

LOWCOUNTRY HOUSING TRUST

Homebuyer Assistance Program



Purpose

LHT will provide non amortizing subordinate mortgage loans to lower the purchase price of a home for qualified persons in Berkeley, Charleston, and Dorchester counties on a first come, first ready basis. Applications are accepted and evaluated continually throughout the year. Funding is limited.

Eligible Sponsors

Applications for Homebuyer Assistance Loans will be accepted from non profit developers, for profit developers, government entities, nonprofit/for profit developer partnerships, and current LHT lending partners. **APPLICATIONS WILL NOT BE TAKEN FROM INDIVIDUAL HOMEBUYERS.**

Eligible Buyers

The buyer must

- Contact an eligible sponsor to apply to the program.
- Be a first time homebuyer or have not owned a home in the past three years.
- Meet the income requirements. Annual household income cannot exceed 120% of the area median income.
- Complete a home buyer's education seminar acceptable to LHT.
- Secure a 30-year, fixed rate first mortgage.

Eligible Properties

- New and existing properties in Beaufort, Berkeley, Charleston, Dorchester, and Georgetown counties are eligible.
- Fee simple ownership is required.
- The home must be the buyer's principal residence. Rental property is not eligible.

Eligible Uses

- Loans may be up to \$25,000 and are subject to homebuyer securing the maximum **affordable** first loan mortgage that the lender will allow.
- Funds may be used when purchasing a home:
 - for all or a portion of closing costs
 - for all or a portion of a down payment
 - to reduce the principal amount of a first mortgage
- The total of all mortgages on the property may not exceed 100% of appraised value.

Terms

- Funds will be released to the closing attorney.
- LHT subsidy will be a 20-year non amortizing subordinate loan at 0% interest. The loan will be forgiven after twenty (20) years if certain conditions of affordability are met.
- The LHT loan will be secured by a promissory note and a mortgage lien on the property.
- All units funded by LHT will be subject to affordability controls through a restrictive covenant that limits the property rights of the owner for 20 years.

Fees

- A \$50 non-refundable application fee will be due at the time of application submission.
- A \$250 loan origination fee will be due at closing.

Program Administration

Patrick King, Assistant Director
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Applications are available at www.lowcountryhousingtrust.org

LOWCOUNTRY HOUSING TRUST

Homebuyer Assistance Policies

Application Process

1. Sponsor completes and submits the Home Buyer Assistance Application along with the following attachments:
 - a. Interior and Exterior Photographs of the Home
 - b. Homebuyer's Educational Seminar Certificate
 - c. Sales Contract
 - d. Loan Commitment & Underwriter's Conditional Approval ***
 - e. Good Faith Estimate
 - f. Full Appraisal
 - g. Complete Home Inspection Report by a state licensed inspector (with either of the two national certifications listed below) for existing unit or Certificate of Occupancy for new construction unit
2. LHT's Application Review Committee conducts a site visit, evaluates application, and makes loan recommendation to LHT Board of Directors.
3. LHT's Board of Directors approves commitment of loan proceeds.
4. LHT notifies Sponsor of loan approval within **15** days of application submission.
5. No later than **30** days following notification of loan approval, LHT loan must be closed in conjunction with bank loan.

*****Note: Funding from the Lowcountry Housing Trust should NOT be listed as a condition of closing. Funding from the Lowcountry Housing Trust is NOT guaranteed until a complete application is submitted and a loan approval letter is received by the Sponsor. The lender's commitment letter should ONLY indicate that the loan approval is subject to the buyer receiving down payment assistance from all unnamed and uncommitted sources.**

Funding Process

1. Homebuyer's attorney will provide the following documents to LHT's attorney prior to closing:
 - a. Title Insurance Commitment, Copy of Exceptions, Legal descriptions, and Deed
 - b. Title Policy and Endorsements with Survey Coverage
 - c. Survey/Plats (if deemed necessary)
 - d. Proof of Insurance (liability, hazard, and flood where applicable) with "Lowcountry Housing Trust, Inc." listed a loss payee

Affordability

- Homeownership units will be considered affordable if the monthly carrying costs (principal, interest, taxes, homeowner, and private mortgage insurance) do not exceed 30 percent of an eligible household's income.
- LHT may permit a homebuyer to spend up to 32 percent of income for housing if: (1) the family is already spending as much or more on a monthly basis for housing and (2) a lender will grant a mortgage at a higher debt to-income ratio.

Inspection/Certificate of Occupancy

- Certificate of occupancy required for new construction units.
- Independent home inspection required for existing units.
- **Pre and Post inspection** by a state licensed inspector required to have either of the two national certifications: **American Society of Home Inspectors (ASHI)** or the **International Association of Certified Home Inspectors (InterNACHI)**.
- All major systems and components must be addressed, including the roof, exterior, foundation and grading, attic and insulation, interior ceilings, walls and floors, doors and windows, major appliances, heating and cooling, electrical and plumbing systems.
- The following documents **must** accompany the inspection report (1) documentation of replacements and/or repairs by a licensed technician (including invoices and proof of payment) (2) an addendum to the contract stating that inspection items will be replaced and/or repaired by a licensed technician prior to closing (documentation must be provided prior to release of LHT funds) or (3) an addendum to the contract stating that a portion of the seller's proceeds will be held in trust after closing and used to pay for replacements and/or repairs (estimates must be provided prior to release of funds).
- Pre 1978 house must be tested for lead based paints or a waiver must be signed by the homebuyer.

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Homebuyer Assistance Policies

Appraisal

- A full copy of an appraisal conducted within last 90 days listing the condition of the property as "average" or above must be submitted along with the program application.
- Application Review Committee members will review the appraisal and home inspection and perform a site visit.
- Application Review Committee members will exercise sole discretion in determining if a property is acceptable for the program.

Homebuyer Counseling

The potential homeowner must have attended a homebuyer education class and must provide a copy of the homebuyer education certification. At a minimum, homebuyer education must ensure potential homebuyers understand the following:

- The importance of establishing and maintaining good credit
- Budgeting
- How to apply for financing and how it works
- What takes place at closing, closing costs, and closing documents
- What their rights are as a homebuyer
- Home maintenance after purchase

Homebuyer's Cash Investment Requirement

- At least \$500 must be invested in the home buying transaction by the buyer.
- The cost of the appraisal, home inspection, credit report, earnest money, LHT origination fee, and/or cash brought to closing qualifies under this requirement.

Withholding of Loan Origination Fee

A \$250 loan origination fee will be due and payable to the Lowcountry Housing Trust at loan closing. These funds will be withheld from the loan proceeds.

Allowable Lender Fees

- 1.00% Origination Fee
- 1.00% Buyer/Seller (Discount) Point
- Application Fee: Not to exceed \$325 (includes compliance and funding fee)
- Other Closing Costs: including appraisal fee; credit report fee, survey fee, title insurance fee, etc. (must be fully disclosed on HUD-1)

Lender Qualifications

- have maintained a loan origination office in SC for at least one year
- be either:
 1. Federal Housing Administration ("FHA") approved;
 2. an eligible lender in good standing for Veteran's Administration ("VA");
 3. an eligible lender in good standing for Rural Housing Service's ("RHS") guaranteed rural housing loan program; or
 4. a lender currently participating in the conventional home lending market for loans originated in accordance with Fannie Mae or Freddie Mac guidelines.
- have a minimum net worth of \$400,000
- have a minimum warehouse line of \$1 million
- originate, process, underwrite, close and fund originated loans in your own name

2013 AREA MEDIAN INCOMES (AMI) BY HOUSEHOLD SIZE BERKELEY, CHARLESTON, DORCHESTER COUNTIES								
# Occupants	1	2	3	4	5	6	7	8
120% of AMI	51,600	58,920	66,240	73,560	79,560	85,440	91,320	97,200
100% of AMI	43,000	49,100	55,200	61,300	66,300	71,200	76,100	81,000
80% of AMI	34,350	39,250	44,150	49,050	53,000	56,900	60,850	64,750
50% of AMI	21,500	24,550	27,600	30,650	33,150	35,600	38,050	40,500
30% of AMI	12,900	14,750	16,600	18,400	19,900	21,350	22,850	24,300

"Area Median Income" (AMI) shall mean the income point at which one half of the incomes in a designated area fall below and one half falls above. The U. S. Department of Housing and Urban Development (HUD) uses the area median income to calculate household eligibility for a variety of housing programs. HUD estimates the median family income for metropolitan and non-metropolitan areas and adjusts that amount for different family sizes so that family incomes may be expressed as a percentage of the area median income. For example, a family's income may equal 80 percent of the area median income, a common maximum income level for participation in HUD programs. HUD periodically updates the area median income estimates.

** MAXIMUM AFFORDABLE MORTGAGES BY HOUSEHOLD SIZE BERKELEY, CHARLESTON, DORCHESTER COUNTIES								
# Occupants	1	2	3	4	5	6	7	8
120% of AMI	154,800	176,760	198,720	220,680	238,680	256,320	273,960	291,600
100% of AMI	129,000	147,300	165,600	183,900	198,900	213,600	228,300	243,000
80% of AMI	103,050	117,750	132,450	147,150	159,000	170,700	182,550	194,250
50% of AMI	64,500	73,650	82,800	91,950	99,450	106,800	114,150	121,500
30% of AMI	38,700	44,250	49,800	55,200	59,700	64,050	68,550	72,900

** MAXIMUM AFFORDABLE MORTGAGE = income limit * 3. In the United States, a commonly accepted rule of thumb for housing affordability is that the maximum mortgage should not exceed three times a household's gross annual income.

** MAXIMUM AFFORDABLE RENTS BY HOUSEHOLD SIZE BERKELEY, CHARLESTON, DORCHESTER COUNTIES								
# Occupants	1	2	3	4	5	6	7	8
120% of AMI	1,290	1,473	1,656	1,839	1,989	2,136	2,283	2,430
100% of AMI	1,075	1,228	1,380	1,533	1,658	1,780	1,903	2,025
80% of AMI	859	981	1,104	1,226	1,325	1,423	1,521	1,619
50% of AMI	538	614	690	766	829	890	951	1,013
30% of AMI	323	369	415	460	498	534	571	608

** MAXIMUM AFFORDABLE MONTHLY HOUSING COSTS = income limit / 12 * .30. In the United States, a commonly accepted guideline for housing affordability is a housing cost that does not exceed 30% of a household's gross income. Housing costs considered in this guideline generally include taxes and insurance for homeowners and utility costs for renters.

2013 FAIR MARKET RENTS BY UNIT SIZE BERKELEY, CHARLESTON, DORCHESTER COUNTIES				
Unit Size	Efficiency One-Bedroom	Two-Bedroom	Three-Bedroom	Four-Bedroom
Fair Market Rents	\$710	\$740	\$879	\$1,138
				\$1,510

Fair Market Rents (FMRs) are gross rent estimates. They include the shelter rent plus the cost of all tenant-paid utilities, except telephones, cable or satellite television service, and internet service. HUD sets FMRs to assure that a sufficient supply of rental housing is available to program participants.

FMRs are primarily used to determine payment standard amounts for the Housing Choice Voucher program, to determine initial renewal rents for some expiring project-based Section 8 contracts, to determine initial rents for housing assistance payment (HAP) contracts in the Moderate Rehabilitation Single Room Occupancy program (Mod Rehab), and to serve as a rent ceiling in the HOME rental assistance program.