



## **TARRANT COUNTY HFC**

# **2009 Single Family Program LENDER TRAINING**

**eHousingPlus - part of the U S Bank Team**



# THE PRODUCT



## **First Mortgage Interest Rate**

**5.05% and 3.00% of Note Amt as Assistance  
(for FHA, VA and RD loans)**

**Targeted Area allocations are tracked  
for 12 months by eHousingPlus**



# 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.



## ELIGIBLE AREA

**The geographical area within Tarrant County, Texas, including the following cities with populations of 20,000 or more:** Arlington, Benbrook, Euless, Fort Worth, the portion of Grand Prairie that falls in Tarrant County, Haltom, Hurst, Mansfield, North Richland Hills, Watauga, The following cities are pending: Bedford, and Southlake.

The following cities will not participate:  
Grapevine, Keller

Rev 3-3-10



## **INCOME LIMITS**

**Bond Program Income Limit considers the gross monthly income, multiplied by twelve, of such person and of any other person who is expected to live in the Residence being financed and who is secondarily liable on the Mortgage Loan. 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.**

**Special Low-Income Reservation: As required by Section 1372.040, Texas Government Code, as amended, an amount equal to the Special Low-Income Reservation must be reserved for the origination of Special Low-Income Mortgage Loans until the date that is six months after date of the Notice of Availability of Funds (or such date approved by Bond Counsel). Each Participant shall reserve, for such period, the amount of its Allocation for Special Low-Income Mortgage Loans set forth in the applicable Notice of Availability of Funds. The income cannot exceed \$52,800.**



**MAXIMUM FAMILY INCOME LIMIT**

	<u>Non-Targeted</u>	<u>Targeted</u>
<b>Families of 2 or fewer</b>	<b>\$67,400</b>	<b>\$80,880</b>
<b>Families of 3 or more</b>	<b>\$77,510</b>	<b>\$94,360</b>



## 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

Tarrant County Census Tracts 100300 101000 101100 101600  
101700 102500 103100 103500 103601 103701 103800 103900  
104000 104604 106516 122200

U S Bank provides information concerning acceptable government loans.



## Maximum Acquisition Cost (Maximum Sales Price)

Mansfield (for all circumstances)      \$160,000

All other Areas in Tarrant County

Non-Targeted    One Unit    \$258,690

Targeted        One Unit    \$316,177

Non-Targeted    Two Unit    \$331,177

Targeted        Two Unit    \$404,772

## **Minimum Credit Score**

Buyers must have a minimum FICO credit score of 600 (the mid score must be 600 or above).

If a participating lender requires a higher minimum credit score for bond, loan originators must adhere to their lending institution's requirement. If an Agency minimum credit score is higher, then lenders must utilize the higher Agency score.

However, for home buyers with non-traditional credit or where there is no FICO score, manual underwriting shall be permitted, **BUT ONLY IN THOSE CIRCUMSTANCES.**



## **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).

There is no **minimum loan amount** in this program.

**Prepayments** - The first and second mortgages may be prepaid at any time without penalty.



# 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

**Origination fee of 1.00%      Discount fee of 1.00%**

### ADMINISTRATOR/SERVICER FEES

- The program includes a first mortgage **Bond Application Fee of \$225.** The fee is payable at closing. It will be netted by the Servicer at loan purchase.
- **The Servicer** nets at loan purchase a **Tax Service Fee of \$85.**
- 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 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 website**