



DeKalb County First-Time Homebuyers Program

**For the Provision of Down Payment Assistance with the
use of HOME Investment Partnerships Program funds**

First Time Homebuyer Program

A. Program Overview: The DeKalb County Human and Community Development Department (DCHCDD) is committed to assisting in the creation of affordable housing for low and moderate-income households throughout DeKalb County. The First Time Homebuyer's Program provides funds to assist homebuyers with costs associated with the purchase of a home in DeKalb County. The form of assistance used for the down payment assistance program will be HOME funds in the form of deferred payment loans. Down Payment Assistance will be provided to eligible recipients in an amount not to exceed \$8,000. Funds will be secured against the property as a zero percent (0%) interest deferred loan for five (5) years. In the sixth (6) year repayment requirements of down payment assistance funds will be forgiven. If the unit is sold, refinanced or no longer the principle place of residence within the five year period, the full balance of the down payment assistance funds will be due and payable immediately. Funds required to be recaptured will be recaptured following the HOME Investment Partnerships Program Recapture Policy (Policy for use with Homebuyer Activities). Assisted projects that are terminated before completion will constitute an ineligible activity and any HOME funds invested in the homebuyer project will be repaid to the HOME Investment Trust Fund in accordance with 92.503 (b).

B. Income Limits: Applicants must be at or below 80% of HUD's Area Median Income. Gross family income, as defined in 24CFR 5.609 (Section 8 definition, Part 5), cannot exceed 80% of median income, adjusted for family size, for the Atlanta metropolitan area as established by HUD. Net family assets cannot exceed \$10,000. For the purposes of this requirement, assets are defined as cash, checking and savings accounts, certificates of deposit, stocks, bonds, real property, and all forms of capital investment. Assets do not include items generally considered as personal property such as cars and furniture.

C. Acquisition Price: DeKalb County has set a limit that the purchase price/appraisal price, which ever is higher, shall be no more than 95% of HOME Program value limit as determined by HUD for the Atlanta Metropolitan Statistical Area (current maximum purchase price is \$157,225).

D. Inspection: A DeKalb County code inspection is required. All participants are encouraged to obtain a Housing Inspection by a certified inspector prior to purchasing a home. Homes built prior to 1978 are required to follow HUD/EPA lead based paint guidelines.

E. Affordability: HOME Program guidelines will ensure that all borrowers receiving down payment assistance through the HOME Down Payment Assistance Program meet the applicable program rules and regulations. The HOME Program requires that properties assisted with HOME Program funds remain affordable for a minimum of five (5) years, which is in conjunction with the Security Deed placed on

said property. If the property is sold, refinanced or no longer the principle place of residence within the five year affordability period, the full balance of the down payment assistance funds will be due and payable immediately. Affordability period: Assistance shall be provided in the form of a 0% deferred payment loan, which shall be forgiven in full at the end of 5 years from the date of closing as long as the recipient maintains the home as their primary residence during that period. Limiting Recaptured Funds to Net Proceeds in its homebuyer programs, DeKalb County (County) will recoup all or a portion of its

homebuyer assistance if the housing does not continue to be the principal residence of the family for the duration of the required affordability period. In compliance with 24 CFR 92.254(a)(5)(ii)(A), the County will limit the actual amount recaptured from homebuyers under the HOME program to no more than net proceeds. Per 24 CFR 92.254(a)(5)(ii)(A), net proceeds are the sales price minus superior loan repayments and any closing costs. This policy applies to all HOME, and ADDI recapture transactions, including those involving legal documents executed prior to adoption of this policy and specifying that the entire HOME/ADDI investment will be recaptured.

F. Homebuyer Education and Counseling: To qualify for participation in the Down Payment Assistance Program, all homebuyers in the household must have successfully completed a HUD Certified home buyer education course. The Certificate of Completion of the HUD Certified home buyer education course must be included in the application package and placed in the client file.

G. Minimum amount of assistance: A base amount of \$5,000 will be made available to all qualified applicants to assist with down payment, prepaid and closing costs. Buyers must contribute 1% of the purchase price toward the transaction. The minimum amount of HOME funds that must be invested in a project involving homeownership is \$1000 times the number of HOME-assisted units in the project. The DeKalb County FTHB program will assist no more than one unit per project.

H. FICO Scores and down payment assistance: Applicants whose FICO scores are below 620 will be offered the opportunity for on-going housing counseling and will be referred back to the program based on FICO score improvement within a 12 month period. Those applicants, who attain the FICO target goal of 620, will qualify for an additionally \$3,000 bonus if they meet all other eligibility guidelines. Eligibility for the FICO score improvement bonus must be certified by one of the approved homebuyer education providers. A participating housing counseling program shall certify FICO score improvement. *To ensure that all costs paid with HOME funds are reasonable, all HUDIs and invoices will be reviewed to ensure that the total amount of down payment assistance does not exceed \$8000.*

I. FICO Scores and increased down payment assistance: If an eligible applicant already has FICO Score of 620 or above, they will receive \$8000 in down payment assistance.

J. Property Eligibility: The property being purchased must be located in DeKalb County and must be the principal place of residence of the borrower(s). Eligible properties are single-family homes as defined as one to four family residences. A multi-unit owner-occupied property is not an eligible property. Down payment assistance will not be provided for the purchase of a property that is primarily occupied by tenants. Properties must comply with federal lead-based paint and asbestos regulations. The specifics of the above qualifications will undoubtedly change over time and are regulated by state and federal law. The borrower(s) must abide by those requirements in place at the time he/she chooses to participate in the first time homebuyer program.

- i. Inspection Requirements:** Properties must meet all applicable state and local housing quality standards and code requirements. If there are no such standards or code requirements, the housing must meet the quality standard in 24 CFR 982.401. A DeKalb County representative will complete an inspection prior to closing. This inspection is NOT to guarantee the condition of the unit but to ensure the unit meets federal program requirements.
- ii. Non-foreclosed housing unit:** A DeKalb County representative will complete an inspection prior to closing. Properties must meet the state and local housing quality standards and have no code violations. If a property fails to meet any of the minimum requirements of the inspection, the items or conditions that caused the property to fail must be corrected prior to closing in order to receive down payment assistance.
- iii. Foreclosed housing unit:** All applicable state and local housing standards and code violations or identified lead-based paint must be corrected within 120 days of purchase of the property. A DeKalb County representative will complete an inspection prior to closing and a second inspection after the required 120 day period or sooner if repairs have been completed.

K. Monitoring: [HUD Regulations 24 CFR 92.504]

DeKalb County will monitor down payment assistance program files at a minimum of every two years to ensure files are in compliance with all DeKalb County and HOME HUD regulations and requirements. Monitoring criteria will include but not be limited to: program design and marketing, participant eligibility, property eligibility, eligible costs, loan processing, property standards, and other federal requirements. Monitors must be able to also determine all costs

incurred for a project by documentation in the file. Invoices will support soft costs. A copy of a monitoring checklist will be provided to all administrators.

L. Subsidy Layering: [HUD Regulations 24 CFR 92.250(b)]

Before committing funds to a project, DCHCDD must evaluate the project and determine that no more HOME funds will be invested in combination with other governmental assistance, than is necessary to provide affordable housing.

M. Records and Reports: [HUD Regulations 24 CFR 92.508]

The DCHCDD shall maintain records for a period not to exceed five years beyond the longest period of affordability for any of the housing units developed as part of this project. The DCHCDD is also required to report the number of foreclosures by participants in this program. All written agreements must be maintained for 5 years.

N. Required Federal Regulations: The following Federal Regulations are set forth as requirements in the HOME Investment Partnerships Program Final Rule:

- i. Fair Housing and Equal Opportunity [HUD Regulations 24 CFR 100]
- ii. Affirmative Marketing [HUD Regulations 24 CFR 92.351]. Marketing must comply with requirements of the Consolidated Plan. Any entity engaged in marketing DeKalb County funded programs must not discriminate against households who may be included in protected classes. Furthermore, every effort must be made to engage in inclusionary marketing and to use the HUD fair housing logo whenever feasible. [HUD Regulations 24 CFR 92.351]
- iii. Conflict of Interest [HUD Regulations 24 CFR 92.356]
- iv. Flood Insurance if located within a FEMA designated 100 year flood plain [HUD Regulations 24 CFR 54]
- v. Lead Based Paint for Pre-1978 Homes. [HUD Regulations 24 CFR 92.355] Notice to purchaser, signed receipt in client file, visual assessment.
- vi. Relocation: [HUD Regulations 24 CFR 92.353] An owner-occupant who sells a property to a homebuyer is not eligible for relocation assistance as long as the seller prior to sale is informed in writing.
- vii. HOME-assisted housing must meet all applicable state and local housing quality standards and code requirements. If there are no such standards or code requirements, the housing must meet the housing quality standards in 24 CFR 982.401.
- viii. Disclosure of all rights
- ix. Borrowers may NOT receive any cash back at closing.