

## FINANCING FACTS

U S Bank provides information concerning specific product types of government and conventional loans permitted.

It's expected that lenders have reviewed some **preliminary documentation and believe that applicants will also qualify for credit. Excessive cancellations will be reviewed** to assure that allocation is not being utilized **inappropriately**.

**Appraisal** must indicate that the home has at least a 30 year remaining useful life.

All **available assets** are not required to be used in this program.

**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** - Limited to 1 or 2 years with a maximum change of 1.00% per year. Cannot be paid by borrower or any of their assistance.

**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.

**Cosignors are permitted for FHA loans** under very specific conditions. Follow FHA guidelines for credit purposes only. Treat cosignor credit/income as directed by FHA. Cosignors are allowable in an FHA transaction when meeting the following conditions (1) a cosignor cannot have any ownership interest in the property (they cannot be on the Mortgage/Deed) and (2) the cosignor cannot reside in the property being purchased. A cosignor's income is not considered for bond program purposes, tax returns are not required and cosignors do not sign any bond documents other than the Affidavit of Cosignor/Guarantor..

**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 secure website and also at <http://www.ehousing.cc/tdhca/tdhca-recapture.pdf> . 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, VA.).