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TOWN OF AMHERST
First-Time Homebuyer Program
Down Payment/Closing Cost Assistance

Dear Potential Homebuyer:

The Town of Amherst, as a member of the Amherst-Cheektowaga-Tonawanda HOME Consortium, using the HOME Investment Partnerships Program, offers loans for first-time homebuyers with qualifying incomes to cover the down payment and closing costs associated with the purchase of their first home in the Town of Amherst. These are **long term, deferred payment, interest-free loans up to \$50,000**. You need not make any payments toward the loan until your home is sold, transferred in title, refinanced (home equity, mortgage, etc.) or you cease to occupy the property as your principal residence. At that time the loan would have to be repaid in full. The enclosed information outlines the income and property qualifications for potential applicants to the program.

Supplementary mortgage products with lower down payments are presently available through most lenders to qualified applicants who are eligible for the Town's assistance. A free consultation with a mortgage representative offers valuable information on the home buying process, mortgage availability, credit concerns and the financial assistance available through the Community Development Programs for potential purchases. **It is a requirement that you attend a free first-time homebuyer workshop offered by Belmont Housing Resources for WNY, Inc. Please contact housing counselors at Belmont; 884-7791, x. 131 or visit online at www.belmonthousingwny.org. A copy of the completion certificate must be included with your application for assistance.**

If you think you may be interested in taking advantage of the program, our Town's website contains the information and application packet at www.amherst.ny.us, go to the Planning Department on the home page and it will direct you to the program information. You may also contact the Town's Community Development staff at 631-7053 between 9:00 a.m. and 5:00 p.m., Monday through Friday. You can also e-mail us at sfitzpatrick@amherst.ny.us.

Very truly yours,

Community Development Staff
Laurie Stillwell
Susan Fitzpatrick
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Rachel Boerschig


TOWN OF AMHERST
First-Time Homebuyer Program
Down Payment/Closing Cost Assistance

2023 Fact Sheet

Purpose

To provide financial assistance to low and moderate income first-time homebuyers for down payment and/or closing costs up to \$50,000.000 related to the purchase of their first home.

This is a long term, deferred payment, **interest-free loan**. You need not make any payments towards this loan until your home is sold, transferred in title, no longer used as a primary residence or refinanced. If you live in the property for 15 years or longer, the down payment assistance is forgiven, however, the closing costs portion will not be forgiven and will be due back to the Town of Amherst.

Eligibility

1. The applicant must be an income-eligible first-time homebuyer, that is, one who has not owned a home during the 3-year period prior to this purchase under the program. This eligibility extends also to displaced homemakers, that is, persons who have been divorced or widowed and are now forced to (re)enter the workplace and persons with disabilities requiring a more accessible dwelling.
2. The property must be a single-family dwelling located in the Town of Amherst or in the Village of Williamsville. Condominiums and townhouses also qualify for the program.

Verification of household income must be supplied. To qualify, you must be under 80% of the FY 2023 median income guidelines below:

Annual Household Income – FY 2023
(Effective June 15, 2023)

<u>Household Size</u>	<u>80% AMI</u>
1	\$52,000
2	\$59,400
3	\$66,850
4	\$74,250
5	\$80,200
6	\$86,150
7	\$92,100
8	\$98,050

NO application will be processed until all necessary, required documents for the program are submitted to the Community Development staff.

TOWN OF AMHERST
First-Time Homebuyer Program
Down Payment/Closing Cost Assistance
2023 Program Guidelines

Purpose

The goal of the Down Payment/Closing Cost Assistance Program is to expand home-ownership opportunities for low-to-moderate income households. Funds for the program are provided using the HOME Investment Partnerships Program, administered by the Amherst-Cheektowaga-Tonawanda HOME Consortium (the Consortium).

Assistance

Deferred, zero percent (0%) loans up to \$50,000 for down payment and closing costs will be provided to income-eligible homebuyers obtaining mortgage financing for the purchase of a home. The funds can also be used to buy down points. The property to be purchased must be located within the legal limits of the Town of Amherst.

Down Payment Assistance

The Town of Amherst will provide up to \$50,000 to assist homebuyers with their first-home purchase. The amount of the assistance will be based on a household's income versus the housing debt (front-end debt ratio). The Town will provide funding to bring the front-end debt ratio down to 35%. The overall household debt (back-end debt ratio) cannot be more than 45%. If there is funding left over, then the Town will cover all the closing costs or a portion of the closing costs. The down payment assistance will be forgiven in a period of 15 years if the homebuyer continues to occupy the home as their principal residence.

Closing Costs Covered

- Buyer's financial responsibilities associated with purchase of home at closing [as listed on page 2 of the closing disclosure statement, **not including** fees paid outside closing such as the property appraisal, property inspection & 1st year of homeowner's insurance;
- Property and school tax adjustments and reimbursements and escrow funds;
- Title insurance, recording fees and tax stamp fees;
- Bank attorney fees;
- First year mortgage insurance premium.

Non-Discrimination

Loan funds are available to persons without regard to race, religion, color, national origin, sex, age, disability, marital status, military status or familial status and source of income. (As of March 5, 2012 sexual orientation or gender identity is included as protected classes).

Definition of Income Eligible

Income eligible means having a gross, annual household income of no more than 80% of the area median income as established by the federal government.

**Town of Amherst
First-Time Homebuyer Program
Program Guidelines - Page 2**

Definition of Household

A household consists of all persons, related or unrelated, who will reside together within one year of said purchase of the property assisted by this program.

Definition of Income

Gross Annual Household Income means the income of ALL household members age 16 and older, from ALL sources including: wages, salaries, commissions, tips, bonuses, severance pay, interest, dividends, alimony, maintenance or support payments, child support, Social Security, SSI, unemployment compensation, pensions, retirement benefits, disability payments, worker's compensation payments, annuity benefits, public assistance payments, net business income, royalties, IRA distributions, self-employment income, etc. **Taxable** as well as **nontaxable** forms of income are considered as household income for purposes of this program. Gross income means income **before** any applicable withholding taxes or deductions are subtracted.

Determination of Income-Eligibility

An applicant's current gross household income will be utilized as the basis for determining income-eligibility. Income from all sources will be verified with supporting documentation. An applicant must submit all the information outlined on the First-Time Home buyers Program application and any additional information or documentation determined by the Town to be necessary to adequately determine household income. Calculation of household income must fairly and accurately represent household income pursuant to federal regulations at 24 CFR Part 5.609. If the household income of an applicant cannot be determined, the applicant's household income will be presumed to be greater than 80% of area median income, and therefore the household will not qualify. Verification of income eligibility will be valid for a period of up to 180 days.

Pre-Purchase Requirements

- 1) Prospective homebuyers must attend the free homebuyer's workshop/seminar offered by Belmont Housing Resources for WNY, Inc. for the Town of Amherst's Program.
- 2) Prospective homebuyers must have a prequalification letter from a bank or mortgage company stating the amount of the mortgage and the interest rate before they can be approved for the program.
- 3) Prospective homebuyer must not have owned a home during the past three years. The exceptions are:
 - a "displaced homemaker", defined as an adult individual who has not worked full-time in the labor force for a number of years but has, during such years, worked primarily without remuneration to care for the home and family, **and**, is unemployed or underemployed and is experiencing difficulty in obtaining or upgrading employment; and,
 - a "displaced single parent", defined as a person who is unmarried or legally separated from a spouse, **and**, has one or more minor children for whom the person has custody or joint custody.
 - people with disabilities requiring a more accessible dwelling to accommodate their disability.

**Town of Amherst
First-Time Homebuyer Program
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Security

All loans will be secured by a collateral mortgage on the subject property. All owners of record must execute a mortgage instrument to secure the loan. A mortgage filing fee may be added to the loan amount to cover the cost of filing the mortgage with the Erie County Clerk's Office or paid out of pocket at closing. The filing of this mortgage will be the responsibility of the purchaser's attorney at closing.

Property Maintenance

The loan recipient will be required to keep their property in a state of good repair, free of violations of Town of Amherst and State of New York codes and housing standards and in compliance with federal Housing Quality Standards.

Property Insurance

The loan recipient will be required to keep the property insured against loss by fire and other risks at all times and to name the Town of Amherst as an additional mortgagee on the insurance policy.

Eligibility of Property to be Purchased

- 1) **Condition of Property:** The property to be purchased must be in good condition, not in need of repairs and be in compliance with both federal Housing Quality Standards and Town of Amherst Housing Standards.
- 2) **Purchase Price:** As of August 21, 2023 the purchase price of a single-family home cannot exceed **\$230,000**. The mortgage amount (loan from bank or mortgage company) for each applicant will be based upon household income, subject to underwriting by Community Development staff. The homebuyer will be informed upon acceptance into the program what their allowable maximum mortgage amount will be, nevertheless, the homebuyer's front end debt-to-income ratio cannot exceed 35% and the homebuyer's back end debt-to income ratio cannot exceed 45%.
- 3) **Type of Property:** The home to be purchased must be a single-family home, condominium or townhouse situated on a parcel of land to be owned by the purchaser.
- 4) **Location:** The property to be purchased must be located:
 - within the legal limits of the Town of Amherst and,
 - outside of the established 100-year floodplain.

Mortgage Financing Mortgage financing for a house purchased under this program must escrow property and school taxes and have a fixed interest rate for the entire term of the loan. Interest only loans are not allowed. The homebuyer is required to have at least a \$1,000 towards the down payment.

**Town of Amherst
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Recapture of Program Funds

HOME Program funds provided for herein will be repaid to the Consortium upon the sale or transfer of title of the assisted property, upon mortgage refinancing or securing of additional debt requiring subordination of the Consortium's lien, or if the homebuyer does not maintain the assisted property as his/her/their primary place of residence. The Town will adhere to other conditions for the recapture of Program funds related to mortgage refinancing or otherwise requiring the subordination of the Consortium's lien established by mutual agreement of the Consortium members. The amount of funds to be recaptured will be determined pursuant to applicable federal regulations and program policy.

Principal Residence

The homebuyer must utilize the property to be purchased as its principal residence. A principal residence is defined as being lived in at least 9 months of the year by the homebuyer.

Lead Paint Requirements

If the property has visibly deteriorated paint on the interior and exterior, it will automatically fail the Town of Amherst property inspection. The deteriorated paint will have to be addressed before the closing and then the premises must pass a "clearance test" **paid for by the seller or buyer** to ensure compliance with lead-based paint requirements. The clearance test results must be submitted to our office upon completion. The clearance tests range from \$150-\$300. The Community Development office can give the contact information of local testing companies.

Policy Changes

In order to effectively administer and implement the Program and ensure the achievement of the Program's goals, it may be necessary to periodically revise, modify or expand these guidelines. Changes or modifications considered to be of a substantial nature, (i.e. changes substantially affecting the purpose, scope, location or beneficiaries of the Program), will require the approval of the Town Board. Other modifications, revisions or additions to these guidelines, including those of a procedural, functional or administrative nature, may be made by the Community Development Director.

Program Acceptance

The homebuyer will have six months or 180 days from the approval date to sign a sales contract. If the homebuyer has not found a property within six months, they can be placed on a waiting list established by the Town and when funding become available again, they will be notified by the Town of Amherst Community Development.

Town of Amherst
First-Time Homebuyer Program
Down Payment/Closing Cost Assistance Program

Procedures

1. Prospective Homebuyer(s) get pre-qualified for a mortgage and attends First Time Homebuyer Workshops.
2. Homebuyer submits application with necessary income documentation to Community Development office.
3. Community Development staff reviews application for income eligibility after **all** documentation has been submitted and the application is verified as complete.
4. Homebuyers will be notified by email or mail of their eligibility status. A copy of the letter sent to eligible applicants will be sent to lender, if requested.
5. Homebuyer should meet with a mortgage consultant *prior* to application. The Town of Amherst will inform the homebuyer of the maximum mortgage payment they are allowed each month to receive the down payment and closing cost assistance.
6. Lender approves homebuyer for a mortgage equal to or less than the amount approved by the Town with escrow of property and school taxes and a fixed interest rate.
7. Homebuyer has 180 days (six months) to enter into a purchase contract. Purchase contracts must be contingent on the property passing an inspection by the program's building inspector. Community Development staff strongly recommends the homebuyer obtains an independent inspection in addition to the Town's inspection.
8. Community Development staff provides a letter of inspection approval to homebuyer.
9. Lender conducts appraisal of the property, (copy to Community Development program), and approves for mortgage (a copy of mortgage commitment to Community Development program).
10. Lender and its closing attorney sets date for closing and provides an estimate of closing costs to the Town of Amherst.
11. Community Development staff provides funds for down payment and closing costs in the form of a check made payable to homebuyer's attorney and sends the check to the homebuyer's attorney prior to closing.
12. The Town of Amherst requires a reimbursement check from the homebuyer's attorney if the final closing costs are less than the estimated closing costs. There is no cash-out at closing.
13. The homebuyer signs the Town of Amherst's Note and Mortgages prior to the closing and will take it to the closing to be filed by their attorney.

