



**Housing Finance Division**

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**HOMEBUYER PURCHASE ASSISTANCE PROGRAM (HPA)**

*(as of 9-2022)*

*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, with 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 repaid to the County if the use changes, title transfers, or the home is sold during the 15-year loan term.*

**1<sup>st</sup> 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](http://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/TurnKey-** 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 \$568,557, except for properties located within Weston; price dependent on funding source; the maximum sales 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 with MAI designation. Purchase price may not exceed appraised value. The Lender will review the appraisal for recommended repairs to be done prior to or after closing.

**ESCROW**

Property tax and insurance escrows are required.

### **LOAN TO VALUE (LTV)**

**Purchase** -Not to exceed 97% LTV. 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**-of the first mortgage loan allowed, however, the combined LTV cannot exceed 90%. Appraisal required. There is a max \$15,000 cash out for education, home safety repair, medical expenses only-no other cash out allowed. County must stay in a second lien position.

### **QUALIFYING PROPERTIES**

Owner-occupied single-family residences, condominiums, townhomes, and manufactured homes that include real property; at time of Homebuyers' initial occupancy, dwelling must meet at a minimum, Section 8 Housing Quality Standards, local and County building codes and ordinances.

### **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.

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 submits a divorce decree/marital settlement statement, and/or executed closing disclosure statement showing the former spouse refinanced the marital property in his/her name or the marital property has been sold.

### **INCOME/DEBT RATIOS**

Homebuyer is to pay at least 25%, but no more than 38% of their gross income for housing expenses. Higher front ratio may be considered if buyer has low/no existing debt. 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 cannot exceed 2.5% 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 Housing Finance Division.

### **NON-CITIZENS**

Applicants who are lawful permanent residents (green card holders), or who have been granted political asylum and approved for permanent residence (in process of receiving a green card) are eligible. Additionally, these applicants should have two years employment, two years US residency, and two years of established credit to secure first mortgage loan approval. Applicants with pending political asylum application or Temporary Protected Status are ineligible at this time.

### **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).

#### **EMPLOYMENT/INCOME**

Per individual lender underwriting guidelines

**Self Employed & Independent contractors:** Income will be calculated on net income from most current P & L annual statement and/or Adjusted Gross Income from the prior 3 years' tax returns.

**Standard employment (W2 recipients):** Income as derived from review of two months' most recent pay vouchers, W2 for the last 3 years and/or completed Verification(s) of Employment.

#### **ALTERNATIVE INCOME SOURCES**

Disability payments, social security, pension, alimony, child support; follow standard Fannie Mae, Freddie Mac or Ginnie Mae guidelines and documents; 1 year history, minimum 3 years remaining term.

#### **ASSETS**

All assets verified by a Verification of Deposit and/or 6 months consecutive bank statements.

#### **LIQUID ASSETS**

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

Applicants with liquid assets in excess of \$50,000 after closing are ineligible for purchase assistance. Retirement accounts (IRAs, 401ks) that allow hardship withdrawal will be reduced 10% to calculate remaining asset. Pensions with no early withdrawal are not included in asset calculation.

#### **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.

#### **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.

#### **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 Broward County's MCC Program.

#### **BROWARD COUNTY WEBSITE**

Lenders who close an HPA transaction will be listed on the County website; the most prominent listing will be for lenders that also participate in the County MCC program. The list is updated annually to include recent closings and remove lenders who have not completed a recent transaction.