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PROGRAM GUIDELINES

“Realizing the Dream” for Homeownership

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This program is meant to expand the affordability of homeownership to eligible first-time buyers whose savings and income are inadequate to meet certain costs associated with the purchase of a 1-4 family and condominium residential property. The resources from this program will be in the form of a 2nd mortgage in the combination of loan or grant. Clients that met the income requirements will be eligible for a \$5000 grant and a loan for the maximum amount of \$5,000 at 0% will be amortized over a 5-7 year term. The assistance is only for down-payment, closing costs. Program is subject to the availability of funds.

Eligibility Criteria:

1. Household income (all sources) must not exceed the following gross annual limit:

Household Size (Number of Persons)							
1	2	3	4	5	6	7	8
\$46,300	\$52,950	\$59,550	\$66,150	\$71,450	\$76,750	\$82,050	\$87,350
Gross Annual Income Limits							

2. For homebuyers purchasing within LHAND's Neighborhood Strategy Area a limited number of forgivable loan will be available to assist homebuyers with a household income that does not exceed \$99,100.
3. LHAND will not accept application for a Predatory or Subprime loan through the “**Realizing the Dream for Homeownership**” program.
4. The applicant(s) must enroll and participate in an MHFA approved Homebuyer Workshop and receive a completion certificate prior to applying for the “**Realizing the Dream for Homeownership**” program. LHAND may provide a special workshop for clients applying for this program only.
5. The applicant(s) must have a minimum of \$2000.00 of their own savings to participate in this program.
6. The purchase property must be a 1-4 family and condominium residential property. Ownership must be in fee simple title or 99-year leasehold interest.
7. The applicant(s) must not have owned a home in the past three (3) years.
8. The after-rehabilitation appraised value of the purchase property cannot exceed \$362,790.00 for a single-family home / condominium; \$461,113.00 for a 2-family home; \$560,231 for a 3-family home; or \$646,421.00 for a 4-family home. (Waivers may be granted)
9. The program is available City-wide.
10. The applicant(s) should be credit worthy. Serious negative credit experiences will have to be fully explained and documented in writing if further eligibility is to be considered. All loans are subject to the approval of the LHAND Loan Committee and the Executive Director.

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:

Always provide **photocopies** when asked.

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.



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Some Documentation Checklist attached to Application.

of most recent bank statements showing at least \$2000.00 - *photocopy*
photocopy

to the LHAND office, a Rehabilitation Specialist from LHAND will contact you to schedule an inspection of the interior and exterior of the house 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 violations that must be corrected before the time of initial occupancy and violations that must be corrected within four months of property transfer to you. You may make arrangements with the seller to correct all or some of the items listed on the inspection report. All items 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 to the Rehabilitation Specialist. If you want to do a portion or all of the work, you must submit an *itemized* cost estimate (quote+) of the materials to be purchased; since we do not pay for your labor. Permits must be submitted prior to commitment.

You are free to choose your own **licensed** contractors, or to undertake work yourself, provided that we agree you are capable.

STEP 3: Submit the following documentation: *Please provide photocopies when asked.*

1. **MHFA SEMINAR COMPLETION CERTIFICATE**
2. **Delead "Full Certificate of Compliance" or Lead Paint Inspection Report and Written Cost Estimates** . Photocopy. For all units in which children under seven (7) are expected to reside.
3. **Purchase and Sale (P & S) - Signed** photocopy.
4. **Mortgage Application from Lender** - Photocopy.
5. **Commitment Letter from Lender** . Photocopy. A Conditional Commitment letter will be accepted for initial review of the application.
6. **Estimate of Closing Costs from Lender** - Photocopy.
7. **Appraisal from Lender** – Photocopy.
8. **Proposed Deed from Lenders Atty.** - Photocopy.
9. **Buyer/Seller Disclosure Statement** - Signed by Buyer and Seller.
10. **Vacancy Notice** - Completed and signed by owner, if any vacancies.
11. **Itemized Cost Estimates**- Photocopy of estimates for correction of code violations or de-leading estimates from licensed de-leader.

STEP 4: After all necessary paperwork are returned, the cost and method of rehabilitation have been reviewed, and all financial information is in order, a written commitment for %**Realizing the Dream for Homeownership+** funds will be made by LHAND to you. 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. LHAND will notify you of the %**Realizing the Dream for Homeownership+** loan closing and will provide you with a check for downpayment and/or closing costs.

Funds from the %**Realizing the Dream for Homeownership+** 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. downpayment, rehabilitation, deleading) exceeds the maximum loan amount available under this program, LHAND staff will advise the buyer of other resources if available, which may be combination of loans may help you complete the purchase of your home.



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Additional Eligibility Criteria:

1. The principal on this loan is payable to the LHAND at the time of additions of units to the property, sale, transfer of the property, conversion of the property to a rental unit or to another non-residential use, default, or destruction of the property due to fire or 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 to 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).
4. LHAND will not consider requests to subordinate its lien position for any purpose except to refinance the existing first mortgage for a lower interest rate.
5. LHAND will **only** accept a full documentation loan.

Please sign below to confirm that you have received a copy of the %Realizing the Dream for Homeownership+Guidelines, and that you have read and understands these Guidelines.

DATE

APPLICANT'S SIGNATURE

DATE

CO-APPLICANT'S SIGNATURE

