



Real Estate Professional Training

The Key to Serving First-time Homebuyers

January, 2018

Linda Wine

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Why Should VHDA Train Real Estate Professionals?

- You are often the first contact for a first-time homebuyer and seen as the “trusted advisor.”
- VHDA products may help your clients.
- Training can simplify the process for your buyer, your seller — and YOU!

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Who is VHDA?

Since its creation in 1972 by the Virginia General Assembly, VHDA has helped Virginians attain quality, affordable housing through public-private partnerships with local governments, community service organizations, lenders, developers and others.



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What Do We Do?

- Provide and service mortgages, primarily for first-time homebuyers and developers of quality rental housing.
- We use no state taxpayer dollars, but raise money in the capital markets to fund our loans.
- Teach free homeownership classes, and help people with disabilities and the elderly make their homes more livable.
- Work with lenders, developers, local governments, community service organizations and others to help put quality housing within the reach of every Virginian.

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COVERING THE STATE



**VHDA
Headquarters
Richmond**



**Southwest Virginia
Housing Center
Wytheville**



**Virginia Housing Center (VHC)
Glen Allen**

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The Next Best Thing to a House Call!



**VHDA's Mobile Mortgage Offices serves
Southwest Virginia,
Southside Virginia and the Eastern Shore**

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How HFAs Provide Mortgages

- State and local governments sell tax-exempt Mortgage Revenue Bonds (MRBs) and are partners with GNMA and FNMA.
- Proceeds are used to finance low-cost mortgages for low- to moderate-income, first-time homebuyers.

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Promoting Responsible Homeownership

- Financed more than 200,000+ home loans since inception.
- Provided more than 200,000+ free homebuyer classes.
- Maintain membership in the Virginia Association of REALTORS® and other REALTOR associations.
- Acknowledge REALTORS' contributions with the VHDA Service to Virginia award.

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VHDA Advisory Groups

VHDA meets regularly with:

- Homeownership Advisory Board
- Seniors Housing Solutions Council
- Northern Virginia Advisory Committee
- Rental Advisory Board
- Disabilities Housing Solutions Council

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Why REALTORS® Recommend VHDA

- Affordable financing.
- Reduced rates.
- Unique qualifying program: FHA-Plus, DPA Grants and Mortgage Credit Certificates.
- VHDA services all loans.

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VHDA Mortgages

So, how do you find a
VHDA-approved lender?

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vhda.com/FindALender

Find a Lender

Find a Lender makes locating a lender quick and easy with a listing of loan officers in your area who can personally assist you with VHDA loans and interest rates. The search provides a listing of lender branches and loan officers that have most actively assisted homebuyers with VHDA loans in the past year. The medals represent the most active loan officers.

To discuss VHDA programs, obtain loan program information and begin the application process, please contact the lender. Select the city/county in which you intend to purchase a home then click the "Search" button.

Search Criteria

City/County:

You may also search a complete listing of all approved VHDA originating lenders.

Search Tips

City or County: Select a particular city or county from the list to view VHDA-affiliated lenders in that locality.

Top Producing Loan Officers by Region

- Hampton Roads
- Lynchburg
- Northern Virginia
- Richmond
- Shenandoah Area

Loan Officer Recognition

- VHDA Top Producing Loan Officers throughout Virginia
- VHDA Top Producing Loan Officers by Region
- Oficiales de Préstamos de Habla Hispana

Homeownership Education

- Housing Counseling
- Find a Lender
- Find a Real Estate Agent
- Home Loans
- Loan Rates
- Mobile Mortgage Offices
- Foreclosed Homes for Sale
- Homebuyer FAQ
- Tools for Homebuyers
- VHDA Mortgage Credit Certificates
- NEW Down Payment Assistance Grant

Contact Us

Homebuyer Department
Toll Free: 800-227-4432
Local: 804-703-4725

Customer Service

Toll Free: 877-VHDA-123
Local: 804-702-1986

Virginia Relay
In Virginia: 711
Toll Free: 800-426-1142

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Rates, Loan Reservations and Lock-in Policy

- VHDA no longer publishes rates on our website and no longer requires a **Reservation Fee**.
- Contact any approved VHDA lender for current VHDA rates. Extensions are available for an additional cost.



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Types of Financing VHDA Offers



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All Borrowers Must be *Eligible and Qualify*

- **Eligible** means meeting the income, sales price and first-time homebuyer requirements.
- **Qualify** means meeting the specific insurer's guidelines for the loan type (FHA-Plus, Conventional, FHA, VA and RHS).

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Who is *Eligible*?

To be eligible for a VHDA loan, a borrower ...

- Must be a first-time homebuyer, and provide last 3 years' federal income tax returns to show that either:
 - They have not had an ownership interest in a *principal* residence within the past 3 years, *or*
 - The property is in a geographic *Area of Economic Opportunity (or Federal Targeted Area)*.
- Must be a U.S. citizen, lawful permanent resident alien or meet FHA's guidelines.
- Must not use the property in a trade, business or as an investment property.
- Must meet Income and Sales / Loan Limits.
- Must not have a net worth above 50% of sales price.
- Must occupy the property within 60 days of closing.
- Must meet requirements on their own; co-signers and non-occupant borrowers not allowed.

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Maximum Household Income

- The income used in calculating household income will be based on all projected income of the borrower and non-borrowers taking title. *The income of non-borrowers who are not taking title will not need to be included in determining total household income.*
This change became effective June 3, 2015.
- **Eligibility** income may differ from **qualifying** income.

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UPDATES AND ANNOUNCEMENTS

- Marketing (Radio ,TV, Flyers)
- Programs and Product Changes
- Maximum Household Income Limits
- Mortgage Credit Certificates
- Down Payment Assistance
- Recapture Tax

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Income and Sales Price / Loan Limits					
Area	Maximum Gross Household Income				Sales Price / Loan Limit
	2 or Fewer People		3 or More People		
	Standard	With VHDA Down Payment Grant	Standard	With VHDA Down Payment Grant	New & Existing Construction
Washington-Arlington-Alexandria	\$125,700	\$100,500	\$146,700	\$117,300	\$500,000
Charlottesville	\$90,000	\$72,000	\$105,000	\$84,000	\$375,000
Richmond	\$88,200	\$70,500	\$102,900	\$82,300	
Norfolk-VA Beach-Newport News	\$83,200	\$66,500	\$97,000	\$77,600	
Culpeper	\$87,500	\$70,000	\$102,100	\$81,600	\$425,000
Rappahannock	\$85,200	\$68,100	\$99,400	\$79,500	
Warren	\$84,200	\$67,300	\$98,200	\$78,500	
King George	\$92,600	\$74,000	\$106,900	\$85,500	\$322,900
All Other Areas of Virginia	\$76,900	\$61,300	\$88,200	\$70,500	\$251,900
Washington-Arlington-Alexandria: Alexandria Loudoun County Arlington County Clarke County Fairfax County Fairfax County Falls Church Fauquier County Fredericksburg	Charlottesville: Albemarle County Charlottesville Fluvanna County Greene County Nelson County	Richmond: Amelia County Caroline County Charles City County Chesterfield County Colonial Heights Dinwiddie County Goodland County Hanover County Henrico County	Hopewell King William County New Kent County Petersburg Powhatan County Prince George County City of Richmond Sussex	Norfolk-Virginia Beach-Newport News: Chesapeake Gloucester County Hampton Isle of Wight County James City County Mathews County Newport News	Norfolk Poquoson Portsmouth Suffolk Virginia Beach Williamsburg York County

Effective 9-1-2017

Please check with your VHDA-approved lender to verify income, sales price and loan limits for your purchase. Conventional loans have a maximum \$424,100 loan amount.

Information contained herein (including but not limited to description of VHDA and its lending programs and products, eligibility criteria, interest rates, fees and all other loan terms) is subject to change without notice.

VHDA Main Number	877-VHDA-123
Español	877-843-2123
Virginia Relay	711 (in Virginia) / 800-828-1140
Southwest VA Office	800-447-5145
Website	vhda.com

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First-time Homebuyer Exceptions

- Homebuyers who have owned a manufactured home in the past 3 years, but it was non-fixed to a permanent foundation.
- Homebuyers buying in Areas of Economic Opportunity (also known as Federal Targeted Areas).
- Homebuyers who own rental property, etc., as long as they have not lived in the property for the past 3 years.
- Homebuyers paying off construction loans with a term not to exceed 24 months.

Property Eligibility

- Must be located in Virginia.
- Stick built, modular, manufactured and condominiums.
- Must meet insurer's guidelines.
- Single Family units only, no duplexes.
- Maximum lot size is generally 2 acres, waivers up to 5 acres.
- Must meet Income and Sales Price / Loan Limits.

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Qualifying



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Underwriting Options



- **Manual Underwriting:**
VHDA's and insurer's published guidelines.
- **Automated Underwriting Systems (AUS):**
Decision accepted with some restrictions.

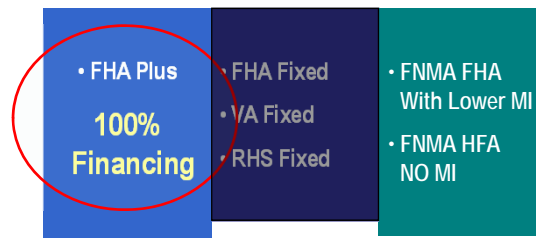
VHDA accepts LP/DU decisions for conventional loans of 97% LTV or less.

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Types of Financing VHDA Offers



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FHA-Plus (100% Financing) VHDA's Most Popular Home Loan

- **No down payment cash** is needed, because in addition to VHDA's FHA-insured first mortgage, borrower also receives a second mortgage to help fund down payment and closing costs.
- **Fixed rate for 30 years**, on both the first and second mortgages.
- Maximum loan amount:
 - **First mortgage** - maximum FHA mortgage
 - **Second mortgage** - 3.5% to 5% of sales price
- No cash back.
- Completion of VHDA's free First-time Homebuyer Class required.

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FHA-Plus Requirements

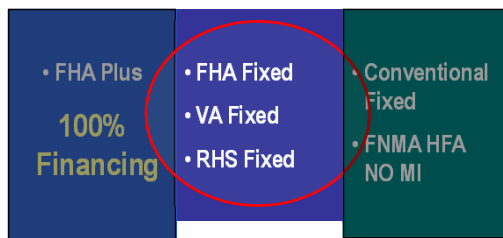
- **FHA Mortgage Insurance:**
 - ✓ Must meet all VHDA and FHA mortgage insurer requirements.
 - ✓ Applicable FHA Guarantee fees apply.
- **Maximum Loan-to-Value:**
 - First Mortgage:**
 - ✓ 96.5%
 - Second Mortgage:**
 - ✓ 3.5% (credit score 620 - 679)
 - ✓ 5.0% (credit score 680+)
- **Seller Contributions:** Allowed up to 6% of sales price.
- **Credit Score:** 620
- **Non-traditional Credit:** Case-by-case VHDA and FHA approval.
- **Automated Underwriting DTI Ratio:** 45%
- **Employment:** Meet FHA guidelines.
- **Cash Reserves:** Borrower's must have 1% either into the transaction or cash reserves.
- **Ineligible Programs:** EEMs; HUD Repair Escrow; Temporary Buy-downs.

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FHA Fixed

- **FHA Mortgage Insurance:**
 - Must meet all VHDA and FHA mortgage insurer requirements.
 - Applicable FHA Guarantee fees apply.
- **Maximum Loan-to-Value:** 96.5%
- **Seller Contributions:** Allowed up to 6% of sales price.
- **Credit Score:** 620
- **Non-traditional Credit:**
Case-by-case VHDA and FHA approval.
- **Automated Underwriting:** 45% DTI
- **Employment:** Meet FHA guidelines.

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VA Fixed

- **VA Guaranteed Mortgage:**
 - ✓ Must meet all VHDA and VA requirements.
 - ✓ Applicable VA Guarantee Fees apply.
 - ✓ Residual income guidelines still apply.
- **VA Entitlement:** Borrower must possess VA entitlement.
- **Maximum Loan-to-Value:** 100% + VA Funding Fee.
- **Seller Contributions:** Seller can pay all borrower's closing.
- **Credit Score:** 620
- **Non-traditional Credit:** Case-by-case VHDA and VA approval.
- **Automated Underwriting:** 45% DTI
- **Employment:** Meet VA guidelines.

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RHS (USDA) Fixed

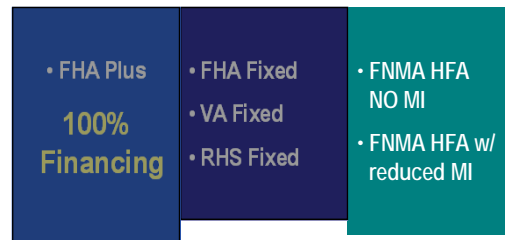
- Eligible Rural Development rural properties.
- **RHS Guaranty:**
 - Must meet all VHDA and RHS requirements.
 - Applicable RD Guarantee fees apply.
- **Maximum Loan-to-Value:** 100% or higher.
Up to the appraised value and can include the RD guaranty fee.
- **Seller Contributions:** Seller can pay borrower's closing costs.
- **Credit Score:** 620
- **Non-traditional Credit:** Case-by-case VHDA and RHS approval.
- **Automated Underwriting:** 45% DTI
- **Employment:** Meet RHS guidelines.

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Non-traditional Credit

- Applicants with limited credit files / no credit score must demonstrate a satisfactory repayment history through non-traditional creditors.
- Minimum of 3 credit references verified within the most recent 24-month period for conventional loans.
- Follow FHAVA or RD (USDA) guidelines.
- All manual underwritten loans must meet agency/MI requirements

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VHDA FNMA HFA Preferred No MI Program

- 97% LTV
 - No maximum sales price
 - No mortgage insurance
 - No first-time buyer requirement
 - Gifts allowed
 - Refinances available
 - \$424,100 loan limit,
 - 660 credit score
 - 45% DTI ratio
 - DU approval required
 - All Lenders May Participate
- 97% LTV
 - No maximum sales price
 - No mortgage insurance
 - No first-time buyer requirement
 - Gifts allowed
 - Refinances available
 - \$424,100 loan limit,
 - 660 credit score
 - 45% DTI ratio
 - DU approval required
 - All Lenders May Participate

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FNMA HFA W/ REDUCED MI

- All Approved VHDA Lenders Eligible
 - 97% LTV/105% CLTV (with FNMA approved community 2nds).
 - **640** credit score. (No Exceptions)
 - **45%** DTI ratio. (No Exceptions)
 - Purchase & Limited Cash-Out Refinance.
 - Gifts acceptable (FNMA guidelines)
- DU approval required
 - No Sales Price Limit
 - Maximum \$424,100 loan amount
 - No first-time buyer requirement
 - **DPA and MCC Eligible-follow guidelines**
 - **Sellers concession 4% LTV 97%-90%**

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FNMA HFA W/ NO MI

- All Approved VHDA Lenders Eligible
- 97% LTV/105% CLTV (with FNMA approved community 2nds).
- **80.01%** minimum LTV
- **660** credit score. (No Exceptions)
- **45%** DTI ratio. (No Exceptions)
- Purchase & Limited Cash-Out Refinance.
- Gifts acceptable (FNMA guidelines)
- DU approval required
- No Sales Price Limit
- Maximum \$424,100 loan amount
- No first-time buyer requirement
- **DPA and MCC Eligible-follow guidelines**
- **Sellers concession 4% LTV 97%-90%**

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VHDA Refinance Programs

VHDA FHA Streamline Refinance Program

For current VHDA borrowers with either a FHA or FHA Plus loan. Non-Qualifying

VHDA VA Interest Rate Reduction Program

For current VHDA borrowers with a VA loan. Non-Qualifying.

VHDA FNMA HFA Preferred No MI Program



VHDA Mortgage Credit Certificates (MCCs)

NEW



**Boost the tax benefits
of owning a home.**

<https://www.vhda.com/Homebuyers/Pages/mortgagecreditcertificates.aspx>

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VHDA Mortgage Credit Certificates

Unlike an income tax deduction, an MCC is a dollar-for-dollar credit against your federal income tax liability:

- The credit is equal to 20% of the annual mortgage interest paid.
- The remaining 80% is still a tax deduction.
- The MCC is effective for the life of the mortgage, as long as you live in the home.

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VHDA Mortgage Credit Certificates

To be eligible for an MCC, homeowners must:

- Be a first-time homebuyer, or not owned a home as a primary residence within the past three years. *(Waived in Federal Targeted Areas.)*
- Have income at or below VHDA's maximum income limits.
- Purchase a home below the maximum sales price.
- Use the home as their principal residence.

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Federal Recapture Tax

“Recapture” is a *potential* repayment of a portion of the interest savings that the buyer receives from VHDA loans.

Why?

- A homebuyer using a VHDA Mortgage loan has the advantage of a below-market rate.
- The bondholders who provide the funds don't pay taxes on the interest they receive.

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Federal Recapture Tax Only Applies if ...

- Buyer will sell or transfer dwelling within 9 years.
- Income exceeds federal income table at the time of the sale.

Calculation:

1. 50% gain on sale.
2. Borrower discloses sale on federal tax returns for the year the property was sold, and completes IRS Form 8828, *Recapture of Federal Mortgage Subsidy*.

Recapture Calculator available at vhda.com.



Down Payment Assistance (DPA) Grant Program

- Effective with loans locked on and after September 7, 2016.
- Must include all household income. **Lower income limits apply.**
- Maximum Grant: 2% for VHDA FNMA NO MI and 2.5% for VHDA FHA. *(Only programs eligible.)*
- 1% investment from borrower.
- Borrowers also eligible for MCC.
- Minimum LTV is 95%.
- No repayment/note or deed of trust.

VHDA Loan Process

1. **Delegated lenders** - works the same as any other loan. Lender processes, underwrites, closes the loan internally.
2. **Non-delegated lenders** – after lender approves the loan internally, they upload to our website for review by a VHDA underwriter. Allow a few extra days at the end of the process

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Tips for a Smooth Transaction

- Encourage your client to take VHDA's free Homeownership Education class **early in the process**.
- Help client gather income/asset documents needed for financing. **3 YEARS TAX RETURNS USUALLY REQUIRED!**
- Work with an **experienced VHDA lender**.
- **Stay in touch with lender**; provide documents immediately.
- Ensure the executed sales contract copy to the lender is **legible and complete** – with all addendums.
- Assist the lender in obtaining the executed VHDA **Affidavit of Seller** in a timely manner.
- **Keep up to date** on VHDA's programs.

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Visit Our Website for More Info

vhda.com is your source for:

- Program Guidelines
- Homeownership Education
- Find-A-Lender Search Tool
- Updates

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Real Estate Agent Connection

- **Connect with first-time homebuyers** – because you completed the training you may join VHDA's new *Real Estate Agent Connection* program.
- Benefits include a free listing on vhda.com and timely industry updates.
vhda.com/FindARealEstateAgent
- Complete and submit the **Real Estate Agent Connection** Agreement Form.

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Contacting VHDA

VHDA Main: **804-782-1986**
Single Family: **800-227-VHDA (8432)**
24-Hour Rate Line: **800-637-7738**
Single Family Directory: **vhda.com**

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**Thank you for your interest in
VHDA's programs!**

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