



**Capital Area, Central Texas, Heart of Texas,
Houston, Nortex and Southeast TX HFC's**

**2009 Single Family Program
LENDER TRAINING**

May 6, 2010

eHousingPlus - part of the U S Bank Team

Texas HFC's 2009 Single Family Program



THE PRODUCT



First Mortgage Interest Rates

Targeted Area allocations are tracked for 12 months by eHousingPlus

| <u>PROGRAM</u> | <u>LOW RATE NO ASSISTANCE</u> | <u>ASSISTED RATE WITH ASSISTANCE</u> |
|----------------|-------------------------------|--------------------------------------|
| Capital Area | 4.75% | 5.25% |
| Central Texas | 4.75% | 5.25% |
| Heart of Texas | 4.75% | 5.25% |
| Houston | 4.75% | 5.25% |
| Nortex | 4.75% | 5.25% |
| SETH | 4.75% | 5.25% |



Voluntary and Involuntary Transfers of Allocations

There are very specific rules regarding transfers of allocations. This information is located in program documents as well as in the Administrator's guidelines (accessible online).

Lenders should be familiar with the requirements and the fact that under no circumstances are the upfront fees paid by the lender refundable by the Issuers.

TEXAS HFC's 2009 Single Family Program



PROGRAM REQUIREMENTS



Eligible Borrowers:

- Buyers and their spouses (occupant and non-occupant) must be first-time buyers and must be able to permanently reside in the US. **FIRST TIME BUYER EXCEPTION:** Persons buying in Targeted Areas and Veterans qualifying under Vets Exception.

BONUS

- FOR FIRST TIME BUYERS: THEY MAY QUALIFY FOR THE FEDERAL \$8,000 TAX CREDIT.
- FOR NON-FIRST TIME BUYERS: IF THEY'RE SELLING A HOME AND BUYING UP, THEY MAY QUALIFY FOR THE FEDERAL \$6,500 TAX CREDIT.



- **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 for borrowers and their spouses but NOT required for Targeted Area buyers (including RitaGoZone) or those meeting Veteran's 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 on the first page of the Affidavit that must be checked and copies of their release / discharge papers are required.

Homebuyer Education

Capital Area and SETH require Homebuyer Education for all borrowers. Both have designated education providers as detailed in the Administrator's Guidelines.



MINIMUM CREDIT SCORE

Buyers must have a minimum FICO credit score of 600 (the mid score must be 600 or above); however, for home buyers with non-traditional credit or where there is no FICO score, manual underwriting shall be permitted.

**GOVERNMENT LOANS ONLY
IN THIS PROGRAM AT THIS TIME**



ELIGIBLE AREAS

CAPITAL AREA Counties of Bastrop, Blanco, Burnet, Caldwell, Fayette, Hays (including the City of San Marcos), Lee, Llano and Williamson

CENTRAL TEXAS Counties of Bell, Coryell, Hamilton, Lampasas, Milam, Mills and San Saba

HEART OF TEXAS Counties of Bosque, Falls, Freestone, Hill, Limestone and McLennan (including the City of Waco).

HOUSTON Corporate limits of the City of Houston, Texas

NORTEX Counties of Archer, Baylor, Clay, Cottle, Foard, Hardeman, Jack, Montague, Wichita (including the city of Wichita Falls), Wilbarger, and Young

SETH Counties of Austin, Matagorda, Walker and Wharton; Rita Go Zone Counties of Brazoria, Chambers, Liberty and Waller ; and Rita Go Zone qualified City limits of: Baytown, Deer Park, Dickinson, La Marque, La Porte, League City, Pasadena, Santa Fe, Shoreacres, Texas City and Tomball



HOUSEHOLD INCOME LIMITS

Bond Program Income Limit: 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 Underwriter's Program Income Calculation in the Administrator's Guidelines. Final Income calculations are included on the Mortgagor's Affidavit completed at closing.

Special Low Income Set Aside: for the first 6 mos of the program, 1/2 of the Non-Targeted allocation is set aside for households with income below 80% of median income.



**Each Area has it's own
Maximum Income Limits**

**that are defined by county, non-targeted and
targeted (where applicable) and number of persons
in the household**

and

**Acquisition or Sales Price limits by county and
number of units.**

**The individual Administrator's Guidelines
detail the limits.**



Eligible Properties include

- New or existing, one to four unit, detached or attached, condos, townhomes, manufactured homes that meet servicer/insurer/guarantor requirements.
- 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).



ABOUT THE FINANCING

U S Bank will provide information on the FHA VA RD product types available in this program.

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 - Yes, FHA loans only for Capital Area, Central Texas, Heart of Texas, Nortex and SETH. May be for 1 or 2 years and limited to 1% change per year. Houston does not permit.

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.

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



Cosigners on the bond side of the loan 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.

Manufactured Housing - Check with U S Bank for particulars on who allows and who does not.

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



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

Buyers MUST HAVE A FULLY- EXECUTED SALES CONTRACT FOR A SPECIFIC PROPERTY in order to have funds reserved or be on a waiting list.

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.)

Loan Processing, Delivery and Purchase Timetable

Reservation to Underwriter Certification = 45 days

Reservation to Closed & Delivered to Servicer = 85 days

Reservation to Exceptions Cleared, Loans Purchased = 110 days



Program Dates

Subject to receipt of all necessary executed lender program documents.

First Date to Close Loans – January 12, 2010

First Loan Purchase Date – January 12, 2010

Final Non-Targeted Loan Submission Date – November 17, 2010

Final Non-Targeted Loan Purchase Date – December 1, 2010

Final Targeted Loan Submission Date – January 14, 2011

Final Targeted Loan Purchase Date – January 28, 2011

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PROGRAM FEES

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FEES

BOND PROGRAM FEES

CAPITAL AREA Origination fee of 1.00% and Discount Fee of 1.00%

CENTRAL TEXAS 1.00% may be charged as Origination OR Discount

HEART OF TEXAS 1.00% may be charged as Origination OR Discount

HOUSTON 1.00% may be charged as Origination OR Discount

NORTEX 1.00% may be charged as Origination OR Discount

SETH 1.00% may be charged as Origination OR Discount

ADMINISTRATOR/SERVICER FEES

* The program includes a first mortgage **Bond Application Fee of \$225**. The fee is payable at closing to **eHousingPlus**.

* **The Servicer** nets at loan purchase a **Tax Service Fee of \$85** and a **Transfer Fee of \$150**. Both should show as being paid to the Servicer on the HUD 1

LENDER FEES

Lenders are permitted to charge reasonable and customary charges for out of pocket expenses and costs, Lenders may charge the usual and reasonable settlement costs. "Junk" fees are not a defined term and may not be charged. Excessive fees are not permitted in the program.

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PROGRAM FORMS



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