



# **Board of Directors**

## **Agenda Item #11**

**Resolution for the Implementation of Delta  
100**

**March 15, 2017**

## **Table of Contents**

Resolution for Delta 100 – Delta Alternate Mortgage Program ..... 3

Resolution for Delta 100 – Delta Alternate Mortgage Program – Exhibit A ..... 6

## LOUISIANA HOUSING CORPORATION

The following resolution was offered by \_\_\_\_\_ and seconded by \_\_\_\_\_:  
\_\_\_\_\_ :

### RESOLUTION

**A resolution to authorize and implement the Delta 100 – A Delta Alternate Mortgage Program providing homeownership financing for borrowers unable to obtain homeownership through conventional means; and providing for other matters in connection therewith.**

**WHEREAS**, the Louisiana Housing Corporation's (LHC) intent is to increase homeownership opportunities in the Delta Region;

**WHEREAS**, the Corporation recognizes that some borrowers have been denied homeownership because of conventional income qualifications, inadequate credit scores, or lack of conventional credit;

**WHEREAS**, the Corporation desires to utilize HOME funds in a manner which provides the best benefits to the Corporation and citizens of the State of Louisiana in underserved areas; and

**NOW, THEREFORE, BE IT RESOLVED** by the Board of Directors of the Louisiana Housing Corporation (Board), acting as the governing authority of the Corporation, that:

**SECTION 1.** The Corporation is hereby authorized and directed to implement the **Delta 100 – A Delta Alternate Mortgage Program** (described in **Exhibit A** hereto) that permits the Corporation to offer this program in the Delta Parishes thereby increasing homeownership opportunities.

**SECTION 2.** The Corporation's Staff and Counsel are authorized and directed to prepare any documents, agreements, and take appropriate actions, as may be necessary, to implement the **Delta 100 – A Delta Alternate Mortgage Program** (described in **Exhibit A** hereto).

**SECTION 3.** The Chairman, Vice Chairman, Appointing Authority, and/or Secretary of the Corporation be and they are hereby authorized, empowered, and directed to execute any forms and/or documents required to be executed on behalf of and in the name of the Corporation, the terms of which are to be consistent with the provisions of this resolution as approved by the Corporation's Counsel.

This resolution having been submitted to a vote, the vote thereon was as follows:

**YEAS:**

**NAYS:**

**ABSTAIN:**

**ABSENT:**

And the resolution was declared adopted on this, the 15<sup>th</sup> of March 2017.

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Chairman

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Secretary

STATE OF LOUISIANA

PARISH OF EAST BATON ROUGE

I, the undersigned Secretary of the Board of Directors of the Louisiana Housing Corporation (Board), do hereby certify that the foregoing 2 pages constitutes a true and correct copy of a resolution adopted by said Board on March 15, 2017 titled: "A resolution to authorize and implement the Delta 100 – A Delta Alternate Mortgage Program providing homeownership financing for borrowers unable to obtain homeownership through conventional means; and providing for other matters in connection therewith."

IN FAITH WHEREOF, witness my official signature and the impress of the official seal of the Corporation on this, the 15<sup>th</sup> day of March, 2017.

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Secretary

**Delta 100- A Delta Alternate Mortgage Program**

**Purpose:** This program is designed to allow borrowers that are unable to obtain homeownership through conventional means. It will allow alternate, yet viable, forms of credit and income to reach homeownership. Borrowers denied for income purposes, credit score, lack of credit history, etc. at a bank, or credit union may be considered eligible for participation in the Delta LHC Alternate Mortgage Program. The Delta Area is defined as the following parishes: Caldwell, Catahoula, Concordia, East Carroll, Franklin, Madison, Morehouse, Pointe Coupee, Richland, Tensas, and West Carroll, Ouachita (except Monroe).

**Program Details**

- \$2M HOME funds available
- 30 year fixed rate
- Income Limits - 80% AMI - published by parish and number in household
- Purchase Price Limit - HOME limits
- Conventional loan product only
- Up to 100% LTV - see chart below
- Compliance approval by LHC
- No Mortgage Insurance
- 1<sup>st</sup> Mortgage only
- 1<sup>st</sup> Time Homebuyer - no ownership in a principal residence in past 3 years; exception available for displaced homemaker or single parent.
- Owner occupied only
- 1 Unit properties only - single family detached, condo, townhome, modular
- Homebuyer Education - 8-12 hours required from HUD approved Housing Counseling Agency or on-line through eHome America
- Rate - 2%
- Lock Period - 70 days
- Reservation - Lender reserves loan through LHC's reservation system
- LHC will service or sub-servicer
- Eligible Lending Area - Delta Parishes
- Borrower Investment -1% of purchase price or \$1,500 whichever is less contributed toward down payment, closing cost, or prepaid items

- Closing Cost Assistance - Up to 3% of loan amount toward closing cost and prepaid items. Assistance is a grant
- Debt Ratios - PITI range 28% - 31% and DTI range 39% - 41%
- Residual Income requirements - see chart
- Reserves - 2 month PITI - Cannot be a gift
- Lenders - Bancorp South, Fidelity Bank, FBT, Home Bank, Iberia Bank, and Sabine State Bank
- Manual underwriting allowed with non-traditional credit
- Non-traditional credit allowed, see below
- Seller concessions up to 6%
- Fees - \$75 Compliance Fee, \$150 HQS Inspection Fee and \$20 wire transfer fee; no origination or discount fees allowed. Lenders may charge reasonable and customary fees for application, processing and underwriting
- Lender Compensation - 2% - Paid via seller concession
- Period of Affordability - < \$15,000 - 5 years, \$15,000 - \$40,000 - 10 years, and > \$40,000 - 15 years

Credit Score	LTV
<b>620 or higher</b>	<b>Up to 100% - borrower must still invest make minimum investment.</b>
<b>600 – 620</b>	<b>Up to 90%</b>  <b>5% of purchase price must be from borrowers own documented funds.</b>  <b>5% may be documented gift from family member. Gift must be sourced.</b>  <b>Secondary financing not allowed.</b>
<b>580 – 600</b>	<b>Up to 80% LTV</b>  <b>10% of purchase price must be from borrowers own documented funds.</b>  <b>10% of purchase price may be documented gift from family member. Gift must be sourced.</b>  <b>Secondary financing not allowed.</b>
<b>580 and below</b>	<b>Up to 70% LTV</b>  <b>10% of purchase price must be from borrower's own document funds</b>  <b>20% of purchase price may be documented gift from family member. Gift must be sourced.</b>  <b>Secondary financing not allowed.</b>

## **Credit History**

**Rental History** - 0 x 30 past 12 month. 12 months cancelled checks or bank statements required OR VOR acceptable if from Rental Management Agency. Projected PITI **CANNOT** exceed current monthly rental expense.

**Installment Debt** - No more than 1/30 day delinquency in past 12 months on all credit. Minimum of 3 sources. Borrower must establish a minimum of 3 credit lines for 12 months. If borrower does not have established credit, 2 additional sources of non-traditional credit is required from via telephone service, utility, cable, furniture, etc.

**Child support and alimony** - All payments must be current.

**Checking and Savings Accounts** – Borrower(s) must have had an active checking and or savings account for at least 1 year prior to application. Any overdrafts must be explained and may count as derogatory, unacceptable credit.

**Medical Collections** - Applicants must submit letter of explanation. Medical collections do not have to be paid off.

**Charge offs, collections, judgments and tax liens** - Must have been paid off at least 6 months prior to application and applicants must submit letter(s) of explanation.

**Bankruptcy and Foreclosure** - 3+ years

## **Employment**

**Employment History** – Borrowers must have been consecutively employed for at least the past 2 years with no breaks in employment.

Three years tax returns must be submitted and current paycheck stubs (2 months) must be submitted for all employment.

## **Required Cash Reserves**

**Documented Cash Reserves** – Reserves equal to at least 2 months total monthly mortgage payments.

### Residual Income Requirements for Loan Amounts \$79,999 or Less

Family Size	Residual Income Required
1	\$382
2	\$641
3	\$772
4	\$868
5	\$902
Over 5	Add \$75 for each additional member up to seven

### Residual Income Requirements for Loan Amounts \$80,000 or More

Family Size	Residual Income Required
1	\$441
2	\$738
3	\$889
4	\$1,003
5	\$1,039
Over 5	Add \$80 for each additional member up to seven

### **Required Inspections**

- Lead paint assessment for all properties built pre-1978 is subject to a lead base paint visual assessment and report.
- HQS Inspection/Environmental Clearance - LHC will order an on-site inspection to confirm property meets applicable State and local housing quality standards and code requirements. LHC will confirm the property meets environmental clearance.

### **Exhibits**

HOME Exhibits include: Buyer's Affidavit, Seller's Affidavit, HOME Regulatory Agreement, and Program Homeownership Summary.