



DOWNPAYMENT ASSISTANCE PROGRAM

Key Components:

- Must be a “first-time homebuyer” (applicant must not own or have owned property within the last three years. This requirement is waived in instances where the home has been awarded to the other party in a divorce proceeding or where such judge has ordered the home be sold).
- The home must be located within the City of Beaumont.
- Direct assistance to the homebuyer is limited to \$14,999
- Maximum purchase price is \$120,000
- Homebuyer must be able to obtain an acceptable loan within thirty (30) days of being qualified for the City’s Down payment Assistance Program
- Homebuyer’s household gross income cannot exceed the current year HOME Program limits by family size (income table updated annually by HUD)

Principle Residence: Homebuyers will be required to certify that they intend to occupy the unit as their principal residence during the required affordability period. Annual occupancy recertification must be made throughout the five year affordability period.

Homebuyer’s Counseling Certification: The homebuyer must successfully complete a homebuyer education course approved by the City of Beaumont prior to receiving assistance.

Recapture Provision: Assistance is provided in the form of a deferred payment loan forgiven at 20% per year after the first year for purchase of an existing home. If the homebuyer(s) sell, refinance or moves out of the property within the five year period, the homebuyer(s) will be responsible for the full amount of the loan that has not been forgiven. This provision will be enforced by requiring that the HOME recipient execute a note in favor of the City of Beaumont and secured with a 2nd lien recorded with the Jefferson County Clerk.

Form of Ownership: Fee simple title is the only acceptable form of ownership.

Property Conditions: Property must pass, at minimum federal Housing Quality Standards (HQS), Texas Historical Significance check and be environmentally cleared prior to the homebuyer receiving assistance. The State of Texas and the City of Beaumont will be responsible for conducting the required clearances.

Income Verification: The City of Beaumont will calculate income according to criteria established by HUD to determine total household income. Income verification will be valid for a six-month period following receipt of information. If the homebuyer does not occupy the property, or close the mortgage loan within six months, the household income must be re-verified with updated source documents.

Minimum Borrower Investment: A minimum investment of \$2000 by the borrower is required in the purchase of the home. This can include earnest money, appraisal fees, credit report fees, amounts required to be brought to closing or any fees paid to the program administrator.

The Program is designed to assist low-income first-time homebuyer’s with the purchase of affordable, safe and decent housing and funds are available on a first come-first served basis. The City of Beaumont reserves the right to amend program guidelines when it deemed necessary. Lenders and Professional Real Estate Person’s assisting applicants in the City of Beaumont’s Affordable Housing Program are required to go online at www.cityofbeaumont.com and review the current Program Guidelines and submit a Receipt of Program Guidelines to the City of Beaumont by fax or email.

Administration Procedures: Mortgages provided will be conventional loan programs, FHA, Rural Housing, or VA home loans. The direct assistance to the homebuyer will be up to \$14,999 for the purchase of an existing home (including a newly constructed home that is not associated with the City's New Construction Program) and will be in the form of a deferred payment loan (forgivable loan). If all program requirements have been met, the loan will be forgiven over a five-year period (the recapture period). The maximum purchase price of the home is limited to \$120,000.

Eligible properties will be single-family properties that are for sale in the City of Beaumont that meet the City's Housing Quality Standards (HQS), as well as all applicable federal, state and local building codes, zoning ordinances and all other requirements. Where assistance is provided to purchase a newly constructed home, the home must meet the current applicable codes imposed by the City of Beaumont's Building Codes Division. A Certificate of Occupancy is required where applicable. Any and all deficiencies noted by the City of Beaumont's Building Codes Division and Housing Inspector must be corrected prior to closing.

Program Administration: The Program will be operated in accordance with all applicable rules and regulations of the Department of Housing and Urban Development (HUD) and the City of Beaumont Administrative procedures used to implement the Program will be added or modified to meet any changes made to such rules and regulations by the above entities that may occur over time. Administrative authority for operation of the Program will rest with the City of Beaumont's Housing Services Division or any subsequent program administrator that may be contracted by the City of Beaumont. The Housing Services Division will be responsible for carrying out the processing of applications for assistance, determining eligibility of applicants for program assistance, identification or property deficiencies, preparation of security documents and any other required forms or program records as required by HUD and/or the City of Beaumont, and ensuring adequate marketing and public relation efforts as needed to promote the Program.

Eligible Borrower Financing: *The mortgage loans offered to the borrower must be fixed rate loans.* Balloon payments, adjustable rate loans, subordinate financing, and owner financing are not acceptable. The City of Beaumont reserves the right to disallow certain fees and charges if it can be shown that the lender does not normally charge such fees in the ordinary course of business on a loan type being originated to a similar borrower. In addition, the City of Beaumont reserves the right to deny assistance to a buyer if in its sole discretion the mortgage product and fees indicate the monthly payment exceeds the buyer's ability to repay the loan or the fees charged seem excessive.

Second Loan Term: The City shall use a five-year deferred forgivable loan note to enforce the principal residence requirement during a five-year recapture period. The loan will be a non-recourse, no-interest, non-amortizing forgivable loan. The loan shall also have a second lien holder position, and will allow for recapture of the HOME assistance out of the net sales proceeds if the homeowner sells the dwelling before the end of the recapture period. If the HOME assisted property is sold after the end of the recapture period, no recapture provisions apply. If the net proceeds are not sufficient to recapture the prorated HOME Investment, no recapture provisions apply, however, the homeowner will not be allowed to recover more than the amount of the homeowner's down payment, principal payments and any capital improvement investment. No refinancing is allowed during the second lien period and full payment is expected. The note will be secured by a recorded Deed of Trust.

Requirements for Mortgages accepted into the City's Down Payment Assistance Program. All loans must be:

1. Conventional (conforming or non-conforming), Portfolio, FHA, VA or Rural Development mortgage loan.
2. Housing Cost cannot exceed 33% of the buyer's gross income, based on the City of Beaumont Income calculation, not the lender's calculation.
3. Originator cannot charge more than 2% in upfront fees, regardless of who pays.
4. No Prepayment Penalties will be allowed.
5. All Buyers must contribute at least \$2000 of their own money.
6. Loan Terms must be 10 to 30 years.
7. Assets listed on Loan Application may be counted as Assets of buyer and calculated as Income for the City of Beaumont calculation.
8. Buyers with Liquidated Assets in excess of two times the amount of assistance applied for are not eligible. This includes gifts listed as assets will be counted as assets in income calculations
9. The City of Beaumont will not support the subordination of a first lien during the affordability period, except for a home improvement loan or for a loan with the primary purpose of reducing the monthly mortgage payment. In the event of subordination, the City must be in the second lien position.
10. The City of Beaumont will not support the subordination of the second lien during the affordability period. The City must remain in second lien position.
11. Gift Programs in combination with our funds are allowed, proof of 501(c)3 status will be required.
12. **If Buyer is receiving assistance from more than one program, written approval from the City of Beaumont is required.**
13. Seller contribution can be up to 6%, but buyer cannot receive money back at closing.
14. The City of Beaumont does not allow the same person to act as both Real Estate Agent and Lender in the same transaction.
15. "Homebuyer Assistance Fees" cannot be charged regardless if it is considered a Lender of Real Estate Fee.