

# Corpus Christi Business and Job Development Corporation

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**TYPE A Affordable Housing – Homebuyer Assistance Program  
Guidelines for the Program and Criteria for Application**

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# **Corpus Christi Business and Job Development Corporation TYPE A Homebuyer Assistance Program**

## **Guidelines for the Program and Criteria for Application**

### **I. Purpose**

The purpose of the program is to expand affordable housing opportunities for low income homebuyers by providing a deferred forgivable loan to be utilized for down payment assistance to buy down the purchase price of the home.

### **II. General Program Description:**

The funding is available to qualified homebuyers for the purpose of providing down payment assistance a deferred forgivable loan to buy down the purchase price of an affordable home. Affordable housing is any house with a purchase price which does not exceed 95% of the Metropolitan Statistical Area as determined by HUD, which is currently \$162,000 for 2016.

The intent is to provide general terms/guidelines in order to accomplish the buy down of the purchase price to make the home affordable for households with incomes in the 80% of median income ranges (see Attachment A, 80% of Median Income Chart).

The funding will be in the form of a deferred forgivable loan for \$10,000.

The term of affordability will be 5 years.

The loan will be amortized over the specified affordability period, commencing on the closure date, and forgiven at a rate of \$2,000 per year for every year the homebuyer lives in the house. Should the homebuyer move out before the affordability period ends, then the remaining period will be prorated and must be paid back. Recapture provisions require repayment of the total loan amount on a prorated basis. If the buyer sells the property within the affordability period, the balance of the amortized loan shall be due and payable. The funding is available on a first come, first serve basis.

### **III. Housing Standards:**

The home must pass a Housing Quality Standards (HQS) inspection, which is conducted by HCD staff. If the house was build prior to 1978, a lead based paint test inspection will be required in accordance with HUD Lead Based Paint Regulations.

The house cannot be located in a 100 year flood plain. Per 24 CFR Part 55: Properties located within the 100 year floodplain are vulnerable to a 100-year flood, and a 1 percent chance of a flood occurring every year.

### **IV. Homebuyer Eligibility:**

Prospective homebuyers shall meet the gross annual income limits adjusted for family size as determined by HUD (see Attachment A). The Housing and Community Development Department (HCD) will determine the applicant's anticipated annual gross income. Anticipated annual gross income is an estimation of future income a purchasing household expects to receive based upon their current and future monthly income annualized over a 12 month period. Some examples of future income are bonuses, pay raises, commissions or over time. (HCD requirement)

Homebuyers must attend a HUD approved Homebuyer/Homeownership class to obtain a Homebuyer Education Certificate. The certificate cannot be older than one year from the date of issue, and cannot be obtained from an online class. If two or more persons are buying a home together, all must attend a class and provide a copy of the Homebuyer Education Certificate.

HUD Approved Housing Counseling Agencies can be found here:

<http://www.hud.gov/offices/hsg/sfh/hcc/hcs.cfm>

The purchasing household size will be determined by the Housing and Community Development Department using HUD's definition of purchasing household. Purchasing household includes all persons who will be occupying the units as their permanent residence. A member of a household is considered to a permanent member of the household if they have been living as a member of the household for at least six months or more. (HUD and HCD requirement)

Homebuyer's cash on hand cannot exceed program limits.

Housing and Community Development will make a determination of eligibility at the time the mortgage lender submits the required documents listed in section (V. Lender Requirements) below. (HCD requirement)

The homebuyer will be issued a Commitment Letter review and approval of all required submitted documents. The Commitment Letter will expire 6 months from the date of issuance. At the time of application, the homebuyer cannot have ownership in any property.

The housing ratio ("front end ratio") must fall between 28%-32%

The total debt ratio ("back end ratio") may not exceed 45%

## **V. Lender Requirements:**

The Lender will be required to submit the following to HCD:

- Loan Estimate Form
- Lender conditional loan approval
- Signed and dated 1003
- Copy of the credit report obtained by the Lender
- Escrow Earnest Money Contract (sales price cannot exceed \$162,000)
- Six months of the most recent bank statements
- VOE (verification of employment)
- Paycheck stubs for past 3 months; (HCD requirement)
- Proof of child support; print out from the Office of the Attorney General
- Copy of the divorce decree- if applicable
- Tax transcripts from the past two years
- Government issued identification for all purchasing household members
- Copy of social security card of all members of the household
- Copy of the Homebuyer Education Certificate (no older than one year from date of issue)
- Proof of U.S. citizenship or if a resident alien, must provide both a Social Security card
- Underwriter Summary (1008) – to be provided prior to HCD issuing the Commitment Letter
- Appraisal (that shows 'As-Is' value)
- Title Commitment showing the 1<sup>st</sup> and 2<sup>nd</sup> Liens (upon final loan approval)

- Closing Disclosure (upon final loan approval)

**VI. Title Company Requirements:**

HCD will give the approval for closing and will wire funds to the Title Company.

The Title Company will provide to HCD the original signed promissory note, the recorded City of Corpus Christi Deed of Trust, Recorded Warranty Deed, Final signed Closing Disclosure, Insurance Binder which shows all liens, and the Title Policy which shows HCD as a lien holder.

The Title Company will be responsible for ensuring that all documents are complete and correct.

**INCOME LIMITS (80% of MEDIAN INCOME)**

FAMILY SIZE	1	2	3	4	5	6	7	8
ANNUAL INCOME	31,200	35,650	40,100	44,500	48,150	51,700	55,250	58,850

Revised 3/9/2015\* Income limits are established by HUD and are subject to change without notice