

2009 First Mortgage Lender Participation Packet Program Overview

Benefits of Becoming an AHC Participating Lender

AHC participating lenders benefit your overall financial institution by helping you meet CRA goals, directly assisting your borrowers, and offering a unique marketing opportunity to your loan officers.

- AHC Participating Lenders have exclusive access to our two mortgage assistance programs. Your customers can receive up to \$50,000 in low/no interest financing to apply toward their overall financing, thereby significantly lowering their monthly payments and out-of-pocket costs, along with education and counseling to insure strong borrower performance.
- AHC can help your financial institution further its Community Reinvestment Act (CRA) and internal affordable housing goals.
- Specifically market your financial institution and/or specified loan officers as offering these unique products in order to distinguish yourself from the competition.

AHC's Mortgage Assistance Programs

AHC offers two mortgage assistance programs – the Affordable Plus Mortgage and the First-Time Homebuyer Program – to help qualified buyers minimize their out of pocket costs and/or significantly lower their monthly payments. Below is a summary of the programs; full program guidelines are attached.

Eligible Borrowers: AHC's programs are for owner-occupied properties only (no investors). Buyers must not exceed 80% of median family income as defined by HUD. Only first-time buyers are eligible; however, this requirement is waived for custodial single parents, displaced homemakers, and for those that have not owned a home in the last three years.

Affordable Plus Mortgage (APM): Provides up to \$50,000 in no/low interest financing, depending upon property purchase price. **Eliminates mortgage insurance.** A portion of the loan is from government sources and is provided as an interest-free deferred loan due upon sale, transfer or cash-out refinance; the remainder of the loan is amortized over 30 years at 4% interest. No mortgage insurance. Maximum downpayment of \$1,500 with average out of pocket costs of \$2,700. Education and counseling required. Available anywhere in Lake County. Credit score of 620; front-end ratio of 35-40%; back-end ratio of 41%. First mortgage must be 30-year fixed; portfolio, conventional, IHDA, VA allowed (no FHA).

First-Time Homebuyer Program (FTHB): Provides \$5,000 to help with downpayment and closing costs. Funding provided as an interest-free deferred loan due upon sale, transfer or cash-out refinance. Out of pocket costs are \$1,000. Education required; counseling optional. Buyers may qualify under one of two underwriting scenarios: credit score of 660 with ratios of 40/45, or credit score of 600 with ratios of 40/41. Typically available in Waukegan and North Chicago only; limited funding may be available for the remainder of Lake County. First mortgage must be 30-year fixed; portfolio, conventional, IHDA, VA and FHA allowed.

Two Options for Originating First Mortgages in Conjunction with the APM

(1) Originate first mortgage loans as you would any other loan with downpayment assistance. Due to the complex nature of the APM, some lenders feel it is easiest to utilize an internal portfolio product. However, the APM can be paired with several standard products and sold on the secondary market, including Fannie Mae's My Community, Freddie Mac's Home Possible, VA loans, and IHDA products.

(2) Set aside a pre-determined amount of funding that will serve as a portfolio product of sorts exclusively for the APM. The financial institution originates the first mortgages using its own underwriting guidelines (provided that they meet all APM qualification standards). After originating the first mortgage, the servicing of that loan is transferred to AHC. AHC provides the following services:

- Collect monthly payments from the borrower. Customer will be required to pay by auto-debit, and taxes and insurance will be required to be escrowed.
- Make tax and insurance payments.
- Send out monthly invoices to customer noting day of auto-debit and amount of payment.
- Send out annual 1098.
- Remit P&I payments and a report on the status of every loan to the financial institution monthly.
- Initiate counseling services and coordinate communication between all parties in the event of a delinquency.
- Monitor insurance coverage.
- AHC charges a 0.375% servicing fee on the outstanding principal balance of the loan. Fees are deducted from the monthly P&I return.

Originating First Mortgages in Conjunction with the FTHB

Simply originate loans as you would with any other downpayment assistance program. The FTHB loan is entered as a community second and pairs easily with FHA, VA and conventional lending.

Fee to Participate

There is no upfront annual participation fee. AHC only charges a fee when servicing APM first mortgages as described above.

Low Cost Marketing Opportunities

AHC offers a Service Finder Program as a means for lenders and other industry professionals to support our efforts while also reaching out to consumers. Additionally, AHC will proactively work with your loan officers to reach out to realtors, attorneys and other industry professionals in order to boost referrals and generate business for both of our organizations.

Lender Training

All participating loan officers are required to attend an annual training that lasts approximately 90 minutes. Processors are encouraged to attend as well.

How to Become an AHC Participating Lender

Read each item in the attached packet carefully. It includes program guidelines, certifications that all lenders must agree to, and a signature page that outlines the responsibilities of the participating lender. When you are ready to join, return the executed signature page to AHC. Upon receipt, AHC will send its own executed signature page to you for your records.

AHC's Organizational Experience

AHC is a nonprofit agency created in 1995 that is dedicated to increasing and preserving affordable housing opportunities. We have helped more than 1,600 households purchase a home through our mortgage assistance programs; provided homebuyer education and counseling for more than 3,600 homebuyers; homeowner rehab services for more than 130 homeowners; and foreclosure prevention counseling for over 450 homeowners. We have operated as a loan originator and servicer since 1995. Our current portfolio is nearly \$7.3 million, and our weighted portfolio at risk is 1.2%.

Contact Lisa Tapper at 847/263-7478 or ltapper@ahclc.org for more information.