

THE CITY OF MIDDLETOWN, OHIO
Middletown Homeownership Partnership
HOME Program-Funded Down Payment/Closing Cost Assistance

Applicant Eligibility – Adjusted Gross Annual Income

One Person Households	\$38,950	Two Person Households	\$44,500
Three Person Households	\$50,050	Four Person Households	\$55,600
Five Person Households	\$60,050	Six Person Households	\$64,500
Seven Person Households	\$68,950	Eight Person Households	\$73,400

Note: these household income limits were established by HUD on May 14, 2010.

Note: These guidelines are subject to change at any point in time

Eligible Residential Properties

Single family residences (including condominium units) are eligible. These dwellings shall be located within the incorporated limits of the City of Middletown, Ohio.

Financial Assistance

Qualified home buyers are eligible to receive **up to** 6% of the contract purchase price toward the down payment and/or closing costs of the purchase of the home up to a maximum total of \$5,000. For eligible properties located in those neighborhoods indicated as a “Target Neighborhood” in the City’s 5 year HUD Consolidated Plan, assistance in an amount of **up to** 10% of the contract purchase price, not to exceed \$10,000 is available. The “Target Neighborhoods” can be found by reviewing the link on the City’s website at: <http://www.cityofmiddletown.org/community/comdev.html>

Program participants shall not receive ANY funds back at closing with the exception of returned earnest money or other personal funds, providing the equity requirements below have been adhered. Any tax pro-rations must be applied to principle, additional closing costs, zeroed out, or subtracted from the amount of down payment assistance needed.

Eligible Purchasers

Assistance is available to **any** homebuyer who meets the qualifications listed in these guidelines and providing the dwelling purchased will be the buyer’s primary owner occupied residence.

Equity Requirements

Participants must invest a minimum of \$500 into the purchase transaction. The equity requirement can include: earnest money (if applied to the home purchase and not returned), homeowners insurance, application fee, appraisal fee or independent home

inspection, etc. This equity requirement must be applied to typical purchase transaction costs or down payment and can not be used to pay off personal debt.

Pre-Purchase Education

Participants shall complete at least 6 hours of a Pre-Purchase Homebuyer Education class provided by LifeSpan, Inc or Neighborhood Housing Services of Hamilton, Inc. (NHS) prior to loan closing. **ALL** owner occupants of the property that will be purchased (except for dependents) must attend this class. LifeSpan will provide classes every other month starting May 2010 and NHS will provide classes every other month starting June 2010. Fees for the education will be listed on the buyer's settlement statement and the amount of down payment assistance provided will be increased to cover the cost of the classes. Participants will receive a certificate when the classes are completed. For the purposes of this program, the certificate is valid for one (1) year from the time of issuance. One on one classes will only be provided in emergency closing situations*.

**An emergency closing is defined as a household that is contractually set to close the loan on the new home purchase prior to the final homebuyer class of the upcoming class session.*

Program Administration

Each year, through a consortium with Butler County, the City of Middletown receives HUD Home Investment Partnership (HOME) Program dollars to fund this program. Guideline updates and procedural changes are completed through the Community Revitalization Department. However, the program will be administered through Neighborhood Housing Services of Hamilton, Inc. (NHS). A service fee payable to NHS to administer and monitor the program will be listed on the buyer's settlement statement at closing. The amount of down payment assistance to be provided will be increased by the amount of the administration servicing fee.

Participating Lenders & Other Requirements

Purchasers may obtain mortgage financing through lenders of their choice. Said financing shall meet the following underwriting criteria: monthly principle, interest, mortgage insurance, taxes and insurance costs shall not exceed 35% of adjusted gross monthly household income; and, these costs plus other long-term fixed obligations (remaining terms greater than 10 months) shall not exceed 45% of adjusted gross monthly household income. Property taxes and homeowners insurance must be escrowed.

All purchaser(s) must have sufficient creditworthiness. This is left to the discretion of the mortgage lender.

This program is not applicable for cash purchases. Bank financing is required for the majority of the purchase price (at least 80%). Any other Federal, State, or Local assistance for the purchase may subject this program to decline or limited funding.

All first mortgages shall be fixed rate loans with no negative amortization, balloon payments, or adjustable rate features. Although the lender may use a non-occupant co-signer or guarantor to qualify for the bank loan, the non-occupant's income may **not** be utilized to help qualify for this down payment assistance.

Execution of a restrictive covenant shall be performed at closing and recorded at the Butler County Recorder's Office since this is a five (5) year forgivable loan. Purchaser(s) must remain in the premises as their primary residence for a period of five (5) years. If the purchaser(s) sells prior to the expiration of the five (5) year period, they will be required by the City of Middletown to reimburse a prorated portion of the loan. If the property is foreclosed upon, or if the owner vacates/utilizes the property for rental purposes prior to the expiration of the five (5) year period, they will be required to move back in the property or owe the entire amount of assistance back to the City of Middletown.

The purchase price of the home may not exceed 95% of the Median home value for the area as determined by HUD which as of 4/15/2010 is \$145,749.

HUD Housing Quality Standards (HQS)

Once a purchase contract has been executed and all initial documentation has been reviewed and approved by Neighborhood Housing Services of Hamilton, Inc., all residential properties shall be verified by the Middletown Community Revitalization Department as fully complying with HUD Housing Quality Standards (HQS), International Property Maintenance Code (IPMC), and all applicable local codes and ordinances. Any property that does not pass these requirements must have ALL the violations corrected prior to loan closing. The buyer or seller may also set up an escrow at closing with the title company in the amount of the HOME assistance providing the following:

- This must be reviewed by the City & NHS prior to closing.
- The escrow amount must be for 100% of the City's provided assistance.
- Work must be completed within 60 days after closing.
- Depending on the scope of work, the City must approve the contractors (i.e. lead safe, licensed, etc.).
- The City must be listed as the party to authorize the release of the escrow funds. Funds will be released **ONLY** to the City of Middletown, and/or back to the party that funded the escrow account.
- A copy of the escrow agreement must be received by the City & NHS prior to loan closing.

Failure to abide by the escrow agreement or failure to repair all required items within the required 60 day period after closing will make the note immediately due and payable. The City of Middletown reserves the right to deny down payment / closing cost assistance for any property.

Required Purchaser(s) Documentation

In order to streamline processing of applications, Neighborhood Housing Services of Hamilton, Inc. staff will require receipt of the following documents prior to the mandatory inspection by the City of Middletown of properties to be acquired.*

Required Documents:

- 1) Fully Executed Purchase Contract
- 2) Correct 1003 Loan Application
- 3) Income Documentation:
 - Tax Returns (required)
 - W-2's (required)
 - Recent Paystubs (within 30 days) (required)
 - Employer Verification (If on hand)
- 4) Correct Good Faith Estimate
- 5) Certificate of Completion – Home Buyer Education Classes
- 6) Signed Down Payment Assistance Application (enclosed)
- 7) Appraisal*
- 8) HUD Settlement statement*
- 9) Escrow Agreement for repairs (if applicable)
- 10) Information on how to access the property (i.e. lockbox code, phone #, etc.)

* Appraisal and Settlement statement are to be received prior to loan closing. Items 1 through 6 have to be submitted to the City of Middletown prior to authorizing the inspection of the property.

Contact Information

Administrator & Alternating Home Buyer Classes Starting June 2010:

Neighborhood Housing Services of Hamilton, Inc.
100 South Martin Luther King Jr. Blvd
Hamilton, OH 45011
(513)737-9301

Alternating Home Buyer Classes Starting May 2010:

LifeSpan, Inc.
1900 Fairgrove Ave
Hamilton, OH 45011
(513)868-3210

City of Middletown "Target Neighborhoods" website link and updated down payment assistance guidelines:

<http://www.cityofmiddletown.org/community/comdev.html>