

THE CITY OF SCRANTON

LACKAWANNA COUNTY, PENNSYLVANIA

538 Spruce Street, Suite 812

Scranton, PA 18503

570-348-4216



2012

HOME BUYERS PROGRAM APPLICATION PACKET



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538 Spruce Street, Suite 812
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City of Scranton's
HOMEBUYERS PROGRAM

INTRODUCTION

Not only does the Homebuyers Program help qualified buyers purchase homes by providing a subsidy of up to 1/2 of the down payment (maximum match dollar to dollar not to exceed \$7,000) or 10% of the purchase price of the home, whichever is less, using HOME funds and all eligible closing costs up to \$5,000 maximum, it also stimulates the economy by creating jobs, thereby contributing to wages and enhancing local tax bases.

Financial assistance for this program is federally funded. The federal government sets certain and/or approves certain requirements of the program. These requirements include maximum purchase prices, income limits, homebuyer requirements, and resale conditions.

This Homebuyers Program Description will introduce you to the program. Please take your time and read it and the Homebuyers Flow chart thoroughly.

ARE YOU ELIGIBLE

To obtain financial assistance, your annual gross household income must not exceed the 2012 limits shown below:

<u>Household Size</u>	<u>Income Limit</u>
1 Person	\$33,000
2 Person	\$37,700
3 Person	\$42,400
4 Person	\$47,100
5 Person	\$50,900
6 Person	\$54,650
7 Person	\$58,450
8 Person	\$62,220

Household income is the total anticipated **gross** annual income for the next twelve months, of all persons **who will be living** in the household. This calculation is based on household income as of the date of application, and does not include income received by full-time students in excess of \$480, unless the full-time student is the applicant purchasing the home. Please note you must meet the eligibility limits on the chart above, on the day of the closing or the day of occupancy, which ever is later.

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**City Of Scranton's
HOMEBUYERS PROGRAM**

PLEASE READ AND REMEMBER THE FOLLOWING:

1. Single family homes, vacant homes, and new construction starts are eligible.
2. Two to four family properties, which are vacant, by the tenant purchasing the property, or are owner occupied.
3. Prior to entering a final contract of sale, the seller must be notified in writing of the following:
 - a.) That the buyer does not have the power of eminent domain and, therefore, will not acquire the property if negotiations fail to result in an amicable agreement.
 - b.) That the fair market value of the property must be known as determined by an appraisal of the property. Note: You (the buyer) are permitted to negotiate a sale price below fair market value.
 - c.) The buyer must consult with the City of Scranton before executing a purchase contract to ensure that the above disclosures were made in a timely manner and that the property is appraised. (The property will be inspected by The City of Scranton for Housing Quality Standards **after** loan approval by the bank). **We do not inspect homes on pre-approvals.**

If the seller executes an option or contract of sale before he/she is informed of the property's fair market value and the fair market value is more than the option/contract price, the seller must be provided the opportunity to withdraw from the option or contract after the appropriate disclosures (listed above and including an appraisal) have been made. Therefore, it is of the utmost importance to avoid any dispute and to provide to the seller early written notice that you (the buyer) do not have the power of eminent domain and that he/she (the seller) does not qualify for the Uniform Relocation Act (U.R.A.) Relocation Assistance.

The avoidance of tenant occupant properties will also not necessitate U.R.A. Relocation Assistance since the units will be either owner occupied, tenant purchaser occupied, or vacant. Therefore, we are not encouraging purchase of tenant occupied buildings.

HOME BUYERS ASSISTANCE PROGRAM DESCRIPTION

Homeownership has become an increasingly unattainable goal for many families, especially for low-income families. HOME Program funds will be used to help make the "American Dream" a reality for income eligible families.

Overview

HOME Program funds will be used for acquisition of existing homes or new home construction for eligible homebuyers as follows:

Homebuyers' funds will be available for:

1. Down Payment Assistance - 1/2 match dollar for dollar of the required down payment (not to exceed \$7,000) or 10% of the purchase price, whichever is less.
2. Eligible Closing Costs - \$5,000 maximum.

Eligible applicants must:

Be income eligible, that is, the purchaser must have a gross annual income (based upon household size) that does not exceed 80 percent of median income for Scranton.

A "Homebuyer" is defined as: A household that does not own a home or another home at the time (date) of closing (purchase) with HOME funds.

Income Eligibility

The purchasing household must be income eligible at either:

the time the household initially occupies the property,
OR
at the time the HOME funds are invested (the time of closing)

WHICHEVER IS LATER!

Verification of income eligibility is good for a period of 6 months. Consequently, in order to assure that a prospective homebuyer is income eligible, the income should be verified early in the application process. An update of the homebuyer's income will only be necessary if more than 6 months has transpired from initial verification to occupancy of the property.

Please note: even though you have received a pre-approval letter from the City of Scranton you still must be income eligible on the day of closing or the day you occupy the property. If you receive a raise after the pre-approval and before the closing, which would make you over income, you would be ineligible for our program.

Principal Residence

The purchasing household must use the property as its principal residence.

The loan documents (Promissory Note) between the purchaser and the City will also incorporate this requirement.

- Purchaser(s) must move into the home within 30 days of closing.
- Temporary subleases are not allowed.
- Any violation of the principal residency requirement will automatically trigger repayment of the City of Scranton subsidy.

Eligible Property Types

The HOME Program offers broad discretion in the types of properties that can be used in the homebuyers program.

The property can be PRIVATELY or PUBLICLY held prior to sale to the homebuyers.

The property may be either new construction or an existing home.

Any property which will serve as the purchaser's principal residence, including:

Single family property (one unit) (vacant or owner occupied)

. A two to four-unit property. (vacant, - unless the purchaser is a tenant, and/or one of the units of the property is owner occupied) and to become vacant immediately after settlement (closing).

Property Standards

New Construction or Acquisition - Property must meet the Section 8 Housing Quality Standards (HQS) at time of initial occupancy. Also a visual Lead Hazard Assessment must be conducted at the time of the HQS inspection.

Acquisition and Rehabilitation - Where rehabilitation to the property is needed:

At time of initial occupancy, the property must be free from any defects that pose a danger to the health or safety of occupants; and

Within 2 years of property transfer to the first-time homebuyer, the property must meet Housing Quality Standards (HQS).

Resale Restrictions and Long Term Affordability

There are NO HOME Program requirements that:

Require the homebuyer to remain low-income after closing on the property.

The monthly housing costs (principal, interest, property taxes and insurance - PITI) be affordable at time of purchase using fixed thresholds (i.e. 30 percent).

BUT, there are requirements that relate to resale. (See Diminishing Subsidy below):

Upon resale, within the five year period, the HOME funds provided to the original purchaser must be repaid to the City of Scranton (adjusted according to the deduction table).

Diminishing Subsidy

An arrangement is made in which the City subsidy is forgiven over the required period of affordability of 5 years for existing housing.

For example, if an assisted homeowner wishes to sell his existing home after the 3rd year of occupancy, then 3/5ths of the subsidy is forgiven and 2/5ths is due upon sale or transfer of the property.

Enforcing Homebuyers Provisions

There are two provisions of the Homebuyers Programs that require a means of enforcement:

- The home **must** be the Homebuyer's Principal residence

AND

- A (mortgage and promissory note) covenant will be used to ensure that the homebuyer retains the property as a "principal residence".

Refinancing

The City of Scranton will not subordinate its lien position unless the owner is obtaining financing for home repairs or to obtain a lower interest rate on their original mortgage.

Both husband and wife must be on the Note, Mortgage, and other required documents.
Also both husband and wife must be on financial institutions Note, Deed and Mortgage.

If divorced, a copy of divorce decree must be given to The City of Scranton. The City of Scranton has the right to refuse or approve any application.

OUTLINE OF HOME FUNDED HOMEBUYERS PROGRAM

Eligible Owners:	Low income (less than 80% of median income) Principal residency
Eligible Property Type:	Private owned and up to 4 unit property
Uses of funds:	Acquisition New construction
Rehabilitation Standard:	Housing Quality Standards (HQS) at a minimum Complete within 2 years to HQS if acquisition and rehabilitation
Property Cost Limits:	1 Family - \$200,160 2 Family - \$256,248 3 Family - \$309,744 4 Family - \$384,936
Ownership Interest:	Fee simple (Surface rights only) (Not mineral rights)
Resale Restrictions:	The City of Scranton will be repaid federal funds depreciated per outlined above.

Two - Four Unit Properties: If you are purchasing a two, three, or four unit rental property, you will be subsidized only for the owner-occupied unit which will be based on the square footage values contained in the appraisal of the property to be acquired. (For example, if you are purchasing a duplex and qualify for a \$7,000.00 down payment subsidy but the owner's unit is 50% of the home's square footage, the down payment assistance would be \$3,500.00 (50% of \$7,000.00). The City of Scranton will also pay all eligible closing costs up to \$5,000.00. Existing tenants cannot be evicted from the property as a direct result of the acquisition.

The City of Scranton's Homebuyers Program
STEPS TO BECOMING A "HOMEOWNER"

1. Return Application to the City of Scranton's Office of Economic and Community Development. (Business hours - Monday - Friday, 8:00 a.m. to 4:30 p.m. Location – **538 Spruce Street, Suite 812, SCRANTON, PA 18503** - Phone: **(570) 348-4216**) Be sure to bring items that pertain to you on the "Check Off" list enclosed with the application. City of Scranton staff will be happy to make copies of your documents at our office. Please be sure that your application, and all income tax returns, are signed by the applicant and co-applicant.
2. A City of Scranton staff member will review your application and verify your income for eligibility.
3. You will receive a "Conditional Letter of Approval" or disapproval letter from the City of Scranton based on your income eligibility. Approval time depends on your timeliness to return the required paperwork to the City of Scranton. ***This is not a mortgage loan approval. Upon receipt of an approval letter and prior to signing an agreement of sale,*** contact Neighborhood Housing Services (NHS) at 570-558-2490 or United Neighborhood Centers of Northeastern PA (UNC) at 570-343-8835 to schedule an appointment for the Homeownership Workshop. This class is mandatory for participation in the Homebuyers Program.
4. You may then find an eligible home in the City of Scranton. After you and the seller agree on the price of the home, seek out mortgage lenders of your choice.
5. Applicant contacts the City of Scranton's Office of Economic and Community Development and advises them of the location of home, price, type of home, and the name of the institution where you are applying for a mortgage.
6. Applicant applies for a mortgage at the financial institution of your choice. **No City of Scranton employee can or will recommend any financial institution.**
7. **Financial institution performs verification of applicants' employment, income, debts, and arranges for an appraisal of home. OECD WILL NOT ACCEPT "NO INCOME" VERIFICATION MORTGAGES. YOU MUST BE APPROVED ON YOUR INCOME. IF MARRIED, IT IS REQUIRED THAT BOTH HUSBAND AND WIFE BE ON THE BANK'S NOTE, DEED AND MORTGAGE.**
8. Financial institution notifies applicants of approval or rejection of application in writing.
9. **After receiving written approval from a bank, the applicant** provides the bank with OECD's pre-approval letter and asks them to immediately contact OECD to arrange for a copy of the bank file (income verification, assets, debts, credit report, appraisal, etc.) to be sent to OECD and for a City home inspection of the property. The home must pass the inspection in accordance with Housing Quality Standards/BOCA (HQS). **The City of Scranton NO LONGER provides a pest inspection. The City will not inspect the home until you get a mortgage commitment in writing (this does not mean pre-approvals).**
10. When the closing date is set, The City of Scranton will draw down federal funds for the down payment and closing costs from the U.S. Treasury through U. S. Dept. Of Housing and Urban Development. **OECD requires at least three (3) working days after receiving final figures from bank, lawyer or abstract company to receive funds into our account from HUD.**
11. On the day of closing, applicant makes arrangements with OECD to come to OECD's office one (1) hour **before closing**, and sign the Mortgage Lien, Promissory Note, and other required documents.
12. The applicant must supply OECD and the financial institution with a copy of the Homeowner's Fire Insurance Policy and The City of Scranton must be listed as a mortgagee/loss payee on the policy for five (5) years. Second Mortgage should be listed as follows:
City of Scranton, Office of Economic and Community Development
538 Spruce Street, Suite 812,Scranton,PA 18503
13. OECD staff member attends the closing, brings the check payable to the applicant to cover eligible closing costs and down payment. After OECD staff member is sure all documentation at closing is in order, applicant endorses back of check and turns check over to the disperser of all funds
14. The financial institution's mortgage lien is in the first position and The City of Scranton's mortgage lien is filed in the second position at the Lackawanna Court House

CLOSING IS OVER AND YOU ARE NOW A NEW HOMEOWNER IN THE CITY OF SCRANTON.
CONGRATULATIONS!!!!!!!!!!!!

PRE-APPLICATION WORKSHEET

All information will be held confidential! Return pre-application to the above address within 10 days.

1. Applicant _____ S.S.# _____ Age _____

Co-Applicant _____ S.S.# _____ Age _____

Mailing Address _____ Zip _____

Phone: (_____) _____ (Home) Phone: (_____) _____ (Work)

2. Martial Status: Single _____ Married _____ Divorced _____ Separated _____

Living with a significant other _____

Is your martial status changing within the next 12 months? Yes _____ No _____

3. Persons living in household besides above applicant(s): (list additional people on back)

Name: _____ S.S.# _____ Age _____

Name: _____ S.S.# _____ Age _____

Name: _____ S.S.# _____ Age _____

4. Please list all wage earners and income in household 18 years or older except all full-time students residing in household. Please include all income (i.e., Employer, Social Security, SSI, Welfare, Child Support, Alimony, Pension)

Name	Name of Employer (or other)	Number of year employed	Gross Salary

5. Total household gross annual income received from all sources \$ _____.

6. Has Applicant/Co-Applicant ever owned a property (i.e., home/mobile home)? Yes ___ No ___

If yes, date sold: _____

7. Are your assets over \$5,000.00(i.e. savings, investments, C.D.s, etc.)? Yes _____ No _____

If yes, what is value of assets? _____

8. Amount of funds available for deposit and down payment on purchase of house? \$ _____

Exact source of down payment (i.e., bank, gift, name, address, and phone of person giving money as loan or gift) _____

TO THE BEST OF MY/OUR KNOWLEDGE, THE INFORMATION SUPPLIED TO YOU FOR THE COMPLETION OF THIS FORM IS TRUE AND ACCURATE. ANY FALSE STATEMENTS MADE KNOWINGLY AND WILLFULLY MAY SUBJECT THE SIGNER(S) TO PENALTIES UNDER SECTION 1001 AND 1010 OF TITLE 18 OF THE UNITED STATES CODE

Applicant

Date

Co-Applicant

Date

City of Scranton
Office of Economic and Community Development

PLEASE READ CAREFULLY

The following documentation below **MUST BE INCLUDED** with your application to determine your income eligibility. Please return **ALL** completed **signed** forms in person to the City of Scranton's Office of Economic and Community Development, 538 Spruce Street, Suite 812, Scranton, Pa 18503 between the hours of 8:00 a.m. and 4:30 p.m. OECD will make copies of all originals. You will be receiving more income verification forms after we receive your application. **ALL FORMS NOT FILLED OUT CORRECTLY WILL BE RETURNED.**

_____ Last two years **signed** income tax return (all 1040's, W-2's, bank interest, 1099's, etc.) **PLEASE BE SURE ALL PARTIES SIGN THE TAX RETURN OR IT WILL NOT BE ACCEPTED!**

_____ **Pay stubs for last two months** (any documentation stating income amounts for all persons over 18 years of age living in the home excluding full-time students not purchasing the home)

_____ **Welfare, food stamps** documentation (Food stamps are not included in determining income, however, we need to verify receipt of benefits)

_____ **Unemployment documentation** (check stub and computer un-off sheet from Unemployment Office is needed)

_____ **Social Security documentation** (yearly letter from Social Security, end of the year statement, and computer run-off sheet from Social Security)

_____ **Pension documentation**

_____ **Bank Statements** – most recent **two months** statements on **all** checking, savings, stocks, and bonds, money markets, certificates of deposit, etc.

_____ **Child Support** - Court statement and computer run-off sheet from Domestic Relations for all children.

_____ **Veterans Benefits**

_____ **Black Lung**

_____ **Divorce Decree and Settlement**

_____ If owned a property previously, copy of **CLOSING DOCUMENTATION**

_____ Any full-time student age 18 and older (except the applicant) **MUST** have letter from college stating the status as a full-time student and **SHOWING NUMBER OF CREDITS** being taken during the current semester.

_____ Life Insurance Policies.

The City of Scranton's Homebuyer Program

INFORMATION GENERAL RELEASE FORM

I (We), _____, hereby authorize the City of Scranton to obtain and receive all records and information pertaining to eligibility for the housing assistance programs, including employment, income (including IRS returns), credit, residency and banking information from all persons, companies, or firms holding or having access to such information. This authorization hereby gives the City of Scranton the right to request all information that I (We) can or could obtain from any persons, company, or firm on any matter referred to the above. I (We) agree to have no claim for defamation, violation of privacy, or otherwise against any person or firm or corporation by reason of any statement or information releases by them to the City of Scranton for the purposes of the program. The term of this authorization shall commence on the date of signature and be in force for a period of five (5) years.

Signature _____

Signature _____

Address _____

Date _____

Information for Government Monitoring Purposes

The following information is requested by the federal Government, in order to monitor the Agency's compliance with equal credit opportunity, fair housing and home mortgage disclosure laws. You are not required to furnish this information, but are encouraged to do so. The law provides that an Agency may neither discriminate on the basis of this information, nor on whether you choose to furnish it. However, if you choose not to furnish it, under federal regulations this Agency is required to note race and sex on the basis of visual observation or surname. If you do wish to furnish the above information, please check the box below. (The agency must review the above material to assure that the disclosures satisfy all requirements to which the Agency is subject under applicable state law for the particular type of loan on this application.)

Applicant:

- I do not wish to furnish this information Race/National Origin
- White
- Black or African American
- Asian
- American Indian or Alaska Native
- Native Hawaiian or Other Pacific Islander
- American Indian or Alaskan Native & White
- Asian & White
- Black or African-American & White
- American Indian or Alaskan Native & Black or African American
- Other Multi-Racial

Hispanic?

- Yes
- No

Are you currently living in subsidized housing?

- Yes
- No

Sex:

- Female
- Male

Does anyone in your household currently have a physical or mental disability?

- Yes
- No

Co-Applicant:

- I do not wish to furnish this information Race/National Origin
- White
- Black or African American
- Asian
- American Indian or Alaska Native
- Native Hawaiian or Other Pacific Islander
- American Indian or Alaskan Native & White
- Asian & White
- Black or African-American & White
- American Indian or Alaskan Native & Black or African American
- Other Multi-Racial

Hispanic?

- Yes
- No

Are you currently living in subsidized housing?

- Yes
- No

Sex:

- Female
- Male

Does anyone in your household currently have a physical or mental disability?

- Yes
- No

City of Scranton's Homebuyer Program

STATEMENT OF INCOME (Monthly)

Note: all GROSS income must be documented for "EVERYONE" in the household!

APPLICANT'S NAME: _____

ADDRESS: _____ Zip _____

PHONE: _____

This is to certify as to income I (We) receive from the following sources: MONTHLY

	SELF	OTHER
1. Employment (<u>GROSS BEFORE Taxes/Deductions</u>)	\$ _____	\$ _____
2. Pension (Retirement)	\$ _____	\$ _____
3. Veterans' Pension	\$ _____	\$ _____
4. State Aid Benefits (Welfare, Food Stamps, Medical Assistance)	\$ _____	\$ _____
5. Social Security, SSI, SSD, (Adults & Child)	\$ _____	\$ _____
6. Child Support	\$ _____	\$ _____
7. Alimony	\$ _____	\$ _____
8. Unemployment	\$ _____	\$ _____
9. Workmen's Compensation	\$ _____	\$ _____
10. Black Lung	\$ _____	\$ _____
11. Rental Income	\$ _____	\$ _____
12. Interest from all sources (any accounts that accrued interest)	\$ _____	\$ _____
13. Other – Explain	\$ _____	\$ _____
<u>TOTAL Monthly Income</u>	\$ _____	\$ _____

Applicant Date Co-Applicant Date

PENALTY FOR FALSE OR FRAUDULENT STATEMENT: U.S.C. Title 18, Sec. 1001, provides "Whoever, in any matter within the jurisdiction of any department or agency of the United States knowingly and willfully falsifies ... or make or uses any false writing or document knowing the same to contain any false, fictitious or fraudulent statement or entry, shall be fined not more than \$10,000.00 or imprisoned not more than five years, or both"

HOUSING PROGRAM

HOUSEHOLD INCOME CERTIFICATION

The purpose of this certification is to establish the total **GROSS income (before taxes)** of permanent members of the household.

I/We certify that the following is the gross monthly income of permanent residents who will be living at this property.

"Household" means **ALL** the persons who will occupy the housing unit being purchased. The occupants may be a single family, one person living alone, two or more families living together, or any other group of related or unrelated persons who share living arrangements. (24CFR 570.3N)

"Low Income Household" means a household having an income equal to or less than the Section 8, low-income limit established by HUD.

NAME	AGE	MONTHLY INCOME (from all sources)
_____	_____	\$ _____
_____	_____	\$ _____
_____	_____	\$ _____
_____	_____	\$ _____
_____	_____	\$ _____
TOTAL INCOME (for all permanent members of the household)		\$ _____

Applicant's Signature

Date

Applicant's Signature

Date

ASSET QUESTIONNAIRE

Check One

- 1. Do you now have any ownership in any property? _____Yes _____No

- 2. Do you have any savings and/or checking account? _____Yes _____No

- 3. Do you have any stocks, bonds, savings certificates, money market funds or other investment accounts? _____Yes _____No

- 4. Do you have any trusts that are available to the household members? _____Yes _____No

- 5. Do you have any IRA accounts, Keogh or similar retirement savings accounts that are not with your employer? _____Yes _____No

- 6. Do you make contributions to a company retirement plan or pension funds that can be withdrawn without retiring or terminating employment? _____Yes _____No

- 7. Do you have access to any assets although owned by more than one person? _____ Yes _____No

- 8. Do you receive any lump sum such as inheritances, capital gains, lottery winnings, insurance settlements, or other claims? _____Yes _____ No

- 9. Do you have any personal assets held as an investment such as gems, jewelry, coin collections, antique cars, etc. _____Yes _____No

- 10. Do you have life insurance other than term insurance with your employer? _____Yes _____No

- 11. Have you disposed of any assets within the past 2 years for less than fair market value? _____Yes _____No

TO THE BEST OF MY/OUR KNOWLEDGE, THE INFORMATION SUPPLIED TO YOU FOR THE COMPLETION OF THIS FORM IS TRUE AND ACCURATE. ANY FALSE STATEMENTS MADE KNOWINGLY AND WILLFULLY MAY SUBJECT THE SIGNER(S) TO PENALTIES UNDER SECTION 1001 AND 1010 OF TITLE 18 OF THE UNITED STATES CODE.

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Co-Applicant

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