

# NJHMFA

## Police and Firemen's Retirement System Mortgage Program



### PROGRAM DESCRIPTION

This program is currently available for purchase transactions only. Loans are originated through private participating lenders who have the necessary information to answer questions on the program. For a list of participating lenders, refer to the NJHMFA participating lender list at [njhousing.gov/homeownership/buyers/lenders/](http://njhousing.gov/homeownership/buyers/lenders/)

**Terms:** Please call a participating lender for current rate. Rates are set twice a year in February and August. Rate is based on the 10-year Treasury bill plus 1%.

### ELIGIBLE BORROWER

Any currently employed police officer or firefighter, as defined in the enabling legislation, who is a member of the Police and Firemen's Retirement System with at least one year creditable service. While there is no first-time homebuyer requirement, at least 25% of the funds will be for first-time homebuyers.

### ELIGIBLE PROPERTIES

One- or two-family residences and condominium units located in the state of New Jersey. Vacant land, provided a contract is executed, used to construct an eligible one- or two-family dwelling that will be habitable by the borrower as their primary residence within 120 days of closing.

### OCCUPANCY REQUIREMENT

Borrower must occupy the residence as their principal residence within 120 days of closing and remain in the residence for the life of the loan.

### MAXIMUM LOAN TO VALUE (LTV)

The maximum LTV is 85%.

### MAXIMUM MORTGAGE

The maximum mortgage amount as determined by Fannie Mae (excluding high balance and jumbo loans).

### MORTGAGE INSURANCE

Mortgage insurance is required on all loans with downpayments of less than 20%.

### SECOND MORTGAGES

Second mortgages will be permitted on purchase money mortgages as follows:

- Loans can be originated with an 80% LTV first mortgage and a combination of downpayment and second mortgage financing equal to 20% of the sales price. Second mortgages must not exceed 15% of the LTV.

### FEES

Applicants are required to pay a fee of \$1,500 to the mortgage lender. Up to \$750 of this fee may be collected at the time of application, and the remaining balance of the fee must be paid at closing. Any amount of this fee paid at the time of application is not refundable, unless the loan is denied by the lender for underwriting reasons. At closing, applicants will also pay \$325 to NJHMFA, the administrator of the program. These program fees are in addition to the closing costs, escrows and any applicable prepaid taxes and insurance costs associated with the loan.

Borrowers will pay a flat monthly charge of \$30 per month as a servicing fee. The servicing fee will be included as part of the monthly mortgage payment. PFRSNJ and NJHMFA reserve the right to adjust these charges to cover the costs of administering the program and servicing the loan.

### CLOSING COSTS

Borrowers are responsible for all closing costs in addition to the application fees.

### NOTICE TO APPLICANTS

The State Treasurer has obtained and is relying on an opinion from tax counsel that there is an adequate basis, in accordance with prevailing guidelines, to conclude that it is reasonable for the Police and Firemen's Retirement System to take the position that mortgages issued under this program should

not be treated as taxable distributions. If it is ultimately determined that these mortgages are taxable distributions, you could be required to pay tax on the mortgage proceeds as well as penalties. We suggest you consider consulting your own tax advisor before submitting your application.

