

CITY OF YOUNGSTOWN

HOME BUYER PROGRAM



Community Development Agency
Housing Division
CITY OF YOUNGSTOWN
Mayor Jay Williams

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PROGRAM SUMMARY HOMEBUYER PROGRAM

Purpose: To provide **low and moderate**-income households with down payment and closing cost assistance for home ownership.

Eligibility: Homebuyers purchasing property located in the City of Youngstown are eligible to participate. Applicants must have a certificate showing they have attended a HUD Certified Buyer Education Program.

Income: Eligible applicants must have household incomes of between fifty (50) percent and eighty (80) percent of the area median income (ex: \$27,150- \$43,450 for a family of four). Income of a household includes the incomes of all persons living in that household projected for the next 12 months beginning with the date of application.

**Homebuyer
Assistance
Program:**

The Homebuyer Program will involve participating lenders in combination with their private mortgage programs, to qualify new homebuyers for down payment and closing cost assistance. This program will assist low to moderate-income families with the purchase of an existing dwelling through a 0% interest loan, forgivable over a five-year period. The maximum level of HAP assistance will be limited to a maximum of \$3,000 city-wide, \$5,000 in target areas and \$6,000 for City of Youngstown Employees in the Hope VI target area.

**Maximum
Home Value:**

The appraised or estimated value of the property that is being purchased **must not exceed** the FHA (203(b)) Mortgage limits for single-family property, as determined by the US Dept. of Housing and Urban Development, which is currently \$271,050. The appraised value will be established by a qualified, lender approved appraiser.

**Property
Standards:**

All housing units considered for this program must meet the City's Residential Rehabilitation Standards and all applicable housing and building codes.

Homebuyer Assistance Program Income Eligibility Guidelines *

Family Size (Persons)	Minimum Income Limits	Maximum Income Limits
1	\$19,000	\$30,400
2	\$21,700	\$34,750
3	\$24,450	\$39,100
4	\$27,150	\$43,450
5	\$29,300	\$46,950
6	\$31,500	\$50,400
7	\$33,650	\$53,900
8	\$35,850	\$57,350

*Source: HUD

FY2009 Income

limits

Purchase Price/After Rehab Value Limits For Housing Units**

Number of Units in Structure

Maximum Price/Value per Structure

One Family Structure	\$271,050
Two Family Structure	\$347,000
Three Family Structure	\$419,425
Four Family Structure	\$521,250

**** Source: HUD Section 203 (b) Limits**

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HOMEBUYER PROGRAM

PROGRAM GUIDELINES

INTRODUCTION

The City of Youngstown, through the HOME Program, is undertaking a Housing Program designed to assist eligible families with the purchase of an existing single-family to four-family dwelling.

A. HOMEBUYER PROGRAM DESCRIPTION

The Home Buyer Program will assist eligible families, who do not currently own a home and can qualify for financing, with the purchase of an existing single-family to four-family dwelling. Assistance is in the form of a 0% interest, non-amortizing loan, forgivable over a five-year period. The loan is to be applied towards down payment and/or closing costs. This loan will be \$3,000 city-wide, \$5,000 in target areas, and \$6,000 for City employees in the Hope VI area. The deferred loan will be secured by a second mortgage on the property. The buyer **must agree** to remain the occupant/title holder of the property for a minimum of five (5) years from the date of the transfer of title.

B. APPLICANT PROCESSING AND SELECTION

All applications will be reviewed as follows:

2.0 Priority:

Income eligible applicants will be screened by participating lenders to determine if they qualify for private mortgage financing and the Homebuyer Program. Due to the nature of the home buying process, the Program will be administered on a first-come, first-served basis.

2.1 Participating Lenders - Definition:

A Participating Lender includes any financial institution or entity able to provide private mortgage financing to purchase a home. The participating lender must meet all applicable federal and state regulations and requirements for a lending agency in the State of Ohio.

2.2 Rights of Appeal:

If an applicant feels they have a complaint, they may appeal any determination made by putting their complaint **in writing** and delivering it to the Director, Community Development of Youngstown. A written response will be made within 15 days.

C. APPLICANT ELIGIBILITY REQUIREMENTS

This section sets forth the basis for establishing an applicant's eligibility and income requirements for the Homebuyer Program:

3.0 HUD Certified Homeowner Training:

Applicants will be required to attend a HUD Certified Homeownership Training class and must have a certificate documenting their attendance.

3.1 Homebuyer - Definition:

Any income eligible household of one or more persons that does not currently own a home and who can qualify for private financing for purchasing a home with Homebuyer Program assistance.

3.2 Homebuyer – Restriction:

No applicant that is in the process of bankruptcy, default, unsettled divorce, judgment, protection from creditors, etc. shall be eligible for this Program.

3.3 Homebuyer Program Limits:

Eligibility for the HAP requires that Principal, Interest, Taxes and Insurance (PITI) do not exceed thirty (30%) percent of the applicants gross income and resulting debt ratio will not exceed forty (40%) percent of gross income.

3.4 Income Eligibility Limits:

Only households who meet the income limits between fifty (50%) percent and eighty (80%) percent of the Area Median income as determined by HUD’s most current guidelines will be eligible for the program. Household income will be determined in accordance with the guidance as provided by HUD in the Technical Guide for determining Income and Allowances for the HOME Program, June 1999.

Eligibility Guidelines*

Family Size	50% Minimum Limits	80% Maximum Limits
1	\$19,400	\$30,400
2	\$21,700	\$34,750
3	\$24,450	\$39,100
4	\$27,150	\$43,450
5	\$29,300	\$46,950
6	\$31,500	\$50,400
7	\$33,650	\$53,900
8	\$35,850	\$57,350

***Source: HUD FY2009Income Limits**

3.5 Applicant’s Income:

The household income of the applicant includes the gross income of the applicant **and** all other persons who share the same dwelling unit. If ownership of the property will rest with more than one person, each owner would be considered an applicant. The applicants’ household income, therefore, *is the sum of the gross incomes of all household members*. An applicants’ gross income is established on an annual basis **projected** for a twelve (12) month period, from the time of application to the program.

3.6 Reporting of Applicant’s Income:

The applicant’s income is reported on the application form submitted by the lender, and shall be verified by the lender. In addition, *the applicant may be asked to provide copies of the most recent W-2 form(s) and 1099 form(s) (if any)*. The applicants’ employer must also submit a verification of employment form.

3.7 City Employee – Definition:

Any income eligible household with at least one City of Youngstown full-time employee who is beyond a 90 day probationary period.*

**Probationary period requirements may be waived, upon request, by the Mayor and/or The Board of Control.*

D. PROPERTY ELIGIBILITY

4.0 Unit Characteristics:

Dwellings located within the city limits of Youngstown, Ohio are eligible. Rental units up to four (4) units are eligible for assistance, as long as the buyer occupies one (1) unit. Purchases that require displacement or relocation of current tenants **are not** eligible.

4.1 Condition:

Units must be able to comply with HUD’s Section 8 Existing Housing Quality Standards and conform to City housing code standards.

At the time of transfer, the property must be decent, safe, and sanitary with no code violations.

At the discretion of the CDA Housing Inspector, some repairs can be deferred until weather permits the repair, i.e. painting. An escrow amount, determined by the CDA Estimator, and agreed to by both the seller and the buyer must be set aside by the bank or closing agent. When the repair has been completed and approved by the CDA inspector, the escrow amount can be released for payment.

Major code items cannot be deferred at any time.

4.2 Ownership:

Ownership shall include:

Ownership in fee simple title or a 99 year leasehold interest.

Ownership shall have no restrictions as to workable title.

No dwelling utilizing land contract for purchase is eligible for assistance.

The buyer must occupy the property as their principal place of residence.

4.3 Insurance:

The prospective property Buyer must obtain sufficient hazard insurance on the dwelling unit.

4.4 Maximum Home Value:

The appraised or estimated value of the property at the time of purchase **must not exceed** the FHA (203(b)) Mortgage limits for single-family to four-family property as determined by the US Dept. of Housing and Urban Development. The appraised value will be established by a qualified, lender approved, appraiser.

4.5 Target Areas

Lower Southside	N-Falls Avenue	S-680
Hawthorne Area	E-Market Street	W-Glenwood Avenue
Baldwin Street Area	N-Broadway Street	S-Madison Avenue
	E-Logan Avenue	W-Elm Street

Beachwood Area
Hope VI
Arlington Heights

Beachwood Drive
N-Fairmont Avenue S-680/422
E-Covington Street W-422-Superior Street

E. TENURE REQUIREMENTS - Deferred Loan:

As a program participant, the Buyer must agree to remain occupant/title holder of the property for a minimum of five (5) consecutive years from the date of transfer of title. The Buyer shall execute a promissory note and a second mortgage in favor of the City reflecting these conditions. The loan shall be forgivable over the 5 year period at a rate of 20% per year completed.

5.0 Sale or transfer:

If the Buyer sells or transfers the property or any legal or equitable interest therein within the five (5) year applicable time period, the Buyer must reimburse the City the unforgiven balance of the Loan.

5.1 Subordination:

If Buyer wishes to use their property as a source of collateral for a future loan, the City's policy is to NOT SUBORDINATE. In such cases the buyer must reimburse the City as set forth in section E.5.0.

Exceptions will only be granted in cases of documented extreme hardship, with the approval of the City of Youngstown's Board of Control. An example of extreme hardship would be that in which a person had to borrow money to cover a large medical expense.

5.2 Ineligible Use of Property:

The Buyer must agree not to rent or abandon the property for the five (5) year term. If the Buyer violates this requirement, the Buyer will be notified, and the **full** amount of the loan is due and payable within thirty (30) days thereof and, if payment is not received within such period the City will institute Civil Action to reclaim the loan.

F. OTHER PROGRAM REQUIREMENTS

6.0 Seller Notification Requirements:

The owner-occupant (Seller) who sells the property to a homebuyer is not eligible for relocation assistance under the Uniform Relocation Act (URA) provided that; 1) the seller, prior to sale, is informed in writing of the fair market appraised value of the property, and 2) 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 sale agreement.

6.1 Conflict of Interest:

No member of the City or of any board, commission, or committee appointed by the City of Youngstown, or any officer or employee of the City who exercises any responsibilities with the administration or implementation of the Community Development Agency shall obtain any financial interest or other benefit from this program. This statement does not prohibit participation of a City employee or official, who otherwise qualifies for this program, provided that the City employee or official has not utilized their authority or influence to secure benefits from the program.

6.2 Lead Based Paint:

All homebuyers must be given a copy of the pamphlet, “Protect Your Family from Lead in Your Home”, EPA747-k-001.

EPA and HUD Real Estate Notification and Disclosure Rule must be followed by the real estate agent or the lender and documented in the file.