



Dear First Time Homebuyer:

Thank you for your recent inquiry regarding purchasing a home in Chester. Attached is an application for City of Chester Homebuyer Assistance Program (HAP). The purpose of HAP is to provide assistance to qualified low and moderate-income families interested in purchasing a home in the City of Chester. The program provides financial assistance toward the down payment and closing costs.

Not everyone is eligible for HAP. To qualify, you must be 18 years of age or older, and have not owned property (had a deed in your name) for three (3) years prior to the date of application. You may also qualify if you are a single parent or a displaced homemaker. Your household's income must fall at or below the income limits included in the attached guidelines. Please read these guidelines for additional details on the program. Once you submit your completed application, CEDA will make a final determination on your eligibility for the program. **Furthermore, applicants may not have signed an Agreement of Sale for any property prior to undergoing group and individual counseling, the Agreement of Sale reviewed by counseling agency and issuing a Letter to the Realtor.**

HAP will provide 50% of the down payment required by the lending institution up to a maximum of \$5,000.00. Additionally, HAP provides financial assistance for any eligible closing costs up to a maximum of \$5,000.00. Any costs that exceed the maximum allowable amounts must be paid by the applicant out of his/her personal assets. You must also complete 8 hours of homeownership counseling classes. HAP funds are not outright grants but are 0% interest loans, which may be forgiven if you reside in the home for at least five (5) years.

If you are interested in this program and qualify within the income limits in the attached guidelines, please fill out the enclosed application and gather the requested documents for all household members 18 years of age or older, and return them by mail /or bring application to the office of **Chester Community Improvement Project, 23 East 5th Street 2nd Floor, Chester, PA 19013.**

Once again, thank you for your interest in the City of Chester's CHOICE program.

Yours truly,

Annette Pyatt

Annette Pyatt
Executive Director



HOMEBUYER ASSISTANCE PROGRAM DESCRIPTION

Homeownership has become an increasingly unattainable goal for many families, especially for low to moderate-income families. Under the Homebuyer Assistance Program (HAP), the City of Chester will use HOME Program funds to help make the "American Dream" a reality for low to moderate-income families.

Overview

HAP has been designed to support the acquisition of existing homes or newly constructed homes for eligible homebuyers who wish to purchase a residence in the City of Chester. HAP funds will be available for low to moderate income persons who are currently renters or new residents who wish to buy a house located in the City of Chester. The Program will assist eligible persons who are financially capable of paying a mortgage and who are in a position to accept the responsibilities of owning a home, but have had difficulty in providing the cash required for a down payment and settlement costs.

Nature of Assistance

HAP will provide funding for the down payment and settlement costs based on the following:

1. Down Payment Assistance – HAP will provide 50% of the down payment required by the lending institution (not to exceed \$5,000.00) as follows:

Conventional loans – The buyer will make a 3% or 5% down payment that will be matched with 3% or 5% of CEDA's funds.

FHA loans – In accordance with FHA guidelines, the buyer must contribute a minimum of 3.5% of their own funds to be applied toward down payment costs. CEDA will match with 3.5% of its funds not to exceed \$5,000.

VA loans – The buyer will contribute a minimum of \$1,000 for the down payment and or items paid outside of closing (POCs). CEDA will only match the down payment; POCs applied to the \$1,000 buyer's contribution will not be matched.

Maximum down payment – The buyer cannot make more than a 10% down payment (5% buyer's funds/5% CEDA funds).

2. Eligible Closing Costs - HAP will provide 100% of eligible closing costs up to a maximum of \$5,000.
3. Funding support under this program will be made in the form of a zero percent interest (0%) loan, the principal amount of which will be reduced to a balance of zero after five years if the program requirements are met.



Eligibility

Since HAP funds will be used to encourage homeownership for low and moderate-income families, the following criteria will be used to determine income eligibility.

1. Total annual household income of persons 18 years and older must not exceed the following income limits which are adjusted for family size.

<u>Household Size</u>	<u>Income Limit</u>
1 Person	\$59,050
2 Persons	\$67,450
3 Persons	\$75,900
4 Persons	\$84,300
5 Persons	\$91,050
6 Persons	\$97,800
7 Persons	\$104,550
8 Persons	\$111,300

Current annual household income is the total monthly income, multiplied by twelve, of all persons who will live in the household. This calculation is based on income as of the date of application and does not include any income received by full-time students, unless the full-time student is purchasing the home.

2. The applicant must be a "First-time homebuyer," "Displaced Homemaker," or "Single Parent," as defined below.
3. He/She must have maintained a good credit rating for at least *one* year prior to application.
4. The applicant must be able to provide from personal assets the balance of any down payment and settlement costs required by the lender in excess of the amount that HAP contribute. At a minimum, the buyers must contribute \$1,000 of their own funds toward the purchase of the home. Federal or State relocation assistance provided to tenants involuntarily displaced from their residence can be counted as personal funds.
5. Any applicant must be discharged from any bankruptcy proceedings for a minimum of *two* years.
6. All eligible applicants must complete 8 hours of homeownership counseling.
7. **After settlement the buyer cannot have more than 10,000 in liquid assets, excluding retirement funds.**



Definitions

In order to participate in this program, prospective applicants must be a "*first-time homebuyer*," a "*displaced homemaker*," or a "*single parent*" defined by the following:

1. A "*first-time homebuyer*" means an individual who has not owned a home during the three-year period immediately prior to purchase with HOME funds. Under the Homebuyer Assistance Program, the applicant(s) applying for the mortgage must meet the definition of a first time homebuyer. Other members of the household not applying for the mortgage cannot own a property in the City of Chester at the same time HAP assistance is received by the applicant.

2. A "*displaced homemaker*" means an adult individual who:

- Has not worked full time in the labor force for a number of years but has, during such years, worked primarily without remuneration to care for the home and family, and
- Is unemployed or underemployed and is experiencing difficulty in obtaining or upgrading employment.

3. A "*single parent*" means an individual who:

- is unmarried or legally separated from a spouse; and
- has one or more minor children for whom the individual has custody.

Income Verification

The purchasing household must be low to moderate income at the time the application is approved. Verification of income eligibility is good for a period of 6 months. Consequently, in order to assure that a prospective homebuyer is income eligible; the income should be verified early in the application process. An update of the homebuyers income will only be necessary if more than 6 months has transpired from initial verification to the time HOME funds are invested (time of closing). The homebuyers are not required to remain low income after the time of closing.

Settlement Costs

The following settlement costs cannot be paid with HAP program funds:

1. Home warranties.
2. Repair fees.
3. Broker services.

The following settlement costs can be paid with HAP funds but have maximum reimbursements:



1. Mortgages cannot exceed three points (one origination point and two discount points)
2. Home inspection and one reinspection not to exceed \$500
3. Conveyancing fees not to exceed \$300.
4. Other lending fees (including, but not limited to, underwriting fees, processing fees, closing fees or supplemental origination fees) not to exceed \$500.
5. Attorneys' fees cannot exceed \$200.

Loan Product

Mortgages receiving assistance through HAP must be fixed rate and either a 30 or 15-year term. Mortgages cannot have more than three points and cannot exceed the current market interest rate.

Eligible Property Types

The HOME Program offers broad discretion in the types of properties that can be purchased under the HAP Program.

1. The property can be PRIVATELY or PUBLICLY held prior to sale to the homebuyers.
2. The property may be either newly constructed or existing properties.
3. Any property which will serve as the purchaser's principal residence, including:
 - A single-family property (vacant, unless the purchaser is a tenant in the property and/or the property is owner occupied and will become vacant immediately after settlement/closing).
 - The size of the property shall be regulated by the purchaser's family size.
4. Gift properties are not eligible for assistance.

Property Standards

Whether a newly-constructed or already existing unit, the property must be inspected to determine if there are any hazardous or unsafe conditions which will endanger the safety and welfare of its occupants. In this regard, the property must, at the initial time of occupancy:



1. Be free from any defects that would pose a health or safety danger at the time of initial occupancy;
2. Be in a condition which will allow the City of Chester to issue a Certificate of Occupancy; and
3. At a minimum, be able to meet The Department of Housing & Urban Development's Housing Quality Standards.

In the event that the homeowner plans to renovate the property with CEDA's approval using a 203(k) mortgage or similarly structured acquisition and renovation financing, all work must be completed within six months of settlement. The homeowner cannot move into the property until the renovation work is completed, the property passes the Department of Housing and Urban Development's Housing Quality Standards and a certificate of occupancy is obtained from the City of Chester. Copies of the Housing Quality Standards and the certificate of occupancy must be provided to the Chester Economic Development Authority. Failure to produce the required documentation will affect forgiveness of the diminishing subsidy as outlined below.

Affordability

The monthly housing costs (principal, interest, property taxes and insurance (PITI) must be affordable at time of purchase using fixed thresholds. Affordability is achieved if the monthly payments for the PITI do not exceed 30 percent of the gross household income for a family whose income is 80 percent of median income for the area, adjusted for family size. The affordable housing provision must remain in existence for no less than five years after initial purchase by the original homebuyer. After the 5-year period, the property may be sold at any price to any new homebuyer, without any consideration of the purchaser's income.

Recapture Restrictions

In the event that a homeowner receiving HAP assistance sells or transfers the property during the five-year affordability period, the HAP assistance would need to be recaptured. The amount of recapture would be made in accordance with a net proceeds calculation. This calculation would account for the homebuyers investment, debt repayments and closing costs to seller.

In the event of a refinancing, buyers could request CEDA to subordinate its HAP financing to the new loan. If the subordination fails to meet CEDA's policy and the homeowner proceeds with the refinancing, a net proceeds calculation would be undertaken to determine the recapture amount.

A Net Sales Proceeds Calculation form for will be provided prior to settlement for additional information on repayment during the five-year affordability period.



Catastrophic Loss

In the event that the homeowner secures a Fannie Mae mortgage and then experiences a catastrophic event that results in the homeowner's having to sell the property (such as the borrower's death), CEDA's Executive Director has the right on a case by case basis to forgive the portion of the unpaid principal balance of the second mortgage, which in combination with the first mortgage, results in a combined loan to value ratio being more than 100% of the value of the property and the release of that portion of the debt from the subordinate lien (as evidenced by the contemporaneous execution of a modification agreement that reduces the secured debt of the existing second mortgage).

Enforcing Homebuyer Assistance Program Provisions

The mortgage with 0% interest, promissory note, deed and an affidavit will contain provisions that the homebuyer retain the property as a "principal residence" for five years and, if he/she conveys the property within five years, HAP assistance will be subject to recapture under a net sales proceeds calculation. . Provisions for the protection of Lender's rights in the property in the event of foreclosure, forbearance, bankruptcy, abandonment, or condemnation proceedings will be included in the security instruments herein mentioned. For up to five (5) full years from the date of purchase, CEDA or its agent may make reasonable entries upon and inspection of the Property to enforce the requirements of the HAP Program. CEDA shall give the homebuyer notice at the time of or prior to an inspection specifying the basis for the inspection.

Conversion to Rental Property

The purpose of the Homebuyer Assistance Program is to provide homebuyer education and financial assistance with downpayment and closing costs to enable low and moderate income families to purchase a home in Chester. In the event that HAP assisted property is converted into a rental unit during the five-year affordability period, the owner will be declared in default of the HAP program. Once in default, the owner will be required to repay the entire amount of HAP assistance to CEDA. The mortgage securing the HAP assistance will not be released until full payment is received by CEDA.



The Housing Equality Center is a nonprofit organization leading the effort to eliminate housing discrimination in Pennsylvania through education, advocacy and enforcement of fair housing laws. We provide victims of discrimination with legal help, perform testing to determine the existence of discrimination, educate the public, consult with and train housing providers, and work with housing and related service providers to ensure compliance with anti-discrimination laws. We assist housing discrimination victims and conduct testing investigations in Bucks, Chester, Delaware, Lehigh, Montgomery, Northampton and Philadelphia Counties.

SPOT THE SIGNS OF HOUSING DISCRIMINATION!

The following activities may indicate discrimination:

- The information told to you in person does not match the information told to you on the phone.
- The landlord, lender or insurer takes your application and promises to call but never does.
- The sign says "vacancy," but the landlord says it was just rented.
- The landlord imposes burdensome conditions for rental occupancy or refuses to allow reasonable accommodations for people with disabilities.
- The rental or sales agent claims the property is unsafe for children.
- Advertisements stating "mature adults preferred," "adult/family sections," or "no children."
- "Steering," which is when an agent refuses to show you a property in a particular neighborhood or discourages you from considering a neighborhood because of its racial makeup.
- The mortgage or insurance company has a policy that disqualifies you from a loan or policy, i.e. "We don't insure properties with flat roofs."
- Threats, coercion, or intimidation directed towards anyone exercising a fair housing right or assisting others in exercising those rights.



REPORT DISCRIMINATION!

By reporting discrimination, you protect your right to housing and ensure that other people have access to housing on a nondiscriminatory basis.

(866) 540-FAIR

(267) 419-8918

info@equalhousing.org



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866-540-FAIR
equalhousing.org



Homebuyer Assistance Program

Please bring the following items listed below for Applicant & Co-Applicant

- √ Two (2) most recent pay-stubs for all household members (who are 18 and older) who will be residing in the newly purchased property.
- √ Other Income: DPA Statement of Income from Caseworker, Current Annual Statements for Social Security, Pension, unemployment statement and SSI.
- √ Three (3) months current bank statements for all accounts.
- √ Two (2) most recent Federal Tax Returns (1040 Forms) with W-2's. If you don't have W-2 and 1040 forms you can order your tax transcripts from IRS: [Call 1-800-908-9946 and/or go to link to order online \(https://sa2.www4.irs.gov/irfof-tra/start.do\)](https://sa2.www4.irs.gov/irfof-tra/start.do). *(Applicants with joint custody of children must provide proof of dependency as evidence on recent tax returns in order to consider children as part of household size.)*
- √ Social Security Card for all household members who will be residing in the newly purchased property.
- √ Birth Certificates for all household members who will be residing in the newly purchased property. **If the applicant and/or co-applicant are other than American Citizens, one of the following is requested at the time of interview.**
- N/A A PASS from the Immigration and Naturalization Service (INS) which must show legal entry into the U. S.
- N/A Green Card(s) which must show the time limit residency within the U. S.
- √ Driver's License(s) or State ID
- √ Signed Monthly Expense Sheet with copies of all recurring bills. (These include gas, water, phone, etc.)
- √ Lease (if applicable) also, for co-applicant if he or she lives at a different address and 6 month rent receipts.

Please mail or bring in a copy of the above items and application to our office located at 23 East 5th Street 2nd Floor, Chester PA 19013 Monday through Friday 9:00am to 3:30pm. **NOTE: BEFORE MAILING OR DROPPING OFF YOUR APPLICATION, PLEASE MAKE SURE THAT YOU HAVE A COPY OF ALL REQUESTED ITEMS AND YOUR APPLICATION HAS BEEN FILLED OUT COMPLETELY. EMAILED OR FAXED APPLICATIONS WILL NOT BE ACCEPTED.**

Once we have received your and reviewed your application and requested items above someone from our office will contact you to regarding your application. **NOTE: YOUR APPLICATION WILL NOT BE PROCESSED UNTIL ALL OF THE ABOVE REQUIRED ITEMS ARE RECEIVED.**

If you have any questions, please contact our office at 610-876-8663 Mon-Fri 8:00 am – 4:00pm.



HOMEBUYER ASSISTANCE PROGRAM APPLICATION

APPLICANT:

Name _____ Social Security No# _____

Address _____

City _____ State _____ Zip _____

Telephone # _____ Male _____ Female _____ Disabled: Yes () No ()

Email Address: _____

Employer's Name _____ Phone # _____

Employment Verification / Human Resources Fax Number # _____

Address _____

City _____ State _____ Zip _____

Job Position/Title _____

Type of Business _____ Years in Profession _____

CO-APPLICANT:

Name _____ Social Security No# _____

Address _____

City _____ State _____ Zip _____

Telephone # _____ Male _____ Female _____ Disabled: Yes () No ()

Email Address: _____

Employer's Name _____ Phone # _____

Employment Verification / Human Resources Fax Number # _____

Address _____

City _____ State _____ Zip _____

Job Position/Title _____

Type of Business _____ Years in Profession _____

STATEMENT OF INCOME:

	Applicant	Co-Applicant
Employment (gross monthly pay)	\$ _____	\$ _____
Pension	\$ _____	\$ _____
Veteran's Benefits	\$ _____	\$ _____
State Welfare Assistance	\$ _____	\$ _____
Social Security	\$ _____	\$ _____
Rental Income	\$ _____	\$ _____
Support Payments	\$ _____	\$ _____
Other (explain) _____	\$ _____	\$ _____

Applicant's Total Income From All Sources _____



Dependent(s): children of applicant and co-applicant

Name	Age	Social Security No.	Source of Income	Monthly Income

Joint Custody: Applicants with joint custody of children must provide proof of dependency as evidenced on recent tax return in order to consider children as part of household size.

Others & Their Income(s)

Please provide the following information for all others who will reside in the newly purchased property regardless of whether or not they are purchasing the property.

Name	Age	Social Security No.	Source of Income	Monthly Income

Landlord Information:

Landlord/Management Company _____
 Contact Person _____
 Address _____
 City _____ State _____ Zip _____
 Phone # _____

Date of Occupancy _____ No. Bedrooms _____ Lease: Yes () No ()

Monthly Rent \$ _____ Subsidy: Yes () No () Amount: \$ _____

Lease Purchase Yes () No () Amount in Escrow \$ _____

I agree to provide the following information, which will be used for statistical reporting only and will not preclude my participation in the Homebuyer Assistance Program:

Age Group: 20's _____ 30's _____ 40's _____ 50's _____ 60's _____ 70's

Marital Status: Married _____ Single _____ Separated _____ Divorced _____

Female head of household _____



Racial Ethnicity Information: (select only one)

- White
- Black/African American
- Asian
- American Indian/Alaskan Native
- Native Hawaiian/Other Pacific Islander
- American Indian/Alaskan Native and White
- Asian and White
- Black /African American and White
- American Indian/Alaskan Native & Black/African American
- Balance of individuals reporting more than one race (Other multi-racial)

Hispanic or Latino _____ Not Hispanic or Latino _____

How did you hear about the program? _____

Are you currently working with a Realtor? _____ Yes _____ No

Name of Agent and Office _____
 _____ Phone # _____

Are you currently working with Mortgage Representative? _____ Yes _____ No

Representative and Office: _____
 _____ Phone # _____

Have you ever owned a home? _____ Yes _____ No

If yes, explain (when, where, dates of ownership & sale, etc.):

Have you ever filed bankruptcy? ___ Yes ___ No Date bankruptcy filed _____

Has bankruptcy been discharged? ___ Yes ___ No Date of discharge _____

Do you have any dependents under 7 years of age who have been identified to elevate levels of lead in their blood stream? ___ Yes ___ No If yes, you will be required to have a lead inspection performed on the property you intend to purchase.

APPLICANTS' ASSETS:

	Applicant	Co-Applicant
Checking Account	\$ _____	\$ _____
Saving Account	\$ _____	\$ _____
401K Account	\$ _____	\$ _____
Gift Funds	\$ _____	\$ _____
Other	\$ _____	\$ _____
Total Assets:	\$ _____	\$ _____



APPLICANTS' MONTHLY DEBT (Minimum payments required by creditor):

	Applicant	Co-Applicant
Charge Accounts	\$ _____	\$ _____
Student Loans	\$ _____	\$ _____
Car Loans	\$ _____	\$ _____
Alimony/Support	\$ _____	\$ _____
Personal Loans	\$ _____	\$ _____
Other (Explain) _____	\$ _____	\$ _____
_____	\$ _____	\$ _____

Total Monthly Debt: \$ _____

I/We acknowledge that the information I/We have provided in this application is true and accurate to the best of my/our knowledge. I/We have given this information to the Chester Community Improvement Project (CCIP)/Chester Economic Development Authority (CEDA) for the purpose of purchasing a home in the City of Chester. I/We understand that CCIP/CEDA will verify the information I/We have provided in this application. I/We give CCIP/CEDA permission to obtain a credit report about me/us and I/We understand that approval under the program is subject to the verification of the information through the credit report and other means available to CCIP/CEDA.

PENALTY FOR FALSE OR FRAUDULENT STATEMENT: U.S.C. Title 18, Section 1001, provides "Whoever, in any matter within the jurisdiction of any department or agency of the United States knowingly and willfully falsifies...or makes or uses any false writing or document knowing the same to contain any false, fictitious or fraudulent statement or entry, shall be fined not more than \$10,000.00 or imprisoned not more than five years, or both."

Applicant's Signature

Date

Co-Applicant's Signature

Date

Monthly Expense Sheet

Expenses

Type	Name of Creditor/Company	Actual	
Housing/Rent payment			
Housing/Mortgage payment			
Housing/Home/Rental insurance			
Housing/Home maintenance			
Housing/Utilities - Electric			
Housing/Utilities - Natural gas			
Housing/Utilities - Sewer			
Housing/Utilities - Water			
Housing/Miscellaneous			
Food/Groceries			
Food/Eating out/ Delivery			
Food/Snacks			
Telephone/Telecom/Basic service			
Telephone/Telecom/Long distance			
Telephone/Telecom/Cell phone			
Telephone/Telecom/Internet/ISP			
Children/Child support			
Children/Tuition			
Children/Day care			
Children/Allowance			
Children/School supplies			
Children/Activities			
Children/Clothing			
Children/Haircut			
Personal care/Clothing			
Personal care/Haircuts/Barber			
Personal care/Nails			
Personal care/Dry cleaning/Laundry			
Personal care/Shoes			
Auto/Transportation/Auto loan payments			
Auto/Transportation/Public transportation			
Auto/Transportation/Auto insurance			
Auto/Transportation/Parking			
Auto/Transportation/Gas and oil			
Auto/Transportation/Car maintenance			
Auto/Transportation/Fines			
Housing/Furniture			
Donations/Church tithing			
Donations/Charities			
Entertainment/Cable			
Entertainment/Movie rentals			
Entertainment/Movies			
Entertainment/Books/Music			
Entertainment/Sporting events			
Entertainment/Vacations/Travel			
Entertainment/Lottery/Bingo			
Entertainment/Cigarettes/tobacco			
Entertainment/Holidays/Events			
Health care/Doctors' visits			
Health care/Vision			
Health care/Pharmacy			

Expenses			
Type	Name of Creditor/Company	Actual	
Health care/Dental			
Health care/Medical Insurance			
Insurance/Life insurance premiums			
Insurance/Disability insurance			
Pets/Food			
Pets/Vet bills			
Liabilities/Credit cards/Installment loan payments			
Liabilities/Credit cards/Student loan			
Liabilities/Credit cards/Credit card payments			
Liabilities/Credit cards/Federal taxes			
Liabilities/Credit cards/Collections			
Savings/Savings account			
Savings/Investments			
Savings/IRA			
Totals			

Client Name:

Date:

Indicate the normal monthly amount of cost for each applicable expense.
 (Note: Annual or quarterly expenses will need to be divided accordingly for average monthly figures)



Credit Report Authorization

I hereby request, authorize and instruct Experian, Equifax and Trans Union and any other credit reporting agency or similar entity to who this document is presented (each and “agency”) to furnish, from time to time upon specific request, a complete copy of any credit history in my name or relating to me (my “credit report”) maintained in the agency’s files to Chester Community Improvement Project (CCIP) in the manner and at the address that CCIP shall instruct. Credit reports will be pulled during one on one interviews.

Print full name (include middle initial): _____

Social Security Number: _____

Date of Birth: _____

Work phone: _____

Spouse full name (include middle initial): _____

Spouse Social Security Number: _____

Spouse Date of Birth: _____

Spouse work phone: _____

Current Address: _____

Previous Address: _____

Consent

I understand that by undertaking to counsel me on credit management and credit reporting matters, CCIP will interpret and explain the information that is in my credit report and that I otherwise provide. I also understand that by doing so CCIP does not assume responsibility for the completeness or accuracy of any of that information, and does not promise (and will not attempt) to affect or change my credit history or credit report in any matter.

Signature: _____

Date: _____

Spouse Signature: _____

Date: _____