



Lender Guidelines

Down Payment/Closing Cost
SHIP Program

Okaloosa CDC
March 2003 Edition
Updated Income Limits

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Document Provided Courtesy of:

<http://www.downpaymentsolutions.com/>

OBJECTIVE

Upon Commitment from the Lender, the Okaloosa Community Development Corporation (Okaloosa CDC) will assist in providing funding, at the discretion of the CDC, in the following four categories:

- 1) Down payment
* 3% for FHA, 5% for conventional
- 2) Closing Costs
* 50% of total closing costs. The monetary amount of closing costs should be equally divided between buyer & seller. The \$3500 maximum includes prepaids.
- 3) Prepaids
 - minimum necessary prepaid items
- 4) Repairs – Very low income applicants only

Very Low Income Applicants are eligible for \$10,000 maximum

Low Income Applicants are eligible for \$6,000 maximum

This enables low and very low income residents to purchase affordable housing units. Approved applicants will qualify for a second mortgage with no interest and no monthly payments; repayment occurs when the home is sold, rented, or title is transferred. The second mortgage depreciates 20% each year and is completely forgiven after 5 years of occupancy in the home.

BORROWER QUALIFICATIONS

- Borrowers gross annual income limits* are set out as follows:
* Subject to change annually

<u>Household Size</u>	<u>Income Limits*</u>
1 person	\$ 29,500
2 persons	\$ 33,750
3 persons	\$ 37,950
4 persons	\$ 42,150
5 persons	\$ 45,550
6 persons	\$ 48,900
7 persons	\$ 52,300
8 persons	\$ 55,650

- Borrower must not currently own a home
- Borrower must purchase a home within Okaloosa County
- Borrower must be pre-approved by a lender
- Borrower must attend Homebuyer Counseling Class which is offered through Consumer Credit Counseling
- Borrower must invest a minimum of \$500 towards closing costs
- Co-borrower is allowed. The co-borrower's income will not be counted towards household income as long as they will not occupy the home

PROPERTY QUALIFICATIONS

The Okaloosa CDC holds the exclusive right to deny funding if in the assessment and estimation of the Inspector and Executive Director the property is deemed substandard and cannot be brought up to standard and usual condition upon closing or post closing repair by the CDC.

The prospective home must be located within Okaloosa County limits.

Acceptable homes include (either existing or newly constructed):

- Single family attached/detached
- Condominiums/Townhomes
- Manufactured Homes – DCA Approved

Unacceptable homes include:

- Foreclosures
- Repos
- Mobile homes
- Duplexes
- Multifamily Units

Sales price limits:

Existing homes:	\$ 98,523.00
Newly constructed homes:	\$106,365.00

******* All prospective homes are inspected by the Okaloosa CDC inspector.**

LENDERS FIRST MORTGAGE PARAMETERS

- ☞ Interest rate must not be more than 2% higher than the prevailing rate as set out by Fannie Mae.
- ☞ Interest rate must be a fixed rate for the full term of the loan.
- ☞ The monetary amount of closing costs should be **equally divided** between Buyer & Seller. Buyers closing costs – together with prepaids - cannot exceed \$3500.
- ☞ Down payment assistance will be limited to the minimum required down payment for type of loan (i.e. FHA is limited to 3% down, conventional is limited to 5% down)
- ☞ **Seller must pay Doc Stamps on the Deed and Recording of the Deed**
- ☞ At this time, owner financing is NOT allowed.

SHIP LOAN & CLOSING PROCEDURES

- 📖 After Lender has Pre-Approved* applicant for a loan, a completed Lender Referral form must be submitted via fax to the Okaloosa CDC by the lender.

- 📖 The SHIP Program Specialist will send out an application via USPS. Applicant must fill out and return to Okaloosa CDC via USPS, fax, or in person.

- 📖 The application must include the Home Buyers Class Certificate. An applicant cannot qualify without this certificate.

- 📖 The SHIP Program Specialist will begin the income certification process upon receipt of the application. After verifying income eligibility of the applicant, the Award Letter with a funding availability date will be sent to the customer and a copy faxed to the lender.

- 📖 Funds are reserved based on availability. The Okaloosa CDC is limited to five (5) closings per month.

- 📖 Before entering into a contract to purchase a home, the sales contract must be faxed to our office (651-7722) for closing costs approval. The realtor should call & request a copy of our Realtor Guidelines before writing up a sales contract.

- 📖 Once a home is found, the Lender should fax an 'Inspection Request' to the Okaloosa CDC. The SHIP Program Specialist will contact our inspector and arrange the inspection date.

- 📖 Once the inspection is complete, a copy of the inspection report will be faxed to the lender and sent to the Buyer by the SHIP Program Specialist.

SHIP LOAN & CLOSING PROCEDURES cont'd

📖 Once a closing date has been set, the lender should fax to the Okaloosa CDC a copy of the following:

- 1) SHIP Funds Breakdown Form
- 2) SHIP Funds Check Request
- 3) HUD-1
- 4) Appraisal

📖 Checks are cut on a weekly basis. The Check Request package must be faxed by noon on Wednesday to guarantee the check is ready on Friday of the same week.

If the request is not submitted by the deadline Wednesday, the Okaloosa CDC cannot guarantee the check will be ready until the Friday of the following week.

* The Okaloosa CDC defines 'Pre-approved' as:

- 1) A Completed loan application
- 2) A Completed credit check
- 3) The Lender has a great degree of confidence that the customer's loan will be approved and considers the customer to be loan worthy.

EXPENSES COVERED BY SHIP

1. Down Payment:

- ≡ SHIP will provide the minimum down payment according to the particular type of loan.
- ≡ FHA loans are 3% down, Conventional loans are 5% down

2. Closing Costs:

- ≡ The monetary amount of closing costs should be **equally** divided between buyer and seller, with doc. Stamps on the deed mandatory for the seller. SHIP will cover the buyers portion to a maximum amount of \$3500.
- ≡ SHIP will not pay for Doc. Stamps on the Deed or Recording of the Deed.
- ≡ SHIP Mortgage and Note must be recorded and sent to our office.
- ≡ *****The SHIP mortgage is exempt from Doc. Stamps*****
- ≡ SHIP will pay for no more than 1% towards origination and/or 1% towards discount fee.

3. Prepaids:

- ≡ Prepaid expenses are subject to the Buyers \$500.00 contribution for the closing of the home.
- ≡ Minimum necessary prepaid items.

4. Repairs *****See Repairs covered by SHIP

REPAIRS COVERED BY SHIP

Low Income Applicants are not eligible for repair work.

Very Low Income Applicants are eligible for minimal repair work.

Repairs must be Okaloosa CDC inspector required and necessary to satisfy the conditions of health and welfare of the buyer. Cosmetic (i.e. carpeting) and/or upgrades are not allowed.

****SHIP will not pay for Seller required repair of wood rot or termite treatment and repair.****

Significant repairs, contingent on remaining funds, are done by the Okaloosa CDC's contractors and a mortgage modification is done after work is completed. Significant repairs include, but are not limited to, replacement of the roof, or replacement of HVAC unit, or water heater, etc.

A final inspection is conducted and approved in writing by the Buyer and our inspector **before** funds are dispersed for repairs.

Lender Referral to the Okaloosa SHIP Program

(Applicant(s) Name)

(Current Address)

(Home & Work Telephone Numbers)

Signed & Printed Name of Loan Officer or Processor

Name & Address of Lending Institution

Date Signed

Phone Number of Lender

**COMPLETED LOAN APPLICATION MUST ACCOMPANY
REFERRAL BEFORE CUSTOMER IS SENT A SHIP APPLICATION**

PRE-APPROVED MORTGAGE AMOUNT: \$ _____

.....

Okaloosa CDC Acceptance

An application was mailed/picked up/faxed on _____.

Okaloosa CDC

SHIP Inspection Request



Customer Name: _____

Customer Phone #: (hm) _____ (wk) _____

Property Address: _____

Purchase Price: _____

Lender: _____

Access to the property will be provided by:

Phone #: _____

Property is (please circle): Occupied Vacant

ALL UTILITIES MUST BE ON DURING INSPECTION

**Please fax inspection request to Kim @ 651-7722 along
with a copy of the sales contract**

This form should accompany the closing documents and is for the breakdown of SHIP Funds only.

SHIP FUNDS BREAKDOWN

CLOSING DATE: _____

APPLICANT'S NAME: _____

PROPERTY ADDRESS: _____

LENDER: _____

DOWN PAYMENT \$ _____

CLOSING COSTS \$ _____

PREPAIDS \$ _____

REPAIRS \$ _____

LESS EMD MONEY \$ (_____)

TOTAL AMOUNT \$ _____

MUST INCLUDE IN PACKAGE

- ___ HUD-1
- ___ Appraisal
- ___ Executed Sales Contract
- ___ SHIP Funds Breakdown
- ___ SHIP Check Request

SHIP FUNDS CHECK REQUEST

DATE: _____

PAYABLE TO: _____

LENDER: _____

AGENT: _____

AMOUNT: _____

CLIENT NAME: _____

ADDRESS: _____

MAIL CHECK _____

PICK-UP CHECK _____

MORTGAGE DEED

THIS MORTGAGE DEED executed effective this _____ day of _____, 20__ by _____ whose address is _____ hereinafter called the Mortgagor, to the Okaloosa Community Development Corporation, whose address is P.O. Box 2707, Ft. Walton Beach, FL 32549, hereinafter called the Mortgagee:

(Wherever used herein the terms "mortgagor" included all the parties to this instrument and the heirs, legal representatives, and the assigns of individuals, and the successors and assigns of corporations; and the term "note" include all the notes herein described if more than one.)

WITNESSETH, that for good and valuable considerations, and also in consideration of the aggregate sum named in the mortgage hereby grants, bargains, sells, aliens, remises, conveys, and confirms unto the mortgagee all the certain land of which the mortgagor is now seized and in possession situate in OKALOOSA, County, Florida, to-wit:

TO HAVE AND TO HOLD THE SAME, together with the tenements, hereditament and appurtenances thereto belonging, and the rents, issues, and profits thereof, unto the mortgagee, in fee simple.

AND the mortgagor covenants with the mortgagee that the mortgagor is indefeasibly seized of said land in fee simple; that the mortgagor has good right and lawful authority to convey said land as aforesaid; that the mortgagor will make such further assurances to perfect the fee simple title to said land in the mortgagee as may be reasonable required; that the mortgagor hereby fully warrants the title to said land and will defend the same against the lawful claims of all persons whomsoever; that said land is free and clear of all encumbrances except taxes accruing subsequent to December 20____.

PROVIDE ALWAYS, that is said mortgagor shall pay unto said mortgagee the certain promissory note attached hereto as exhibit, and shall perform, comply with, and abide by each and every one of the agreements, stipulations, conditions, and covenants thereof, and of this mortgage, then this mortgage and estate hereby created, shall cease, determine, and be null and void.

AND the mortgagor hereby further covenants and agrees to pay promptly when due the principal and interest and other sums of money provided for in said note and this mortgage, or either; to pay all and singular the taxes, assessments, levies, liabilities, obligations, and encumbrances of every nature on said property; to permit, commit, or suffer no waste, impairment, or deteriorations of said land or the improvements thereon at any time; to keep the buildings now or hereafter on said land fully insured in a sum of not less than the maximum insurable value in a company or companies acceptable to the mortgagee, the policy or policies to be held by, and payable to, said mortgagee, and in the event any sum of money becomes payable by virtue of such insurance, the mortgagee shall have the right to receive and apply the same to the indebtedness hereby secured, accounting to the mortgagor for any surplus; to pay all costs, changes and expenses, including attorney fees and title searches, reasonably incurred or paid the mortgagee because of the failure of the mortgagor to promptly and fully comply with and abide by each and every one of the agreements, stipulations, conditions, and covenants set forth in said note and this mortgage or either. In the event the mortgagor fails to pay when due any tax, assessments, insurance premium, or other sum of money payable by virtue of said note and this mortgage, or either, the mortgagee may pay the same, without waiving or affecting the option to foreclose or any other

right thereunder, and all such payments shall bear interest from the date thereof at the highest lawful rate then allowed by the laws of the State of Florida.

THAT the loan, which this mortgage is given to secure, is made under the State Housing Initiatives Partnership program. (SHIP)

IF any sum of money herein referred to be not promptly paid when the same becomes due, or if each and every the agreements, stipulations, conditions, and covenants of said note and this mortgage, or either, are not fully performed, compiled with, and abided by, then the entire balance unpaid thereon, shall forthwith or thereafter, at the option of the mortgagee, become and be due and payable, anything in said note or herein to the contrary notwithstanding. Failure by the mortgagee to exercise any of the rights or options herein provided shall not constitute a waiver of any rights or options under said note or this mortgage accrued or thereafter accruing.

IT is understood and agreed by mortgagor that as part of the inducement to mortgagee to make the loan evidenced by the note, mortgagee has considered and relied on the credit worthiness and reliability of the mortgagor. Mortgagee covenants and agrees not to sell, convey, transfer, lease, or further encumber any interest in or any part of the mortgaged preoperty without the prior written consent mortgagee's prior property pursuant to the execution or enforcement of any lien, security interest, or other right, whether superior, equal, or subordinate to this mortgage or the lien hereof, such event shall be transferred by mortgagor and an event of default thereunder.

IN WITNESS WHEREOF, the said mortgagor has hereunto signed and sealed these presents the day and the year first above written.

Printed Name Borrower

Printed Name Witness

Printed Name Borrower

Printed Name Witness

STATE OF FLORIDA
COUNTY OF OKALOOSA

The foregoing instrument was acknowledged before me this ____ day of _____,
20__ by _____ who is personally known to me or who has produced
_____ as identification and who did (did not) take an oath.

Notary Public

Stamp

Section 159.621, F.S. exempts notes and mortgages from documentary stamp tax imposed by Chapter 201, F.S., and from intangible tax imposed by Part 11, Ch 199, F.S., with respect to those notes and mortgages used to secure repayment of SHIP Funds as issued in Okaloosa County. Okaloosa Community Development Corporation acts as agent for Okaloosa County,

PROMISSORY NOTE
DOWN PAYMENTS/CLOSING COST

DATED: _____ OKALOOSA COUNTY, FLORIDA

For the VALUE RECEIVED, the undersigned promises to pay The Okaloosa Community Development Corporation, PO Box 2707, Ft. Walton Beach, Florida, 32549, or at such other place as the holder hereof may from time to time designate in writing, the principal sum of _____ (\$ _____) to be paid in lawful money of the United States of America.

This note is secured by a Mortgage of even date herewith upon property located at _____

It is the condition of this note and of the Mortgage that the principal balance of this note become due and payable in full when one or more of the following takes place:

This deferred payment loan (DPL) at a 0% interest rate with no monthly payments secured by a recorded mortgage and this promissory note that shall be payable upon sale, transfer or rental of subject property with the applicable depreciation:

\$ 1.00 - \$10,000.00 = 5 year forgivable at (20%) depreciation per year
\$ 10,000.00 - \$15,000.00 = 10 year forgivable at (10%) depreciation per year
\$ 15,001.00 - \$20,000.00 = 15 year forgivable at (6.67%) depreciation per year
\$ 20,001.00 - \$65,000.00 = 20 year forgivable at (5%) depreciation per year

In the event of death of the mortgagor/mortgagors the principal amount of the loan becomes due and payable in full.

Borrower may repay the principal amount in whole or in part. Any partial payment shall be applied against the principal amount.

Presentment, notice of dishonor, and protest are hereby waived by all makers, sureties, guarantors and endorser, and shall be binding upon them and their successors and any notice to Borrower provided for this Note shall be given by mailing such notice by certified mail, return receptor requested, to the Note Holder at the address stated in the first paragraph of this Note, or at such other address as may have been designated by notice to the Borrower.

The indebtedness evidenced by this Note is secured by a Mortgage dated _____, 20____ and reference is made to the Mortgage for rights as to acceleration of the indebtedness evidenced by this Note.

Printed Name Borrower

Printed Name Witness

Printed Name Borrower

Printed Name Witness

STATE OF FLORIDA
COUNTY OF OKALOOSA

The foregoing instrument was acknowledged before me this ____ day of _____, 20__ by _____ who is personally known to me or who has produced _____ as identification and who did (did not) take an oath.

Notary Public

Stamp

Section 159.621, F.S. exempts notes and mortgages from documentary stamp tax imposed by Chapter 201, F.S., and from intangible tax imposed by Part 11, Ch 199, F.S., with respect to those notes and mortgages used to secure repayment of SHIP Funds as issued in Okaloosa County. Okaloosa Community Development Corporation acts as agent for Okaloosa County.