

HOMEBUYER PURCHASE ASSISTANCE PROGRAM Mortgage Loan Underwriting Guidelines

Eligible first mortgages must be fixed rate conventional, bond, FHA, VA or other governmental loans. Interest only, balloon, option Adjustable-Rate Mortgages (ARMS) and subprime loans are not eligible.

INTEREST RATE

The maximum interest rate to be charged on the first mortgage will be set on the first business day of each month and may not exceed 2.0% (two percent) over the Fannie Mae 30-year, 60-day mandatory delivery rate, available at <https://singlefamily.fanniemae.com/imported-content/ape-historical-yield/current-30-year-fixed>. The interest rate cap is effective for the entire month.

RATE-LOCK IN

Existing Properties- 60-day lock from date of the real estate sales contract to closing of the purchase transaction. If a loan does not close by the end of 60 days, the original rate may be extended or the lender's most current program rate may be applied, at lender's discretion. There will be no additional charges for relocks or extensions.

New (under construction) End Loans/Turn Key-60 days prior to estimated Certificate of Occupancy (CO) issuance.

Pre-approvals-The interest rate for a pre-approval will have a "float down" if rates go down. Interest rates are locked at loan approval after a property is identified and under contract.

TERMS

Up to 30-year fixed rate. No prepayment penalty on first mortgage loans of any term length.

Resale Restrictions- The Loan will be determined to be in default if any of the following occurs: sale, transfer, or conveyance of property; conversion to rental property; loss of homestead exemption status; or failure to occupy the home as a primary residence. The outstanding balance will be due and payable if any of these occur.

Loan Structure- The Loan is a 20-year deferred loan with 0% interest. The loan is forgiven 20% per year in the last 5 years.

Affordability Requirements- A term of twenty (20) years with 20% reduction after the 16th year for the last five years from the date of the Note unless terminated at an earlier date as provided in the Mortgage.

PURCHASE PRICE

The 2024 HOME maximum sales price for existing dwellings is \$418,000; new dwellings is \$418,000 HOME program link: <https://www.hudexchange.info/resource/2312/home-maximum-purchase-price-after-rehab-value/>;

and SHIP maximum for existing and new dwellings is \$636,806.

SHIP Program link: <https://www.floridahousing.org/programs/special-programs/ship---state-housing-initiatives-partnership-program/purchase-price-limits>. Value limits are subject to change on an annual basis.

ASSUMABLE

The first mortgage loan may not be assumable.

LOAN TO VALUE (LTV)

Purchase -Not to exceed 105% CLTV (with no mortgage insurance (MI)). Value is determined by an appraisal acceptable by the first mortgage lender and prepared by a Florida licensed residential property appraiser. LTV of the first mortgage to be no less than 65% of the appraised value; combined LTV not to exceed 105%. MI may not be charged by primary lender on conventional first mortgages of 80% LTV or less. LTV on VA loans may differ.

Refinance-Combined LTV must not exceed 105% LTV. No cash out on refinance.

QUALIFYING PROPERTIES

Owner-occupied single-family residences, condominiums, townhomes, which, at time of initial occupancy by the Homebuyers, must meet, at a minimum, Section 8 Housing Quality Standards (HQS), local building codes and City of Pompano Beach ordinances.

HOMEBUYER PURCHASE ASSISTANCE PROGRAM
Mortgage Loan Underwriting Guidelines

APPLICANT QUALIFICATIONS

Very Low, Low, and Moderate-income persons with incomes up to 140% not to exceed the City of Pompano Beach Income Category Chart limits, as published annually. Income limit depends on available fund source and compliance with program set asides.

Applicant must be a First Time Homebuyer defined as: An individual who has had no ownership in a principal residence during the 3-year period ending on the date of purchase of the property. This includes a spouse (if either meets the above test, they are considered first-time homebuyers). A single parent who has only owned a home with a former spouse while married. An individual who is a displaced homemaker and has only owned with a spouse. An individual who has only owned a principal residence not permanently affixed to a permanent foundation in accordance with applicable regulations. An individual who has only owned a property that was not in compliance with state, local or model building codes and which cannot be brought into compliance for less than the cost of constructing a permanent structure.

INCOME/DEBT RATIOS

Homebuyer is to pay at least 33%, but no more than 45% The City of Pompano Beach can waive these ratios on a case-by-case basis.

LOAN TO VALUE RATIOS

The loan-to-value ratio of the first mortgage should be no less than 65% of the appraised value for low- income households and no less than 50% of the appraised value for very-low-income households. The combined loan to value ratio for all liens should not exceed 105% of the appraised value.

ESCROW

Property tax and insurance escrows are required.

PROPERTY INSURANCE

City of Pompano Beach to be named as “Additional Mortgagee” on all property insurance policies (including flood insurance, if applicable).

MINIMUM REQUIRED DOWN PAYMENT

3% minimum down-payment required with at least 1.5% of purchase price to be contributed from applicant’s own funds. The remaining 1.5% may be a gift from other sources (i.e., City, lender incentive, nonprofit housing agency, relative, etc.). Buyer down payment with a VA first mortgage may differ.

CLOSING COSTS

Applicants may pay for closing costs with applicant’s own funds, a gift, seller concession, or these purchase assistance funds. Total lender closing costs must be reasonable and sufficient to cover the following costs: loan origination fee, document prep fee, tax service fee, flood certifications, underwriting fee, processing fee, closing fee, application fee, settlement fee, and notary fee. Lenders that charge a flat rate which may not conform in the case of low loan amounts must have prior approval by OHUI.

ALTERNATIVE INCOME SOURCES

Disability payments, social security, pension, alimony, child support – follow standard Fannie Mae guidelines and documents, i.e., 1-year history and minimum 3 years remaining term.

NON-RESIDENTS

Individuals must be U.S. citizens or non-citizens with eligible permanent immigration status in order to qualify for assistance under this program. All members of the family applying for assistance must declare their status as one of the following:

1. A U.S. Citizen; or
2. An eligible non-citizen (as verified through the SAVE system/Department of Homeland Security).

HOMEBUYER PURCHASE ASSISTANCE PROGRAM
Mortgage Loan Underwriting Guidelines

EMPLOYMENT/INCOME

Based on first mortgage lender underwriting guidelines and criteria.

Self Employed & Independent contractors: Income will be calculated as it appears on the Adjusted Gross Income line of the Income Tax return for the previous 3 years.

Standard employment (W2 recipients): Income as derived from review of recent pay stubs, W2 for the last 3 years, and completed Verification(s) of Employment.

ASSETS

All assets must be verified by a Verification of Deposit and 2 months of consecutive bank/institution statements.

CREDIT

Borrowers with a minimum decision credit score of less than 600 are not eligible to participate in the program.

SELLER'S CONCESSIONS

Up to 6% of the Sales Price.

Sellers can still offer concessions to buyers to cover certain closing costs, but they can no longer explicitly list the amount of compensation offered to a buyer's agent on the MLS; meaning the buyer's agent commission can't be tied to the seller's concession offer, and must be negotiated separately between the buyer and their agent. Pursuant to the settlement practice changes, seller concessions cannot be limited to or conditioned upon the retention or payment to a cooperating broker, by a broker or other buyer representative. Seller concessions should be incorporated into an executed contract, such as a purchase agreement, to ensure that the seller's concession is binding.

CO-BORROWER (non-occupying)

Use all income/all debts to arrive at ratios for qualification purposes only, not to offset poor credit. Primary borrower source of income must represent at least 75% of the qualifying income.

INSPECTIONS

Existing Property: A full home inspection by a licensed home inspector is required, to include roof, termite, electrical, plumbing, hot water heater, heating/cooling system and septic tank (if applicable). Lead paint inspection by a licensed inspector is required for all homes built before 1978.

New Construction: Soil treatment inspection is required. A home inspection is recommended, not required.

The Lender will be responsible for reviewing the home inspection report and determine which repairs must be done prior to or after closing.

HOME BUYER EDUCATION WORKSHOP

Applicants must attend a Home Buyer Education workshop provided by a HUD approved housing counseling/education agency. Workshop certificate may be no older than 12 months prior to closing.

**MORTGAGE CREDIT CERTIFICATION (MCC)
PROGRAM**

Lender is urged to participate in and qualify the borrower under the County's MCC Program.