

At Home Downtown Loan Program

1. **PROGRAM DESCRIPTION:** At Home Downtown allows a mixed commercial and residential use borrower to finance the purchase and rehabilitation, or the refinance and rehabilitation of an existing structure or the construction and permanent financing of a new structure. Properties must be 2 to 4 units in total of which one typically will be storefront commercial unit. Other commercial/residential configurations are permitted, however, in all cases the residential portion must consist of 51% or more of the project and the actual split will depend on the rules of the FHA, mortgage insurer or the Agency, whichever is applicable. The mortgage loan amount is based upon the projected value of the property after all construction and/or specified repairs are completed and takes into consideration the purchase price (or existing debt) plus the cost of repairs.

Loans with greater than 80% LTV that are eligible to be insured by either the FHA 203(k) Program or a Private Mortgage Insurance Program must be so insured. Certain unit configurations that do not qualify for FHA or private mortgage insurance, but that are primarily residential, may qualify for financing under the uninsured higher interest rate part of the At Home Downtown program as well.

2. **AVAILABLE FUNDS:** As allocated by HMFA.

3. **LOAN TERMS:** Interest rates are fixed for 30 years and updated monthly. Call a participating lender or 1-800-NJ-HOUSE for current rates.

First mortgage Loans Only:

Borrowers pay a fixed, 30-year, below market interest rate, which is set at the time of loan registration at the weekly-adjusted average of the 10-year Treasury Bill (for the most recent past week during which the 15th day of the month fell) plus 100 basis points. The rate for uninsured loans (i.e., loans that are not eligible for FHA or private mortgage insurance because of non-compliance with unit configuration standards) will be the weekly-adjusted average 10-year Treasury Bill rate (for the most recent past week during which the 15th day of the month fell) plus 200 basis points. Interest rates are set at time the loan registration is accepted.

Loans with Second Mortgages:

Second mortgages will be provided when additional funds are necessary to make code repairs, bridge appraisal gaps or, if applicable, bring the 1st mortgage loan into compliance with the FHA mortgage limits, or mortgage limits as may be approved, or deemed to be available, by a private mortgage insurer. The maximum 2nd mortgage will be 10% of the total cost (purchase price or refinance plus rehabilitation cost) less the borrower's downpayment. The 2nd mortgage is interest free and forgivable subject to program requirements.



The interest rate on the 1st mortgages, for borrowers receiving 2nd mortgages, will be at 2 ½% above the weekly adjusted average of the 10-year treasury. If the property is sold, refinanced or conveyed prior to the 145th payment, the remaining loan amount outstanding will be due. The entire 2nd mortgage amount will be forgiven if the property is not sold, refinanced or conveyed within this time period. The 2nd mortgages are not insured.

4. DOWNPAYMENT REQUIREMENTS:

FHA 203(k) Loans		PMI- Insured Loans or NJHMFA Uninsured Loans	
Owner-occupied Residential Unit	Investor Owned Units		
3% of the first \$50k 5% between \$50-\$125k 10% for loans >\$125k	Not permitted by FHA	5% for a 2 family 10% for a 3 family	

5. LENDER FEES:

The following fees and compensation are for the Lender, not the Agency

Points	3 points - borrowers must pay 1% at time of application, 2% at closing
Rehabilitation/ Administration	The greater of \$350 or 1 ½% of the rehab portion of mortgage, retained by lender. Payable at closing by borrower.
Inspections	Five inspections at \$50 per inspection payable at closing by borrower

6. PRIVATE MORTGAGE INSURANCE REQUIREMENTS:

90.01 LTV to 95 LTV – 30% coverage

85.01 LTV to 90 LTV – 25% coverage

80.01 LTV to 85 LTV – 20% coverage

Loan-to-value percentage is the unpaid balance of the mortgage principal to the appraised value or sale price (whichever is lower) of the property. NOTE: MI companies generally charge higher premiums for investor loans.



7. ACCEPTABLE BUILDINGS:

Mixed-use buildings that after rehabilitation contain 1 to 3 residential units (***SEE NOTE BELOW**). Properties must conform to HUD health and safety guidelines, local zoning ordinances and must be accessible to ALL members of the general public. Smart Growth area and other Agency location requirements may apply.

FHA Maximum Allowable Commercial Space			
1 story building	25%	3 story building	33%
2 story building	49%	4 story building	25%

Private mortgage insurance maximum allowable Commercial Space will be 49% or less of the total space based on the insurer's requirements. The Agency's 51% residential requirements can be met by the number of units, square footage or allocation of costs.

****NOTE:** MI companies will insure buildings that contain only 1 to 3 residential units and 1 commercial unit on investor properties. FHA may permit up to four residential units if one of the units is owner occupied. The Agency's Small Rental Project Preservation Loan Program is directed at mixed commercial residential of between 5 and 25 units.*

8. BASIC FINANCING PARAMETERS:

- Rehabilitation Funds for the commercial component are limited to 25% of the 203(k) loan proceeds.
- Insurance preference: FHA for qualified loans. MI for loans that do not qualify for FHA. Agency uninsured for corporate or partnership borrowers if MI coverage is not permitted and for building configurations that are not FHA or MI eligible.
- There are no income or purchase price limits. However, there are maximum mortgage amounts that are set by the FHA, Agency and mortgage insurers.



MAXIMUM MORTGAGE AMOUNTS FOR FHA AND UNINSURED LOANS**

COUNTY	1-Family	2-Family	3-Family	4-Family
Atlantic	\$323,000	\$363,800	\$442,000	\$510,000
Bergen, Essex, Hudson, Hunterdon, Middlesex, Monmouth, Morris, Ocean, Passaic, Somerset, Sussex & Union	\$362,790	\$464,449	\$561,411	\$697,696
Burlington, Camden, Gloucester, & Salem	\$270,750	\$304,950	\$370,500	\$427,500
Cape May	\$362,790	\$424,790	\$516,100	\$595,500
Cumberland	\$307,800	\$346,680	\$421,200	\$486,000
Mercer	334,058	\$376,254	\$457,132	\$527,460
Warren	\$280,749	\$349,034	\$424,060	\$489,300

** Not including second mortgage option. Maximum mortgage amounts for mortgage insured loans are set by individual mortgage insurers.

9. UNDERWRITING GUIDELINES:

- Borrower underwriting ratios are 30/41 for privately insured loans, 29/41 for FHA 203(k) loans;
- Loans must be underwritten in accordance with the guidelines established for the appropriate mortgage insurer;
- Borrowers can include 75% of the market rental income from the residential units in their monthly income calculations;
- Borrowers can include 75% of the market rental income from the commercial unit only if it is currently occupied or if the borrower has an executed lease for occupancy upon rehab completion.

10. MINIMUM REHABILITATION REQUIRED:

Each building financed through the program must require rehabilitation in an amount greater than 15% of the after-repaired value.

11. PARTICIPATING LENDERS:

For additional information regarding the At Home Downtown loan process, or to make an application for this loan, please contact any of the lenders on the attached list.

