



**PROGRAM GUIDELINES
SOFT SECOND HOMEOWNERSHIP PROGRAM**

The objective of this program is to provide down payment and closing cost assistance for those who are participating in the State approved "Soft Second" Program. The Soft Second loans are available to low and moderate income first time homebuyers to reduce their first mortgage amount in order to eliminate the need for Private Mortgage Insurance (PMI) and to make homeownership more affordable. The LHAND will provide a 1.5% forgivable loan for down-payment and closing cost assistance to eligible first-time buyers whose savings and income are inadequate to meet the cost associated with the purchase of a 1-4 family or condominium residential properties. The resources of this program will be in the form of a grant. Program is subject to the availability of funds.

Eligibility Criteria:

- Household income (all sources) must not exceed the following gross annual limits:

Household Size (Number of Persons)							
1	2	3	4	5	6	7	8
\$45,100	\$51,550	\$58,000	\$64,400	\$69,600	\$74,750	\$79,900	\$85,050
Gross Annual Income Limits							

- The applicant(s) must enroll and participate in an MHFA approved Homebuyer Workshop and receive a completion certificate prior to applying for the Soft Second Program. (LHAND provides Homebuyer Workshop)
- The applicant (s) must occupy the property as their primary residence.
- The applicant (s) must have a 3% down-payment. Applicants buying in Lynn who only have 1.5 % of the purchase price may be eligible for a 1.5% match from LHAND. Homebuyers who are purchasing single family homes are eligible for a maximum grant of \$5,000 and multi family homes are eligible for a maximum grant of \$7,000.
- The after-rehabilitation appraised value of the purchased property cannot exceed \$362,790 for a single-family home / condominium; \$461,113 for a 2-family home; \$560,231 for a 3-family home; or \$646,421 for a 4-family home.
- Applicant (s) must not have owned a home in the past three (3) years.
- The purchase property must be a 1-4 family or condominium residential property. Ownership must be in fee simple title or 99-year leasehold interest.
- The program is available City-wide.
- Applicant(s) must be credit worthy. Serious negative credit experiences must be fully explained and documented in writing if further eligibility is to be considered.
- Participants in the Section 8 Homeownership Program are eligible to apply.

Application Process: PLEASE READ THE FOLLOWING CAREFULLY. INCOMPLETE APPLICATIONS WILL RESULT IN A DELAY IN PROCESSING WHICH MAY MAKE YOU INELIGIBLE FOR LOAN ASSISTANCE.

STEP 1: *Immediately after signing the Contract to Purchase submit the following documents with application:*

- 1 **Application Form**
- 2 **Guidelines** – Two (2) copies are provided. Sign and date both. **Return one (1)** with your application, keep one (1) for your records.
- 3 **Income Documentation** – See Income Documentation Checklist attached to Application.
- 4 **Bank Statements** – Three months of the applicant's most recent bank statements showing at least 1.5 percent of the purchase price of the applicants own savings for down-payment and closing cost-
photocopy
- 5 **Contract to Purchase** – *Signed photocopy*
- 6 **MHFA approved SEMINAR COMPLETION CERTIFICATE**

After the above documentation is submitted to the LHAND office, a Rehabilitation Specialist from LHAND will contact you to schedule an inspection of the interior and exterior and the premises for "Public Health and Safety" violations. It is necessary that you are present during the inspection.

STEP 2: Upon completion of the inspection, you will receive a copy of the inspection report. The inspection report will indicate code violations that must be corrected before initial occupancy and other code violations that must be corrected within four months of occupancy. You may make arrangements with the seller to correct all or some of the items listed on the inspection report. Any code violations the seller will correct must be included in the P&S agreement. If there are items you will be responsible for you must submit copies of written itemized cost estimates from licensed contractors. If you wish to perform a portion or all of the work, you must submit an *itemized* cost estimate ("quote") for the materials. LHAND will not reimburse a client for his/her own labor. Permits must be submitted prior to commitment.

STEP 3: *Submit the following documentation prior to closing:*

1. **Purchase and Sale (P & S)** - Signed photocopy.
2. **Mortgage Application from Lender** – Photocopy.
3. **Commitment Letter from Lender** – Photocopy.
4. **Estimate of Closing Costs from Lender** - Photocopy.
5. **Proposed Deed from Lender's Atty.** - Photocopy.
6. **Buyer/Seller Disclosure Statement** - Signed by Buyer and Seller.
7. **Tenant Survey** - Completed and signed by tenant(s).
8. **Vacancy Notice** - Completed and signed by owner, if any vacancies.
9. **Itemized Cost Estimates** – Photocopy of estimates for correction of code violations and/ or de-leading estimates from licensed de-leader.

10. **De-lead "Full Certificate of Compliance" or Lead Paint Inspection** – Photocopy. For all units in which children under six (6) are expected to reside.

STEP 4: A written commitment, detailing your funding amounts, will be provided to you after all the necessary paperwork is in order. At this point you should notify your lender and the lender's closing attorney so that they can schedule the closing two weeks or later from receipt of the LHAND commitment letter. You should notify LHAND immediately of the closing date and time. Please allow at least 7 days for LHAND to process a check.

Funds from the **"Soft Second"** program that are allocated for rehabilitation will be held in escrow by LHAND and will be disbursed when work is completed.

If the cost of all required work (i.e. down payment, rehabilitation, deleading) exceeds the maximum loan amount available under this program, LHAND staff will advise the buyer of other resources that may be available.

Additional Eligibility Criteria:

1. The principal amount of this loan is due and payable to the LHAND at the time of any additional creation of units to the property, sale, transfer, conversion of the property to a rental unit or to another non-residential use, default, or destruction of the property due to fire or any other unknown reasons. **The property must be owner-occupied for the duration of the loan indebtedness. LHAND will periodically request that the borrower provide documentation of proof of owner-occupancy.**
2. The property must be: 1) occupied by the seller and will become vacant immediately after closing; 2) tenant purchaser occupied or; 3) vacant. No involuntary displacement of tenants as a direct result of the acquisition is allowed. A Disclosure Statement relating to this matter will be provided to the Seller(s) and will be required to be signed by both the Buyer(s) and Seller(s).
3. At time of initial occupancy, the property must be free from any defects that pose a danger to the health or safety of occupants including the removal of lead paint. Within four months of property transfer to the first-time homebuyer, the property must meet LHAND's Housing Quality Standards (HQS).

"If you close your first mortgage prior to the LHAND Homebuyer assistance then you are ineligible for assistance and your application will be voided. No grant funds will be disbursed after your bank closing."

Please sign below to confirm that you have received a copy of the "Soft Second "1st Time Home Buyer Program Guidelines, and that you have read and understand these Guidelines.

DATE

APPLICANT'S SIGNATURE

DATE

CO-APPLICANT'S SIGNATURE



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