

Community Heroes Grant

Program Guidelines



<p>What is the Community Heroes (CH) Grant?</p>	<p>Virginia Housing has partnered with Federal Home Loan Bank (FHLB) of Atlanta to offer a CH Grant program, providing eligible borrowers with funds to help with down payment and closing costs. It is a gift, not a loan.</p>										
<p>Grant Amount</p>	<table border="1" data-bbox="456 390 1537 590"> <thead> <tr> <th data-bbox="456 390 846 464">Virginia Housing CH Grant Amount:</th> <th data-bbox="846 390 1203 464">FHLB CH Grant Amount:</th> <th data-bbox="1203 390 1537 464">First Mortgage:</th> </tr> </thead> <tbody> <tr> <td data-bbox="456 464 846 590" rowspan="3" style="text-align: center;">\$6,000</td> <td data-bbox="846 464 1203 590" rowspan="3" style="text-align: center;">\$2,000</td> <td data-bbox="1203 464 1537 506">Conventional</td> </tr> <tr> <td data-bbox="1203 506 1537 548">Conventional No MI</td> </tr> <tr> <td data-bbox="1203 548 1537 590">FHA</td> </tr> </tbody> </table> <ul data-bbox="456 621 1537 999" style="list-style-type: none"> • Virginia Housing will provide a \$6,000 CH grant. The grant must be used towards down payment, closing costs, discount points, pre-paid items and upfront mortgage insurance premiums as applicable. • FHLBank Atlanta will provide a \$2,000 CH grant. The grant will be distributed directly to the Member Bank. Note: Member Bank will be responsible for submitting and obtaining approval of FHLB CH Grant funding from FHLBank Atlanta. • The two grants total \$8,000 and can be no less than this amount. Note: The intent of the grant is not to reduce the LTV, but to cover all or a portion of the minimum down payment and closing costs. • The two grants must be broken out as separate entries on all documentation. • The borrower may not receive cash back at closing beyond verified Earnest Money Deposit (EMD) and any fees paid outside of closing (POCs). 			Virginia Housing CH Grant Amount:	FHLB CH Grant Amount:	First Mortgage:	\$6,000	\$2,000	Conventional	Conventional No MI	FHA
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<p>Grant Funding Time-frame</p>	<p>Applications may be submitted to FHLBank Atlanta and Virginia Housing starting May 1, 2019, and no later than December 2, 2020 or until allocated funding for this program is exhausted.</p>										
<p>Eligible Borrowers</p>	<p>Eligible borrowers defined by FHLBank Atlanta as noted below:</p> <ul data-bbox="456 1199 1537 1839" style="list-style-type: none"> • Public School Employees: An employee of a public school or public school system in Virginia; or an employee of a post-secondary level public educational institution in Virginia; or a retiree of the above as may be determined by Virginia Housing in its sole discretion. Examples include but are not limited to a public school teacher, a public school bus driver, or a public school janitor. • Law Enforcement Officers, Firefighters, and First Responders: An employee of a law enforcement agency or the fire department administered by a federal, state, or local government, or a sworn law enforcement officer responsible for crime prevention and detection, or criminal incarceration; or a sworn member of a fire department involved in fire suppression or prevention, emergency medical response, hazardous materials incident response, or management/response to terrorism; or any other first responder, such as an emergency medical technician or National Guard or Reservist; or has retired as one of the above as may be determined by Virginia Housing in its sole discretion. • Healthcare Workers: An employee providing medical care employed by a) a medical hospital or b) a medical facility that is licensed or accredited by the Commonwealth of Virginia as may be determined by Virginia Housing in its sole discretion. Examples include but are not limited to a nurse, personal care assistant employed by a licensed medical agency, or a medical lab technician. <p data-bbox="456 1850 760 1881"><i>Continued on next page</i></p>										



Eligible Borrowers	<p><i>Continued</i></p> <p><u>Notes:</u></p> <ul style="list-style-type: none"> • Eligible borrowers must also be within Virginia Housing Community Heroes (CH) Grants Income Limits. See Income Limits below for more information. • Borrowers employed through contracting firms do not meet eligible borrower requirements.
Eligible First Mortgages	<ul style="list-style-type: none"> • Virginia Housing FHA • Virginia Housing Conventional purchase program • Virginia Housing Conventional No MI purchase program
Ineligible First Mortgages	<ul style="list-style-type: none"> • Virginia Housing VA • Virginia Housing RHS • Any first mortgage used with the Plus Second Mortgage • Any first mortgage used with the DPA Grant • Any refinance • Any Non-Virginia Housing loan
MCC Eligible	Yes in accordance with the MCC guidelines.
SPARC Eligible	Yes in accordance with the SPARC guidelines.
Plus Second Mortgage Eligible	No.
CCA Eligible	No.
DPA Eligible	No.
Minimum LTV	<p>The intent of the grant is not to reduce the LTV, but to cover all or a portion of the minimum down payment and closing cost. The first mortgage minimum LTV is 90% when the Virginia Housing CH and FHLB CH Grants are used with other acceptable funds in accordance with the first mortgage requirements.</p> <p><i>*Note:</i> The Virginia Housing CH and FHLB CH Grants may be used with other acceptable non-Virginia Housing and non-FHLB down payment assistance in accordance with the first mortgage requirements. It cannot be used with any other FHLB assistance, the Plus Second Mortgage, DPA Grant, or CCA Grant.</p> <p>Exhibit LL is not required for the Virginia Housing CH and FHLB CH Grants; however it is required for any subordinate lien.</p>
Loan Term	<ul style="list-style-type: none"> • Loan term is not applicable because the Virginia Housing CH and FHLB CH Grants are not a loan but a gift provided by Virginia Housing and FHLBank Atlanta. • No repayment is required. • No Note or Deed of Trust for the grant funds. <p>The CH Grant must meet the requirements in these Program Guidelines as well as requirements of the first mortgage (see above for eligible first mortgage types).</p>

First-Time Homebuyer	<p>Required unless purchasing in a Targeted Area (applies to all borrowers and non-borrowers taking title).</p> <ul style="list-style-type: none"> • A borrower and non-borrower on title are considered a first-time homebuyer if they have not owned and occupied a primary residence in the last 3 years. <p>Acceptable documentation to evidence first-time homebuyer:</p> <ul style="list-style-type: none"> • The fully executed Programs Disclosure and Borrower Affidavit (Exhibit E) signed by all borrowers and non-borrowers taking title; • A completed Uniform Residential Loan Application (Form 1003); and • The credit report. <p><u>Note:</u> If unable to confirm from the Exhibit E, Form 1003, or the credit report the borrowers and/or non-borrowers taking title are a first-time homebuyer, additional documentation may be required, such as:</p> <ul style="list-style-type: none"> • Three years' federal tax returns / tax transcripts • Rent verification(s) • Other reports such as a Lender Data Integrity Report (Examples: Drive Report, FraudGuard, Loansafe)
Income Limits (All Household Income)	<p>Apply Virginia Housing Community Heroes (CH) Grants Income Limits Chart attached below. Higher Targeted Area Income Limits do not apply.</p> <p>Must include income for all household members (regardless of whether they are a borrower or non-borrower on title).</p> <p>See Origination Guide for more information on how to calculate household income, what income types must be included, and what may be excluded.</p>
Sales Price / Acquisition Cost Limits	<p>Apply Virginia Housing Standard Sales Price / Loan Limits. The limit is the highest of the gross loan amount (which does not include the Virginia Housing CH and FHLB CH Grants – combined amount equaling \$8,000), sales price, and acquisition cost.</p>
Eligible Purpose	<p>Primary Residence Purchase (no refinances).</p>
Programs Disclosure and Borrower Affidavit (Exhibit E)	<p>Required.</p> <ul style="list-style-type: none"> • Must be executed by all borrowers and non-borrowers taking title. • Income from any household member (regardless of whether or not they are on title) must be included on page 4 of the Exhibit E.
Seller Affidavit and Acknowledgment (Exhibit F)	<p>Required.</p>
Originating Lender's Submission Cover Letter (Exhibit O)	<p>Required.</p>
Homebuyer Education	<p>Required for all first-time homebuyers.</p> <p>Complete Virginia Housing Homebuyer Education course prior to loan closing.</p> <p><u>Note:</u> Fannie Mae Framework and Freddie Mac CreditSmart courses are not acceptable. Homebuyer Education Certificate is valid for 2 years.</p>
Tax Transcripts	<p>Follow first mortgage requirements.</p>

<p>Business Use of Home</p>	<p>No more than 15% of the financed dwelling may be used primarily in a trade or business. The borrowers and non-borrowers taking title must fully execute the Business Use of Home Certification if the borrower has disclosed that a part of the current residence is being used primarily for a trade or business or if there is any other evidence in the file, such as:</p> <ul style="list-style-type: none"> • The employment business address is the same as the borrower’s current residence address on the 1003, or. • Federal tax returns are provided and show the “business in home” deduction was taken (Typically this shows on Schedule C, line 30). <p>The Business use of Home Certification certifies that not more than 15% of the total living area of the subject property will be used primarily in a trade or business. If greater than 15% will be used in the subject dwelling then the borrower is not eligible.</p>
<p>Maximum Net Worth</p>	<p>Cannot exceed 50% of sales price (See Origination Guide for more information).</p>
<p>Automated Underwriting System (AUS) / Manual Underwrites</p>	<p>FHA first mortgage:</p> <ul style="list-style-type: none"> • Follow first mortgage requirements, and • Virginia Housing CH Grant (\$6,000) and FHLB CH Grant (\$2,000) must be entered separately in AUS as a gift under “Source of Funds” (“FHA-Gift –Government Assistance”) and under “Assets” (“Gift”) – It cannot be entered as “Other” in Details of Transaction or as a lien in “Subordinate Financing.” <p>Conventional and Conventional No MI first mortgage:</p> <ul style="list-style-type: none"> • Follow first mortgage requirements, and • Virginia Housing CH and FHLB CH Grants must be entered in AUS as a gift separately (i.e.: \$6,000 Virginia Housing CH Grant portion and \$2,000 FHLB CH Grant portion) and cannot be entered as “Other” in Details of Transaction or as a lien in “Subordinate Financing.”
<p>Minimum Credit Score</p>	<p>Follow first mortgage requirements.</p>
<p>Maximum DTI</p>	<p>Follow first mortgage requirements.</p>
<p>Foreclosures / Deed in Lieu / Short Sales</p>	<ul style="list-style-type: none"> • No less than 5 years from date of title transfer to application date. • No significant derogatory credit since the event (bankruptcy/judgments). • No lates/collections last 3 years. • Follow first mortgage waiting period requirements if more restrictive than 5 years.
<p>Minimum Borrower Contribution</p>	<ul style="list-style-type: none"> • The borrower must have a minimum of 1% of Sales Price into the transaction towards down payment or closing costs. • The 1% may be made from any eligible source in accordance with the eligible first mortgage requirements (including a gift). Note: If Other Down Payment Assistance funds are being used, (see below) it may have its own minimum contribution requirement that the lender must follow.
<p>Other Down Payment Assistance</p>	<p>The Virginia Housing CH and FHLB CH Grants may be used with other acceptable non-Virginia Housing and non-FHLB down payment assistance in accordance with the first mortgage. It cannot be used with any other FHLB assistance, the Plus Second Mortgage, or DPA Grant. The minimum LTV on the first mortgage is 90%.</p> <ul style="list-style-type: none"> • Exhibit LL is not required for the Virginia Housing CH and FHLB CH Grants; however it is required for any subordinate lien.

Reserves / Acceptable Funds to Close	<p>FHA first mortgage:</p> <ul style="list-style-type: none"> • Follow FHA requirements for reserves. • A minimum of 1% of Sales Price into the transaction as mentioned above – Follow FHA requirements for acceptable funds to close to meet the 1% requirement and any other funds that may be required at closing (including a gift). <p>Conventional and Conventional No MI first mortgage:</p> <ul style="list-style-type: none"> • Follow Agency requirements for reserves. • A minimum of 1% of Sales Price into the transaction as mentioned above – Follow Agency requirements for acceptable funds to close to meet the 1% requirement and any other funds that may be required at closing (including a gift) / no cash on hand.
Property	<ul style="list-style-type: none"> • Property must be located in Virginia, must meet first mortgage requirements. <p>Acreage:</p> <ul style="list-style-type: none"> • The maximum lot size is 2 acres. • Exceptions are considered > 2 up to 5 acres. The Lender’s underwriter may review and render a decision on the acreage exception. See the Origination Guide for additional requirements and criteria. • If originated without an MCC: Exceptions are considered > 5 up to 10 acres as long as the loan is not originated with an MCC. The Lender’s underwriter may review and render a decision on the acreage exception. See the Origination Guide for additional requirements and criteria.
Unfinished Area	<ul style="list-style-type: none"> • The cost to complete unfinished areas that are suitable to finish in the property must be included in the acquisition cost on the Exhibit E and Exhibit F (Examples: Unfinished basement, lower level of a tri-level, etc.). See the Origination Guide for more information.
Post-Closing Repairs	<p>Follow first mortgage requirements.</p>

<p>Reserving Virginia Housing CH Grant</p>	<p>The lender will obtain FHLBank Atlanta’s approval (Form: <i>Virginia Housing Community Heroes Application Review Statement</i>) confirming borrower’s eligibility and approval of FHLB’s grant funds in the amount of \$2,000 prior to requesting Virginia Housing CH Grant reservation for \$6,000.</p> <p>The first mortgage must be locked in Mortgage Cadence prior to the lender submitting request for Virginia Housing CH Grant reservation.</p> <p>Lender must complete the following steps:</p> <ul style="list-style-type: none"> • Upload a completed Virginia Housing Community Heroes (CH) Grant Reservation Form to Mortgage Cadence in “Attachments”, along with both of the following: <ul style="list-style-type: none"> • FHLBank Atlanta’s approval (<i>Virginia Housing Community Heroes Application Review Statement</i>) • Fully executed copy of FHLBank Atlanta’s Form: <i>Virginia Housing Community Heroes Homebuyer / Homeowner Certification</i>. • Once all of the above has been completed, send an email to the LockDesk@VirginiaHousing.com that includes the Virginia Housing loan number requesting the grant be reserved. <p>Virginia Housing’s Lock Desk will complete the reservation process; the Award Letter and Obligation Letter will be generated and available in Attachments in Mortgage Cadence.</p> <p><u>Note:</u> The reservation period of the Virginia Housing CH Grant (\$6,000) follows the first mortgage rate lock along with any allowed extension, up to a maximum 60-day extension (extension fees apply only to the first mortgage), and the Virginia Housing CH Grant reservation expires the same day as the first mortgage loan lock expiration.</p>
<p>Origination</p>	<p>Loan originated in accordance with first mortgage program guidelines, and Virginia Housing CH Grant program guidelines.</p> <p>Loan Estimates are not required for the Virginia Housing CH and FHLB CH Grants because they are not a loan/mortgage.</p>
<p>Underwriting</p>	<p>Loans underwritten in accordance with first mortgage and Virginia Housing CH Grant program guidelines. Lender underwriters must perform their due diligence in ensuring the household income is calculated correctly and is within the income limits for this program. Underwriters must confirm Virginia Housing’s portion (\$6,000) of the CH Grant fund is reserved in Mortgage Cadence, and ensure a copy of the signed CH Grant Award Letter is included in the submission to Virginia Housing Underwriting for Non-Delegated loans.</p>
<p>Special Documentation</p>	<ul style="list-style-type: none"> • CH Grant Award Letter (FHA, Conventional, Conventional No MI first mortgage). • CH Grant Obligation Letter (FHA first mortgage only). <p>These documents are generated upon CH Grant reservation in Mortgage Cadence and are available in “Attachments.”</p> <p>The Award letter must be signed by the borrower(s) and included in the closing package submitted to Virginia Housing.</p>
<p>Closing</p>	<p>Loans closed in accordance with first mortgage guidelines and the CD (Closing Disclosure) must reflect “FHLB CH Grant” for \$2,000 and “Virginia Housing CH Grant” for \$6,000 as separate line items.</p> <p><u>Note:</u> Originating Lender is responsible for submitting the final fully executed Closing Disclosure (CD) to FHLBank Atlanta.</p>

Documents	<p>Follow first mortgage requirements and ensure the FHLB CH Grant (\$2,000) and the Virginia Housing CH Grant (\$6,000) are shown as a separate gift/grant on all appropriate documentation (1003, Transmittal, AUS, Closing Disclosure, etc.).</p> <p>*FHA requires an Employee Identification Number (EIN) for both CH Grants (gift) on the Transmittal (92900-LT) and in FHA Connection. Virginia Housing's EIN is 0540921892. Lender must obtain FHLBank Atlanta's EIN to meet FHA requirements.</p>
Funding	<p>Originating Lender will fund the Virginia Housing CH Grant (\$6,000) portion at closing and Virginia Housing will reimburse the lender upon purchase of the first mortgage.</p> <p>FHLBank Atlanta will fund the FHLB CH Grant (\$2,000) portion to the Member Bank prior to loan closing upon satisfactory review of final CD (Closing Disclosure). The lender must provide the FHLB CH Grant funds to the Settlement Agent for proper inclusion on the CD (Closing Disclosure) prior to loan closing.</p>
Delivery	<p>Follow first mortgage requirements and ensure a copy of the signed CH Grant Award Letter is included in the package submitted to Virginia Housing.</p>
<p>Important: Refer to the Origination Guide for more information about Virginia Housing eligibility requirements.</p>	

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

