

Collier County Lender Memorandum of Understanding

The Collier County Public Services Department of Housing, Human & Veteran Services (HHVS) provides funds to assist first-time homebuyers in purchasing a home through the Collier County Purchase Assistance Program. Any financial institution providing a home loan to a buyer that will be using State and/or Federal funds through Collier County must understand and agree to comply with the guidelines set forth below.

A. **REQUIRED DOCUMENTS**:

 Lenders agree to supply County the following documents prior to closing for review and processing. Signed 1003 loan application; Good Faith Estimate; Truth-in-Lending; Appraisal; Sales Contract; Home Inspection completed by certified home inspector; borrowers credit reports; closing agent information.

B. LOANS AND LOAN POSITION:

- Collier County will take second position, and only take third position, if Florida Housing Finance Corporation funds are used.
- First mortgage must be a fixed rate: Conventional, Portfolio, FHA, VA, USDA No ARM's, prepayment penalty, negative amortization, balloon loan, owner financing or other non-affordable loan terms allowed.
- Interest rate may not exceed 1% of the Fannie Mae 60 day rate at lock-in date. Evidence of date and rate must be provided to HHVS prior to closing.
- Cash to borrower or consolidation of debt is **not allowed** at closing.
- C. **RATIOS**: Ratios may not exceed a Front-End Ratio maximum of 32% Back-End Ratio maximum of 45%; any exceptions must be approved by the HHVS Director.

D. **CREDIT GUIDELINES**:

- Non occupant co-borrowers/signers are not allowed.
- Applicants <u>must not</u> have had any of the following during the <u>previous three years</u>:
 Foreclosure, Deed-in-lieu, Bankruptcies, delinquent tax liabilities or delinquent Collier County property taxes.

E. LENDER FEES:

- Lender fees <u>may not exceed \$1,500</u>; this includes origination fees charged for processing fees, underwriting, administration and document preparation.
- Broker fees and loan discount fees are **not** allowed

- F. **HUD-1 REVIEW:** Financial Institution/Loan Officer shall supply HHVS all <u>final</u> HUD-1 documents for review and approval before County will release check for closing.
- G. **INSURANCE REQUIREMENT:** Financial Institution/Loan Officer must insure Collier County be named as second mortgagee holder on Homeowners Insurance policy.
- H. **NONDISCRIMINATION:** The Financial Institution/Loan Officer agrees not to discriminate on the basis of race, creed, religion, color, age, sex, material status, familial status, national origin, or hardship.
- I. **RENEWAL:** Financial Institution/Loan Officer agrees to renew this agreement each year in order to continue their participation with Collier County's Purchase Assistance program.

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| following regulated | (Name) | , | |
| Financial Institution(Name | of Lending Institution) | | , hereby agree |
| to abide by all of the above Collie understand that failure to abide v discretion of the Housing, Human | will disqualify me fro | m participation with | |
| Authorized Signature | Title | | Date |
| Business License # | | EIN# | |
| Address: | | | |
| Phone: | Fax: | | |
| E-mail: | | | |
| Specify languages you speak othe | r than English: | _ | |