



**FIRST MORTGAGE LENDER GUIDELINES  
FOR THE  
CITY OF HOLLYWOOD  
FIRST-TIME HOMEBUYER PURCHASE ASSISTANCE PROGRAM**

**FIRST 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/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 \$568,557. This price is subject to change periodically and without notice.

## **ASSUMABLE**

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. 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 90% LTV. No cash out on refinance.

## **QUALIFYING PROPERTIES**

Detached single family homes, townhomes, and condominiums whose purchase price does not exceed \$568,557 (subject to change)

Property must be located within the Neighborhood Pride Eligibility Area. Click the following link and enter the address. If the property is within the blue shaded area the location is eligible.

Link : [www.hollywoodfl.org/fthb](http://www.hollywoodfl.org/fthb)

NOTE: Mobile homes, multiple dwelling units and co-operatives are not eligible.

## APPLICANT QUALIFICATIONS

In all cases the applicants household income must not exceed 120% of Broward County's Area Median Income (AMI), as published annually regardless of any First-time homebuyer eligibility exceptions.

Number of Persons in Household	Income Limit
1	\$ 80,640
2	\$ 92,160
3	\$ 103,680
4	\$ 115,200
5	\$ 124,440
6	\$ 133,680
7	\$ 142,920
8	\$ 152,160

*Subject to change without prior notice*

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.

Exceptions are made in the case of one of the following criteria:

- A single, divorced parent who has only owned a residential dwelling with a former spouse while married.
- An individual who is a displaced homemaker and has only owned a primary residence with a spouse, and provides evidence of displacement suitable to City staff.
- An individual who has only owned a primary residence not permanently affixed to a permanent foundation.

## **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%.

## **ESCROW**

Property tax and insurance escrows are required.

## **PROPERTY INSURANCE**

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

## **MINIMUM REQUIRED DOWN PAYMENT**

At least 3% of the first-mortgage must come from applicant’s own non-borrowed funds.

## **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 2.5% 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 Broward County Housing Finance and Community Redevelopment Division.

## **NON-RESIDENTS**

Lawful Permanent Resident Aliens are allowed if they have two years of employment, two years residing in the United States and two years of established credit.

## **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 purchase assistance.

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

Per individual lender underwriting guidelines.

## **CREDIT**

Up to 6% of the Seller Concession.

## **SELLER'S CONCESSIONS**

### **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 is not required.

## **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 on a 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.2-2020, subject to change without prior notice*