



Housing Division
Janet Barry, Director

HOME PROGRAM DOWN PAYMENT ASSISTANCE

The City of Waltham administers HOME funds from the Federal Department of Housing and Urban Development (HUD) to provide downpayment assistance to eligible homebuyers who purchase residences in Waltham. Eligible homebuyers cannot currently own property or have owned in the last three years. An eligible applicant is one who does not have sufficient deposits of their own for a down payment on property in Waltham, whose income is within the guidelines set by HUD and one who has at least 3% down of their own funding towards purchase of a home in Waltham.

Borrower Qualifications

All income earned by everyone (except for dependent children) in the household must be declared for purposes of determining if the household is income-eligible for downpayment assistance. **Income is calculated one year forward from date of application.** HUD requires that a household's annual gross income (as defined by IRS) not exceed the following limits:

1-person household	\$46,300	5-person household	\$71,450
2-person household	\$52,950	6-person household	\$76,750
3-person household	\$59,550	7-person household	\$82,050
4-person household	\$66,150	8-person household	\$87,350

Eligible Property

- The property must be located in Waltham.
- The property must be a single-family house, condominium or two-to four family structure.
- The property must be the primary residence of all of the borrowers for the full term of the loan.
- The purchase price of the property may not exceed the following limits imposed by the federal government:

Single Unit	\$362,790	Two Units	\$461,113
Three Units	\$560,231	Four Units	\$646,421

- If assistance is requested for multi-unit buildings with rental units, the City will determine whether federal regulations concerning rents, tenant incomes and tenant protections will apply to the property.
- The property must meet Housing Quality Standards established by HUD.
- The property must be lead inspected with inspection report submitted to the Housing Department. Property with existing lead paint must comply with Federal and State lead paint regulations.
- Lead Paint Grant Assistance is available to the homebuyer. Title X Compliance determines grant amount. Lead **must be** abated before occupancy.

Downpayment Assistance

- Borrowers are required to contribute at least 3% of the purchase price towards the downpayment. A borrower's 3% contribution may not be a loan. This amount will vary according to the actual purchase price of the property. It is strongly advised that applicants contact a **local lender** for a mortgage pre-approval before purchase and sale. Borrower must provide pre-approval to the City from a lender at purchase and sale.
- The City will lend qualified borrowers up to 17% of the purchase price not to exceed \$62,000. Minimum HOME funding must be no less than \$1,000.00 per homeowner assisted. The City will hold a Second Mortgage on the property.
- It is the responsibility of the borrower(s) to secure a First Mortgage with a Bank.
- There is no interest and no monthly payments due on the loan.
- Payment will not be due until sale or transfer of the property unless, the homeowner fails to meet the conditions of the City's Mortgage and Promissory Note including, but not limited to:
 1. the house does not meet HUD's Housing Quality Standards (HQS)
 2. the property ceases to be the primary residence of all of the borrowers
 3. any applicable limitations on tenant income and rent are not met and an updated and signed Homeowner Performance Agreement is not submitted to the City.

Asset Limits

Household asset limits shall not exceed \$50,000.00. Assets include liquid assets, such as cash in a checking or savings account, stocks, bonds, certificates of deposit, treasury bills, equity in Real estate and other forms of capital Investments, excluding equity accounts in homeownership programs or state assisted public housing escrow accounts, Retirement accounts and pension funds, IRA, 401K, Keogh Accounts are considered assets if the applicant has access to these funds. Personal property such as furniture and automobiles are not held as investments and are excluded.

Application Process

- A potential borrower must fill out an application, which includes the submission of all required materials including certification that s/he has completed an approved homebuyers class. A list is provided with the application, which provides contact numbers and locations.
- Applications will be reviewed for initial eligibility in order of submission.
- All applicants will be notified by mail that either they are not eligible or are granted a preliminary eligibility determination. **A preliminary eligibility determination by the City is not a financial or legal commitment on the part of the City to issue a loan.**
- Once an applicant receives a preliminary determination of eligibility, funds will be set-aside in his or her name if the City has funds available. If there is no money available at that time, the applicant's name will be placed on a waiting list. A set-aside of funds reserves the funds for the applicant for a maximum of one year.
- The Housing Department will issue requests in writing that certain income information be resubmitted every six months for re-verification of eligibility.

House Purchase

- When an applicant is notified that s/he is eligible and that funds are available, s/he is then encouraged to contact a local realtor to assist in their home search.
- An applicant must receive approval from the City prior to entering into a Purchase and Sales Agreement.
- Borrowers must first have approval from the City before entering into any agreement for multi-family housing. Additional requirements for multi-family

housing must be understood before borrowers proceed. These requirements include non-displacement of tenants, lead paint law and rent limits that will be imposed upon multi family purchases for the duration of the HOME loan. The City has the right to deny funding if the property is not affordable to you at your current rate of income.

- In multi-family purchases there must be an empty unit at closing. No tenant will be displaced in the purchase of a home with HOME funding.
- The applicant must provide a letter of Pre-Approval from a bank and submit this letter with the purchase and sale agreement.
- Purchase and sale must state that the sale will be contingent on the property being lead inspected by a licensed lead inspector.
- The Housing Department will schedule the lead inspection. Should the property need to be lead abated, applicants will receive a grant for the lead removal. Actual Grant amounts will vary depending on Title X Compliance requirements.
- The Waltham Housing Department will also inspect the property to determine if it meets Housing Quality Standards and if repairs are required to meet these standards. No property can be purchase with federal funding that is not up to HQS Standards.

Commitment and Closing

After satisfactory completion of all its requirements, the City will issue a Commitment Letter to the borrower. The Housing Department requires at minimum, four weeks to prepare for closing.

- Notice of Non-Displacement or notice of Eligibility will be sent to tenants.
- Notice to seller will be sent.
- Environmental Review will be conducted to assure that the property is not in a Flood Zone.
- **Applicant(s)** will forward the Bank Appraisal to the Housing Department.
- **Applicant(s)** will sign a Lead Paint notification, a HOME Loan Commitment Letter and a Truth in Lending Statement.
- The HOME loan will be closed at the Housing Department. The borrower and representative from the City of Waltham will then proceed to the closing on the first mortgage.

Refinancing

In the event the homeowner(s) re-finance their HOME assisted property they City will not subordinate the second mortgage unless the new loan is reducing their current interest rate. If the homeowner(s) choose to take equity out of the property the Down Payment assistance Loan must be paid back in full. Homeowner(s) must agree to the subordination policy prior to loan closing.

Annual Certification

Every year, the borrower will be required to sign a Certification Form confirming that the property is the borrower's primary residence, the property meets HUD'S Housing Quality Standards and that the borrower is complying with the terms of the Mortgage and Promissory Note.

Loan Recapture

If the premises are sold, cease to be the Mortgagor's primary residence or there is any change in the title during the term of the Promissory Note, which commences upon the Completion Date, or the Mortgagor is not in substantial compliance with the Promissory Note and Mortgage, the City will recapture the full HOME loan or the net proceeds, if the net proceeds are less than the full amount of the HOME loan and the Mortgagor's investment.

The City specifically reserves the right to require full repayment, notwithstanding any deficiency in the amount of the net proceeds, in the event that repayment is triggered by a willful violation by the Borrower of the terms of the Note, or the Mortgage or any applicable HOME regulations. This recapture provision conforms to HUD HOME regulation 24 CFR 92.254 (a)(5)(ii). HUD defines the net proceeds as the sales price minus non-HOME loan repayments and closing costs. **If the net proceeds are sufficient to repay both the HOME loan and the Borrower's investment (HUD defines Borrower's investment as the Borrower's down payment and any capital improvement investment), the City must recapture the full HOME loan.** Please note, however, that when the net proceeds are insufficient to repay the full HOME assistance, the City will not permit the Borrower to recover more than his/her investment.

The Principal sum may be deferred annually by the City based upon annual review by the Lender of the Borrower's compliance with the terms of this Mortgage, the HOME Program and HOME Project funding agreement and the Promissory Note.

First Mortgage Requirements:

Buyer mortgages must have a fixed interest rate through the full term of the mortgage. The loan must have a current fair market interest rate. Non-household members may not be co-signers of the mortgage.

To qualify for a mortgage loan to purchase a home with the City of Waltham's Down Payment Assistance program, there will be minimum income limits to be determined by the lender. Normally, the bank will use a "Housing Debt Ratio" of housing expense to include principal, interest, mortgage insurance, real estate taxes, and homeowner's insurance at 33% and a "Total Debt Ratio" including housing and all other debts of 38%. The precise minimum income requirements will vary for each applicant according to the terms of the loan, the amount of down payment, applicant's credit scores, the interest rate, and other factors. Applicants are asked to consider or pursue other mortgage funding sources to supplement their application, including the Massachusetts Housing Partnership's Soft Second Program, and lending programs available from private financial institutions for first-time homebuyers.

Mortgage Pre-approval:

The application must include a mortgage pre-approval letter with the purchase and sale agreement stating that a credit report has been part of the lender's review. A pre-qualification letter will not meet this requirement. You will not be able to schedule a loan closing until this office receives the pre-approval with mortgage terms in writing. Closing dates stated in signed purchase and sale agreements will not be honored by the City without a pre-approval from a lender.

Acceptance Purchase and Sale Agreement

You must contact the Housing Office prior to signing a purchase and sale agreement. The following information is important and your deposit could be at risk if you do not follow the following guidelines.

Lead Paint

The purchase and sale agreement must include a statement that allows the unit to be inspected for lead paint. The City will not proceed in the purchase without completing a lead paint inspection.

Purchase Recommendations

We highly recommend that you be represented by an attorney for your loan closing. The Housing Division nor the City will act as your legal counsel.

We highly recommend that you contact a local lender for your first mortgage. Most local lenders are familiar with our program and offer very competitive mortgage products to first time homebuyers in Waltham with the down payment assistance program.

Applicants must return all of the following:

- ➔ Completed Application form including: performance agreement and affidavit of understanding.
- ➔ Copies of four most recent payroll stubs for all jobs for all adult household members.
- ➔ Copy of Homebuyer Counseling Class Certificate.
- ➔ Copies of Federal Tax returns for years 2006 and 2007
- ➔ Copies of IRA, Social Security, pension and retirement account statements if they apply to the applicant.
- ➔ Copies of all statements from assets (checking, savings, stocks, bonds, certificates of deposits, etc.).
- ➔ Supporting documentation pertaining to full time student status, divorce, child support, alimony (if apply to the applicants).

Additional information and applications can be found on our website at <http://www.city.waltham.ma.us/Housing/index.html>



Affirmative Marketing

In accordance with 24 CFR 92.350, and to further the City's commitment to nondiscrimination and equal opportunity, the City of Waltham will not discriminate on the basis of race, color, national origin, religion, or sex. The City will follow all procedures outlined in West Metro Consortium Affirmative Marketing Policy.

Program Contact:

**Deborah Flanagan,
Waltham Housing Department,
119 School Street, Waltham, MA 02451,
(781) 314-3380**

The City of Waltham reserves the right to modify the Downpayment Assistance Program in order to make improvements or to respond to changes in federal regulations.