



Housing Finance Authority of Pinellas County

2009-2010 Single Family Program LENDER TRAINING

October 21, 2009

Revised 1-12-10

IMPORTANT PROGRAM NOTES

The second program is available in **Pinellas County** only .

- The program will permit **ONLY FHA AND VA** loans.
- The program allows **60 days** from loan reservation to loan purchase.
- There are **20 days** from reservation to loan closing.
- **DO NOT RESERVE LOANS** until 20 days prior to closing.
- There is an additional step in the process -- **enter date of closing** on closing date.
- There is a minimum mid credit score of **600**.
- Face to face **Homebuyer Education** is required for all on the Mortgage/Deed.
- Home Key Plus Second requires **VOE, VOD or Alt Docs** for all household members 18 yrs or older with income
- Closing agents must be trained in order to close loans in this program.



THE PRODUCTS



Home Key First Mortgage Loan

- All Home Key Mortgage Loans shall bear a 30 year, fixed interest rate.
- No origination or discount on the first.
- All Home Key Mortgage Loans must be insured or guaranteed by FHA or VA .
- Mortgage interest rates may be changed at any time however, the Issuer will make its best effort to announce changes in mortgage interest rates on Tuesdays.
- Changes in interest rates will be announced at least one business day prior to the effective date of the new interest rates.
- The Issuer published interest rate on the Rate Lock Date is a firm interest rate for that loan and cannot be changed by the Lender or by the Issuer.



Home Key Plus Second Mortgage Loan

Home Key Plus Second mortgage loans of **up to \$6,500** for down payment and closing costs must be used with Home Key first mortgages.

Loans may be made anywhere in Pinellas County.

30 year deferred, 0% but accelerated if any of the following occur: sale, transfer, other disposition of the property (including any involuntary transfer by or as a result of foreclosure or judicial sale or operation of law), refinance or satisfaction of the first mortgage loan. This loan is repayable and is not forgiven.

Lenders advance funds for the second mortgages and are reimbursed by the Servicer at loan purchase.

The second is not assumable, there is no prepayment penalty, Recapture Tax does not apply.

Lenders may retain a \$75 fee collected as part of a \$225 Second Mortgage Application Fee charged at loan closing. \$150 will be netted by the Servicer as a one time set-up, processing and servicing fee.



PROGRAM REQUIREMENTS



Eligible Area for the first mortgages Includes all of Pinellas, Pasco and Polk Counties. Home Key Plus Second mortgages available only in Pinellas.

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.** Work visas, student visas, any temporary visas do not qualify. Those with **permanent asylum qualify** & should provide an I-9.

In this equal opportunity program, buyers must live in the property purchased as their principal residence and must occupy within 60 days of closing.

The past three years federal income tax returns are required for program purposes. Exceptions would be those purchasing in Targeted Areas or using the Veterans 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 buyers 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

All buyers in all transactions 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 **borrowers and anyone listed on the deed must take face to face homebuyer education** from an approved agency or other educational component approved by the Issuer.

Education should be taken as early in the homebuyer process as possible to maximize the benefit to the borrowers.

Exemption: Borrowers who have owned homes in the last three years. This is true as well for those purchasing in Targeted Areas or qualifying for the Veteran's Exception

Homebuyer Education **Certificate is acceptable for one year** from issuance.



Household Income and Sales Price 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 Underwriter's Program Income Calculation in the Administrator's Guidelines.

Household Income Limits and Sales Price Limits for Pinellas and Pasco (no targeted areas in Pasco)

Home Key First Mortgage Sales Price Limits NT = \$258,690 T= \$316,177

<u>NT 1-2 per hh</u>	<u>NT 3+ per hh</u>	<u>T 1-2 per hh</u>	<u>T 3+ per hh</u>
\$59,200	\$68,080	\$71,040	\$82,880

Pinellas only Home Key Plus Second Mortgage Sales Price Limit = \$258,690

<u>NT 1-2 per hh</u>	<u>NT 3+ per hh</u>	<u>T 1-2 per hh</u>	<u>T 3+ per hh</u>
\$59,200	\$68,080	\$71,040	\$71,040



Property Qualifications

1. Acquisition Price is the sales price not FHA Acquisition limits. .
2. New or existing, detached or attached, condos, townhomes.
3. Homes are considered new if never previously occupied.
4. Mobile, recreational, seasonal or other types of vacation or non-permanent homes are not permitted.
5. The remaining economic life of the property may be no less than 30 years.
6. Land may not exceed the size required to maintain basic livability.
7. 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.
8. No refinances. However, temporary, construction or bridge financing with a term of 2 years or less may be taken out with a program loan
9. Construction to perm is not permitted.



Cosigners permitted only for an FHA loan that has non-occupant cosigners (co-borrowers) that sign only the Note. (1) A cosigner cannot have any ownership interest in the property (they can't be on the Mortgage/Deed) and (2) the cosigner cannot reside in the property being purchased. Do not include cosigner income for program income calculation shown on the Affidavit. Tax returns are not required for program purposes and cosigners do not sign any compliance documents. Follow FHA guidelines for credit purposes only so that cosigner income can be considered for qualifying purposes. All of the above is subject to FHA guidelines.



Compliance reviews loans for both IRS and HFA of requirements. The Master Servicer is not obligated to purchase loans that do not comply with program terms.

All **available assets** are not required to be used.

Assumptions - First mortgage loans may be assumed by a qualified borrower meeting qualifying requirements and must continue to fully comply and be insured or guaranteed by FHA/VA.

Buydowns - 2/1 buydowns are permitted for FHA loans to the extent allowable by FHA.



Doc Stamps and Intangible Tax - The Home Key first mortgage and note are exempt. Deeds are not exempt.

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 - 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.



THE PROCESS



TIMING IS EVERYTHING

IMPORTANT YOU MUST BE FAMILIAR WITH THE PROGRAM TIMETABLE.

There are 60 DAYS FROM THE DAY THE LOAN IS RESERVED UNTIL ALL EXCEPTIONS ARE CLEARED AND THE LOAN PURCHASED BY THE SERVICER.

Loan Reservation: ("Rate Lock Date") Reservations in the Program Administrator's system require that applicants have (a) an executed sales agreement for a specific property (b) completed a loan application with a Lender and (c) provided a Lender with all documentation required by the Lender including relevant federal income tax returns. Reservations cannot be made more than 20 days prior to closing.



Underwriter Certification: Following the Rate Lock Date, the Lender's underwriter must complete an online Underwriter Certification. This step must be accomplished well in advance of loan closing.

Loan Closing Confirmation: No more than 20 days from the Rate Lock Date and on the day of Closing, Lenders must confirm the "Loan Closing Date" by entering the date into the Program Administrator's System.

File Delivery: A completed mortgage file including a Compliance File must be delivered to the Master Servicer for purchase within _____ days of the Rate Lock Date ("Loan Delivery Date")

Loans Purchased All exceptions cleared, Compliance Approved and Mortgage Loan purchased within 60 days of the Rate Lock Date.



Lenders have a total of 40 days from loan closing to deliver a file, clear exceptions and have a loan purchased by the Servicer. Lenders may determine the number of days from closing to delivery with the understanding that all loans must be purchased by the Servicer on or before the 60th day from Rate Lock Date. Lenders must commit to the number of days for all their loans by completing the blank in Exhibit B and submitting with the executed paperwork and must simultaneously notify the Program Administrator.

Loans not meeting the timetable will cancel.



Extensions

1. There are no extensions for loans not meeting the Closing and File Delivery dates. These loans will cancel and not be reinstated.
2. Extensions may be granted for loans not purchased within the 60 days but **EXTENSIONS MUST BE REQUESTED PRIOR TO** expiration of the 60 days.
3. Extensions will be for 1-30 calendar days.
4. An extension will require a reduction of Lender net profit from 1.75% to 1.40% to account for additional negative arbitrage and/or rate hedging costs incurred by the Issuer.
5. Mortgage Loans that are late for purchase and not delivered within the authorized extension period will be cancelled.
6. Extension Fees are due on such cancelled loans.



PROGRAM FEES

HFA of Pinellas County 2009-2010 Single Family Program



No origination or discount fees on Home Key or Home Key Plus loans.

The program includes a Home Key Program “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. The fee may not be financed.

The program also includes a Home Key Plus Second Mortgage Application Fee of \$225 -- \$150 to U S Bank and \$75 retained by the lender. Fees should be disclosed accordingly as being paid to the appropriate party.

Lender fees must follow all applicable laws. To the extent permitted, Lenders are permitted to charge a maximum loan application fee of up to \$425 that must cover the actual costs of appraisal and credit report; reasonable and customary charges "Junk" fees may not be charged. Excessive fees are not permitted in the program.

First mortgages and notes are exempt from Doc Stamps 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).

HFA of Pinellas County 2009-2010 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.

HFA of Pinellas County 2009-2010 Single Family Program



Now for a tour of the websites