

# REALTOR 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 (HAP) 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.

1. 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
\$40,600	\$46,400	\$52,200	\$58,000
5 Person	6 Person	7 Person	8 Person
\$62,650	\$67,300	\$71,900	\$76,550

2. 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.
3. Priority is given to applicants who live or work in the City of Manassas.
4. 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.
5. Previous recipients of MHTF, or other first-time homebuyer program funds are not eligible.
6. Borrower must have completed the Homeownership Education requirement, have a valid certificate, and been interviewed and determined eligible for MHTF funding.
7. First trust financing must be fixed rate, step, or buydown (**no ARMs, Interest only or Negative Amortization loans are allowed**) at an interest rate within 1% of current market rate.
8. 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.

 **Persons who have been preliminarily approved for the MHTF Program will have a Preliminary Award letter from the City of Manassas Housing Trust Fund, Inc. You should not write a contract, or proceed working with purchasers unless they have a current Preliminary Award Letter from the MHTF !!!!!.**

## PROPERTY SELECTION

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 <\$352, (2-05)
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.

## LOAN TERMS

### Effective 8-17-04

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

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.)

## 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 for downpayment and closing costs (see Loan Terms), and property passing a HUD HQS 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-Trained Renovator, 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 MHTF check, based on a visual inspection by MHTF.”
  - “This contract is contingent on a Home Inspection performed by an ASHI Home Inspector” and to a Home Warranty (These are requirements of the MHTF Housing Program. The fees for these costs will be considered as part of the purchaser’s minimum \$500 contribution.)
2. 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.
3. **MHTF Housing Program requires a minimum contribution of \$500 from the purchaser.** However, due to various requirements associated with first trust financing, the contribution of the purchaser may be higher than the minimum. If the purchaser has limited funds, have a note redeemable at the settlement table for the earnest money deposit if this is acceptable to the sellers.

4. **Seller is not allowed to rent back from purchaser.** Certificate of Buyer Occupancy at Settlement Form must be signed and notarized at closing.
5. Purchaser is not allowed to receive any cash back at settlement.
6. Include the closing/settlement attorney address and telephone/fax number in the contract. We have a list of settlement companies that have successfully worked with the MHTF Housing program, some offer discounted rates.
7. The Seller/Buyer Voluntary Sale Form and the Lead Based Paint Disclosure Form must be completed and signed by the purchaser and seller when the contract is ratified or at settlement. Original Voluntary Sale Form and copy of Lead Based Paint Disclosure Form to be sent back to the MHTF Housing Office with copy of contract.
8. The MHTF Housing Program does not allow processing fees charged to purchaser from the Selling Agency.
9. Please give 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 Funding check.

#### **CONTRACT RATIFICATION**

Once the contract is ratified, you must immediately contact the MHTF Office and either FAX to 540-341-7351 the ratified contract or deliver it to MHTF Office. It will be very helpful if you include the following with the contract:

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 number
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 acquisition assistance will not be provided by the MHTF.**
6. Purchaser to complete household budget reflecting projected PITI, housing and living costs and submit to housing.
7. Provide a paid receipt for the Home Inspection, along with a copy of the Home Inspection report.

#### **CONTRACT RECEIVED BY MHTF**

1. The contract will be reviewed and an HQS inspection will be scheduled with the agent.
2. Agent must send copy of full professional home inspection results to MHTF FAX 540-341-7351.
3. After the HQS inspection, and reviewing the professional home inspection report, the Agent will be notified of results. If the unit fails, a re-inspection will be necessary to document deficiencies have been corrected before settlement.
4. The lender and closing attorney will be sent MHTF loan and settlement instructions.
5. When the loan has been approved, the lender will send the final figures to closing attorney who will prepare the HUD 1 & fax it to our office for review.

#### **LOAN APPROVAL AND SETTLEMENT**

- ✓ In order for the MHTF Program 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 Lender Loan Information 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 MHTF, or 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, and once MHTF has requisitioned a check, additional money cannot be requested.
- ✓ 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 loan instructions for settlement, a check is requisitioned in the amount needed for the purchaser.

**Note:** The information contained on the Realtor Information Sheet is a brief summary of the program as it relates to the Realtor's role in the MHTF process. For further information, refer the Homeownership Assistance Program Guidelines, Steps to Homeownership, and Lender Information Sheet.

The MHTF 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.**  
**8955 Center Street**  
**Manassas, VA 20110**

**540-341-0280 and/or**  
**703-361-8277 ext 2326**  
**540-341-7351 FAX**  
**703-257-8255 TTP**

