

The City of Scranton

Lackawanna County, Pennsylvania

Scranton Municipal Building

Office of Economic and Community Development

340 North Washington Avenue

Scranton, Pennsylvania 18503

570-348-4216



2014

Homebuyer Program Application Packet

City of Scranton's Office of Economic and Community Development
Scranton Municipal Building
340 North Washington Avenue
Scranton, Pennsylvania 18503
PHONE: 570/348-4216

**City of Scranton's
HOMEBUYER PROGRAM**

Introduction

Thank you for taking interest in the City of Scranton's Homebuyer Program. On behalf of the City of Scranton, we can help you in making your dream of becoming a homeowner possible. Not only does this Homebuyers Program help qualified buyers purchase homes by providing a subsidy of up to ½ 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 a maximum of \$5,000, it also stimulates the economy by creating jobs, thereby contributing to wages and enhancing the local tax bases.

Financial assistance for this program is federally funded. The federal government and the City of Scranton set certain and/or approves certain requirements for this program. These requirements include maximum purchase prices, income limits, U.S. citizenship, homebuyer requirements and recapture conditions.

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

If you have any questions regarding this program please contact the following:

**Liza Carroll
Director of Housing
City of Scranton
Office of Economic and Community Development
Municipal Building
340 North Washington Avenue
Scranton, Pennsylvania 18503**

Phone: 570/348-4216

Fax: 570/348-4123

Lcarroll@scrantonpa.gov

ARE YOU ELIGIBLE?

To obtain financial assistance, your annual gross household income must not exceed the 2013 limits shown below.

<u>HOUSEHOLD SIZE</u>	<u>INCOME LIMIT</u>
1 Person	\$32,600
2 Persons	\$37,250
3 Persons	\$41,900
4 Persons	\$46,550
5 Persons	\$50,300
6 Persons	\$54,000
7 Persons	\$57,750
8 Persons	\$61,450

Household income is the total anticipated gross annual income for the next twelve (12) months, of all persons who will be living in the household. The calculation is based on a 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 closing or your move in date.

City of Scranton's HOMEBUYER PROGRAM

PLEASE READ THOROUGHLY AND REMEMBER THE FOLLOWING INFORMATION!

1. Single family homes, vacant homes, condos and new construction starts are eligible.
2. Two (2) to four (4) 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. The buyer does not have the power of eminent domain and, therefore, will not acquire the property if negotiation fails to result in an amicable agreement.
 - b. 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. The City of Scranton will make sure that the home meets Housing Quality Standards (HQS). The inspection of the property will not take place until the City/OECD receives information from the bank showing approval).

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 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. Uniform Relocation Assistance (U.R.A.) since the units will either be owner occupied, tenant purchaser occupied, or vacant. Therefore, we are not encouraging purchase of tenant occupied buildings.

City of Scranton's Homebuyer Program 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 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- ½ 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% of the median family income for the City of Scranton.
- A "homebuyer" is defined as: A household that does not own a home or another home at the time of closing.
- To receive HOME funds through this office, you must be a U.S. citizen.

Income Eligibility

The purchasing household must be income eligible at the time of closing.

Verifications of income eligibility are good for a period of six (6) months. Consequently, in order to assure that a prospective homebuyer is income eligible, the income should be verified early in the application process. If you are approved for the Homebuyer Program and six (6) months have lapsed your application will be destroyed and you will have to re-apply for the program if you are still interested.

Please note: Even though you have a received a pre-approval letter from the City of Scranton you still must be income eligible on the day of closing. If you receive a raise, get a new job etc., 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 of Scranton will also incorporate these requirements:

- Must be used as the principal residence
- Must move into the home within thirty (30) days after closing
- Temporary sublease of the property is not allowed
- Any violation of principal residency requirement will automatically trigger repayment of the City of Scranton's 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 (2) to four (4) 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 closing.

Property Standards

New Construction or Acquisition – Property must meet the Section 8 Housing Quality Standards (HQS) at the time of closing. 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 the time of closing, the property must be free from any defects that pose a danger to the health or safety of occupants. The City of Scranton will send its inspector out to the property to do an initial inspection. If the inspector finds issues that need repair during the initial inspection they must be completed prior to closing. Once the repairs have been complete, the inspector will go back to the property to conduct a re-inspection to certify that the house is up to HQS Standards. OECD can not close on a property that does not meet HQS Standards.

Recapture Restrictions and Long Term Affordability Period

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 the time of purchase using fixed thresholds (i.e. 30 percent)

BUT, there are requirements that relate to recapture:

- Upon resale, within the five (5) year affordability 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 of Scranton's subsidy is forgiven over the required period of affordability of five (5) years to existing housing.

For example, if an assisted homeowner wishes to sell his/her home after the third (3rd) year of occupancy, then 3/5th of the subsidy is forgiven and 2/5th is due upon transfer of the property. If at any time during the five (5) year affordability period you wish to know the amount of the payoff you can contact the City of Scranton's Office of Economic and Community Development and we will notify you in writing the payoff amount

Enforcing Homebuyers Provisions

There are two (2) provisions of the Homebuyers Program that require means of enforcement:

1. The home must be the homebuyer's principal residence
2. A (mortgage and promissory note) covenant will be used to ensure that the homebuyer retains the property as its "principal residence".

Refinancing

After closing the financial institutions mortgage will be in first position and the City of Scranton's mortgage will be in second position. 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 the original mortgage. The City of Scranton will not subordinate for debt.

If married by law, each significant other must be on the Note, Mortgage and other required documents. Also, each significant other must be on the financial institutions note, deed and mortgage.

If divorced, a copy of the divorce decree must be given to The City of Scranton. The Commonwealth of Pennsylvania does not have a separation law.

OUTLINE OF HOME FUNDED HOMEBUYERS PROGRAM

Eligible Owners: Low income (less than 80% of median income)
U.S. Citizen

Eligible Property Type: Private Owner and up to four (4) units

Uses of Funds: Acquisition/New Construction

Inspection: The home must be up to Housing Quality Standards before closing

Property Cost Limits: To purchase a home using O.E.C.D. assistance, the sales price or appraisal cannot be over:

1 Family	\$115,558
2 Family	\$147,937
3 Family	\$178,824
4 Family	\$222,234

Ownership Interest: Free simple (surface rights only)

Recapture 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 owner-occupied unit which will be based on the square footage values contained in the appraisal of the property to be acquired.

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

1. Return this application to the City of Scranton's Office of Economic and Community Development (O.E.C.D.) at the following address:

Office of Economic and Community Development
Scranton Municipal Building
340 North Washington Avenue
Scranton, Pennsylvania 18503

Business Hours: Monday-Friday 8:00 a.m. to 4:30 p.m.

It would be greatly appreciated by the staff of City/O.E.C.D. if you make an appointment with us to review the application. You can contact us at 570/348-4216.

Be sure to bring ALL items that pertain to you on the "Check off List". The list is enclosed with the application. City of Scranton staff will be happy to make copies of your documents at our office.

2. The City of Scranton requires third (3rd) party verifications. Once you bring all information to us required, we will then send you verification forms that you will have to provide to the indicated parties. For example: if you have a bank account at ABC bank you will have to bring the verification form to ABC bank and have them complete it.
3. A City of Scranton staff member will review your application and verifications for income eligibility.
4. You will receive a "Conditional Letter of Approval" or "Disapproval" letter from the City of Scranton based on your income. 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 NeighborWorks of NEPA at 570/558-2490 to schedule an appointment for the Homeownership Workshop. This class is mandatory for participation in the Homebuyers Program.
5. 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.
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 will perform verification of the 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 LEGAL PARTNERS 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 the 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 verifications, assets, debts, credit report, appraisal, etc.) to be send to OECD. Once OECD receives all the needed information from the financial institution, OECD staff member will order an inspection on the property. The home must pass the inspection in accordance with Housing Quality Standards (HQS). If work has to be performed on the property, all work must be completed before closing and the OECD inspector will re-inspect the property. The City of Scranton NO LONGER provides a pest inspection.
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 U.S. Department of Housing and Urban Development. **OECD requires at least three (3) working days after receiving final closing figures from the 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 Homeowners Insurance and 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
Scranton Municipal Building
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13. An OECD staff member will attending the closing. They will bring the check payable to the applicant to cover eligible closing costs and down payment assistance. After OECD staff member is sure all documentation at closing are 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 County Court House

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

City of Scranton's Homebuyer Program

City of Scranton
Office of Economic and Community Development
Scranton Municipal Building
340 North Washington Avenue
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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: _____

House Phone: _____ Work Phone: _____ Cell Phone: _____

2. Martial Status: Single: _____ Married: _____ Divorced: _____ Separated: _____
Is your martial status going to change in the next 12 months? YES _____ NO _____

3. Persons living in household besides above applicant(s): (if more space is needed please use the back of this sheet)

Name	S.S. #	Age

4. Please list all wages earners and income in household 18 years or older except 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 Years 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? (i.e., savings, investments, C.D.s, etc?) YES___ NO___

If yes, what is value of assets? _____

8. Are you a U.S. Citizen? YES___ NO___

9. 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 hone 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, Scranton Municipal Building, 340 North Washington Avenue, 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 all the proper information. All forms must be filled out correctly. If not they will be returned. Please put a check mark (√) if the following apply to you, or please write N/A on the line if they do not apply to you.

- Last two (2) 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!
- Paystubs for last two (2) 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 run-off sheet from the Unemployment Office is needed)
- Social Security Documentation (computer run-off sheet from Social Security Office)
- Pension documentation
- Child Support – Court statement and computer run-off sheet from Domestic Relations for all children.
- Proof of U.S. Citizenship (i.e., birth certificate, certificate of citizenship)
- Bank Statements – most recent two (2) months of statements on all checking, savings, stocks and bonds, money markets, certificate of deposit, etc.
- Veterans Benefits
- Black Lung
- Divorce Decree and Settlement
- If owner a property previously, copy of closing documentation
- Any full time students age 18 and older (except the applicant) must have a 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

City of Scranton
Office of Economic and Community Development

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 program, 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 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 purpose 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 _____

**City of Scranton
Office of Economic and Community Development**

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 materials 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 of African American
- Asian
- American Indian or Alaska Native
- Native Hawaiian or other Pacific Islander
- American Indian or Alaskan Native and White
- Asian and White
- Black or African American and White
- American Indian or Alaskan Native and Black or African American
- Other Multi-Racial

Hispanic: 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 of African American
- Asian
- American Indian or Alaska Native
- Native Hawaiian or other Pacific Islander
- American Indian or Alaskan Native and White
- Asian and White
- Black or African American and White
- American Indian or Alaskan Native and Black or African American
- Other Multi-Racial

Hispanic: YES NO

Sex: Female Male

**City of Scranton
Office of Economic and Community Development**

Statement of Income (Monthly)

NOTE: All GROSS income must be documented for "EVERYONE" in the household!

Applicant Name: _____

Address: _____

Phone: _____

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

	<u>Self</u>	Other
1. Employment (gross before taxes/deductions)	\$ _____	\$ _____
2. Pension (Retirement)	\$ _____	\$ _____
3. Veterans' Benefits	\$ _____	\$ _____
4. State Aid Benefits (welfare, food stamps, medical assistance)	\$ _____	\$ _____
5. Social Security, SSI, SSD (Adults and Children)	\$ _____	\$ _____
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	\$ _____	\$ _____
TOTAL MONTHLY INCOME	\$ _____	\$ _____

Penalty for false or fraudulent statement: U.S.C. Title 18, Section 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 or imprisoned not more than five years, or both."

Applicant _____ **Date** _____

Co-Applicant _____ **Date** _____

Homebuyer 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. (24 CFR 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

Date

Co-Applicant

Date

Homebuyer Program

ASSETT QUESTIONNAIRE

CHECK ONE

- | | | |
|--|------------------------------|-----------------------------|
| 1. Do you now have any ownership in any property? | <input type="checkbox"/> YES | <input type="checkbox"/> NO |
| 2. Do you have any savings and/or checking accounts? | <input type="checkbox"/> YES | <input type="checkbox"/> NO |
| 3. Do you have any stocks, bonds, savings certificates, money market funds or other investment accounts? | <input type="checkbox"/> YES | <input type="checkbox"/> NO |
| 4. Do you have any trusts that are available to the household members? | <input type="checkbox"/> YES | <input type="checkbox"/> NO |
| 5. Do you have any IRA accounts, Keogh or similar retirement savings accounts that are not with your employer? | <input type="checkbox"/> YES | <input type="checkbox"/> NO |
| 6. Do you make contributions to a company retirement plan or pension funds that can be withdrawn without retiring or terminating employment? | <input type="checkbox"/> YES | <input type="checkbox"/> NO |
| 7. Do you have access to any assets although owned by more than one Person? | <input type="checkbox"/> YES | <input type="checkbox"/> NO |
| 8. Do you receive any lump sum such as inheritances capital gains, lottery winnings, insurance settlements, or other claims? | <input type="checkbox"/> YES | <input type="checkbox"/> NO |
| 9. Do you have personal assets held as an investment such as gems, jewelry, coin collections, antique cars, etc? | <input type="checkbox"/> YES | <input type="checkbox"/> NO |
| 10. Do you have life insurance other then term insurance with your employer? | <input type="checkbox"/> YES | <input type="checkbox"/> NO |
| 11. Have you disposed of any assets within the past 2 years for less than fair market value? | <input type="checkbox"/> YES | <input type="checkbox"/> 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 OF TITLE 18 OF THE UNITED STATES CODE.

Applicant

DATE

Co-Applicant

DATE