GREG FISCHER
MAYOR

DEVELOP LOUISVILLE
HOMEBUYER ASSISTANCE PROGRAM

Attention: Housing Counseling Agencies

Louisville Metro Government is offering an exciting opportunity to encourage homeownership throughout the Metro area! Louisville Metro's Homebuyer Assistance Program provides potential low-income homebuyers with down payment and closing cost assistance. The housing counseling offered to potential homebuyers is a key piece in achieving our goals. Your partnership in this program is valuable and we appreciate your agency's dedication to providing quality housing counseling to potential homebuyers.

We would like to take the opportunity to highlight some key program features. Please make sure to read through the General Guidelines as seen on page 3. If you are familiar with our previous homebuyer programs, programmatic changes have been made:

- Potential homebuyers must be considered low-income; however there is no first time homebuyer requirement. See attached income limits on page 4.
- Potential homebuyers must complete housing counseling prior to applying for assistance. A minimum of eight (8) hours of pre-purchase counseling is required, however more than the minimum may be necessary for a homebuyer upon determination by the Housing Counseling Agency. Homebuyer must provide a certificate of completion from a HUD-Certified Counseling Agency in order to apply.
- Potential homebuyers will be individually underwritten by Metro to determine their debt capacity and the amount of down payment assistance they will be eligible to receive. Once a potential homebuyer has completed homebuyer counseling and received a pre-approval letter from a lending institution, an application for assistance shall be made with Metro, prior to searching for a home to purchase. If a potential homebuyer completes an application after obtaining a ratified sales contract, they may be deemed ineligible for assistance.
- Potential homebuyers are encouraged to purchase and rehabilitate vacant and abandoned properties. Funding can be utilized toward the rehabilitation of a vacant and abandoned property if a potential homebuyer utilizes a FHA 203(k) mortgage.
- Potential homebuyers must be able to financial contribute to the purchase of the property through the payment of prepaid expenses, the good faith deposit, and payment of a Recording Fee to Metro. The homebuyer's good faith deposit must be credited against the purchase of the home, and under no condition will funds from the closing will result in cash back to the homebuyer.
- Applications are on reviewed on a first come first serve basis, funding CANNOT be reserved for a potential homebuyer.
- Applications will be accepted on a year round based upon the availably of funds.

We look forward to working with you!

If you have any questions, please contact, The Homebuyer Assistance Program at (502) 574-1974

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PROGRAM GOALS

Louisville Metro Government (Metro) through its department, Develop Louisville, utilizes a portion of its entitlement of HOME Investment Partnerships Program (HOME) funds towards assisting Louisville Metro low to moderate income residents achieve homeownership. It is the goal of Metro's Homebuyer Assistance Program to:

- Encourage homeownership throughout the Louisville Metro area which is economical to low-moderate income consumers in order to assist in preventing future foreclosures;
- Encourage mixed-income neighborhoods and the de-concentration of poverty;
- Encourage homeownership in Metro's Neighborhood Revitalization Strategy Areas;
- Assist homebuyers in becoming informed consumers in order to successfully navigate real estate transactions and to understand the responsibility of homeownership;
- Encourage reinvestment in Louisville Metro's vacant and abandoned properties (VAP).

APPLICATION PROCESS

1. Homebuyer(s) complete homeownership counseling from HUD Certified Counseling Agency
2. Homebuyer(s) obtain first mortgage pre-approval from financial institution
3. Homebuyer(s) applies to Homebuyer Assistance Program
4. Homebuyer(s) receive entrance or denial based into Homebuyer Assistance Program based upon income
5. Upon approval, Homebuyer(s) engages Realtor (if not already done so) to assist in home search
6. Homebuyer(s) locates home and obtains accepted sales contract (Home Purchase Packet information to be completed by Homebuyer(s))
7. Homebuyer(s) submits Home Purchase Packet to Metro
8. Case review board reviews and approves the amount of assistance available to the homebuyer(s)
9. Homebuyer(s) closes on home
10. VAP Only – rehabilitation of home occurs and property passes Metro inspection before occupancy

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GENERAL GUIDELINES FOR COUNSELORS

- Homebuyer(s) must be income eligible and credit qualified in order to participate in the program. There shall be no unpaid collections on credit report for the homebuyer(s) and no un-discharged bankruptcies. Metro will allow homebuyer(s) to have up to $10,000 in medical collections and still qualify for the program.
- Homebuyer(s) must be income eligible and credit qualified in order to participate in the program. If a homebuyer(s) has liquid assets of $20,000.00 or more, they will be determined ineligible the program, as the Homebuyer Assistance Program is to aid those in need of assistance.
- Homebuyer(s) must be able to financial contribute to the purchase of the property through the payment of prepaid expenses, the good faith deposit, and payment of a Recording Fee of $36.00 to Metro. The homebuyer(s) good faith deposit must be credited against the purchase of the home, and under no condition will funds from the closing will result in cash back to the homebuyer(s). The homebuyer(s) financial contribution must equal a minimum amount of $500 (does not include Recording Fee).
- **Homebuyer(s) must submit and obtain entrance into the Homebuyer Assistance Program PRIOR TO locating a home to purchase.** If a homebuyer(s) completes an application after obtaining a ratified sales contract, they may be deemed ineligible for assistance.
- Upon submitting a completed Home Purchase Packet, the amount of assistance available to a Homebuyer(s) will be determined and approved by the case review board. **The amount of assistance is based upon homebuyer(s)' need and goals of the Homebuyer Assistance Program.**
- Applications are on reviewed on a first come first serve basis by the case review board, funding CANNOT be reserved for a potential homebuyer.
- Potential homebuyers are encouraged to purchase and rehabilitate vacant and abandoned properties (VAP). Funding can be utilized toward the rehabilitation of a vacant and abandoned property if a potential homebuyer utilizes a FHA 203(k) mortgage.
- Lending institutions must follow responsible lending practices including the guidelines set out by the Consumer Financial Protection Bureau's (CFPB) Ability-To-Pay Principals. No adjustable rate or pre-payment penalty mortgages will be accepted.
- Assistance is provided in the form of a forgivable second Mortgage and Note which will be recorded together, in the Office of the Jefferson County Clerk.
- The Homebuyer(s) must occupy the home purchased as their principal, primary residence for the term of the Mortgage. Mortgage terms are 5 – 15 years, depending upon the amount of homebuyer assistance
- Insurance and taxes must be escrowed into first mortgage. Louisville Metro Government – Develop Louisville should be listed as second loss payee on homeowners' insurance policy.
- First and second mortgages combined to not exceed the sale price of the home.

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INCOME LIMITS
Effective JUNE 1, 2015

All applicants must be at or below 80% of the median income.

INCOME LEVEL	1 PERSONS	2 PERSONS	3 PERSONS	4 PERSON S	5 PERSONS	6 PERSONS	7 PERSONS	8 PERSONS
30% OF MEDIAN	$13,500	$15,400	$17,350	$19,250	$20,800	$22,350	$23,900	$25,450
50% OF MEDIAN	$22,450	$25,650	$28,850	$32,050	$34,460	$37,200	$39,750	$42,350
60% OF MEDIAN	$26,940	$30,780	$34,620	$38,460	$41,580	$44,640	$47,700	$50,820
80% OF MEDIAN	$35,950	$41,050	$46,200	$51,300	$55,450	$59,550	$63,650	$67,750