

## **HOME BUYER 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 for the first mortgage will be set on the first business day of each month. It 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 the date of the real estate sales contract to the closing of the purchase transaction. If a loan does not close by 60 days, the original rate may be extended, or the lender's most current program rate may be applied at the lender's discretion. There will be no additional charges for relocks or extensions.

**New (under construction) End Loans/Turn Key**-60 days before 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.

#### **PURCHASE PRICE**

The 2025 HOME maximum sales price for existing dwellings is \$451,000; new dwellings is \$451,000 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 \$568,557. 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 96.5% LTV (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 50% 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 96.5% 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.

#### **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. The income limit depends on available fund sources 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 is a displaced homemaker who 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 cannot be brought into compliance for less than the cost of constructing a permanent structure.

#### **INCOME/DEBT RATIOS**

The homebuyer must pay at least 28% 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 will be named "Additional Mortgagee" on all property insurance policies (including flood insurance, if applicable).

#### **MINIMUM REQUIRED DOWN PAYMENT**

A 3% minimum down payment required, with at least 1.5% of the purchase price to be contributed from the 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**

Applicants pending receipt of a green card are allowed if they have a work permit, two years of employment, two years residing in the United States, and two years of established credit. Applicants with political asylum may be considered (depending on the visa type).

#### **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 640 are not eligible to participate in the program.

#### **SELLER'S CONCESSIONS**

Up to 6% of the Sales Price.

#### **CO-BORROWER (non-occupying)**

Use all income/all debts to arrive at ratios for qualification purposes only, not to offset poor credit. The primary borrower's 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, including a roof, termite, electrical, plumbing, hot water heater, heating/cooling system, and septic tank (if applicable) inspection. A 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 review the home inspection report and determine which repairs must be done before or after closing.

#### **HOME BUYER EDUCATION WORKSHOP**

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

#### **MORTGAGE CREDIT CERTIFICATION (MCC) PROGRAM**

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