

# Spruce Up Wyoming II Program

**What is it?** Spruce Up Wyoming II is a new mortgage loan program developed by WCDA to address Wyoming's substandard housing stock. According to the County Assessor information found in the February 2002 Housing Conditions Report released in by the Wyoming Housing Database, over 25,000 single family homes are in below average condition.

**What are the terms of the loan?** The interest rate is a fixed rate of 5.50% for 30 years.

**Are there income limits?** Yes, the Total Annual Family Income cannot exceed \$70,000 for all family sizes in all counties.

**Can the borrower use WCDA's Down Payment Loan Programs?** Yes, WCDA is allowing the Down Payment Loan Programs to be used in conjunction with this program.

**Is there a minimum rehab amount?** Yes, \$15,000.

**Are there rehabilitation requirements?** Yes, WCDA requires that prior to using any rehabilitation funds for cosmetic items, five major components of the home must be in safe operating condition or will be in safe operating condition after the rehab is completed. These five systems are:

1. roof including gutters and downspouts,
2. heating system,
3. electrical system,
4. plumbing system including hot water heater and well and septic, if applicable, and
5. foundation

The home must be at least 20 years old to be eligible for the Spruce Up Wyoming II Program.

**How does the program work?** WCDA has designed three ways in which this program can be used.

**1. Home Purchase and Rehabilitation**

- a. by using an FHA 203(k) loan
- b. by using a WCDA RECD single close loan
- c. by using a Lender who provides a temporary bridge loan to buy and rehabilitate the home and after the rehabilitation complete, the buyer gets a permanent loan (FHA or RECD Loan) from WCDA at a rate of 5.00% if the home and buyer are eligible.

*The Purchase Price of the home prior to rehab may not exceed \$145,000.*

## 2. Home Refinance and Rehabilitation

- a. by using a FHA 203(k) loan
- b. by using a WCDA RECD single close loan
- c. by using a Lender who provides a temporary construction loan to rehabilitate home and after the rehabilitation is complete, the buyer gets a permanent loan (FHA or RECD Loan) from WCDA at a fixed rate of 5.50% if the home and buyer are eligible.

*The mortgagor must have owned the home for at least one year prior to the date of the loan application.*

### What type of loans will WCDA allow under this program?

1. If the borrower has chosen to do the transaction with a single-close loan, then either a FHA 203 (k) loan or a WCDA/RECD loan may be used. Both loans escrow rehabilitation funds and allow the rehabilitation to take place after the closing of the purchase of the home or the refinance of the first mortgage. All RECD loans **must** have pool insurance issued by Genworth Mortgage Insurance Corporation. These loans must be submitted to Genworth Mortgage Insurance Corporation for a pool insurance certificate prior to closing. **Only FHA loans are not required to be covered by pool insurance.**
2. If the borrower has chosen to obtain bridge/construction loan financing from the lender or if the borrower is purchasing a home in which the rehabilitation is complete as described in Section 3 above, then the Spruce Up Wyoming II permanent take out loan may be: a Rural Development Guaranteed Loan, or a FHA Insured loan as allowed under the WCDA Standard program. All Rural Development loans **must** have pool insurance issued by Genworth Mortgage Insurance Corporation. These loans must be submitted to Genworth Mortgage Insurance Corporation for a pool insurance certificate prior to closing. **Only FHA loans are not required to be covered by pool insurance.**

For purchase transactions, I can see there is a purchase price limit. Is there a maximum acquisition cost that would include the rehabilitation costs? Yes, for both Purchase & Rehab or Refinance & Rehab the acquisition costs may not exceed \$236,000. This requirement for the Spruce Up Wyoming II Program is met if:

1. **For purchase and rehabilitation**, all of the costs of the purchase of the Residence, all of the rehabilitation expenditures incurred (whether such expenditures are financed with proceeds of the Spruce Up Wyoming II Loan or not), the contingency reserve fund, the payment reserve fund and all financing and other fees necessary to the rehabilitation so long as such expenditures and fees are expended during the rehabilitation of the Residence and are reasonably related to the rehabilitation of the Residence, do not exceed the Acquisition Cost Limitation of \$236,000.

*The Purchase Price of the home prior to rehab may not exceed \$145,000.*

2. **For refinance and rehabilitation**, the amount of all outstanding loans, all of the rehabilitation expenditures incurred (whether such expenditures are financed with proceeds of the Spruce Up Wyoming II Loan or not), the contingency reserve fund, the payment reserve fund and all financing and other fees necessary to the rehabilitation so long as such expenditures and fees are expended during the rehabilitation of the Residence and are reasonably related to the rehabilitation of the Residence, do not exceed the Acquisition Cost Limitation of \$236,000.

**Does the purchaser have to live in the home?** Yes. The home must be the principal residence of the WCDA Borrower(s).

**Are only certain properties eligible?** Yes.

The home must be a one unit, single-family home located in the State of Wyoming, and **only**

1. Single Family Properties are permitted.
2. Existing manufactured housing on a permanent foundation is permitted to be rehabilitated under the FHA 203(k) loan program only. **However**, moving an existing manufactured home not on a permanent foundation to a permanent foundation is **not** permitted.
3. The property must be at least 20 years old.

**I have also heard about a WCDA Spruce Up Wyoming I Program. Is there a difference?** Yes. Spruce Up “One” is for rehabilitation of a home for a first time homebuyer under WCDA’s Standard Program. The Borrower and property must meet the requirements of the WCDA Standard loan program. A minimum rehabilitation amount of \$5,000 in necessary rehab items is required. Only a limited amount of funding is available under each bond issue for loans that meet this requirement.

**Who should I contact for more information?** You may contact the WCDA office at (307) 265-0603 or any WCDA Participating Lender.