



SELF-HELP ENTERPRISES GATEWAY REALTOR/LENDER GUIDELINES & GENERAL HOMEBUYER ASSISTANCE INFORMATION

The GATEWAY is the access point for all clients wishing to participate in City and County (Agencies), Homebuyer Assistance (HBA) programs administered by SHE. Each Agency has its own program guidelines. However, *some* basic guidelines and philosophies are constant. In order to begin the process of qualifying for one of the programs, each client must complete homeownership counseling and education.

SHE Homeownership Counseling & Education Responsibilities:

- ◆ **SHE will provide clients with education, coaching and support in their endeavor to become homeowners.**
This process may require as little as a few weeks or, in extreme cases, years. Each client is treated individually and with respect to their specific situation.
- ◆ **SHE Homebuyer Assistance Staff will provide a referral list at the borrower's request if they have not chosen a realtor or lender.**
If the borrower was referred to the program by a lender, SHE will notify the lender upon completion of Counseling.
- ◆ **SHE staff will not divulge client information without express written instruction from the client.**
Counselors may only provide a "yes" or "no" answer with regard to whether the client has completed counseling & education. Realtors and lenders should contact the client for information regarding their status.

SHE HBA Responsibilities:

- ◆ **SHE staff will have (1) point of contact; the submitting primary lender.** This will expedite the processing of the loan on a timely manner, eliminating miscommunications, loan processing delays, and multiple correspondences. However, SHE may contact borrowers directly for additional information and verification. All realtors and sellers should go through the primary lender for status updates.
- ◆ **SHE is responsible for processing eligible Homebuyers.** Some requirements will exceed and are in addition to underwriting requirements of the primary lender, specifically household residency verification, and income limitations.

Program Requirements:

- ◆ **All borrowers must complete an 8 hour HUD approved homebuyer counseling and education program.** SHE provides this service called “The Gateway” as a separate role from the HBA program.
- ◆ **HBA loans are a secondary mortgage and cannot exceed 49% of the total financing.** Refer to program specific guidelines as some loan limits may be lower.
- ◆ **Borrower’s gross household income cannot exceed 80% of the area median income for the number of people living in the home.** Neighborhood Stabilization Program and Rural Development funds may go up to 120% of the area median income, refer to specific guidelines. Self-employed borrowers may use net income.
- ◆ **FICO scores should be 620+.** FICO scores below 620 may be acceptable with substantial compensating factors.
- ◆ **Ratios; Housing ratio cannot exceed 35% and overall debt ratio cannot exceed 42%.** If a pool is present, the additional expense of the utilities, chemicals and maintenance will be added to the ratios. And some programs prohibit pools all together, refer to specific guidelines.
- ◆ **Housing Eligibility; must be vacant for the past 3 months, previously or currently seller occupied.** Cannot be tenant occupied.
- ◆ **Preliminary income eligibility and household size will be used from the upfront package.** Further third party verifications will be processed and reviewed. For further guidance visit the Income Calculation and Determination Guide for Federal Programs at: <http://www.hcd.ca.gov/fa/cdbg/GuideFedPrograms.html>
- ◆ **Primary lenders fees to the buyer must be customary with the market place.** Typically no higher than 3% of the loan amount for; loan origination, discount points, underwriting, processing, document, processing and tax fee.
- ◆ **The primary loan must have a fixed interest rate that does not exceed the current market rate, as established by an index identified in the most recent NOFA.** No temporary interest rate buy-downs are permitted. To determine your maximum interest rate, refer to the 90 day section and add 1% at: <http://www.efanniemae.com/syndicated/documents/mbs/apeprices/archives/cur30.html>
Sub-prime and non-conforming conventional loans do not qualify for HBA programs.
- ◆ **CLTV not to exceed 105%.** Using the primary lenders total loan amount.

Policies and Fees:

- ◆ **HBA loan processing will not begin until SHE receives a complete upfront submission package including completion of Homeownership Counseling and registration in Homebuyer Education.** For a submission form & lender cover letter visit: www.selfhelpenterprises.org, then choose “what we do”, then “home buyer program”. All clients wishing to complete a SHE administered program must enter through the GATEWAY. Counseling will be the first step in moving through the process. A Prequalification will not be placed in the workload until counseling has taken place and registration or completion of Homebuyer Education has occurred.

- ◆ **SHE has a responsibility to assure compliance with local guidelines and state policy.** If we encounter material discrepancies and/or misrepresentations, and/or there are income, asset, household composition, or other important questions that can't be resolved, the city or county reserves the right to deny assistance to the household. The applicant may re-apply after six months have elapsed from the time of written assistance denial (section 1.2 B of the guidelines).

- ◆ **Under normal circumstances when an application is denied, a new application cannot be resubmitted until 6 months after the date of denial.**

I, THE LENDER OR REALTOR, HAVE READ AND UNDERSTAND THE ABOVE “HBA LOAN PROGRAM GUIDELINES” AND AGREE TO COOPERATE WITH SHE TO COMPLY WITH THESE GUIDELINES.

Company Name – Please Print

Business Address

Printed Broker/Realtor Name

Email Address

Broker/Realtor’s Signature

Date

Phone Number