



## SMARTMOVE HOMEOWNERSHIP FUND

### PURPOSE AND OVERVIEW:

Housing Development Fund’s (HDF) SmartMove will help eligible first time homebuyers in [New York](#) and [Connecticut](#) overcome the obstacle of the 20% downpayment with a low interest second mortgage.

*Note: These guidelines are provided for informational purposes only. Program eligibility is determined by an HDF Homeownership Advisor, and loan approval is determined the HDF Residential Lending Department after a complete loan and property assessment.*

PARAMETER	ELIGIBILITY REQUIREMENTS
LOAN AMOUNT	Up to 20% of sales price
ELIGIBLE USES	Downpayment only
INTEREST RATE	3% (APR = 3.42% to 4.74%)
AMORTIZATION	20-Year Term, Fixed Rate Mortgage (FRM)
PAYMENT TERMS	Monthly principal and interest payments
LIEN POSITION	2 <sup>nd</sup> mortgage
FEE FOR SERVICE	<p>Connecticut</p> <ul style="list-style-type: none"> <li>▪ \$750 for loans up to \$10,000</li> <li>▪ \$1,500 for loans \$10,001-15,000</li> <li>▪ \$2,000 for loans \$15,001-\$40,000</li> <li>▪ \$2,500 for loans greater than \$40,000</li> </ul> <p>New York</p> <ul style="list-style-type: none"> <li>▪ 3.75% of loan amount</li> <li>▪</li> </ul>
TARGET GEOGRAPHY	<ul style="list-style-type: none"> <li>▪ State of <a href="#">Connecticut</a></li> <li>▪ Select counties in <a href="#">New York</a></li> </ul>
ELIGIBLE BORROWERS	<p>First-time homebuyers purchasing in CT and NY service areas whose household income is at or below the respective income limits.</p> <ul style="list-style-type: none"> <li>▪ HDF’s definition of a first-time homebuyer is someone who has not owned a home in the last 3 years.</li> </ul> <p><i>See entire guide for more details.</i></p>

<b>ELIGIBLE PROPERTY TYPES</b>	<ul style="list-style-type: none"> <li>▪ Single family dwellings</li> <li>▪ 2 – 4 unit dwellings</li> <li>▪ Condos</li> <li>▪ PUDs</li>   <li>▪ Co-ops are <u>not</u> allowed</li> </ul>
<b>ELIGIBLE OCCUPANCY</b>	Owner occupied
<b>ELIGIBLE PURPOSE</b>	Purchases only
<b>MINIMUM CREDIT SCORE</b>	<p>SmartMove is not a credit score driven product, however, if a credit score is lower than 660, compensating factors must exist in order for the loan to be considered for approval.</p> <p>In addition, if the credit score is lower than 660, all derogatory items in the last 12 months must be verified by a third party source and explained by the borrower(s).</p> <p>Borrower(s) without credit scores are eligible following FNMA underwriting guidelines for files with manual underwriting and non-traditional credit.</p>
<b>NON-TRADITIONAL CREDIT</b>	<p>3 active (within the last 4 months) tradelines are required. Non-traditional credit is allowed as long as there is a minimum documentation of 12 months of full and on-time payments. Rent payments are not considered a non-tradition credit line.</p> <ul style="list-style-type: none"> <li>▪ Note: Some HDF lending products may not allow non-traditional credit.</li> </ul>
<b>CHARGE OFFS/COLLECTIONS</b>	<p>Unpaid charge-off and/or collection must be satisfied prior to loan closing. A letter of explanation from the borrower will be required. An account may never be paid at closing.</p> <p><i>Exception:</i> An account does not have to be paid in full at or before loan closing if:</p> <p>Individual account is &lt;\$250, or total of all unpaid accounts total &lt;\$1,000.</p> <p>For example, if the total of all unpaid accounts is equal to or greater than \$1,000, all collection and charge-off accounts must be paid off, regardless of the individual account balances. If the total is &lt;\$1,000, only the individual accounts with balances of \$250 or more must be paid off.</p> <p>Charge off accounts must have reached a judgment or lien status and the borrower must have documented evidence of the dispute.</p>
<b>BANKRUPTCIES</b>	Bankruptcies must have been discharged at least 4 years before HDF application.
<b>PREVIOUS MORTGAGE DEFAULT</b>	Foreclosure, Deed in Lieu, or Short Sale on a previously owned property must have closed at least 7 years before HDF application.

<b>QUALIFYING RATIOS</b>	<ul style="list-style-type: none"> <li>▪ Max Housing Ratio = 33%</li> <li>▪ Max Total Debt-to-Income = 41%</li> </ul> <p>*Enhanced approval criteria allowed for certain borrowers. In such cases, the Max Housing Ratio is 35% and the Max Total Debt-to-Income is 43%.</p> <p>(On a case-by-case basis, HDF reserves the right to approve DTI exceptions.)</p>
<b>MAXIMUM LTV/CLTV</b>	<ul style="list-style-type: none"> <li>▪ LTV max = up to 1<sup>st</sup> mortgage guideline (PMI is not allowed)</li> <li>▪ CLTV max with SmartMove = 100% <ul style="list-style-type: none"> <li>○ CLTV max with additional layers of financing is 105%</li> </ul> </li> </ul>
<b>MINIMUM BORROWER CONTRIBUTION</b>	<p>1% in downpayment from borrower's own funds.</p> <ul style="list-style-type: none"> <li>▪ Closing costs do not count toward the 1% requirement</li> <li>▪ Cannot include gift funds</li> </ul>
<b>INCOME REQUIREMENTS</b>	<ul style="list-style-type: none"> <li>▪ <a href="#">Connecticut</a> follows FFIEC MD income limits</li> <li>▪ <a href="#">New York</a> follows FFIEC MD and HUD AMI income limits.</li> </ul> <p>* Expanded Income Limits apply in high opportunity census tract areas.</p>
<b>RESERVES</b>	<ul style="list-style-type: none"> <li>▪ <a href="#">Single family dwelling</a> - Minimum of 2 months PITI in liquid reserves.</li> <li>▪ <a href="#">2-4 unit dwelling</a> - Minimum of 4 months PITI in liquid reserves.</li> <li>▪ May include gift funds.</li> </ul>
<b>SPEND DOWN</b>	<p>Borrowers must spend down to \$25,000 of liquid assets. Guideline does not apply to retirement savings.</p>
<b>INTERESTED PARTY CONTRIBUTIONS</b>	<ul style="list-style-type: none"> <li>▪ 6% maximum for all transactions</li> </ul>
<b>HOMEBUYER EDUCATION</b>	<p>Required from HDF or an approved partner agency.</p> <ul style="list-style-type: none"> <li>▪ 8-hr Certificate required for all borrower(s)</li> <li>▪ Landlord course certificate required, if applicable.</li> </ul>
<b>ADDITIONAL CONSIDERATIONS</b>	<ul style="list-style-type: none"> <li>▪ Borrowers must have funds available for borrower contribution of at least 1% of the purchase price plus pre-closing costs, and emergency reserves.</li> <li>▪ Borrowers must have a steady work history for the past 2 years in the same industry.</li> <li>▪ Borrowers must be U.S. citizens, or permanent residents, or have unexpired visas <u>and</u> unexpired work permits. <ul style="list-style-type: none"> <li>○ <a href="#">See list of acceptable visas</a></li> </ul> </li> <li>▪ No funds can be returned at closing.</li> <li>▪ Property inspections may not have health or safety hazards.</li> </ul>
<b>1<sup>ST</sup> MORTGAGE LENDER</b>	<p>First Mortgage must be with an HDF participating lender.</p>

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|  | <ul style="list-style-type: none"><li>▪ Visit the <a href="#">SmartMove Connecticut</a> or <a href="#">SmartMove New York</a> program pages for a list of HDF participating lenders.</li></ul> |
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