

FIRST TIME HOME-BUYERS ASSISTANCE PROGRAM

PARTICIPANT PROCEDURES

Introduction

The Norristown Home Buyers Program was established in 1997 to assist individuals and families to purchase a home in the Municipality of Norristown. Funding for this program is provided by the U.S. Department of Housing and Urban Development (HUD), and administered by the Commonwealth of Pennsylvania and HUD.

Homeowners have a significant interest in the maintenance of their properties and therefore a vested interest in the community. Such interest helps promote long-term stability for Norristown. Through home ownership counseling and direct assistance at property settlement, the program endeavors to provide participants with the maximum opportunity to become successful homeowners and long term community residents. The Norristown First Time Home-Buyers Assistance Program provides assistance with down payment to applicants who meet the program's eligibility criteria and procedural requirements.

Additionally, applicants who meet the program's income requirements are also eligible for special mortgage products from local banks. These special programs reduce the interest rate on mortgages up to one point below the conventional market mortgage rate.

The goal of the First Time Home-Buyers Assistance Program is to enhance the opportunity of low and moderate income families to own a home of their own and to increase the rate of home ownership among the low income population seeking residency within the Municipality. The Program also desires to reduce the pressure on the supply of rental housing by converting renters into home owners.

The Norristown First Time Home-Buyers Assistance Program does not discriminate in the provision of service based on race, color, religion, sex, national origin, disability or familial status.

Assistance Provided

The Norristown First Time Home-Buyers Assistance Program provides down payment and closing cost assistance to eligible applicants. Eligible applicants are those households who meet all basic program criteria and complete all procedural requirements.

Assistance is provided in the form of a zero interest loan, and will be on a need basis, depending on the applicant's income level. A second mortgage on the property being purchased is recorded with Montgomery County recorder of deeds to secure the loan. The affordable housing requirement, otherwise known as the term of the loan, applies for five years. After this five year period, the loan is forgiven.

The loan is only forgiven at term if the participant maintains ownership of the property and continually uses it as their primary residence. If the property is sold or not used as the participant's primary residence, loaned funds must be repaid back in full.

would be conducted during the preliminary application process, as well as at the settlement/closing. This should include the following where applicable:

Income tax return (W-2 Form), social security, income Verification, employment, Social Security Income, Public Assistance, Child Support, Pension, , Good Faith Estimate, Proof of Counseling, Single Household dwelling, Property Value and Mortgage commitment, Acknowledgment of receipt of lead based paint hazard information (for houses pre-dating 1978) as submitted to the mortgage lender.

Applications are processed on a first come first serve basis and will be processed as soon as all the necessary information is received from the mortgage lender.

Failure to provide information on all household income fraud and will result in the application being closed.

Eligibility Determination

The Municipality's program staff will third-party verify employment income. It is essential that applicants cooperate with the program's intake coordinator in matters of providing information requested, if not provided by the mortgage lender. Such assistance will speed the determination eligibility.

When all information is received, projected income will be determined and eligibility established. After review by the program supervisor, eligible applicants will receive an acceptance letter stating how much they will be receiving towards their down payment and/or closing costs, including any conditions, which must be met before actual assistance can be provided. **Do not accept, obtain or request a settlement letter before you receive this acceptance letter. An applicant will not receive any monies if a settlement letter has been accepted, obtained or requested.**

Those applicants determined not to be eligible for program assistance will be notified by mail. The reason for the decision will be stated and, if appropriate, information on other programs that may be of assistance will be provided.

Home Ownership Counseling

Mortgage Counseling endeavors to provide prospective Homebuyers with information and assistance, necessary to complete home purchase and other useful information once the participant becomes a homeowner.

This should include but not be limited to the following aspects:

- How the mortgage process works
- Budgeting of money
- How to purchase a Home
- Who is the Title company
- Walk through before settlement
- Home repair
- How to pick out a good contractor
- What to look for in a Realtor

Participants can expect to do a great deal of work themselves to complete the home purchase process. Home ownership counseling is specific to each participant, depending on the household's particular needs and strengths, and this will be determined by the counseling agency. Interested participants may receive free

A settlement notice needs to be sent to the Municipality of Norristown by the Title Company, as soon as the applicant receives an award letter from the Municipal Council President. The Settlement Notice from the Title Company should be in advance of 15 to 21 business days before settlement and there will be no exceptions. This will also go out to all the parties involved in this process. Direct assistance will be provided to the participant in the form of a check at settlement, made out to the Title Company. Participants will be required to execute Home Buyers Program documents. These documents include: the Norristown Home Buyers Program Subordinate Mortgage and Security Interest Agreement, the Mortgage (in second position to the primary lender), and Note. Other documents will be added as needed. Participants will receive copies of all Program documents signed at settlement. A copy of the HUD-1 form should be provided to the Municipality after settlement.

If the participant has not completed payment of the required three percent (3%) towards costs incurred for the property; participants will be required to make that payment at settlement.

All property settlements will be conducted at the Title Company and may be attended by a program staff from the Municipality.

Program Follow-Up

Since participants are required to maintain ownership of the property and use it as their primary residence, staff will perform an annual follow-up to verify that these conditions are met. This will prevail until the time the loan is forgiven. Participants will be required to sign a certificate of residence and return it to the Program along with proof of address.



Municipality of Norristown

Municipal Council

Sonya D. Sanders, President
Derrick D. Perry, Vice President
Heather Lewis, District 2
Valerie Scott Cooper, District 3
Hakim Jones, District 4
Olivia Brady, At Large
Suane Gardiner, At Large

Crandall O. Jones
Municipal Administrator

FIRST TIME HOME BUYERS DOWNPAYMENT AND CLOSING COST ASSISTANCE INCOME LIMITS- 2017

INTRODUCTION:

The Municipality of Norristown has developed a down-payment and closing cost assistance program to help qualified borrowers meet the financial requirements of down-payment and closing costs assistance. The program is funded through the Department of Housing and Urban Development, and provides a maximum of up to \$5,000.00 depending on the need of the applicant. The assistance is offered in the form of a non-interest second mortgage that requires no repayment unless the home is sold, refinanced, rented out, or transferred within the affordable housing term.

ELIGIBILITY

To be eligible for the program:

1. Applicant must be low/moderate income: the applicant must have an annual income that does not exceed 80 percent of the median income for the area (please see below)
2. Applicant must occupy the property as a principal use.
3. Applicants must be first time home buyers.
4. Home to be purchases must be located in the Municipality of Norristown.
5. Home must be a single family residence.
6. Applicants are required to contribute a minimum of 3% of closing costs

FAMILY SIZE	HOUSEHOLD INCOME (NO MORE THAN)
1	\$46,600
2	\$53,250
3	\$59,900
4	\$66,550
5	\$71,900
6	\$77,200
7	\$82,550
8+	\$87,850



Municipality of Norristown

Municipal Council

Sonya D. Sanders, President
Derrick D. Perry, Vice President
Heather Lewis, District 2
Valerie Scott Cooper, District 3
Hakim Jones, District 4
Olivia Brady, At Large
Suanne Gardiner, At Large

Crandall O. Jones
Municipal Administrator

FIRST TIME HOME BUYERS CHECK LIST

The Municipality of Norristown Planning Department must receive all of these materials to process a grant

Purchase Materials

- Uniform Residential Loan Application
- Standard Agreement for the Sale of Real Estate
- Mortgage Commitment
- Good Faith Estimate of Settlement Charges
- Copies of any checks or receipts of funds paid by applicant towards purchase of home
(Down payments, earnest monies, etc.)
- Proof of Mortgage Counseling (letter or certificate)

Income Materials

- Names and social security numbers of all members of household
- Tax Return - most recent (must show all dependents)
- Verification of Employment
- Income Verification (two most recent paystubs or copies of paychecks)
- Social Security Income (current award letter)
- Public Assistance (current award letter)
- Child Support (current award letter)
- Pension (current award letter)

Assets Materials

- Checking accounts (current statement or account summary)
- Savings accounts (current statement or account summary)
- Money Market accounts (current statement or account summary)
- Certificates of Deposit (current statement or account summary)
- Stocks/Bonds/Mutual Funds (current statement or account summary)

Home Materials

- Appraisal Report
- Seller's Lead-Based Paint Disclosure Letter
- Home Inspection (must include visual assessment of deteriorated or deteriorating paint)
- Clearance Letter (for any lead-based paint removal activities)
- Radon Test
- Termite Inspection

Municipal Materials

- Consent to Lien (applicant signs at Municipal Hall)
- Receipt of Lead-Based Paint Information Pamphlet (applicant signs at Municipal Hall)
- Summary of Family Income (completed by Planning Department)
- Signature of Carl Royer, Housing Consultant, for visual assessment of deteriorated paint
- Signature of Jayne Musonye, Director of Planning
- Municipal Council President's Award Letter (mailed to applicant)

After Settlement

- HUD I Form (from title company)
- File lien with Montgomery County Prothonotary's Office (completed by Grants Coordinator)

The applicant should give a copy of this checklist to their mortgage company. All Purchase, Income, Assets and Home Materials can only be accepted from the mortgage company. THERE ARE NO EXCEPTIONS!



Municipality of Norristown

Municipal Council

Sonya D. Sanders, President
Derrick D. Perry, Vice President
Heather Lewis, District 2
Valerie Scott Cooper, District 3
Hakim Jones, District 4
Olivia Brady, At Large
Suanne Gardiner, At Large

Crandall O. Jones
Municipal Administrator

CERTIFICATION OF FIRST-TIME HOMEBUYER STATUS

I/We, the undersigned, am/are as the prospective owner(s) of the real property situated at _____, Norristown Municipality, Montgomery County, Pennsylvania, hereby attest to being a first-time homebuyer with no primary residences being purchased within the past five years.

Applicant Name

Applicant's Signature

Applicant Name

Applicant's Signature

Witness:

Name: _____

Witness Signature: _____

Date: _____

SUMMARY OF HOUSEHOLD INCOME

HOUSEHOLD MEMBER	POSITION IN HOUSEHOLD	AGE	INCOME SOURCES		
a.					
b.					
c.					
d.					

	Household Member				Subtotal (add a-d)
	a.	b.	c.	d.	
1. Wages, salaries, tips					
2. Taxable interest					
3. Dividend income					
4. Taxable refunds/credits/ offsets of state/ local income taxes					
5. Alimony received					
6. Business income or loss					
7. Capital gain or losses					
8. Other gains or losses					
9. Taxable amount of IRA distributions					
10. Taxable amount of pensions & annuities					
11. Rental real estate royalties, partnerships, trusts, etc.					
12. Farm income or loss					
13. Unemployment compensation					
14. Taxable amount of Social Security benefits					
15. Other income					
16. Subtotal (1-15)					
17. IRA deduction					
18. Medical savings account deduction					
19. Moving expenses					
20. One-half of self-employment tax					
21. Self-employment health insurance deduction					
22. Keogh & self-employed SEP & SIMPLE plans					
23. Penalty on early withdrawal of savings					
24. Paid alimony					
25. Subtotal (lines 17-24)					
26. Subtotal line 25 from 16. Adjusted Gross Income					

THE MAXIMUM INCOME FOR A HOUSEHOLD OF _____ IS _____

Signature of Applicant: _____

Signature of Applicant: _____

Prepared By: _____

Recertified By: _____

Signature: _____

Signature: _____

Date: _____

Date: _____



Municipality of Norristown

Municipal Council

Sonya D. Sanders, President
 Derrick D. Perry, Vice President
 Heather Lewis, District 2
 Valerie Scott Cooper, District 3
 Hakim Jones, District 4
 Olivia Brady, At Large
 Suanne Gardiner, At Large

Crandall O. Jones
 Municipal Administrator

Initial Analysis of Contribution

Applicant Name(s):

Sales Price: \$
(Section VII, A of loan application)

Buyer Contribution: \$
(include buyer deposits and any additional credits)

**[SALES PRICE] X 3% =
 MINIMUM BUYER CONTRIBUTION**

Total Assistance amount: \$

Closing Costs Estimate: \$
(Section VII, F of loan application)

Down payment Amount: \$
(include buyer deposits and any additional credits)

**[DOWN PAYMENT REQUIRED] X 50% =
 MAXIMUM AMOUNT OF ASSISTANCE**

Closing Cost assistance amount: \$

Down Payment Assistance amount:

Prepared by: _____ Date: _____

Authorized Signature: _____ Date: _____

Analysis of Contribution at Time of Settlement

Sales Price: \$
(HUD-1 line 101)

Buyer Contribution: \$
(HUD-1 section 200 credits)

**[SALES PRICE] X 3% =
 MINIMUM BUYER CONTRIBUTION**

Total Assistance amount: \$

Closing Costs: \$
(HUD-1 line 1400 from borrower)

Down payment Amount: \$
(HUD-1 section 200 credits)

**[DOWN PAYMENT REQUIRED] X 50% =
 MAXIMUM AMOUNT OF ASSISTANCE**

Closing Cost assistance amount: \$

Down Payment Assistance amount: \$

Prepared by: _____ Date: _____

Authorized Signature: _____ Date: _____



Municipality of Norristown

Municipal Council

Sonya D. Sanders, President
Derrick D. Perry, Vice President
Heather Lewis, District 2
Valerie Scott Cooper, District 3
Hakim Jones, District 4
Olivia Brady, At Large
Suanne Gardiner, At Large

Crandall O. Jones
Municipal Administrator

Applicant Confirmation:

Lead Based Paint Information Pamphlet Receipt

___ I have received a copy of the lead hazard information pamphlet.

Printed Name of Applicant

Signature of Applicant

Date