



REGION XII

COUNCIL OF GOVERNMENTS

HOME Down-Payment Assistance Funding Update

The annual HOME Application Round will start in December for 2014. All Cities and Counties are invited to participate. I have attached a description of the Down Payment Assistance Program for your City to consider. I also have attached the general eligible programs that the state has posted on their web site.

If your City is interested in participating, we will be happy to meet with your council to discuss this further. We are requesting that the city commit to \$2,500 per project that is completed in your community. Your City can designate the maximum number of projects to be allowed. The program will offer assistance as “first come first served”. Now is the time to get the participating cities committed to be ready for the application deadline of January 2014.

For more information or if you are interested in submitting an application, please contact Laurie Gilbert at lgilbert@region12cog.org or 712-775-7820.

DOWN PAYMENT ASSISTANCE PROGRAM FUNDS AVAILABLE FOR HOMEBUYERS

Programs set up with money from the HOME funds through the Iowa Finance Authority must benefit low and middle-income families, meaning that they must meet specific income guidelines to qualify. The current income limits for various household sizes are as follows:

2013 Carroll County Income Limits according to Household Size↓

1	2	3	4	5	6	7	8
\$37,040	\$42,320	\$47,600	\$52,880	\$57,120	\$61,360	\$65,600	\$69,840

Maximum Gross Annual Income↑

Income limits will differ in Counties of Audubon, Crawford, Greene, Guthrie, Dallas and Sac.

All applicants must show that they have financing capability through their financing institution. **They must be eligible for the following financing packaging: Fannie Mae, Freddie Mac, Iowa Finance Authority, USDA-RD, FHA/VA, or FHLB. The income eligible MUST be a First Time Home Buyer, Displaced Homemaker or Single Parent.**

The interested family or individual completes and submits an application to Region XII along with a letter from the main financing institution. The application requests information necessary to verify the yearly income of the family or individual, including where the applicants are employed, where they bank, and what kind of investments they have. Please remember that all of the information we obtain about applicants does remain confidential. If the applicant's gross annual household income falls under the limit above for the number of people in the household, they are eligible to participate in the program. The program will assist the eligible applicant by providing funds for down payment assistance and also repairs that are needed for the house to meet the state regulations.

After an applicant is verified, they will be notified and they may begin to pick out a house they wish to purchase. Our housing inspector will make an initial inspection of the home to determine what if any repairs are needed for the home to meet the Iowa Minimum Rehabilitation Standards. Once the closing has been completed, specifications for the repairs are prepared, and bids are obtained to do the work. Region XII will work with the lending institutions to determine if the repairs will raise the appraised value of the home and what effect that will have on the maximum loan capability and the total project cost including repairs.

The end result will be a home that is sound, safe, and energy efficient. Homes must meet the guidelines that the State has developed for these projects. The program is set up to provide **100%** of the down payment/repair cost as a grant

In these kinds of programs, the degree to which repairs need to be made varies greatly depending on the age and condition of the home. Some homes will only require \$5,000-7,500 worth of work to bring them up to shape, while others will need an investment of \$20,000 or more. The maximum cost of each project must not exceed \$24,999 in repairs and down payment assistance. If it is determined by Region XII staff and the financing institution that rehabilitation of the home is not cost effective, the home will not be approved for purchase and the homebuyer will be advised to look for another home.

One provision of this program is that homes must be safe in regards to lead-based paint before the homebuyer moves into their new home. Making a home “lead-safe” can range from needing to touch up trim paint on windows to completely re-siding the home. This is a federal requirement.

“Displaced homemaker” means an individual who:

- 1) is an adult;
- 2) has not worked full-time full-year 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
- 3) is unemployed or underemployed and is experiencing difficulty in obtaining or upgrading employment.

“First time homebuyer” means an individual or and individual and his or her spouse who have not owned a home during the 3-year period before the purchase of a home with HOME or ADDI assistance, except that any individual who is a displaced homemaker or single parent may not be excluded from consideration as a first time home buyer on the basis that the individual, while a homemaker, owned a home with his or her spouse or resided in a home owned by a spouse; any individual may not be excluded from consideration on the basis that the individual owns or owned, as a principal residence during the 3-year period before purchase of a home with HOME assistance, a dwelling unit whose structure is

- (1) not permanently affixed to a permanent foundation in accordance with local or other applicable regulations or
- (2) not in compliance with state, local or model building codes and cannot be brought in to compliance with such codes for less than the cost of constructing a permanent structure.

For home ownership assistance, the initial purchase price for spec homes or the after rehabilitation value for rehabilitated units shall not exceed 95 percent of the average median purchase price in each County.

Assisted units shall remain affordable though recapture or resale provisions for a specified period:

5 years for projects receiving less than \$15,000 in assistance – 20% decrease per yr;
10 years for projects receiving \$15,000 to \$40,000 in assistance – 10% decrease per yr

*Total amount of assistance will equal to the total amount of Federal funds that are invested.
This amount will include:*

*Down payment Assistance
Rehabilitation Costs
Lead Safe Costs
Any Relocation costs
Any Direct Administration Costs*

An application for a homeownership activity must indicate that recipients will require the beneficiaries of their home ownership assistance to use a principal mortgage loan product offered by one to the following:

Iowa Finance Authority,
USDA-Rural Development,
Federal Home Loan Bank,
HUD (including FHA and VA),
Fannie Mae, or Freddie Mac.
In-house financing with a set interest rate over a minimum 15 years.

One of these entities will be the principal, and only, mortgage lender in all individual home ownership assistance projects. Any of the named mortgage lending entity's principal mortgage loan products may be used provided they meet the following minimum requirements: loan terms will minimally include a 90% loan to value ratio and will be no less than a 15 year, fully amortized, fixed rate mortgage.

RESOLUTION NO. _____

City of _____

Resolution Providing Match Funds

For the 2014 Down Payment Program

WHEREAS, the City of _____ has recognized the need for owner-occupied rehabilitation in support of down payment assistance as stated in the Housing Development & Action Plan to provide first time homebuyers down payment assistance to purchase an existing affordable home and rehabilitation to make that home safe and decent thus stabilizing the older housing stock; AND

WHEREAS, the City intends to participate with Region XII COG to submit an application to the Iowa Finance Authority for HOME funds to initiate a down payment assistance program that includes rehabilitation in support of purchase program; AND

WHEREAS, the City will commit to matching funds up to a maximum of _____ projects for the down payment assistance and repairs needed to purchase homes and to bring the home up to the Iowa Minimum Rehabilitation Standards and to be lead safe as a grant to the recipients.

BE IT THEREFORE RESOLVED that the City Council of the City of _____, Iowa pledges to contribute \$2,500.00 for each project completed in our city..

PASSED AND APPROVED this _____ day of _____

Mayor

ATTEST:
