

September 30, 2016

Real Estate Agent

KHC Program Guide Real Estate Agents September 30, 2016

Origination/Discount Points and Fees

Kentucky Housing Corporation (KHC) does not allow any lender to charge Origination Point/Fee or Discount Point/Fee. All KHC interest rates are zero-point. Fees such as Processing Fee, Admin Fee, Application Fee or Underwriting Fee are acceptable.

RHS Guarantee Upfront and Annual Fee Changes

On October 1, 2016, both the upfront guarantee fee and annual fee for purchase and refinance loans will decrease. The upfront guarantee fee will be reduced from 2.75% to 1%, and the annual fee from .5% to .35%.

Secondary Market First Mortgage Products

Eligibility: Both **first-time and repeat home buyers** purchasing a single-family dwelling. Purchase price can be no more than **\$283,900**. Applicant's income must be within applicable secondary market limits in effect. If Affordable DAP is used, then household income needs to be within Affordable DAP income limits.

KHC's Secondary Market Government Loan Products

Federal Housing Administration (FHA)

- Minimum **640** credit score
- Financing to 96.50% of lesser of sales price or appraised value
- All KHC DAPs and other KHC-approved secondary financing applicable
- Maximum ratios of 40/45 with AUS approve/eligible, accept/accept through TOTAL
- Verbal VOE for salaried borrower(s) within 10 business days prior to note date

Upfront and Annual Mortgage Insurance Premiums 30-Year Loan Term

LTV less than or equal to 95%	1.75% UFMIP .80 Annual
LTV greater than 95%	1.75% UFMIP .85 Annual

Rural Housing Services (RHS)

- Minimum **640** credit score
- **Financing to 100% of the appraised value, plus guarantee fee of 1.00%/0.35% annual fee**
- All KHC DAPs and other KHC-approved secondary financing applicable
- Ratio requirements per agency guidelines
- KHC will accept GUS findings, including reduced documentation and, with approval, expanded ratios up to 40%/45%
- Verbal VOE for salaried borrower(s) within 10 business days prior to note date and 30 calendar days prior to the note date for self-employed borrower(s)

Veteran's Administration (VA)

- Minimum **640** credit score
- Financing to 100% of the lesser of the appraised value or sale price
- All KHC DAP programs and other KHC-approved secondary financing may be used
- Ratio requirements and funding fee per agency guidelines
- Maximum ratios of 40/45% with AUS Approval

Mortgage Revenue Bond (MRB) First Mortgage Products

Eligibility: Must be a first-time home buyer, **unless** purchasing a single-family dwelling in a **targeted** county. **Purchase price can be no more than \$255,500.** Gross annual **household income** must be within applicable limits in effect. All non-borrowing occupants age 18 or older must disclose income and complete KHC Form 98.

KHC's MRB Government Loan Products

Federal Housing Administration (FHA)

- Minimum **640** credit score
- Financing to 96.50% of lesser of sales price or appraised value
- All KHC DAPs and other KHC-approved secondary financing applicable
- Maximum ratios of 40/45 with AUS approve/eligible, accept/accept through TOTAL
- Verbal VOE for salaried borrower(s) within 10 business days prior to note date

Upfront and Annual Mortgage Insurance Premiums 30-Year Loan Term	
LTV less than or equal to 95%	1.75% UFMIP .80 Annual
LTV greater than 95%	1.75% UFMIP .85 Annual

Rural Housing Services (RHS)

- Minimum **640** credit score
- Financing to 100% of the appraised value, plus guarantee fee of 1.00%/0.35% annual fee
- All KHC DAPs and other KHC-approved secondary financing applicable
- Ratio requirements per agency guidelines
- KHC will accept GUS findings, including reduced documentation and, with approval, expanded ratios up to 40%/45%
- Verbal VOE for salaried borrower(s) within 10 business days prior to note date and 30 calendar days prior to the note date for self-employed borrower(s)

Veteran's Administration (VA)

- Minimum **640** credit score
- Financing to 100% of the lesser of the appraised value or sale price
- All KHC DAP programs and other KHC-approved secondary financing may be used
- Ratio requirements and funding fee per agency guidelines
- Maximum ratios of 40/45% with AUS Approval

KHC's Secondary Market & MRB Conventional Products

30-Year Loan Term

Conventional No MI Program --- *HFA Preferred Risk Sharing*
 Conventional With MI Program --- *HFA Preferred*

PARAMETER	Conventional No MI Program	Conventional With MI Program
Loan Terms	30-Year, Fixed Interest Rate	
Eligible Occupancy	Owner Occupied	
Eligible Purpose	Purchase	
Eligible Property Types	One-unit dwellings or approved condominiums	
Ineligible Property Types	Manufactured housing or co-ops	
Down Payment of 3%	Borrower's Funds, Gift, KHC DAPs, or Welcome Home Monies	
Maximum LTV/CLTV	97/105%	
Minimum LTV	81%	
Minimum Credit Score	680	
Ratio Guidelines	40/45%	
Borrower Contribution/Reserves	None	
Income Limit	KHC's Secondary Market or MRB's Income Limits	
Manual Underwriting	Not Permitted	
Maximum Seller Contributions	3% for CLTV > 90% and 6% for CLTV < or = 90%	
Other Real Estate Property	Can own other real estate property including manufactured housing with Secondary Market Funding at time of closing but NOT with MRB Funding . Follow Fannie Mae agency guidelines.	
Subordinate Financing <small>***if property is a KHC REO, none of KHC's DAPs can be used***</small>	Community Seconds per FNMA Guidelines, All KHC DAPS Applicable. Special Feature Code 118 Community Seconds	
Home Buyer Education <i>Follow DU Findings</i>	If all borrowers obtaining the loan are first-time home buyers (no ownership interest in a residential property in the last three years), at least one person on the loan must complete pre-purchase home buyer education in the form of an online, telephone, or face-to-face workshop.	
Documentation	Most Recent Year Tax Transcripts Verbal VOE for salaried borrower(s) within 10 business days prior to note date and 30 calendar days prior to the note date for self-employed borrower(s).	
Mortgage Insurance <i>KHC will order ALL MI for TPO Lenders</i> See page 6 for specific guidelines	None Required	Required – Charter Coverage 97% - 95.01% 18% 95% - 90.01% 16% 90% - 85.01% 12% 85% & Under 6%
KHC Approved MI Companies	N/A	Arch, Essent, Genworth, MGIC, Radian & United Guaranty
Desktop Underwriter (DU) Only allowable AUS system <i>Must receive an Approved/Eligible recommendation</i>	In the "ADDITIONAL DATA" screen, select "HFA PREFERRED RISK SHARING" Special Feature Code: 820	In the "ADDITIONAL DATA" screen, select "HFA PREFERRED" Special Feature Code: 741

KHC will not purchase conventional loans that are determined to be High Priced Mortgage Loans. Borrower must meet BOTH KHC and MI Company guidelines. UG has additional restrictions when a DAP is used.

Second Mortgage Products

Down Payment Assistance Program (DAP) Guidelines

Only home buyers obtaining a Kentucky Housing Corporation first mortgage are eligible for DAP funds.
Interest Rate with DAP applicable.

DAP	HHF Not Available	Regular	Affordable
Income Eligibility	Funding Source MRB or Secondary	Funding Source MRB or Secondary	Affordable Income (Household Income)
Eligible Properties	<u>New and Existing Properties Located in Christian, Hardin, Jefferson, or Kenton Counties</u>	New and Existing Properties	
Eligible Borrowers	<u>First-time Home Buyers</u> (No ownership interest in the last 3 years)	First-time and Repeat Home Buyers	
Amount	\$10,000 No Limit on first mortgage LTV	Up to \$6,000 Must go maximum allowed LTV on first mortgage amount	Up to \$4,500 Must go maximum allowed LTV on first mortgage amount
Terms	0% Forgivable , second mortgage over a five-year term	5.50% amortized over 10 years	1% amortized over 10 years
Purchase Price Limit	\$283,900 Secondary Market \$255,500 MRB		
AUS	Enter as Subordinate Financing AUS Approval required		
Home Buyer Education	Required	Not Required	
Ratios	No monthly payment With AUS approval, can go up to 40/45%	Borrower must qualify with additional monthly payment. With AUS approval, can go up to 40/45%	
Required Repairs	Buyer or seller may use OWN funds to pay for repairs and pay off existing debt		
DAP Disclosures	GFE, TIL, HUD-1, and Dodd-Frank Affidavit Can be generated from KHC's Loan Reservation System	Loan Estimate and Closing Disclosure Available in KHC's Loan Reservation System-- \$50 Document Preparation Fee to closing agent and \$26 (estimated) Recording Fee **Delegated/Correspondent add \$13 for assignment	

HHF DAP is available on a first-come, first-served basis.

When utilizing Regular or Affordable DAP with the Conventional Product, if unable to get a DU Approve/Eligible at a 97% LTV with DAP, then you may lower first mortgage down to 95% LTV.

**KENTUCKY HOUSING CORPORATION
2016 SECONDARY MARKET
GROSS ANNUAL APPLICANT'S INCOME LIMITATIONS
Effective May 31, 2016**

Secondary Market Purchase Price Limit -- \$283,900

County	Income Limits	County	Income Limits
Anderson	116,375	Jefferson	117,250
Ballard	101,325	Jessamine	115,675
Boone	123,725	Kenton	123,725
Bourbon	115,675	Larue	106,750
Bracken	123,725	Lyon	99,050
Bullitt	117,250	Madison	100,275
Calloway	101,850	McClean	103,950
Campbell	123,725	Mercer	105,175
Christian	100,275	Nelson	98,350
Clark	115,675	Oldham	117,250
Daviess	103,950	Owen	108,325
Edmonson	105,350	Pendleton	123,725
Fayette	115,675	Scott	115,675
Franklin	105,175	Shelby	125,825
Gallatin	123,725	Spencer	117,250
Garrard	99,050	Trigg	100,275
Hancock	103,950	Trimble	117,250
Hardin	106,750	Warren	105,350
Henderson	107,450	Woodford	115,675
Henry	117,250		

Applicant's Income Limit for all other counties not listed above: \$98,175

The income limitations listed above are imposed by state law.

**KENTUCKY HOUSING CORPORATION
2016 MRB GROSS ANNUAL HOUSEHOLD INCOME LIMITS
Effective May 31, 2016**

The income limitations listed below are imposed by federal law.
Failure to comply with them may create adverse consequences for Kentucky Housing Corporation and its bondholders.

Funding Source: MRB/Home Buyer Tax Credit (Purchase Price Limit – \$255,500)

Person(s) per household	(1 or 2)	(3 or more)	Person(s) per household	(1 or 2)	(3 or more)
Anderson	66,500	76,475	Kenton	70,700	81,305
Ballard	58,513	67,290	Larue	73,200	85,400
Barren	59,513	68,440	Laurel	56,100	64,960
Boone	70,700	81,305	Livingston	57,960	67,620
Bourbon	79,320	92,540	Lyon	58,713	67,520
Boyd	59,073	67,934	Madison	68,760	80,220
Bracken	84,840	98,980	Marshall	58,713	67,520
Bullitt	67,000	77,050	McCracken	58,553	67,336
Caldwell	59,760	69,084	McLean	71,280	83,160
Calloway	58,393	67,152	Meade	59,653	68,601
Campbell	70,700	81,305	Mercer	60,100	69,115
Christian	59,253	68,141	Muhlenberg	56,100	64,960
Clark	79,320	92,540	Nelson	67,440	78,680
Daviess	59,400	68,310	Oldham	67,000	77,050
Edmonson	72,240	84,280	Owen	74,280	86,660
Fayette	66,100	76,015	Pendleton	84,840	98,980
Franklin	60,100	69,115	Scott	79,320	92,540
Gallatin	84,840	98,980	Shelby	71,900	82,685
Garrard	67,920	79,240	Simpson	59,773	68,739
Graves	59,633	68,578	Spencer	80,400	93,800
Greenup	59,073	67,934	Taylor	57,000	66,500
Hancock	59,400	68,310	Trigg	59,253	68,141
Hardin	61,000	70,150	Trimble	80,400	93,800
Henderson	61,400	70,610	Union	57,600	67,200
Henry	80,400	93,800	Warren	60,200	69,230
Jefferson	67,000	77,050	Webster	72,360	84,420
Jessamine	66,100	76,015	Woodford	66,100	76,015

For all other counties not listed above: \$67,320 (1 or 2 persons) \$78,540 (3 or more persons)

**2016 GROSS ANNUAL HOUSEHOLD
AFFORDABLE DAP INCOME LIMITS
Effective May 31, 2016**

Purchase Price Limit for AFFORDABLE DAP– Secondary Market Funding: \$283,900 MRB Funding: \$255,500

Counties					Person(s)	(1)	(2)	(3)	(4 or more)
Bath, Bell, Breathitt, Carter, Casey, Clay, Clinton, Cumberland, Elliott, Estill, Floyd, Fulton, Grayson, Green, Harlan, Hart, Jackson, Johnson, Knott, Knox, Laurel, Lawrence, Lee, Leslie, Letcher, Lewis, Lincoln, Magoffin, Martin, McCreary, Menifee, Metcalfe, Monroe, Morgan, Muhlenberg, Ohio, Owsley, Perry, Pike, Powell, Pulaski, Rockcastle, Russell, Wayne, Whitley, and Wolfe						26,000	29,700	33,400	37,100
Bullitt, Henry, Jefferson, Oldham, Spencer, and Trimble						37,550	42,900	48,250	53,600
Bourbon, Clark, Fayette, Jessamine, Scott, and Woodford						37,050	42,350	47,650	52,900
Boone, Bracken, Campbell, Gallatin, Kenton, and Pendleton						39,600	45,250	50,900	56,550
Other Counties									
Person(s)	(1)	(2)	(3)	(4 or more)	Person(s)	(1)	(2)	(3)	(4 or more)
Adair	26,150	29,900	33,650	37,350	Hopkins	29,700	33,950	38,200	42,400
Allen	28,350	32,400	36,450	40,450	Larue	34,200	39,050	43,950	48,800
Anderson	37,250	42,600	47,900	53,200	Livingston	27,100	30,950	34,800	38,650
Ballard	32,250	36,850	41,450	46,050	Logan	27,250	31,150	35,050	38,900
Barren	29,500	33,700	37,900	42,100	Lyon	31,750	36,250	40,800	45,300
Boyd	30,700	35,100	39,500	43,850	Madison	32,100	36,700	41,300	45,850
Boyle	28,600	32,650	36,750	40,800	Marion	27,250	31,150	35,050	38,900
Breckinridge	26,950	30,800	34,650	38,500	Marshall	31,750	36,250	40,800	45,300
Butler	26,050	29,800	33,500	37,200	Mason	27,900	31,900	35,900	39,850
Caldwell	27,900	31,900	35,900	39,850	McCracken	32,150	36,750	41,350	45,900
Calloway	32,600	37,250	41,900	46,550	McLean	33,250	38,000	42,750	47,500
Carlisle	27,400	31,300	35,200	39,100	Meade	29,050	33,200	37,350	41,500
Carroll	27,000	30,850	34,700	38,550	Mercer	33,700	38,500	43,300	48,100
Christian	30,200	34,500	38,800	43,100	Montgomery	26,150	29,850	33,600	37,300
Crittenden	27,750	31,700	35,650	39,600	Nelson	31,500	36,000	40,500	44,950
Daviess	33,250	38,000	42,750	47,500	Nicholas	27,650	31,600	35,550	39,500
Edmonson	33,750	38,550	43,350	48,150	Owen	34,650	39,600	44,550	49,500
Fleming	26,350	30,100	33,850	37,600	Robertson	28,600	32,650	36,750	40,800
Franklin	33,700	38,500	43,300	48,100	Rowan	27,100	30,950	34,800	38,650
Garrard	31,750	36,250	40,800	45,300	Shelby	40,250	46,000	51,750	57,500
Grant	31,050	35,450	39,900	44,300	Simpson	28,750	32,850	36,950	41,050
Graves	29,150	33,300	37,450	41,600	Taylor	26,600	30,400	34,200	38,000
Greenup	30,700	35,100	39,500	43,850	Todd	29,050	33,200	37,350	41,500
Hancock	33,250	38,000	42,750	47,500	Trigg	30,200	34,500	38,800	43,100
Hardin	34,200	39,050	43,950	48,800	Union	26,900	30,750	34,600	38,400
Harrison	29,400	33,600	37,800	42,000	Warren	33,750	38,550	43,350	48,150
Henderson	34,400	39,300	44,200	49,100	Washington	27,950	31,950	35,950	39,900
Hickman	29,800	34,050	38,300	42,550	Webster	33,800	38,600	43,450	48,250

ABOUT KHC

KHC is Kentucky's state housing finance agency. Created by the General Assembly in 1972, KHC provides affordable housing opportunities for low- and moderate-income Kentuckians.

In our role as a mortgage investor, KHC conducts business through a statewide network of approved lenders. As the investor, KHC must also have its loans guaranteed or insured, either through a government agency (FHA, VA, or RHS) or with private mortgage insurance for Conventional. For more information about KHC, visit our website at www.kyhousing.org.

We've helped over **87,500** households attain homeownership with our safe and secure mortgage loans. Let us help your buyers, too.

KHC ELIGIBILITY AND CREDIT STANDARDS OVERVIEW

(Not intended to be an all-inclusive list.)

Home Buyer Eligibility

- KHC can help both first time and repeat home buyers statewide.
- Must be a U.S. citizen or resident alien.
- Applicant's income **ONLY** through Secondary Market.
- Property must be the borrower's principal residence.
- Borrower cannot own any other residential property at time of closing for all loans with MRB Funding.
- Any Borrower that meets both the income and purchase price limit can have access to Down Payment Assistance.

Kentucky Housing Credit Standards

- 640 minimum credit score required for FHA, VA, & RHS.
- 680 minimum credit score required for Conventional.
- Debt ratios:
29%/41% for RHS, but with GUS approval, can go up to 40%/45%.
FHA, VA & Conventional = 40%/45%
- Collections in most cases do not need to be paid-off in full.
- Bankruptcies and foreclosures must be discharged two to seven years.
- Non-taxable income can be grossed-up per insuring agency guidelines

Property Eligibility

- Both new and existing property.
- Both new & existing Manufactured Housing allowed with FHA & VA.
- With RHS only new construction Manufactured housing is allowed.
- Purchase price limit of **\$283,900** for Secondary Market or **\$255,500** for MRB Loans.
- Full appraisal required on all KHC loans.
- With Existing Property, VA is the only loan product that requires a termite inspection.
- A termite soil treatment certificate is required on ALL new construction properties except on conventional loans.

KHC'S WEBSITE

KHC has developed a website useful to real estate agents. It provides you with the information you need to assist your buyers in obtaining KHC financing. Go to www.kyhousing.org to view a list of participating lenders statewide that are approved to provide our financing programs. You'll also find our current income and purchase price guidelines, and information about continuing education credit courses.

While you're on our website, don't forget to subscribe for e-Grams to receive updates on KHC's programs!

WHY CHOOSE KHC?

KHC loans offer benefits for both **you** and your **buyer**:

- Programs available for first-time and repeat home buyers statewide.
- Increased income and purchase price guidelines mean more purchasing power for your buyer and potentially higher commissions for **you**.
- Downpayment and closing costs assistance programs for qualified buyers.
- Conventional, FHA, RHS, and VA loan programs with competitive interest rates.
- Available home buyer education and counseling programs.
- KHC loans are serviced in Kentucky – we never sell our loans!
- Available online bill payment and account maintenance for borrowers.
- Real Estate Agent email registry allows you to stay up-to-the-minute on additional funding and program changes.

Kentucky Housing Corporation Mortgage Loans – The Home Loan You Can Trust

Visit our website at www.kyhousing.org or call toll-free in Kentucky at 800-633-8896 or 502-564-7630, extension 291, or TTY 711.