



**Incorporated Village of Hempstead  
Community Development Agency  
Down Payment Assistance Program  
2019-2020 Program Guidelines**

**COMPLETED APPLICATIONS MUST BE SUBMITTED**

**BY FEBRUARY 14, 2020**

**The goal of the Village of Hempstead Community Development Agency Downpayment Assistance Program is to make homeownership affordable and sustainable to first-time homebuyers in the Village.**

**I. Grant Assistance**

Under this program, the Village of Hempstead Community Development Agency will provide eligible first-time homebuyers **up to** \$25,000 towards down payment/closing costs for the purchase of an approved single-family home within the Incorporated Village of Hempstead. Eligibility and approval by the Village of Hempstead Community Development Agency are based upon the U.S Department of Housing and Urban Development (HUD) federal regulations, which cannot be waived and/or modified. CDA approval is a prerequisite to receiving any grant funds. Only single-family homes that meet Federal Housing Quality Standards will be eligible.

**II. Program Eligibility**

To be eligible to participate in the Village of Hempstead's Down Payment Assistance Program, a first-time homebuyer must meet the income limits described herein and have an acceptable credit history to meet mortgage requirements that are sustainable by the borrower. Depending on the grant amount, homeowners are required to reside in the home as their primary residence for a minimum of 5 to 10 years, or HUD will require full repayment of the grant.

**III. Applicant Eligibility: An Applicant MUST:**

1. Be a First Time Homebuyer -which, as defined by HUD, is a purchaser that has not owned a home during the three-year period immediately prior to the purchase of a residence with down payment assistance
2. Recipients of the grant must reside in the property as a principal residence

3. Qualify as an income eligible buyer (at or below 80% of AMI) - meaning a prospective buyer must have a gross annual income not exceeding the income limits for the area including overtime and assets
4. Have not entered into Contract of Sale to purchase a home prior to being issued a Purchase Certificate by the CDA
5. Contribute a minimum of **\$5,000** toward the purchase of an eligible property
6. Attend a mortgage counseling session, be able to satisfy the mortgage lender's minimum down payment requirements and be able to secure a mortgage and provide evidence of both
7. Have a minimum household income of at least \$30,000

**IV. Eligible Homes:**

1. Homes purchased must be eligible pre-existing or newly constructed residences located within the boundaries of **the Incorporated Village of Hempstead**. They must be single-family dwellings (which includes townhouses, condominiums, co-operative apartments, and manufactured homes)
2. Be occupied as a principal residence for five (5) to ten (10) years depending upon the grant amount.
3. A lead-based paint free home

*NOTE: No short sales, no 203K, adjustable-rate, private mortgages and no 100% financing*

**V. Income Guidelines**

The maximum permitted annual household income for purchasers in Village of Hempstead Down Payment Assistance Program shall not exceed 80% of the median household annual income for the area as determined by HUD:

**2019 HUD UNCAPPED INCOME LIMITS - Effective June 28, 2019**

Area Median Income at 80%				Household Size			
1	2	3	4	5	6	7	8
\$69,450	\$79,350	\$89,300	\$99,200	\$107,150	\$115,050	\$123,000	\$130,950

Area Median Income at 60%				Household Size			
1	2	3	4	5	6	7	8
\$52,100	\$59,500	\$66,950	\$74,400	\$80,350	\$86,300	\$92,250	\$98,200

Area Median Income at 50%				Household Size			
1	2	3	4	5	6	7	8
\$43,400	\$49,600	\$55,800	\$62,000	\$67,000	\$71,950	\$76,900	\$81,850

*HUD Median Income for Nassau/Suffolk is \$124,000 for 2019. These limits are based on HUD estimates of Median Family Income (MFI), with adjustments based on family size. Community Development Block Grant (CDBG) and HOME programs define eligibility as Low to Moderate-income persons (80% MFI) or below.*

## VI. Property Value Limit

The maximum appraised value of a single-family residence to be purchased within the Incorporated Village of Hempstead cannot exceed **\$410,000**.

## VII. Mortgage Counseling and Homebuyer Education Requirements:

Applicants must have adequate financial resources and credit to qualify for a mortgage. It is required for **all applicants & co-applicants** to obtain one-on-one/in-person mortgage counseling, complete a HUD-certified homebuyer education course, and receive a certificate of completion.

## VIII. Purchase Certificate

A Purchase Certificate will be issued to eligible applicants in the order of received **completed** applications. Certificates will represent a sum of up to \$25,000.00 toward the down payment of the grant recipient's purchase of an owner-occupied single-family residence. After review of the application, if deemed eligible for the grant, applicants will be placed on a waitlist, and Purchase Certificates will be issued in order of qualification. Qualified applicants who are issued a Purchase Certificate will have 90 days from the date of issue to submit a **fully executed Contract of Sale** to the CDA. Failure to return a fully executed Contract of Sale by that date shall result in the automatic nullification of the Purchase Certificate and, applicants will be placed on the bottom of the waitlist. If a Purchase Certificate is nullified, a new certificate will be issued to the next eligible applicants in the order of the waitlist.

All applicants are subject to underwriting review as part of the grant application process.

Housing Debt-to-Income and Total Debt-to-Income ratios must comply with program guidelines:

Ratios	Parameters
Housing Debt-to-Income (front end)	38%
Debt-to-Income (back end)	42%

## IX. Housing Quality Standard Inspection

The CDA requires the residential property to be purchased **must** pass a Housing Quality Standard (HQS) Inspection. The Community Development Agency conducts this inspection. It is solely to ensure that the home is in decent, safe, and sanitary condition per HUD regulation. The CDA will schedule the HQS inspection upon receiving a mortgage commitment. **The CDA, WITHOUT EXCEPTION, will not fund homes that FAIL THE HQS INSPECTION.**

Note: This inspection does not take the place of a Home inspection required by the purchaser to secure a mortgage commitment.

## X. Grant Assistance Requirement

The following documents must be submitted to the CDA to obtain the down payment assistance grant:

- Mortgage Counseling Certificate
- Mortgage pre-qualification
- Fully executed Contract of Sale (copy)

- Inspection Report from an EPA Certified Lead Base Paint Inspector and/or evidence the house was built after 1978
- Mortgage Application (copy)
- Appraisal of the subject property (copy)
- Mortgage commitment letter (copy)

**XI. Other Restrictions**

- The subject property to be purchased cannot displace an existing tenant. The house must be vacant, occupied by the owner, or occupied by the purchaser as a tenant
- No bank-owned properties allowed
- Non-occupying co-borrower/co-signer/guarantors are permitted
- 80/20 loans are not allowed

**XII. Closing**

- No down payment assistance funds will be available before the closing
- The CDA will present the check at the closing

**XIII. Annual Re-Certification**

Recipients of the down payment assistance grant will be required to live in the house as their primary residence during the affordability period of up to ten (10) years. An annual monitoring affidavit will be mailed to the grant recipient to verify the subject property is being maintained and in compliance with the following:

- Grant recipients are the current owners of the subject property
- The grant recipient occupies the property as their primary residence
- The subject property is appropriately insured and maintained in agreement with the terms of the Note and Mortgage or the Note and Security Agreement
- No interest in the subject property has been sold, rented, or transferred.

**XIV. Affordability Period**

There is a required up to ten (10) year affordability period for the program, after which the Note and Mortgage will be forgiven, and no repayment is required. Upon completion of the affordability period, the homeowner will be issued a "Satisfaction of Mortgage" from the CDA. Please note, there is a \$50 fee for the Satisfaction of Mortgage, and the homeowner will be responsible for any additional costs associated with filing the Note with the Nassau County Clerk's office.

The chart below assumes an original grant amount of \$25,000.00 and its recapture period as an example:

Amount to be recaptured	Occupancy Period of:
\$25,000	Up to 60 months
\$20,000	61 months to 72 months
\$15,000	73 months to 84 months
\$10,000	85 months to 96 months
\$5000	95 months to 108
\$0	At the end of 120 months

## **XV. Application Procedure**

A non-refundable application fee of \$75.00 made payable to the Hempstead Community Development Agency is required with the application. As such, *please read the program guidelines* to be sure you qualify before applying. Only one submission per applicant is allowed. Once received, any changes to the said application must be in writing and subject to the approval of the CDA. All applications are evaluated and certified on a first-come, first-served basis, based on the availability of funding. Applicants are waitlisted and processed in order of receipt. Failure to submit a complete application with all the required documents will result in a delay or suspension of the review process.

**Applications:** Complete program requirements and applications will be available by mail upon request or can be picked up in person beginning **October 28, 2019**, at:

*Village of Hempstead Community Development Agency  
50 Clinton Street, Suite 504  
Hempstead, New York 11550  
(516) 485-5737*

The Village of Hempstead Community Development Agency will be accepting applications from first-time homebuyers for down payment/closing cost assistance towards the purchase of a principal residence beginning **November 15, 2019**. **Applications will not be accepted after February 14, 2020**. Applications received shall be evaluated and must be certified as program eligible on a first-come, first-served basis. Only complete applications will be accepted. Applications are not complete until all required supporting documentation and the **\$75.00 Application Fee** is received.

### **Application Deadlines:**

- **November 15, 2019:** First date to submit an application
- **February 14, 2020:** Last date to submit an application to the CDA. If 15 eligible applicants are qualified before this date, the CDA will stop accepting program applications for this grant cycle
- **60 days** from the date a Purchase Certificate is issued to submit a copy of a Contract of Sale
- **90 days** after the above date to obtain a mortgage commitment and submit all required documents to the CDA
- **60 days** after the above date to close on an eligible property

**PLEASE RETAIN THESE GUIDELINES AFTER SUBMITTING AN APPLICATION AS THEY CONTAIN IMPORTANT PROGRAM INFORMATION**