

SECTION 5013 – CLOSING COST ASSISTANCE PROGRAM (GOVERNMENT LOANS)

.01 INTRODUCTION

The Closing Cost Assistance Program (CCAP) facilitates the making of mortgages for the purpose of the acquisition of housing. Funds are provided for transactional costs and may be used for down payment, closing costs (including reserves) and/or principal reduction.

Eligible loan types include FHA, VA or USDA-RHS. All processing procedures for FHA, VA and USDA-RHS reservations are the responsibility of the approved Lender. The Lender must use the applicable agency standards to qualify the borrower or evaluate the property as security for the mortgage; in addition, the Lender must meet the guidelines for both AHFC and the Servicer.

.02 CRITERIA

The Lender must underwrite loans to comply with applicable governmental agency guidelines and secure appropriate insurance or guaranty with the following additional requirements.

A. AHFC criteria must be met:

1. borrower is an Alaska resident
2. property is owner-occupied primary residence
3. [forms PUR 101](#) and [PUR 102](#), if applicable, or
4. property meets guidelines for Non-Conforming II
5. contractor licensing for new construction
6. no back child support ([Form UND-22](#))
7. Waiver and Release of Liability of Alaska Housing Finance Corporation ([Form PUR-80](#))
8. maximum qualifications, if any, for income and/or purchase price
9. minimum credit score 640 (please see [Section .03](#) regarding assistance restrictions for FHA loans)
10. maximum total debt-to-income ratio of 45%, and
11. satisfactory home inspection

The Lender's underwriter will certify ("underwriter certify") that all criteria listed in [Section 5013.02](#) is met or will be met as a condition of the reservation. Underwriter certification must be made within 15 days of issuance of the reservation.

- B. All criteria established by the Servicer, U.S. Bank Home Mortgage
- C. Down Payment Requirements
Follow FHA, VA or USDA-RHS guidelines.
- D. Eligible Properties
One-unit single family dwelling, including condominiums.
- E. Terms
 - 1. 30 years, fixed rate
 - 2. purchase transaction (refinance is not eligible under the program)

.03 TRANSACTION ASSISTANCE

AHFC will provide a percentage of the total loan amount, which may be used for the following allowable borrower(s) expenses until expended. (**Note: Cash back is strictly prohibited.**)

- down payment
- closing costs, including reserves and/or
- principal reduction

The full amount of the assistance must be clearly disclosed on the HUD-1 Settlement Statement as a line item in Section J on any of the lines 204 through 209 exactly as follows:

Funds from HFA - Alaska Housing Finance Corporation.

Assistance is determined as follows.

- A. FHA Loans
 - 1. credit scores at 640 through 659 – 3% assistance
 - 2. any manually underwritten loan, regardless of credit score – 3% assistance

- 3. credit scores 660 and above with automated approval – 4% assistance
- B. VA or USDA/RD loans – 4% assistance

AHFC is required to deliver the CCAP funds directly to the closing table for the benefit of the borrower. The Lender is responsible for coordinating with AHFC to ensure the delivery of funds in time for the loan closing. A full 48-hour notice is required to process the wire transfer. Use [Form UND-15](#).

.04 DELIVERY

Once a loan is submitted to AHFC for reservation and the Lender is provided a reservation, the loan must be:

- A. underwriter certified by the Lender's underwriter within 15 days of the reservation date
- B. closed and delivered to the Servicer within 45 days of the reservation date, and
- C. purchased by the Servicer within 70-days of the reservation date

The reservation will automatically expire for any loan not delivered to the Servicer within the 70-day period referenced above, and it becomes ineligible for purchase unless the Lender elects a one-time only 30-day extension prior to the expiration of the reservation.

For those loans delivered to the Servicer within the 70-day period but not yet purchased, the one-time 30-day extension is automatically processed.

The fee for an extension is \$375, and it is due whether or not an extended loan is ultimately delivered or purchased. AHFC will bill the Lender for extension fees.

.05 LENDER COMPENSATION

Lender may charge loan origination fees up to 1.125% of the loan amount. Lender will be paid a service release premium (SRP) at the time of purchase as follows:

- A. 1.000% for FHA loans
- B. 1.000% for USDA-RHS loans, and
- C. .500% for VA loans