Introduces the Georgia Dream Homeownership Program

The Georgia Dream Program?
- 30 year first mortgage loans @ low fixed rates
- Down payment assistance loans $5,000 - $20,000 @ No monthly payments @ No interest
- Home buyer education & counseling

Tools Required?
- Georgia Dream Brochure
- Updated Georgia Dream Seller Guide
- Checklists and Forms
- Lender On Line – and a Password
Georgia Dream Brochure

First Mortgage Guidelines
You and your company approve the borrower for a:
Conventional
FHA
VA
USDA
First Mortgage Loan

Who Qualifies?
Georgia Dream First Mortgage loans are funded by State Bonds and therefore must follow IRS and other Federal guidelines in regard to first time home buyer status, household income limits and purchase price.
Qualifications

Borrowers who are first time homebuyers
  - who have not owned a home in the past 3 years
  - who purchase a home in a targeted area
    (Targeted areas are listed in our brochure and sometimes include additional counties designated as disaster areas)

Borrowers with household income less than:

<table>
<thead>
<tr>
<th></th>
<th>1 to 2</th>
<th>3 or more</th>
</tr>
</thead>
<tbody>
<tr>
<td>Statewide</td>
<td>$60,000</td>
<td>$70,000</td>
</tr>
<tr>
<td>Atlanta MSA</td>
<td>$71,000</td>
<td>$82,000</td>
</tr>
</tbody>
</table>

Who purchase a home with a sales price up to:

<table>
<thead>
<tr>
<th></th>
<th>Statewide</th>
<th>Atlanta Area</th>
</tr>
</thead>
<tbody>
<tr>
<td>$200,000</td>
<td>$250,000</td>
<td></td>
</tr>
</tbody>
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Additional Qualifications

Borrowers with limited assets:
  - The greater of $20,000 or 20% of the purchase price
    (seller guide 304.7)

Borrowers with credit scores no less than:

- 620 for FHA/VA/USDA-RD
- 660 for Conventionally Insured

Borrowers with debt to income ratios no greater than 40/45

Georgia Dream “PLUS”

- For a limited time borrowers who meet the guidelines for a Georgia Dream First Mortgage loan also qualify for down payment assistance in the amount of $5,000.
- The Borrower must contribute $1,000 to the purchase transaction
- The minimum credit score can be no less than 660
DISASTER AREAS 2009
Eligible for Georgia Dream “PLUS”

Due to the recent storms 21 additional counties have been designated as Federal Disaster Areas which qualifies them for Targeted Area status and exceptions to some Federal program guidelines for a limited period of time.

- Home Buyers are NOT required to be First Time Home Buyers
- In these counties:
  - Catoosa, Chattooga, Crawford, Dooly, Houston, Peach, Stephens, Taylor and Walker
  - Borrowers may purchase a home with a sales price up to $250,000
  - Household incomes are increased to:
    - 1 to 2 persons - $73,000
    - 3 or more persons - $85,000
- In these counties:
  - Carroll, Cherokee, Cobb, Dawson, Douglas, Fulton, Gwinnett, Heard, Newton, Paulding and Rockdale
  - Borrowers may purchase a home with a sales price up to $300,000
  - Household incomes are increased to:
    - 1 to 2 persons - $73,000
    - 3 or more persons - $85,000

Second Mortgage Program

Subordinate financing for the payment of closing costs and pre-paid items and the reduction of the 1st mortgage
- $5,000 - $20,000
- No monthly payments
- 0% Interest

Repaid when the home is sold, refinanced or no longer used as the borrower’s personal residence.

Funding Sources for Georgia Dream Down Payment Assistance

The Georgia Dream Down Payment Assistance Program is funded by HUD with HOME funds.

Therefore borrowers must meet first time homebuyer, and household income limits as per HOME guidelines.
Who Qualifies?

- Borrowers who are first time homebuyers
- In Targeted Areas- first time homebuyers or borrowers who are:
  - Single parent families
  - Borrowers in dilapidated housing
- Borrowers who meet income guidelines
  - Income Limits in the brochure & Appendix VII
- Borrowers who meet asset guidelines
  - No more than $5,000 in Cash Assets at/after closing

Additional Second Mortgage Requirements

- Must be used in conjunction with a Georgia Dream First Mortgage loan
- Buyers must contribute $500 to the transaction
- Borrower must complete Home Buyer Education
$5,000

All Eligible Borrowers

Protectors (PEN)

$7,500

Educators (PEN)
All School System Employees
Nurses (PEN)
All Healthcare Employees

CHOICE
To assist households with individuals who are living with a disability achieve the dream of homeownership!

Signature Communities
$7,500
Employees of a city and/or a county government designated as a DCA Signature Community (2 year period of designation)

2007
Barnesville
Miller County – Colquitt
Dublin
Butts County - Flovilla
Holly Springs
Rome
Stephens County – Toccoa

2008
Columbus
Fayetteville
Wilkinson County (Allentown, Danville, Gordon, Irwinton, Ivey McIntyre, Tifton)
Wayne County
Barnesville
Jesup
Valdosta-Remerton
Single Family Development

Encourages development of affordable housing

Gap funding to developers
of up to $20,000

Down payment assistance to borrowers
of up to $20,000

ENTER DOWN PAYMENT ASSISTANCE AS:

In DU = Community Second

In LP = Gift for Approval
as subordinate financing
to correct CLTV

In FHA and Total Scorecard or pmiAura = Subordinate
Financing

All forms of subordinate financing
must be included in the CLTV

There is NO Maximum CLTV for FHA loans sold to DCA
or any state Housing Finance Authority

Home Buyer Education

Provided by Georgia Dream
Homeownership partners
across the state.

Pre & post purchase credit and
debt management counseling.

No cost to home buyer!

Required for Second Mortgage
Loan Program applicants.
Georgia Dream NSP Down Payment Program

TEMPORARY DOWN PAYMENT PROGRAM EFFECTIVE APRIL 1, 2009 TO JUNE 1, 2010

- NSP= Neighborhood Stabilization Program
- Funds received as part of the Housing and Economic Recovery Act of 2008
- Down Payment Assistance of $14,000 for the purchase of FORECLOSED PROPERTIES ONLY
- 0% Interest, No monthly payments, lien released 20% the first 18 months and 20% at the end of each 12 months thereafter. No repayment after 5 ½ years.

Neighborhood Stabilization Program

- Used in conjunction with a Georgia Dream first mortgage loan or a Georgia Dream participating lenders first mortgage loan (FHA or VA)
- Home must be located in a county designated as an area of greatest need – see map
- Must be a foreclosed property currently titled to: HUD, Fannie Mae, Freddie Mac, VA or other governmental entity, Bank or non-profit
- Must be the primary residence of the borrower
- For Rehab and Down Payment – CANNOT be used for pre-paids or closing costs
- Household Income must be less than 120% of Area Median Income
Neighborhood Stabilization Program

Loan Guidelines:
- Sales price must be 1% less than Fair Market Value verified by an appraisal
- First mortgage loan interest rate and fees are limited
- Must be the primary residence of the borrower
- Property must be inspected by a Certified HQS Inspector prior to the FHA loan appraisal

For complete Information refer to the NSP Manual or Chapter 5 of the Georgia Dream Seller Guide or our NSP Web Page at www.dcaloans.com

Housing Choice Voucher Homeownership Program (HCV)

In July 2008 the Georgia Department of Community Affairs announced the new Housing Choice Voucher Homeownership Program. (HCV/HO)

Who Qualifies?
- DCA voucher program participants in good standing, who:
- Have received rental assistance for at least two years
- Have been employed full-time for at least the past twelve months earning at least minimum wage times 2000 hours
- Have never owned a home or have not owned a home in the past three years
- Have approvable credit, or are willing to take measures to restore damaged credit
HCV - continued

Periodically voucher holders who meet the guidelines will be notified by DCA that they are eligible to participate in the HCV program.

Interested voucher holders should sign and return the "Statement of Interest" form included with the letter to begin the HCV process.

Then it is up to the Voucher Holder!

1. A copy of the credit report and a list of DCA Housing Counseling Agencies will be mailed.

2. The client should choose a Counselor from the list and take the credit report and the DCA letter to the Counselor to begin pre-purchase counseling.

3. The Counselor will work with the client to correct errors on the credit report, negotiate payment options on past due accounts, and improve the credit score, if needed. They will also enroll the client in home buyer education and issue a Certificate of Completion.

Georgia Dream Seller Guide

Provides participating lenders with the information needed to originate, process, underwrite, close and fund Georgia Dream loans.

The complete Seller Guide will not be reviewed in this training. Adherence to the guidelines will be the responsibility of the lender.

The Seller Guide is available at www.dcaloans.com

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Useful for locating information quickly

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- 306-307 Bank Statements and Deposit Stubs
- 308-310 Eligible Property - Property Standards - Appraisals
- Worksheets
- Checklists
- Appendices
- Forms
Chapter One

Basically covers the DCA – Lender Relationship and would have been reviewed by management prior to the application to become a participating lender.

Outlines basic lender duties and responsibilities in the origination, funding and transfer of Georgia Dream loans.

Most of the information needed for loan processing will be found in sections Two and Three.

The Loan Process

1. Provide borrower with Georgia Dream brochure
2. Refer borrower to Home Buyer Education
3. Submit loan through regular internal guidelines and process
4. Obtain appraisal
5. Reserve the loan on Lender on Line – print the Reservation Accepted screen and required Georgia Dream documents
6. Complete credit and compliance underwriting
7. Submit the Underwriting Package to DCA for compliance underwriting

Underwriting

The credit decision is made by your company or your contracted underwriting company based on the mortgage product and the MI guidelines. (Seller Guide 207)
Automated Underwriting

DCA will accept an Underwriting Package that has received a credit recommendation of:

“Accept” from Loan Prospector (LP)
“Approve” or “EA1” from Desktop Underwriter – Minimum credit score for EA1 is 660.

DCA also accepts automated credit recommendations from FHA Total Scorecard and PMI-AURA

Maximum housing ratio for automated approvals is 40%

Maximum debt to income ratio is 45%

Minimum Credit Score

All manual and automated underwritten FHA, VA and USDA/RD loans must have a low middle FICO credit score of at least 620.

Applicants with no credit scores that meet FHA’s non-traditional credit policy as outlined in the HUD4155.1 Rev-5 will continue to be accepted as meeting the minimum credit score requirement.

Manual Underwriting

- Conventional loans requiring a manual review must also have a minimum credit score of 660
- Credit other than “EA1” must be manually underwritten and approved by your underwriter.
- Conventional Home Possible Loans must receive “Accept”. Manual reviews of these loans are not eligible.
- All manually underwritten conventional loans must meet the requirements of Fannie Mae’s My Community Mortgage manual UW guidelines. The total DTI must not exceed 45%.
- FHA loans must comply with the manual underwriting requirements in HUD 4155.2 and the expense ratio may not exceed 40% and the total Debt to Income may not exceed 45%.
- VA loans must comply with the VA handbook.
**Mortgage Insurance**

Loans must be insured by FHA, or guaranteed by VA or USDA.

**Private Mortgage Insurance:**

As of January 1, 2009, there are no Mortgage Insurance Companies rated at least AA and therefore no mortgage insurance companies eligible to insure Georgia Bond Loans. Therefore conventional loans qualify only if the LTV is less than 80%.

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**www.dcaloans.com**

- Access the seller guide
- Register the loan
- Print required DCA forms
- Locate additional information
- Locate Home Buyer Education providers
User ID and Password issued by your company.
Required forms
SF - 10
SF - 12
SF - 15
SF - 15
SF - 16
SF - 72
Household Income Worksheet
**Required DCA Forms**

- Form SF10 – Loan Application Profile - #1
  - DCA underwriting will communicate with the underwriter or the person designated on our form SF10 as the “Person to Receive Underwriting Decision” (Seller Guide 207.11)
- Household Income Worksheet - #4 (Seller guide 305)
- Form SF12 – Application Affidavit - #5
- Form SF15 – Affidavit of Adult Non-Applicant - #8
- Form SF 16 – Acquisition Cost Certification - #7
- Form SF72 – If second mortgage utilized - #8

**Required DCA Forms for NSP**

- Form NSP 10 – Loan Application Profile - #1
  - DCA underwriting will communicate with the underwriter or the person designated on our form SF10 as the “Person to Receive Underwriting Decision” (Seller Guide 207.11)
- Household Income Worksheet - #4 (Seller guide 305)
- Form NSP12 – Application Affidavit
- Form SF15 – Affidavit of Adult Non-Applicant
- NSP Loan Agreement
- Form NSP72 – Addendum to the contract

**DCA Submission Package Checklist**

- Shipping Address
  - Attn: Stephanie Hatton
- Instructions for packaging
  - Seller Guide 207.9
Underwriting Package Checklist
There is a different Checklist for NSP- but some things are the same!

Acco-Fasten COPIES in order

1. SF – 10
2. Reservation Accepted form
3. Cover letter from processor or underwriter
4. Household Income Worksheet
5. SF – 12
6. SF – 15 if applicable
7. SF – 16
8. SF – 72 if down payment assistance used
9. Final 1003
10. Underwriter approval whichever applicable
11. Internal underwriting approval with conditions

Underwriting Checklist (cont)

12. Scratch Application
13. Good Faith Estimate
14. Signed Borrower’s Authorization Form
15. Buydown Schedule – (Seller Guide 302.8 – Appendix IV)
16. Credit Report
   Dated within 120 days of the underwriting decision

Underwriting Checklist (cont)

17. Verbal VOE or LP or DU requirements
   (Seller Guide 305.4)
18. Verification of income dated within 45 days
   of the underwriting decision
   * Pay stub with year to date earnings
   * Social Security letter – child support verification
   * Other
19. Bank Statement dated within 45 days of the
   underwriting decision with an
   Explanation for deposits over $300
   over 1010 language - REQUIRED
20. Rental Verification if manual review
#21 – 3 years Federal Tax Returns and most recent W2’s

Signed copies signed by borrower(s) or computer print outs or IRS Telefile Tax Record OR IRS Letter 1722

If not required to file:
Applicant may complete DCA Tax Affidavit Form SF6012

Notes:
Reference to home mortgage interest or deduction for real estate taxes
Does number of dependents match application

#22 – Sales Contract with all applicable addenda

SIGNED BY ALL PARTIES

#23 – APPRAISAL

Complete appraisal with all attachments including legible photographs (Can be emailed)

Must be an FHA approved appraiser if down payment assistance is utilized even with conventional loans.

“Property meets HUD minimum property standards”

Include Collateral Inspection Form SF200 if new construction with no C.O. and DPA utilized.

If USDA loan and no C.O. Plan Certification - #28
**Balance of Checklist**

- #25 – FEMA Flood Certification
- #26 – Home Buyer Education Certificate
- #27 – All documents required by the Automated underwriting system, the mortgage insurer and the lenders underwriter.
- #29 – Support documentation for Georgia Dream Second Mortgage Loans – (Chapter Four)

**Other things to know**

- 302.9 Subordinate Financing – Sometimes we allow approved public and private down payment programs to layer assistance. For example: Dream Cities, CHIP, CDBG (Layering is NOT Allowed with the NSP Program)
- 302.10 Loan Amount – Must not differ more than $1000 from the Underwriting Approval Letter
- 302.11 Determining the Down Payment – based on the program and MI company guidelines

**CLOSING PACKAGE CHECKLIST**

Remember to include Any items listed “AT CLOSING” on The DCA underwriting Approval letter in your closing documents and return to DCA in the purchase package!
Checklist page 2

SEE SECTION 312 of the Seller Guide for specific closing instructions!

## Closing Costs

### 312.11 Georgia Dream 2nd Loan Closing and Purchase
DCA will pay an origination fee of 1% of the principal PLUS $100 – these amounts are NOT to be included on the HUD ONE.

NSP LOAN – DCA will pay $900 when purchasing the second of $14,000

### 313 Georgia Dream First Mortgage

On HUD ONE INCLUDE:
- Actual amount of all 3rd party fees – see list
- 1% Origination
- Maximum of $600 in processing fees
- Applicant must contribute $500 if 2nd mortgage is utilized
- 313.5 - Cash Out at closing?
- Only one HUD 1 – even if first and second mortgage
- Collect filing fees for 10 page deed for 2nd mortgage – Intangible tax for 2nd mortgage

## Loan Assumption

### Recapture Tax

- 314 – Loan can be assumed per guidelines
- 316 – Recapture Tax (Not always applicable)
Save yourself time and frustration!

Each mortgage bank has its own internal requirements and procedures.

Before you attempt to complete a Georgia Dream loan, contact your company’s underwriting and processing team for complete procedures and to obtain a password to the Georgia Dream Lender on Line system.

Why Georgia Dream?

To date over 83,000 Georgia families have achieved the dream of homeownership through the Georgia Dream Homeownership Program!

Fulfilling Homeownership Dreams!