

# 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%	3%
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 3% 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 on leased land \$250,000 on owned land	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 .50% 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?

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