



Kentucky Housing Corporation Homes and Loans

Kentucky Housing Corporation, as the state housing finance agency, provides safe, quality, affordable housing through an array of programs and services. From time to time it acquires homes and sells them. Below are some definitions used by KHC and details of the information it will gather from you when deciding whether to issue you a loan or render one of their services.

Definitions:

Number of people in household

This is the number of people who intend on occupying your new home. An individual is deemed to be occupying the property if they live at the residence 50% of the time.

Construction Type

A dwelling can be new or existing. A home which is less than one year old and has never been occupied is designated as a New home. A home which has been previously occupied is designated as an Existing home.

Interest Rates

Regular rate - homebuyer will be charged 1 1/2 - 2% points as part of their closing costs.

Zero Point - homebuyer pays a higher interest rate, but no points are charged at closing.

Monthly Income

This is your base monthly income before taxes. If you wish to include commissions or overtime for qualifying purposes, you must show that you have been receiving this income for the last two years. On the next page are examples for computing your monthly gross income.

Example #1

Mary makes \$7.50 per hour and works 40 hours each week.

Hourly Rate:	\$7.50
Multiply: Hours worked per week: 40	
Weekly Income (7.50 x 40)	\$300.00
Multiply: Weeks in a year: 52	
Annual Income (300 x 52)	\$15,600
Divide: Number of months in a year: 12	
Monthly Gross Income (15,600 / 12)	\$1,300

Example #2

Jose is paid \$800 every other week.

Bi-weekly Salary:	\$800.00
Multiply: Pay Periods in a Year: 26	
Annual Income (800 x 26)	\$20,800.00
Divide: Number of months in a year: 12	
Monthly Gross Income (20,800 / 12)	\$1,733.33

Example #3

Maurice is a car salesman, who works on straight commission. He has worked at the same job and dealership for the last three years. His income can vary on a monthly basis. For tax year 2003 and 2002, Andy earned \$45,000 and \$32,000, respectively

2010 Income	\$45,000.00
2009 Income	\$32,000.00
Add: 45,000 and 32,000	
Total Income	\$77,000.00
Divide by number of years added: 2	
Average Annual Income	\$38,500.00
Divide: Number of months in a year: 12	
Monthly Gross Income (38,500 / 12)	\$3,208.33

Co-borrower Monthly Income

Calculated same as above by using co-borrower information.

Other Monthly Income

This is income typically not reported through a W-2 or 1099. Other monthly income would include SSI, Child Support, etc.

Auto Loans

The total minimum monthly payment on your automobile(s).

Student Loans

The total minimum monthly payment required on your Student Loan(s).

Credit Cards

The total minimum monthly payment required on you credit card(s).

Other Debt

The total of all other minimum monthly payments related to installment loans, personal loans, or other extension of credit. This does not include car insurance, utilities, or other necessary living expenses.

Conventional loan

1. Minimum credit score of 660 or better.
2. Quick turnaround time, 20 percent down payment.
3. Appraisals are less stringent and less expensive.
4. No down payment assistance products may be used.



FHA Loan

1. Insured by the Federal Housing Administration.
2. Down payments as little as 3.5 percent.
3. Minimum 640 credit score is required.

VA Loan

1. Guaranteed by the Veterans Administration for qualified military veterans.
2. No down payment if the property appraises for the sale price or greater.
3. Minimum 640 credit score.
4. No monthly mortgage insurance payments.

RHS Loan

1. Guaranteed by Rural Housing Services (RHS).
2. Home must be located in a rural area as defined by RHS.
3. Minimum 640 credit score.
4. No monthly mortgage insurance payments.
5. Financing to 100 percent of the appraised value, plus guarantee fee of 3.5 percent.

Annual Percentage Rate (APR)

The yearly cost of a mortgage, including interest, mortgage insurance, and the origination fee points, expressed as a percentage.

Regular Down payment Assistance Program (DAP)

1. Assistance up to \$4,000.
2. Available to all KHC first mortgage loan recipients.
3. Repaid over 7 years at an interest rate of 6 percent.

HOME-DAP

1. Assistance up to \$4,500
2. No monthly repayment; forgiven over five years.
3. Existing homes only.
4. Borrowers must meet HOME-income guidelines.

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