



HOUSING & REDEVELOPMENT AUTHORITIES
— OF CUMBERLAND COUNTY —

Better Places, Better Lives

**CUMBERLAND COUNTY AFFORDABLE
HOUSING TRUST FUND FIRST-TIME
HOMEBUYER DOWNPAYMENT and
CLOSING COST ASSISTANCE
PROGRAM GUIDELINES
2022**

Program Agent:

**Redevelopment Authority of Cumberland County
114 N. Hanover Street
Carlisle, PA 17013
(717) 249-0789 or 1-866-683-5907**

**Program Administrator:
Housing Program Specialist**

1. Introduction

- a. The down payment and closing cost assistance program was developed to make home ownership more affordable for first-time homebuyers who earn the Cumberland County's Area Median Income (AMI) or less.
- b. The program is funded by the Affordable Housing Trust Fund. The funding stream is a fee from the recording of Deeds and Mortgages in the county.
- c. A board of directors oversees the Affordable Housing Trust Fund. Meetings are held quarterly to review financials and other program needs/issues.
- d. The Redevelopment Authority of Cumberland County is the agent for the program. The Housing Program Specialist administers the program by receiving and processing applications, awarding grants and completing all necessary paperwork according to these guidelines. If situations arise not included in these guidelines, the Housing Program Specialist will seek approval from the Affordable Housing Trust Fund Board.

2. General

- a. This Program offers grant assistance of up to \$5,000 in the form of a five-year (5) forgivable loan to eligible first-time homebuyers with an income at or below 100% of the Area Median Income (AMI). Through the Affordable Housing Trust Fund, Cumberland County's Down Payment and Closing Cost Assistance Program will match the participants' contribution 3-to-1. For every \$1 the participant contributes to their down payment and closing costs, the County will provide \$3 in grant assistance up to \$5,000. The grant must be used for down payment and closing costs.
- b. The grant award for participants with a gross family income at or below 80% AMI can be up to \$5,000. The grant award for participants with a gross family income between 80% and 100% AMI can be up to \$3,000.
- c. The Redevelopment Authority of Cumberland County will take a subordinated lien position to the first mortgage and/or to mortgages of other government housing programs.
- d. This grant may be used with other down payment and closing cost assistance programs with the exception of the First Front Door program.
- e. A grant agreement will be executed and recorded on behalf of Cumberland County in the amount awarded.
- f. No monthly payments are required.

3. Guidelines

- a. All interested parties will complete an application and provide all the required documents listed within the application.
- b. Applications will be accepted throughout the year.
- c. Applications will be processed on a first come first serve basis.
- d. Every effort will be made to process application within a two-week period.
- e. The number of applicants chosen each year will depend upon the annual Affordable Housing Trust Fund allocation to the Down Payment and Closing Cost Assistance Program for that year.
- f. Applications will only be considered if they are complete and after the following documentation has been submitted:
 - i. Proof of all household income for eight (8) weeks for those who will be living in the new home over 17 and not a full-time student
 - ii. Copy of most recent Federal Income Tax return including W-2's
 - iii. At least two (2) months of checking/savings account statements

- iv. Satisfactory evidence that funds to be matched are the participants' own funds
- v. Recent statement of any other assets showing the cash value
- vi. Birth certificate OR social security card for all household members
- vii. Photo identification for all household members over 17 years of age
- viii. Pre-approval from a lender
- g. The program administrator will review all applications received; document income eligibility and verify first-time homebuyer status.
- h. Upon being chosen for assistance, an applicant will be notified by mail and/or email. An approval letter must be signed and returned within two weeks of notification, verifying the applicant's acceptance or rejection of the assistance.
- i. Upon acceptance, the applicant has six months (180 days) to close on a mortgage loan for the purchase of a single family, owner occupied dwelling in Cumberland County. In the event the settlement cannot take place within the required time due to no fault of the buyer, an additional thirty days may be granted at the discretion of the program administrator.
- j. Participants must provide satisfactory evidence that the funds to be matched are the participants' own funds. Buyers may not contribute more than \$20,000. The \$20,000 includes the buyers own funds, all gift funds and all sellers assistance.
- k. The buyer's assets must not exceed \$30,000 after settlement.
- l. An upfront release fee will be required from settlement for the Redevelopment Authority of Cumberland County to release the grant after the five (5) year anniversary of the grant.
- m. The loan documents and a disbursement check will be provided to the settlement agent on behalf of the participant AFTER the final Closing Disclosure is reviewed by the program administrator to confirm that the grant and upfront release fee are included and that the participant is not exceeding the \$20,000 contribution limit.
- n. The settlement agent will be requested to send copies of the recorded Grant Agreement to the program administrator along with the upfront check covering the fee to release the grant at the end of the five-year (5) period.

4. Eligibility

- a. The total household income cannot exceed 100% of Area Median Income (AMI) by family size based upon the most recent guidelines as published by the U.S. Department of Housing and Urban Development for the Section 8 Rental Assistance Program. These guidelines are issued annually.
- b. Participants must have a credit score of 620 or higher to be eligible for assistance. Participant must provide a document(s) from a lender indicating a 620 credit score (or higher). The participant has the option to request the Redevelopment Authority obtain their credit report. The participant must reimburse the Redevelopment Authority the cost to obtain participants credit report.
- c. Households with an annual gross income at or below 80% of the Area Median Income (AMI) will be eligible for up to \$5,000 in a grant award. Households with an annual gross income between 80% and 100% of the Area Median income (AMI) will be eligible for up to \$3,000 in a grant award.
- d. Participant must provide proof that they are able to expend 1/3 of the awarded amount toward down payment and closing costs.

- e. Participants may not contribute more than \$20,000 which includes buyer own funds, all gift funds and all sellers assistance toward the down payment and closing cost of their home.
- f. The applicant must be a first-time homebuyer or cannot have owned a home within the last three years. A first-time homebuyer is defined as someone who has never before owned a home, has owned a mobile home but not the land the mobile home was located on, or someone who has lost his or her home due to a divorce settlement and has not owned a home since (displaced homemaker).
- g. The applicant must complete a Certified Homebuyer Workshop and provide a certificate of completion to the program administrator prior to settlement.
- h. Applicants of any household size are eligible.
- i. Applicants must live or work in Cumberland County for at least six months prior to applying.
 - i. An applicant can be eligible if a household member has worked in Cumberland County for at least six months. Written proof will be required.
- j. The home to be purchased must be located within Cumberland County.
- k. The program administrator will verify the matching funds prior to settlement. If the funds are not proven to match the maximum grant amount, the grant check will be reduced to correspond with participant's matching funds 3-to-1.
- l. If the applicant has entered into an Agreement of Sale, a copy should be included with the application packet.
- m. Eligible applicants may be assisted by this program to purchase homes of any price. The following restrictions apply to all manufactured and factory-built housing:
 - i. The program will consider loans for properties that include a Manufactured or other Factory-Built home providing that, the manufactured home has been built under the Federal Manufactured Home Construction and Safety Standards that were established June 15, 1976. For other Factory-Built housing, such as prefabricated, panelized, modular or sectional housing, they must meet local zoning and building codes. In addition, the following criteria apply to both types of housing units:
 1. Home must be defined, deeded, and taxed as fee simple real estate
 2. Wheels, axles, and trailer hitches must be removed when the unit is placed on its permanent site
 3. Home must be permanently affixed to a foundation requirements set forth below:
 - a. A foundation that has footings located below the frost line. If piers are used, they must be placed where the unit manufacturer recommends. If state law requires anchors, they must be provided. The foundation must meet local codes and have been designed by an engineer to meet soil conditions of the site and assume the characteristics of site-built housing.
 - b. A "Floating Slab" foundation may be considered.
 4. The purchase of the land and the unit must represent a single real estate transaction under applicable state law.

5. The financing must be evidenced by a mortgage or a deed of trust recorded in the land records. A combination of chattel and real estate mortgage is not acceptable.
 6. An inspection to verify the above criteria will be required, the cost of which will be the buyer's responsibility.
 7. The mortgage amount cannot include the financing of furniture, mortgage life insurance, property damage insurance, or any other form of insurance.
- n. Income limits will be determined by Housing of Urban Development Income Limits Documentation System which changes annually
- o. If an applicant is not eligible to receive the grant, a letter will be sent to them with an explanation of why they are not eligible.

2022 Current Income Limits
(Income Limits subject to revision)

| Household Size | 80% | 100% of median income |
|----------------|----------|-----------------------|
| 1 | \$52,850 | \$66,050 |
| 2 | \$60,400 | \$75,450 |
| 3 | \$67,950 | \$84,900 |
| 4 | \$75,450 | \$94,300 |
| 5 | \$81,500 | \$101,850 |
| 6 | \$87,550 | \$109,400 |
| 7 | \$93,600 | \$116,950 |
| 8 | \$99,600 | \$124,500 |

5. Approval

- a. Applicants who qualify for the program will be sent an Approval Letter informing them of the assistance and requirements for receiving the assistance. Applicants will be asked to confirm their interest in the program by returning a signed copy of the Approval Letter. Applicants will be provided a copy of the Grant Agreement, which they will be required to sign at settlement.
- b. The program administrator will prepare the grant and have it signed, with notary, by the Executive Director.

6. Approval to Award

- a. When the applicant has an offer accepted on a home, they will need to provide the following:
 - i. Copy of the Agreement of Sale (if not already provided)
 - ii. Copy of the Loan Estimate
 - iii. Copy of a home owner's insurance binder showing the Redevelopment Authority of Cumberland County, 114 N. Hanover St., Carlisle, PA 17013 as the second mortgagee
 - iv. Company, contact name, address, email, and phone for:
 1. The lender

2. The real estate professional
 3. Settlement agent
 - v. Two weeks' notice of closing for the program administrator to request the grant check including the agent for whom to write the check.
 - vi. Provide a copy of the final Closing Disclosure for the program administrator to review.
- b. The program administrator will work with the settlement agent and lender to be sure the grant and check are present for settlement.

7. Deed Restriction

- a. The Grant Agreement is to be a decreasing lien placed against the property in the amount awarded. The grant shall be refunded if the title to the property is sold; transferred, conveyed or equitable interest is extinguished within a period of five (5) years from the date of the grant agreement according to the following lien forgiveness formula. The grant amount shall be forgiven by one-sixtieth (1/60) of the original sum after the first monthly anniversary date of the grant agreement and by one-sixtieth (1/60) on each subsequent monthly anniversary date thereafter if the grantee(s) continues to reside in the property as their primary residence.
- b. In the event the property is conveyed or otherwise disposed of, or the grantee(s) ceases to utilize the property as their primary residence, the entire obligation, which has not been forgiven as per the above formula, shall be due and payable. Should the grantee(s) die before forgiveness of the entire grant amount, the portion unforgiven shall be due and payable upon conveyance of the property.
- c. The county's interest in the property shall be secured with the filing of appropriate documents in the County Recorder of Deeds and /or Prothonotary's Office.

8. Administration

- a. A hard copy file will be prepared for all program applicants. Applicant's paperwork will be kept confidential and secure.
- b. For all grant awards: the original Grant Agreement and Closing Disclosure will be kept with an annual file to be available for grant pay-offs and releases.
- c. At the end of the five (5) year period, the grant will be released. The original grant and letter will be sent to the recipient.
- d. Complete files will be kept for five (5) years after completion of the program.