

4/2/10

As of yesterday, the FHA up front minimum mortgage insurance premium went up, and in addition the Board of Housing in their regular bond program no longer includes Board of Housing paying the lender fees. These two things combined have raised the closing costs for FHA and Board of Housing loans.

The NeighborWorks subordinate loan programs require at least \$500 out of pocket from the borrower. We generally do not allow our second mortgages to go above 105% Combined/Total Loan to Value—CLTV/TLTV (i.e., the combined loans on the home are over 105% of the appraised value). We have made exceptions to this for small purchase price homes in the past. Because of the increases noted above, we are starting to see requests for second mortgages that take the CLTV/TLTV over 105% on a more widespread basis. This may require borrowers to bring in more than the \$500 of their own money in order to bring the loan values down.

When you are qualifying your Borrowers you need to be aware of the TLTV maximum and in some cases this will mean that your Borrowers will have to bring more than \$500 of their own funds at closing. **The \$500 is a minimum requirement, and with all the changes it is more likely that Borrowers will have to bring in more than \$500.00.**

We will be discussing these issues at our next loan committee meetings and will notify if there are any changes to our guidelines.

Please share this information with your Lenders and Realtors.

Thank you  
NeighborWorks Lending Department