



TOWN OF BABYLON (TOB)

Next Generation Down Payment Assistance Program for First Time Homebuyers

PROGRAM GUIDELINES

I. Grant Assistance

Under this program the Town of Babylon will match the first time home buyers down payment, dollar for dollar, for \$15,000. Grant funds will be allocated to qualifying applicants on a first come first serve basis. This program can be coupled with most other types of assistance programs and mortgages available. Full amount of grant assistance must be repaid upon sale or refinancing of the home. Funding is limited so we encourage eligible households to apply early.

II. Income Guidelines

The maximum permitted annual household income for purchasers in the Town of Babylon Down Payment Program shall not exceed 120% of the median annual household income for the area as determined by HUD. **Applicants must have an annual income above 80% of the median annual household income to qualify for this program.** Those persons who are at or under the 80% AMI threshold may be eligible for the Town of Babylon's HOME Down Payment Assistance Program for First Time Homebuyers. That application may be obtained separately by calling the Long Island Housing Partnership at (631) 435-4710.

<u>Household Size</u>	<u>Minimum Annual Income (80%)</u>	<u>Maximum Annual Income (120%)*</u>
1	\$54,401	\$81,550
2	\$62,101	\$93,200
3	\$69,901	\$104,850
4	\$77,701	\$116,500
5	\$83,901	\$125,800
6	\$90,101	\$135,150
7	\$96,301	\$144,450
8 or more	\$102,501	\$153,800

* Includes all income – overtime, bonuses, pensions, social security, 401K distributions, tips, etc. Your gross income cannot exceed the maximum annual income for your household size. LIHP must anticipate the income that will be received for the upcoming 12-month period. Tax returns will be required for all household members whose earnings will be used as part of the income qualification. Any person whose earnings will be used to qualify for the program will be required to sign a '4506' tax release form to verify their tax returns with the Internal Revenue Service.

III. Property Value Limit

The appraised value of the property to be purchased must not exceed the HUD 203(b) mortgage limit for our area for the type of housing being purchased. The limit on the maximum appraised value of a single-family unit changes every year. **The limit on the maximum appraised value of a single-family unit for 2008 was \$396,150.**

IV. First-Time Homebuyer Requirement

The program is limited to first-time homebuyers (defined by HUD as a household that has not owned a home during the three-year period immediately prior to the purchase of a residence).

V. Eligible Housing Types

Eligible homes are pre-existing or newly constructed single-family residence located within the Town of Babylon and occupied as a principal residence and include:

- Town Houses
- Condominiums
- Co-operative Apartments
- Manufactured homes

VI. Residency Requirement

Applicants must occupy the property as their Principal Residence.

VII. Pre-purchase Guidelines

Applicant cannot have entered into a contract to purchase a home prior to participation in this program.

Applicant cannot close on a home prior to receiving a purchase certificate and the approval from LIHP and TOB.

VIII. Homebuyer Selection Area

All homes must be purchased within Town of Babylon, which consists of the following hamlets and villages:

- AMITYVILLE
- BABYLON
- COPIAGUE
- DEER PARK
- FARMINGDALE (SUFFOLK COUNTY)
- LINDENHURST
- NORTH BABYLON
- WEST BABYLON
- WHEATLEY HEIGHTS
- WYANDANCH

IX. Mortgage Ability & Mortgage Counseling Requirements

Applicants must have adequate resources and credit to qualify for a home mortgage. **Eligible Applicants are required to attend The Long Island Housing Partnership’s pre-purchase mortgage counseling and obtain a pre-approval from a recognized lending institution.** (This counseling session is **free of charge** and takes approximately one hour. LIHP is a HUD certified mortgage-counseling agency). LIHP assists qualified applicants in securing a mortgage. (However, it is the responsibility of the applicant to secure a mortgage.) Applicants must submit to LIHP all standard documentation required for mortgage processing, including signed copies of the last three years of their Federal Income Tax Returns, W-2 forms, four (4) most recent consecutive pay stubs, and most recent three (3) months bank statements and investment accounts showing assets needed for down payment and closing costs.

- Note:**
1. **Private mortgages are not acceptable.**
 2. **Mortgages must be with a recognized lending institution**
 3. **“No Doc” Loans, 100% financing, and 80/20 loans are not permitted**

X. Mortgage Counseling Certificate Issuance

After attending a one-on-one mortgage counseling session and obtaining a pre-approval from a recognized lending institution applicants will be provided with a Mortgage Counseling Certificate. The Mortgage Counseling Certificate and pre-approval **must be forwarded to the Program Manager of the Down Payment Program.**

XI. Purchaser Certificate Issuance

Upon receipt of a Mortgage Counseling Certificate and a Pre-approval from a recognized lending institution approved applicants will be issued a Purchaser Certificate providing them three months from date of the certificate to enter into contract to buy a home within the boundaries of Town of Babylon.

After entering into a contract to purchase, applicants are given three months to secure a mortgage with a recognized lending institution and close on the home.

At the discretion of Town of Babylon, any applicant who does not close on a house within six (6) months of the date of

issuance of the "Purchase Certificate" **will** be required to resubmit four (4) current paychecks and personal financial information to ascertain that they still meet the eligibility requirements of the program. Please note that a 45-day extension may be permitted but is not guaranteed.

XII. Proof of No Lead Based Paint

The purchase of a residential property, constructed prior to 1978, must pass a **visual** lead based paint assessment conducted by a certified lead based paint inspector. LIHP must be provided with written certification of this assessment. **The program will not fund homes that do not pass this initial assessment.** Homes built after 1978 are not required to have this assessment, however, it is the responsibility of the applicant, under the program, to provide LIHP with proof that the home being purchased was constructed after 1978. Neither LIHP nor Town of Babylon will be responsible for the cost of the assessment. Qualified applicants will be provided with a Lead Paint Information Packet and a list of certified lead paint inspectors at the time the Purchaser Certificate is issued.

XIII. Pre-Contract Agreement

The purchaser of the home cannot displace an existing tenant. Both the purchaser and the seller will be required to sign a Pre-Contract Agreement to verify that this restriction is not being violated.

The applicant must not have entered into a contract to purchase the house prior to participation in this program. All homes must be purchased within the Town of Babylon. Absolutely no reimbursement of funds will be issued if a closing occurs prior to the issuance of a purchaser's certificate.

XIV. Annual Monitoring

After purchasing the home, a monitoring form is mailed annually to the grant recipient. This form will ask the grant recipient to verify in writing that they are maintaining the following required guidelines:

- They are the current owners of the property or home
- The home or property is being occupied as their primary residence
- The property or home is insured and maintained in compliance with the terms of the Note(s) and Mortgage(s)
- No interest in property or home has been sold, rented or transferred

XV. Closing

After all documents (Pre-Contract Agreement, Contract of Sale, Mortgage Application (1003), Appraisal, Mortgage Commitment, Lead Based Paint Assessment, Title and Certificate of Occupancy) have been forwarded to the Long Island Housing Partnership, as agent for TOB, LIHP will submit a voucher which will allow the Town of Babylon office to draw down the funds and have them available at closing. **Four (4) weeks** should be allotted between when the signed documents are in the hands of the Long Island Housing Partnership and the date of the closing.

At closing, the recipient will be required to sign a Certification of Family Income and a Town of Babylon Note & Mortgage which is subordinate to the prime lender (institution providing the primary mortgage). The Down Payment Assistance Program funds are essentially a deferred payment, non-interest loan, to assist the buyer in a first-time home purchase, which are to be repaid to the Town of Babylon if the home is sold or transferred.

The Town of Babylon at the closing will provide the Down Payment Assistance Program monies to the buyer. A representative of the Town of Babylon will attend the closing and will provide the check once legal matters have been satisfied.

XVI. Long Island Green Homes Program

Applicants for this program must also participate in the Long Island Green Homes Program within 6 months from the date of purchase. The Long Island Green Homes Program enables homeowners to make energy efficient improvements to their homes at little or no cost and without assuming new debt. Applications are available for the Long Island Green Homes Program at: Town of Babylon Town Hall or www.ligreenhomes.com.

XVII. Complete Application Requirement

A non-refundable application fee of \$75 made payable to the Long Island Housing Partnership, Inc. is required with the application. Therefore, before you make an application for entrance into this program, read the guidelines thoroughly to be certain that you qualify. **Only one application is allowed. Applicants who submit more than one application will be disqualified. After being submitted, any changes to an application must be requested in writing and must be approved by the program review committee. Applications will be reviewed on a first come, first serve basis.**

Applications shall be completed in full and returned with the \$75.00 application fee to:

The Long Island Housing Partnership, Inc.
180 Oser Avenue, Suite 800
Hauppauge, NY 11788
Attention: Town of Babylon Next Generation Down Payment Assistance Program