



Housing Finance and Community Redevelopment Division

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HOMEBUYER PURCHASE ASSISTANCE PROGRAM (HPA)

Broward County's Homebuyer Purchase Assistance (HPA) is an excellent aid for your qualified buyers to purchase a home. To obtain HPA funds, the first mortgage loan must meet the guidelines below. HPA is a deferred payment loan at 0% interest, 15-year term; most areas-up to \$40,000; Davie, Plantation, Hollywood-up to \$50,000; Weston-up to \$80,000. HPA has no monthly payment. If the home is used as the primary residence (homestead) for the 15-year loan term, the mortgage is satisfied. The loan is to be repaid if the use changes or the home is sold during the 15-year loan term.

1st 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 fanniemae.com. 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.

PURCHASE PRICE

The maximum sales price is \$331,888, except for properties located within Weston or Wilton Manors, with higher max prices. These prices are subject to change periodically and without notice.

ASSUMABLE

VA loans may be assumable, however, the HPA second mortgage is due when the VA loan is assumed. FHA or conventional first mortgage loans may not be assumable.

APPRAISAL

Value is determined by an appraisal acceptable by the first mortgage lender and prepared by a Florida licensed residential property appraiser. Purchase price may not exceed appraised value. The Lender will review the appraisal for recommended repairs to be done prior to or after closing.

LOAN TO VALUE (LTV)

Purchase -Not to exceed 97% LTV. First mortgage loan must be greater than HPA amount; 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 90% 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 Broward County ordinances.

INSPECTIONS

Existing and New Property: A whole house inspection by a licensed home inspector is required for all existing AND new construction homes, to include roof, termite, electrical, plumbing, hot water heater, heating/cooling system and septic tank (if applicable). Lead-Based paint inspection by a licensed inspector with EPA certification is required for all homes built before 1978.

APPLICANT QUALIFICATIONS

Household income not to exceed 80% of Broward County's Area Median Income (AMI), as published annually. Hollywood buyers may have household income up to 120% AMI; Wilton Manors buyers may have household income up to 140% AMI.

Applicants cannot have owned residential property within the past 3 years as evidenced by prior 3 years signed federal tax returns and/or companion tax return transcripts. An exception is available in the case of a divorce, provided that in addition to the tax returns, the applicant must submit:

1. Divorce decree; and
2. Executed closing disclosure statement showing the former spouse refinanced the marital property in his/her name or the marital property has been sold.

NON-CITIZENS

Lawful Permanent Resident Aliens are allowed if they have two years of employment, two years US residency, and two years of established credit. Non-Permanent Resident Aliens are allowed if they have an Employment Authorization Document, two years of employment, two years US residency, and two years of established credit. Any applicant or household member without US citizenship will be required to confer with an immigration attorney before pursuing HPA funding.

INCOME/DEBT RATIOS

Homebuyer is to pay at least 25%, but no more than 38% of their gross income for housing expenses. Total debt ratio (including housing costs) may not exceed 45%; FHA back ratio may not exceed 46%.

MINIMUM REQUIRED DOWN PAYMENT

At minimum, 3% non-borrowed funds are required in the transaction (purchase price plus closing costs). At least 1% of purchase price must come from applicant's own funds, the remaining 2% may come from other non-borrowed source (i.e., lender-, seller- or realtor- incentive, nonprofit housing agency, gift from 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. Lender may not charge mortgage broker fees, or collect yield spread premium. Total lender closing costs (paid at closing) cannot exceed 2% of the first mortgage amount, sufficient to cover the following costs: loan origination fee, document prep fee, underwriting fee, processing fee, closing fee, application fee, settlement fee, and notary fee. Lenders that charge a flat rate that may not conform in the case of low loan amounts must have prior approval by HFCRD.

PROPERTY INSURANCE

Broward County (or the funding jurisdiction) is to be named as "Additional Mortgagee" on all property insurance policies (including flood insurance, if applicable).

ESCROW

Property tax and insurance escrows are required.

EMPLOYMENT / INCOME

Per individual lender underwriting guidelines

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/or completed Verification(s) of Employment.

ALTERNATIVE INCOME SOURCES

Disability payments, social security, pension, alimony, child support – use standard Fannie Mae, Freddie Mac or Ginnie Mae guidelines and documents, i.e., 1-year history, minimum 3 years remaining.

ASSETS

All assets verified by a Verification of Deposit and/or 3 months consecutive bank statements.

LIQUID ASSETS

Applicants with liquid assets of \$100,000 or more are not eligible for HPA.

Applicants with liquid assets in excess of \$50,000 after closing are ineligible for HPA. Retirement accounts (IRAs, pensions, 401ks) are not considered liquid assets.

CREDIT

Per individual lender underwriting guidelines.

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. Primary borrower source of income must represent at least 75% of the qualifying income.

HOME BUYER EDUCATION WORKSHOP

Applicants must attend a Home Buyer Education workshop provided by a HUD approved housing counseling/education agency located in South Florida. Online education certificates accepted only from South Florida agencies. 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.

BROWARD COUNTY WEBSITE

Lenders who close an HPA transaction will be listed on the County website; those lenders that also participate in the MCC program will receive the most prominent listing. The list will be updated every quarter to include recent closings and remove lenders who have not completed a transaction in the previous 12-month period.

Rev.5-20, subject to change without prior notice