



GREG FISCHER  
MAYOR

## DEVELOP LOUISVILLE HOMEBUYER ASSISTANCE PROGRAM

**Attention:** Lending Institutions, Real Estate Agents, Non-Profit Organizations, and Home Builders

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 guidance offered by your agency to potential homebuyers is a key piece in achieving the goals of the Homebuyer Assistance Program. Your partnership in this program is valuable and we appreciate your agency's dedication to assisting low to moderate income residents achieve homeownership. 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 4.

- Potential homebuyers must be considered low-income; however there is no first time homebuyer requirement. See attached income limits on page 3.
- Potential homebuyers must complete housing counseling from a HUD-Certified Counseling Agency prior to applying for assistance. Pre-Purchase counseling is offered locally by Apprisen ([www.apprisen.com](http://www.apprisen.com) (502) 458-8840) and Louisville Urban League ([www.lul.org](http://www.lul.org) (502) 585-4622). Minimum of 6-8 hours (depending upon housing counseling agency) of pre-purchase counseling is required. Additional hours may be required per the housing counseling agency.)
- The Homebuyer Assistance Program is NEED based. Potential homebuyers will be individually underwritten by Metro to determine their debt capacity and the amount of down payment assistance they may 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 or similar product / program.
- Homebuyer(s) must be able to financially contribute to the purchase of the property through, at minimum, 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) and Metro encourages the homebuyer to personally provide at least 2% in down payment.**
- 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.
- COMPLETED 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 availability of funds.

We look forward to working with you!

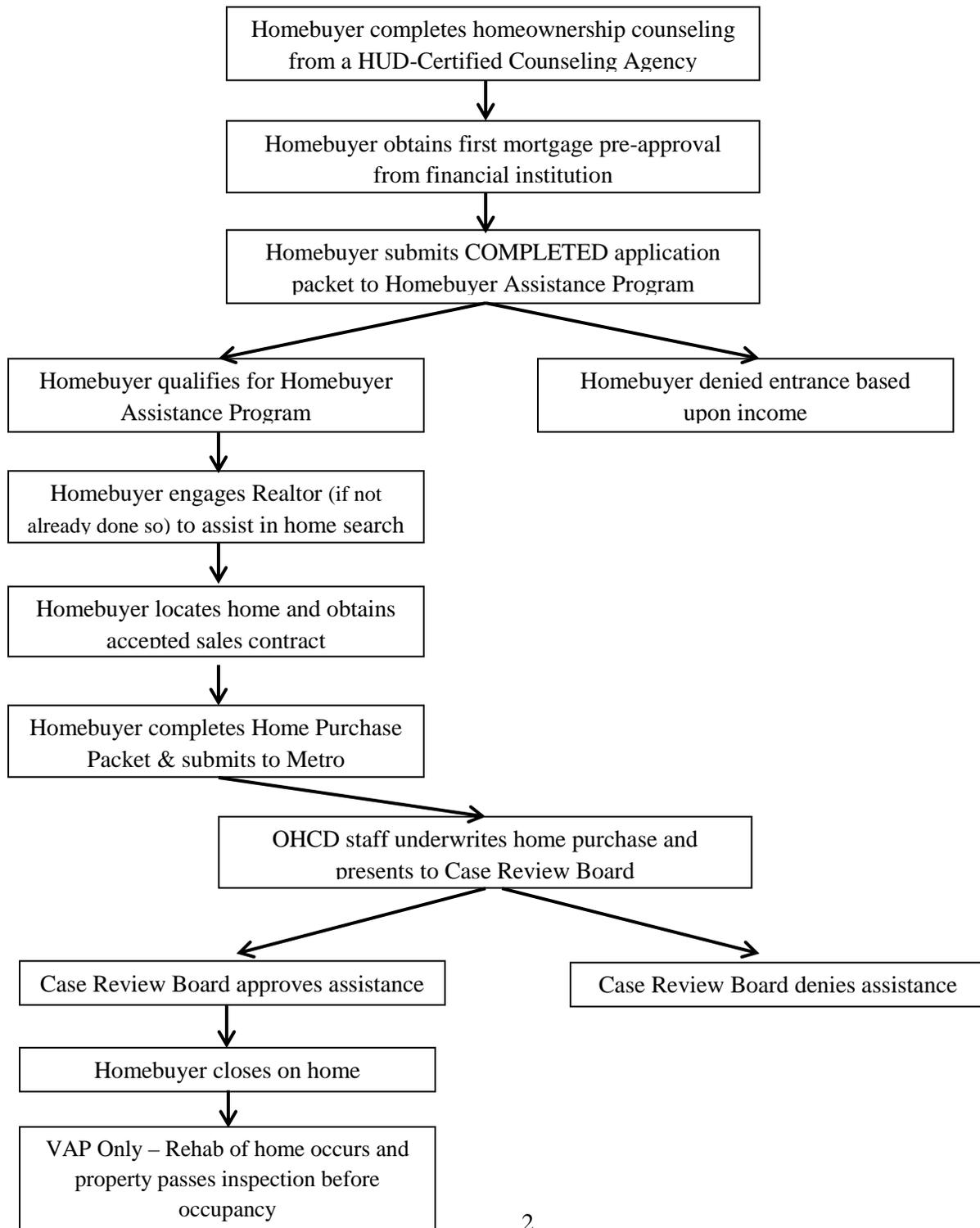


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*If you have any questions, please contact, The Homebuyer Assistance Program at (502) 574-1974*

**APPLICATION PROCESS**





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**PROGRAM GOALS**

Louisville Metro Government (Metro) through Develop Louisville – The Office of Housing and Community Development, utilizes a portion of its entitlement of HOME Investment Partnerships Program (HOME) funds towards assisting low to moderate income residents achieve homeownership. The goals of Metro’s Homebuyer Assistance Program include:

- Produce homebuyers that are informed consumers so that they may successfully navigate real estate transactions and fully understand the responsibilities of homeownership.
- Help homebuyers build equity and provide for the opportunity for financial stability;
- Incentivize the purchase of homes by low to moderate income residents to encourage mixed-income neighborhoods and the de-concentration of poverty;
- Encourage homeownership in Metro’s Neighborhood Revitalization Strategy Areas (NRSA); <https://louisvilleky.gov/government/housing-community-development/public-notice-federal-plans-and-project-compliance>
- Encourage reinvestment in Louisville Metro’s vacant and abandoned properties (VAP).

As part of the underwriting process, the Office of Housing and Community Development will evaluate homebuyers on their ability to help Metro achieve the goals of the Homebuyer Assistance Program. This includes:

- The homebuyer contributes, from their own funds, at least two percent (2%) of the purchase price of the home towards the purchase;
- The difference between the homebuyer’s front end and back end ratios is ten percent (10%) or less;
- The homebuyer selects a home in a mixed income area, or in a Metro NRSA, or in a development financed in whole or in part by Metro funds;
- The homebuyer purchases a vacant and abandoned property or a blighted property.

**INCOME LIMITS**

Effective April 13, 2016

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

INCOME LEVEL	1 PERSONS	2 PERSONS	3 PERSONS	4 PERSONS	5 PERSONS	6 PERSONS	7 PERSONS	8 PERSONS
30% OF MEDIAN	\$14,100	\$16,100	\$18,100	\$20,100	\$21,750	\$23,350	\$24,950	\$26,550
50% OF MEDIAN	\$23,450	\$26,800	\$30,150	\$33,500	\$36,200	\$38,900	\$41,550	\$44,250
60% OF MEDIAN	\$28,140	\$32,160	\$36,180	\$40,200	\$43,440	\$46,680	\$49,860	\$53,100
<b>80% OF MEDIAN</b>	<b>\$37,550</b>	<b>\$42,900</b>	<b>\$48,250</b>	<b>\$53,600</b>	<b>\$57,900</b>	<b>\$62,200</b>	<b>\$66,500</b>	<b>\$70,800</b>



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**GENERAL GUIDELINES**

- Homebuyer(s) must be income eligible and credit qualified in order to participate in the program. If a homebuyer(s) has liquid assets of \$15,000.00 or more, they will be required to contribute the difference between the balance of their liquid assets and the total amount allowed by the program (\$15,000) towards the purchase.
- Homebuyer(s) must be able to financial contribute to the purchase of the property through, at minimum, 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 qualify for 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, unless the homebuyer is purchasing a home constructed by a CHDO or that is a part of a development supported, in whole or in part by, Metro financing.
- 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.** **There is no guarantee the applicant will receive assistance. The case review board may deny assistance to an applicant.**
- COMPLETED 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 or similar product.
- 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. **PLEASE MAKE SURE THAT THE FULL LEGAL NAME OF THE HOMEBUYER(S) IS LISTED ON THE INSURANCE DECLARATION PAGE**
- First and second mortgages combined to not exceed the sale price of the home.
- Once the Note (fixed rate) has been prepared, a copy of the Note must be must be submitted to the Homebuyer Assistance Program for review. After the closing, a copy of the signed Note must be submitted to the Homebuyer Assistance Program.
- **Your lending institution may be prohibited from participating in the Homebuyer Assistance Program if the terms of the Mortgage or Note have been altered after final approval from your lending institution or from the Homebuyer Assistance Program.**



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**CLOSING INFORMATION**

- Seven – Ten (7-10) day notification of closing date, time and location is REQUIRED.
  - The homebuyer assistance check cannot be ordered until final approval from the Lender's Underwriting Department has been obtained.
  - Seven days before closing the Lending Institution must submit first mortgagee clause information and closing attorney information (name, address, and phone number of contact person) to the Homebuyer Assistance Program.
  - **Closing Disclosure (formerly HUD-1) should be emailed to our office at least THREE BUSINESS DAYS prior to the closing. If the Closing Disclosure is not received 3 business days before the closing, the closing will be delayed.**