



City of Lauderhill

Loan Underwriting Guidelines for Housing Programs

ITEM	UNDERWRITING GUIDELINES
INTEREST RATE:	Single Family Residences The interest rate will be set on the first business day of each month based on the Fannie Mae 30 year, 60 day mandatory delivery rate at par, plus .25 basis points, rounded to the nearest decimal. The floor rate is set at 4.75% and the interest rate is effective for the entire month. Rate information is available in the Wall Street Journal (WSJ). If the Wall Street Journal's rate falls below 4.75%, the prevailing program rate will remain at the established floor rate of 4.75%. Only fixed rate mortgages are allowable through this program. Rate is not to exceed 6%.
PRIVATE MORTGAGE INSURANCE:	No Private Mortgage Insurance (PMI) is allowed to be charged on any loans originated for first time homebuyers.
MORTGAGE INSURANCE PREMIUM	Mortgage Insurance Premium is allowed to be charged on FHA loans.
RATE-LOCK IN:	Existing Properties: 60-day lock from date of the Real estate sales contract to Purchase. If a loan does not close by the end of 60 days, the ORIGINAL rate may be extended or the most current Lender's Program rate may be applied AT LENDER'S DISCRETION.

	<p>New End(under construction) Loans/Turn Key:</p> <p>60 days prior to Estimated Certificate of Occupancy (C/O) issuance.</p> <p>New construction and Construction-To-Perm Loans: The rate will be the rate in existence 60 days prior to estimated Certificate of Occupancy (C/O) issuance.</p> <p>Pre-approvals: The interest rate will be locked at the time a Purchase Contract is provided to the Lender.</p> <p>Re-locks: If the rate expires, the lender re-lock at the new rate.</p>
TERMS:	<p>Lender: Up to 40-year fixed rate mortgage (No Prepayment Penalty).</p> <p>City of Lauderhill: Offers a deferred second mortgage for housing assistance recipients. Terms for the First and/or Second mortgage is between 10 and 15 years. The homeowner/buyer and their assisted property shall be governed by a Mortgage and Note with said affordability terms. This is NOT a grant.</p> <p>The Note shall be recorded by the title company (for Purchase Assistance) or City (for Rehabilitation) in Broward County Public Records until affordability period has been satisfied or disposed of, whichever occurs</p>

	<p>first. Mortgage will be released upon satisfaction of the mortgage.</p> <p>Purchase Assistance is not prorated, and is due in full if the full affordability term is not met.</p>
CONSTRUCTION-TO-PERMANENT FEE:	.5% of the principal loan amount payable to the lender to cover the cost of administering the construction program administration. (Must be paid out of borrower's own personal funds)
MAXIMUM PURCHASE PRICE:	Existing and new construction sales price limits as established in 2020 for SHIP and CDBG at \$320,855; and \$276,000 (existing) and \$290,000 (new construction) for HOME.
LOAN TYPE	<p>Conventional, FHA, 203K and VA loans. USDA is not applicable for our geographical area.</p> <p>Must be in fee simple title or equivalent form for an eligible property type.</p> <p>REHAB ONLY – Residents with reverse mortgages will not be assisted.</p>
ASSUMABLE:	The loan will be considered in default if any of the following occurs during the City's loan term; sale, transfer or conveyance of property, conversion to a rental property, loss of homestead exemption status; failure to occupy the home as their primary residence, and/or obtains a reverse mortgage.

	<p>Purchase Assistance and First Time Homebuyer Programs: NO - Second mortgages for the Purchase Assistance activity are not assumable.</p> <p>Rehabilitation Programs: Yes – The City’s First and Second Mortgages are assumable to an income eligible heir who will occupy the home as their primary residence. If the legal heir is not income eligible or chooses not to occupy the home, the outstanding balance of the loan will be due and payable to the City of Lauderdale.</p>
<p>C/LTV:</p>	<p>Purchase – Not to exceed 97% LTV with no PMI.</p> <p>CLTV (combined/complete loan to value) not to exceed 107%.</p> <p>Acquisition/Rehab – Up to 95% of the lesser of the final appraisal with improvements or the purchase price plus cost of improvement, whichever is less. To include cost break-down of improvements from a licensed contractor. NO CASH OUT.</p> <p>Refinance – NO CASH OUT unless mortgage with the City mortgage has been satisfied or paid.</p> <p>Home Improvements (owner occupied) – Allowed up to 95% (HOME) and up to 90% (SHIP) of appraised value or 95% of cost, whichever is less. Housing value cannot exceed sales price limits established for HOME and SHIP.</p>

<p>ELIGIBLE PROPERTIES:</p>	<p>Owner-occupied single family residences; Condominiums/Townhomes/Villas</p> <p>Duplexes are permitted if unit is converted into one single-family unit within one year of purchase.</p>
<p>APPLICATION FEE:</p>	<p>Due at time of application, non-refundable, must be credited towards cost at closing. Fee determined by lender not to exceed \$350.</p>
<p>MORTGAGEE CLAUSE:</p>	<p>The City of Lauderhill and/or Broward County shall be named on Property and Flood Insurance as stated below:</p> <p><u>HOME Investment Partnership (HOME)</u> Broward County, a political subdivision of Florida c/o Broward Housing Finance & Community Redevelopment Division 110 NE 3rd Street, Suite 300 Fort Lauderdale, Florida 33301</p> <p>Lender Clauses: ISAOA Lender Type: Second or Additional Mortgagee Lender Interest: Building only Bill to Lender: No</p> <p><u>State Housing Initiatives Partnership (SHIP)</u> City of Lauderhill, a municipal government c/o Grants Division 5581 W. Oakland Park Blvd., Lauderhill, FL 33313</p> <p>Lender Clauses: ISAOA Lender Type: First, Second, or Additional Mortgagee Lender Interest: Building only Bill to Lender: No</p>
<p>QUALIFIED BORROWER'S:</p>	<p>Very Low, Low, and Moderate (SHIP Program only) income persons with income not to</p>

	<p>exceed limits set forth in the Department of Housing and Urban Development Income Limits as determined for the Fort Lauderdale/Broward County MSA published annually, adjusted for household size.</p> <p>First Time Home Buyers: Applicants cannot have owned real property within the past 3 years as evidenced by prior 3 years signed Federal tax returns.</p>
<p>INCOME/DEBT RATIOS:</p>	<p>Housing ratio is 30% for the HOME Program (<i>SHIP exception: if first institutional mortgage lender is satisfied that the household can afford mortgage payments that are slightly in excess of 30% benchmark</i>)</p> <p>Total debt ratio is 45%. Floor is set at 25% and the City will approve on a case by case basis.</p>
<p>ESCROW:</p>	<p>Required for taxes and insurance.</p>
<p>MINIMUM REQUIRED DOWN PAYMENT:</p>	<p>3% minimum down-payment required of the purchase price to be contributed from borrower's own funds via wire transfer. Financing in excess of 107% of the appraised value will not be provided. At least 1% of purchase price contributed from borrower's own funds. The remaining 2% may be a gift from a relative.</p> <p>Savings Club sources (such as Su-Su or Partner Funds) are acceptable when sufficient documentation is present (i.e., Treasurer or Banker provides bank information as it relates to funds). A notarized form letter documentation to be submitted.</p>

CLOSING COSTS:	<p>Can be a gift, seller concession, or down payment assistance funds. Lender may not charge origination or discount fees or points. Total Lender closing costs cannot exceed \$900.</p> <p>City mortgage shall be recorded in no less than second position.</p>
ALTERNATIVE INCOME SOURCES:	<p>Disability payments, social security, pension, alimony, child support, section 8 vouchers – follow standard Fannie Mae guidelines and documents, i.e., 1-year history and minimum 3 years remaining term. Social security etc. may be 'grossed up' to 125% for qualifying purposes.</p> <p>Applicant, co-applicant, and adult household members with minor children must provide a letter from Child Support Enforcement Services stating there is no petition on file.</p>
NON-RESIDENTS:	<p>Borrowers with political asylum (depending on the type of visa) or pending receipt of a green card are allowed to participate as long as they have a work permit, two years of employment, two years residing in the United States, and two years of established credit. Proof of status is required. Type of visa proof of political asylum include; but is not limited to, social security card, state or government id.</p>
EMPLOYMENT/INCOME:	Per individual lender underwriting guidelines:

	<p>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 2 years.</p> <p>Standard employment (W2 recipients): Income as derived from review of six (6) recent pay stubs, W2's, signed tax returns for the last 2 years, and completed Verification(s) of Employment.</p>
ASSETS :	All assets may be verified by a Verification of Deposit and/or 6 months consecutive bank/institution statements.
CREDIT SCORE:	Per individual lender underwriting guidelines.
SELLER'S CONCESSIONS:	Up to 6% of the Sales Price.
CO-BORROWER: (non-occupying)	<p>Use all income/all debts to arrive at ratios for qualification purposes only, cannot offset poor credit.</p> <p>Primary Borrower source of income must represent at least 50% of qualifying income.</p> <p>Non-occupying co-borrower's name must be placed on the mortgage agreement prepared by the City of Lauderhill.</p>
INSPECTIONS:	<p>Existing Property: A full Home Inspection by a Home Inspector is required to include: Roof, termite, electrical, plumbing, hot water heater, heating/cooling system and septic tank (if applicable).</p> <p>New Construction: Soil Treatment Inspection The Lender will be responsible for reviewing</p>

	<p>the home inspection report and determine which repairs must be done prior to or after closing.</p> <p>The Lender will sign off on the escrow release for the Title Company (if applicable).</p> <p>All inspections must meet HQS requirements.</p>
<p>RESTRICTION:</p>	<p>LIQUID ASSETS Borrower's with liquid assets in excess of \$25,000 after closing are not eligible for purchase assistance and/or housing rehabilitation. IRAs, pensions, 401ks and other retirement accounts will be included in asset calculation.</p>
<p>HOME BUYER WORKSHOP:</p>	<p>Attendance is mandatory as evidenced by the workshop certificate. Workshop certificates have a one (1) year expiration date.</p>
<p>INCOME LIMITS:</p>	<p>Income limits are established on a yearly basis by US Housing and Urban Development (HUD). The City of Lauderhill's website posts an "Income Chart" for each program.</p>