



About the New Gap Program Manual

Minor changes have been made to the Gap Program Manual to provide some clarifications and it has been reformatted as an electronic document, available for your use on-line or to save on your computer. The forms used to register and request funds for clients are now incorporated as part of the manual, and are also available for separate download. They are in Adobe Reader (.pdf format, but are not fill-able documents). If you do not have Adobe Reader, there are links on our web site www.keystonechallenge.org.

About the Latest Program Changes

The manual also has the latest program changes - reflecting the new down payment assistance amounts for the local SHIP programs and some changes to the terms of acceptable first mortgage financing for buyers, most notably the prohibition against yield-spread premiums.

Funds availability information is maintained on our web site at www.keystonechallenge.org, however, *the information is subject to change without notice.*

Effective 04/06/2009

Program income limits and home sales price limits were increased 4/6/2009.

Effective 09/15/2009

The Lakeland Program eliminated non-occupying co-signers and established specific front and back-end debt ratios. 9/15/2009.



KEYSTONE CHALLENGE FUND, INC.

GAP

Program

Down Payment/Closing Cost Assistance

For Low and Moderate Income Homebuyers

Programs administered for Polk County, City of Lakeland, City of Winter Haven



2005 S. Florida Ave. Lakeland, FL 33803
863-682-1025
www.keystonechallenge.org

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Introduction: GAP PROGRAM DESCRIPTION

Keystone Challenge Fund administers financial assistance programs to very low, low and moderate income households purchasing homes to be occupied as their primary residence in Polk County. We administer State Housing Initiatives Partnership Program (SHIP) funds for Polk County, the City of Lakeland, and the City of Winter Haven. SHIP funds provide down payment and/or closing cost assistance to eligible homebuyers who have secured affordable first mortgage financing.

The assistance may be used in conjunction with conventional, FHA, or other first mortgage financing that meets the First Mortgage Loan Requirements on the following page. The local government is the actual provider of the funds, and will be the named mortgagee or lien holder on any documents used to secure the assistance.

The assistance programs can be used to provide secondary financing with FHA loans. As the funds are provided by the local government entity and secured by the government entity, mortgage lenders are responsible for assuring that all requirements outlined in HUD Handbook 4155.1, Rev-5, Paragraphs 1-13A are met along with the requirements contained in Mortgage Letters 94-2 and 02-22. Mortgagee Letter 94-2 restricts use of assistance programs to borrowers earning less than 115% of the area median income without prior HUD approval, and we have published these income limits on page 8. It is important to note that this program manual provides guidelines for the down payment assistance programs only, which may differ from FHA guidelines.

Down payment and closing cost assistance is generally secured by a second mortgage that is subject to recapture based on length of, or continued, occupancy. Interest is not charged and the homebuyer does not make monthly payments.

Clients who are obtaining first mortgages and secondary assistance through Florida Housing Finance Corporation (FHFC) bond programs or the Housing Finance Authority of Pinellas Bond Programs (serving Polk County) may also use our programs, provided that the property being purchased is not in the city limits of Lakeland or Winter Haven, and the client meets all other eligibility guidelines. In this case, the down payment assistance will be secured by a third mortgage.

The SHIP funds are received in a yearly cycle. A limited amount of funds are available for the down payment / closing cost assistance at each cycle. Funds are provided to clients on a first-come, first-ready, first-served basis, and are to be reserved for a borrower in advance by their lender. See Section III, Submission Procedures for more information. Depending on the volume of requests for assistance, it is possible that one year's funds may be fully expended prior to the receipt of the following year's funds.

Other restrictions may affect the availability of funds. The SHIP program we work with requires that funds be distributed across income categories, so it is possible that at various times we may not be able to serve a particular income category.

Additional regulatory requirements may also affect availability. Information regarding current availability of funds is maintained on our web site at <http://www.keystonechallenge.org/> and at http://www.keystonechallenge.org/Funds_Available.htm.

In addition to the basic eligibility requirements that follow, the City of Lakeland, Winter Haven, and Polk County have each established other guidelines for assistance. The location of the property being purchased will determine the local government used as the source of the assistance funds. The guidelines established by each location are shown in Appendix A.

Section I. ELIGIBILITY REQUIREMENTS

FIRST MORTGAGE LOAN REQUIREMENTS:

Assistance is provided only in conjunction with an affordable first mortgage loan.

The first mortgage loan must,

- a) Be a fixed interest rate loan at not more than 1% above the current 60-day FNMA par pricing.
- b) Be fully amortizing for a term not to exceed forty (40) years.
- c) Not contain a pre-payment penalty.
- d) Not include a yield - spread premium.
- e) Not require unreasonable or unnecessary closing costs paid by the borrower.

Seller financing is not allowable. Interest rate buydowns of up to 2% may be allowable if applicant has been qualified at highest rate and lender obtains advance approval from Keystone.

BUYER'S INCOME LEVEL:

The SHIP Program can serve household earning up to 120% of the area median income limit based on household size, depending on the availability of funds (FHA lenders should determine income eligibility based on FHA secondary financing underwriting procedures, and obtain HUD approval if requesting funds for an applicant over 115% of the median income). Incomes are categorized as a percentage of the median income and very low income is 50% of the median, low income is 80%, and moderate is 120%. Current maximum incomes by household size and category are shown in Appendix A. Income limits are reviewed periodically by HUD and are subject to change.

SALES PRICE:

There are maximum sales prices established for housing assisted through this program. The limits are also included in Appendix A and are subject to change. Include land value when determining sales price eligibility. For new construction on land owned by the applicant, the sales price is determined by the appraised value. For other purchases, the sales price is the amount on the executed sales contract.

PROPERTY TYPES:

Single family units only are eligible. The unit may be attached or detached and may be a condominium or a townhouse. New manufactured homes (mobile homes) are not allowed. Modular homes bearing a State of Florida Department of Community Affairs insignia are eligible. Homes with in-ground pools are excluded. Above ground pools are allowed only if no value is added to the property. All units must be designed and intended for the primary purpose of providing decent, safe, and sanitary housing.

For purposes of program administration, we will need to know if the property being purchased has had a certificate of occupancy issued within the past 12 months or has received rehabilitation. Rehabilitation means repairs or improvements which will occur or have occurred within the past 12 months, and are needed for safe or sanitary habitation, correction of substantial code violations, or the creation of additional living space. These conditions do not necessarily have to apply to the purchased property. However, the SHIP program requires that certain regulatory requirements be met regarding the distribution of funds for construction/ rehabilitation activity that may affect the availability of funds.

PROPERTY STANDARDS:

Newly constructed homes must meet all state and local codes. Existing units must meet Section 8 Housing Quality Standards (HQS) as established by HUD. These HQS standards are summarized as Appendix B for your reference, and a home inspection will be required on all existing homes. The home inspection must include, at a minimum, the completion of a Housing Quality Checklist (HUD Form 52580), available on our web site at www.keystonechallenge.org using the link for Lenders. The Housing Quality Checklist can be completed by a state licensed appraiser or home inspector only. All homes must include a stove and refrigerator, and a permanent source of heat. Winter Haven has some specific prohibitions - see Appendix C.

HOME BUYER EDUCATION:

To receive assistance, at least one member of the household must attend a Keystone Homebuyer Education Class or receive equivalent homebuyer education. Education classes are provided by Keystone on a regular basis. Clients may register on-line for classes. View the available class schedule at http://www.keystonechallenge.org/Homebuyer_Education.htm or contact Keystone directly for details.

DEBT RATIOS:

For the City of Lakeland program the front-end ratio cannot exceed 33%, and the back-end ratio cannot exceed 45%. For other areas, generally the homebuyer's back-end ratio cannot exceed 45% unless advance approval is obtained by Keystone. Approvals are usually only granted in cases where the homebuyer can demonstrate a short-term reduction in debt, or evidences other household income not being included in the lender's ratio calculation.

With the exception of the Lakeland program, the homebuyer's front-end ratio is generally acceptable, however, Keystone does have to determine that the buyer's monthly payment (including taxes and insurance) is deemed affordable based on program guidelines.

ADDITIONAL GUIDELINES FOR ASSISTANCE ARE FOUND IN APPENDIX A

Section II. DETERMINING ELIGIBILITY

WHO IS IN THE HOUSEHOLD?:

Applicants are expected to disclose **all** household members who will be living in the purchased home, including all adults (related and unrelated) and children except foster children, or children being pursued for legal custody or adoption who currently do not live with the household. Unborn children can be counted as household members if written proof of the pregnancy by a qualified medical professional is provided. Generally, we require that all adult household members submit a copy of their most recent tax return as verification of dependents **and** provide other satisfactory evidence of household composition.

A non-occupant, co-signer is not considered a household member and does not have to provide income information, however, we may require documentation that they do not intend to occupy the purchased property. Non-occupant co-signers are not allowed if purchasing with the City of Lakeland program area.

A married applicant will be required to disclose the income of the spouse for eligibility purposes even if applying separately from the spouse, unless they can prove that the spouse is no longer part of the household by providing a lease or deed proving residency at a location different from the applicants.

Applicants (and any co-head of households) must be U.S. citizens or permanent resident aliens.

DEFINITION OF INCOME:

Keystone will be required to calculate the gross income of the **entire household** that is **anticipated to be received** during the next 12 months to determine eligibility for assistance.

NOTE: This income may differ from the income being used by the first mortgage lender and income from all sources and all household members will be considered for eligibility purposes.

VERIFICATION OF INCOME:

The income to be verified to determine eligibility for assistance includes the gross amount of income of **all** adult household members **and** includes income for the benefit of minors such as child support, social security, and AFDC. It does not include income earned by minors who will not be 18 in the coming year, or income in excess of \$480 earned by a full time adult student who is not a co-head of household. Income also includes income from assets.

Include the following forms of verification with your loan file for any type of income.

Employment

Verification of Employment Form for each working adult household member, AND a copy of a recent paystub.

Self Employment

Copies of most recent tax returns and a year to date profit and loss statement AND, a notarized statement from applicant or their accountant stating the anticipated income for the next 12 months.

Social Security, Pensions, SSI, Disability Income

An award or benefit letter prepared by and signed by the awarding agency. Make sure that the form of verification shows the gross amount prior to any deduction or withholdings.

Unemployment Benefits

A statement from the paying agency showing full record of benefits paid and current benefit amount and term.

Alimony or Child Support

A printout from the court or governmental agency through which payments are being made and a copy of the original court order/divorce decree showing the payments. If payments are not being made through a court order, obtain copies of most recent month's payment and a notarized letter from the payer or the recipient stating the amount being paid and frequency of payments. Child support does not have to be included in income calculations if the applicant: a). provides a written certification that it is not being provided, **and** b). provides written proof that they have taken action through the appropriate child support enforcement agency to attempt to enforce the payments. Proof of this action would be written documentation that a "Contempt of Court" hearing has been scheduled with the court ordering child support, or the applicant has filed with the Department of Revenue's Child Support Enforcement office and can provide copies of the resulting paperwork. If the applicant cannot produce papers to document the attempted enforcement, the lender may verbally contact the child support enforcement agency and obtain confirmation. A lender's certification to the file will be required. Lenders and applicants can contact the Department of Revenue's Child Support Enforcement office at 1-800-622-5437. Otherwise, the amount of support awarded will be counted.

Other Sources

Third party verification.

It is important to remember that the income will be calculated on an anticipated basis. Basically, the anticipated income is calculated by taking the current circumstances and projecting the income for the next twelve months, however, if the VOE or other documentation indicates the likelihood of overtime, bonuses, raises, or other changes in income or circumstances, etc, it must be included in the calculation.

INCOME FROM ASSETS:

Income from assets will also be considered when determining a household's eligibility. Assets for all household members, including minors, must be considered. An asset is defined as a cash or non-cash item that can be converted to cash (excluding necessary personal property that is not being held as an investment).

Additionally, if a household has disposed of an asset for less than fair market value during the preceding 24 months and the amount received was at least \$1000 less than the fair market value of the asset, the difference must be treated like a current asset.

Generally, the actual income expected to be generated from the asset during the next 12-month period is included as income. However, if the total of all assets is over \$5000, the income is considered to be the actual income generated or 2%, whichever is higher.

NOTE: Include statements on all assets such as checking, savings accounts, stocks, bonds, retirement accounts, etc. with your loan package, not just those being verified for your lender.

LIMITATION ON HOUSEHOLD ASSETS:

The Polk County and Winter Haven assistance program requires that applicants contribute their net family assets in excess of \$20,000 toward the down payment, where feasible. Generally, retirement assets that would require the applicant to leave their employment to receive the funds are not considered. Exceptions may be requested and reviewed on a case by case basis. The City of Lakeland program has a \$100,000 limit on assets.

Section III. SUBMISSION PROCEDURES

Reserve funds for your clients by faxing the Registration Form (found in back of this manual) to us at 863-687-2863, or on-line at <http://www.keystonechallenge.org/>. Confirmed registrations are held for up to 60 days, and are subject to cancellation after that time. Completed packages are to be submitted to Keystone Challenge Fund, 2005 S. Florida Ave., Lakeland, FL 33803. Faxed packages are not acceptable.

Keystone will review the submitted packages for eligibility and contact the client for additional paperwork that will be generated by us. Keystone will be responsible for ensuring that all requirements are met to obtain funds from Polk County, Lakeland, or Winter Haven as applicable.

Send your file to us 21 - 120 days before the loan closing date. We generally need at least 21 days to complete the file and obtain a check for closing, but may not be able to process each file within this time. Funds are provided on a first come, first ready basis, so the more complete the file is when we receive it, the quicker the process will be.

Do not send your file to us earlier than 120 days prior to the closing date.

Checks are made payable to the loan closing agent. Your closings should be scheduled to allow sufficient time for delivery of the check, second mortgage, note and other closing documents to the closing agent.

It is important to note that the assistance being requested cannot result in cash back to the borrower at the loan closing. Therefore, it is imperative that you initially request the correct amount.

Have your closing agent contact Keystone as soon as possible regarding scheduling. Keystone will work directly with the closing agent to ensure that the assistance is properly reflected on the HUD-1 settlement statement, the second mortgage is insured by a title insurance policy if applicable, and that all charges/fees relative to the second mortgage are collected.

The Cities and the County require that their interest appear as a second mortgagee on the homeowner's insurance policy obtained by the buyer. In addition, Polk County requires that their second mortgage be insured by a title insurance policy. Keystone will provide a form to you containing the required second mortgagee clause information.

Direct questions regarding this program and the availability of funds to Keystone Challenge Fund at 863-682-1025.

Section IV. WHAT FORMS ARE NEEDED?:

All requests for assistance to Keystone will be processed on a first come, first ready basis.

The following forms are required to receive assistance. Most of the forms are from your own loan package. A * refers to a specific Keystone form. A sample of each Keystone specific form is provided. Copy as needed.

- * 1. A Lender's Request for Assistance.
2. A copy of the Lender's Good Faith Estimate of Settlement Costs showing all buyer down payment, prepaids, closing costs, and permanent financing.
3. Lender's Transmittal Summary/Mtg. Credit Analysis Worksheet.
- * 4. Original, signed Household Certification /Consent Form with proof of dependents attached along with copies of all Head and Co-Head of Household driver's license and resident alien cards if applicable.
5. A copy of the Certificate of Completion from a Keystone Homebuyer Education Class or equivalent.
6. Verifications of Employment on each household member presently employed over the age of 17 AND a copy of a recent paystub. A VOE must be obtained on each employed, adult household member, whether or not they are listed as a borrower on the loan and be dated by the employer within 30 days. Obtain a VOE on any co-head of household regardless of age.
7. A completed, signed, typed Uniform Residential Loan Application (1003). If typed application is not signed, provide borrower's original, signed application.
8. Copy of most recent tax return to verify dependents listed on the Household Certification / Consent Form.
9. Verification of Deposits - dated within 30 days and a copy of the most recent bank statement on all **savings accounts**.
10. For all **checking accounts**, please provide copies of last six months bank statements. VOD not needed.
11. Verification of assets not held in a financial institution. Provide statements on asset for verification. Statement must provide information regarding interest rate or earnings. Provide statements on all assets including retirement and pension plans, stocks, bonds, etc.
12. Verification of Rent for current residence only.
13. Verification of other current sources of income. Third party verification is generally required. Refer to page 4.
14. Copy of the home purchase contract.
15. A copy of the builder's state and/or county licenses AND a Certificate of Occupancy if new construction.
16. A copy of the appraisal.
17. A copy of the HQS inspection (resales only), completed by a licensed home inspector or appraiser. If required repairs are found, we will need file documentation that they are made.
18. A soil treatment warranty or termite inspection report.
19. Credit report and applicable explanations (Lakeland program only.)
20. Letter of explanation regarding back-end ratio if over 45%, and prior approval has been obtained from Keystone.

[See the Lenders Request for Assistance Form \(submitted with each request\) for a complete list of file documentation required.](#)

	CITY OF LAKELAND	CITY OF WINTER HAVEN	POLK COUNTY
Down Payment	\$20,000 for Very Low households \$12,000 for Low income households \$7,000 for Moderate households. (See chart below for income limits.)	\$20,000 for Very Low households \$12,000 for Low income households \$7,000 for Moderate households. (See chart below for income limits.)	\$20,000 for Very Low households \$12,000 for Low income households \$7,000 for Moderate households. (See chart below for income limits.)
Closing Costs	up to \$2000 to buyer Secured with lien	up to \$2000 to buyer Grant to buyer	up to \$2000 to buyer Grant to buyer
Repayment Terms	30 year deferred payment Due in full during first 30 years in the event of sale, buyer's failure to occupy property, refinance, transfer of title. Forgiven after 30 years.	Deferred payment with no expiration. Due in full in the event of sale, buyer's failure to occupy property, refinance, transfer of title.	Deferred payment with no expiration. Due in full in the event of sale, buyer's failure to occupy property, refinance, transfer of title.
Mortgage Position	Second position only	Second position only	May be a third mortgage in conjunction with FHFC or other pre-approved bond programs.
Maximum Sales Prices	\$258,691	\$258,691	\$258,691
Ratios	33% / 45%	Subject to review Written explanation and pre-approval required if back-end ratio over 45%	Subject to review Written explanation and pre-approval required if back-end ratio over 45%
Credit History	Subject to review	N/A	N/A
Applicant Asset Limitations	Maximum of \$100,000 allowed	Maximum of \$20,000 allowed	Maximum of \$20,000 allowed
Applicant's Cost	\$1,000 minimum required by applicant for down payment, closing costs, or prepaid items	Determined by Lender	Determined by Lender
1st Time Home Buyer	Not a current homeowner	Not a current homeowner	Not a current homeowner
Property Types	Single Family - attached or detached. No mobile homes.	Single Family - attached or detached. No mobile homes. See Page 11.	Single Family - attached or detached. No mobile homes.
Location	City limits of Lakeland	City limits of Winter Haven	All County locations other than the City limits of Lakeland or Winter Haven.

CURRENT INCOME LIMITS

50%, 80% and 120% of the Median Area Income by Household Size
Lakeland - Winter Haven, Polk County, Florida, MSA
Income limits effective March 19, 2009

Household Size	Very Low 50%	Low 80%	Moderate Income (KCF) 120%
1	\$ 18,250	\$ 29,250	\$ 43,800
2	20,900	33,400	50,160
3	23,500	37,600	56,400
4	26,100	41,750	62,640
5	28,200	45,100	67,680
6	30,300	48,450	72,720
7	32,350	51,750	77,640
8	34,450	55,100	82,680

Moderate Income 115% (for FHA loans)
\$ 41,975.00
48,070.00
54,050.00
60,030.00
64,860.00
69,690.00
74,405.00
79,235.00

886.113 Housing quality standards.

Housing used in this program shall meet the Performance Requirements set forth in this section. In addition the housing shall meet the Acceptability Criteria set forth in this section except for such variations as are proposed and approved by HUD. Local climatic or geological conditions or local codes are examples which may justify such variations.

A. Sanitary facilities

1. Performance requirement. The dwelling unit shall include its own sanitary facilities which are in proper operating condition, can be used in privacy, and are adequate for personal cleanliness and the disposal of human waste.

2. Acceptability criteria. A flush toilet in a separate, private room, a fixed basin with hot and cold running water, and a shower or tub with hot and cold running water shall be present in the dwelling unit, all in proper operating condition. These facilities shall utilize an approved public or private or disposal system.

B. Food preparation and refuse disposal.

1. Performance requirement. The dwelling unit shall contain suitable space and equipment to store, prepare and serve foods in a sanitary manner. There shall be adequate facilities and services for the sanitary disposal of food wastes and refuse, including facilities for temporary storage where necessary.

2. Acceptability criteria. The unit shall contain the following equipment in proper operating condition: A cooking stove or range and a refrigerator of appropriate size for the unit, and a kitchen sink with hot and cold running water. The sink shall drain into an approved public or private system. Adequate space for the storage, preparation and serving of food shall be provided. There shall be adequate facilities and services for the sanitary disposal of food wastes and refuse, including facilities for temporary storage where necessary (e.g. garbage cans).

C. Space and security

1. Performance Requirement. The dwelling unit shall afford the Family adequate space and security.

2. Acceptability criteria. A living room, kitchen area, and bathroom shall be present; and the dwelling unit shall contain at least one sleeping room or living/sleeping room of appropriate size for each two persons. Exterior doors and windows accessible from outside shall be lockable.

D. Thermal environment

1. Performance Requirement. The dwelling unit shall have and be capable of maintaining a thermal environment healthy for the human body.

2. Acceptability criteria. The dwelling unit shall contain safe heating and/or cooling facilities which are in proper operating condition and can provide adequate heat and/or cooling to each room in the dwelling unit appropriate for the climate to assure a healthy living environment. Unvented room heaters which burn gas, oil or kerosene are unacceptable.

E. Illumination and electricity

1. Performance requirement. Each room shall have adequate natural or artificial illumination to permit normal indoor activities and to support the health and safety of occupants. Sufficient electrical sources shall be provided to permit use of essential electrical appliances while assuring safety from fire.

2. Acceptability criteria. Living and sleeping room shall include at least one window. A ceiling or wall type light fixture shall be present and working in the bathroom and kitchen area. At least two electric outlets, one of which may be an overhead light, shall be present and operable in the living area, kitchen area, and each bedroom area.

F. Structure and materials

1. Performance requirement. The dwelling unit shall be structurally sound so as not to pose any threat to the health and safety of the occupants and so as to protect the occupants from the environment.

2. Acceptability criteria. Ceilings, walls and floors shall not have any serious defects such as severe bulging or leaning, large holes, loose surface material, severe buckling or noticeable movement under walking stress, missing parts or other serious damage. The roof structure shall be firm and the roof shall be weathertight. The exterior wall structure and exterior wall surface shall not have any serious defects such as serious leaning, buckling, sagging, cracks or holes, loose siding, or other serious damage. The condition and equipment of interior and exterior stairways, halls, porches, walkways, etc., shall be such as not to present a danger of tripping or falling. Elevators shall be maintained in safe and operating condition.

G. Interior air quality.

1. Performance requirement. The dwelling unit shall be free of pollutants in the air at levels which threaten the health of the occupants.

2. Acceptability criteria. The dwelling unit shall be free from dangerous levels of air pollution from carbon monoxide, sewer gas, fuel gas, dust, and other harmful air pollutants. Air circulation shall be adequate throughout the unit. Bathroom area shall have at least one openable window or other adequate exhaust ventilation.

H. Water supply

1. Performance requirement. The water supply shall be free from contamination.

2. Acceptability criteria. The unit shall be served by an approved public or private sanitary water supply.

I. Lead-based paint.

1. Performance requirement. Homes constructed prior to 1978 shall be free of potential hazards due to lead based paint.

2. Acceptability criteria. The unit shall be free of defective paint that is chipping, peeling, scaling, flaking, or loose, particularly, all chewable protruding painted surfaces up to five feet from the floor or ground, which are readily accessible to children under seven years of age, e.g., protruding corners, windowsills and frames, doors and frames, and other protruding woodwork .

J. Access

1. Performance requirement. The dwelling unit shall be useable and capable of being maintained without unauthorized use of other private properties, and the building shall provide an alternate means of egress in case of fire.

2. Acceptability criteria. The dwelling unit shall be useable and capable of being maintained without unauthorized use of other private properties. The building shall provide an alternate means of egress in case of fire (such as fire stairs or egress through windows).

K. Site and neighborhood

1. Performance requirement. The site and neighborhood shall be reasonably free from disturbing noises and reverberations and other hazards to the health, safety, and general welfare of the occupants.

2. Acceptability criteria. The site and neighborhood shall not be subject to serious adverse environmental conditions, natural or manmade, such as dangerous walks, steps, instability, flooding, poor drainage, septic tank back-ups, sewage hazards or mud slides; abnormal air pollution, smoke or dust; excessive noise, vibration or vehicular traffic; excessive accumulations of trash; vermin or rodent infestation; or fire hazards.

L. Sanitary condition

1. Performance requirement. The unit and its equipment shall be in sanitary condition.

2. Acceptability criteria. The unit and its equipment shall be free of vermin and rodent infestation.

1. Standard tubs only, no garden or jacuzzi style tubs.
2. FHA approved materials only.
3. Shingled roofing only.
4. No lake front housing.
5. No tennis courts. (unless condominium)
6. No pools, unless above ground and no value added to property (unless condominium).
7. Lot size limited to 3/4 acre or less.
8. No more than a 2-car garage.
9. Exterior doors for new construction to be solid core steel or wood. Interior to be hollow-core.
10. No metal bars on windows or doors.
11. No fencing to be included with new construction at time of purchase unless required by code or ordinance.

KEYSTONE CHALLENGE FUND, INC.

2005 S. Florida Ave.
 Lakeland, FL 33803
 (863) 682-1025 FAX (863) 687-2863

**LENDER'S REQUEST FOR ASSISTANCE - GAP FUNDS**

Page 1

BUYER/PROPERTY INFORMATION	
Name of Buyer:	Name of Co-Buyer:
Street Address of Property to be purchased:	
City, State, Zip Code:	
Contract Price: \$	Appraised Value: \$
(Check one) New Construction: _____ Existing Unit w/Rehab _____ Existing w/out Rehab _____ Year Built: _____ (If Existing)	

MORTGAGE LENDER INFORMATION			
Mortgage Lender Name:			
Mailing Address:			
Contact Name:			
Phone: () -	Fax: () -		
Amount of First Mortgage: \$	PITI: \$	Anticipated Date of Commitment:	Anticipated Closing Date:

MORTGAGE BROKER /CORRESPONDENT INFORMATION			
File Submitted By (if other than lender): Company			
Mailing Address:			
Phone: () -	Fax: () -	Contact:	

HOUSEHOLD INFORMATION	
Number of Household Members:	Gross Annual Income: \$
FOR KEYSTONE USE _____ Very Low Income _____ Low Income _____ Moderate Income	

MORTGAGE LENDER INFORMATION		
Down Payment: \$	+ Total Costs:\$	(Amount on Line i from Section VII/1003)
Closing Costs: \$	- Total Credits: \$	(Amount on Lines k + l, Section VII/1003)
Total: \$	- 1st Mortgage: \$	(Amount on Line o from Section VII/1003)
	= Cash from Borrower: \$	(Amount on Line p from Section VII/1003)

KEYSTONE CHALLENGE FUND, INC.

2005 S. Florida Ave.
Lakeland, FL 33803
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Keystone
CHALLENGE FUND

CHECKLIST- Page 2

IN FILE		ALL FILES
YES	NO	
		Good Faith Estimate
		Lender's Transmittal Summary/Mortgage Credit Analysis Worksheet
		*Original, signed Household Certification/Consent Form with proof of dependent information attached.
		Home Buyer Education Certificate of Completion
		Copy of Driver's License and Resident Alien Cards (if applicable), for all heads/co-heads of household. (Borrowers and non-borrowers)
		Completed, signed, typed Uniform Residential Loan Application (1003)
		Current VOE on Each Adult Household Member (dated within 30 days) <u>and</u> copies of current paystubs
		Third party verification of all other sources of income
		Copy of tax return for the preceding year (with W-2s)
		A copy of the most recent bank statement for savings accounts. VOD not required.
		Copies of last 6 months statements on all checking accounts. VOD not required
		Verification of other assets not held in a financial institution (including retirement account information)
		Verification of Rent to cover current residence
		Contract for Sale and Purchase
		Appraisal
		Credit Report and applicable explanations (Lakeland only)
		Letter of explanation regarding total debt to income ratio in excess of 45%.
NEW CONSTRUCTION ONLY		
		Builder's current state and/or county licenses
		Certificate of Occupancy - If not in file, provide expected date: _____
		Final Survey – If not in file, provide expected date: _____
		Soil Treatment Warranty
RESALES ONLY		
		* HQS Inspection Checklist - completed by home inspector or appraiser
		Termite Report
		Final Inspection Report

NOTE: Copies accepted unless otherwise noted above

* Requires a specific Keystone form

CLOSING AGENT INFORMATION		
Name of Closing Agent (as it is to appear on check):		
Mailing Address:		
Phone: () -	Fax: () -	Contact:

HOUSEHOLD CERTIFICATION & CONSENT FORM
TO BE COMPLETED BY BORROWER(S)

You are applying for a mortgage loan through _____ (Name of Company)
 _____ (Address of Company)

and you hereby provide consent for this Company to release any and all information regarding income, employment, rental history, assets, and household composition to Keystone Challenge Fund in order to determine your eligibility to receive down payment and/or closing cost assistance funds administered by Keystone Challenge Fund. Keystone Challenge Fund administers funds loaned by the Polk County Housing & Neighborhood Development Division, The City of Lakeland, and the City of Winter Haven to low and moderate-income home buyers. The actual funds are provided through State or Federal sources and you understand that certain eligibility requirements must be met in order to receive these funds. You are further advised that all documents regarding this assistance will constitute public records and are subject to Florida's open records laws.

One requirement to receive these funds is that you must be certified by Keystone to be a low or moderate-income family. You are required to disclose the gross amount of income of all adults who will be living in the home whether or not they are related to you or listed as a borrower on your mortgage loan. This includes income from all sources. You are also required to disclose all income received for the benefit of minors living with you including child support, social security, AFDC, or other. You do not have to disclose income from employment that is earned by a minor unless they are your spouse or a co-head of household. Disclose all income that is anticipated to be received during the coming 12-month period. You are also required to disclose all assets for all household members including assets held by minors. Furthermore, it is important that you understand that you must be eligible on the day that assistance is awarded to you, not the application date, and any changes to your income, family size, etc. should be reported to Keystone or your mortgage lender during the mortgage application process.

Your mortgage lender may not have required you to disclose all income and assets for purposes of your loan approval with them. This form is being provided to you as an application for assistance and full disclosure of income and assets.

Your application will be reviewed for other eligibility requirements relating to the price, condition, location, affordability of the property, and others as established by Polk County Housing & Neighborhood Development Division, the City of Lakeland, and the City of Winter Haven, as applicable.

PART I - HOUSEHOLD CERTIFICATION

The head of household and any co-head of household or spouse do hereby certify to the following:

- a. I/We plan to reside in the home.
- b. All household members who will reside in the home are listed below.
- c. I/We are disclosing all income earned by or for the benefit of any household member who is a head of household, co-head of household, or spouse regardless of age, the income earned by other household members over the age of 17, and any and all income received for the benefit of any household member under the age of 18.
- d. No other persons are expected to reside in the property other than those disclosed below.

Head of Household Name:	Social Security #: - -	Age:
Sources of Income: (check as applicable) <input type="checkbox"/> Employment <input type="checkbox"/> Alimony <input type="checkbox"/> Child Support <input type="checkbox"/> Social Security <input type="checkbox"/> Pension <input type="checkbox"/> Public Assistance <input type="checkbox"/> Other _____		
Has this income been disclosed on the application to your lender? <input type="checkbox"/> Yes <input type="checkbox"/> No. If No, Amount \$ _____ per _____		
If No - provide proof of income with this form such as a copy of a check, award letter, or court order.		
Co-Head of Household Name:	Social Security #: - -	Age:
Sources of Income: (check as applicable) <input type="checkbox"/> Employment <input type="checkbox"/> Alimony <input type="checkbox"/> Child Support <input type="checkbox"/> Social Security <input type="checkbox"/> Pension <input type="checkbox"/> Public Assistance <input type="checkbox"/> Other _____		
Has this income been disclosed on the application to your lender? <input type="checkbox"/> Yes <input type="checkbox"/> No. If No, Amount \$ _____ per _____		
If No - provide proof of income with this form such as a copy of a check, award letter, or court order.		

List Other Members of Household Here

Household Member Name:		Age:	DOB: / /
Social Security #: - -		Relationship to you:	
If 18 or over - Income earned per month: \$		Employer Name & Address:	
Student: (yes/no) Disabled: (yes/no)			
Household Member Name:		Age:	DOB: / /
Social Security #: - -		Relationship to you:	
If 18 or over - Income earned per month: \$		Employer Name & Address:	
Student: (yes/no) Disabled: (yes/no)			
Household Member Name:		Age:	DOB: / /
Social Security #: - -		Relationship to you:	
If 18 or over - Income earned per month: \$		Employer Name & Address:	
Student: (yes/no) Disabled: (yes/no)			
Household Member Name:		Age:	DOB: / /
Social Security #: - -		Relationship to you:	
If 18 or over - Income earned per month: \$		Employer Name & Address:	
Student: (yes/no) Disabled: (yes/no)			
Household Member Name:		Age:	DOB: / /
Social Security #: - -		Relationship to you:	
If 18 or over - Income earned per month: \$		Employer Name & Address:	
Student: (yes/no) Disabled: (yes/no)			
Household Member Name:		Age:	DOB: / /
Social Security #: - -		Relationship to you:	
If 18 or over - Income earned per month: \$		Employer Name & Address:	
Student: (yes/no) Disabled: (yes/no)			

I/We certify that I/We have read and understood the above and the information I/We am/are providing is true and correct as of this date. I/We understand that all income for each household member must be disclosed and that I/We will be asked to provide proof of income and dependent relationships.

Signature of Head of Household

Signature of Co-Head of Household or Spouse

Date

Date

WARNING: Florida Statute 817 provides that willful false statements or misrepresentation concerning income and assets or liabilities relating to financial condition is a misdemeanor of the first degree and is punishable by fines and imprisonment provided under S775.082 or 775.83.

ATTACH TO THIS CERTIFICATION (for each dependent named above): Copy of Birth Certificate, or copy of a school record showing **your** name and address, or letter of adoption, or social security card, or copy of court-ordered guardianship letter, or copy of divorce decree.

PART II - ASSET CERTIFICATION

I/We understand that we must disclose all assets, cash or non-cash items that can be converted to cash, for all household members **including minors**. Typical assets include savings, checking accounts, certificates of deposit, stocks, bonds, IRA accounts, retirement and pension funds, lump sum receipts such as lottery winnings, insurance settlements, and personal property held as an investment such as gems, jewelry, and coin collections.

Check one:

_____ All assets have been disclosed on our application.

_____ The following assets have not been disclosed on our application.

Type of Asset	Held By* (If a Financial Institution, Company, etc.)	Name of Household Member Owning Asset	Value of Asset

*NOTE: Attach statements providing value of asset if held by a third party such as a checking, savings, certificate, pension fund, stocks, etc.

In addition, I/We certify that during the preceding 24 months, I/We (check one) _____ HAVE _____ HAVE NOT disposed of more that \$1,000 in asset(s) for less than fair market value.

If HAVE is checked above, complete the following for each disposition:

1. The asset was _____. The date of disposition was _____.
The fair market value of the asset was \$ _____. We disposed of it for \$ _____.
2. The asset was _____. The date of disposition was _____.
The fair market value of the asset was \$ _____. We disposed of it for \$ _____.
3. The asset was _____. The date of disposition was _____.
The fair market value of the asset was \$ _____. We disposed of it for \$ _____.

Signature of Head of Household

Signature of Co-Head of Household or Spouse

Date

Date

PART III - AUTHORIZATION TO RELEASE INFORMATION

By signing the following you agree to allow The Keystone Challenge Fund to verify any and all income, credit, savings, and rental references in regard to your application as needed to determine eligibility. You also agree to furnish information requested by Keystone directly from you to facilitate your request for assistance or document your eligibility.

KEYSTONE CHALLENGE FUND, INC.
2005 S. Florida Ave.
Lakeland, FL 33803
863-682-1025
863-687-2863 Fax

AUTHORIZATION TO RELEASE INFORMATION

To Whom It May Concern:

I have made an application to Keystone Challenge Fund, Inc. to obtain a loan to purchase or refinance a home.

I hereby authorize the Keystone Challenge Fund, Inc. and/or its assigns to verify my past and present employment earnings records, bank accounts, stock holdings, and any other asset balances that are needed to process my mortgage loan application. I further authorize Keystone Challenge Fund, Inc. to order a consumer credit report and verify other credit information, including past and present mortgage and landlord references.

Photocopies of this letter may be made to facilitate multiple inquiries. In the event you do receive a photocopy of this letter, it should be treated as an original and the requested information be released.

The information obtained by Keystone is only to be used in the processing of my application for a mortgage loan.

PRIVACY ACT NOTICE: This information is to be used by the agency collecting it or its assignees in determining whether you qualify as a prospective mortgagor under its program. It will not be disclosed outside the agency except as required and permitted by law. You do not have to provide this information, but if you do not, your application for approval as a prospective mortgagor or borrower may be delayed or rejected. The information requested in this form is authorized by Title 38, USC, Chapter 37 (if VA); by 12 USC, Section 1701 et. seq. (if HUD/FHA); by 42 USC, Section 1452b (if HUD/CPD); and Title 42 USC, 1471 et. seq. of 7 USC, 1921 et. seq. (if USDA/FMHA).

Signature - Head of Household

Social Security Number

Date

**Signature - Co-Head of Household
(or Spouse)**

Social Security Number

Date

KEYSTONE CHALLENGE FUND, INC.
Gap Program

Registration Form
 (Revised 01-02-09)



Date of Request: / /		
Name of Applicant:		
Property Street Address:		
City:	Check if inside City limits of: <input type="checkbox"/> Lakeland <input type="checkbox"/> Winter Haven	
Sales Price: \$	Check one: <input type="checkbox"/> New (OR) <input type="checkbox"/> Existing with <input type="checkbox"/> rehab/repairs <input type="checkbox"/> no repairs <input type="checkbox"/> Check here if Modular Home	
Under Contract?: <input type="checkbox"/> Yes <input type="checkbox"/> No	Contract Date: / /	Anticipated Closing Date: / /
Number in Household:	Gross Annual Income: \$	Check one: <input type="checkbox"/> Very Low <input type="checkbox"/> Low <input type="checkbox"/> Mod
Funds Requested		
Down Payment: \$	Funds Requested By: (Name of Contact)	
Closing Cost: \$	Company:	
Total Request: \$	Address:	
	Phone: ()	Fax: ()
Homebuyer Education Class:		
Date Attended: / / Provider:		
Current Address Info for Applicant:		
Home Phone: ()	Work Phone: ()	Cell Phone: ()

Important: By sending this form, you as the Contact, acknowledge that you have pre-screened the applicant for eligibility under the Keystone Challenge Fund Gap Program guidelines, and have pre-qualified or obtained approval for a first mortgage loan meeting the requirements of those guidelines. You also agree to provide documentation to assist Keystone regarding a final determination of the client's eligibility for program assistance funds within the required time frame as may be requested.

For Keystone Use Only	<input type="checkbox"/> Lakeland <input type="checkbox"/> Winter Haven <input type="checkbox"/> Polk County
	<input type="checkbox"/> Very Low <input type="checkbox"/> Low <input type="checkbox"/> Moderate
Registration Confirmation Date: / /	Good through: / /
Authorized Signature:	Confirmation <input type="checkbox"/> Faxed <input type="checkbox"/> Mailed Initials

Registration is not valid without confirmation from Keystone. Subject to final approval and determination of funds available for client by appropriate government entity.
Fax form to 863-687-2863