

LENDER'S INFORMATION ABOUT THE MHTF HAP PROGRAM (02-05)

ELIGIBILITY CRITERIA

For purposes of determining eligibility for the City of Manassas Housing Trust Fund, Inc. Homeownership Assistance Program the income, assets and circumstances of all individuals, persons, families or households currently residing together (whether related by blood, marriage, adoption, or unrelated), and others anticipated to occupy the housing unit will be considered, and must meet all program requirements.

MAXIMUM HOUSEHOLD INCOME (must be less than these amounts)

Gross household annual income is projected forward for one year from date of settlement and can not exceed 80% area median income (AMI), per the table below. Note: Interest from assets is added to income in determining eligibility. Interest on assets over \$5,000 is imputed @ the HUD determined passbook rate. For assets over \$5,000, the greater of the actual interest earned, or interest imputed at the passbook rate is included as income. Households must meet these income guidelines up to, and projecting forward for one year from the day of settlement. Actual or anticipated increases in income must be reported within 10 days of occurrence or notification.

1 Person	2 Person	3 Person	4 Person
\$40,60	\$46,400	\$52,200	\$58,000
5 Person	6 Person	7 Person	8 Person
\$62,650	\$67,300	\$71,900	\$76,550

1. All persons, individuals, families and/or household members must be U.S. Citizens, U.S. non-citizen national, or qualified alien legally admitted to the U.S. with valid USCIS documents.
2. Priority given to applicants who live or work in the City of Manassas.
3. Must be first time homebuyers. Persons, individuals, families or households cannot have purchased or had ownership interest (own, purchase, co-sign on a loan, inherit, etc., regardless of whether they lived there) in a home or other residential property in the last three years anywhere in the United States, foreign land or country.
4. Previous recipients of MHTF or any other first-time homebuyer program funds are not eligible.
5. Must be minimum of two years since discharge of a bankruptcy.
6. Previous foreclosures typically unacceptable.
7. All judgments and collections must be paid in full.
8. Must qualify on merit, no co-signers.
9. Minimum 6 months no late payments (extenuating circumstances considered).
10. **MHTF requires a minimum contribution of \$500.00 from the purchaser.** Due to various fees charged for first trust financing, the contribution of the purchaser may be higher than the minimum. If your purchaser has limited funds, it may be a good idea to have a note redeemable at the settlement table for the earnest money deposit if this is acceptable to the sellers.
11. Must have completed the Personal Finance Program and Homeownership Training required by MHTF through Cooperative Extension.

12. First trust financing must be a fixed rate, step or buydown. **NO adjustable rate mortgages (ARM's) allowed. Interest rates higher than 1% of current market rates will be reviewed for approval.** Our office must be notified immediately if loan program or rates have changed.
13. Borrowers are required to obtain a maximum first trust loan for which they can qualify according to FHA, VA, VHDA or conventional standards with income/debt ratios 29/41. Expanded qualifying ratios of 33/45 may be considered on case by case basis with demonstrated ability to pay or save at higher level for at least six months.

LOAN TERMS

Effective 09-24-04

MHTF Loan: Up to \$50,000, for down payment and actual custom and normal closing costs. The MHTF Loan provided will be determined on the household qualifying for the maximum first loan based on qualifying ratios 29/41.

Determination of MHTF Loan amounts are based on minimum amount required to purchase average priced housing unit appropriate to family size, per current City of Manassas Board of Realtors Multiple Listing Service Data.

Assistance will be in the form of an interest free, deferred loan. If the property is sold, or used as a rental within 15 years, the total loan amount will be due immediately. If the borrowers maintain the property as their principal residence for 15 years, the MHTF Loan is entirely forgiven.

A deed of trust will secure the MHTF Loan in second position behind the first trust loan. The MHTF Loan will not be subordinated at any time for a Home Equity loan, other loan, or for refinances of the first loan that result in removal of equity for any reason (i.e. cash, loan consolidation, debt repayment, home improvements, etc.)

PROPERTY REQUIREMENTS

1. Must be located in City of Manassas.
2. Property must be existing, or under construction with at least the foundation in place.
3. Contract price and appraised value must be <\$290,319 (1-04)
4. Must be **VACANT OR OWNER OCCUPIED - DO NOT SHOW Renter occupied properties.**
5. Must pass HUD Housing Quality Standards Inspection conducted by MHTF which will include a visual inspection for chipping and peeling paint.
6. Properties purchased must remain the principal residence of the purchaser.

CONTRACT REQUIREMENTS

1. Include a contingency clause listing these three items:
 - "This contract is contingent on the purchaser receiving City of Manassas Housing Trust Fund, Inc. funds, and property passing a HUD Housing Quality Inspection."
 - For properties built before 1978, "This contract is contingent upon seller correcting defective paint surfaces in accordance with Federal Lead-Based Paint Requirements using a Certified Lead Abatement Contractor, providing satisfactory clearance test results conducted by an independent Certified Lead-Based Paint Inspector and providing verification of contractor qualifications prior to requisition of the HAP check."

- “This contract is contingent on a Home Inspection performed by a certified ASHI Home Inspector.” (This is a requirement of the MHTF Program. The fee for this cost will be counted toward the purchaser’s \$500.00 minimum contribution.)
2. The Seller/Buyer Voluntary Sale Form and the Lead Based Paint Disclosure Form must be completed and signed by the purchaser and seller either when the contract is signed or at closing. Original Voluntary Sale Form and copy of Lead Based Paint Disclosure Form to be sent back to the Housing Office with copy of ratified contract.
 3. FHA requires that the total of first and second trust not exceed the Acquisition Cost (Sales Price + Purchaser’s Allowable Closing Cost, discount points and pre-paid expenses). Loan fees which are not allowed per FHA guidelines will require a seller, or purchaser contribution to make up the difference.
 4. **Seller is not allowed to rent back from purchaser.** Certificate of Buyer Occupancy at Settlement Form to be signed and notarized at closing.
 5. Purchaser is not allowed to receive any cash back at settlement.
 6. Include the closing/settlement attorney in the contract listing address and telephone/fax number too. We have a list of settlement companies that have successfully worked with the program, some offer discounted rates.
 7. The MHTF Program does not allow processing fees charged to purchaser from the Selling Agency.
 8. Please allow ample time for settlement. Our office needs 7 to 10 days from **final approval of the first trust**, and must review a copy of the lender’s loan commitment, first trust final loan instructions for settlement and a Draft HUD 1 to process the MHTF settlement check.

CONTRACT RATIFICATION

Once the contract is ratified, you must contact the MHTF office, fax the ratified contract to 540-341-7351, or deliver it to the MHTF Manassas Office. Include the following:

1. Ratified contract with the original Voluntary Sale Form & copy of Lead Based Paint Disclosure Form
2. MLS printout, agents cards & telephone numbers.
3. Settlement Attorney’s name, address, telephone and fax.
4. Lender name, address, telephone & fax number.
5. Lender to FAX Good Faith Estimate, Loan Information Form for Purchaser Under Contract. **Income/debt ratios must be within 29/41, or 33/45 with exception granted by MHTF, or HAP assistance will not be provided.**
6. Purchaser to complete household budget reflecting projected PITI, housing and living costs and submit to housing.
7. The contract will be reviewed and an HQS inspection will be scheduled with the agent.
8. Agent must send copy of full professional home inspection results to Housing FAX 540-341-7351.
9. After the HQS inspection, and reviewing the professional home inspection report, client and Agent will be notified of results. If the unit fails, a re-inspection will be necessary to document deficiencies have been corrected before settlement.
10. The lender and closing attorney will be sent MHTF loan and settlement instructions.

LOAN APPROVAL AND SETTLEMENT

- ✓ In order for the MHTF to determine the exact amount of the MHTF Loan, the first trust loan **must be out of underwriting, and final instructions sent to the settlement agent for preparation of the HUD 1.** (Please note MHTF **will not approve HUD 1’s** based on Good Faith Estimates, and will require a copy of the first trust loan commitment and first trust loan final instructions sent to the settlement agent.)
- ✓ At this time Lender must complete MHTF Final Loan Information Approval Form for Settlement and submit along with all MHTF required lender documents. **Income/debt ratios must be within 29/41, or 33/45 with exception granted by OHCD, or HAP assistance will not be provided.**
- ✓ For FHA loans, the FHA test must be done to insure that only allowable closing costs are paid with the MHTF funds. This is critical since the purchaser cannot receive funds back at the settlement table.
- ✓ Once the MHTF has reviewed and approved the Final Loan Information Form for Settlement, the HUD 1, a copy of the lender’s loan commitment and final first trust loan instructions for settlement, a check is requisitioned in the amount needed for the purchaser.

Note: The information contained on the Lender Information Sheet is a brief summary of the program as it relates to the Lender’s role in the MHTF process.

The MHTF Homeownership Program is administered by the City of Manassas Housing Trust Fund, Inc. a non-profit using a combination of federally mandated regulations, local guidelines, policies and procedures.

City of Manassas Housing Trust Fund, Inc.
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540-341-0280 and/or
703-361-8277 ext 2326
540-341-7351 FAX
703-257-8255 TTP

