



# Municipality of Norristown

## Municipal Council

**Sonya D. Sanders**, President  
**Heather Lewis**, Vice President  
**Valerie Scott Cooper**, District 3  
**Hakim Jones**, District 4  
**Olivia Brady**, At Large  
**Derrick D. Perry**, At Large  
**Rebecca Smith**, At Large

**Crandall O. Jones**  
Municipal Administrator

## FIRST TIME HOME BUYERS DOWNPAYMENT AND CLOSING COST ASSISTANCE INCOME LIMITS

### 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:

Applicant must be low/moderate income: the applicant must have an annual income that does not exceed 80 percent of median income for the area (please see below).

Applicant must occupy the property as a principal residence.

Applicants must be first time homeowners.

Home to be purchased must be located in the Municipality of Norristown.

Home must be a single family residence.

Applicants are required to contribute up to 3% towards the property costs.

Applicants must meet all requirements; below are the income guidelines as stated in number 1 above:

Family Size	Household Income—80% Median Income (Income Can't Be More Than)
1	\$50,500
2	\$57,700
3	\$64,900
4	\$72,100
5	\$77,900
6	\$83,650
7	\$89,450
8	\$95,200

Based on 2019 HUD Income Limits

### **ASSISTANCE AWARDED**

The amount of assistance will depend on the needs of the applicants, as determined by their incomes and the grant conditions. Per HUD regulations, applicants may receive:

- Not more than 50% of the down payment required by the mortgage company
- Funds towards any or all of the reasonable closing costs associated with the home purchase

The term of the loan will be forgiven after five (5) years. If the property is sold before the term of the loan, the full amount of the loan must be paid back.

### **REPAYMENT OF ASSISTANCE**

Repayment is required only if the property is sold, transferred (except transfers by inheritance or between husband and wife to wife or husband) or used as a rental property, within the affordability term of ownership.

**Applicant must sign a "Consent to Lien" Form. A lien will be placed with the Prothonotary's Office for the housing term of ownership.**

**MUNICIPALITY OF NORRISTOWN FIRST TIME  
HOMEBUYERS DOWNPAYMENT AND CLOSING COST  
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).

Homeowners have a significant interest in the maintenance of their properties and therefore a vested interest in the community. Such interest helps promotes 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 Home Buyers Program provides assistance with down payment to applicants who meet the Program's eligibility criteria and procedural requirements.

Additionally, applicants who meet the Program 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 Home Buyers Program it to enhance the opportunity of low 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 Home Buyers 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 Home Buyers 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,

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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.

Assistance provided to the buyer goes directly to the title company at property settlement. No funds are given directly to the seller of the property. The participant signs documents securing the funds loaned at settlement. The program provides no checks for assistance, for costs incurred to get to settlement. For this reason, there are costs that must be born by the participant which are not reimbursed by the program, and these are included in the good faith estimate. These costs include, but are not limited to the following: the participants counseling fee, Inspection fee, mortgage application fees, certification fees required by the lending institution, and homeowners insurance or any other required at settlement. The cost for these items can vary greatly and will be discussed in very general terms during counseling in addition to being included in the good faith estimates. These costs are also considered as part of the 3% **requirement** that a homebuyer is required to put into the property, to qualify for down payment assistance.

### Program Eligibility Criteria

The following are the Program Eligibility Criteria which must be met to receive assistance from the Norristown Home Buyers Program:

1. Applicants must meet federally established household income criteria (must be low income with an annual income that does not exceed 80 percent of median income of the area);
2. Applicants must purchase a property within the municipal boundaries of the Municipality of Norristown, and must occupy the property as the principal residence;
3. Property price may not exceed the federally established limit for HOME assistance established for Montgomery County.
4. Applicants must supply three percent (3%) of the sales price of the property they wish to purchase as escrow;
5. Applicants must participate in home ownership counseling;
6. Applicants must qualify for mortgage; and
7. Applicants must meet all procedural and informational requirements described below.

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## Program Procedures and Requirements

### Preliminary Application:

Those interested in participating in the Norristown Home Buyers Program must pick up a package at the Municipality of Norristown and follow the stated procedures. **Only original applications will be accepted. Photocopied applications will be rejected and will result in a delay or no assistance being granted.**

Applications will only be placed on the Programs waiting list after proper documentation and proof of counseling has been received. In addition to this program staff will procure from the mortgage lender any information pertaining to income eligibility and employment verification.

**Verification of income eligibility is valid for a period of six months.** An update will be necessary if more than six months has transpired from initial verification to property settlement. 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, Household Assets, Savings and Checking Accounts, Certificates of Deposit, Stocks and Bonds, Good Faith Estimate, Proof of Counseling, Single Family 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 and assets constitutes fraud and will result in the application being closed.**

### Eligibility Determination

The Municipality's Program staff will third party verify employment income and household assets. It is essential that applicants cooperate with the Programs 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, 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 mortgage counseling through Genesis Housing Corporation and should call 610-275-4357 to set up an appointment. Other HUD counseling agencies will be accepted but participants will be required to provide proof of counseling.

**We must receive a mortgage counseling certificate as proof that you have attended mortgage counseling classes.**

### **Primary Lending Institution**

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Program participants are free to use any lending institution they wish, provided they secure a below market interest rate for the mortgage loan. Participants, who qualify for Home Buyers Program assistance, generally also qualify for special mortgage programs through local banks. These special mortgage programs reduce the interest rate charged and have more relaxed underwriting criteria.

A letter describing the assistance to be provided will be sent to the participant, who **must sign and return one copy acknowledging the estimate of assistance**. This letter can be provided to the primary lending institution as evidence of funds to be provided.

### Home Inspection

**Program participants are required to conduct or have conducted a home inspection, a radon inspection, and a termite inspection.** Also to be conducted will be a lead-based paint inspection which will be provided by the Municipality. **Any home built prior to 1978 that is found to have defective paint surfaces including but not limited to: peeling, scaling or chipping paint is not eligible for program assistance unless the buyer and seller can reach a solution to remedy the situation.** In general, the property buyer (the program participant) is responsible for the cost of the home inspection and the radon inspection. Either the seller or the buyer may pay for the termite inspection.

Home Inspectors must be members of the American Society of Home Inspectors, (ASHI) or the Pennsylvania Association of Accredited Building Inspectors (PAABI). At the current time, participants may not use AmeriSpec for home inspections. Radon inspectors must be certified for testing by the Pennsylvania Department of Environmental Protection.

Participants may arrange for their own inspectors or permit their real estate agent to make the necessary arrangements.

Home inspectors will be responsible for completing a Housing Quality Standards form, which may have to be submitted to Program staff.

### Property Insurance

The primary lending institution may require that the property buyer provide evidence of one (1) years paid property insurance at the time of settlement. The lending institution should indicate the type and amounts of coverage required. The Norristown Home Buyers program also **requires that the property be insured**. Coverage which is acceptable to the primary lender is acceptable to the Home Buyers Program. **Home Buyers Program requires that the property's hazard insurance name the Municipality of Norristown as Aalso insured.@**

### Settlement

**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 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.**



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 Municipal Administrator

## Initial Analysis of Contribution

**Applicant Name(s):**

<b>Sales Price:</b> <small>(Section VII A of loan application)</small>	\$	<b>Closing Costs Estimate:</b> <small>(Section VII F of loan application)</small>	\$
<b>Buyer Contribution:</b> <small>(include buyer deposits and any additional credits)</small>	\$	<b>Down payment Amount:</b> <small>(include buyer deposits and any additional credits)</small>	\$
<b>[SALES PRICE] X 3% =</b> <b>MINIMUM BUYER CONTRIBUTION</b>		<b>[DOWN PAYMENT REQUIRED] X 50% =</b> <b>MAXIMUM AMOUNT OF ASSISTANCE</b>	
<b>Total Assistance amount:</b>	\$	<b>Closing Cost assistance amount:</b>	\$
		<b>Down Payment Assistance amount:</b>	\$

Prepared by: \_\_\_\_\_ Date: \_\_\_\_\_ Authorized Signature: \_\_\_\_\_ Date: \_\_\_\_\_

## Analysis of Contribution at Time of Settlement

<b>Sales Price:</b> <small>(HUD-1 line 202)</small>	\$	<b>Closing Costs:</b> <small>(HUD-1 line 3420 from borrower)</small>	\$
<b>Buyer Contribution:</b> <small>(HUD-1 section 220 credits)</small>	\$	<b>Down payment Amount:</b> <small>(HUD-1 section 200 credits)</small>	\$
<b>[SALES PRICE] X 3% =</b> <b>MINIMUM BUYER CONTRIBUTION</b>		<b>[DOWN PAYMENT REQUIRED] X 50% =</b> <b>MAXIMUM AMOUNT OF ASSISTANCE</b>	
<b>Total Assistance amount:</b>	\$	<b>Closing Cost assistance amount:</b>	\$
		<b>Down Payment Assistance amount:</b>	\$

Prepared by: \_\_\_\_\_ Date: \_\_\_\_\_ Authorized Signature: \_\_\_\_\_ Date: \_\_\_\_\_



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## 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:** \_\_\_\_\_



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## 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 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!



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## **Applicant Confirmation:**

### **Lead Based Paint Information Pamphlet Receipt**

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

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Printed Name of Applicant

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