



Brian J. Kulpa, Supervisor
Daniel C. Howard, AICP
Planning Director
Ellen M. Kost, AICP
Assistant Planning Director

TOWN OF AMHERST
First-Time Homebuyers Program

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 closing costs associated with the purchase of their first home in the Town of Amherst. These are **long term, deferred payment, interest-free loans**. 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. Also enclosed is a copy of the Program Guidelines and Procedure Sheet for First-Time Homebuyers Program being offered by the Town of Amherst.

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 First-Time Homebuyer Workshop offered for this program by Belmont Housing Resources for WNY, Inc. Please contact housing counselors at 884-7791, x. 131 for an appointment. 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, click on "**Community Development**" on the home page and it will direct you to the program information. You may also contact the Town's Community Development staff:

In **Amherst**, please call 631-7082 between 9:00 a.m. and 5:00 p.m., Monday through Friday. You can also e-mail us any time at communitydevelopment@amherst.ny.us.

Very truly yours,

Community Development Staff
Laurie Stillwell
Susan Fitzpatrick
Jeffrey Klein
Elizabeth Scott



TOWN OF AMHERST
First-Time Homebuyers Program
2018 Fact Sheet

Purpose

To provide financial assistance to low and moderate income first-time homebuyers for closing costs 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. At that time the loan will have to be repaid.

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, women who have been divorced or widowed and are now forced to (re)enter the workplace, persons with disabilities requiring a more accessible dwelling, and income-eligible senior citizens.
2. The property must be a single-family or two-family dwelling located in the Town of Amherst or in the Village of Williamsville. (Two-family units may be assisted with closing costs attributed only to the owner-occupied unit). 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 2018 median income guidelines below:

Annual Household Income – FY 2018
(Effective June 1, 2018)

<u>Household Size</u>	<u>80% AMI</u>
1	\$ 41,850
2	\$ 47,800
3	\$ 53,800
4	\$ 59,750
5	\$ 64,550
6	\$ 69,350
7	\$ 74,100
8	\$ 78,900

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 Homebuyers Program
2018 Program Guidelines

Purpose

The goal of the First-Time Homebuyers 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 for closing costs will be provided to income-eligible homebuyers obtaining mortgage financing for the purchase of a home. The property to be purchased must be located within the legal limits of the Town of Amherst.

Closing Costs Covered

- Buyer's financial responsibilities associated with purchase of home at closing [as listed on page 2 of the closing disclosure statement, **excluding** 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.

If the final closing costs are lower than the estimated closing costs, the homebuyer's attorney will be required to produce a check for the difference, made out to the Town of Amherst and delivered to the Town of Amherst within two business days after the closing.

The Closing Cost Assistance **does not cover funds required prior to closing**, including but not limited to mortgage application fee, appraisal fee, credit report, first year's homeowner's insurance, and home inspection.

First-Time Homebuyer

A First-Time Homebuyer is defined as a person/household that has not owned a home during the **three-year** period immediately prior to the purchase of a home under this Program.



Town of Amherst First-Time Homebuyers Program Program Guidelines - Page 2

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. (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.

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.

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. If more than 180 days transpire from the point of initial income verification to the point of entering into a contract to purchase a home, it will be necessary to re-verify an applicant's household income.

Town of Amherst First-Time Homebuyers Program Program Guidelines - Page 3

Pre-Purchase Requirements

- 1) Prospective homebuyers must attend the homebuyers workshop/seminar offered* by Belmont Housing Resources for WNY, Inc. for the Town of Amherst's First-Time Homebuyers Program. In certain circumstances this requirement may be waived. See page 5.
- 2) 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.
 - income-eligible senior citizens.

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 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) **Property Value:** Pursuant to federal regulations at 24 CFR § 92.254, the value of the property to be purchased cannot exceed 95 percent of the median purchase price for the area (Erie County). The house must be an existing structure. New construction is not allowed under the Town's program.

Town of Amherst First-Time Homebuyers Program Program Guidelines - Page 4

3) **Purchase Price:** As of April 1, 2018 the purchase price of a single-family home cannot exceed **\$143,000** and the sale price for a two-family home cannot exceed **\$182,000**. The Town has established a maximum mortgage amount at or lower than \$120,000/single-family, \$159,000/two-family, but the exact mortgage amount 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 31% and the homebuyer's back end debt-to income ratio cannot exceed 43%.

4) **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 (Two-family units may be assisted for the amount of closing cost attributed to the owner-occupied unit only.)

5) **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 with closing cost assistance under this program **must escrow property and school taxes and have a fixed interest rate for the entire term of the loan.**

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 purchaser household must utilize the property to be purchased as its principal residence.

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.

**Town of Amherst First-Time Homebuyers Program
Program Guidelines - Page 5**

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.

**AMENDMENT NO. 1
EFFECTIVE December 12, 1999**

The First-Time Homebuyers Program Guidelines are amended to incorporate the following italicized wording:

Pre-Purchase Requirements

(1) Prospective homebuyers must attend a home buyer seminar offered by Belmont Housing Resources for WNY, Inc. for the Town of Amherst's First-Time Homebuyers Program. *The Community Development Director may waive the requirement to attend said homebuyer workshops if an applicant is able to submit evidence of having attended a HUD certified homebuyer workshop sponsored by another lender, realtor or other housing-related agency within the previous six months. The content of said workshop must equal or exceed that of the workshop offered by Belmont Housing Resources for WNY, Inc. or the Town.

**AMENDMENT NO. 2
EFFECTIVE April 1, 2010**

Down Payment and/or Principal Reduction

(1) Maximum homebuyer down payment or principal reduction for existing home purchase is \$20,000, whether personal investment or gift. This does not include other sources of assistance such as the First Home Club

**AMENDMENT NO. 3
EFFECTIVE August 1, 2016**

Amount of Closing Cost Assistance

(1) The amount of closing cost assistance will be based on the estimated closing cost documentation submitted by the bank before closing. The closing cost check will be payable to the homebuyer's attorney and provided in advance of the closing date. If the final closing costs are less than the estimated amount (check amount), the homebuyer's attorney will be responsible for providing a check made out to the Town of Amherst for the difference, within two business days after closing. There can be no cash to the homebuyer at closing.

AMENDMENT NO. 4
EFFECTIVE August 1, 2016

Mortgage Limit Amount

- (1) The maximum mortgage limit amount is equal or less than \$120,000 for a single family home and equal or less than \$159,000 for a two-family home and is subject to underwriting by staff. The homebuyer's front end debt-to-income ratio cannot exceed 31% and the homebuyer's back end debt-to income ratio cannot exceed 43%. At the time of acceptance to the program, the homebuyer will be informed of the maximum mortgage amount that will be allowed to obtain closing cost assistance.

Town of Amherst First Time Homebuyers Program

Procedures

1. Prospective Homebuyer (s) 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 mail of their eligibility status. A copy of the letter sent to eligible applicants will be sent to lender, if requested.
5. Homebuyer may meet with a mortgage consultant *prior* to application. The Town of Amherst will advise the homebuyer of the maximum mortgage amount they can obtain to receive the closing cost assistance.
6. Lender approves homebuyer for a mortgage equal to or less than \$120,000 single family home, \$159,000 for a two-family home with escrow of property and school taxes and a fixed interest rate.
7. Homebuyer has 180 days 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 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 Mortgage prior to the closing and will take it to the closing to be filed by their attorney.

