



GREG FISCHER
MAYOR

DEVELOP LOUISVILLE HOMEBUYER ASSISTANCE PROGRAM

Attention: Lending Institutions, Real Estate Agents, Non-Profit Agencies, 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 organization 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 organization's dedication to assisting low-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 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. See attached housing counseling list on page 5.
- 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 financially 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.
- 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.
- Applications are reviewed on a first come first serve basis, funding CANNOT be reserved for a potential homebuyer.
- Applications will be accepted on a year round basis upon the availability 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 LENDERS

- 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.
- Once the Note (a fixed rate) has been prepared for the 1st Mortgagee holder, a copy of the Note must be submitted to the Homebuyer Assistance Program for review. After the 1st Mortgagee's 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 and Note have been altered after final approval from your lending institution or from Develop Louisville – Homebuyer Assistance Program.**
- 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 INSURANCE DECLARATION PAGE**
- First and second mortgages combined to not exceed the sale price of the home.
- **Closing Information:** Seven-ten (7 -10) day notification of closing date, time and location is REQUIRED
 - **Homebuyer Assistance Check:** This cannot be ordered until final approval from the Lender's Underwriting Department.
 - Seven days before closing Lending Institution must submit First mortgagee clause information and closing attorney information (Name address & phone number of contact person)
 - **HUD 1** should be e-mailed or faxed to our office at least **48 hours prior to closing. MANDATORY.**



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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 PERSONS	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



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HOUSING COUNSELING AGENCIES

Apprisen

www.apprisen.com

(502) 458-8840

Louisville Urban League

www.lul.org

(502) 566-3362

Or any other HUD Certified Counseling Agency