

# **JACKSONVILLE HFA**

## **2010 Single Family Program**

### **LENDER TRAINING**

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# THE PRODUCTS



## **First Mortgage, 30 year, fixed 5.20%**

Borrower receives 4.00% of the note amount as Assistance. Loans have Zero Origination and Zero Discount for government loans and .5% Origination and Zero Discount for conventional loans. Lenders cannot charge any additional points.



**Please note that while the program permits FHA, VA, RD and conventional loans (specific Fannie, Freddie products), conventional loans are limited to \$1,500,000 of the \$15,000,000 offered by the program.**



## **DOWN PAYMENT ASSISTANCE**

**4.00%**

### **DOWN PAYMENT/CLOSING COST ASSISTANCE**

1. is secured by a 30 year, 0% deferred second mortgage loan
2. Assistance is only offered with the 5.20% Jacksonville Housing Finance Authority first mortgage loan
3. Income and Sales Price Limits are same as bond program
4. 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.
5. There is no cash-back to the borrower.



# 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.**



- **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.

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**ELIGIBLE AREA**

**DUVAL COUNTY**



## **MINIMUM CREDIT SCORE**

The JACKSONVILLE 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.

## **Minimum Borrower Contribution**

Borrowers must contribute \$500 of their own funds.

## **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.**



## **MAXIMUM HOUSEHOLD INCOME LIMITS**

**Duval County is a High Housing Cost Area.**

**The Households Income Limits are as follows--**

**1-2 person households: \$78,120**

**3 or more person households: \$91,140**



## **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).

**U S Bank will provide information concerning acceptable loan types.**



**Maximum Acquisition Cost  
(Maximum Sales Price)**

**New or Existing  
\$250,000**



## Targeted Areas

Designated by HUD for this program.

\$3,000,000 of the \$15,000,000 available under the Program must be set aside for one year

Census Tracts are in the guidelines and maps are on the website.



## Refinancing of Qualifying Subprime Loans

1. The first time homebuyer requirement will be waived for borrowers refinancing qualified Subprime Loans.
2. A Qualified Subprime Loan means an adjustable rate single family residential mortgage loan made after December 31, 2001, and before January 1, 2008, that the Issuer determines would be reasonably likely to cause financial hardship to the borrower if not refinanced.



## Refinancing of Qualifying Subprime Loans

3. Lenders will be required to submit form (found on the ehousing website) to the HFA
4. Upon approval by the Issuer, the lender will be allowed to enter the reservation.
5. The market value of a residence that is refinanced must not exceed \$250,000 at the time of the refinancing.



## **Refinancing of Qualifying Subprime Loans**

**All other requirements for the loan are the same as for other regular mortgage loans in the program such as rate, term and borrower contribution**



## ABOUT THE FINANCING

The program permits FHA, VA, RD government loans and \$1,500,000 of Fannie/Freddie conventional loans.

**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.



**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 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**

**Low Rate Loan - 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.



# 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**