

# ATLANTIC CITY FIRST TIME HOMEBUYER PROGRAM

## PROGRAM OBJECTIVE:

In order to increase affordable homeownership opportunities in Atlantic City, the City of Atlantic City will use **HOME Investment Partnership Program** funds to assist low-income, first time homebuyers, with down-payment and/or closing costs.

## OVERVIEW:

The City of Atlantic City First Time Homebuyer program provides qualified, first time homebuyers with a zero interest, forgivable loan to assist with purchasing a home located within Atlantic City. **The program offers a maximum amount of \$15,000 in assistance to cover the down payment on a home and eligible closing costs.**

The First Time Homebuyer program will assist those families with incomes at, or below, 80% of the median family income (MFI). **The loan is forgivable if the homeowner remains in the home for a period of ten (10) years.** This is to ensure that the home remains affordable for low income buyers. Should the homeowner sell, lease or transfer the property prior to the end of this ten year period, then the loan shall be due and payable upon the sale, lease or transfer of title.

## ELIGIBLE APPLICANTS:

1. Persons who have resided in the City of Atlantic City for the last twelve months;
2. Persons who have not owned a home for the last three (3) years;
3. Persons with an acceptable credit history and the ability to obtain an approved mortgage; (Please note that the City of Atlantic City reserves the right to reject mortgages that contain terms and/or conditions that conflict with the goals of the program)
4. Persons with incomes below 80% of median family income.

**(SEE ATTACHED HUD HOME PROGRAM LIMITS).**

## **ELIGIBLE PROPERTIES:**

1. Single family properties, condominiums and existing modulares located in the City of Atlantic City;
2. **The sale price cannot exceed \$250,000.** The value of any homebuyer/homeowner-occupied property may not exceed 95% of the median purchase price for that type of single family housing for the area, as published by HUD, or as determined locally through market analysis. The sales price of the **HOME** property to be acquired by a homebuyer may not have a value that exceeds 95% of the area median purchase price for that type of housing. **Applicants must obtain a property appraisal from an accredited appraisal firm.**
3. The property must meet all requirements for an approved mortgage.
4. The property acquired must meet all state and local housing Standards and code requirements. **Any violations are to be corrected, reinspected and certified prior to settlement.**

## **FORM OF OWNERSHIP:**

The HOME program requires ownership of the property using one of the approved forms described below. Families or individuals own the property if:

1. They have fee simple title to the property;
2. They own a condominium;
3. They own, or have a membership, in a Co-op.

### **The ownership interest will be subject to the following:**

1. Mortgages and Notes approved by the City of Atlantic City ;
2. Any other encumbrances or restrictions that do not impair the marketability of the ownership interest.

## **PRINCIPAL RESIDENCE:**

Purchasers must occupy the properties as their principal residence. A deed restriction, or covenant running with the land, will incorporate this requirement. The loan documents between the bank/mortgage Company and Buyer, as well as the loan documents between the Purchaser and the City of Atlantic City will also include this requirement.

## **AFFORDABILITY PERIOD:**

The assisted properties will remain affordable for a period of ten (10) years.

## **PROGRAM FINANCING:**

The program will provide up to \$15,000 to eligible applicants to assist with down payment and/or closing costs.

## **RECAPTURE REQUIREMENTS:**

All funds from this program are forgivable, non-amortizing, deferred payment loans, subordinate to the first mortgage of the Lender. **The City of Atlantic City will never accept less than second place in the mortgage.** These loans will be forgiven after ten (10) years, at a rate of 1/10 per year. The unforgiven balance of these loans will be due and payable upon the sale, transfer of title, or leasing of the property, or upon any refinancing of the first mortgage. These restrictions are required in order to help preserve affordable housing in the City of Atlantic City.

## **PROGRAM PROCEDURE:**

1. All Applicants must be prescreened by a bank/mortgage company for a pre-approved mortgage and good faith estimate of the amount of mortgage assistance needed. The potential homebuyer must then direct the bank/mortgage company to contact the City of Atlantic City.
2. The bank/mortgage company representative will then contact the City of Atlantic City HOME Program Coordinator to provide the information relative to the Applicant's ability to obtain a mortgage.

3. Potential recipients will then be contacted by the City of Atlantic City HOME Program Coordinator to fill out an application.
4. If approved, a certification of compliance with the City of Atlantic City First-time Homebuyer's Program will be issued to the Applicant.
5. At this point, the Applicant must be under a Contract of Sale for an eligible property.
6. The Applicant then returns to the bank/mortgage company to complete the necessary steps for the mortgage, a final determination of the amount of mortgage assistance and the preparation of the HUD-1 Settlement sheet by the bank/mortgage company and the Title Company.
7. The Applicant **MUST** obtain and maintain Homeowner's Insurance coverage and also Flood Insurance coverage for the life of the loan.
8. The Applicant must complete a HUD approved Homebuyer Counseling and Education Program, also approved by the City of Atlantic City, prior to settlement.
9. Funds are disbursed accordingly at settlement.

## **HOUSING REQUIREMENTS:**

It is a requirement of this Program that an inspection be performed on all housing units acquired with these funds to ensure that they meet all Federal, State and local housing codes. **Any violations are to be corrected, reinspected and certified prior to settlement.**

## **SELECTION COMMITTEE:**

The final selection of Applicants who receive down payment and closing cost assistance will be determined by a selection committee, the composition of which will be determined prior to the start of the program.

**FOR MORE INFORMATION:**

Please contact Donna C. Harris, HOME Program Coordinator, at (609) 347-5353.