



County of Summit Down Payment Assistance Program

Preliminary Buyer Disclosure Statement

SECTION I: OBJECTIVES OF THE PROGRAM

To increase the accessibility of homeownership for low-moderate income households.

For many potential homebuyers, the biggest barrier to homeownership is the down payment and closing costs. The County of Summit Down Payment Assistance (DPA) Program has been designed to assist eligible, low-moderate-income first time homebuyers, that reside within the County of Summit corporate limits, by providing a 3:1 match up to \$12,000, as a 0% interest rate deferred loan, due upon sale or transfer of the home, or no the home is no longer used as the primary residence of the applicant.

The DPA program has been developed with HOME Investment Partnership (HOME) program funds, provided through the U.S. Department of Housing and Urban Development (HUD). Funds are available on a first come first served basis.

SECTION II: APPLICANT ELIGIBILITY

1. Eligibility to receive down payment assistance is dependent upon the annual gross household income (*from all sources and all household residents over the age of 18*), and the household size (*the number of people who will reside in the home*).
 - The maximum household income limit for a purchaser must be equal to or less than 80% of the Area Median Income as established annually by the U.S. Department of Housing and Urban Development (HUD). There is ***no flexibility*** in these income limits.
 - The limits are updated annually, and the program is subject to the most current HUD published limits.
 - To determine income the most recent tax returns for all adults in the household must be provided along with 3 most recent pay stubs and 3 months of the most recent bank statements
 - An initial credit report from Credit Karma or another credit agency must be provided by the applicant for the applicant and co-applicant

2. HOME funding requires that the down payment assistance be utilized by first-time homebuyers as per HUD guidelines:
 - Has not owned a home in the last three (3) years.
 - A single parent or displaced homemaker who has only owned a home with a former spouse.
 - An individual who has only owned a principal residence not permanently affixed to a permanent foundation in accordance with applicable regulations.

3. Information on Household assets must be provided including but not limited to savings accounts. Assets are liquid assets such as cash, checking, savings, cd's, stocks, bonds and mutual funds.

4. The homebuyer shall be required to reside in the property as their principal residence. The loan shall be evidenced by a Promissory Note secured by a mortgage on the property, which shall be deferred, due upon sale or transfer of the property or no longer being used as the principal residence.

5. The assistance from the County of Summit can be used for down payment and/or for closing costs, in conjunction with the buyers match. The Affordability & Subsidy Analysis Worksheet will determine the subsidy from the County of Summit.
6. Applicants will be required to attend a HUD- approved certified housing counseling certificate course.
7. Potential homebuyers must be able to obtain a commitment from a bank, savings and loan association, credit union or other private lending institution for the funds required for a first mortgage to purchase the home. The lending institution is solely the choice of the applicant. The loan must collect escrow funds and pay the property taxes and homeowner's insurance premium. Lenders are to provide a thirty (30) year, fixed rate mortgage. The county will not participate with lenders practicing predatory lending. Adjustable-rate mortgages will not be considered. FHA & conventional loans are approved services. Other sectors are subject to the staff's investigation of the lending services before approval.
8. The County of Summit will provide a 3:1 match up to \$12,000.00 of the primary lender required down payment and closing costs. When the subsidy analysis is completed, applicants must have a front-end debt ratio (monthly principal, interest, taxes and insurance) not exceeding 31% of Gross Monthly Income and a back-end debt ratio (PITI, credit cards and all recurring debt) not exceeding 43% of Gross Monthly Income. This will be determined using the income calculations, household budget and credit report on file. This requirement ensures sustained affordability for the homebuyer.
9. Initial income and asset determination will be made to assist the client in moving forward in the program. However, final eligibility cannot be determined without loan offers, purchase agreement, appraisal and property inspection. All approvals will remain contingent on those items, as well as the final Loan Disclosure and ALTA which are made available before closing. A complete application is defined as one that is entirely filled in and signed and in which a preapproval, purchase agreement and property card are present.

SECTION III: PROPERTY ELIGIBILITY

Eligibility is restricted to existing and newly constructed single-family homes in the County of Summit outside of the cities of Akron, Barberton and Cuyahoga Falls, with a maximum purchase price not to exceed 90% of the appraised value of the home.

- 1) The property must be owner-occupied or vacant. Homes currently rented are not eligible, unless currently rented by the buyer. There is a required voluntary acquisition form. The property owner must be willing to make repairs as needed to meet the County of Summit homebuyer assistance program corrections. For this reason, foreclosed homes are not eligible for this program.
- 2) Prior to the closing, the house must be free of defects that pose an immediate danger to health and safety. Identified hazards include, but are not limited to, defective furnaces, water heaters, wiring, windows, water leaks, missing handrails, inoperable or absent smoke detectors, non-grounded outlets, deteriorated roofs, and unsanitary conditions. The County of Summit's inspector is required to inspect the property, provide a list of required corrections and afford the owner the opportunity to make corrections prior to the sale of the property. The buyer is required to have an ASHI Certified Home Inspection completed. A copy of the report must be provided to the County of Summit.
- 3) If the property is located in a flood zone, flood insurance must be purchased prior to or at the loan closing. The County of Summit requires flood insurance for all properties in flood zones.
- 4) The homebuyer must agree to reside in the property as their principal residence. The County of Summit will mail an Occupancy Certificate annually, requesting that the homebuyers attest and sign to the fact that the home remains their principal residence. Submitting this form assists in maintaining

compliance with the County of Summit's deferred second mortgage and is mandatory to complete each year.

SECTION IV: ELIGIBLE ACTIVITIES

The County of Summit will provide a deferred loan, not to exceed \$12,000.00 to eligible homebuyers for any combination of the following: Down payment assistance: The County of Summit can provide the lender required down payment, not to exceed \$12,000 total, total amount is determined on the applicants in personal funds. County funds are a 3:1 matching program. Closing cost assistance: Eligible closing costs include appraisal fee, credit report fee, recording fee, processing fee, title examination, origination fee and inspection fees and prepaids.

SECTION V: APPLICATION PERIOD

1. Due to the interest in the program and the limited resources available, assistance will be offered on a first-come, first-serve basis, as funding is available.
2. Action plans will be created to track progress and all activity regarding the applicant's application.
3. Summit County will not provide tax or legal advice to the client.
4. An applicant's file will be subject to closure if there are three documented, nonresponsive attempts from Summit County to the applicant. If an applicant's file is closed, they will be required to start the process from the beginning.

SECTION VI: PROGRAM PROCEDURES

1. After the buyer completes the application for assistance, a financial interview will be scheduled with Summit County Department of Community and Economic Development. This interview will determine eligibility by verifying household size, household income and household debt and overall process of the program.
2. Summit County's match funds will be deposited with the Title Company after the applicant has deposited their funds. No funds will be given to the buyer or seller directly.
3. The buyer will complete HUD Certified homebuyer education/counseling.
4. The County of Summit Down Payment Assistance program requires the buyer to obtain a mortgage pre-approval. The monthly mortgage payment should not exceed 31% of annual gross income (includes principal, interest, property taxes and insurance).
5. The County of Summit Down Payment Assistance program requires the buyer to provide a copy of their signed purchase agreement.
6. Once Summit County has determined the pre-qualification of buyer (income eligibility, mortgage pre-approval, purchase agreement) a notification will be sent to the County of Summit, Deputy Director.
7. The County of Summit's Department of Community and Economic Development will inspect the property to determine code compliance. A Certified ASHI Home inspection must also be completed. The buyer is required to pay for the inspection and the report must be provided to Summit County.

8. The County of Summit will issue a Certificate of Compliance to Community Building Partnership once the house passes inspections and no delinquencies have been verified.
9. Community Building Partnership will issue the County of Summit Down Payment Assistance Program Approval to the buyer, lender, and realtors.
10. Community Building Partnership will work with the lender and closing agent to determine the final assistance amount.
11. Final Assistance Determination is sent to the county for review and for the preparation of Note/Mortgage and Recapture Agreement.
12. Summit County will provide the down payment and/or closing cost assistance at the loan closing.
13. At the closing, the buyer must sign a Note, Mortgage and Buyer's Agreement for the amount of assistance provided and agrees to reside in the home.

SECTION VII: PROPERTY TRANSFERRED/REFINANCED

1. If the home is sold, the title has transferred, or the home becomes non-owner occupied the **entire loan amount** will be due and payable to the County of Summit.. In the event of foreclosure during the term of the loan the amount due is based on the amount of net proceeds from the foreclosure sale available after the first mortgage has been satisfied.
 2. The County of Summit Department of Community and Economic Development will consider subordination of its mortgage liens which secure loans made under the HOME program, based on certain criteria.
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I declare that I have read the terms and conditions of the County of Summit's Down Payment Assistance program.

Homebuyer signature

Date

Homebuyer Print

Homebuyer signature

Date

Homebuyer Print

Once the County of Summit’s Department of Community and Economic Development have determined that both the applicant and the house have met Down Payment Assistance program eligibility requirements, the applicant will receive an award letter from Summit County.

At such time, Summit County Department of Community and Economic Development will coordinate the closing with the lender and the title agency. They will prepare a check for the funds, attend the buyer’s closing and execute the County of Summit Down Payment Assistance Program Agreement and Promissory Note. Summit County must obtain a copy of the recorded Mortgage for their file.

Examples of 3:1 Match

| Buyers Investment | County Match Amount |
|-------------------|---------------------|
| \$500 | \$1,500 |
| \$1,000 | \$3,000 |
| \$1,500 | \$4,500 |
| \$2,000 | \$6,000 |
| \$2,500 | \$7,500 |
| \$3,000 | \$9,000 |
| \$3,500 | \$10,500 |
| \$4,000 | \$12,000 |