



ESCAMBIA COUNTY HFA

2010 Single Family Program

LENDER TRAINING

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ESCAMBIA COUNTY HFA 2010 Single Family Program



THE PRODUCTS



First Mortgage, 30 year, fixed

4.79% Low Rate 1.00% origination fee and
0% discount

Lenders cannot charge any additional points.



DOWN PAYMENT ASSISTANCE

- **20 year amortizing, 0% second mortgage**
- **Up to \$8,000**
- **Maximum income and purchase price limits are the same as the limits for 1st Mortgage Loans**
- **Can't be assumed**
- **No Doc stamps/intangible tax on mtg or note**
- **No prepayment penalty or Recapture Tax**

Additional financing is permitted but must be subordinate to the HFA's first and second.



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PROGRAM REQUIREMENTS



Eligible Borrowers:

- Buyers and their spouses (occupant and non-occupant) must meet first-time buyer requirement but waived for Targeted Areas, Wilma Go Zone (ends Dec. 31, 2010) & 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 IN TARGETED/GO ZONES AREAS OR VETS EXCEPTION: IF THEY'RE SELLING A HOME AND BUYING UP, THEY MAY QUALIFY FOR THE FEDERAL \$6,500 TAX CREDIT.



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- **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/Go Zones, Vets Exception**

Questions? Contact Compliance Office. Online directory.



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

**Alachua, Bradford, Citrus, Escambia,
Franklin, Gadsden, Hernando,
Holmes, Indian River, Jackson,
Jefferson, Leon, Marion, Martin,
Okaloosa, Okeechobee, Putnam,
Santa Rosa, St. Lucie, Taylor, Union,
Wakulla, Walton and Washington**



MINIMUM CREDIT SCORE

The Escambia County 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 there is no FICO score.



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 is annualized. See Bond Compliance Underwriting in the Administrator's Guidelines. Final Income calculations are included on the Mortgagor's Affidavit completed at closing.



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MAXIMUM HOUSEHOLD INCOME LIMITS

Are available in Administrator's Guidelines

Arranged by County

Arranged by Non-Targeted and Targeted



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Eligible Properties include

- New or existing, one to four units, detached or attached, condos, townhomes, manufactured homes (only FHA)
- 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).

U S Bank will provide information concerning acceptable loans.



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Maximum Acquisition Cost - (Maximum Sales Price)

**New or Existing
Are available in Administrator's Guidelines**

Arranged by County

Arranged by Non-Targeted and Targeted



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.



Cash Back to the borrower is **not permitted**. However, borrowers are permitted a **reimbursement of overage of earnest money deposit** to the extent any minimum contribution has been satisfied and permitted by Agency guidelines.

Construction to perm is 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 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 - The first 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.



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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).



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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**
4. **Make A Reservation Beginning January 25, 2010**
5. **Final Purchase Date for First and Seconds August 1, 2010**
6. **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



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PROGRAM FEES



FEES

FIRST MORTGAGE FEES

4.79% Low Rate Loan - There is a 1.00% 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.

On the second mortgage, the program has a Second Mortgage Application Fee of \$150.

The fees must be disclosed on the HUD-1 as being paid to US Bank.



FEES

LENDER FEES

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 \$750 regardless of what they are called. If a Lender is outsourcing underwriting, the resulting charge to the homebuyer must be included as though the underwriter was on staff. **JUNK FEES ARE NOT A DEFINED TERM AND MAY NOT BE CHARGED.** Fees that involve a third party (i.e. fees that do not apply to underwriting) such as credit reports, appraisal, title commitment, survey, notary fees, recording, prepaid escrow deposits, insurance and courier fees for the actual cost are allowable to the extent permitted by the insurer/guarantor. Proof of costs should be retained. The Application Fee must include only the actual costs of the credit report and/or appraisal.



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PROGRAM FORMS



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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