

**Community Foundation of the Fox River Valley**  
**NATIONAL FORECLOSURE SETTLEMENT PROGRAM**  
**Homebuyer Application Instructions**

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All programs offered through the Office of Community Reinvestment are designed to assist applicants within certain income levels in order to meet regulations as set forth by U.S. Department of Housing and Urban Development (HUD). As such, the county must verify the income of all adult (18+) members of the household for the purpose of determining eligibility for assistance. HUD guidelines require that the county must project a household's (adjusted gross) income one year in the future - a "snapshot" of the household's current circumstances is used to project future income. Please review the information provided at the end of this application (*General Requirements related to Income Determination*) for an explanation of how the county determines household income.

**Applicants shall submit:**

- **Complete Application form with signed certifications**
- **Required documents for each household member age 18 and over:**
  - Federal tax returns for the past two years (*please do not submit Illinois state tax returns*)
  - Federal Tax Transcript issued by the IRS for past two years (*To get a copy of your Tax Transcript from previous years or to verify that you have not filed, please go to IRS.gov and click on "Get My Tax Record" or call 1-800-908-9946.*)
  - W-2s for the past two years (*or SSI benefit statements, or other statements to document income if you do not receive W-2s*)
  - Pay stubs for the past 3 Months
  - If self-employed, year-to-date profit-and-loss statement
- *If an adult household member does not have income/paystubs, we will supply a certification form for signature by the household member*
- *Do not submit original support documents. We cannot make copies for you.*
- ***DO NOT submit the instructions pages or blank pages with your application.***

**Application submittal options:**

- By email: [zillykaren@co.kane.il.us](mailto:zillykaren@co.kane.il.us)
- By mail: Karen Zilly, Program Manager  
Kane County Office of Community Reinvestment  
719 South Batavia Avenue, 4th Floor  
Geneva, Illinois 60134
- In Person: Weekdays, 8:30 am to 4:30 pm, to the above address

Contact **Karen Zilly** at **(630) 444-3027** or [zillykaren@co.kane.il.us](mailto:zillykaren@co.kane.il.us) if you have questions about the form.

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*It is the policy of the Kane County Office of Community Reinvestment to provide services without regard to race, color, religion, national origin, ancestry, age, sex, familial status, physical handicap or disability.*

**Community Foundation of the Fox River Valley  
NATIONAL FORECLOSURE SETTLEMENT PROGRAM  
Homebuyer Application Form**

**AFFIDAVIT CONCERNING HOUSEHOLD SIZE AND INCOME**

Applicant Name(s): \_\_\_\_\_

I (We) \_\_\_\_\_ hereby state the following:

- A. That in order to determine my income eligibility for the National Foreclosure Settlement Program, the Community Foundation of Fox River Valley needs information about my household size and members; and
- B. The total number of people (including you) constituting the household that will live at the property is: \_\_\_\_\_. The list of household members is provided below; and
- C. **For all household members 18 years or older**, an information sheet has been completed, including the required income documentation, and it is included in this application.
- D. I understand that in order to qualify for this program my household income as determined by through this application process must not exceed the levels below as adjusted by household size.

<b>Household Size</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>7</b>	<b>8+</b>
<b>Maximum Income</b>	\$71,050	\$81,200	\$91,350	\$101,500	\$109,650	\$117,750	\$125,900	\$134,000

*(effective 6/1/18)*

List all household members including applicant:

Name	Date of birth	Annual Income
1.		\$
2.		\$
3.		\$
4.		\$
5.		\$
6.		\$
7.		\$
8.		\$
<b>TOTAL:</b>		<b>\$</b>

<b>Total # of Adults (18+ years old):</b>		<b>Total # of Members Under 18 years old:</b>	
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- E. Total household liquid assets. Liquid assets include: Cash, checking, savings, money market funds, certificates of deposit, mutual funds, stocks, etc.; but does not include 401(k) or pension plans. \$ \_\_\_\_\_
- F. Has the Applicant ever filed for a bankruptcy?  Yes  No - If YES, provide date discharged: \_\_\_\_\_
- G. Do you currently owe any federal, state or local tax debts?  Yes  No - If YES, explain on separate sheet.

**By:** \_\_\_\_\_  
Print Applicant Name

\_\_\_\_\_  
Print Co-Applicant Name

\_\_\_\_\_  
Applicant Signature

\_\_\_\_\_  
Co-Applicant Signature

WARNING: TITLE 18, SECTION 1001 OF THE U.S. CODE STATES THAT A PERSON IS GUILTY OF A FELONY FOR KNOWINGLY AND WILLINGLY MAKING FALSE OR FRAUDULENT STATEMENTS TO ANY DEPARTMENT OF THE UNITED STATES GOVERNMENT.

**Household Member #1 - Primary Applicant Information: (please print)**

Name:	Gender: <input type="checkbox"/> Female <input type="checkbox"/> Male
Date of Birth:	U.S. Veteran: <input type="checkbox"/> Yes <input type="checkbox"/> No
Current Address:	
City:	Zip Code:
Home Phone:	
Work Phone:	
Email Address:	

**If you have moved within the past 3 years, list your prior home addresses and dates you lived there:**

1.	<u>Circle one:</u> Owned / Rented
2.	<u>Circle one:</u> Owned / Rented

**Employment/Income:**

Current Employer:	Date Hired:
Employer Address:	
Job Title:	If Self-Employed, years in business:
How many hours do you work per week?	
How often are you paid? <input type="checkbox"/> Weekly <input type="checkbox"/> Every Two Weeks <input type="checkbox"/> Twice/Month <input type="checkbox"/> Other	
Average Monthly Overtime Hours: _____ <input type="checkbox"/> N/A	Average Annual Bonus: \$ _____ <input type="checkbox"/> N/A
Disability income (e.g. SSI or SSD) - Monthly Amount \$ _____ <input type="checkbox"/> N/A	
Other income - Monthly Amount \$ _____ <input type="checkbox"/> N/A	
<i>If on your current job less than two years, provide Employer, Job Title, and Dates of Employment for prior two years:</i>	
1.	
2.	

**Required documents must be attached for person named above – please check boxes to confirm**

- Federal tax returns for the past two years (please do not submit Illinois State Tax Returns)
- Federal Tax Transcript issued by the IRS for past two years
- W-2s for the past two years
- Most recent pay stubs covering the past 3 months
- If self-employed, year-to-date profit-and-loss statement

**Household Member #2 (only complete if 18 years or older): (please print)**

Name:	Gender: <input type="checkbox"/> Female <input type="checkbox"/> Male
Date of Birth:	U.S. Veteran: <input type="checkbox"/> Yes <input type="checkbox"/> No
Current Address:	
City:	Zip Code:
Home Phone:	
Work Phone:	
Email Address:	

**Employment/Income:**

Current Employer:	Date Hired:
Employer Address:	
Job Title:	If Self-Employed, years in business:
How many hours do you work per week?	
How often are you paid? <input type="checkbox"/> Weekly <input type="checkbox"/> Every Two Weeks <input type="checkbox"/> Twice/Month <input type="checkbox"/> Other	
Average Monthly Overtime Hours: _____ <input type="checkbox"/> N/A	Average Annual Bonus: \$ _____ <input type="checkbox"/> N/A
Disability income (e.g. SSI or SSD) - Monthly Amount \$ _____ <input type="checkbox"/> N/A	
Other income - Monthly Amount \$ _____ <input type="checkbox"/> N/A	
<i>If on your current job less than two years, provide Employer, Job Title, and Dates of Employment for prior two years:</i>	
1.	
2.	

**Required documents must be attached for person named above – please check boxes to confirm**

- Federal tax returns for the past two years (please do not submit Illinois State Tax Returns)
- Federal Tax Transcript issued by the IRS for past two years
- W-2s for the past two years
- Most recent pay stubs covering the past 3 months
- If self-employed, year-to-date profit-and-loss statement

*If this page is left blank, please do not submit with your application*

**Household Member #3 (only complete if 18 years or older): (please print)**

Name:	Gender: <input type="checkbox"/> Female <input type="checkbox"/> Male
Date of Birth:	U.S. Veteran: <input type="checkbox"/> Yes <input type="checkbox"/> No
Current Address:	
City:	Zip Code:
Home Phone:	
Work Phone:	
Email Address:	

**Employment/Income:**

Current Employer:	Date Hired:
Employer Address:	
Job Title:	If Self-Employed, years in business:
How many hours do you work per week?	
How often are you paid? <input type="checkbox"/> Weekly <input type="checkbox"/> Every Two Weeks <input type="checkbox"/> Twice/Month <input type="checkbox"/> Other	
Average Monthly Overtime Hours: _____ <input type="checkbox"/> N/A	Average Annual Bonus: \$ _____ <input type="checkbox"/> N/A
Disability income (e.g. SSI or SSD) - Monthly Amount \$ _____ <input type="checkbox"/> N/A	
Other income - Monthly Amount \$ _____ <input type="checkbox"/> N/A	
<i>If on your current job less than two years, provide Employer, Job Title, and Dates of Employment for prior two years:</i>	
1.	
2.	

**Required documents must be attached for person named above – please check boxes to confirm**

- Federal tax returns for the past two years (please do not submit Illinois State Tax Returns)
- Federal Tax Transcript issued by the IRS for past two years
- W-2s for the past two years
- Most recent pay stubs covering the past 3 months
- If self-employed, year-to-date profit-and-loss statement

*If this page is left blank, please do not submit with your application*

**Household Member #4 (only complete if 18 years or older): (please print)**

Name:	Gender: <input type="checkbox"/> Female <input type="checkbox"/> Male
Date of Birth:	U.S. Veteran: <input type="checkbox"/> Yes <input type="checkbox"/> No
Current Address:	
City:	Zip Code:
Home Phone:	
Work Phone:	
Email Address:	

**Employment/Income:**

Current Employer:	Date Hired:
Employer Address:	
Job Title:	If Self-Employed, years in business:
How many hours do you work per week?	
How often are you paid? <input type="checkbox"/> Weekly <input type="checkbox"/> Every Two Weeks <input type="checkbox"/> Twice/Month <input type="checkbox"/> Other	
Average Monthly Overtime Hours: _____ <input type="checkbox"/> N/A	Average Annual Bonus: \$ _____ <input type="checkbox"/> N/A
Disability income (e.g. SSI or SSD) - Monthly Amount \$ _____ <input type="checkbox"/> N/A	
Other income - Monthly Amount \$ _____ <input type="checkbox"/> N/A	
<i>If on your current job less than two years, provide Employer, Job Title, and Dates of Employment for prior two years:</i>	
1.	
2.	

**Required documents must be attached for person named above – please check boxes to confirm**

- Federal tax returns for the past two years (please do not submit Illinois State Tax Returns)
- Federal Tax Transcript issued by the IRS for past two years
- W-2s for the past two years
- Most recent pay stubs covering the past 3 months
- If self-employed, year-to-date profit-and-loss statement

*If this page is left blank, please do not submit with your application*

**Household Member #5 (only complete if 18 years or older): (please print)**

Name:	Gender: <input type="checkbox"/> Female <input type="checkbox"/> Male
Date of Birth:	U.S. Veteran: <input type="checkbox"/> Yes <input type="checkbox"/> No
Current Address:	
City:	Zip Code:
Home Phone:	
Work Phone:	
Email Address:	

**Employment/Income:**

Current Employer:	Date Hired:
Employer Address:	
Job Title:	If Self-Employed, years in business:
How many hours do you work per week?	
How often are you paid? <input type="checkbox"/> Weekly <input type="checkbox"/> Every Two Weeks <input type="checkbox"/> Twice/Month <input type="checkbox"/> Other	
Average Monthly Overtime Hours: _____ <input type="checkbox"/> N/A	Average Annual Bonus: \$ _____ <input type="checkbox"/> N/A
Disability income (e.g. SSI or SSD) - Monthly Amount \$ _____ <input type="checkbox"/> N/A	
Other income - Monthly Amount \$ _____ <input type="checkbox"/> N/A	
<i>If on your current job less than two years, provide Employer, Job Title, and Dates of Employment for prior two years:</i>	
1.	
2.	

**Required documents must be attached for person named above – please check boxes to confirm**

- Federal tax returns for the past two years (please do not submit Illinois State Tax Returns)
- Federal Tax Transcript issued by the IRS for past two years
- W-2s for the past two years
- Most recent pay stubs covering the past 3 months
- If self-employed, year-to-date profit-and-loss statement

*If this page is left blank, please do not submit with your application*

## DEMOGRAPHIC INFORMATION

(Required for reporting to U.S. Department of Housing and Urban Development)

Applicant Name(s): \_\_\_\_\_

1. Type of household—please check the box that best applies:
  - SINGLE/NON-ELDERLY
  - ELDERLY
  - SINGLE-PARENT
  - TWO PARENTS
  - OTHER
  
2. Female-headed household:  Yes  No
  
3. Race: **(check one only)**
  - White
  - Black/African American
  - Asian
  - American Indian/Alaskan Native
  - Native Hawaiian/Other Pacific Islander
  - American Indian/Alaskan Native & White
  - Asian & White
  - Black/African American & White
  - American Indian/Alaskan Native & Black/African American
  - Other Multi-Racial
  
4. Ethnicity: **(check one only)**
  - Hispanic or Latino
  - Not Hispanic or Latino
  
5. Did the Applicant come from subsidized housing?  Yes  No



# Program Eligibility Release Form

Community Foundation of the Fox River Valley/

Kane County Office of Community Reinvestment, 719 South Batavia Avenue; Geneva, Illinois 60134 (630-444-3027)

**Purpose:** Your signature on this Program Eligibility Release Form, and the signatures of each member of your household who is 18 years of age or older, authorizes the above-named organization to obtain information from a third party relative to your eligibility and participation in the Community Foundation of the Fox River Valley/Kane County housing program(s):

**Privacy Act Notice Statement:** The Dept. of Housing and Urban Development (HUD) is requiring the collection of the information derived from this form to determine an applicant’s eligibility in the Program described herein and the amount of assistance necessary using these funds. This information will be used to establish level of benefit under the Program; to protect the Government’s financial interest; and to verify the accuracy of the information furnished. It may be released to appropriate Federal, State, and local agencies when relevant, to civil, criminal, or regulatory investigators, and to prosecutors. Failure to provide any information may result in a delay of your eligibility determination or rejection of your application. The County is authorized to ask for this information by the National Affordable Housing Act of 1990.

**Instructions:** Each adult member of the household must sign a Program Eligibility Release Form. Additional signatures must be obtained from new adult members whenever they join the household or whenever members of the household become 18 years of age.

**NOTE:** THIS GENERAL CONSENT MAY NOT BE USED TO REQUEST A COPY OF A TAX RETURN. IF A COPY OF A TAX RETURN IS NEEDED, IRS FORM 4506, “REQUEST FOR COPY OF TAX FORM” MUST BE PREPARED AND SIGNED SEPARATELY. Inquiries may be made about items listed below:

	Verification Required
Income (all sources)	XX
Assets (all sources)	XX
Full time Student status	XX

Additionally I authorize Kane County to discuss this real estate transaction with the following individuals:

<b>Realtor</b> <input type="checkbox"/> Yes <input type="checkbox"/> No	
Name:	
Phone:	Email:
<b>Mortgage Officer</b> <input type="checkbox"/> Yes <input type="checkbox"/> No	
Name:	
Phone:	Email:
<b>Attorney</b> <input type="checkbox"/> Yes <input type="checkbox"/> No	
Name:	
Phone:	Email:

**Authorization:** I authorize Kane County and HUD to obtain information about me and my household that is pertinent to eligibility for participation in the Program.

**I acknowledge that:**

A photocopy of this form is as valid as the original. I have the right to review the file and the information received using this form (with a person of my choosing to accompany me). I have the right to copy information from this file and to request correction of information I believe inaccurate. All adult household members (18+) will sign this form and cooperate with the owner in this process.

Primary Applicant Signature:	Date:
Household Member #2 Signature:	Date:
Household Member #3 Signature:	Date:
Household Member #4 Signature:	Date:
Household Member #5 Signature:	Date:

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# COMMUNITY FOUNDATION OF THE FOX RIVER VALLEY

## NATIONAL FORECLOSURE SETTLEMENT PROGRAM

### Program and Financing Fact Sheet

610 Lathem Street, Batavia 60510

Under the National Foreclosure Settlement (NFS), foreclosed houses up-and-down the Fox Valley have been beautifully renovated and are available for purchase (at very attractive prices!) to eligible homebuyers. Outlined below are the homebuyer eligibility criteria, financing terms, and steps in the home-buying process. For additional details and a current list of available homes please visit the Kane County Office of Community Reinvestment's

website: <http://www.countyofkane.org/Pages/ocr/homes4sale.aspx>. Application materials are/will be found on this web page.



### Program Information:

- Homebuyers must not exceed certain **income limits** in order to purchase an NFS home. (See table at right.)
- Homes are not just for first-time homebuyers, but program rules require that homes purchased serve as the primary residence of the homebuyer. (Sorry, no investors.)
- In order to purchase one of these homes, homebuyers must complete a homebuyer education course with a HUD-Approved Housing Counseling Agency. The agency must be able to provide certification that the homebuyer completed 8 hours of counseling. Click here to find an agency convenient to

Household Size	Maximum Income Limit (120%)
1	\$71,050
2	\$81,200
3	\$91,350
4	\$101,500
5	\$109,650
6	\$117,750
7	\$125,900
8+	\$134,000

you: <https://www.hud.gov/offices/hsg/sfh/hcc/hcs.cfm?webListAction=search&searchstate=IL>

- Homebuyers are required to have a minimum investment in the purchase equal to 1% of the purchase price, and must obtain a first mortgage from the lender of their choice.
- Homebuyers are eligible to receive a soft second mortgage of up to \$15,000. No interest accrues on the "soft-second" loan, and no payments are due until the home is sold, the title is transferred, or the home is no longer used as the homebuyer's principal residence.
- Homebuyers must submit an application and be deemed "QUALIFIED" before they are able to submit an offer to purchase the home.

## Financing Facts:

This disclosure provides a summary of the financing terms and conditions of the National Foreclosure Settlement Program you are considering for the purchase of this home. This disclosure statement is not a contract and does not constitute a commitment to make a loan to you.

### **Type of Project:**

Homes redeveloped under the National Foreclosure Settlement Program.

### **Income Verification:**

Income to be verified following the IRS Form 1040 Adjusted Gross Income method as described in the Technical Guide for Determining Income and allowances for the HOME program.

### **Maximum Loan:**

Up to \$15,000.

### **Loan Type:**

Deferred loan, monthly payments not required, principal repayment required when purchaser sells property, refinances, or no longer occupies as principal residence.

### **Interest Rate:**

0% interest rate over the lifetime of the loan.

### **Loan Use:**

Funds can be used to pay for closing costs, down payment assistance, or principal write down.

### **Ratios/Underwriting:**

Front end ratio or housing payment cannot be above 32% or below 25% of purchaser income as determined by the Community Foundation of the Fox River Valley using the method described above. This downpayment assistance will be awarded to assist buyers so that their monthly housing payments are within the stated range. If the monthly housing payment of a qualified buyer is determined to be less than 25% of the monthly income, no assistance will be provided.



## Example:

- Sale Price \$150,000
- Maximum Assistance: \$15,000
- \$15,000 No interest/No Payment Soft Second
- FHA Financing requires 3.5% Down payment of \$5,250.00
- First Mortgage amount \$129,750.00
- Assuming Interest rate 4.0%; Property taxes \$3,178.00; Property Insurance \$700.00
- Monthly Housing Payment: \$1,006.00

# Mortgage and Subordination Guidelines:

An applicant for the purchase of a National Foreclosure Settlement Program home must provide proof of pre-approval for first-mortgage financing at the time an offer to purchase the home is submitted. While the purchaser may receive first mortgage financing from the financial institution of their choice, the financing must comply with the guidelines stated below:

## First Mortgage Structure:

- 1) First mortgages must be fixed-rate loans for the entire term of the loan;
- 2) Interest rates on first mortgages cannot exceed the FNMA 30-year rate (60-day delivery) on the date of origination, plus 150 basis points (BPS);
- 3) Maximum Combined Loan-to-Value (CLTV): 99%. CLTV is the ratio of all loans compared to the appraised value of the property.
- 4) Any subordinate mortgages originated (in lieu of private mortgage insurance) must have the same interest rate as the first mortgage and must be fixed-rate loans for the entire term of the loan;
- 5) "Stated income" loans are not acceptable;
- 6) "Option" loans, wherein the borrower has the option of paying less than a fully amortizing principal and interest payment, are not acceptable, nor are any loans that would result in "negative amortization";
- 7) "Interest-only" loans, wherein the borrower has the option of paying only accrued interest on the loan, are not acceptable;
- 8) Prepayment penalties on first mortgages or subordinate mortgages are not acceptable;
- 9) Balloon payments on first mortgages or subordinate mortgages are not acceptable;
- 10) Total points and fees on any mortgage loan cannot exceed 5% of the total loan amount, including any yield spread premiums;
- 11) Any mortgage loan that results in a debt/income ratio for housing expense (including principal and interest payments on the first mortgage and any subordinate mortgages, property taxes, property insurance, and condominium or homeowner association fees) that exceeds 32% or is less than 25% (i.e. total housing expense divided by gross household income); OR any mortgage loan that results in a Combined Debt/Income ratio that exceeds 50% is not allowable by the program.
- 12) The homebuyer is not allowed cash back at closing.

## Subordination Guidelines:

The Community Foundation may, in its sole discretion, subordinate a second mortgage issued under its Program. Such subordinations, however, must comply with the Community Foundation's subordination guidelines which may be amended from time to time.

- 1) The borrower may not take any cash out. (The payment of credit card debt is considered cash.)
- 2) The borrower may roll into the new first mortgage only reasonable and customary closing costs associated with the refinancing. (This does not include points paid to buy-down the interest rate, but does include expenses such as the appraisal, credit report, and title charges.)
- 3) The new first mortgage principal balance cannot exceed the original first mortgage existing principal.
- 4) The borrower may refinance into a 15-year mortgage provided that they have the capacity to handle the higher payment. (Such situations will be reviewed on a case-by-case basis.)
- 5) The borrower must refinance into a fixed-rate mortgage.
- 6) The first mortgage lender must escrow taxes and insurance if the lender had been doing so prior to refinancing.
- 7) The Community Foundation will not subordinate to home equity or reverse mortgage loans.

# Community Foundation of the Fox River Valley

## NATIONAL FORECLOSURE SETTLEMENT PROGRAM

### PROGRAM GUIDELINES

#### Homebuyer Qualification:

- 1) To qualify to purchase a home, a homebuyer's gross household income must not exceed applicable Federal income limits below. *(effective 6/1/18)(120%)*

Household Size	1	2	3	4	5	6	7	8+
Maximum Income	\$71,050	\$81,200	\$91,350	\$101,500	\$109,650	\$117,750	\$125,900	\$134,000

- 2) Homes are not just for first-time homebuyers, but program rules require that homes purchased serve as the primary residence of the homebuyer. (Sorry, no investors.)

#### Pre-Purchase/Contract Requirements:

Homebuyers must complete an eligible homebuyer education course from a HUD certified agency. Please make sure that the agency can confirm that the course you are taking complies with HUD's guidelines for Homebuyer Education, and are able to provide certification that the homebuyer completed 8 hours of counseling. Search for a convenient agency/location at this

website: <https://www.hud.gov/offices/hsg/sfh/hcc/hcs.cfm?webListAction=search&searchstate=IL>

#### Downpayment:

Homebuyers are required to have a minimum investment in the purchase equal to 1% of the purchase price, and must obtain a first mortgage from the lender of their choice.

#### Community Foundation (CFFRV) Assistance:

- 1) CFFRV will provide a second mortgage for up to a maximum of \$15,000 to be used for down payment and reasonable and customary closing costs. This second mortgage will be 0% deferred-payment loan. The loan will not be due until the home is sold, the title is transferred, or the household no longer occupies the home as their primary residence. The full amount of the loan will be due at that time.
- 2) Subsidy Limit: Buyer's monthly housing payment (principal, interest, taxes, insurance, mortgage insurance, HOA, etc.) must be between 25% and 32% of their total household monthly income as figured by the Kane County Office of Community Reinvestment. If their monthly housing payment is determined to be less than 25% of their total monthly household income that the amount of the second mortgage financing will be reduced until their monthly housing payment is greater than 25%. Properties will not be sold to buyers if the monthly housing payment is determined to be above 32% of total household monthly income.
- 3) CFFRV will require a title policy for its second mortgage loan, insuring "Community Foundation of the Fox River Valley, its successors and/or assigns."

#### Hazard insurance:

At closing, homebuyer must provide proof of hazard insurance with Community Foundation of the Fox River Valley as additional insured.

#### First Mortgage Structure:

Financing must comply with the guidelines stated below.

- 1) First mortgages must be fixed-rate loans for the entire term of the loan;
- 2) Interest rates on first mortgages cannot exceed the FNMA 30-year rate (60-day delivery) on the date of origination, plus 150 basis points (BPS);
- 3) Maximum Combined Loan-to-Value (CLTV): 99%. CLTV is the ratio of all loans compared to the appraised value of the property.

- 4) Any subordinate mortgages originated (in lieu of private mortgage insurance) must have the same interest rate as the first mortgage and must be fixed-rate loans for the entire term of the loan;
- 5) "Stated income" loans are not acceptable;
- 6) "Option" loans, wherein the borrower has the option of paying less than a fully amortizing principal and interest payment, are not acceptable, nor are any loans that would result in "negative amortization";
- 7) "Interest-only" loans, wherein the borrower has the option of paying only accrued interest on the loan, are not acceptable;
- 8) Prepayment penalties on first mortgages or subordinate mortgages are not acceptable;
- 9) Balloon payments on first mortgages or subordinate mortgages are not acceptable;
- 10) Total points and fees on any mortgage loan cannot exceed 5% of the total loan amount, including any yield spread premiums;
- 11) Any mortgage loan that results in a debt/income ratio for housing expense (including principal and interest payments on the first mortgage and any subordinate mortgages, property taxes, property insurance, and condominium or homeowner association fees) that exceeds 32% or is less than 25% (i.e. total housing expense divided by gross household income); OR any mortgage loan that results in a Combined Debt/Income ratio that exceeds 50% is not allowable by the program.
- 12) The homebuyer is not allowed cash back at closing.

#### **Subordination Guidelines:**

The CFFRV may, in its sole discretion, subordinate a second mortgage issued under its Program. Such subordinations, however, must comply with the CFFRV's subordination guidelines which may be amended from time to time.

- 1) The borrower may not take any cash out. (The payment of credit card debt is considered cash.)
- 2) The borrower may roll into the new first mortgage only reasonable and customary closing costs associated with the refinancing. (This does not include points paid to buy-down the interest rate, but does include expenses such as the appraisal, credit report, and title charges.)
- 3) The new first mortgage principal balance cannot exceed the original first mortgage existing principal.
- 4) The borrower may refinance into a 15-year mortgage provided that they have the capacity to handle the higher payment. (Such situations will be reviewed on a case-by-case basis.)
- 5) The borrower must refinance into a fixed-rate mortgage.
- 6) The first mortgage lender must escrow taxes and insurance if the lender had been doing so prior to refinancing.
- 7) The County will not subordinate to home equity or reverse mortgage loans.

## **APPLICATION AND CLOSING PROCESS**

#### **Qualification:**

- Submit application with all required documentation. Note that the program evaluates HOUSEHOLD income, which includes the income of all household members that are 18+ years old.
- County staff will review complete applications; review will begin once all documents are submitted.
- If applicant meets the program requirements, a QUALIFICATION letter will be issued to the Applicant.
- Once you have been QUALIFIED, you may submit an offer/contract to purchase the property.

#### **Documentation needed before scheduling a closing:**

- Certificate of Completion of the required homebuyer education course.
- Copy of First Mortgage Lender's Loan Estimate
- Copy of First Mortgage Lender's Commitment Letter
- Copy of First Mortgage Lender's Closing Disclosure
- Copy of your First Mortgage Lenders appraisal
- Copy of Title Commitment from your First Mortgage lender, and for the CFFRV loan

- The County will perform a final underwriting based on first lender documentation to ensure that monthly payments will be within the allowable range and finalize the loan amount and loan documents.
- CFFRV will then issue a Final Commitment Letter for the amount of the deferred loan.

**Closing:** CFFRV will provide a Second Mortgage and Note for you to sign at the closing

### **General Requirements related to Income Determination**

These overarching requirements include how to determine whose income to count, anticipate and verify income, and compare income to HUD income limits.

#### **Determining Whose Income to Count**

Income determination regulations require that income of all household members be included in the determination of (adjusted gross) income.

#### **Anticipating Income**

The regulations at 24 CFR 92.203(d)(1) require that, for the purpose of determining eligibility for assistance, **the County must project a household's income in the future**. To do so, a “snapshot” of the household's current circumstances is used to project future income. In general, the County assumes that today's circumstances will continue for the next 12 months, unless there is verifiable evidence to the contrary.

#### **Verifying Income**

The regulations at 24 CFR 92.203(a) require that the County determine income eligibility of applicants by examining source documents (such as wage statements or interest statements) as evidence of annual income. The County may develop its own verification procedures provided that it collects source documentation and that this documentation is sufficient for HUD to monitor program compliance.

#### **Assessing Information**

The County must assess all the facts underlying the income information collected. Below are some of the considerations it must take into account. The County should determine the basis on which employees are paid (hourly, weekly or monthly, and with or without overtime). An employee who gets paid “twice a month” may actually be paid either twice a month (24 times a year) or every two weeks (26 times a year). For applicants whose jobs provide steady employment (e.g., 40 hours a week, 52 weeks a year), it can be assumed that there will only be slight variations in the amount of earnings reflected in monthly or bi-weekly pay stubs. In such cases, three consecutive months' worth of income documentation is an appropriate amount upon which to base a projection of income over the following 12- month period. For those whose annual employment is less stable or does not conform to a twelve month schedule (e.g., seasonal laborers, construction workers, teachers), the County examines income documentation that covers the entire previous twelve-month period. Such workers can experience substantial variations in earned income over the course of a year. As such, an examination of three months' worth of income documentation may not provide an accurate basis upon which to project the applicant's income over the following 12 months. In addition to hourly earnings, the County must account for all earned income. In addition to the base salary, this will include annual cost of living adjustments (COLAs), bonuses, raises, and overtime pay. In the case of overtime, it is important to clarify whether overtime is sporadic or a predictable component of an employee's income. If it is

determined that an applicant has earned and will continue to earn overtime pay on a regular basis, the County calculates the average amount of overtime pay earned by the applicant over the pay period the PJ is using to calculate income eligibility (3 months or 12 months). This average amount is then to be added to the total amount of projected earned income over the following 12-month period.

### **Comparing Annual Income to Published Income Limits**

Once household and income information has been established and verified, the County must compare the information to the appropriate HUD income limits to determine if the household is eligible for participation in the Program. To determine eligibility, the County must use a copy of the most recent HUD income limits, adjusted for family size and by geographic area (county or metropolitan area). The income limits are updated annually and are available through HUD offices or on the Internet at [www.hud.gov](http://www.hud.gov).

### **Determining Household Size**

The income limits are adjusted by household size; therefore, one of the first steps in determining eligibility is to determine the size of the applicant household. Some households may include persons who are not considered as family members for the purposes of determining household size and income eligibility, including: Foster children; Foster adults; Live-in aides; and Children of live-in aides. These persons should not be counted as household members when determining household size, and their income, if any, is not included when calculating annual income. A child who is subject to a shared-custody agreement in which the child resides with the household at least 50 percent of the time can be counted in the household.

### **Timing of Income Certifications**

All households that receive assistance must be income-eligible at the time assistance is provided. Generally, the Program permits income verification dated no earlier than six months prior to receipt of assistance. Households must qualify as low-income at the time of occupancy or at the time funds are invested, whichever is later.