

Davis Community Housing Authority Home Buyer Assistance Program

Davis Community Housing Authority Home provides grants to first time home buyers using Federal funds from the Davis County CDBG Program. The CDBG (Community Development Block Grant Program) is a long running HUD program to benefit low and moderate income persons.

Eligibility Requirements

1. Applicants (includes all household members over 18 even if they will not be considered a buyer) must meet one of the definitions of a first time home buyer described as:
 - 1) An individual who has not owned a home, except a mobile home not affixed to a permanent foundation, during the 3-year period prior to the purchase of a home with this assistance.
 - 2) A single parent who has only owned a home with a former spouse while married.
 - 3) A displaced homemaker and has only owned a home with a spouse.

2. Applicant's total annual household income must be equal to or less than 80% of the current area median income limits as established by HUD. Gross income from **all** household members 18 years or older is counted regardless of who is listed on the title and/or mortgage. Gross income is not limited to job earnings and includes all income such as self employment, social security, child support, pensions, VA benefits, unemployment income, military pay, etc. Household income is calculated by "a snapshot" of current income at the time the application is submitted and projected for the next 12 months. All known and/or anticipated income that will be received during this time including bonuses, pay increases, etc must be counted.

80% Area Median Income Limits (AMI) FY 2019

<u>Household Size</u>	<u>Maximum Yearly Gross Income</u>
1 Person	\$47,600
2 Person	\$54,400
3 Person	\$61,200
4 Person	\$68,000
5 Person	\$73,450
6 Person	\$78,900
7 Person	\$84,350
8 Person	\$89,800

3. Applicants must be a U. S. Citizen or Permanent Resident Alien and be 18 years of age or older.

4. At least one applicant must complete a **HUD approved** homebuyer education course and provide a homebuyer certificate of course completion. Certificate should be provided within one week of application for the buyer's benefit.

5. Applicants must complete and submit all required forms and verifications to the Davis Community Housing Authority (DCHA) as per the application instructions.

Program Guidelines

Applicants who meet the eligibility requirements may receive grants, based on need, up to \$10,000.

The specific purposes for which the funds may be provided on the behalf of the purchaser are:

1. Pay up to 50% of the down payment required by the mortgagee for the purchase.
2. Pay any or all of the reasonable closing costs associated with the home purchase.
3. Pay all or part of the premium for mortgage insurance required up-front. This would include the cost for private mortgage insurance.

All cities within Davis County are eligible **except Clearfield or Layton**.

Real property contract price cannot exceed **\$325,000**.

Eligible properties must be zoned for residential use only and are limited to single family residences such as: condominiums, town homes, and combination of manufactured housing and lot. Duplexes and new construction, including never occupied homes, are not eligible.

Applicants must secure FHA, VA, or conventional financing for property purchase. No variable rate, adjustable rate, interest only, balloon payment or 80/20 split will be allowed. Applicant must qualify for the loan without a co-signer.

Applicants must contribute any portion of the required down payment not payable with the grant. Maximum payable by the grant is 50%. Gift funds and other grants may be considered. Earnest money and any buyer pre-paid costs are considered buyer provided funds. The buyer provided funds must be reflected on the closing disclosure

Applicants are encouraged to call for a preliminary qualifications review and to check grant availability prior to submitting an offer.

Applicants must submit a completed application along with required documentation for grant approval as soon as possible once they have an accepted offer on a home. The grant amount cannot be verified without the purchase contract and Lender documents. Applicants who meet the necessary qualifications will receive their grant on a first come, first qualified basis while funds are available. There are limited funds available each year and the Board of the DCHA reserves the right to change or terminate the program depending on the availability of funds.

Applicant(s) must demonstrate the need for the funds provided by the grant. Buyer provided funds in excess of \$7,500 will be subject to further review. The DCHA may, at its sole discretion, deny funds to applicants.

All grants are non assumable and any subordinations subsequent to initial financing must be approved by the housing authority. Any funds received through this program will be forgiven at a declining rate over a 5-year residency requirement from the date of closing. If the buyer(s) sell, exchange, transfer title, obtain a second mortgage, or decide to refinance for any reason within the first five years from the date of purchase, a pro-rata share of the funds provided by the DCHA must be repaid by the home buyer(s). The payoff amount will be based on the settlement date of the original purchase and will be calculated as of the last day of the month in which the home is sold.

The home must be owner occupied or vacant. No renters other than the buyer(s) have been in the unit 90 days prior to the purchase. Sellers must sign a Seller/Buyer statement verifying occupancy.

A Visual Assessment must be completed by the DCHA on all homes for health and safety concerns and for Lead Based Paint concerns for homes built prior to 1978 as outlined in "Attachment A". If the home was built prior to 1978, a representative from DCHA will determine whether there are deteriorated paint surfaces present that could be a potential hazard to occupants. If potential hazardous Lead Based Paint conditions exist, the seller and/or buyer(s) must take action to remove the hazardous conditions, pursuant to HUD guidelines. The Visual Assessment is required by the federal government in order to alert homebuyers to potential health and safety concerns as well as potential lead-based paint dangers prior to the closing. Federal funds may be withheld if certain problems exist and the seller and/or buyer(s) do not wish to mitigate them. The seller or buyer(s), however, is free to complete the transaction without federal assistance. The visual assessment is not intended to determine the nature and extent of health and safety problems, nor does it determine if unseen problems exist in the home. The housing authority encourages all buyers to have an inspection conducted by a Certified Home Inspector prior to purchasing any property.

Once the grant has been committed for the home purchase, the DCHA will provide a check at closing made payable to the title company, to be disbursed according to a letter of instruction. The applicant's title company or closing agent must be willing to execute and provide the DCHA with all the real estate documents after closing. These documents include:

- A. Promissory Note - This document states that the Applicant(s) agrees to pay the DCHA a prorated portion of the grant if they should move, sell or refinance the property within 5 years of the purchase of the property. Under some circumstances, the DCHA may subordinate for refinancing.
- B. Trust Deed - This document states the DCHA is a beneficiary whereby the DCHA has a lien on the purchased property until the grant is forgiven or repaid.
- C. Notice of Default - This document states that the first mortgage holder will notify the DCHA if and when the Applicant defaults on payments and property goes to foreclosure.

The housing authority reserves the right to make changes to the program at any time.

By signing below, I certify I have read and understand the above guidelines.

Applicant Name (Please Print)

Applicant Signature

Date

Co-Applicant Name (Please Print)

Co-Applicant Signature

Date

**Davis Community Housing Authority
Home Buyer Assistance Program**

Applicant Instructions

1. Applicants are encouraged to call Mary Swanstrom, 801-939-9198, for a qualification review prior to submitting an offer on a home to determine eligibility. The initial qualification review may also be done by email or by appointment.

Applicants will need to provide the following to verify eligibility:

- Completed Davis Community Housing Authority (DCHA) Home Buyer Assistance Program Application and the Program Summary and Commitment Letter forms signed by **all** household members 18 and over, even if they are not on the loan.
- Four most current pay stubs and verification for any source of income for everyone in the household over 18. Income includes but not limited to: Salary, Overtime pay, commissions, tips, regular bonuses, social security, net business income, pension/retirement, child support, alimony, unemployment benefits, and worker's compensation.
- Copy of the most current federal income tax return.
- Identification Documentation: A copy of a valid Utah driver's license or passport.
- HUD approved homebuyer education course certificate of completion.
- Seller/Buyer Certification

Applicants must also have lenders submit the following documents:

- Loan Estimate.
 - Loan Summary/Fees Worksheet
 - Lender Certification
 - Preliminary Credit Approval
 - Preliminary Title Report (as available)
 - Copy of Appraisal (as available)
2. Upon review and approval of the applicants, grants will be issued on a first come basis and availability of funds with submission of a copy of an accepted contract to purchase an eligible home. Short sale properties must have all party signatures to secure the grant.
 3. Applicants must call or meet with the program administrator in order to secure a grant. Appointments are typically 15 minutes or less at the office in Farmington.

Please call any time Monday thru Thursday, 7:00 am to 5:15 pm, if you have any questions or concerns regarding the application process.

Mary Swanstrom
Special Programs Administrator
(801) 939-9198
dchamswanstrom@xmission.com

Davis Community Housing Authority
352 South 200 West Suite 1
Farmington, Utah 84025

**DAVIS COMMUNITY HOUSING AUTHORITY
Home Buyer Assistance Program**

First Time Home Buyer Application

Applicant: _____ Co-Applicant: _____

Current Address: _____
Street Address
City
Zip Code

Phone: _____ Phone _____

Email _____ Email _____

All additional person(s) who will occupy the property as their primary residence:

Name	Relationship	Age

The following information is for survey purposes only, and does not affect an Applicant's eligibility.

Is the head of household: Male Female Is any member of the household disabled Yes No

Ethnicity Hispanic or Latino or Not Hispanic or Latino

Race (please check one or more of the following):

American Indian/Alaskan Native Asian Black/African American Native Hawaiian/Other Pacific Islander White

Monthly Gross Income

Source	Applicant	Co-Applicant	Other Household Member over 18	Total
Wages including overtime				
Commission/Tips/Bonuses				
Military Pay				
Net Business Income				
VA Benefits				
Social Security				
Pension/Retirement				
Alimony, Child Support				
Unemployment Benefits				
Workers Compensation				
Other				
TOTALS:				

**DAVIS COMMUNITY HOUSING AUTHORITY
Home Buyer Assistance Program**

Property Information

Applicant _____

Co-Applicant _____



Property to be purchased: _____
Street Address City Zip Code

Purchase Price: \$ _____ Year built _____

Estimated closing date _____

Bank/Mortgage Company: _____

Name of Loan Officer: _____ Phone Number: _____

A representative of the Davis Community Housing Authority must perform a visual assessment for the presence of health and safety concerns, and the presence of potential lead-based paint dangers in homes built prior to 1978.

The representative will be contacting the buyer's realtor to make arrangements to inspect the home. The inspection should take place at least a week prior to the closing date.

Please provide the information below

Realtor _____

Cell # _____

Company Name _____

Office # _____

Home is currently occupied Home is vacant

**DAVIS COMMUNITY HOUSING AUTHORITY
Home Buyer Assistance Program**

Seller Certification

Property Address _____
City _____

Buyer(s) _____

The above buyer(s) have applied for assistance through the Davis Community Housing Authority First Time Home Buyer Assistance Program.

I am the owner, or an interest holder in a partnership, or an officer and shareholder of a corporation, which owns the property.

This program is funded with Federal funds and must comply with the Uniform Relocation and Real Property Acquisition Policies Act of 1970 (URA). The home purchase is considered to be a voluntary acquisition, with a willing seller and a willing buyer. Owner-occupants are not eligible for relocation assistance.

I understand the following will apply if the buyer is approved for the grant.

1. A representative from the Davis Community Housing Authority (DCHA) will be allowed to inspect the home for health and safety concerns. If the home was built prior to 1978, the home will be inspected for the presence of lead based paint dangers.
2. The home must have been owner or buyer occupied or is vacant. No renters other than buyer(s) have been in the unit 90 days prior to the purchase **and** no persons were required to move as a result of this planned sale.

By my signature below, I certify the listed property has been:

My primary home Vacant since _____

*If tenant occupied and vacant less than 90 days, please provide details as certain circumstances may be allowable under the URA: _____

Seller Name

Signature

Date

DAVIS COMMUNITY HOUSING AUTHORITY
Home Buyer Assistance Program
Commitment Letter

Applicant(s)

The Davis Community Housing Authority (DCHA) has received and reviewed the required home buyer assistance program documentation and the program administrator has determined the applicant(s) have complied with the initial program requirements.

The Grantee hereby acknowledges application for a grant of \$_____, and agrees to adhere to the requirements and procedures specified in this letter. Signature of the closing documents for the purchase, including the Grantor's Trust Deed and Promissory Note, will constitute the Grantee's acceptance of the grant on the terms specified in this Letter of Commitment.

Subject to the Grantee following all procedures described in this Letter of Commitment and fulfilling all requirements described herein and upon the execution of the Trust Deed, Promissory Note and Notice of Default, the Grantor hereby agrees to provide a grant of \$_____ to the undersigned Grantee(s), and acknowledges that said property is located at:

Address	City	State	Zip
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This commitment of grant funds shall terminate forty-five (45) days from the date of the Letter of Commitment.

REQUIREMENTS

1. FHA, VA or other conventional first mortgage financing shall be allowed. There shall be no seller financing.
2. After receiving this Letter of Commitment and before any funds can be released, the buyer(s) shall provide to the DCHA:
 - a. DCHA Lender Certification form.
 - b. A copy of a preliminary title report covering the property listed above.
 - c. A copy of the appraisal for the property to be purchased.
3. After receipt of the above listed documents, our office will require **10** business days before funds can be issued.
4. Before funds can be released, the DCHA must complete a Visual Assessment of the home for health and safety concerns and the presence of lead based paint dangers in homes built prior to 1978.
5. At the time of closing the buyer(s) will be required to sign a Visual Assessment Disclaimer acknowledging that the DCHA accepts no responsibility for any problems disclosed or not disclosed in their Visual Assessment Report.
6. At the time of closing, title must be vested in fee simple interest of the buyer(s), and the Trust Deed and Notice of Default securing the interest of the DCHA are properly recorded.

7. The grant provided by the DCHA to the buyer(s) cannot exceed 50% of the down payment required for the loan to purchase the home. In addition to down payment assistance, the DCHA grant can be used for any closing costs and all or part of required premium for mortgage insurance. Grant funds cannot be used for realtor's commissions or cash back to borrower.
8. Home buyer(s) must provide the remaining required down payment that is not provided by the DCHA grant. Buyer(s) must contribute a minimum of \$_____ toward the purchase of the home.
9. The funds provided by the DCHA shall be repaid pro-rata share by the buyer(s), if the buyer(s) sell, exchange, transfer title, obtain a second mortgage, decide to refinance (unless refinance is approved by program administrator) or cease using the purchased property as their primary residence.
10. The funds shall be disbursed at time of closing and duly recorded on the closing disclosure. These funds shall only be disbursed after the Promissory Note, Trust Deed, Request for Notice of Default, and Visual Assessment Disclaimer Affidavit are executed and notarized.
11. The residence to be purchased must be zoned for residential use only and is limited to Single Family Residences such as: Condominiums, Town Homes, cooperative unit, and combination of manufactured housing and lot located within eligible areas, verified and approved by the DCHA. Duplexes and new construction, including never occupied homes are not eligible.
12. The buyer(s) must occupy the property to be acquired as the buyer(s)' primary personal residence.
13. No member of the Board of Directors, or any staff member of the DCHA shall have any interest in the transaction with the buyer(s).

SIGNATURES

Davis Community Housing Authority

 Mary Swanstrom
 Special Programs Administrator

 Date

 Buyer Signature

 Date

 Buyer (Print Name)

 Co-Buyer/Co-Applicant Signature

 Date

 Co-Buyer/Co-Applicant (Print Name)

HUD Approved Homebuyer Education Courses

Online Homebuyer Courses

Utah State University Extension

<http://extension.usu.edu/hbe/> \$60

Community Development Corporation of Utah

<http://www.cdcutah.org> \$75

Neighborhood Works Salt Lake

<http://www.nwsaltlake.org> \$75

Class Room Courses

Utah State University Extension

2001 South State Street
South Building, Room S1-300
Salt Lake City, Utah 84114
385-468-4835

Check website for schedule

<http://extension.usu.edu/hbe> \$35

Utah State University Extension

1181 N. Fairgrounds Drive
Ogden, UT 84404
801-399-8207

Check website for schedule

<http://extension.usu.edu/weber> \$25

ATTACHMENT A

Lead Based Paint Procedures

Regulations from the Department of Housing and Urban Development (HUD: 24 CFR Part 35 subpart K) require increased activities concerning possible lead based paint hazards in homes built before 1978. The primary reason why HUD and its grantees are addressing lead based paint hazards is to protect families and children. When deteriorated lead based paint surfaces are present, children under the age of 6 are in danger of being poisoned through the ingestion or inhalation of lead based paint dust, paint chips and/or lead based paint contaminated soil around the exterior of the home.

The following procedures are required for all homes built prior to 1978 before down payment assistance to a family purchasing such a home can be approved.

1- Notification

- a. Pamphlet and Disclosure.
- b. Notice of Lead Hazard Evaluation or Presumption, if applicable.
- c. Notice of Lead Hazard Reduction Activity.
This printed information will be part of the initial application packet.

2- Lead Hazard Evaluation

- a. Visual Assessment.
A visual assessment will be performed by DCHA personnel to determine whether there are deteriorated paint surfaces that could constitute a hazard to the occupants. Potentially hazardous paint surfaces are defined as more than 2 square feet of deteriorated surface on the interior of a home and more than 20 square feet of deteriorated surface on the exterior of a home. The cost to mitigate lead based paint problems will be the responsibility of the seller and/or buyer(s).

3- Lead Hazard Reduction

- a. Paint stabilization
- b. Safe Work Practices
- c. Clearance
If a home fails the Visual Assessment, the deteriorated surfaces must be repaired and stabilized. This work must be performed by a State of Utah Certified Lead Based Paint Contractor using Safe Work Practices as required by HUD, the EPA and OSHA. Following the completion of Paint Stabilization, a Clearance Test must be completed by a Certified Lead Based Paint Inspector or Risk Assessor to verify that the stabilization work has been successful and that the home is clean of hazardous residues.

The home seller could choose to have the home tested to determine whether lead based paint is present. The Davis Community Housing Authority will accept this test report if it is performed by a Certified Lead Based Paint Inspector or Risk Assessor following HUD guidelines. The cost for private testing will be solely the responsibility of the seller.

GRANT CHECK LIST

INITIAL APPLICATION

Completed & Signed Application	Real Estate Purchase Contract with all signatures
4 Most Current Pay Stubs	Seller/Buyer Certification Form
Other Income documentation from source	Homebuyer Education Certificate
Statement of No income if applicable	
Latest Year Tax Return	Preliminary Credit Approval Form
Copy of Picture ID (Over 18 Only)	Lender Certification Form
Program Summary	Loan Estimate
Commitment Letter	

LENDER SUPPORT DOCUMENTS

Fees Worksheet	To be completed by Housing Authority
Preliminary Title Report	
Copy of Appraisal	Visual Inspection
Closing Disclosure	Environmental Review
	Property Tax Evaluation
	Lead Based Paint Pamphlet Given to Buyer
	Confirmation of lead-based paint pamphlet
	Year Home Built _____ Verified _____