



SPRUCE UP WYOMING I PROGRAM

September, 2010

Wyoming Community Development Authority

What is it? The Spruce Up Wyoming I is a mortgage loan program developed by WCDA to address the condition of Wyoming's substandard housing stock available and affordable to **first time homebuyers**.

Who can apply? The Spruce Up Wyoming I Program is for first time homebuyers only. A first time homebuyer is defined as a homebuyer who has not owned a principal residence in the past three years.

What are the terms of the loan? The interest rate is a fixed rate of 4.25% for a term of 30 years. The funding is limited. Contact your WCDA Participating Lender or WCDA for rates and availability.

Are there income limits? Yes, the Total Annual Family Income cannot exceed the income limits for the standard WCDA Program as summarized below:

| County | Maximum Income Allowable | |
|------------|--------------------------|--------------------------|
| | Family Size 1 or 2 | Family Size 3 or more |
| Campbell | \$82,000 | \$94,000 |
| Sweetwater | \$78,000 | \$90,000 |
| Teton | \$92,000 | \$106,000 |
| Uinta | \$71,000 | \$82,000 |
| All Others | \$66,000 | \$76,000 |

Can the borrower use WCDA's Down Payment Loan Programs? Under the Spruce Up Wyoming I Mortgage Purchase Program, WCDA will offer assistance with down payment and closing costs to eligible mortgagors under both the Down Payment Loan Program and the Homebuyer Assistance Loan.

Is there a minimum rehab amount required? There is a requirement for a minimum of \$5,000 in eligible improvements for **essential repairs** on the existing home on the property. Minor or cosmetic repairs cannot be included in the first \$5,000.

The mortgage must include one or more of the items listed below, with a cumulative minimum of \$5,000. The lender may utilize qualified inspectors to determine the necessity of an improvement in determining whether or not the repair is essential.

1. Structural alterations and reconstruction (e.g., foundation repairs, repair of termite damage, the treatment against termite infestation, etc.)
2. Changes for improved functions and essential modernization (e.g., essential modernization of kitchens and bathrooms).
3. Elimination of health and safety hazards.
4. Reconditioning or replacement of plumbing (including connecting to public water and/or sewer system), heating, air conditioning and electrical systems.
5. Repair or replacement of roofing, gutters and downspouts.
6. Necessary repairs or replacement of flooring, tiling and carpeting.
7. Necessary energy conservation improvements (e.g., windows, doors, insulation, caulking, weather stripping).
8. Major landscape work required to preserve the property from erosion.
9. Improvements for accessibility to the Handicapped.

Once the minimum amount of Rehab of \$5,000 has been reached to allow the lender to make the determination that the home is eligible for the Spruce Up I loan, then other rehabilitation items may be included in the rehab subject to the “after rehab” appraised value and the borrower’s ability to repay the loan. In addition, the lender, the appraiser and/or the mortgage insurer may make requirements based on the inspections and the appraisal.

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

How does the program work? The program is designed to allow for the acquisition and rehabilitation of an existing home by using:

1. a WCDA / FHA 203 (k) loan, or
2. a WCDA / RD single close loan, or
3. a Lender who provides a temporary bridge loan to buy and rehabilitate the home. After the rehabilitation is complete, the homebuyer receives a permanent take-out loan (FHA or RD loan) from WCDA at the current Spruce Up I interest rate.

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/RD 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. All RECD loans **must** have pool insurance issued by Genworth Mortgage Insurance Corporation.
2. **If the borrower has chosen** to obtain bridge/construction loan financing from the lender, then the Spruce Up Wyoming I permanent take out loan may be: a Rural Development Guaranteed loan, FHA loan or VA loan under the WCDA Standard program.

What is the purchase price limit? The Purchase Price / Acquisition Cost limit is \$243,000 in all counties except Sublette in which the limit is \$268,000 and Teton in which the limit is \$400,000. Acquisition cost, for a transaction like this in which the homebuyer is purchasing an existing home and rehabilitating it, includes the purchase of the residence, all of the rehabilitation expenditures incurred (whether such expenditures are financed with the proceeds of the Spruce Up Wyoming I 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.

Does the purchaser have to live in the home? Yes. The home must be the principal residence of the WCDA Borrower(s) for as long as the WCDA mortgage is in place.

Are only certain properties eligible? Yes. The home must be a one unit, single-family home located in the State of Wyoming. The home must be at least 20 years old. 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.

I have also heard about a WCDA Spruce Up Wyoming II Program. Is there a difference? Yes. Spruce Up Wyoming II “Two” is for first time or non-first time homebuyers to purchase and rehab a home or refinance and rehab a home. There are different program parameters as well as interest rates on the Spruce Up Wyoming II Program.

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

