

LENDER INFORMATION HAP PROGRAM (3-23-09)

ELIGIBILITY CRITERIA

For purposes of determining eligibility for the Prince William County 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.

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
\$44,800	\$51,200	\$57,600	\$64,000
5 Person	6 Person	7 Person	8 Person
\$69,100	\$74,250	\$79,350	\$84,500

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. Household must currently live or work in Prince William County for at least six months.
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 HAP, or 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. **HAP requires a minimum contribution of \$1,000 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 HAP through Cooperative Extension.

12. First trust financing must be a fixed rate, step or buydown. **No adjustable rate mortgages (ARM's), ballons, or interest only loans allowed.** Interest rates higher than 1% of current market rates must be reviewed and approved by OHCD. Our office must be notified immediately if lender, or loan terms are 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

HAP Loan: Up to \$75,000, plus up to 6% of the sales price towards actual closing costs. The HAP Loan provided will be determined on the household qualifying for the maximum first loan based on HAP ratios 29/41.

Determination of HAP Loan amounts are based on minimum amount required to purchase average priced housing unit appropriate to family size, per current Prince William County 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 30 years, the principal loan amount along with a percent share of the market appreciation equal to the percent of HAP funds in the original acquisition cost will be due immediately. If the borrowers maintain the property as their principal residence for 30 years, the HAP Loan is entirely forgiven.

A deed of trust will secure the HAP Loan in second position behind the first trust loan. The HAP 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.)

RAP Loan: Beginning July 1, 2006 the Rehabilitation-Acquisition Program (RAP) loan will provide additional funding for downpayment and rehabilitation to enable the purchaser to acquire a property that needs rehabilitation, improved energy efficiency or replacement of aging systems such as roof, heating and air conditioning, water heater, etc. Maximum RAP loan is \$25,000 for downpayment, \$50,000 maximum rehabilitation assistance. The property must require a minimum of \$2,000 in improvements. The RAP Loan will be secured by a third deed of trust and must be repaid in full upon sale, refinance of the first loan with cash out, or if the property is non longer the principal residence of the purchaser

PROPERTY REQUIREMENTS

1. Must be located in Prince William County.
2. Property must be existing, or under construction with at least the foundation in place.
3. Contract price must be <\$661,200 (3-08)
4. Must be **VACANT OR OWNER OCCUPIED - DO NOT SHOW Renter occupied properties.**
5. Must pass HUD Housing Quality Standards Inspection conducted by HAP Staff which will include a visual inspection for chipping and peeling paint.
6. Properties purchased must remain the principal residence of the purchaser.

CONTRACT REQUIREMENTS

Disallowed Costs: HAP funding shall not be used for escalation clauses, purchase offers exceeding the MLS listed sales price, processing fees charged to purchaser by the Selling Agency, or to

fund the difference between a low appraisal and the contract sales price, nor shall the payment of disallowed costs from the purchaser's own funds count toward the \$1,000 household contribution required by the program.

1. Include a contingency clause listing these three items:
 - "This contract is contingent on the purchaser receiving PWC HAP 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 Home Inspector." (This is a requirement of the HAP Program. The fee for this cost will be counted toward the purchaser's \$1,000 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 when the contract is signed. Original Voluntary Sale Form and copy of Lead Based Paint Disclosure Form to be sent back to the Housing Office with copy of 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 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. 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 HAP check.

CONTRACT RATIFICATION

Once the contract is ratified, you must contact OHCD, fax the ratified contract to 703-792-7393, or deliver it to OHCD. 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.
Effective 7/1/01, settlement companies who have never received payment from the County must register with the PWC Purchasing Department's website @ www.pwcgov.org/finance/purchasing to be issued a Prince William County Vendor 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 OHCD, 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 703-792-7393.
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 HAP loan and settlement instructions.

LOAN APPROVAL AND SETTLEMENT

- ✓ In order for the HAP Program to determine the exact amount of the HAP 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 HAP **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 HAP's Final Loan Information Form for Settlement and submit along with all HAP 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 HAP funds. This is critical since the purchaser cannot receive funds back at the settlement table, and once Housing has requisitioned a check, additional money cannot be requested.
- ✓ Once the Office of Housing 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.
- ✓ At this point scheduling the exact settlement date can be determined based on the HAP check cut schedule.
- ✓ HAP will issue a Final HAP Loan Commitment, including any conditions which must be met prior to settlement.

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 HAP process. For further information, refer the Homeownership Assistance Program Guidelines, Steps to Homeownership, and Realtor Information Sheet.

The HAP Program is administered by the Prince William County Office of Housing and Community Development using a combination of federally mandated regulations, local guidelines, policies and procedures.

<p>Office of Housing and Community Development 15941 Donald Curtis Drive, Suite 112 Woodbridge, VA 22191 Phone 703-792-7530 FAX 703-792-7393 TTP 703-792-4364</p>	 <p>EQUAL HOUSING OPPORTUNITY</p>
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