

# Helpful Hints for HouseCharlotte Approved Lenders

Allow **10 business days** for processing and funding your HouseCharlotte file. However, if we receive all necessary documentation, this timeframe can be much shorter. Remember, the 10 business days do not start until we have a complete file. Please keep in mind that HouseCharlotte is a federally funded program. These files will be audited by HUD. Therefore, documentation we request is necessary for program approval.

HouseCharlotte required documentation for loan approval

**Must be a 30-yr fixed rate loans    All documentation must be legible**

**All pages of the Loan Submission forms must be thoroughly completed and signed where necessary.**

**\*\*\*ALL household members MUST BE accounted for at point of initial file submission\*\*\***

## Loan Application (1003)

- Borrower(s) signature required. Updated unsigned 1003 can be sent along with signed 1003.
- Loan amount and interest rate on the Loan Estimate Disclosure must match the 1003. Commitment/Pre-approval letter can be a higher amount, but not lower.
- 1003 must list all dependents and their ages.
- Asset section of 1003 must be completed
  - DO NOT include the HouseCharlotte subsidy amount
- If borrower pays child care, this must be listed on the 1003. This will be used for income eligibility purposes only.
- The HouseCharlotte downpayment assistance loan should not be listed as buyer's assets nor as a "Grant". It should be listed in Section VII, Details of Transaction as Subordinate Financing.
- Borrower(s) needs to verify that the property will be their **primary residence** by checking "Yes" in section VIII. Declarations.
  - Any corrections to this section must be initialed by the borrower(s)

## Evidence that borrower(s) meet income criteria

- If the income is listed on the 1003, documentation must be submitted with the file:
  - Most recent **60** day paystub(s) and previous year W-2.
  - If applicable, a written VOE received within the last 30 days may be required.
    - If receiving income from another source, for example, child support, alimony, social security, pension, or other non-wage earner income, submit the awards letter or court order and three (3) months bank or agency statements for proof of income.
    - If self-employed or have commission income submit the most recent two years Federal Tax Returns, including all schedules, and year-to-date P&L if applicable.
- **Income documentation for all household members over 18 years of age must be included as stated above.**
  - If non-borrowing spouse is unemployed, a statement signed by the spouse and borrower is required; **stating the unemployment status and whether or not they are receiving any other source of income.** Same for other adult household members.
  - If dependent child 18 years of age or older is a fulltime student, a signed statement is required, along with a copy of the tax forms and proof of fulltime enrollment status. Recent paystubs are also required.
  - **Household Income Eligibility Form** must be completed for all persons 18 or older.

## Public Service Program

- For those requesting funds under this program, the paystubs must clearly show that borrower is currently employed with one of the listed employers - City of Charlotte, Charlotte Area Transit System, Mecklenburg County, or Charlotte Mecklenburg Schools.
- For Veterans requesting funds under this program- **Form DD214 is required**, along with proof of income.
  - A veteran is a **former** member of the Armed Forces of the United States (Army, Navy, Air Force, Marine Corps, and Coast Guard) who **served on active duty** and **discharged under conditions, which were other than dishonorable**.

## Sales Contract

- Maximum purchase price of **\$193,000** for existing property, and **\$224,000** for new construction property.
- Purchase Price for new construction homes can not be reduced by paying for the options upfront.
- Include copy of Earnest Money Deposit and Due Diligence Fee.
- Home built prior to 1978 must include the completed Lead-Base Addendum
- If the property is a Condominium, a Condo Questionnaire completed by the HOA or its Management Company is required.

## Appraisal

- Cannot be more than 120 days old.
- Must list the borrower(s) name and the lender's name.
- If not valued "as is" a **Final Appraisal** is required. (see \* below)
- Appraised value must not be less than the purchase price. For loan programs that allow the loan amount to be higher than the purchase price, the home must appraise at or above that higher loan amount.

## Lender's Commitment Letter

- A pre-approval letter is acceptable. Must be signed and on lender's letterhead.
  - Must also include signed Commitment or Approval letter showing agency/institution name and amount for any other subordinate financing.
- Automated underwriting approval is acceptable.
- Must list loan amount, interest rate, and loan term.
- Rate must be locked prior to HouseCharlotte loan approval

## Loan Estimate Disclosure

- Interest Rate must be locked through closing date.
- All settlement costs must be listed.
- Loan amount, interest rate and term should be the same as listed on 1003 and Commitment or Pre-approval letter.

## A visible photo copy of borrower(s) Driver's License or State ID

- A completed Patriot Act form is acceptable.
- If not a US Citizen, Copy of Green Card; Permanent/Non-permanent Resident documentation is required.

## Copy of recorded Separation Agreement or Divorce Decree (if applicable)

- A **recorded** Free Trader Agreement is also acceptable.

## \*Certificate of Occupancy or Passed Inspection Report (see \* below)

- For new construction a CO issued within 6 months/180 days of closing date is acceptable.
  - If CO is older than 6 months/180 days, the property is considered "existing".
- Existing property must pass a HouseCharlotte inspection.
  - **Tenant Occupied homes are *not eligible* for the HouseCharlotte Program.**

- **This does not apply to tenants purchasing the property they currently live in.**
  - Inspection must be preformed and received prior to HouseCharlotte approval.
  - Passed inspection is valid for 3 months/90 days. If the Passed Inspection is older than 3 months/90 days the property must be re-inspected.
- Inspection Request Form (see **Inspection Request** link)
  - Customers can choose from Option 1 or Option 2 inspection process. (See Inspection Guidelines)
  - **ALL** blanks must be filled in and questions must be answered
  - Fully executed contract, with all addenda must be submitted with the form.

**\*Pre-purchase Homebuyer Education & Counseling Certificate** (see \* below)

- Classroom/face-to-face counseling and education provided by a HUD-approved Counseling Agency.
  - Online Education accepted through ***E-Home or Framework*** ONLY. 1-on-1/Face-to-face Counseling is required.
- Certificate must be dated within 12 months of the closing date.

**\*Hazard Insurance Binder** (see \* below)

- List City of Charlotte as the 2<sup>nd</sup> Mortgage Loss payee (or 3<sup>rd</sup> when applicable). A HouseCharlotte loan number is not required. **Mortgagee Clause:**
  - City of Charlotte Finance Department**
  - 600 East 4<sup>th</sup> Street**
  - Charlotte, NC 28202**
- If property is a Condo, a copy of the building coverage is also required.

**If property is in a Flood Zone proof of Flood Insurance coverage is required.**

\*File can be submitted without this documentation. However, funds will not be released until all required documentation is provided.

**Note:** If House Charlotte approves a file from one lender and then receives the same borrower file from another lender, the first approval is null and void. New lender must submit a complete funds request package for review and approval.

\*\*\*Please review the ***Guidelines for completing HouseCharlotte Subsidy Package*** and the ***Underwriting Criteria*** for details.\*\*\*