

Office of Community Development

DOWN PAYMENT ASSISTANCE GUIDE

PROGRAM OVERVIEW:

The program is designed to stabilize neighborhoods by assisting low to moderate income, first time homebuyers in purchasing a modest single-family home in Plymouth for their primary residence.

The Program is funded by the Affordable Housing Trust (the “Lender”) for deed restricted properties using the guidelines set forth by the U.S. Department of Housing and Urban Development Department Community Development Block Grant (CDBG) program.

Funds are made available to eligible households as a **zero** percent interest deferred payment second mortgage loan. **Homebuyers are required to invest a minimum of 1.5% of the purchase price** of the home and would repay the loan upon sale, transfer, otherwise encumber or no longer using as their primary residence.

The maximum amount available to eligible households is up to **\$15,000**. based on need calculated by Program Director. The funds can be used for up to 50% of the required down payment and additionally towards reasonable closing costs, cannot be used for prepaid items. For example, you have a 5% required Mortgage loan program and we can help with 2.5% of that and then additionally cover closing costs with the exception of the escrows (prepaids)

Funds are not reserved until the applicant has been certified eligible and the appropriate paperwork has been received by the Office of Community Development (OCD).

ALLOCATION OF FUNDS: These funds can only go towards down payment and closing costs that are not already being covered by another source Final approval of the closing disclosure is required by the Director and funds will **not** be released if the terms of the original mortgage approval or the Loan Estimate change without approval of the OCD.

*This program is contingent on availability of funds.

APPLICANT ELIGIBILITY

FIRST TIME HOMEBUYER: A first-time homebuyer is an individual who meets any of the following criteria:

- An individual who has had no ownership in a principal residence during the 3-year period ending on the date of purchase of the property. This includes a spouse (if either meets the above test, they are considered first-time homebuyers).
- A single parent who has only owned with a former spouse while married.
- An individual who is a displaced homemaker and has only owned with a spouse.
- An individual who has only owned a principal residence not permanently affixed to a permanent foundation in accordance with applicable regulations.

- An individual who has only owned a property that was not in compliance with state, local or model building codes and which cannot be brought into compliance for less than the cost of constructing a permanent structure.

HOME BUYER EDUCATION: Program participants are required to complete a homebuyer education class conducted by a HUD approved housing counseling agency. Copy of certificate required.

INCOME ELIGIBILITY: Participation in the program is limited to income eligible, first time home buyers. A household’s gross income must be at or below 80% of the Area Median Income (AMI) for Town of Plymouth, MA MSA, adjusted for household size, as determined by HUD.

CURRENT (2021) INCOME LIMITS*

Family Size	1 person	2 persons	3 persons	4 persons	5 persons	6 persons	7 persons	8 persons
Maximum Income	\$78,300	\$89,500	\$100,700	\$111,850	\$120,800	\$129,750	\$138,700	\$147,650

**HOME Income Limits at time of assistance apply and are updated by HUD annually*

ASSET LIMIT: For the purpose of determining eligibility for the Program, applicants cannot currently own or have assets exceeding **\$75,000**. The value of equity in real estate is included in this calculation. Assets held in foreign countries must be included in this calculation. All assets held by each member of the household must be verified.

PRINCIPAL RESIDENCE: Assisted households are required to occupy the home acquired as their principal residence until they sell or transfer the property

ELIGIBLE PROPERTIES

LOCATION: The housing unit to be purchased must be located within the municipal boundaries of the Town of Plymouth and be a single-family home or condo.

PROPERTY STANDARDS:

- **HOME INSPECTION** you are required to have a home inspection at your expense, and it will be reviewed by our Rehab specialist
- **HQS INSPECTION** Our Rehab specialist will contact the realtor to get access to the property to do a Health Quality Standard Inspection (HQS) You do not have to pay for this inspection
- **LEAD PAINT COMPLIANCE:** Properties built prior to 1978 will require a valid letter of Lead Compliance or a Lead Inspection by a licensed lead inspector and then evidence of compliance with federal and state requirements. Property must be free from lead paint hazards before occupancy. The OCD can help with the testing and the lead abatement.

LOAN TERMS:

MAXIMUM LOAN AMOUNT: The maximum loan amount is based on financial need determined by the Office of Community Developments evaluation of household income and shall not exceed \$15,000. For those homes built before 1978 that need assessment and/or rehabilitation

to remove lead hazards, clearance and notification of additional funds may be available upon request. Estimates require OCD approval. The Town will determine the maximum amount for the activities based on estimates and available funds. The OCD reserves the right to decline requests when funds available are insufficient to cover costs and or when the rehab estimates make the project financially unfeasible.

MAXIMUM PURCHASE PRICE: The maximum purchase price, including the first mortgage and the AHT Second Mortgage, **cannot exceed the Appraised Value** of the property.

DEFERRED PAYMENT LOAN TERMS: The program loan is a zero (0%) percent deferred payment loan i.e. the Borrower will not be required to pay interest or make monthly payments on the loan. However, all of the principal must be repaid if the home is sold, transferred, otherwise encumbered, no longer used as the borrowers' primary residence, or if there are any violations of the restrictions or conditions of the program. Borrower shall keep the property in good order, repair and condition.

REPAYMENT REQUIREMENTS: Borrowers are required to repay the full amount borrowed upon sale, transfer, or otherwise encumber the property or if no longer using as their primary residence. This obligation will be secured with a Mortgage recorded at the Plymouth Registry of Deeds and Promissory Note. Borrowers shall notify the Office of Community Development and arrange to make the repayments to the **"Office of Community Development"**.

PERMISSION TO REFINANCE/ ENCUMBER THE PROPERTY: In the event of a re-finance of the first mortgage or other encumbrance of the property, e.g. a home equity loan or line of credit, the owner is required to notify the Office of Community Development (lender) to obtain approval. The Lender will evaluate the request in accordance with its Refinance Policy (Exhibit A) and may require the Borrower to repay the loan.

CO-SIGNER/ GUARANTOR: The program does not allow for a Co-Signer/ Guarantee.

In exceptional circumstances and upon requests the Town may grant a waiver of the criteria upon receipt of satisfactory evidence that such a waiver will not place an undue burden on the borrower and will not result in an undue risk to recapture the loan proceeds upon sale or refinancing.

UNDERWRITING CRITERIA FOR FIRST MORTGAGE(S) AHEAD OF THE LOAN.

The following underwriting criteria are required for any mortgage(s) ahead of the DPA loan.

- The mortgage shall be from an institutional lender, i.e. state or national bank, state or federal savings and loan association or credit unit, cooperative bank, Mortgage Company, trust company, insurance company, or other governmental lender.
- Term of loan for various property types:
 - **Single Family Homes and Condos:** Fixed rate loan with a term **not to exceed 30 years.**
- **First mortgage rate** of no more than 2 percentage points above the current Mass Housing interest rate for households at or below 80% of the area median income for Plymouth, MA, MSA.
- The mortgage has a maximum of 2 points.
- Ratios not to exceed HUD max guidelines
- Interest only, balloon, adjustable-rate mortgages (ARMS) and subprime loans are not eligible.
- Pre-payment penalties are not allowed.

APPLICATION PROCESS:

STEP 1: Review the Policy manual to ensure you can meet the program requirements.

STEP 2: Obtain a Mortgage Pre-Approval Letter from a qualifying lender. First Mortgage Requirements are included in this document on page 5.

STEP 3: Using the application checklist on page one of the application form, gather copies of the required documentation for all members of your household 18 years and older including but not limited to tax returns, verification of income and assets, Request for Copy of Tax Returns 4506 and declaration of citizenship forms. Please do not use staples, use paperclips to separate documents.

STEP 4: Complete the Application form and packet as indicated on page 1 of the application. Submit with all required documents to the Office of Community Development for consideration.

STEP 5: Provide the OCD with a copy of the Home Inspection Report for Review

STEP 6: OCD Rehab specialist will contact the Realtor to gain access to the property for inspection

STEP 5: The Town will notify you if you meet the preliminary requirements and provide a checklist with the next steps. You can enter into a purchase and sales agreement that is "Conditional upon Receiving Office of Community Development Homebuyer Assistance" when notified. **Reminder: the funds are not committed until final eligibility requirements are met and the maximum amount is not guaranteed, the Town will calculate the amount of assistance based on need not to exceed \$15,000.**