

HABITAT FOR HUMANITY OF IOWA / HOME PROGRAM

Homebuyer Down Payment Assistance

CHECKLIST OF REQUIREMENTS

****NEW CONSTRUCTION AND REHAB PROJECTS****

AFFILIATE NAME _____

HOMEBUYER(S) NAME(S) _____

ADDRESS OF HOME _____

APPROX. CLOSING DATE _____

ABOUT HOME Down Payment Assistance:

This agreement will be between Habitat for Humanity of Iowa, the affiliate, and the homebuyer. This is not a grant to affiliates, but a subsidy to the homebuyer to reduce the amount of the contract sales price. The homebuyer is required to provide a minimum down payment of \$500. This amount may be gifted to them but cannot come from down payment assistance programs. The affiliate will be charged a processing fee which will total 10% of the subsidy amount OR a minimum of \$1,500. This funding is strictly first come, first serve – meaning the projects that **close first** will receive funding until the funding runs out. We will not hold funding for any affiliate.

The subsidy amount will vary for each homebuyer based on the selling price of the home and the homebuyer's income. Not all homebuyers may qualify. The minimum subsidy award will be \$10,000. The maximum subsidy award will be \$35,000. All affiliates and homebuyers wishing to participate in this program must agree to follow the outlined rules for this program and be prepared to agree to any rule changes HUD or IFA implements before closing on the loan. (If you don't agree with the rule change, you can opt out of the program prior to closing.)

Because this is down payment assistance, there are no restrictions on the construction of the house (i.e. Energy Star, etc..) and can be used for new construction OR rehab – as long as the activity results in a Habitat Mortgage. (i.e. no repairs). The property will be required to pass an environmental review; however, this does NOT need to be completed before breaking ground.

Contact Christine Hall at chall@iowahabitat.org or 515-266-6886 with questions regarding the program.

Important notes for this program:

- Buyer must be under 80% AMI for this round of funding.
- Buyer must take 8 hours of pre-purchase counseling from a HUD approved agency.
- Affiliate must complete a preliminary title opinion
- SSO must have address in advance to complete an environmental review prior to closing. Allow time for this.
- Rules change frequently. Make sure you are using the most current forms. Don't use forms from previous projects. Always get the forms from the SSO.

PRE-QUALIFICATION: 2-3 months before closing

FIRST – Make sure you are using the most current checklist! This checklist is updated frequently.

The Affiliate should call the SSO directly to apply for the homebuyer. The SSO will ask specific questions to determine if this family will pre-qualify. Being pre-qualified does not guarantee funding. If the family income and debts change, this will affect the amount of HOME subsidy the family will receive. **BE IN CONTACT WITH THE SSO EARLY.** At this time, the SSO will start the Environmental Review process; see next section. You may be required to fill out additional forms that are not listed on this checklist.

PHONE CALL TO SSO: 515-266-6886

ENVIRONMENTAL REVIEW: 2-3 months before closing

An essential first step in the Environmental Review is checking the FEMA flood map of the property; this can be done online at <https://msc.fema.gov/portal/search>. If any section of the property is within a 100-year floodplain the project will not be eligible for HOME funds.

- FEMA flood map
- Noise Assessment
- Site Specific Field Contamination
 - o Map showing location of property
 - o Photo of house – if a rehab project, a before and after photo will be required

AFFIRMATIVE FAIR HOUSING MARKETING PLAN: 2-3 months before closing

HFH of Iowa has put together an Affirmative Fair Housing Marketing Plan (AFHP) to meet the requirements of Title VI and VII of the Civil Rights Act of 1964 and current HUD regulations. All affiliates who wish to participate in the HOME Downpayment Assistance Program must show evidence of compliance to the AFHP in order to be eligible for funds. The AFHP and a Toolkit including necessary logos/statements, posters, marketing contact journal, etc. will be provided to help guide affiliates through this process.

CLEAN TITLE VERIFICATION: 1-3 months before closing

Do NOT complete this step until the homebuyer has been pre-qualified. Once they have been pre-qualified, seek a Preliminary Title Opinion. This document must be completed within 6 months of closing, so older title opinions will not qualify. The abstract MUST be brought up to date. It is HIGHLY PREFERRED that you use an attorney that is certified through Title Guaranty. Contact Habitat Iowa for the list.

_____ EXHIBIT A: PRELIMINARY TITLE OPINION

PREPARING FOR CLOSING: 1-2 months before closing

_____ PHONE CALL TO SSO: 515-266-6886

Contact the SSO to review closing documents, especially if the project is using multiple funding sources (i.e. HOME, FHLB, and SHTF). The SSO will email you copies of the required closing documents for your attorney to complete.

_____ EXHIBIT B: FINAL INCOME VERIFICATION (VERIFIED WITHIN 6 MONTHS OF CLOSING)

The HOME award amount a homebuyer is eligible for is determined, in part, by the homebuyer's AMI and cannot exceed 80% AMI. The affiliate must independently verify the family's income using third party verification (the family cannot provide the pay stubs. You must go directly to the employer.) This includes any household member over the age of 18 living in the home. In order to assure compliance, all sources of income (verified in writing) must be submitted. Please submit the following:

- Partner Family Application
- ONE** of the two following items must be provided to verify the homeowner wage income:
 - o Written employer verification of income letter

- Two months of pay stubs with sufficient data to determine Year-To-Date income that was received directly from the employer.
- Child support received for the most recent 12-months verified by the County
- Social Security Income (SSI) and/or Social Security Disability Income (SSDI) benefit letter including the date, name of recipient, and monthly amount.
- Most recent FULL Federal Tax Return.
- To document self-employment income, please provide the most recent two years of their FULL Federal Tax Returns.
- Zero Income Affidavit – for any adult (18 yrs. +) living in the home, who do not have income.
- Any other applicable cash income source must be verified.
- Any other assets or investment accounts must be verified.
- Bank Verification form completed by bank -or- 6 months bank statement for all bank accounts
- Under \$5,000 Asset Certification form
- A list of debts owed including the type, full amount outstanding, and monthly amount. This should be taken off a current credit report. DO NOT SEND THE CREDIT REPORT!

******ALL SOURCES OF INCOME, EARNED AND UNEARNED, MUST BE VERIFIED******

SITE VISIT FROM IFA: within one month of closing

PHONE CALL TO SSO: 515-266-6886

A site visit to the house must be scheduled with the staff from the Iowa Finance Authority. The SSO will schedule this, but you must call the SSO when the house is ready for a site visit.

MATERIALS TO SUBMIT PRIOR TO CLOSING: 1 week before closing

IFA and Habitat Iowa must approve all closing documents PRIOR to closing. Please allow time for this.

EXHIBIT C: APPRAISAL A COPY of the market value property appraisal is required

EXHIBIT D: FIRST, SECOND, AND THIRD MORTGAGE AND NOTES (copy, unsigned)

COPIES of the unsigned mortgages and promissory notes must be provided for our review PRIOR to closing. (We have to send these to IFA for review also PRIOR to closing. Allow plenty of time!)

- First Mortgage and Promissory Note
- Second Mortgage (HOME Subsidy Restriction between the Homebuyer and Habitat Iowa) and Promissory Note
- Third Mortgage/Note or Deed Restrictions (if applicable – such as FHLB)

***PLEASE NOTE: the total mortgages, deed restrictions, & down payment cannot exceed the appraised value.**

EXHIBIT E: HUD-1 CLOSING STATEMENT (copy, unsigned)

Use of a **HUD-1 Closing Statement is required.** Please include the amount of ALL mortgages and clearly state “HOME Funds Down Payment”. Also the buyer down payment (\$500 minimum) must be clearly listed.

EXHIBIT F: PROOF OF HOMEOWNER EDUCATION

8 HOURS of Pre-purchase Counseling from a HUD approved agency – IN PERSON, no online classes, per IFA. Provide certificate of homeowner education including the instructor name, classes, and amount of hours. If a certificate is not available, a letter from the HUD approved Counselor will suffice.

_____ **EXHIBIT G: HABITAT FOR HUMANITY OF IOWA-HOMEBUYER ASSISTANCE AGREEMENT**

This agreement will be provided by the SSO. It is required to be signed before closing.

_____ **EXHIBIT H: HUD INCOME ELIGIBILITY CALCULATOR**

This will be provided by the SSO to be signed before closing.

_____ **ESTIMATED PROPERTY TAX AND PROPERTY INSURANCE**

MATERIALS TO SUBMIT AFTER THE CLOSING

_____ **EXHIBIT I: FIRST, SECOND, AND THIRD MORTGAGES AND NOTES (signed & recorded)**

A COPY of the signed and recorded first, second, and third (if applicable) mortgages and mortgage promissory notes.

_____ **EXHIBIT J: COPY OF DEED - transferring property to buyer (signed and recorded)**

_____ **EXHIBIT K: VOLUNTARY TRANSACTION DISCLOSURE FORM**

SSO will provide this form to be completed and signed by the affiliate.

_____ **EXHIBIT L: HUD-1 CLOSING STATEMENT (signed by both homebuyer and affiliate)**

This must clearly list HOME down payment assistance was provided. This must also clearly list the buyers' portion of down payment (minimum \$500).

_____ **EXHIBIT M: FINAL HOMEBUYER ASSISTANCE UNDERWRITING FORM (signed by buyer in 2 places)**

_____ **EXHIBIT N: HOME PROGRAM ELIGIBILITY RELEASE FORM (completed and signed by buyer)**

_____ **EXHIBIT O: COPY OF HOMEOWNERS INSURANCE (showing HFH Iowa as Loss Payee)**

_____ **EXHIBIT P: HABITAT FOR HUMANITY OF IOWA - HOMEBUYER ASSISTANCE AGREEMENT (signed by buyer – HFH Iowa will sign and mail a copy back to the buyer and affiliate.)**

_____ **EXHIBIT Q: HUD INCOME ELIGIBILITY CALCULATOR (signed by the buyer)**

_____ **EXHIBIT R: PHOTO OF THE PROPERTY**

_____ **EXHIBIT S: CERTIFICATE OF OCCUPANCY**

Once the subsidy is approved, Habitat Iowa will mail the subsidy check directly to the Affiliate with an invoice for the processing fee. The affiliate will be charged a processing fee which will total 10% of the subsidy amount OR a minimum of \$1,500. This fee helps cover the costs of applying for and administering the HOME funding for Affiliates and home buyers.