

# Quick Guide to Maine Housing Mortgages

Mortgage Insurance Options (MI)	FHA Federal Housing Administration	RD Rural Development	VA Veterans Administration	MaineHousing Conventional No MI	MaineHousing Self-Insurance for Mobile Homes	Arch PMI
<b>Down Payment</b>	3.5%	0%	0%	20%	5%	5%
Definition of loan-to-value is 100% of the lower of the sales price or appraised value. Financing of the UFMIP (up front mortgage insurance premium) is also allowed. Note: MaineHousing does not allow financing based on the appraised value as is currently allowed in the Rural Development program.						
	UFMIP 1.75% Annual .85%	UFMIP 1.00% Annual .35%	UFMIP 2.15% or 2.40% Reservist Annual 0%	None	Add 1% to base rate	Monthly premiums are risk rated. Financed MI is not allowed.
<b>Property Types</b>	Existing 1-4 units, new 1-units, condos, mobile homes ≤ 20 years old on owned land	Existing & new 1-units, condos, new mobile homes on owned land	Existing 1-4 units, new 1-units, condos, mobile homes ≤ 20 years old on owned land	Existing 1-4 units, new 1-units, condos, mobile homes ≤ 20 years on owned or leased land	Mobile homes ≤ 20 years old on owned or leased land. Units located in mobile home parks require a recorded lease with the same term as the mortgage loan.	Existing 1 unit SF and condos For properties located only in Auburn, Bangor, Lewiston, Portland, South Portland, and Westbrook
Lot size limits - 3 acres for existing homes or 1 acre for new homes; more acreage allowed when local zoning requires a larger minimum lot size or land value is 30% or less of total appraised value.						
<b>Advantage</b>	May be applied towards 3.5% Down Payment				May count up to 2% of the 5% Down Payment	May be applied towards 5% Down Payment (May be considered borrower's own funds)
Can provide \$5,000 toward down payment or closing cost assistance. Borrowers must make a minimum borrower contribution of 1% of the loan amount into the transaction and complete a Homebuyer Education class from a hoMEworks-approved provider.						
<b>Purchase Price &amp; Loan Limits</b>	Most Maine homes fall within MaineHousing's purchase price limits. When FHA or VA loan guarantees are used, additional loan limits may apply. See <a href="http://mainehousing.org/firsthomelimits">mainehousing.org/firsthomelimits</a> .				\$200,000	Same as First Home program limits
<b>Underwriting</b>	Maximum Ratios – 33% PITI and 43% Total Debt Ratio. Minimum Credit Score of 640. Ratios up to 33/45, and credit scores below 640, will be considered on a case-by-case basis. Mortgage loan must be underwritten to guarantor's manual underwriting guidelines. The underwriter must recommend the waiver by completing the Underwriting Waiver form HMP-54 and submitting it to MaineHousing prior to closing for approval.					Maximum debt to income ratio - 45% Minimum credit score 640 Full-File underwrite
<b>Income Limits</b>	Most Maine homebuyers are income eligible for a MaineHousing mortgage. When an RD loan guarantee is used, additional limits may apply. See <a href="http://mainehousing.org/firsthomelimits">mainehousing.org/firsthomelimits</a> .					
<b>Loan Terms</b>	30-year fixed rate on all property types, except mobile homes Mobile home financing term depends on age: Age 0-10 = 30 Yrs Age 11-15 = 25 Yrs Age 16-20 = 20 Yrs					
<b>Salute ME</b>	Qualified active duty, veterans, and retired military will receive a .25% discount to our already low fixed rate. The program also waives the first-time homebuyer requirement for veterans who may have previously owned a home.					
<b>Purchase Plus Improvements</b>	Up to \$35,000 in home improvements, including ENERGY STAR® appliances, may be financed with the home purchase in the same fixed rate loan. One loan - one closing.					
<b>Homebuyer Education</b>	Required for borrowers who use the Advantage down payment and closing cost assistance option. Recommended for all borrowers. See <a href="http://mainehomeworks.org">mainehomeworks.org</a> for a class schedule from an approved hoMEworks Homebuyer Education Provider.					

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## Who is eligible

- ❑ First-time homebuyers (people who have not had an ownership interest in their home during the last three years).
- ❑ Qualified active duty, veterans, and retired military. (Exempt from three year ownership interest requirement. Call for details.)
- ❑ Current or former owners of unattached mobile homes on leased land.
- ❑ People who qualify based on credit score and lender criteria.

While income limits and purchase price limits apply, **most Maine homebuyers are income eligible and most Maine homes are price eligible.** To check income and purchase price limits, see [mainehousing.org/firsthomelimits](http://mainehousing.org/firsthomelimits).

## How to apply

All MaineHousing-approved lenders are designated as **First Home Lenders**.

- ❑ Contact a participating First Home Lender to see if you qualify.
- ❑ For a list of participating lenders, see [mainehousing.org/mainehousinglenders](http://mainehousing.org/mainehousinglenders).

## Homebuyer Education

- ❑ A hoMEworks-approved homebuyer education class is a great way to learn about all aspects of financing and buying a new home, and is required if you use the Advantage down payment and closing cost assistance.

## News regarding recapture

Recapture is a federal tax assessed by the U.S. Internal Revenue Service at tax time *only* if the homebuyer (1) sells within nine years of purchase, *and* (2) makes a profit, *and* (3) has experienced a substantial increase in income. Upon the sale of their homes, the vast majority of MaineHousing borrowers are not subject to recapture tax at all.

### **Important note about recapture tax reimbursement:**

MaineHousing will reimburse borrowers for any tax paid to the IRS for loans closed on or after **January 1, 2013**. This eases most concerns homebuyers may have about the possible cost of recapture tax. For more details, see [mainehousing.org/recapture](http://mainehousing.org/recapture).

## Did you know that MaineHousing has

- ❑ No asset limits?
- ❑ No required seller points?
- ❑ Low 30-year fixed interest rates?
- ❑ Financing for manufactured homes?

Maine State Housing Authority (MaineHousing) does not discriminate on the basis of race, color, religion, sex, sexual orientation, gender identity or expression, marital status, national origin, ancestry, physical or mental disability, age, familial status or receipt of public assistance in the admission or access to or treatment in its programs and activities. In employment, MaineHousing does not discriminate on the basis of race, color, religion, sex, sexual orientation, gender identity or expression, national origin, ancestry, age, physical or mental disability or genetic information. MaineHousing will provide appropriate communication auxiliary aids and services upon sufficient notice. MaineHousing will also provide this document in alternative formats upon sufficient notice. MaineHousing has designated the following person responsible for coordinating compliance with applicable federal and state nondiscrimination requirements and addressing grievances: Louise Patenaude, Maine State Housing Authority, 26 Edison Drive, Augusta, Maine 04330-6046, Telephone Number 1-800-452-4668 (voice in state only), (207) 626-4600 (voice) or Maine Relay 711.

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