



**Housing Finance and Community Redevelopment Division**

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**HOMEBUYER PURCHASE ASSISTANCE PROGRAM (HPA)  
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/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 HOME maximum sales price for existing dwellings is \$247,000; new dwellings is \$299,000; SHIP and CDBG maximum for existing and new dwellings is \$317,647; subject to change without notice.

**ASSUMABLE**

The first mortgage loan may not be assumable.

**LOAN TO VALUE (LTV)**

**Purchase** -Not to exceed 97% LTV (with no mortgage insurance (MI)). Value is determined by a appraisal acceptable by the first mortgage lender and prepared by a Florida licensed residential property appraiser. 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**

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.

  
[www.broward.org](http://www.broward.org)

Effective 10-2017, rev. 3-2018

Subject to change without prior notice; visit [www.broward.org/housing](http://www.broward.org/housing) for current guidelines.



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**HOMEBUYER PURCHASE ASSISTANCE PROGRAM, continued**

**APPLICANT QUALIFICATIONS**

Very Low, Low, and Moderate income persons with income not to exceed the Broward County Income Category Chart limits, as published annually. Income limit depends on available fund source.

Applicants cannot have owned residential property within the past 3 years as evidenced by prior 3 years signed federal tax returns and 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.

**INCOME/DEBT RATIOS**

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

**ESCROW**

Property tax and insurance escrows are required.

**PROPERTY INSURANCE**

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

**MINIMUM REQUIRED DOWN PAYMENT**

3% minimum down-payment required with at least 1% of purchase price to be contributed from applicant's own funds. The remaining 2% may be a gift from other sources (i.e., lender incentive, nonprofit housing agency, 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% of the first mortgage amount, sufficient to cover the following costs: loan origination fee, document prep fee, tax service fee, flood certifications, underwriting fee, processing fee, closing fee, application fee, settlement fee, and notary fee. Lenders that charge a flat rate which may not conform in the case of low loan amounts must have prior approval by HFCRD.

**ALTERNATIVE INCOME SOURCES**

Disability payments, social security, pension, alimony, child support – follow standard Fannie Mae guidelines and documents, i.e., 1-year history and minimum 3 years remaining term.

**NON-RESIDENTS**

Applicants pending receipt of a green card are allowed if they have a work permit, two years of employment, two years residing in the United States, and two years of established credit. Applicants with political asylum may be considered (depending on the visa type).

**EMPLOYMENT/INCOME**

Per individual lender underwriting guidelines.



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**HOME BUYER PURCHASE ASSISTANCE PROGRAM, continued**

**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 completed Verification(s) of Employment.

**ASSETS**

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

**LIQUID ASSETS**

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

Applicants with liquid assets in excess of \$50,000 after closing are not eligible for down payment assistance. IRAs, pensions, 401ks or other retirement accounts 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 Property:** A full home inspection by a licensed home inspector is required, to include roof, termite, electrical, plumbing, hot water heater, heating/cooling system and septic tank (if applicable). Lead paint inspection by a licensed inspector is required for all homes built before 1978.

**New Construction:** Soil treatment inspection is required. A home inspection is recommended, not required.

The Lender will be responsible for reviewing the home inspection report and determine which repairs must be done prior to or after closing.

**HOME BUYER EDUCATION WORKSHOP**

Applicants must attend a Home Buyer Education workshop provided by a HUD approved housing counseling/education agency. 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.