

REVITALIZE HOME MORTGAGE

Summary of Underwriting Requirements
for Single Family Mortgages

Updated June 16, 2016

REVITALIZE Home Mortgage (RHM) promotes neighborhood revitalization through the creation of sustainable homeownership opportunities by providing access to capital and education in underserved Mahoning Valley communities.

Summary of Underwriting Requirements

Full requirements and loan terms are outlines in RHM's Policies and Procedures Manual.

Eligible Applicants	
Equal Opportunity	In accordance with the Equal Credit Opportunity Act (ECOA), RHM will not discriminate against any applicant, with respect to any aspect of a credit transaction on the basis of race, color, religion, national origin, sex or marital status, or age (provided the applicant has the capacity to contract); or because all or part of the applicant's income derives from any public assistance program.
Conflict of Interest	No member of the governing body, loan review committee, or any other official, employee, or agent of RHM who exercises decision-making functions or responsibilities in connection with the implementation of this program is eligible for financial assistance under this program.
Citizenship/ Residency Status	RHM products do not require that applicants be US citizens. These loans are available to citizens, legal-resident aliens, and non-citizens. All applicants must have either a Social Security number that is issued to them by the US Social Security Administration OR a Taxpayer Identification Number (ITIN) that is issued to them by the US Internal Revenue Service.
Pre-Purchase Housing Counseling	Applicant must complete intensive one-on-one pre-purchase housing counseling provided by YNDC, a HUD-Approved Housing Counseling Agency, prior to applying for a loan.
Employment Security	The applicant must have a minimum 24 months on the job that is documented with pay stubs, VOE and/or telephone verification, or verifiable assessment of likelihood of "continued" employment. Likelihood of continued employment can include consecutive employment in the same field or employment in a field in which applicant has a post-secondary education.
Unearned Income	Many types of unearned income, including SSA (disability or retirement), SSI, pension income, private plan disability income, alimony, or parental support, that are reasonable expected to continue into the foreseeable future may be considered in income calculations.

	RHM allows for child support income to be counted if the regular receipt of the income can be shown for previous 12 months, and if the child support agreement would indicate that there are at least 5 years of child support remaining based on the age of the child or children.
Tax Exempt Income	Tax exempt income should be grossed up by using 25% to determine an amount which can be prudently employed to adjust or "gross up" the applicant's actual income.
Credit Scores	A minimum credit score of 580 is required if the applicant has traditional credit, as documented on a credit report. If there are three scores, then the middle score is used to determine the effective credit score for RHM's purposes. If there are only two scores, then the lower score is used for RHM's purposes. If there is 'no score' or '000' score reported by all three bureaus, the ALTERNATIVE CREDIT GUIDELINES must be used.
Alternative Credit	For applicants without a traditional credit score, a satisfactory record of repayment on past credit is needed. If the applicant has no traditional credit score he/she must also provide two acceptable alternate sources of credit before being approved. These may include rental-payment history, utility bill payments, credit with rental stores, etc.
Rental/Mortgage Payment History	Rental/mortgage payment history is required for any applicant with a middle credit score less than 620 or less than two active trade lines that are each older than 12 months old.
Collections and Charged-off Accounts	The credit report must reflect that any existing delinquent accounts are resolved. Acceptable resolutions include paying off the account or making satisfactory arrangements for repayment. Arrangements for repayment must be documented in writing from the creditor.
Court-Ordered Judgments	The credit report must reflect that any existing court-ordered judgements are resolved. Acceptable resolutions include paying off the judgement or making satisfactory arrangements for repayment. Arrangements for repayment must be documented in writing from the plaintiff or court.
Late Payments	If active credit lines show recent late payments, the Lending Officer should document the reason for the late payments. In most cases, applicants should write an explanation letter concerning the late payments that are showing on the verifications or credit report especially when the late payment is recent (last 12 months),

	significant (high dollar amount), or from a housing-related creditor like an apartment complex. Late rental/mortgage payments need to be clearly explained. If the verification does not detail the 'degree' of lateness, this should be verified.
Bankruptcies	RHM requires all bankruptcies to have been discharged for a period of at least four years prior to loan approval.
Foreclosures	RHM requires a 4-year gap between a foreclosure and a home loan approval.
Applicant's Debt	<p>Housing ratio (front-end ratio): 33%</p> <p>Debt-to-income ratio (back-end ratio): 43%</p> <p>For an applicant with no other debts, the total proposed housing payment (PITI + HOA/Condo fees) cannot be more than 33% of the applicant's monthly gross income.</p> <p>The debt-to-income ratio (back-end ratio), which includes the total proposed housing payment (PITI + HOA/Condo fees) plus all other monthly debt responsibilities (such as car payments, student loan payments, credit card payments, other revolving account payments, any other installment loan payments, and child support payments), should not be more than 43% of the applicant's monthly gross income.</p>
Student Loans	If an applicant's student loans are on an income-based payment plan, the monthly payment amount documented by the payment plan should be used to calculate the applicant's debt-to-income ratio. If the applicant's student loans are on income-based deferment, the monthly payment amount used to calculate the applicant's debt-to-income ratio should be \$0. If an applicant's student loans are deferred for any other reason, 1% of the loan balance should be used as the effective monthly payment to calculate the applicant's debt-to-income ratio.
Borrower's Costs	Borrowers must invest a minimum of 3% of the acquisition cost or \$500.00 (whichever is higher) from their own funds.
Gifts	Gifts may be counted toward meeting 3% requirement; however, gifts will not count toward meeting the \$500.00 minimum investment requirement. All borrowers must invest a minimum of \$500.00 of their own funds.

Eligible Use of Funds	
Property Type	Eligible applicants must purchase a single-family detached

	property located in Mahoning or Trumbull County, Ohio rehabilitated by and/or transferred directly from Youngstown Neighborhood Development Corporation (YNDC), Trumbull County Land Reutilization Corporation (TCLRC), or Trumbull Neighborhood Partnership (TNP).
Primary Residence	Borrower must maintain the property as his/her primary residence for the duration of the loan period. RHM products are offered only to applicants who intend to occupy the subject property as their primary, owner-occupied dwelling. NO second homes or investment properties are allowed.
Purchases	All RHM product transactions must be purchases. A purchase transaction is one where the ownership of the subject property is changing from one or more sellers to one or more new buyers. A sales price for the property is required to be established within a written sales contract.
Fee Simple	All RHM product transactions must be fee simple. A fee simple transaction is defined as an estate in real property by which the owner has the greatest power over the title which it is possible to have, being an absolute estate; an estate of inheritance belonging to the owner, that he may dispose of, trade, or will, as he chooses.
Loan-to-Value (LTV)	Maximum: 97%
Mortgage Amount	Minimum: \$10,000 Maximum: \$120,000
Security	RHM must have first mortgage position on the single-family detached property purchased to ensure that loans are adequately secured.
Liens	Mortgage loan must be the first and paramount lien on the borrower's estate in the property. The property may be subject only to liens for taxes and special assessments not yet due and payable, and to conditions, restrictions, and encumbrances that are reviewed and approved by the Lending Officer.