be no more than 5% of the program. Duplexes are limited to existing homes that are at least 5 years old.)

New construction is eligible in Apple Valley, Burnsville, Eagan, Empire Township, Farmington, Hastings, Inver Grove Heights, Lakeville, Mendota Heights, Rosemount, South St. Paul, Sunfish Lake and West St. Paul.

Homes are considered new if never previously occupied.

Eligible Properties include

Manufactured or Modular housing must be permanently affixed to real property.

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).

QUALIFIED REHABILITATION LOAN

Qualified Rehabilitation Loan is a mortgage loan made to finance the purchase and Qualified Rehabilitation of a Residence or the Qualified Rehabilitation of a Residence and the refinancing of existing debt in connection therewith.

There are very specific requirements. Please see the Administrator's Guidelines.

Maximum Acquisition Cost

(Maximum Sales/ Purchase Price)

Bond program refers to Acquisition Limits - in most cases this is the Sales Price and is never FHA Acquisition limits.

Has to include everything paid by the buyer or on the buyer's behalf.

\$276,683 for single family homes, townhomes or condominiums

\$389,205 for duplexes (not eligible for additional Downpayment Assistance)

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.

Cosigners are permitted for FHA/VA loans under very specific conditions.

- the cosignor/guarantor is acting in such capacity solely for purposes of providing additional security for the Mortgage Loan
- such cosignor/guarantor has no Present Ownership Interest or other financial interest in the Residence
- such cosignor/guarantor has no intention to and will not occupy the Residence as a permanent residence, and
- the cosignor/guarantor executes the Affidavit of Cosignor or Guarantor. A cosigner's 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 - Program 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

RESERVATION AND DELIVERY REQUIREMENTS

- 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.)**

DPL Reservations Reservations are made by submitting information to the CDA. PLEASE, also enter information into the Additional Mortgage screen to “Document” the transaction. Lenders may choose to print entry from Loan Detail screen. Merely utilizing the Additional Mortgage screen does **NOT reserve the loan.**

RESERVATION AND DELIVERY REQUIREMENTS

Mortgage Loans must be **purchased** by the Servicer,

- (i) the first day of the 4th calendar month following the reservation date, if the reservation is made on or before the 15th day of a month, and
- (ii) the first day of the 5th calendar month following the reservation date, if the reservation is made after the 15th day of a month, or, if earlier, the last date identified in the related Notice of Availability.

PROGRAM FEES

PROGRAM FIRST MORTGAGE FEES

There is a 1.00% origination fee and 0% discount fee. **Lenders cannot charge any additional points.**

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 U S Bank.

LENDER FEES

Other than the fees listed above, no fees, or charges imposed in connection with the Mortgage Loan exceed the reasonable and customary amounts charged by the Lender for mortgage loans not funded from the proceeds of tax exempt bonds.

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.

Now for a tour of the websites