

WHAT IS THE M.A.P. PROGRAM?

The Mortgage Assistance Program (M.A.P.) is a program designed to assist low income families with funding the cost of down payment and closing costs associated with the purchase of a home. The intent of the program is to help those families who can afford to pay the cost of the monthly mortgage but are not able to save up the down **payment and closing costs to make a home purchase possible. An example of a suitable candidate for this program** is a family who is currently paying \$500 a month for rent, but has no savings. Five hundred dollars a month in today's real estate market is enough to buy a decent home. Therefore, by assisting this family with the down payment and closing costs, the M.A.P. program can make home ownership possible.

WHAT IS THE MAXIMUM AMOUNT OF M.A.P. FUNDS THAT I MAY RECEIVE?

The maximum amount of M.A.P. funds that you may receive is based on several factors. First, lower income families may receive more M.A.P. funds than families with higher incomes. The exact maximums are listed below;

- 1) \$12,000 for families with incomes below 50% of area median.
- 2) \$8,000 for families with incomes between 50% and 60% of area median.
- 3) \$6,000 for families with incomes between 60 % and 70% of area median.

FAMILY SIZE	50% OF MEDIAN	60% OF MEDIAN	70% OF MEDIAN
1	\$16,450	\$19,740	\$23,030
2	\$18,800	\$22,560	\$26,320
3	\$21,150	\$25,380	\$29,610
4	\$23,500	\$28,200	\$32,900
5	\$25,400	\$30,480	\$35,560
6	\$27,250	\$32,700	\$38,150
7	\$29,150	\$34,980	\$40,810
8	\$31,000	\$37,200	\$43,400

Secondly, maximums are affected by NEED. The program is designed to help the client buy a house, not to get the maximum amount of M.A.P. funds possible. Therefore, each client will only be able to get what they NEED to make the purchase possible. For instance, if your borrowing limit is \$40,000, you could not borrow only \$35,000 and have the M.A.P. program pay the difference.

Finally, Homsite plans to disburse M.A.P. funds on a first come, first served basis (based on first ready to go to closing, not application date) except in the case of a flood of clients ready to close all at once, or, when later in the program we do not have enough funds left to serve all the remaining clients. When these circumstances occur, we will rank clients and give a funding priority to those clients that will need less than 75% of the maximum M.A.P. funds that they are eligible to receive.

This will be a fair way to rank applicants and at the same time provide an incentive to discourage clients and realtors from selecting a more expensive house simply because this program would allow the client to buy a more expensive house than what they could otherwise afford. This will also allow the program to help more needy families buy a home, which would not be the case if we allow everyone to take the maximum amount.

IMPORTANT NOTE: Eligibility for the program does **NOT** reserve program funds for a client. Funds are reserved only **AFTER** you have an executed purchase offer and the house has passed HQS inspection and other requirements. Closing **MUST** then take place within 45 calendar days of this funding reservation, or funds will be de-obligated.

EXACTLY WHAT EXPENSES CAN BE PAID FOR BY THE M.A.P. PROGRAM?

The **M.A.P. Program** can cover up to one half of the down payment and all closing costs that are paid out at the closing itself. The most common items are enumerated below. Remember, only items paid at closing with the check cut to the vender are eligible. This means that pre-payables (items paid before closing) are only eligible if the vender is willing to wait until closing to receive payment. This also means that the buyer (M.A.P. Program client) is responsible for pre-payables if the sale falls through and does not proceed to closing. Homsite is not responsible for any expenses incurred by the M.A.P. client unless and until the property goes to closing. Only expenses related to the property that closes are eligible. Therefore, M.A.P. funds could be used by clients to subsidize any or all of the following items, (limited to the maximum amount they are approved for) provided clients proceed to closing. All expenses incurred by clients that do not proceed to closing, are their own responsibility.

- 1) Up to one half of the down payment required by the lending institution. Homsite will **REQUIRE** a **MINIMUM** homeowner investment of \$500 for clients whose income is at 50 percent or less of median; \$750 for clients whose income is between 50 percent and 60 percent of median; \$1,000 for clients whose income is between 60 percent and 70 percent of median.
- 2) **CLOSING COSTS** - including, but not limited to, property tax escrow, attorney's fees (limited to maximum of \$500), recording fees, mortgage taxes, title insurance, property appraisal, lead risk-assessment, abstract update, points.
- 3) **PRE-PAYABLES** - Normal costs and bank fees that are customarily paid up front by the borrower, such as loan application fee, credit check fee, appraisal fee, and H.O. insurance policy cost **ARE NOT ELIGIBLE PROGRAM COSTS** and must be paid by the client. Other pre-payables, such as a private house inspection, lead risk-assessment, may be paid by the program **IF** the fee is deferred and paid to the vendor (not the homeowner) at the closing. If the buyer (client) does not proceed to closing, the program does not pay for **ANY** pre-payable items.
- 4) **PURCHASE/INTEREST WRITE DOWN** - Direct subsidy to reduce the purchase price and/or pay points to reduce the interest rate.

WHERE DO THESE M.A.P. FUNDS COME FROM?

The United States Department of Housing and Urban Development (HUD) awarded a block grant of HOME funds to the New York State Department of Housing and Community Renewal (DHCR). Homsite has been awarded \$300,000 of these HOME funds from DHCR through a competitive application process.

WHEN WILL THESE FUNDS BE AVAILABLE?

We expect funds to be available for disbursement by FALL 2000.

WHO IS ELIGIBLE TO PARTICIPATE IN THE M.A.P. PROGRAM?

If you meet all of the following criteria, you would be eligible.

1) Your **GROSS** family income (counting income of all household members) must be less than those shown below;

FAMILY SIZE	MAXIMUM FAMILY INCOME
1	\$23, 030
2	\$26, 320
3	\$29, 610
4	\$32, 900
5	\$35, 560
6	\$38,150
7	\$40,810
8	\$43,400

- 2) Must be a first time home buyer, **OR**,
- a. Must not have owned for at least one year prior to application, **OR**,
 - b. If you have owned within the past year we can make an exception for the following conditions:
 - i. Divorced/separated spouse, with children, that is forced to move by terms of the divorce/separation agreement.
 - ii. Large family moving up to a larger house to accommodate family size.
 - iii. Elderly family moving down, to a smaller more energy efficient house.
- 3) Must not violate State and Federal conflict of interest laws (elected officials and their immediate families, Homsite employees, City of Auburn Planning and Economic Development employees, along with their immediate families, are not eligible).
- 4) Have a good credit history (or no credit history) and be able to qualify for a mortgage.

- 5) Have, or be able to get, at least one half of the down payment(the program can pay the other half). This will be a minimum of \$500.00.
- 6) Be willing and able to comply with all other program requirements, such as completing pre-purchase and budget counseling (provided by Homsite)
- 7) You must not be suspended or debarred from doing business with the Federal government (such as a defaulted student loan).
- 8) Independent professional analysis of the home's condition over and above the HQS inspection report, such as furnace test, insect infestation test, etc. This will defuse potential problems and complaints down the road if the homeowner experiences problems with the house.

WHAT PROPERTIES ARE ELIGIBLE FOR THE PROGRAM?

Not just any house is eligible for this program. Restrictions on eligible properties are enumerated below:

- 1) Property must be in Cayuga County.
- 2) Property must pass environmental review (completed by Homsite staff).
- 3) House must meet HUD's "Housing Quality Standards" (HQS). This inspection is completed by Homsite staff. Any repairs needed to pass HQS must be completed by the seller BEFORE closing (at the sellers expense). Repairs are NOT an eligible program expense.
- 4) Federal displacement/relocation regulations must be followed. Therefore, to be eligible, the property must be:
 - a) Vacant, with utilities turned on (so inspections can be done).
 - b) Owner occupied.
 - c) Current tenant occupant is the M.A.P. client that will purchase the home.
 - d) If other tenant occupied, then SELLER must agree to pay all the displacement/relocation costs (or house is not eligible).
- 5) Seller must be willing to sign affidavit that no tenants were displaced.
- 6) Selling price of the home can not exceed \$76,000.
- 7) Home must have 'Lead hazard clearance by **certified risk-assessor**

WILL THIS BE A GRANT OR A LOAN?

This is called a deferred loan. The deferred loan is for a period of fifteen (15) years, or, if you get an FHA loan, for the length of the FHA loan (usually 30 years). This deferred loan is secured by a lien against the property. The condition of the lien is that you live in the home for the sixteen year period (or, 30 years in the case of an FHA loan). If you fulfill that occupancy requirement, the deferred loan is forgiven and released at the end of the sixteen years (or 30 years in the case of an FHA loan). There is no interest charged on this deferred loan.

HOW WOULD THIS DEFERRED LOAN AFFECT MY HOME OWNERSHIP?

The deferred loan would make it difficult to obtain home equity loans. Usually, banks would require a subordination of this deferred loan before they would write a home equity loan. Homsite **will not** agree to a subordination request for the first six years (you would not have any equity in the house to borrow against anyway, so this should not matter). After the first six years, we will agree to subordinate. Homsite will charge a \$150 fee to process a subordination request.

WHAT IF WE HAVE TO MOVE BEFORE SIXTEEN YEARS (16) ARE UP?

If you do not or can not maintain occupancy for the full sixteen years, (or 30 years for FHA loans) the deferred loan must be paid back to Homsite. If you sell the house the deferred loan can be paid back from the proceeds of the sale. If you move out, but don't sell the house, the deferred loan will be immediately due and payable. Obviously, if you aren't selling the house, it could be difficult to pay this off. If you don't have the money to pay it back, Homsite will foreclose on your lien and force the sale of the property to recover the deferred loan. If we have to do that, you will also have to pay us all the legal costs of foreclosure as well (from the proceeds of the sale).

WOULD WE HAVE TO PAY BACK THE FULL AMOUNT?

Yes, in the first year. After that, the deferred loan amount will be reduced by one fifteenth (1/15th) at the end of the second year and the end of each succeeding year there after, provided you are maintaining residence. There is no reduction if you do not maintain residence. The reduction will be 1/29th per year after the first year in the case of FHA loans.

WHO WILL ADMINISTER THIS PROGRAM?

Homsite is responsible for the administration of this program. The City of Auburn Planning and Economic Development Office will assist Homsite by making information packets available for distribution, and will assist clients in completing the application packet.

**I WOULD LIKE TO PARTICIPATE IN THE M.A.P. PROGRAM.
HOW DO I APPLY? WHAT STEPS DO I TAKE NEXT?**

To help you prepare for home ownership, and to make sure you are ready for home ownership, Homsite requires that to participate in the M.A.P. program-you must first complete a session of pre-purchase counseling. So the first step is to call Homsite and make an appointment with Tim or Nick for **pre-purchase counseling**. After you have completed the pre-purchase counseling session, Homsite will provide you with the application packet to complete.

WHAT IS PRE-PURCHASE COUNSELING?

Pre-purchase counseling is a free and confidential service that Homsite provides in our community. This counseling provides education about all the different aspects of buying a home, including how to qualify for a bank mortgage, banking, mortgage and closing terms are defined and explained, how to shop for a house, inspecting a house, dealing with loan officers, real estate agents and attorneys, budgeting, zoning issues, explain different mortgage vehicles that are available in today's market to help you decide which one is best for you.

**AFTER I HAVE COMPLETED MY PRE-PURCHASE COUNSELING AND ASSUMING
MY APPLICATION HAS BEEN APPROVED, WHAT HAPPENS NEXT?**

At this time Homsite would provide you with another packet like this one that details the process from this point on. In general the next step would be to find a suitable house in your price range, make a purchase offer and obtain your bank financing.