

2009 City of Pasadena Homebuyer's Assistance Program Application

Southeast Texas Housing Finance Corporation (SETH), under a contract with the City of Pasadena and through HUD's Home Investment Partnership (HOME) Program, will assist eligible homebuyers in an amount not to exceed \$5,000, for an existing or new home located in the City of Pasadena.

Program Requirements

- Must be a "first time homebuyer"
- The home must be located within the City of Pasadena
- Maximum purchase price is \$200,160
- Buyer(s) must be able to get an acceptable loan within 30 days of being qualified for the program from a lender
- Buyer(s) household gross income cannot exceed the following amounts by family size:

Family size:	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>	<u>6</u>	<u>7</u>	<u>8</u>
Income	\$36,500	\$41,700	\$46,900	\$52,100	\$56,300	\$60,450	\$64,650	\$68,800

Principal Residence. Homebuyers will be required to certify that they intend to occupy the unit as their principal residence during the recapture period.

Homebuyer's Counseling Certification. The borrower must successfully complete a homebuyer's counseling course approved by SETH.

Recapture Provisions. The assistance is in the form of a deferred loan forgiven at 20% per year over a five-year period for resale and new construction. If the homebuyer(s) sells, refinances or moves out of the property within the 5 period, the homebuyer(s) will be responsible for the portion 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 City of Pasadena.

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

Property Conditions. Property under contract must pass SETH and City of Pasadena's "Housing Standards".

Income Verification. SETH will calculate income according to criteria set out by HUD to determine total household income. Income verification will be valid for a three-month period following receipt of information. If the homebuyer does not close within three months, income must be re-verified.

Minimum Borrower Investment. A minimum investment of \$500 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.

Administrative Procedures. The Program is designed to assist low-income first time homebuyers purchase affordable, safe and decent housing and funds are available on a first come first served basis.

SETH reserves the right to amend program guidelines when it is deemed necessary. Applicants, Lenders, and Professional Real Estate Persons are required to go online at www.sethfc.com and print up the current Program Guidelines.



Mortgages provided will be conventional loan programs, FHA, or VA home loans. The direct assistance to the homebuyer will be up to \$5,000.00 in the form of a deferred forgiveness loan (Community Seconds). The loan will be forgiven over a five 5 year period (the recapture period) if all Program requirements have been met. The homeowner will execute a promissory note in favor of the City of Pasadena securing the deferred forgiveness loan. **SETH will charge a \$200 processing fee to be paid at closing**

Eligible properties will be single-family properties that are for sale in the City of Pasadena and that meet the "Housing Standards", as well as all applicable local building codes, ordinances, zoning ordinances. All new construction must meet model energy code and Builder must be registered with the state as a New Home Builder. **An Inspection will be conducted and a fee of \$200 will be collected at 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), the City of Pasadena, and Southeast Texas Housing Finance Corporation (SETH). Administrative procedures used to implement the Program will be added or modified to meet any changes made to such rules and regulations of the above entities that may occur over time. Administrative authority for operation of the Program will rest with the Program Administrator (Administrator) appointed by SETH. The Administrator will serve as the approving office for Program Assistance. The Administrator will be responsible for carrying out the processing of applications for assistance, recommendation for Program Assistance, identification of property deficiencies, preparation of security documents and any other required forms, maintenance of program records as required by HUD and/or the City, and marketing and public relation efforts as needed to promote the Program.

Eligible Borrower Financing

SETH 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 of the type being originated to a similar borrower. In addition, SETH reserves the right to deny assistance to a buyer if in its sole discretion the mortgage product and fees indicate that the monthly payment exceeds the buyer's ability to repay the loan.

Second Loan Terms

The city shall use a five 5 year deferred forgivable loan note to enforce the principal residence requirement during the five or ten year recapture period. The loan will be a non-recourse, no-interest, and five year non-amortizing forgivable loan. The loan shall 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 pro rated 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 repayment is expected. The note will be secured by a recorded Deed of Trust.

Please return all of the following pages (completed application) to:

City of Pasadena -Program Administrator



11111 South Sam Houston Parkway, East Houston, TX 77089

Phone: 281-484-4663 Fax: 281-484-1971

www.sethfc.com

Requirements for loans accepted into our Homebuyer programs.

All loans must be:

1. A Conventional (conforming or non-conforming), Portfolio, FHA, VA or Rural Development (RHS) mortgage loan.
2. A **Fixed Interest Rate** for the life of the loan is preferred, unless written approval is given by SETH.
3. Buyer's Housing Costs cannot **exceed 33%**, based on SETH Income calculation not lenders unless written approval is given by SETH.
4. Buyer's back end ratios cannot **exceed 45%**, unless written approval is given by SETH.
5. Originator can not charge more than **2%** in upfront Fees, **regardless of who pays**, unless written approval is given by SETH. (this does not include lender fees, if one is involved)
6. No Prepayment Penalties will be allowed.
7. All Buyers must contribute at least \$500 of their own money.
8. Loan Terms must be 10 to 30 years.
9. Assets listed on 1003 Loan Application may be counted as Assets of buyer and calculated as Income for SETH calculation.
10. Buyers with Liquid Assets in excess of two times amount of assistance applied for are not eligible. This includes gifts listed as assets on 1003 and will be counted as assets in income calculations.
11. The City of Pasadena will not subordinate its lien.
12. The City of Pasadena's lien must be in a second lien position, with the exception of Habitat for Humanity loans.
13. Gift Programs in combination with our funds are allowed but must be approved by SETH.
14. If Buyer is requesting more than one assistance program, written approval from SETH is required.
15. Seller contribution can be up to 6%, but **buyer cannot receive money back at closing**.
16. SETH does not allow the same person to act as both Real Estate Agent and Lender in same transaction.
17. "Homebuyer Assistance Fees" cannot be charged regardless if it is considered a Lender or Real Estate Fee.

Fair Marketing Procedures

The City of Pasadena through SETH will conduct public meetings, meet with applicants individually; work with local financial institutions, and real estate agents to explain the Program, and to request their participation. Program information will also be made available to the public through local newspapers. Press releases will be distributed to places that will reach potential low-income homebuyers such as local newspapers, social service agencies, churches, the local chamber of commerce, supermarkets, apartment buildings, and other public places.

Lead Based Paint

The Lead Safe Housing Rule apply to any housing unit built prior to 1978 and it affects the way the City, SETH, Lenders, and Real Estate Professionals, implement homebuyer assistance programs as follows:

- During the City and SETH regular inspection of any house built before 1978, both the interior and exterior painted surfaces must be inspected for defective paint. Defective paint is paint that is cracking, flaking, chipping or peeling from a building component or the house.
- Defective paint surfaces must be corrected by workers trained in lead-safe work practices or workers supervised by a trained and certified supervisor or contractor. (SETH can provide information on how to locate appropriately trained workers.)
- If defective paint is not found, no corrective work or clearance testing is required.
- Seller must disclose presence of lead if known and provide any reports to buyer.
- Buyer cannot waive opportunity to get lead based paint risk assessment done in the sales contract.

SETH Application Submission Checklist (please provide the following documentation along with the application)

Borrower items (needed with application)

1. \$50.00 Application Fee Cashiers' Check or Money Order made payable to SETH.
2. Completed SETH application with signatures of all adults 18 years and older living in the home. (*Co-applicant information completed by spouse or significant other, even if co-applicant is not on the loan.*)
3. HOME Program Eligibility Release Form, signed by applicant, co-applicant, and by any household member over 18. (attached)
4. Signed Home Program Agreement (attached)
5. Signed HOME Investments partnership form (attached)
6. Signed Top 10 Reasons form (attached)
7. Provide copy of ID / Drivers License
8. Provide copy of Resident Card (if applicable) The City of Pasadena will not allow ITIN #'s.
9. Provide copy of all household members Birth Certificates.
10. Provide copy of all household members Social Security cards.
11. Lease or Rental Agreement all pages – or explanation of current living arrangements.
12. Current 3 months pay stubs for applicant, co-applicant, and any household member over 18
13. Most recent 6-months CHECKING statements for applicant, co-applicant, and any household member (*reflecting acct holders name, institutions name, monthly ending balance*)
14. Most recent 3 months SAVINGS banks statements for applicant, co-applicant and any household member.
15. Explanation of all deposits in Bank accounts that are not from employment.
16. Copy of Last 2 Years W-2's & Tax Returns for applicant, co-applicant, and any household member over 18.
17. Compete form 4506T signed and date even it tax returns are provided
18. If anyone over 18 in household is not working, signed Certification of Zero Income
19. If self employed, last 3 years' Tax Returns and Profit and Loss Statement
20. Current statement of 401K, Retirement or IRA, Stock, Profit Sharing, and CD Accounts.
21. SSI received, most recent Social Security Disability Award Letter for any household member
22. Copy of divorce decree. (*No assistance will be provided under a pending divorce or temporary separation decree*)
23. Court order for child support or Attorney General Order. & printout (*Even if the support is not receive.*)
24. TANF (AFDC, WIC,)
25. College : Current Transcript , Scholarship or Grant Award Letter for any household member
26. Provide name and contact information of Lender, Realtor or Builder. (if applicable)
27. Homebuyers Education Certificate
28. Copy of Tri-merged credit report of applicant from Lender.

Top 10 reason SETH applications are rejected or delayed

1. **Poor communications.** There are many parties involved in a real estate transaction -- buyer, seller, real estate agent, mortgage banker, home inspectors, appraiser, title companies-- and each must have complete understanding of what is going on at any given time. These loans do not close themselves rather they require twice the work from everyone involved.
2. **Income calculation can differ based on the program and lender guidelines.** You, your lender and SETH may come up with different incomes for your household. For example SETH calculates income based on every working member of the household regardless of who is on the loan and uses projections to calculate income not historical data like Income Tax Returns.
3. **Misunderstandings.** You will need loan programs explained. SETH or your loan representative can help you with any loan terms you may not be familiar with. You can visit many online glossaries or pick up one of many real estate mortgage books, virtually all of which contain a glossary.
4. **Being in denial about what you can really afford.** Most folks let the lenders decide what you can afford to borrow. You may not have a problem with a lender approving you for a higher than appropriate loan. From that, you decide what your budget will realistically let you afford to pay each month. Get pre-approved with a bona fide, carved-in-stone pre-approval that guarantees in writing a loan amount, interest rate, and as much of the other loan terms as possible. SETH will not assist buyers with housing costs greater than 1/3 of gross salary for the household.
5. **Over looking property repair problems.** Government loans on homes in need of repair need to come with instructions explaining who is responsible for repairs and when. SETH cannot assist/fund any loan until all repairs are corrected.
6. **Lack of understanding about the loan and SETH process.** A working knowledge of what happens during the processing, underwriting, and closing of a loan is crucial.
7. **Not completing loan conditions in timely manner.** Many times buyers do not understand the commitment from lender and SETH is based on meeting certain conditions. SETH requires Homebuyer Counseling of buyers in a timely manner and Inspection and possible repairs.
8. **Poor Preparation.** The more information you have available at application -- proof of income, investments, assets, debts, tax returns for the self-employed, even addresses, current and past -- the more complete the loan officer's and SETH's analysis can be in a more timely manner. SETH's approval process is approximately 30 days.
9. **Right House wrong Location.** SETH administers several programs within the Houston-Galveston area but not all programs are available everywhere. Some Local Cities, Counties and the State also have some Programs that may be available. In all cases proof of where property taxes are paid will be reviewed to determine if home is located in eligible area.
10. **Non-Compatible loan products.** SETH only pays certain costs and does not allow the lender to charge additional costs. Usually sub-prime loans charge more than our guidelines will allow. Lenders offer a variety of products (ARMs, etc.) or have additional requirements such as prepayment penalties and these are not allowed by SETH.

Applicant _____, Co- applicant _____

2009 City of Pasadena Homebuyer's Assistance Application

Applicant Information Please type or print clearly.

<input type="checkbox"/> FEMALE <input type="checkbox"/> MALE DATE OF BIRTH: _____ MARITAL STATUS: <input type="checkbox"/> SINGLE <input type="checkbox"/> MARRIED <input type="checkbox"/> DIVORCED			
NAME (LAST, FIRST, MIDDLE INITIAL)		SS # _____ - _____ - _____	
CURRENT ADDRESS			
CITY/STATE/ZIP			
HOME TELEPHONE	WORK TELEPHONE	CELL PHONE OR PAGER	EMAIL

Co-applicant Please list the name, relationship, and contact information for Co-applicant.

_____ Date of Birth _____ SS # _____

Benefits and Pension Please List any Benefits, Pensions, or Public Assistance the Applicant, Co applicant, or Dependent(s) is or will receive over the next year. This includes; AFDC, WIC, or Child Support.

Dependent (s) Information Please provide name, relationship, ages and if working yearly income of all persons that will be occupying home with Applicant:

NAME	RELATIONSHIP	DATE OF BIRTH	YEARLY INCOME	SS #

Assets Please Provide Name of Bank, Savings and/or Checking Account number, and current balance.

NAME OF BANK	CHECKING/SAVINGS/401K/CD/ IRA/RETIREMENT PLAN	BALANCE	ACCOUNT NUMBER

What other assets (cash or non cash items) do you have and what is their worth? (example: stocks, bonds)

Do you own any Real Estate? Yes No

Are you currently on Public or Subsidized Housing? Yes No

Would you consider were you currently live Substandard Housing (lacking kitchen / plumbing facilities) Yes No

Note: SETH may count as assets any asset that was listed on Lenders 1003 Application.

Applicant Employment

- Applicant is not employed
- Applicant is Self Employed
- Applicant is employed by:

{	COMPANY NAME		PHONE :
			FAX :
	COMPANY ADDRESS		
	OCCUPATION		
	WAGES OR ANNUAL SALARY		

Co applicant Employment

- Co-Applicant is not employed
- Co-Applicant is Self Employed
- Co-Applicant is employed by:

COMPANY NAME		PHONE :
		FAX:
COMPANY ADDRESS		
OCCUPATION		
WAGES OR ANNUAL SALARY		

Other Employment

- Applicant is employed by
- Co-applicant is employed by
- Household member is employed by:

COMPANY NAME		PONE:
		FAX:
COMPANY ADDRESS		
OCCUPATION		
WAGES OR ANNUAL SALARY		

I understand that the above information is being collected to determine my eligibility for Homebuyer Assistance. I certify that the above information is true and correct. I further certify that any discrepancies or omissions found later may be grounds for disqualification, and Funds I have or will receive will have to be paid back as enforced in the Note, Home Program Agreement, and Deed of Trust. I understand this is a deferred forgivable loan to assist in the purchase of a home and authorize SETH to obtain a credit report from my lender.

 Applicant

 Date

 Co- Applicant

 Date

**HOME Program
Eligibility Release Form**

Organization requesting release of information
Southeast Texas Housing Finance Corporation

Information Covered: Inquiries may be made about items initialed by applicant/tenant.

Purpose: Your signature on this HOME Program Eligibility Release Form, and the signatures of each member of your household who is 18 years of age or older, authorizes the above-named organization to obtain information from a third party relative to your eligibility and continued participation in the:

HOME Homebuyer Program

Privacy Act Notice Statement: The Department of Housing and Urban Development (HUD) is requiring the collection of the information derived from this form to determine an applicant's eligibility in a HOME Program and the amount of assistance necessary using HOME funds. This information will be used to establish level of benefit on the HOME Program; to protect the Government's financial interest; and to verify the accuracy of the information furnished. It may be released to appropriate Federal, State, and local agencies when relevant, to civil, criminal, or regulatory investigators, and to prosecutors. Failure to provide any information may result in a delay or rejection of your eligibility approval. The Department is authorized to ask for this information by the National Affordable Housing Act of 1990.

Instructions: Each adult member of the household must sign a HOME Program Eligibility Release For prior to the receipt of benefit and on an annual basis to establish continued eligibility. Additional signatures must be obtained from new adult members whenever they join the household or whenever members of the household become 18 years of age.

NOTE: THIS GENERAL CONSENT MAY NOT BE USED TO REQUEST A COPY OF A TAX RETURN. IF A COPY OF A TAX RETURN IS NEEDED, IRS FORM 4506, "REQUEST FOR COPY OF TAX FORM" MUST BE PREPARED AND SIGNED SEPARATELY.

	Verification Required	Initials
Income (all sources)		
Assets (all sources)		
Child Care Expense		
Handicap Assistance Expense (if applicable)		
Medical Expense (if applicable)		
Other (list) _____ _____		
Dependent Deduction ____ Full-Time Student ____ Handicap/Disabled ____ Family Member ____ Minor Children		

Authorization: I authorize the above-named HOME Participating Jurisdiction and HUD to obtain information about me and my household that is pertinent to eligibility for participation in the HOME Program.

I acknowledge that:

- (1) A photocopy of this form is as valid as the original.
- (2) I have the right to review the file and the information received using this form (with a person of my choosing to accompany me).
- (3) I have the right to copy information from this file and to request correction of information I believe inaccurate.
- (4) All adult household members will sign this form and cooperate with the owner in this process.

Signatures of all Adult Household Members

Head of Household—Signature

Print Name

Other Adult Member

Print Name

Other Adult Member

Print Name

Other Adult Member

Print Name

CERTIFICATION OF ZERO INCOME

(To be completed by adult household members only, if applicable)

Household Members

Name: _____

Property Address: _____

1. I hereby certify that I do not individually received income from any of the following sources:
 - Wages from employment (including commissions, tips, bonuses, fees, etc.);
 - Income from operation of a business;
 - Rental income from real or personal property;
 - Interest or dividends from assets;
 - Social Security payments, annuities, insurance policies, retirement funds, pensions, or death benefits;
 - Unemployment or disability payments;
 - Public assistance payments;
 - Periodic allowances such as alimony, child support, or gifts received from persons not living in my household;
 - Sales from self-employed resources (Avon, Mary Kay, Shaklee, etc.);
 - Any other source not named above.

2. I currently have no income of any kind and there is no imminent change expected in my financial status during the next 12 months.

3. Please explain the source of funds you will be using to make your mortgage payments:

Under penalty of perjury, I certify that the information presented in this certification is true and accurate to the best of my knowledge. The undersigned further understand(s) that providing false representations herein constitutes an act of fraud. False, misleading or incomplete information may result in the termination of federal assistance.

Signature of Household Member

Printed Name

Date

City of Pasadena
HOME Investment Partnerships Program

First-Time Homebuyer Status and Certification of Principal Residence
Homebuyer Assistance

Homebuyer Information:
Homebuyer:
Property Address:
City:

A first-time homebuyer is an individual who meets any one of the following criteria:

- | |
|--|
| <ul style="list-style-type: none"> • An individual or spouse who has had no ownership interest in a principal residence during the previous 3-year period ending on the date of purchase of the property. |
| <ul style="list-style-type: none"> • A single parent (must have primary custody of child) who has only owned with a former spouse who now owns the previous residence. |
| <ul style="list-style-type: none"> • An individual who is a displaced homemaker and has only owned with a spouse. |
| <ul style="list-style-type: none"> • An individual who has only owned a principal residence not permanently affixed to a permanent foundation in accordance with applicable regulations. |
| <ul style="list-style-type: none"> • An individual who has only owned a property that was not in compliance with State, local or model building codes and which cannot be brought into compliance for less than the cost of constructing a permanent structure. |

I/We hereby certify:

- I/We meet the definition of a first-time homebuyer as described above.
- I/We will occupy the above-referenced address and it will be my/our principal residence for the term of the Affordability Period as specified in the Deed of Trust.
- I/We understand that my/our acceptance of Homebuyer Assistance through this HOME Program will result in the attachment of a 2nd lien in favor of the City of Pasadena to the above-referenced property.
- All information and copies provided to the Program Administrator are true and correct.
- I/We understand that any discrepancies or misstatements may result in my/our disqualification from the HOME Program.
- I/We understand that any discrepancies or misstatements may result in my/our disqualification from the HOME Program and funds I/We have received will have to be repaid as enforced in the Deed of Trust.

 Signature of Homebuyer Date

 Signature of Homebuyer Date

NOTICE TO REAL PROPERTY OWNER/SELLER

(To be completed by Owner or Seller)

Owner(s)/Seller(s): _____ Date: _____

Buyer(s): _____

Address of Property under Consideration: _____

Dear Owner/Seller:

Property believed to be owned by you is being considered for purchase, as referenced above. Because Federal funds in the form of down payment and closing cost assistance to the Buyer may be used in the purchase of your property, we are required to disclose the following information by the U. S. Department of Housing and Urban Development (HUD) [Uniform Relocation Assistance and Real Property Acquisition Policies Act as amended (URA), Section 24.101(b)(2)]:

1. The proposed sale is voluntary. In the event negotiations fail to result in an agreement, the property will not be acquired via voluntary purchase or eminent domain.
2. The fair market value of the property is estimated to be \$_____. However, since this transaction is voluntary, current or future negotiations may result in a price that could be (a) commensurate with this estimate or, (b) for an amount that exceeds or is less than this estimate.

An owner-occupant who conveys his or her property under these terms does not qualify as a displaced person. Additionally, any person who occupies the property for the purpose of obtaining assistance under the URA does not qualify as a displaced person. However, tenant-occupants displaced as a result of a voluntary acquisition may be entitled to URA relocation assistance and must be informed in writing as soon as feasible. In accordance with HUD requirements, if the information provided above is disclosed after an option to purchase or contract has been executed between the Buyer(s) and the Seller(s), the Seller(s) must be provided the opportunity to withdraw from the agreement.

Any title deficiencies, liens, or encumbrances on the property must be cleared prior to any closing. Generally, this is a cost that is borne by the Seller(s) of the property; however, payment of these costs may be negotiated between the Seller(s) and the Buyer(s). **No federal funds can be used to pay these costs.**

Should you have any questions, please feel free to contact: Margie Koenning
(Program Manager)

Southeast Texas HFC, at 281-484-4663.
(Name of City (PJ), Organization or Lender) (Telephone Number)

Receipt acknowledged this _____ day of _____, 20_____.

Owner/Seller

Buyer

Owner/Seller

Buyer