



Nevada Rural Housing Authority

2009A Single Family Program

LENDER TRAINING

Revised JANUARY 14, 2010
eHousingPlus - part of the U S Bank Team



THE PRODUCTS



First Mortgage Options

30 year, fixed

(for FHA, VA and RD loans)

4.875% Low Rate Loan

or

5.375% Assisted Rate Loan

with 3% Assistance Grant



ABOUT ALLOCATIONS - Transfers

Specific conditions exist for the voluntary and involuntary transfer of allocations. They appear in the Origination Agreement and also in the Administrator's Guidelines.



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 NOT required for Targeted Area buyers or those meeting Veteran's 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.

Minimum Credit Score (Added 01-14-10)

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.



Homebuyer Education

All buyers (any person on the Note other than cosigners) must attend an approved online homebuyer education course. MGIC is an approved online education provider. Neighborworks' ehomeamerica is also approved at a very reasonable fee. Please see <http://www.ehousing.cc/nevrural09.htm> for details.



ELIGIBLE AREA

The geographical area within the State of Nevada except for the corporate limits of a city or town with a population equal to or greater than 100,000 as of the 2000 Census, which includes the Nevada Cities of Henderson, Las Vegas, North Las Vegas and Reno and the Nevada Towns of Paradise, Spring Valley and Sunrise Manor.



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.



MAXIMUM HOUSEHOLD INCOME LIMIT

	<u>1-2 person households</u>	<u>3 or more person households</u>
Carson City	\$77,160	\$90,020
Clark County	\$78,480	\$91,560
Douglas County	\$86,560	\$103,320
Elko County	\$69,700	\$80,155
Eureka County	\$70,269	\$80,809
Humboldt County	\$67,600	\$77,740
Lander County	\$68,800	\$76,820
Lyon County	\$71,906	\$82,692
Nye County	\$70,309	\$80,855
Storey & Washoe Counties	\$84,480	\$98,560
All other counties	\$65,900	\$75,785



Eligible Properties include

- New or existing, one and two 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).

Targeted Areas

The targeted area in this program: Elko County Census Tract 9403.00

U S Bank provides information concerning acceptable government loans.



Maximum Acquisition Cost (Maximum Sales Price)

County	New or Existing One unit property
Carson	\$348,422
Clark	\$349,514
Douglas	\$409,587
Elko	\$283,980
Eureka	\$283,980
Lyon	\$289,441
Nye	\$283,980
Story & Washoe	\$352,791
All other counties	\$258,690



ABOUT THE FINANCING

It's expected that lenders have reviewed some **preliminary documentation and believe that applicants will also qualify for credit.**

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 - FHA loans only·

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.

Manufactured Housing - FHA loans only. See Servicer bulletin on their web page

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).



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 FEES



FEES

BOND PROGRAM FEES

1.00% that 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 and remitted to eHousingPlus. The fee must be disclosed on the HUD-1 as being paid to eHousingPlus. U S Bank fees of \$85 Tax Service Fee and \$150 Transfer Fee are payable at closing. Both must be disclosed on the HUD-1 as being paid to U S Bank. They will be netted at loan closing.

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.

Nevada Rural Housing Authority 2009A Single Family Program



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