

City of Tyler Homebuyers Assistance Program Homebuyer's Information

The City of Tyler, with funding provided by the Community Development Block Grant (CDBG) Program and HOME Investment Partnership Grant Program (HOME) and other local, state, and federal resources, will provide homebuyer assistance necessary to assist eligible low-income homebuyers with the acquisition of a dwelling unit located within the city limits of Tyler and meeting certain minimum construction and property standards.

City of Tyler Homebuyers Assistance Program will assist eligible homebuyers on a **need basis** in an amount not to exceed **\$7,500 for an existing home (a five (5) year lien will apply)** or **\$14,999 for a newly constructed home (a five (5) year lien will apply)**, and **\$25,000 for HUD Initiatives Homes (a ten (10) year lien will apply)** in down payment and closing costs assistance.

Program Requirements

- Must be considered a "First-time Homebuyer"
 1. An individual who has had no ownership in a principal residence during the 3-year period ending on the date of purchase of the property. This includes a spouse (if either meets the above test, they are considered first-time homebuyers).
 2. A single parent who has only owned with a former spouse while married.
 3. An individual who is a displaced homemaker and has only owned with a spouse.
 4. An individual who has only owned a principal residence not permanently affixed to a permanent foundation in accordance with applicable regulations.
 5. An individual who has only owned a property that was not in compliance with state, local, or model building codes and which cannot be brought into compliance for less than the cost of constructing a permanent structure.
- **The buyer must have valid checking account and must be in good standing with the banking Institution. The buyer must have had the account for at least a year to apply.**
- The home must be located in Tyler city limits.
- **Buyer must be able to provide a loan acceptance letter from a lender with this application.**
- Buyer must have a FICO score of at least a minimum of 640.
 1. No recent (within the preceding 24 months) bankruptcies, foreclosures, student loan delinquencies, or repossessions. This provision does not apply to purchasers of homes developed by Habitat for Humanity or other non-profit developers.
- Buyer's household cannot exceed 80% below the median income according to family size and cannot make less than 50% below the median income. Exceptions are made for Housing Choice Voucher clients.

Family Size	1	2	3	4	5	6	7	8
30%	\$13,450	\$16,460	\$20,780	\$25,100	\$29,420	\$33,740	\$38,060	\$42,250
50%	\$22,400	\$25,600	\$28,800	\$32,000	\$34,600	\$37,150	\$39,700	\$42,250
80%	\$35,850	\$41,000	\$46,100	\$51,200	\$55,300	\$59,400	\$63,500	\$67,600

Income Verification

Income includes all money flowing into the household from all persons over 18 years old, plus benefits received on behalf of minor children. Such things as wages, self-employment wages, AFDC, alimony, Social Security Benefits, Pensions, Child Support, regular gifts from friends or family, money earned from providing services, and interest from bank accounts or investments must be disclosed. **Failure to disclose any income or assets is a criminal offense under Section 1001 of Title 18 of the U.S. Code.** All income and assets will require verification from the providing sources before eligibility will be granted. Income verification will be valid for only 6 months. If buyer does not purchase a home within that time frame, income will have to be re-verified.

Homebuyers Counseling Certification

Upon entering the program, the buyer must attend Homeownership Counseling provided by the City of Tyler in order to receive down payment and/or closing cost assistance and/or other eligible benefits, if any. The Homeownership Counseling will provide training to enhance home management skills. Topics to be covered will include money management, comparative shopping, use of credit, debt management and homeowner's insurance and property taxes. A review of the homebuyer's income and expenses and the development of a budget will be included.

Buyer's Investment

A **minimum investment of \$1,000** is required from the buyer to use as earnest money. The minimum investment is subject to change depending fees that are to be paid to Title Company.

Property Standards

The properties that are to be purchased by the buyer must meet Housing Quality Standards (HQS) which includes adherence to local building standards and code requirements.

Principal Residence

Buyer must sign an intent form stating that will be occupying the residence that will be purchased.

Loan Instrument and Recapture Provision

Deferred Forgivable Loan (DFL) - Non-recourse, no-interest, five or ten year non-amortizing forgivable loan will be used. The principal loan amount due to the City will be reduced by 1/60th (for five year loans) and 1/120th (for ten year loans) for each month that the applicant fulfills the note and lien requirements, until the total loan amount is forgiven or repaid. All DFL loans shall typically have a second lien holder position. Lien requirements include, but may not be limited to, prompt and current payment of homeowner's hazard insurance and property taxes. As a non-recourse loan, this only allows the repossession of the property without the personal liability of the borrower, but breach of the following covenants will result in foreclosure:

- Principal residence requirement for full lien period
- First right of purchase to the City of Tyler
- Property use and maintenance requirements
- HUD HQS maintenance requirement for resale

Financing

A buyer may do business with a lender of their personal choice. The City of Tyler Homebuyers Assistance Program reserves the right to deny assistance to the buyer if the mortgage exceeds the buyer's ability to repay loan.

Application Intake Process

All materials listed below are required with application to be reviewed and accepted:

***Please bring copies of the materials needed. If you do not bring copies there will be a charge to make copies.**

- **Complete application: signed and dated**
- **Copy of social security, drivers license and or State Id**
- **Copy of 2 months worth of check stubs and 2 years of tax return**
- **Copy of at least 6 months bank statement**
- **Copy of 401k, IRA, CDs, ect. (if applicable)**
- **Birth Certificate of any child in household 18 years and under**
- **Copy of borrower and co-borrower credit score showing 640 or higher**
- **Copy of preapproval letter from the lending institution (bank)**
- **Eligibility release form**
- **Form 1010**
- **Certification of Zero Income (if applicable)**
- **Reasons assistance can be rejected signed and dated**
- **Certification of First Time Homebuyer Form**

Loan Requirements

1. A FHA loan is preferred but a Conventional (conforming and non-conforming), and VA mortgage loans are also accepted.
2. A fixed interest rate for the duration of the loan is required.
3. The total PITI (principal, interest, taxes, and insurance) payment (front ratio) is not less than 20% and not more than 35% of the monthly income of the eligible homebuyer. With lender approval, the upper percentage may be slightly exceeded under extenuating circumstances that demonstrate the buyer's ability to handle higher payments. The maximum allowable total debt-to-income ratio (back ratio) is 45% (participating lenders may require a lower percentage).
4. Loan origination fees can not exceed 2%, no exceptions.
5. Loan terms must be 15 to 30 years.
6. No pre-payment penalties.
7. Assets listed on line 1003 may be counted as 5% towards income. The assets added into income may result in buyer being ineligible for down payment and closing cost assistance.

8. The City of Tyler's lien will be in second lien position.
9. The City of Tyler will not subordinate its lien to any other lien other than that of First Lender. In no event will City of Tyler subordinate its lien to any subsequent liens.
10. Seller's contribution can be up to 6%, but buyer can not receive money back at closing.
11. Buyer may use other assistance programs or gifts towards down payment and closing costs but it must be approved by The City of Tyler.

Please return application and applicant documentation to:

City of Tyler –Homebuyers Specialist
Homebuyers Assistance Program
900 West Gentry Parkway, Tyler, Texas 75701
Phone: 903-531-1311 Fax: 903-531-1333
www.cityoftyler.org

**City of Tyler
Homebuyers Assistance Program
INTAKE APPLICATION**

Name: _____ DOB: _____ Social Security Number: ____/____/____
 Telephone #: (____) ____ - ____ Email Address: _____
 Address: _____ Mailing Address: _____
 Rent: ____ Own: ____ Number of Years: ____ Amount of Rent: _____
 Former Address: _____ Rent: ____ Own: ____ Number of Years: ____
 Employment: _____ Telephone #: (____) ____ - ____ Years on Job: _____
 Pay: _____ (Per Hour/Week or Annual Salary)
 Telephone Number: _____ Fax Number: _____

Co-Borrower:
 Name: _____ DOB _____ Social Security Number ____/____/____

Borrower's household income cannot exceed 80% below the median income according to family size and cannot make less than 50% below the median income. Exceptions are made for Housing Choice Voucher borrowers.

Family Size	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>	<u>6</u>	<u>7</u>	<u>8</u>
30%	\$13,450	\$16,460	\$20,780	\$25,100	\$29,420	\$33,740	\$38,060	\$42,250
50%	\$22,400	\$25,600	\$28,800	\$32,000	\$34,600	\$37,150	\$39,700	\$42,250
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HOUSEHOLD COMPOSITION AND CHARACTERISTICS – List the Head of Household and all other persons who will be living in the property. If there are children currently in college, a transcript will be required to be submitted.

Household Member Name	Relationship to Head of HH	Age	Sex
	Head of Household		

INCOME INFORMATION - Income includes all money flowing into the household from all persons over 18 years old, plus benefits received on behalf of minor children. Such things as wages, self-employment wages, AFDC, alimony, Social Security Benefits, Pensions, Child Support, regular gifts from friends or family, money earned from providing services, and interest from bank accounts or investments must be disclosed. **Failure to disclose any income or assets is a criminal offense under Section 1001 of Title 18 of the U.S. Code.** All income and assets will require verification from the providing sources before eligibility will be granted.

Household Member Name	Full Time Student?	Source of Income (Employer, child support, etc.)	Rate of Pay	Payment Basis (weekly, Monthly, etc.)

ASSET INFORMATION –You are also required to report information about assets. Assets include such things as other real estate properties owned by members in the household, checking and savings accounts, investment accounts, vintage vehicles, money earned from the sale of items or investment accounts or assets disposed of for less than market value within the past two years, and items purchased for investment value, such as stamps, coins, firearms, paintings and other collectibles.

Household Member Name	Type and Source of Asset (Savings/checking accounts, investments, etc.)	Cash Value of Asset	Annual Income From Asset

CREDIT INFORMATION:

This section applies to the Borrower and the Co-Borrower. Please circle either Yes or No to each question.

- | | | | |
|----|-------|------|---|
| 1. | (yes) | (no) | Do you have any outstanding judgments? |
| 2. | (yes) | (no) | In the past seven years, have you been declared bankrupt? |
| 3. | (yes) | (no) | Have you had real property foreclosed on or voluntarily given real property back to the seller? |
| 4. | (yes) | (no) | Are you a co-signer or endorser on a note? |

5. (yes) (no) Are you a party in a lawsuit?

6. (yes) (no) Are you obligated to pay alimony, child support or separate maintenance?

If any answers are "yes," please explain: (If more room is needed, please attach an additional sheet)

All Applicants Must Sign: APPLICANT CERTIFICATION

All household members age 18 and over must sign this application. I/We understand the information provided above is collected to determine if I/we are eligible to receive Homebuyers Program assistance. I/We hereby certify that all the information provided herein is true and correct. I/We understand that providing false statements or information is grounds for termination of housing assistance and is punishable under federal law. I/We authorize the City of Tyler to verify all information provided on this application.

Signature of Applicant:	Date

Warning: Title 18, Section 1010 of the U.S. Code states that a person is guilty of a felony for knowingly and willingly making false or fraudulent statements to any department of the United States Government.

Completed by City of Tyler Staff only:

Date Complete Application Received: _____ Received by: _____

Comments: _____

FORM 1010

Borrower(s): _____

Property Address: _____

Statement/Explanation of Supporting Documentation

Section 1010 of Title 18, U.S.C., Department of Housing and Urban Development and Federal Housing Administration Transactions, provides: whomever, for the purpose of influencing in any way the action of such Department – makes, passes, utters, or publishes any statement, knowing that same to be false – shall be fined not more than \$5,000 or imprisoned not more than two years, or both.” Other Federal statutes provide severe penalties for any fraud or intentional misrepresentation made for the purpose of influencing the issuance of any guaranty or making of any loan.

Signature of Borrower(s):

_____ Date: _____

_____ Date: _____

Signature of Other Adult Household Member(s) Eighteen (18) years old or older:

_____ Date: _____

_____ Date: _____

**First-Time Homebuyer Status
and Certification of Property Ownership**

Homebuyer(s) Name: _____

Property Address: _____

Please check one:

- I/We hereby certify that I/We meet the definition of a first-time homebuyer as described below and do not currently own any real estate. I/We further certify that the submitted executed loan application is valid proof of my/our first-time homebuyer status and that all copies provided are true and correct (Check all that apply).
 - An individual who has had no ownership in a principal residence during the 3-year period ending on the date of purchase of the property. This includes a spouse (if either meets the above test, they are considered first-time homebuyers).
 - An individual who is a displaced homemaker;
 - A single parent whose former spouse now owns the previous residence; or
 - An individual who has only owned a principal residence not permanently affixed to a permanent foundation in accordance with applicable regulations.
 - An individual who has only owned a property that was not in compliance with state, local, or model building codes and which cannot be brought into compliance for less than the cost of constructing a permanent structure.

- I/We hereby certify that I/We do not currently meet the definition of a first-time homebuyer because I/We have owned a home and/or real estate in the last three years. However, presently I/We do not own a home and/or real estate.

I/We certify that all information and copies provided to the Homebuyer Assistance Program are true. I/We understand that any discrepancies may result in my/our disqualification from the Homebuyers Assistance Program and the funds received will have to repay.

Signature of Homebuyer

Date

Signature of Homebuyer

Date

**Homebuyers Assistant Program
Eligibility Release Form**

City of Tyler, 900 West Gentry Parkway, Tyler, TX
75701, 903-531-1311 DATE _____

Information Covered: Inquiries may be made about
items initialed by applicant/tenant.

Purpose: Your signature on this HOME Program Eligibility Release Form, and the signatures of each member of your household who is 18 years of age or older, authorizes the above-named organization to obtain information from a third party relative to your eligibility and continued participation in the:

HOME Homebuyer Assistance Program

Privacy Act Notice Statement: The Department of Housing and Urban Development (HUD) is requiring the collection of the information derived from this form to determine an applicant's eligibility in a Homebuyers Assistance Program and the amount of assistance necessary using HOME funds. This information will be used to establish level of benefit on the HOME Program; to protect the Government's financial interest; and to verify the accuracy of the information furnished. It may be released to appropriate Federal, State, and local agencies when relevant, to civil, criminal, or regulatory investigators, and to prosecutors. Failure to provide any information may result in a delay or rejection of your eligibility approval. The Department is authorized to ask for this information by the National Affordable Housing Act of 1990.

Instructions: Each adult member of the household must sign a Homebuyers Assistant Program Eligibility Release Form prior to the receipt of benefit and on an annual basis to establish continued eligibility. Additional signatures must be obtained from new adult members whenever they join the household or whenever members of the household become 18 years of age.

NOTE: THIS GENERAL CONSENT MAY NOT BE USED TO REQUEST A COPY OF A TAX RETURN. IF A COPY OF A TAX RETURN IS NEEDED, IRS FORM 4506, "REQUEST FOR COPY OF TAX FORM" MUST BE PREPARED AND SIGNED SEPARATELY.

	Verification Required	Initials
Income (all sources)		
Assets (all sources)		
Child Care Expense		
Handicap Assistance Expense (if applicable)		
Medical Expense (if applicable)		
Other (list) _____ _____		
Dependent Deduction ____ Full-Time Student ____ Handicap/Disabled ____ Family Member ____ Minor Children		

Authorization: I authorize the City of Tyler and Neighborhood Services Department and HUD to obtain information about me and my household that is pertinent to eligibility for participation in the Homebuyers Program.

I acknowledge that:

- (1) A photocopy of this form is as valid as the original.
- (2) I have the right to review the file and the information received using this form (with a person of my choosing to accompany me).
- (3) I have the right to copy information from this file and to request correction of information I believe inaccurate.
- (4) All adult household members will sign this form and cooperate with the owner in this process.

Head of Household—Signature, Printed Name, and Date:
Family Member HEAD

X

Other Adult Member of the Household—Signature, Printed Name, and Date:
Family Member #2

X

Other Adult Member of the Household—Signature, Printed Name, and Date:
Family Member #3

X

Other Adult Member of the Household—Signature, Printed Name, and Date:
Family Member #4

X

Top 10 Reasons City of Tyler Deferred Loan Applications Are Rejected or Delayed

1. **Poor communications.** There are many parties involved in a real estate transaction -- buyer, seller, real estate agent, mortgage banker, home inspectors, appraiser, title companies-- and each must have complete understanding of what is going on at any given time. These loans do not close themselves rather they require twice the work from everyone involved.
2. **Income calculation can differ based on the program and lender guidelines.** You, your lender and City of Tyler may come up with different incomes for your household.
3. **Misunderstandings.** You will need loan programs explained. Your loan representative can help you with any loan terms you may not be familiar with. You can visit many online glossaries or pick up one of many real estate mortgage books, virtually all of which contain a glossary.
4. **Being in denial about what you can really afford.** Most folks let the lenders decide what you can afford to borrow. You may not have a problem with a lender approving you for a higher than appropriate loan. From that, you decide what your budget will realistically let you afford to pay each month. Get pre-approved with a bona fide, carved-in-stone pre-approval that guarantees in writing a loan amount, interest rate, and as much of the other loan terms as possible. City of Tyler will not assist buyers with housing costs greater than 1/3 of gross salary for the household.
5. **Over looking property repair problems.** Government loans on homes in need of repair need to come with instructions explaining who is responsible for repairs and when. City of Tyler cannot assist/fund any loan until all repairs are corrected.
6. **Lack of understanding about the loan and City of Tyler process.** A working knowledge of what happens during the processing, underwriting, and closing of a loan is crucial.
7. **Not completing loan conditions in timely manner.** Many times buyers do not understand the commitment from lender and City of Tyler is based on meeting certain conditions. City of Tyler requires Homebuyer Counseling of buyers in a timely manner and Inspection and possible repairs.
8. **Poor Preparation.** The more information you have available at application -- proof of income, investments, assets, debts, tax returns for the self-employed, even addresses, current and past -- the more complete the loan officer's and City of Tyler analysis can be in a more timely manner.
9. **Right House wrong Location.** Some Local Cities, Counties and the State also have some Programs that may be available. In all cases proof of where property taxes are paid will be reviewed to determine if home is located in eligible area.
10. **Non-Compatible loan products.** City of Tyler only pays certain costs and does not allow the lender to charge additional costs. Usually sub-prime loans charge more than our guidelines will allow. Lenders offer a variety of products (ARMs, etc.) or have additional requirements such as prepayment penalties and these are not allowed by City of Tyler.

Applicant's Signature _____, _____

Applicant's' Initials _____, _____

Date _____