

## TIP SHEET

## NORTH CAROLINA HOUSING FINANCE AGENCY

**Loan Application/AUS Findings**

- 1003/1008/AUS should always match.
- Number of occupants on 1003 must match Request for Conditional Commitment. (RCC)
- Spouse not on the Note? They still must provide all compliance info (VOE, Pay stub, tax returns), sign all our forms and meet all loan requirements.
- Seller contribution should always match contract and 1003.
- PUD classification is listed on 1008/FHA Analysis
- Taxes should represent 1/12<sup>th</sup> of amount shown on appraisal.
- Any individual, non-medical collections over \$2,500? If so, must pay regardless of AUS findings.
- Any occupant over the age 18 must meet our guidelines
- NSF's in past 30 days or Pay-Day loans? See page 45 of our new Mortgage Originator Guide

**Tax Returns**

- Most recent 3 yrs signed tax returns required or IRS transcripts
- Are other dependents showing that do not appear on 1003?
- Was standard deductions taken or Schedule A filed? If Mortgage Interest deduction/RE tax deduction was taken, more information could be required.

**Pay stubs/Employment/W-2**

- Make sure household income does NOT exceed county limit.
- Applicant(s) name should be on pay stub.
- YTD income is required on pay stubs or pay ledger from employer is required.
- Need verbal or written VOE for all current employment and jobs held in previous year.
- We require 30 day pay history and YTD earnings
- Need previous years W-2's to support wages shown on most recent tax return.

**NCHFA Forms**

- Original signed NCHFA affidavits and forms are required in loan submission package.
- Make sure Notary date is the same date borrower signed document.
- Notary must acknowledge all occupants appeared before him/her by completing the affidavit entirely.
- If seller represents a company, the Seller Affidavit must show the person's title and company name.

**Legal Papers / POAs**

- Divorce and separation papers must be filed or recorded (depends on state).
- Divorce or Separation papers MUST specify child support
- Will accept unrecorded separation papers with recorded free-trader agreement
- If subject property is an estate, letter of Administration or Testamentary must be provided. Testamentary must show seal to be acceptable.
- Powers of Attorney (POAs) are acceptable for seller affidavit (case by case)

**Underwriters/Staff Contacts:**

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**\*\* First Home Mortgage Loan only (No DAP)**

- **600 or greater credit score**
- Must have 1 valid trade line open for six months
- **maximum ratio of 33/45**
- Loans exceeding these ratios MUST have documented strong compensating factors
- AUS approve/accept
- New income charts
- Maximum sales price \$225,000
- Full credit package required (Credit Report & 2mo Bank Statements)
- FHA/VA/USDA & Conventional loans

**\*\* DAP (Down Payment Assistance) \$8000**

- **FHA/VA loans only**
- **650 credit score requirement (all borrowers)**
- Must have 1 valid trade line open for six months
- **Use FirstHome income limits**
- A full credit package is always required
- AUS approve/accept
- Borrower must have \$1,000 of their *own* documented funds in loan transaction.
- 33/45 ratio limitation
- Home must be built after January 1, 1978.
- Applicant must meet or exceed NCHFA's cash flow requirement
- 2<sup>nd</sup> may be used to help pay CC & PP
- If property is tenant occupied home, refer to FirstHome manual under "property" for guidance.
- Liquid cash assets cannot exceed 1.5 times DAP amount (excludes IRA & 401k).
- Max sales price of \$225,000 for existing and new construction.
- Pre-purchase Homebuyer Education required

**MCC-Mortgage Credit Certificate**

- Your fixed interest rate loan & your credit qualifications
- Minimum \$250 annual tax liability to qualify
- 30% annual tax credit on federal tax returns
- Submit file to NCHFA to determine eligibility
- Reserve on-line thru OLS just like FirstHome
- Provides true net monthly take home pay benefit for borrower
- \$425 fee to NCHFA; lender can charge \$625 total
- No previous ownership in mobile home allowed

**Property**

- Is property over our two-acre maximum? If so, have you furnished necessary information for waiver?
- Is property in good condition? Repairs? Cost? Who is paying for repairs?
- If borrower owns a mobile home, it cannot be on permanent foundation to be eligible for the FirstHome program.
- Does home have any unfinished area that exceeds 25% of total living area? If so, we will need cost to complete and this figure has to be added to total acquisition on RCC & Seller affidavit.
- NCHFA requires termite reports on existing properties and soil treatments for new construction (condos are exempt)
- If termite report shows present or previous infestation, provide letter from licensed contractor stating no structural damage and/or repairs have been completed.
- Does home have stove or does applicant show funds to purchase after closing?

For more detailed guidelines, rates and copies of our forms, refer to: Mortgage Originator's Guide at [www.nchfa.com](http://www.nchfa.com)