

**PARISH OF JEFFERSON  
DEPARTMENT OF COMMUNITY DEVELOPMENT  
2015 FIRST-TIME HOMEBUYER ASSISTANCE  
PROGRAM DESCRIPTION**

**OVERVIEW**

Jefferson Parish has been designated as a Participating Jurisdiction for the HOME Program funded by the U.S. Department of Housing and Urban Development (HUD) and as such has designated a portion of its HOME funds for use in the “First-Time Homebuyer Assistance Program.” The actual number of households that will be assisted is contingent upon the actual level of assistance received per client participating. Although the program allows assistance up to \$40,000 per client, the previous year funding averaged approximately \$32,000 of assistance per client. Even though the previous average level of funding assistance can be used as a possible gauge to estimate households that might be served during the current funding round, this average should not be used as an expectation of benefit since the average level of assistance tends to change from year to year.

**ASSISTANCE PROCESS**

The 2015 First-Time Homebuyer Assistance Program is now open and Preliminary Application Packages are being accepted Monday through Friday, between 9 a.m. and 4 p.m. at the office of Jefferson Parish Community Development, Joseph Yenni Building, 1221 Elmwood Park Blvd., Suite 605, Jefferson, LA 70123. The 2015 First Time-Homebuyer Assistance Program is subject to close at any time due to the limited amount of funding.

Preliminary Applications, Community Development Worksheets and Program Descriptions are available on the Parish’s Internet site at [www.Jeffparish.net](http://www.Jeffparish.net) or at the Community Development Office listed above.

Preliminary Application Packages must be submitted in a sealed envelope with the name of the applicant clearly shown on the outside of the envelope.

Preliminary Application Packages will be reviewed in order of submission. Applicants submitting a Preliminary Application with full supporting documentation will be contacted by phone to arrange an in-person appointment to complete the application process for the First-Time Homebuyer Assistance Program. If unable to contact the applicant after three (3) attempts, Community Development will return the Preliminary Application Package to the applicant.

Incomplete Preliminary Applications will not be held by Community Development for completion of missing information or documentation; but rather will be returned to the applicant.

**PURCHASE SUBSIDY**

Jefferson Parish will use HOME Funding to assist income-qualified First-Time homebuyers to purchase their home by subsidizing the down payment and closing costs associated with the purchase. The subsidy will be awarded to the extent necessary to cause the total monthly payment on the primary mortgage, which is required to be at or below prevailing market rates, to not exceed thirty (30%) percent of the purchaser’s total monthly household income. The maximum amount of the HOME purchase subsidy to be used for down payment and closing cost assistance will not be more than Forty Thousand Dollars (\$40,000) per client.

As part of the underwriting process, the amount of the HOME Assistance is calculated on a case by case basis by the Department of Community Development utilizing the program’s “Assistance Calculation Sheet”. After the total monthly housing payment (PITI) on the primary mortgage is calculated, less estimated taxes and insurance, the result is estimated principal and interest. This number is used to amortize the mortgage. The closing cost and prepaids submitted by the lender become part of the calculation sheet. The sales price less the amortized mortgage, the required contribution of the purchaser, and other funding determines the amount of assistance. Note: the purchaser is required to contribute a minimum of One Thousand Five Hundred Dollars (\$1,500) from their own funds towards the purchase of the home in order to receive assistance under the First-Time Homebuyer Program.

**ELIGIBLE FIRST-TIME HOMEBUYERS**

Eligible “First-Time Homebuyers” must be a U.S. Citizen or Legal Alien with permanent residential status (in the U.S), who has not owned a home during the past three year period. Additionally, eligible program participants must also meet income requirements; the selected home for purchase must meet a maximum home appraised value and also meet property standards; other HOME Program criteria also applies as explained throughout this program description.

## **INCOME QUALIFICATION**

The purchasing household must have income at or below 80% of the area median income as established by HUD and adjusted for household size. A household's income eligibility is based on gross income (before taxes) and is determined in accordance with Part 5 Income Definitions as determined by HUD methodology. As HUD provides updated income schedules, they will automatically be incorporated into this program.

The current applicable 2015 HOME Program maximum Median Income Limits of 80% of the area median income according to family size are as follows:

<b>One person in household</b>	<b>Two persons in household</b>	<b>Three persons in household</b>	<b>Four persons in household</b>	<b>Five persons in household</b>	<b>Six persons in household</b>	<b>Seven persons in household</b>	<b>Eight persons in household</b>
<b>\$33,600</b>	<b>\$38,400</b>	<b>\$43,200</b>	<b>\$48,000</b>	<b>\$51,850</b>	<b>\$55,700</b>	<b>\$59,550</b>	<b>\$63,400</b>

## **HOMEBUYER COUNSELING**

Participants must attend a First-Time Homebuyer Training Class and Financial Fitness Class presented by an organization that is a member in good standing of the Louisiana Homebuyer Education Collaborative. Both training certificates must have been awarded to the participant within the last two years (24 month period) in order to be eligible to receive purchase assistance. Training certificates with dates older than two years will require that the client retake the training. It is possible for participants to have two separate training certificates, one for Homebuyer Training and the other for Financial Fitness. If the circumstances are such that one of the two certificates was issued within the last 24 month period, validating acceptability of at least one certificate, the second older non-compliant certificate will be honored without retaking the training.

## **AFFORDABILITY STANDARD**

The monthly payment required to service the anticipated primary mortgage may not exceed 30% of the gross monthly household income, after the application of all available down-payment funds and financial assistance. HOME funds will not be used to assist a purchaser when repayable mortgage obligations exceed the 30% affordability standard set by the program.

*Example:* A gross monthly household income of \$2,000 per month cannot have a total monthly mortgage payment greater than \$600 per month in order to be eligible for participation. ( $\$2,000 \times .30 = \$600$ )

## **ELIGIBLE PROPERTY**

Only owner-occupied or vacant single-family properties (no tenant occupied properties) are eligible for participation and the property must be located in Jefferson Parish (excluding the City of Kenner). The property may include the following types of residential property:

- A single family structure
- A condominium unit
- A manufactured home (on land to be owned by applicant)

The property must be intended for use as the principal residence of the applicant and cannot contain any commercial activity or rental units. The property will be inspected by Community Development and must meet the Section 8 Housing Quality Standards (HQS) as set forth by HUD. If the inspection determines repairs are necessary in order for the home to meet HQS, all corrective work must be completed and re-inspected for acceptability prior to the purchaser receiving the HOME purchase subsidy. The property must also pass a visual Lead Based Paint Inspection conducted by Community Development to verify that no defective paint surfaces exist on houses built before 1978 (chalking, peeling or other defective paint on pre-1978 homes will automatically disqualify them from program participation. No exceptions).

## **PROPERTY'S APPRAISED PRICE**

The appraised value of the property to be purchased must not exceed the HUD limit of 95% of the area medium purchase price for Jefferson Parish. The current maximum appraised property value is \$180,000. Any property with an appraised value greater than this limit is not eligible

for program participation. The primary mortgage lender’s appraisal will be used to document that the property’s value is within acceptable limits. In the unusual situation where an appraisal is not obtained by the primary mortgage lender, a minimum of 3 comparable sales will be obtained by Community Development and used in the estimation and documentation of the property’s value.

**NO TENANT DISPLACEMENTS OR RELOCATIONS ALLOWED**

No tenant displacements or relocations are allowed in the program, as tenant occupied properties are not eligible for participation and will thus eliminate any potential involuntary displacement or relocation of occupied houses. The only exception to this requirement is where the tenant is purchasing the rental home they currently occupy (where the homebuyer and the tenant are one and the same). No other occupancy variations will be allowed in the program.

**SUBSIDY MORTGAGE**

The participant will be required to grant a mortgage to the Parish in the full amount of the HOME program purchase subsidy for a term of time as required under the Affordability Requirement of the HOME Program. The participant will not be required to make monthly payments on the secondary HOME subsidy mortgage, but may be required to repay some of the assistance under the program’s Affordability and Recapture Provision.

**HOME AFFORDABILITY AND RECAPTURE PROVISION**

HOME Program regulations specify that certain requirements must be met to ensure affordability for minimum periods when HOME funds are used for homeownership. In order to comply with this requirement, Jefferson Parish has made the decision to implement a recapture provision for HOME funds. The recapture provision will be implemented through the use of a “Deferred Payment Loan Mortgage.” The mortgage will be filed in the public mortgage records with the Clerk of Court of Jefferson Parish. The purpose of filing this mortgage is to insure that if the assisted housing does not continue to be the principal residence of the assisted household for the duration of the period of affordability as required by the HOME Program, it will require a recapture (repayment) of the HOME investment by the homeowner.

The length of the affordability period and term of the HOME mortgage are based on the amount of HOME Program assistance that is awarded each client in accordance with the following schedule:

<u>AMOUNT OF FUNDS</u>	<u>PERIOD REQUIRED</u>
<Less Than \$15,000	5 Years Required
\$15,000 to \$40,000	10 Years Required

If for any reason the homeowner does not complete the required affordability period, recapture (repayment) will apply. However, the recapture amount will be reduced on a pro rata basis for the time the homeowner has owned and occupied the housing measured against the required affordability period.

*Example:* The homebuyer receives \$20,000 of HOME assistance, which requires a minimum of a 10 year affordability period. The homeowner decides to sell the property after the fifth (5) year of occupancy. The recapture (repayment) will be based on a pro rata payment of 1/10<sup>th</sup> or \$2,000 of subsidy for each year that the homeowner does not live in and own the HOME-assisted property. In the given example, the program would forgive 5/10<sup>th</sup> (one-half) of the \$20,000 subsidy for the owner occupying the property for 5 out of 10 years; and the homeowner would repay one half (\$10,000) for not fulfilling the affordability requirements of the program.

In the event the home purchaser successfully fulfills their obligation for the entire affordability period, the homeowner will be free to sell the property at that point in time without concern for the recapture provision. Upon the maturity of the “Deferred Payment Loan Mortgage”, the recorded lien will be cancelled from the public records and all obligations by the homeowner to Jefferson Parish will be fully satisfied.

**ALLOWABLE CLOSING COSTS**

HOME funds may be used to pay generally acceptable closing expenses as determined by Jefferson Parish Community Development such as: loan points, origination fees, credit and title

examination costs, recordation fee, legal fees, land surveys, appraisals, and down-payment costs, with the exception of the purchaser's minimum cash contribution of \$1,500. HOME assistance cannot be less than \$1,000 or greater than \$40,000.

### **SELECTION OF MORTGAGE LENDER**

Applicants are responsible for selecting their own lender for the primary first mortgage loan needed for the purchase of their home. However, the First-Time Homebuyer Program is only designed to work in conjunction with a fixed rate/fixed term primary mortgage. Other unconventional types of mortgages (adjustable rate mortgages, temporary buy downs, balloon mortgages, etc.) will not be allowed for program participation. Additionally, the program has set primary mortgage lender requirements that must be met by participating lenders if HOME funds are to be used in the purchase of the property. Program applicants are solely responsible for meeting their chosen lender's loan underwriting qualifications such as credit scores, length of employment, debt history, etc.

### **PRELIMINARY APPLICATION SUBMISSION**

Applicants will be selected for participation according to the order of submission of their Preliminary Application Package. Applicants submitting a Preliminary Application with full supporting documentation will be contacted by phone to arrange an in-person appointment to complete the application process for the First-Time Homebuyer Assistance Program. If unable to contact the applicant after three (3) attempts, Community Development will return the Preliminary Application Package to the applicant.

Incomplete Preliminary Applications will not be held by Community Development for completion of missing information or documentation; but rather will be returned to the applicant.

Any inaccurate or misleading information within the Preliminary Application will disqualify the applicant from consideration and participation in the program. A complete Preliminary Application Package must contain all of the following information in order to be accepted as a complete submission:

1. The completion of the Preliminary Application Form, making sure that you are able to meet all listed submission requirements by being able to answer "yes" to each question on the Preliminary Application.
2. Attaching copies of the First-Time Homebuyer Training Certificate and Financial Fitness Training Certificate.
3. Attaching a copy of the Community Development Worksheet completed by your mortgage lender. If available, attach a copy of loan pre-approval.
4. Attaching a copy of a valid and fully executed purchase agreement.
5. Attaching a copy of the most recent paycheck stub, plus the past six (6) uninterrupted pay check stubs (seven (7) total) for each employed member of the household.
6. Attaching a copy of the two (2) most recent Statements of Account (checking & savings statements) issued for each financial account maintained by the applicant or any member of the household.
7. Attaching copies of the last two (2) years tax returns for self-employed borrowers and profit & loss statement for the present year.
8. Attaching a copy of the most recent Federal Income Tax return filed for each household member having income.

### **IN PERSON APPLICATION**

At the time of the in-person appointment to complete the application process, applicants are required to make full disclosure of all information that may need clarification for the determination of program eligibility. Refusal to disclose any requested information deemed necessary to evaluate eligibility, willful failure to disclose household income or

misrepresentation of household membership information will be grounds for rejection of the application.

Depending upon individual circumstances, it may be necessary to assemble and submit additional eligibility documentation as a result of the in-person application. Additional supporting documentation may include information such as the following:

- Social Security cards for each household member
- Copies of birth certificates
- Divorce Judgment
- Community Settlement
- Either Proof of Custody or adequate documentation to support the contention that a minor child is a member of the applicant's household
- Judgment or Agreement for Child Support
- Verifiable documentation for all other sources of income besides salary and wages, such as: tips, interest, dividends, alimony, child support, business income, IRA distributions, pensions, annuities, real estate rental payments, unemployment, Social Security and any other form of income that may be received.
- Verification of full-time student status, employment, assets and public assistance

Every effort should be made by the applicant to gather and make available any of the above indicated documentation that may pertain to their circumstances, so it can be presented at the time of the in-person application in order to speed the process.

### **AWARD OF FUNDING**

The HOME funding takes place when a Parish issued check is provided to the Title Company or closing attorney at the time of closing arranged by the primary mortgage lender. Prior to this closing (usually an hour or two before the primary mortgage lender's real estate closing) the purchaser will be scheduled to attend Community Development's closing in order to complete the HOME Program's First-Time Homebuyer loan documents. At Community Development, the purchaser will sign the HOME Mortgage, Promissory Note, Rescission Notice, Homeowner's Agreement and any applicable affidavits. Community Development must also receive a final HUD-1 Closing Statement from the primary mortgage lender, before the assistance check can be released. Under no circumstances will HOME funding be made payable and given directly to the purchaser. The HOME program closing must take place on the same day as the primary mortgage lender's real estate closing.

### **NO ASSURANCE OR GUARANTEE OF FUNDING**

Home Program funding is not assured and no guarantee is implied that funding will be provided for the purchase of property until all program requirements are fully met by both the applicant and the applicant's mortgage lender. Additionally, all program eligibility information and individual circumstances are subject to full verification, confirmation and documentation to the complete satisfaction of Jefferson Parish Department of Community Development, before any funds are released.

### **EVENTS OF DEFAULT DURING THE AFFORDABILITY PERIOD**

The entire amount of the original HOME Program Assistance may become immediately due and payable should any of the following events of default take place during the Affordability Period:

- Withholding information for the purpose of fraudulently participating in the program
- Not maintaining the home as a single residence
- Not maintaining the home as a principal residence of the purchaser(s)
- Leasing or renting any part of home
- Using any part of the home for commercial use
- Not maintaining the home in an acceptable condition to pass a Housing Quality Standards (HQS) inspection or not remedying housing code violations
- Not maintaining required insurance coverage for homeowners and flood insurance in order to guard against a loss
- Intentionally harming or damaging the home
- Not disclosing financial transactions that increase the indebtedness of the home through unauthorized refinancing
- Not disclosing a real estate sale or transaction that transfers unauthorized ownership of the property

In the event that a condition of default does take place, the Jefferson Parish Department of Community Development will pursue all legal remedies available to ensure that the HOME Program Assistance is recovered as required by the HOME Program.

## **ADDITIONAL INFORMATION**

Additional information about the Jefferson Parish First-Time Homebuyer Assistance Program is available on the Parish's Internet site at [www.Jeffparish.net](http://www.Jeffparish.net) or by contacting us at Jefferson Parish Community Development, 1221 Elmwood Park Boulevard, Suite 605, Jefferson, Louisiana 70123; Phone: (504) 736-6262.

## **PROGRAM AMENDMENTS**

This program description may be amended by the Department of Community Development at any time in order to achieve full compliance with the requirements of the HOME Investment Partnership Program and to prioritize applications within funding limitations.

Revised 6.1.15