

Wyoming Rehabilitation and Acquisition Program



The Wyoming Rehabilitation and Acquisition Program (WRAP) is funded federally under the Housing and Economic Recovery Act of 2008, more commonly known as the Neighborhood Stabilization Program (NSP) and under Title II (the Home Investment Partnerships Act) of the National Affordable Housing Act of 1990, more commonly known as the HOME Program. The NSP program and the HOME Program are subject to the same federal requirements related to fair housing, nondiscrimination, labor standards, and the environment (including lead-based paint). The national objective of the NSP funds is to address the problem of abandoned and foreclosed homes.

The purpose of the WRAP program is to purchase qualified properties, rehabilitate the properties, and then sell the properties to qualified, income eligible households. The WRAP program will utilize existing housing stock which will be brought up to pre-defined housing quality standards. Housing that is determined to be unsafe and blighted and exceeds cost reasonableness to bring the property up to habitable standards may be demolished and a new housing unit constructed in its place.

Properties may not be available in all counties at any one time. The availability of WRAP participating properties and their specific locations will be posted on the WCDA website at <http://www.wyomingcda.com/index.php/properties/C118>.

Minimum Applicant Selection Criteria

Households with incomes at or below 50% AMI will be given a priority unless:

1. There are no households at or below 50% of AMI interested in the specific property.
2. The households at or below 50% of AMI who are interested in the specific property cannot meet minimum underwriting standards.
3. The property is considered accessible and then households up to 80% of AMI needing the accessibility features will be given a priority .
4. The monthly housing expense exceeds an affordable amount for a 50% or less AMI household. Keep in mind that while the mortgage may be written to an affordable level the cost of the taxes and insurance and general property maintenance on a more expensive home will be higher and may not be considered affordable for a 50% or less AMI household.

Applications will be accepted at any time from households at or below 80% of AMI.

Low Income - 50% of HUD's Area Median Income as of December 18, 2013

COUNTY	HOUSEHOLD SIZE							
	1	2	3	4	5	6	7	8
Laramie	26,100	29,800	33,550	37,250	40,250	43,250	46,200	49,200
Natrona	24,750	28,300	31,850	35,350	38,200	41,050	43,850	46,700
Sweetwater	29,750	34,000	38,250	42,450	45,850	49,250	52,650	56,050

Moderate Income - 80% of HUD's Area Median Income as of December 18, 2013

COUNTY	HOUSEHOLD SIZE							
	1	2	3	4	5	6	7	8
Laramie	41,760	47,680	53,680	59,600	64,400	69,200	73,920	78,720
Natrona	39,600	45,280	50,960	56,560	61,120	65,680	70,160	74,720
Sweetwater	44,750	51,150	57,550	63,900	69,050	74,150	79,250	84,350

Basic applicant eligibility requirements include:

1. The applicant must be a Wyoming resident.
2. The applicant must be at least eighteen (18) years of age.
3. All adult household members must be United States citizens or resident aliens.
4. The applicant must be a first-time homebuyer (cannot have owned a home within the last three years).
5. The property must be the applicant's primary residence for the term of the loan.
6. The applicant must meet specific income and credit requirements.
7. The applicant must pay a \$20.00 application fee.
8. The applicant must have a steady income stream.
9. Each applicant must have a credit record that demonstrates they are financially responsible. The applicant must have a minimum 620 FICO score and meet FHA credit underwriting standards.
10. All household members' credit will be considered.
11. All household members' anticipated income will be considered, this includes anyone who will be occupying the property, and any family members not living in the household.
12. A minimum gross income of \$1,500 per month is required.
13. The applicant must be able to contribute a minimum of 25% of their gross income towards the principal, interest, taxes, and insurance payment, the maximum housing debt to income ratio cannot exceed 31%, and the total debt to income ratio cannot exceed 43%.
14. The Household's total assets cannot exceed \$50,000.
15. No prior losses with WCDA, current judgments, collections, or bankruptcy..
16. The applicant must be able to make a down payment at closing of the greater of an amount equal to the first year's taxes plus homeowners hazard insurance or \$2,500.00.

In addition to having to meet income and credit requirements the applications will also be reviewed and a determination will be made as to the appropriateness of the size of the property to prevent overcrowding or over-housing. The standards are as follows:

- A single or two person household is eligible to apply for a house with one (1) or two (2) bedrooms. A three person household is eligible for a house with three (3) bedrooms and a four person household is eligible for a house with four (4) bedrooms, etc.
- Families shall be housed with no more than two persons per bedroom.
- Exceptions may be made to the occupancy requirements for unusual circumstances. The applicant must submit a written request with their application and the decision will be made on a case by case basis.

Preference will be given to applicants who currently work or reside in the city, town, or county where the property is located. WCDA employees, their immediate family, and/or members of the WCDA Board of Directors are not eligible to participate in the WRAP Program.

Once qualified an applicant must complete a HUD approved homebuyer education program prior to closing. It is required that an applicant complete the homebuyer education class and one-on-one counseling prior to being part of a property drawing. The homebuyer education class is available through Wyoming Housing Network at <http://www.whninc.org>.

If you think you qualify and you would like to apply for the WRAP program, Please submit:

- Your completed application
- **copies** of your last 3 years tax returns
- 2 months worth of pay stubs, and
- \$20 non-refundable application fee.

Applications received without the \$20 fee or the tax returns and paystubs cannot be processed.

Submit the above information to:

WCDA-WRAP
PO Box 634
Casper, WY 82602

Or you may hand deliver to 155 N. Beech St. Casper, WY

Application packets for the WRAP program are available at the WCDA office, via the internet, and by U.S. Postal Service, by request.

The application packet will contain an initial application, the WRAP program description, applicant responsibilities if awarded a property, and a listing of properties (if available). All initial applications will be reviewed by WCDA staff to determine if the applicant meets the basic eligibility requirements of the WRAP program. Applicants may be referred for credit counseling to assist them in repairing credit in order to be “mortgage ready”. The initial review will include verification of data relating to income, employment, financial/banking/investment information, rental history, and credit report. If an applicant is not eligible they will receive notification in writing that they do not qualify for the WRAP program and what, if anything, they could do to

meet the eligibility requirements of the WRAP program. All applicants who meet the basic eligibility requirements will be contacted by telephone to discuss the program requirements and to make sure that the applicant understands the process and the requirements

In addition, supplemental information will be gathered in order to determine if the applicant meets the full underwriting criteria. FHA underwriting standards will be used. WCDA will originate all WRAP program loans. Applicants who were determined to be eligible but who were not selected during the initial drawing will be notified as more homes become available.

Listing Properties

In order to reach the widest audience of prospective homebuyers, WRAP properties will be listed with local realtors. However, for 10-days from the date the property is available on the MLS system, all offers will be held. At the end of the 10-day period, households with income at or below 50% of the AMI will be given priority. If there is more than one household who qualifies at or below 50% AMI, a drawing will be held, see below. If there is only one household who qualifies at or below 50% AMI, WCDA will work with them toward the purchase of the home. If there are no qualified households at or below 50% AMI, the same process will be followed for households who qualify that are at or below 80% AMI. All offers submitted during this 10-day period must be accompanied with the appropriate application documents or applicants must be pre-approved. After the 10-day holding period is over, offers will be reviewed every 24 hours. If more than one offer is presented the above process will be followed. If only one offer is received it may be accepted without conducting a drawing.

Execution of the Property Drawing

Qualified applicants may be entered into a drawing on the properties for which they are eligible. Applicants may be eligible for more than one property; however, they will only be able to take possession of one property. The drawing will be a public drawing held in the community that the properties are located and eligible households along with members of the general public are encouraged to attend.

Pre-purchase Meeting

After a buyer has been selected for a property, a meeting will be scheduled to discuss what the applicant should expect and what they need to do in order to prepare for the closing. This will take place at least 2 weeks prior to closing on the property. this will give the applicants time to gauge their interest in a particular property therefore avoiding buyer's remorse.

1. All closing documents will be presented to the buyer in draft form and explained in detail.
2. The amount of the amortized and deferred loan will be discussed as well as any additional restrictions placed upon the property. The first mortgage will be calculated using the applicant's income and at least 25% of their gross income must be contributed towards the mortgage payment. The balance of the cost of the property may be taken as a deferred mortgage up to 30% of the purchase price. If more than 30% of the purchase price needs to be deferred in order to meet the other program requirements the household does not qualify.

Example – The Smith family (dad, mom, and 2 children) live in Cheyenne and together they earn \$24,000 a year. The 50% AMI limit for a family of 4 in Laramie County is \$37,250 so the household is determined to be income eligible for the WRAP program. The household must contribute a minimum of 25% of their gross monthly income towards the principal, interest, taxes and insurance payment (PITI) each month. The maximum debt to income ratio for housing cannot exceed 31% so it is possible that the required monthly contribution would be higher than 25%. In this example the minimum monthly contribution required is \$500 ($\$24,000 \times 25\% / 12$). It is estimated that approximately \$150 per month is required for taxes and insurance so the household would have at least \$350 per month to pay the principal and interest on a mortgage. If the total acquisition cost of the home was \$150,000, 30 year term, 1% interest rate, the principal and interest payment would be \$482.46. The family could not reasonably afford the PITI payment of \$632.46 ($\$482.46 + \150) without assistance. Under the WRAP program, the mortgage on the property would include both an amortized loan amount (requiring a monthly payment) and a deferred loan amount (requiring repayment at the time of sale, transfer of title, or when the property ceases to be the primary residence of the family). In this example, it would be reasonable to structure the \$150,000 loan as \$112,500 amortized and \$37,500 deferred. A \$112,500 amortized loan for 30 years at a 1 % interest rate would require a monthly principal and interest payment of \$361.84. When you add the taxes and insurance payment of \$150 per month, the total payment for the household is estimated to be \$511.84 (a monthly savings of approximately \$120.62 and a PITI ratio of 25.6%).

3. The applicant will be questioned regarding their participation in the WRAP program and whether or not they have any reservations about the program or the property.
4. The applicant will need to arrange for property hazard insurance with a deductible of \$1000 (or less) for all perils including wind and hail.
5. All properties are sold "as is". Thus, applicants are responsible for obtaining any and all inspections they would like performed on the property. The applicants are also responsible for the costs associated with the inspections.

Mortgage Loan Financing Structure

1. The amount of the mortgage will be based on the applicant's income and their ability to qualify for a loan covering the cost of the purchase, rehabilitation and carrying costs. The difference between the actual cost of purchase, rehabilitation and carrying costs or appraised value, whichever is less, and the amount the borrower can qualify for will be recaptured as a deferred loan which will be part of the mortgage and will be recaptured upon sale of the property, transfer of title, or when the property ceases to be the primary residence of the mortgage holder. No more than **30%** of the purchase price will be deferred.
2. A down payment is required for all properties. The applicant must contribute the greater of an amount equal to the first year of hazard insurance and property taxes or \$2,500.00.

Applicants will be required to contribute at least 25% of their gross monthly income towards the first mortgage payment. Their housing debt to income ratio cannot exceed 31% and their total

debt to income ratio cannot exceed 43%. FHA credit underwriting standards will be used to underwrite the loan.

All loans will have a 30 year term. The interest rate of the loan is fixed and based upon household income.

Percentage of Area Median Income	Interest Rate
Up to 50%	1.00%
51% to 80%	2.00%

The monthly payments collected on the loans (program income) will be returned to the appropriate Federal program account and recycled for future use by any and all eligible activities. All mortgages will be serviced by the WCDA.

**FOR ADDITIONAL INFORMATION OR TO REQUEST AN APPLICATION
PLEASE CONTACT CAROLE LINTON AT (307) 265-0603
OR EMAIL: Linton@wyomingcda.com**

