Georgia Dream Standard

Overview: Down payment assistance program for first-time homebuyers with income limitations based on MSA/county and sales price limitations up to $625,000 or MSA/county maximums. Georgia Department of Community Affairs (DCA) sets the first mortgage interest rate, purchases and offers a 0% interest rate concurrent second mortgage as downpayment assistance. See Seller Guide for full details.

Loan Type	FHA, VA, USDA, Conventional
Term/Amortization	• 30 year fixed rate.
Occupancy	• Primary residence only.
Purpose	• Purchase money transactions.
Credit Score	• 640 minimum; 660 minimum for manufactured housing. See Underwriting AUS for no credit score
Maximum LTV/CLTV	• **FHA:** 96.5% LTV (Follow FHA requirements for maximum LTV/CLTV) • **VA:** 100.00% LTV (Follow VA requirements for maximum LTV/CLTV) • **USDA:** 100.00% LTV (Follow USDA requirements for maximum LTV/CLTV) • **Conventional:** 80.00% LTV (Follow Georgia Dream Seller Guide for maximum LTV/CLTV)
Rate	• First mortgage rates are typically published weekly each Thursday. • Second mortgage down payment assistance rate is 0%.
Reservations	• Lender must reserve funds via the Lender Portal at tpoconnect.dcaloans.com. • Reservations of funds required and for a maximum of period to 75 calendar days which includes submission to DCA for compliance underwriting through disbursement of funds.
Eligible Borrowers	• Follow agency requirements.
Down Payment Assistance	• **Georgia Dream Second Mortgage:** 0%/no monthly payments, deferred repayment. • **Standard:** 5% of the purchase price or a maximum of $10,000 whichever is the lesser amount for any eligible borrower. • **PEN:** 6% of the purchase price or a maximum of $12,500 whichever is the lesser amount for someone currently in an occupation of Protectors, Educators, or Nurses (health care). (Section 401.2b-401.2c for further details of eligible positions) • **Choice:** 6% of the purchase price or a maximum of $12,500 whichever is the lesser amount; household is eligible if anyone in the household has an eligible disability. (Section 401.2c and 406)

Underwriting AUS

- DU Approve/Eligible or LPA Accept/Eligible for FHA, VA, or conventional loans.
- USDA GUS (Guaranteed Underwriter System) Accept Eligible.
- Manually underwritten FHA and VA loans are allowed when a credit score does not exist.
- Alternative credit is acceptable. Georgia DCA will not accept manually underwritten loans when derogatory credit or high ratios exist. FHA and VA loans must comply with the manual underwriting requirements as set forth in HUD 4000.1 or the VA Lender Handbook.
- For all manually underwritten loans, the maximum Housing Expense ratio may not exceed 28% and the total Debt to Income ratio may not exceed 36%.
- Lender assumes full responsibility for compliance of agency requirements.

Maximum Ratios

Credit Score*	Housing Expense Ratio	Debt to Income Ratio
700+	Per AUS Approval	Per AUS Approval
640-699	≤ 45%	≤ 45%

- Lender's Underwriter may request an exception. Exceptions for ratios are limited to two points over the maximum allowable ratio for the credit score. After the complete submission has been reviewed, DCA may, in its discretion, grant an exception to the ratio requirements if no negative indicators of credit are present and there are compensating factors including but not limited to:
  - » The borrower has successfully demonstrated the ability to pay housing expenses greater or equal to the proposed monthly housing expenses for the new mortgage over the past 12-24 months;
  - » The borrower has substantial documented cash reserves of at least 2 months after closing demonstrating an ability to save; or
  - » The borrower receives documented compensation or income that is not reflected in effective income but directly affects his/her ability to pay the mortgage.

*Manufactured housing minimum credit score is 660.

Maximum Loan Amount

- See Seller Guide as the loan amount is based on program sales price per MSA/county.

Derogatory Credit

- Follow applicable agency requirements for waiting periods and collection/judgement requirements.

Other Income

- Sections 304.5 through 304.8 provides information on how Georgia Dream expects the type of income to be calculated such as overtime, self-employed applicants, etc.

Income Limits	• Household income limitations are determined by location and family size: » There are 2 family sizes (this is everyone in the household, not just on the loan) ▪ 1 to 2 persons ▪ 3 or more persons • The state is divided into multiple sections, the Metropolitan Statistical Area (MSA) and the rest of the state is known as statewide. **NOTE:** Income limits can change yearly so check the Seller Guide for the current maximum income limit for family size and county property is located. • Household Income (HHI) is counted from all that will occupy the property within the 12-month period following the loan closing. • Income from all non-applicant household members must be included. » All persons living in the household are counted. » Those who are 18 years old and older are considered non-applicant household members. » Income from all non-applicant members is counted toward household income. » Non-applicant does not have to be a first-time homebuyer. • Household Members: » Applicant, co-applicant, spouse, parents, or children who live with the applicant at least 6 months of each year.
Co-Signers	• Co-signers' credit and ratios must meet the requirements of the applicable Mortgage Insurer. » Co-signers cannot take title to the property or live in the property securing the loan. Co-signers who live in the mortgaged property or who will take title to the property are considered co-Applicants. » Co-signers must sign the Note, but may not sign the Security Deed or DCA forms. » The co-signers' income is not included in Household Annual Income, but may be used as qualifying income.
Min. Contribution	• Applicant must contribute a minimum of $1,000 to the purchase transaction either prior to closing or prior to and funds brought to closing. » To be counted payment must be in the form of a check, money order, or debit card. NO credit card.
Reserves	• Follow agency requirements for reserves and funds to close.
Other Down Payment Assistance Sources	• Allowed. » Borrower must meet minimum contributions. » Other down payment assistance source in the form of a lien must take a subordinate lien position to DCA's liens. » Borrowers may not receive cash back on the closing disclosure.
Interested Party Contributions	• Follow agency requirements.

Liquid Assets Limitation	• Borrower may not have more than $20,000 or 20% of the sales price immediately after closing per the Closing Disclosure. • Funds in checking, savings, salable stocks, and bonds are considered liquid assets. • IRA's, 401(k) plans and other qualified retirement accounts are not considered. • Gifts in excess of $5,000 are considered liquid assets.
Paystubs and Bank Statements	• Paystub and bank statement must be within 45 days of the Lender's Underwriter's decision. • Paystubs: » Most recent paystub must cover 30 days » Paystubs must show year to date from each employer and cover a 30-day period • Bank Statements: » Most recent bank statement must cover 30 days » Non-payroll deposits of 50% or more of the borrower(s) gross monthly income(s) must be explained and sourced to meet Section 1010 of Title 18, U.S.C. of the Federal Housing Administrations (See Seller Guide Section 305)
Sales Price Limits	• See Maximum Sales Prices by Program Type and MSA County in Lenders – Resources at https://dca.georgia.gov/affordable-housing/home-ownership/georgia-dream/georgia-dream-lenders/lenders-documents-downloads
Mortgage Insurance	• **FHA:** UFMIP/Annual MIP per FHA requirements. • **VA:** Funding Fee per VA requirements. • **USDA:** Guarantee Fee per RHS requirements. • **Conventional:** Not Required; Max LTV/CLTV is 80.00%.
Tax Transcripts	• Most recent 3 years IRS tax transcripts for each applicant is required and the most recent W-2.
First-Time Homebuyer	• All borrowers must be first-time homebuyers unless purchasing in a targeted area. • Borrowers are considered a first-time homebuyer if they have not owned and occupied a primary residence in the last 3 years. • Even if not included as a borrower, applicant's spouse may not own any other residential real estate as of the date of closing. • Non-applicant household members are not required to be first-time homebuyers. • Waived if the borrower is a US Military Veteran and has not previously received bond-financed mortgage assistance. • Documentation: » A signed SF 60-12 form (required by Georgia Dream) » The most recent 3 consecutive years IRS transcripts » The most recent signed complete personal tax returns » Credit Report » Fraud Report » Signed letter of explanation addressing all prior addresses and no prior homeownership or a copy of the no-record results to the IRS request for the prior 3 years 1098 transcripts

Homebuyer Education	• Homebuyer education is required by a HUD approved housing counseling agency. • Complete the online course at www.ehomeamerica.org/dca. The online course cost $50.00 using the DCA link.
Property	• Private Wells & Septic Systems require clear certification at closing. Refer to Selling Guide for details. • Termite reports are required in accordance with the requirements of the Mortgage Insurer. » If the sales contract states a termite inspection is required, the termite report must be included in the purchase package. • Single family (1 unit) detached, attached, manufactured (requirements in the Seller Guide), agency approved condominium (lender to certify condo approval and provide documentation). • Ineligible Properties: » 2-4 Unit Properties » Appraisal waivers are not permitted » Property may not be used to conduct a trade or business ▪ If business tax transcripts show same address as current residence, then property may not be eligible for Georgia Dream.
Program Seller Guide	https://dca.georgia.gov/affordable-housing/home-ownership/georgia-dream/georgia-dream-lenders/lenders-documents-downloads
Hazard Insurance	• Term of no less than one (1) year coverage as of the date of closing. • Coverage amount equal to at least the lesser of: » the outstanding principal loan balance at closing, or » the maximum insurable value per the appraised value less the land value per the URAR • Maximum deductible is 5% of the property insurance coverage amount. • HO-6 or an all-inclusive master hazard policy on all condominium loans.