



Town of Brookhaven



HOME DOWN PAYMENT ASSISTANCE PROGRAM FOR FIRST-TIME HOMEBUYERS

2018 PROGRAM GUIDELINES

Important: Please retain this copy of the program guidelines after you send in the application as it contains important program information.

APPLICATIONS MUST BE SUBMITTED BY (January 2, 2019)

1. **GOAL:** To help make the “American Dream” of homeownership a reality for first-time homebuyers in the Town of Brookhaven.
2. **GRANT ASSISTANCE:** The Town of Brookhaven HOME down payment assistance funds are essentially zero-interest deferred loans that are forgiven after ten (10) years. The assistance provided will be up to \$20,000 for eligible applicants to assist with the down payment toward the purchase of an owner- occupied, single family residence. The applicant will be required to sign a Note & Mortgage which is subordinate to the bank or lending institution that will be providing the primary mortgage.
3. **ELIGIBILITY CRITERIA:** An applicant **MUST:**
 - Be a First-Time Homebuyer. The U.S. Department of Housing and Urban Development (HUD) defines a first-time homebuyer as a household that has not owned a home during the three-year period immediately prior to the purchase of a primary residence with HOME funding. This requirement will be waived for U. S. military veterans possessing a DD-214, verifying honorable service.
 - All applicant households must have a gross annual income not exceeding 80% of the area median income as determined by HUD (see chart that follows).
 - Have tax returns and pay stubs (or other applicable documentation) to prove a minimum annual household income of at least \$45,000.
 - Attend a mortgage counseling session at the Long Island Housing Partnership (LIHP), a **HUD certified** not-for-profit housing agency and submit proof of attendance (a certificate of completion) with the application.
 - Have sufficient financial resources and credit to qualify for a mortgage.
 - Occupy the subject property as a principal residence.
 - Not have entered into a Contract of Sale to purchase a home prior to being issued a Purchaser Certificate by the Town of Brookhaven, Department of Housing and Human Services.

4. **PROPERTY ELIGIBILITY CRITERIA:** Subject property **MUST:**
- Be in the Town of Brookhaven
 - Occupied as a principal residence.
 - A lead-based paint free home.
 - Maximum appraised **value of property cannot exceed \$362,790.**
 - Be a single-family home (without rental units), condominiums, cooperatives.
 - Prior to sale must be either: owner-occupied, occupied by purchaser as tenant or vacant.
 - **RESTRICTIONS:** No short sales, no 203K, adjustable rate or private mortgages, no 100% financing.
5. **2018 INCOME GUIDELINES:** The maximum permitted gross annual household income for applicants shall not exceed 80% of the area median annual household income as determined by HUD. Such amounts are set forth below.

Household Size	Maximum Allowable Income*	Minimum Annual Income
1	\$65,350	\$45,000
2	\$74,700	\$45,000
3	\$84,000	\$45,000
4	\$93,350	\$45,000
5	\$100,850	\$45,000
6	\$108,300	\$45,000
7	\$115,750	\$45,000
8 or more	\$123,250	\$45,000

***Please note that the maximum allowable income includes all income such as overtime, bonuses, pensions, social security, 401-K distributions, tips, etc. Your gross income cannot exceed the maximum annual income for your household size. When reviewing your application, the Town of Brookhaven must project the income that will be earned for the upcoming 12-month period; this is done by calculating your pay using your current pay stubs a letter from your employer verifying your salary or an Employment Verification Request.**

6. **HOME BUYER CONTRIBUTION:** The applicant is required to have a minimum of \$3,000 of their own funds in the bank at the time of application. Applicant’s liquid assets cannot exceed the purchase price of the house.
7. **PROPERTY VALUE LIMIT:** The maximum appraised value of a single-family residence to be purchased within the Town of Brookhaven cannot exceed \$362,790.
8. **TYPES OF ELIGIBLE HOUSING:** Pre-existing or newly constructed single-family residences located within the Town of Brookhaven must be occupied as a principal residence, including single-family houses, condominiums, cooperative apartments (co-ops) or manufactured homes. Manufactured homes must be placed on real property owned or to be owned by the purchaser.

9. Eligible AREA:

Applicants **must** purchase a home within the Town of Brookhaven, the Villages of Bellport, Lake Grove, Shoreham, Patchogue and Port Jefferson.

10. Mortgage Counseling and Homebuyer Education Requirements: Applicants must have adequate financial resources and credit to qualify for a mortgage. To help you with the home buying process, *it is required* that all applicants obtain one-on-one/in person mortgage counseling through the Long Island Housing Partnership (LIHP). This organization has a great deal of knowledge in this field and can advise you on many aspects of purchasing a home and securing a mortgage. Even though it is the responsibility of the applicant to secure a mortgage, LIHP can refer you to banks that offer first-time homebuyer mortgage products. They can also assist you with clearing up any credit problems you might have. Therefore, you are advised to schedule an appointment as soon as possible. **All applicants are required to provide a mortgage counseling certificate with their application as proof that the counseling was completed.**

11. PURCHASER CERTIFICATE: Purchaser Certificates will be issued to eligible applicants in the order in which the applications are received. **Program funds are limited.** The Purchase Certificate, issued by the Town of Brookhaven Department of Housing and Human Services, represents a sum of up to \$20,000 toward the down payment of the Grant Recipient’s purchase of an owner occupied single-family residence.

Applicants will be notified when all available Purchaser Certificates have been issued and a waiting list has been established. Eligible applicants who are issued Purchaser Certificates will have 90 days from the date the Certificate is issued to submit a **fully executed Contract of Sale** to the Town of Brookhaven. Failure to return a fully executed Contract of Sale by that date shall result in the automatic nullification of the Purchaser Certificate. As Purchaser Certificates are nullified, new Certificates will be offered to eligible applicants on the waiting list in order.

After entering into a contract to purchase an owner occupied, single-family residence, applicants have 90 days to secure a mortgage with a recognized lending institution and close on the subject property. If the purchase is for **new construction**, the applicant will have 300 days to close on the subject property. The Town of Brookhaven recommends that your attorney or representative include a clause in your contract that nullifies it in the event that you are found to be ineligible for the Down Payment Assistance Program.

All applications are subject to underwriting as part of the review process. Underwriting calculations will be done using information from the bank’s mortgage application (1003). Ratios must fit within the programs parameters. Housing Debt to Income, Total Debt to Income and Mortgage Amount to Appraised Value.

Ratios	Parameters
Front End Ratio: DTI (Housing Debt to Income)	38%
Back End Ratio: TDTI (Total Debt to Income)	45%
Loan to Value : LTV (Mtg amt to Appraised Value)	95%

12. HOUSING QUALITY STANDARD INSPECTION: The Town of Brookhaven requires that the residential property to be purchased **must** pass a Housing Quality Standards (HQS) Inspection **BEFORE RECEIVING HOME FUNDS**. This inspection is provided by the Town of Brookhaven and is solely for the purpose of ensuring that the home is in decent, safe and sanitary condition in accordance with HUD regulations. The inspection will be scheduled upon receiving a mortgage commitment. **WITHOUT EXCEPTION**, this program will **NOT** fund homes that **FAIL THE HQS INSPECTION**. The Town of Brookhaven and the Long Island Housing Partnership is not responsible to any person, party, entity, applicant, buyer, seller, etc., for the loss of any deposit and/or down payment on a home which has not passed the HQS Inspection. **THIS INSPECTION DOES NOT TAKE THE PLACE OF A HOME INSPECTION ORDERED BY THE PURCHASER.**

13. OBTAINING THE GRANT ASSISTANCE: As a condition to obtaining assistance, applicants are required to submit to the Town of Brookhaven the following documents as soon as they are available:

- Mortgage Counseling Certificate
- Fully executed Pre-Contract Agreement. This agreement will be provided to all eligible applicants at the time a Purchaser Certificate is issued.
- Fully executed Contract of Sale (copy).
- Visual Inspection Report from an EPA Certified Lead Based Paint Inspector. This report must be completed by an EPA Certified Lead Based Paint Inspector or submit proof that the house was built after 1978.
- Mortgage Application (copy): also known as a 1003 form.
- Appraisal of the Subject Property (copy).
- Mortgage Commitment (copy).
- Fully executed and notarized Down Payment Assistance Agreement.

In order to receive the assistance, eligible applicants will be required to sign a Town of Brookhaven Payment Voucher and a Note & Mortgage to secure the terms of the grant. Please note those applicants purchasing a co-op will be required to sign a Note & Security Agreement and the Town of Brookhaven will file a UCC-1 statement in order to secure the grant assistance. Before submission, please make sure your application and all accompanying documentation is complete and accurate. Once received by LIHP any changes to your application could place your application at risk of being moved to the end of the application list.

14. RESTRICTIONS:

- When searching for a home, the subject property that is to be purchased cannot displace an existing tenant. The house must be vacant, occupied by the owner, or occupied by the purchaser as a tenant. Both the purchaser and seller will be required to sign a “PRE-CONTRACT AGREEMENT” in order to verify that this restriction is not being violated. This document **will be sent to you when the Purchaser Certificate is issued.**

- The applicant must not have entered into a Contract of Sale to purchase the subject property prior to being approved by the HOME Down Payment Assistance Program and issued a Purchaser Certificate from the Town.
- All houses constructed prior to 1978 must pass a Visual Inspection for the presence of lead-based paint. This report must be completed by an EPA-Certified Lead Based Paint Inspector. Houses built after 1978 are exempt from this requirement and applicants must submit proof of this fact.
- Private mortgages are not allowed. Mortgages must be through a licensed and recognized lending institution.
- No Short Sales allowed. No foreclosures Allowed.
- No Bank Owned Properties are allowed.
- Non-occupying co-borrowers/co-signers/guarantors are not permitted.
- 100% financing is **Not** Permitted.
- Interest Only Mortgages and Adjustable Rate Mortgages are Not Permitted.
- “No Doc” Loans or No Income Check Loans are Not Allowed.
- 80/20 Loans are Not Allowed.

15. CLOSING: The funds will be provided to the applicant by the Town of Brookhaven at the closing. A representative of the Town of Brookhaven will attend the closing and will provide the check.

The Down Payment Assistance is a zero-interest deferred payment loan that will be forgiven at the end of the ten (10) year term providing that the house is not sold, transferred or rented out. Recipients will be required to verify that they are still living in the funded property for the ten (10) year term of the Note & Mortgage.

16. ANNUAL RE-CERTIFICATION: All eligible applicants who receive the down payment assistance will be required to live in the subject property as their principal residence for ten (10) years. A monitoring affidavit will be mailed annually to the grant recipient to verify in writing that the subject property is being maintained and in compliance with the following guidelines:

- Grant recipients are the current owners of the subject property.
- The subject property is currently occupied as the grant recipient’s primary residence.
- The subject property is properly insured and maintained in agreement with the terms of the Note and Mortgage or the Note & Security Agreement.

No interest in the subject property has been sold, rented or transferred. There is a required ten (10) year affordability period for the program, after which the Note & Mortgage will be forgiven, and no repayment is required. **Upon completion of the ten (10) year affordability period the homeowner will be issued a “Satisfaction of Mortgage” from the Town of Brookhaven. Please note that the homeowner will be responsible for all fees associated with filing the Satisfaction of Mortgage at the Suffolk County Clerk’s Office.**

If you sell before the ten (10) year period or the residence goes into foreclosure, the amount of HOME Direct Homebuyer Subsidy to be recaptured will be reduced by 20% at the end of each year of the affordability period. The following chart assumes an original subsidy of \$20,000 as an example:

Amount to be recaptured:	Occupancy Period of:
\$20,000	Up to 12 months
\$16,000	13 months to 24 months
\$12,000	25 months to 36 months
\$8,000	37 months to 48 months
\$4,000	49 months to 60 months
\$ 0	At the end of 60 months

17. APPLICATION PROCEDURE: A non-refundable application fee of \$75 made payable to the Long Island Housing Partnership, Inc. is required to be submitted with the application. Therefore, before you make an application for entrance into this program, read the guidelines thoroughly to be certain that you qualify. **Only one application is allowed. After the Application has been submitted, any changes to an application must be requested in writing and must be approved by Brookhaven Town.**

Applications received shall be evaluated and certified on a first come, first served basis based on the availability of funds.

A letter from LIHP, detailing the eligibility or ineligibility, will be sent to each applicant after a full review of the applicant has been conducted.

Applications can be completed and submitted online at: www.lihp.org/downpayment.html, or by being mailed to or submitted to the LIHP office in Hauppauge.

To apply online: the application fee of \$75.00 can be paid through the secure online payment processor transaction. Upon completing the online application you will be directed to the payment section. Follow the payment instructions to make payment by debit or credit card. Upon payment you will be sent an email confirming payment and an application receipt. **Your application cannot be accepted as complete until payment is received and the supporting documentation listed on the Checklist of Required Documentation is submitted.** The supporting documentation can be submitted by uploading the scanned documents directly to the online application, or you may scan and upload documents using our Document Transmittal form available on our website at www.lihp.org/doctransmit.html, or mail the documentation to LIHP office in Hauppauge. DO NOT fax or email your documents. **Failure to submit a complete application with all required documents can result in a delay in the review of your application.**

To apply by mail or in person: please send the completed application and supporting documents listed on the Checklist of Required Documentation, accompanied by a check or money order for the \$75.00 application fee made payable to Long Island Housing Partnership (do not send cash) to:

The Long Island Housing Partnership
180 Oser Avenue, Suite 800
Hauppauge, NY 11788
Attention: Town of Brookhaven Down Payment Assistance Program

This is a first-come, first-served program and only complete applications will be accepted. Applications will not be considered complete until the supporting documentation listed on the Checklist of Required Documentation and the Application Fee payment is received.

Application Deadlines

1. **January 2, 2019:** Last day to submit applications to LIHP. If the 15 program eligible applicants are reached before this date, LIHP will stop accepting program applications.
2. **March 31, 2019:** Last day to submit a contract to purchase an eligible home to LIHP. Failure to submit a purchase contract will nullify Purchaser's Certificate.
3. **June 30, 2019:** Last day to obtain a mortgage commitment and submit all required documents to LIHP.
4. **September 30, 2019:** Last day to close on an eligible property.

INQUIRIES:

DO NOT FAX OR EMAIL YOUR DOCUMENTS.

You may upload your documents to us via a secure document transmittal form located on our website (www.lihp.org) under the "About Us" tab. Direct link for transmittal form:

<http://www.lihp.org/doctransmit.html> You may also mail your documents to us or deliver documents in person to:

Long Island Housing Partnership
180 Oser Avenue, Suite 800
Hauppauge, NY 11788

Attention: **Town of Brookhaven Down Payment Assistance Program**

The LIHP staff is available to assist with the application, and answer questions about eligibility requirements. We also provide free mortgage counseling. **If you have any questions regarding the guidelines or need language assistance including translation and/or oral interpretation services**, please call the Long Island Housing Partnership at (631) 435-4710 before applying.

PLEASE RETAIN THESE GUIDELINES AFTER YOU SEND IN YOUR APPLICATION AS THEY CONTAIN IMPORTANT PROGRAM INFORMATION.