

# **HOME Program Information Packet**



**First Time Homebuyer**  
**HOME Program**  
**City of Fall River**  
**Community Development Agency**  
One Government Center  
Fall River, MA 02722  
Phone # 508-679-0131  
Fax # 508-679-0752



**CITY OF FALL RIVER**  
**COMMUNITY DEVELOPMENT AGENCY**  
**HOME PROGRAM MISSION STATEMENT**

The HOME Program provides the City of Fall River with the flexibility to determine the kinds of housing assistance most appropriate to address the City's housing needs.

The mission of the Fall River Community Development Agency is to implement, administer, manage, and monitor the HOME Program in a manner consistent with the City of Fall River's Consolidated Plan, Annual Action Plan, and general administrative policies and planning of the Executive Office of the Mayor of the City of Fall River, and to assist local government to achieve high quality, locally responsive programs for making communities better places to live and work, particularly for low- to moderate-income residents.

The Community Development Agency will encourage and strengthen partnerships among all levels of government and the private sector. We will work with for-profit and non-profit organizations, in the production, rehabilitation, and operations of affordable housing with a goal for achieving an adequate supply of decent, safe, sanitary, and affordable housing. The goal is to develop model programs for affordable housing, in particular, housing for low and moderate-income households, for the benefit of the citizens and working families of the City of Fall River.



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**HOME PROGRAM**  
**FIRST TIME HOMEBUYER—HOME Program**

**GUIDELINES**

**ELIGIBLE PROPERTIES**

One to four-family properties, manufactured or mobile homes, condominiums or cooperatives located in Fall River, meeting the FHA Mortgage Limits for the area. Property must meet Section 8 Housing Quality Standards (HQS) and pass a visual assessment for lead-base paint. Major components, the heating system and roof must have a useful life of at least 5 years. Appraised value must have sufficient equity to protect all lenders.

**ELIGIBLE BORROWERS**

Borrower must be first-time homebuyer. (i.e., must not have owned a home during the three-year period prior to purchase of a home with HOME assistance.) Property must be borrower's principal residence during the affordability period. Borrower must be income eligible, (See HOME income limits), must not owe any outstanding property taxes or service fees to the City of Fall River, must complete a homebuyers counseling course prior to closing, must be creditworthy, have a minimum credit score of 650 and meet the intent and objectives of the Program, Borrower's total debt-to-income ratios (front/back) must not exceed 45%. Borrower must obtain a first mortgage from a qualified lender. Borrower must have post-closing cash of \$3,000 but cannot have more than \$25,000 in assets. 5 year operating pro-forma must have a positive cash flow. Gap analysis should be neutral (negative gap analysis indicates project is over subsidized) (positive gap analysis indicates inadequate financing). Loan to value (first position and second position) should be no more than 100% for affordable home ownership.

**ELIGIBLE ACTIVITIES**

**Acquisition:** downpayment and closing cost assistance

**INTEREST RATES**

The Homebuyer Program features an interest rate of 1%. The length of the affordability period is determined as follows:

<u>Dollars per Unit</u>	<u>Affordability Period</u>
Less Than \$15,000	5 Years
\$15,001-\$40,000	10 Years

**LOAN LIMITS & TERMS**

- Up to \$10,000 is available for downpayment and closing cost
- Homebuyer assistance portion of the loan is deferred for the affordability period as long as the borrower complies with the Program regulations during the affordability period. Then, loan will revert to a grant
- Private leveraging is required. At least 1.5% of the purchase price
- Private lender must communicate with CDA and provide the necessary requested documentation.
- Recapture provisions will apply
- Closing cost for CDA, \$627.00

\*If borrower does not qualify for the HOME Homebuyer Program, there may be other programs available. Ask for details.



**FREQUENTLY ASKED QUESTIONS**  
**First Time Homebuyer-HOME Program**

**1. What is the Homebuyer Program?**

The Homebuyer Program is financial assistance in the form of down payment and closing cost money provided to a first-time homebuyer who is income-eligible, must be creditworthy, and does not owe any outstanding property taxes or service fees to the City of Fall River.

**2. What are the qualifications to obtain a Homebuyer Assistance loan?**

1. The participant must be a first-time homebuyer and must complete a certified homebuyer's course.
2. The participant must be an income-qualified household, must occupy the property as the principal residence for a period of 5 years, and must purchase the property with an approved form of ownership.
3. The property must be a 1-4 family, manufactured or mobile home, or condominium, and it must be located in Fall River.

**3. Who is a first-time homebuyer?**

A first-time homebuyer is an individual and his or her spouse who has not owned a home during the three-year period prior to purchase of a home with HOME assistance.

**4. What are the rent and income limits in HOME-assisted units?**

If the HOME funds assist units other than the homebuyer's unit, then rent and income limits apply to all HOME-assisted units.

The rent limits are the same as the Section 8 rents set by the Department of Housing and Urban Development (HUD). These HUD issued rents include utilities and are based on the number of bedrooms in each unit. There is a formula to calculate rent if the utilities are to be paid by the tenant.

There are income guidelines, which are based on household size, for the homebuyer and any tenants living in HOME-assisted units.

HUD updates the rent and income guidelines annually.

**4. Where can I complete a Homebuyers course?**

You can obtain information on the courses available in this area at Community Development Agency (George Tripp @ 508-679-0131), Catholic Social Services (Maria Paiva @ 508-674-4681) or Department of Planning & Housing Community Development (Kevin Sullivan @ 508-979-1500).

**5. How long is the term of the loan?**

The term of the loan may run concurrent with the affordability period up to 20 years, and is dependent upon the amount of HOME funds borrowed and the ability of the borrower to pay it back. Homebuyer loans usually have a term of 5 years

**7. What are the interest rates?**

The interest rate is 1% for all HOME loans.



**8. What are the on-going responsibilities during the affordability period and/or the loan term?**

The homeowner's insurance is verified annually during the term of the loan and CDA must be listed on the policy as a loss payee.

There are periodic inspections to make sure the property is kept up to code for the duration of the affordability period.

Borrower must sign a Certificate of Primary Residence annually for 5 years.

If applicable, the borrower must provide our agency with certification of their tenants' rents and incomes (including proof of income) every year on the anniversary of the completion of the project for the duration of the affordability period.

**9. Do you give out grants?**

We do not grant funds as such. The homebuyer assistance portion of the loan is deferred for a 5-year period as long as the borrower complies with program restrictions during the affordability period. Loan will revert to a grant.

Lead paint abatement loan up to \$7,500 per unit and handicap accessibility renovation loans up to \$15,000 are deferred until forgiveness as long as the borrower complies with program restrictions during the affordability period. Loan will then revert to a grant.

**10. Are there any pre-payment penalties?**

There are recapture provisions: if a HOME-assisted property is sold within the affordability period, CDA has the right to recapture some, if not all, of the HOME assistance from the sale's net proceeds, and may even be entitled to a portion of the proceeds. The affordability period remains with the property until the expiration date; it cannot be discharged with the mortgage at time of sale or transfer of the property.

**11. Is there an application fee?**

No, but the homebuyer needs to work with a primary lender who is familiar with the HOME Homebuyer Assistance Program.

**12. Can HOME funds be used to acquire commercial property?**

No

**13. What are the Mortgage Limits?**

The estimated value of the property (after rehabilitation if applicable) cannot exceed 95% of the median purchase price for the area as provided by HUD.

# HOME PROGRAM—Adjusted Income Limits 2019 (Effective June 28, 2019)

## Adjusted Income Limits 2019 Providence-Fall River-Warwick MSA

Household Size	1 person	2 person	3 person	4 person	5 person	6 person	7 person	8 person
Extremely Low	30% 17,200	19,650	22,100	24,550	26,550	28,500	30,450	32,450
Very Low	50% 28,700	32,800	36,900	40,950	44,250	47,550	50,800	54,100
Other Low	60% 34,440	39,360	44,280	49,140	53,100	57,060	60,960	64,920
Low	80% 45,850	52,400	58,950	65,500	70,750	76,000	81,250	86,500