



Single Family Bond Program Lender Training

PROGRAM OVERVIEW



What this program ISN'T

NOT A DOWN PAYMENT ASSISTANCE PROGRAM

NOT FOR BUYERS WITH POOR CREDIT

DOES NOT PROVIDE A SUBPRIME PRODUCT

NOT FOR LOW INCOME BUYERS

DOES NOT SLOW THE PROCESS – DOESN'T TAKE MONTHS TO CLOSE

DOES NOT FORCE BUYERS TO LIVE IN A HOME FOR NINE YEARS



Florida Housing Bond Program

PROGRAM OVERVIEW

- This is a first mortgage program that also offers down payment and closing cost assistance.
- Term, Rate, Assistance, Points are all determined by the Florida Housing Finance Corporation.
- The eligible area in this program includes the entire State of Florida.
- Lenders underwrite loans to agency guidelines.
- First and second mortgages sold to the program after closing.



PROGRAM OVERVIEW

LET' S START WITH THE BASICS

- Buyers must be first-time buyers (with few exceptions).
- Buyers must have a fully executed sales contract for a specific property.
- There are income and sales price limits in a bond program.
- The past 3 years federal income tax returns are required for all borrowers and spouses.
- Buyers must have a minimum FICO credit score of 620 (meaning the mid score must be the minimum or above).



PROGRAM OVERVIEW

LET'S START WITH THE BASICS

Property must qualify.

Buyer must occupy the property within 60 days of closing.

Lenders fund the first mortgage and any program assistance. The Florida Housing Finance Corporation buys all qualified loans through U S Bank Home Mortgage, the Master Servicer. Lenders are reimbursed for the first mortgage and any program assistance at that time.



PROGRAM REQUIREMENTS

You'll be looking at a borrower with two different sets of qualifications---

- 1. Bond Program Qualifications**
- 2. Standard Credit Underwriting Qualifications**



BOND PROGRAM REQUIREMENTS

Qualify the Borrower

First Time Homebuyer – Someone who hasn't owned and occupied their legal residence in past three years.

The past 3 years federal income tax returns are required for all borrowers and spouses -- occupant and non-occupant spouses. If a buyer is not divorced, they are considered married. Even if the soon to be ex-spouse will not be on the loan or even living in the property, the tax returns are required.

Buyers must live in the property they purchase as their principal residence. The property may never be rented.

This is an equal opportunity program.

BOND PROGRAM REQUIREMENTS

Spouses

When it comes to married buyer's both spouses MUST be able to qualify for the bond program.

Even if only one spouse will be on the loan.

Both must be first-time buyer's.

Both need to provide past 3 year's federal tax returns

If a spouse will be on the deed they must attend homebuyer education

BOND PROGRAM REQUIREMENTS

Qualify the Borrower

First-time buyer requirement waived for (1) buyers purchasing in Targeted Areas and (2) Veterans Exception buyers.

What is a Targeted Area?

Determined by HUD for this program by census tract number. Usually considered economically distressed or have low loan origination. In order to increase loan origination the first-time buyer requirement is removed. Buyer must occupy property as principal residence.

What is the Veterans Exception?

This is a great opportunity for our veterans provided by Congress. But they truly must be a veteran and NOT active duty. Any veteran discharged or released other than dishonorably does NOT have to be a first-time buyer to participate in the program. Do not confuse this with a loan product. They do not have to use their VA loan to receive the Veterans Exception.

PROGRAM REQUIREMENTS

Homebuyer Education

All borrowers and anyone listed on the Warranty Deed must take face to face homebuyer education from an approved agency.

- ❖ Education taken UPFRONT NOT A COUPLE OF WEEKS BEFORE CLOSING.
- ❖ Homebuyer Education Certificates are acceptable for a period of one year.
- ❖ Acceptable education is approved by Florida Housing. There is a link on www.floridahousing.org web page with the list of approved education providers.



BOND PROGRAM REQUIREMENTS

Qualify the Household Income

- Use Income of borrower & spouse (both occupant or non-occupant) in calculation for bond program purposes. BECAUSE IF THEY AREN' T DIVORCED, THEY' RE MARRIED.
- Household size is determined by the number of people permanently residing in the property.
- Use all income and income of everyone 18 years of age or older who will live in the household.
- Bond program income is annualized not averaged.
- Detailed guides for calculating bond program income are in the Administrator's Guidelines.

BOND PROGRAM REQUIREMENTS

Qualify the Property & Sales Price

- New or existing, 1 - 4 units, detached or attached, condos, townhomes, manufactured homes. Please note that duplexes are limited to existing homes that are at least 5 years old.
- Homes are considered new if never previously occupied.
- Mobile, recreational, seasonal or other types of vacation or non-permanent homes are not permitted.
- Land may not exceed the size required to maintain basic livability.
- Properties purchased in the program must be residential units.
- No more than 15% of the square footage of the home being purchased may be used in connection with a trade or business including Child Care services (other than incidental rental from eligible multi-unit structures).



PROGRAM PROCESS

Pre-qualify the Borrower

Loan officer determines if borrower qualifies for a mortgage loan. And then, the program based on program qualifications.

Borrower must have signed real estate purchase agreement to have any funds reserved.

New Construction and short sales should only be reserved within 45 days of closing.



PROGRAM PROCESS

Process the loan

Register loan in YOUR company's system AND the program's system called the eHousing Plus web based system.

Have borrower sign a few program documents.

Process the loan like any other loan.

Do not send any documents to eHousing Plus or to US Bank pre-closing.



PROGRAM PROCESS

Underwrite the loan

Remember, the loan is being underwritten by your company's underwriter using standard credit underwriting criteria.

After loan receives underwriting approval there is one extra step before the loan can move to closing.

Underwriter must complete an Underwriter Certification within the Lender Portal within 45 days of reservation.

Once this process is complete the loan may close.



PROGRAM PROCESS

Close the loan

Bond program forms are available online. They are interactive

Remember to have all parties – Mortgagor, Seller and Lender – sign Affidavit/Certifications form at closing.

Provide instruction to closing agent.

Remind them that if they become aware of changes they should contact you in the event the buyer no longer qualifies.



PROGRAM PROCESS

Ship the loan

Ship files to US Bank

Mortgage file including credit package

Compliance file

All checklists are online – you'll see them during the website tour



PROGRAM PROCESS

TIMING IS EVERYTHING

Loan Processing, Delivery and Purchase Timetable

The clock starts ticking on these loans the day the loan is reserved in the lender portal.

Reservation to Underwriter Certification = 45 days max

Reservation to Exceptions Cleared & Loans Purchased= 115 days max
25 bps “late charge” for any loan not purchased by day 115 that can be purchased within 30 calendar days. If not purchased by the 30th day, the loan CANCELS is returned to the lender (no notice, no exceptions, no discussions).

NEW CONSTRUCTION AND REO’ S = DO NOT RESERVE UNTIL 45 DAYS PRIOR TO CLOSING.

SHORT SALES = PLEASE do not make a reservation until the borrower’ s offer has been accepted by the institution. Doing so may cost you the reservation, time and money.

Loans not meeting these requirements cancel automatically without notice.

PROGRAM PRODUCTS

**ALL FIRST MORTGAGES ARE
30-YEAR FIXED RATE MORTGAGES
THAT HAVE ZERO ORIGATION AND ZERO DISCOUNT**

LENDERS earn 1.50% on first mortgage loans

**First mortgage options
Florida First Mortgage
Military Heroes**



FIRST MORTGAGE OPTION

FLORIDA FIRST

Available to anyone who qualifies in the program.



FIRST MORTGAGE OPTION

FLORIDA MILITARY HEROES

- 1. member of the Florida National Guard**
- 2. U. S. service personnel**
- 3. currently on active duty or honorably discharged from the military (Army, Navy, Air Force, Marine Corps, Coast Guard, the Reserves)**

Verification may include discharge papers for non-active duty personnel and current military photo ID for active duty personnel

All those qualifying for Veterans Exception will qualify for Florida Military Heroes BUT all qualifying Florida Military Heroes will not qualify for the Veterans Exception



SECOND MORTGAGE OPTIONS

SECOND MORTGAGES

In order to use one of the second mortgage options a borrower **MUST** receive a Florida Housing first mortgage.

ALL SECOND MORTGAGES FEATURE ZERO ORIGINATION AND ZERO DISCOUNT

THERE ARE TWO SECOND MORTGAGE OPTIONS :

1.HAMI

2.FLORIDA ASSIST



SECOND MORTGAGE OPTIONS

SECOND MORTGAGES

HAMI

5.00% rate - 10-year amortizing loan

For anyone who qualifies in the program. Up to \$5,000.

FLORIDA ASSIST

0.00% rate - 30 year deferred loan

For buyers at 100% of AMI or below (adjusted for Household size). An income chart is within the Florida Assist pages of the Administrator's Guidelines. Up to \$7,500.

**BOTH HAMI AND FLORIDA ASSIST ARE SECOND
MORTGAGES
THAT ARE NEVER FORGIVEN.**

PERKS FOR THE BUYER

FIRST AND SECOND MORTGAGES

Mortgages and Notes are exempt from doc stamp and intangible tax.

Deeds are not exempt but must be paid by the seller.

In cases of Fannie, Freddie, HUD or bank REO's, buyer may pay deed stamps.

PROGRAM FEES

- FIRST MORTGAGE LOANS

- No Origination or Discount fees
 - Bond Application Fee *\$275.00
 - Tax Service Fee * \$85.00
 - Extension Fee, if applicable .25%
- Note: Bond application and tax service fees increased earlier this year. Fees listed above are netted at purchase.

THE PROGRAM FEES LISTED ABOVE ARE NOT INCLUDED IN THE LENDER FEE CAP.



PROGRAM FEES

SECOND MORTGAGE LOANS

- **Lenders advance funds at closing for both HAMI And FLORIDA ASSIST second mortgage loans.**
- **No origination or discount on HAMI or FLORIDA ASSIST loans.**
- **On HAMI loans lenders may collect \$225 Second Mortgage Loan Application Fee. \$150 is netted by U S Bank at loan purchase. The lender retains the other \$75.**
- **On Florida Assist loans Lenders collect and retain \$75 Second Mortgage Loan Application Fee**

THE PROGRAM FEES LISTED ABOVE ARE NOT INCLUDED IN THE LENDER FEE CAP.



PROGRAM FEES

LENDER FEES

FIRST AND SECOND MORTGAGE LOANS -Realtors and builders may not charge transaction fees to buyer or seller.

LENDER FEES should not exceed \$750. Lender fees are defined as fees paid to the lender for the origination of the loan. These fees include, but are not limited to, Processing Fees, Underwriting Fees, Administrative or Administration Fees, and Doc Prep Fees. If a lender chooses a third party to underwrite loan, the Underwriting Fee must be included in the maximum \$750 Lender Fee.



PROGRAM FEES

LENDER FEES

Other third party fees such as fees collected for credit reports, appraisals, title commitments, surveys, notary fees, recording fees, prepaid escrow deposits, insurance, and courier fees are allowable as permitted by insurer/guarantor. Excessive fees (or junk fees) are strictly prohibited. **Any Lender Fees collected in excess of \$750 must be reimbursed to the appropriate party by the Lender prior to loan purchase.**

Lender fees **DO NOT INCLUDE THE BOND FEES THAT ARE LISTED SEPARATELY IN THE ADMINISTRATOR'S GUIDELINES.**

In addition to fees charged, at time of purchase by U S Bank, Lenders Net 1.50% on all first mortgages. Also at time of purchase, Lenders are reimbursed for second mortgage funds that they advanced.



ABOUT THE FINANCING

Appraisal must indicate that the home has at least a 30 year remaining useful life.

Assumptions - First mortgage loans may be assumed by a qualified borrower meeting qualifying requirements, income and acquisition price restrictions in place at the time of the assumption. Such loans must continue to fully comply and be insured or guaranteed by the *insurer/guarantor* or the mortgage insurer.



ABOUT THE FINANCING

Cash Back to the borrower is **not permitted**. This is particularly important when second mortgages are used. Reduce the amount of the second mortgage. This represents an important change from past practices and is being done to prolong dpa funds. **IMPORTANT POLICY CHANGE!!**

Construction to perm is not permitted.

Provided FHA allows, **Cosigners are permitted for FHA loans under very specific conditions**. Follow FHA guidelines for credit purposes only. Treat cosigner credit/income as directed by FHA.



ABOUT THE FINANCING

Cosigners are allowable in an FHA transaction when meeting the following conditions (1) a cosigner cannot have any ownership interest in the property (they cannot be on the Mortgage/Deed) and (2) the cosigner cannot reside in the property being purchased. A cosigner's income is not considered for bond program purposes, tax returns are not required and cosigners do not sign any bond documents.

Minimum Loan Amount - There is **no minimum loan amount** in this program.



ABOUT THE FINANCING

Prepayments - The first mortgages may be prepaid at any time without penalty.

Recapture Tax - If borrower pays Recapture Tax, Florida Housing reimburses the borrower. The conditions of paying Recapture Tax are explained in a separate brochure provided on the Website. Simply, if the property is disposed of in the first full nine years **AND** a net profit is made **AND** the borrowers income exceeds the income limits allowed at time of sale, recapture tax may have to be paid with the federal income tax return for the year in which the home is sold.



ABOUT THE FINANCING

Refinances are not permitted. However, temporary, construction or bridge financing with a term of 2 years or less may be taken out with a bond program loan.

Remaining reserves are not established by the bond program. If any, these are determined by the type of financing used (i.e. FHA).



PROGRAM DOCUMENTS

The simple rule of who signs bond program forms if the person has an ownership interest – if they're named on the Deed -- they sign the program forms. If they are not on the Deed, they do not sign the program forms.

Original, personal signatures of all borrowers and sellers are required and must match on all documents associated with the transaction.

Whenever a party is known in any of the documents by more than a single name, a Name Affidavit Will Be Required.

Powers of Attorney and/or Personal Representatives for the Borrower Are Not Acceptable. **Exception:** Active Duty Military Personnel may provide an Alive and Well letter.



Thank You

