



Effective
March 1, 2017



YORK HOMEBUYER ASSISTANCE PROGRAM GUIDELINES AND RULES

Program Description - This program is designed to provide down payment & closing cost assistance to low/moderate income households in York County and York City, Pennsylvania. The assistance is in the form of a zero interest, five-year forgivable loan to the buyer, secured by a second mortgage against the property. Full and accurate documentation is required with a strong emphasis on the Buyer's income eligibility.

Funding Source

The County of York (County) and City of York (City) will be using funds from the U.S. Department of Housing and Urban Development (HUD) and/or other resources to provide secondary financing for low/moderate income homebuyers who do not exceed the income limits set forth by HUD.

The program is designed to utilize a wide array of mortgage products offered by the secondary mortgage market, the Rural Housing Services (502 Direct Loan excluded), the Veterans Administration (VA), the Federal Housing Administration (FHA), the Pennsylvania Housing Finance Agency (PHFA), York Habitat for Humanity, and individual mortgage lenders to fund first mortgages. This program will only be used in conjunction with standard Conventional, FHA, VA, government-backed mortgage products or with mortgages granted through the USDA (502 Direct Loan excluded) and Habitat for Humanity. (No sub-prime, alt-A or any other non-conforming product allowed unless approved by the City and/or County of York.) Required primary financing terms are a 30-year, fixed rate mortgage at or below market rate with no more than three (3) points charged.

The York Homebuyer Assistance Program (YHAP), and Homebuyer Education are funded by the County of York and the City of York and administered through a non-profit, sub-recipient organization.

Program Code

YHAP

Eligible States

Financing available for York County and York City, Pennsylvania

Application Process

See Attached

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| Minimum Loan Amount | County \$1,000.00 | City \$1,000.00 | | | | | | | | |
| Maximum Loan Amount | County Properties Up to \$5,000.00 | City Properties 2% of sales price toward down payment and eligible closing costs based on: <table border="0"> <tr> <td><u>Property Sales Price</u></td> <td><u>Closing Cost Allowed*</u></td> </tr> <tr> <td>Less than \$40,000:</td> <td>Up to 8% of Sales Price</td> </tr> <tr> <td>\$40,001 to \$60,000:</td> <td>Up to 7% of Sales Price</td> </tr> <tr> <td>\$60,001 or more:</td> <td>Up to 6% of Sales Price</td> </tr> </table> *(Not to exceed \$7,000.00) | <u>Property Sales Price</u> | <u>Closing Cost Allowed*</u> | Less than \$40,000: | Up to 8% of Sales Price | \$40,001 to \$60,000: | Up to 7% of Sales Price | \$60,001 or more: | Up to 6% of Sales Price |
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| Minimum Loan-To- Value (LTV- 1st Mortgage) | 80.01% County/ 95% City (Some exceptions apply such as VA, Habitat for Humanity, and Rural Housing Services) | | | | | | | | | |
| Maximum Purchase Price | Purchase price may not exceed 95% of median purchase price as determined and published by HUD annually. 2017 HOME Homeownership Value Limits effective 03/01/17: \$158,000 for existing homes and \$224,000 for new construction. | | | | | | | | | |
| Interest Rate | 0% | | | | | | | | | |
| Amortization | There are no monthly payments required. | | | | | | | | | |
| Term | Forgiven over a five (5) year period, unless additional direct assistance is provided to the homebuyer(s) via Habitat/CHDO or other homebuyer development. (HUD 24 CFR 92.254 would apply.) | | | | | | | | | |
| Property Requirements | York County homes <u>only</u> for County Program; and York City homes <u>only</u> for City Program: 1. Must be served by existing public water and sewer. 2. Must be a single-family residential dwelling located in York County or York City. New construction offered for sale is considered an eligible property. A 1976 or newer mobile/manufactured home built by HUD Manufactured Home Construction & Safety Standards (MHCSS) on a permanent foundation is also considered an eligible property. 3. Multi-family units and pre-1976 mobile/manufactured homes, or mobile/manufactured homes not built by MHCSS on a permanent foundation are not permitted . 4. Flood Plain: properties located in flood plains are not permitted for the <u>County</u> program. The <u>City will allow</u> properties in a flood plain provided the buyer obtains flood insurance and names the City of York as loss payee. 5. Home must be occupied by seller, buyer, or vacant at the time of <u>execution of the Agreement of Sale</u> . NO TENANT MAY BE DISPLACED AS A RESULT OF THE TRANSACTION. | | | | | | | | | |

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| <p>Housing Quality Standards</p> | <p>A Uniform Physical Condition Standard (UPCS) inspection will be required on all homes per HUD, by a County/City certified Rehabilitation Specialist/Inspector.</p> <ol style="list-style-type: none"> 1. Property must meet minimum Uniform Physical Condition Standards (UPCS). 2. If the home was built prior to 1978, Buyers will be required to sign a certification that they have received a copy of the HUD notice entitled “Protect Your Family from Lead in Your Home”. 3. Within 48 hours of the completed inspection, the Rehab Specialist will notify the Administrator whether the property has passed or failed the inspection. If repairs are required, a deficiency list will be included showing the repairs needed before settlement. The Administrator will then notify all parties involved in the transaction. 4. If the property was built prior to 1978, and during the visual inspection, deteriorated paint above the de-minimis level is present, <u>it is an automatic fail and the property will be deemed ineligible for the program.</u> <p style="text-align: center;">NO RE-INSPECTION TO OCCUR.</p> <ol style="list-style-type: none"> 5. If the property was built in 1978 or later and the property has failed the inspection due to deteriorated paint, the Seller will have the opportunity to correct the condition. 6. When all repairs are complete, the Seller/Selling Agent will need to schedule a re-inspection with the Rehab Specialist to verify that the completed work is acceptable. 7. There is no fee for the initial or first re-inspection, but there is a fee of <u>\$85.00</u> for the second and subsequent re-inspection. The fee is charged to either buyer or seller, and must be added to the Final Closing Disclosure and collected at settlement. Checks are to be made payable to the County of York or the City of York, respectively. 8. Failure to pass the initial inspection or any subsequent re-inspection may make it necessary to delay settlement. |
| <p>Appraisal</p> | <p>An appraisal from the primary lender is required prior to YHAP program approval to verify that the value of the home is equal to or greater than the sales price.</p> |

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| <p>Borrower and Co-Borrower Eligibility</p> | <p>Proof of Residency/Identity - All borrowers and co-borrowers must be U.S. Citizens with an acceptable government-issued photo ID and a valid Social Security number. Permanent resident aliens are eligible, but must have a valid Permanent Resident Card (Green Card) through the entire affordability period of five (5) years.</p> <p>Buyer(s) must be a First Time Homebuyer defined by HUD as: an individual and his or her spouse who have not owned a home during the three (3) year period prior to purchase of a home with assistance under the YHAP program. May also include an individual who:</p> <ul style="list-style-type: none"> ○ is a displaced homemaker - an adult who has not worked full-time, full-year 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. ○ is a single parent - an individual who is unmarried, divorced, or <u>legally separated</u> from a spouse (<i>copy of court filing and support/custody agreement required</i>); and has one or more minor children for whom the individual has custody or joint custody, or is pregnant. ○ has owned a dwelling unit whose structure is not permanently affixed to a permanent foundation. (Manufactured or mobile home on <u>leased land</u>) <p>* Buyers may have a non-occupying co-borrower, but must meet income restrictions and all other eligibility requirements.</p> |
| <p>Homebuyer Education Requirements</p> | <ul style="list-style-type: none"> • All adult household members that are shown on the recorded deed are required to attend and complete a HUD-Certified eight (8)-hour homebuyer education class, and a two (2)-hour individual counseling session. • Buyer(s) will receive a certificate of completion at the conclusion of all required education/counseling sessions. • The certificate will be valid for two years from the date of issuance. • The closing/settlement must occur within two (2) years of the date of issuance on the certificate of completion. |
| <p>Credit History</p> | <p>A credit report must be obtained for each applicant to determine how credit has been and is currently being paid. If the credit report reviewed at the time of one-on-one homebuyer counseling is dated more than six (6) months from the date of application by Buyer for YHAP funds, a current credit report will need to be provided by applicant.</p> |

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| <p>Down Payment</p> | <p>Buyers must invest at least 3%, or \$1,000, whichever is greater, of their own funds toward down payment & eligible closing costs. *</p> <p>County will provide up to \$5,000 in down payment and closing cost assistance. 2% of the eligible funding, based on the sale price, toward down payment and the remainder toward eligible closing costs (does not include pre-pays).</p> <p>City will provide 2% of the sale price toward down payment. Closing costs based on the sale price scale below. Not to exceed \$7,000 in total assistance (does not include pre-pays).</p> <table border="0" style="margin-left: 40px;"> <tr> <td>Sale price less than \$40,000:</td> <td>Up to 8% of sales price</td> </tr> <tr> <td>\$40,001 to \$60,000:</td> <td>Up to 7% of sales price</td> </tr> <tr> <td>\$60,001 or more:</td> <td>Up to 6% of sales price**</td> </tr> </table> <p>**Not to exceed \$7,000</p> <p>2% of the sale price must go toward the down payment for both County and City transactions.</p> <p>County/City will not provide funding to cover more than three (3) total points on any loan.</p> <p>Buyer may invest up to 20% of their own seasoned funds toward down payment for the County program and up to 5% of their own seasoned funds toward down payment for the City program.</p> <p>*The above buyer’s contribution policies do not apply to households obtaining subsidized financing through York Habitat for Humanity, Rural Housing Services, or the Veterans Administration (VA).</p> | Sale price less than \$40,000: | Up to 8% of sales price | \$40,001 to \$60,000: | Up to 7% of sales price | \$60,001 or more: | Up to 6% of sales price** |
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| <p>Contributions to Closing Costs/Gift Rules</p> | <p>The full contribution of 3% or \$1,000, whichever is greater, must be either the buyer’s own funds, or the buyer may have one-half of the contribution in the form of an unsecured gift subject to lender approval. Buyer may also have an unsecured gift for up to three (3) months of reserve.</p> | | | | | | |
| <p>Eligible Closing Costs</p> | <p>Eligible closing costs are the one-time costs associated with the sale of the property. Any continuing costs such as property taxes, insurance and interest expenses that a homebuyer will have to pay on an ongoing basis after the property is purchased are NOT eligible closing costs. See 24 CFR, Part 92.206 and 92.214.</p> | | | | | | |

| <p>Income Limits</p> | <p>Total gross annual income for the household may not exceed federally-established HOME Investment Partnership Program Income Limits (which are subject to change annually), per family size. Income anticipated to be received within the twelve (12) month period immediately <u>following</u> the date of application is calculated for eligibility using the Part 5* (Section 8) definition of annual income.</p> <p>Income includes, but is not limited to wages, overtime, bonuses, tips, commissions, business income, periodic payments from social security, pensions, annuities, unemployment or disability benefits, child and/or spousal support or other recurring cash contributions, as well as interest and dividends from bank accounts or other investments, including assets disposed of for less than fair market value during the two (2) years preceding the application.</p> <p><u>Income of all persons intending to reside in the home must be included.</u></p> <p style="text-align: center;"><u>2016 Income Guidelines</u> Effective - June 6, 2016</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th colspan="9" style="text-align: center;"><i>Number of Persons per Household</i></th> </tr> <tr> <th style="text-align: left;"><i>Maximum Household Income:</i></th> <th style="text-align: center;">1</th> <th style="text-align: center;">2</th> <th style="text-align: center;">3</th> <th style="text-align: center;">4</th> <th style="text-align: center;">5</th> <th style="text-align: center;">6</th> <th style="text-align: center;">7</th> <th style="text-align: center;">8</th> </tr> </thead> <tbody> <tr> <td></td> <td style="text-align: center;">39,400</td> <td style="text-align: center;">45,000</td> <td style="text-align: center;">50,650</td> <td style="text-align: center;">56,250</td> <td style="text-align: center;">60,750</td> <td style="text-align: center;">65,250</td> <td style="text-align: center;">69,750</td> <td style="text-align: center;">74,250</td> </tr> </tbody> </table> <p>*Found in the HUD Technical Guide for Determining Income and Allowances for the HOME Program.</p> | <i>Number of Persons per Household</i> | | | | | | | | | <i>Maximum Household Income:</i> | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | | 39,400 | 45,000 | 50,650 | 56,250 | 60,750 | 65,250 | 69,750 | 74,250 |
|--|--|--|--------|--------|--------|--------|--------|--------|--|--|----------------------------------|---|---|---|---|---|---|---|---|--|--------|--------|--------|--------|--------|--------|--------|--------|
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| | 39,400 | 45,000 | 50,650 | 56,250 | 60,750 | 65,250 | 69,750 | 74,250 | | | | | | | | | | | | | | | | | | | | |
| <p>Remaining Assets</p> | <p>Buyers are allowed to retain a “reasonable” amount of funds after settlement, but not to exceed \$10,000.00. Remaining assets over \$10,000.00 may be required to be used in the transaction. Life insurance policies and qualified education or retirement accounts will NOT be included in the calculation of the remaining assets. However, <u>all</u> assets are included in the determination of gross annual household income.</p> <p>*Excess funds (personal funds) cannot be used to reduce the principal mortgage amount below the minimum loan-to-value ratio.</p> | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <p>Reserves/Post Closing Counseling</p> | <p>Buyers with less than three (3) months’ principal, interest, taxes and insurance (PITI) are required to attend post-purchase counseling with a HUD-Certified housing counselor to review budgeting and home ownership responsibilities. These counseling sessions are required at six (6) months <u>and</u> one (1) year after settlement. This requirement shall be made a part of the HOME Program Agreement.</p> | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <p>Underwriting Procedures</p> | <p>The Administrator must submit the Request for Release of Funding along with all loan application documentation to be reviewed and approved by the County/City at least thirty (30) days prior to settlement.</p> | | | | | | | | | | | | | | | | | | | | | | | | | | | |

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| HOME Program Agreement | The Administrator will review and execute the HOME Program Agreement with the Buyer(s) prior to settlement. A signed HOME Program Agreement along with a verified and signed income certification worksheet will be required prior to any funds being released. |
| Security Instrument | The security for the loan is the property itself. A second mortgage will be recorded against the property in the amount of the assistance. County/City will agree to take third mortgage position in situations where funds from the Federal Home Loan Bank's Affordable Housing Program or similar government/non-profit type programs are used to write down the principal or pay closing costs. |
| Homeowner's Insurance | <p>Buyer(s) must submit a current Homeowner's Insurance Policy from an A+ rated home insurance provider showing the following mortgagee clause:</p> <p><u>For County of York properties:</u> County of York York County Planning Commission 28 E. Market Street York, Pa 17401-1580</p> <p><u>For City of York properties:</u> City of York Bureau of Housing Services 101 South George Street York, Pa 17401</p> <p>and</p> <p>Buyer(s) must submit a current Flood Insurance Policy (if applicable) for the City Program from an A+ rated Flood Insurance provider showing the above mortgagee clause for City of York.</p> <p>A Master Condominium policy is required for all condominiums showing the County or City as mortgagee.</p> |
| Subordination | <p>County Loans The County will not subordinate its lien position if the buyer seeks to refinance the property (except under certain conditions). Contact County of York, York County Planning Commission, Housing Division for details.</p> <p>City Loans The City will not subordinate its lien position if the buyer seeks to refinance the property (except under certain conditions). Contact City of York Bureau of Housing Services for details.</p> |
| Assumability | These loans are not assumable. |

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| Prepayment Penalty | None |
| Recapture Terms | <p>Within the first five (5) years following the date of settlement, the amount of YHAP assistance shall be repayable in full, less 20% per year that the Buyer has lived in the property. Upon one of the following occurrences during the first five years of the loan, a portion of the funds* will be due and payable to the County/City:</p> <ul style="list-style-type: none"> • Sale or transfer of the Real Property, except for transfer between husband and wife; • Buyer ceases to occupy the Real Property as Buyer’s primary residence; • Buyer refinances their mortgage obligation on the Real Property (some exceptions allowed); • Buyer defaults under either the terms of this loan or the terms of other mortgage obligations of Buyer secured against the Real Property; • If the buyer defaults (sells or moves out of property) before the five years has elapsed; <p>In all cases where the Buyer has submitted incomplete, false or misleading information in connection with the Buyer’s application for assistance, <u>all</u> funds shall be subject to <u>full repayment</u>.</p> <p>The City will send annual monitoring letters confirming primary occupancy.</p> <p>The County will request annual homeowners’ insurance certificates to confirm primary occupancy.</p> <p><i>*Per County or City recapture provisions.</i></p> |
| Lender Participation | <p>Please contact the Administrator for a current list of participating lenders. Participating Lender Agreement to be renewed annually by RAYAC and the participating lenders. To become a Participating Lender, Lender must complete RAYAC’s application form and agree to participate in the Homebuyer Education Program.</p> |

Documentation Requirements

Provided from REALTORS to the Administrator:

- YHAP Finance Addendum to the Agreement of Sale
- REALTOR's business card
- MLS print-out
- Seller's Disclosure
- Inspection forms (both buyer and seller)
- Ratified and legible Agreement of Sale and all addendums
- Voluntary Acquisition Notice
- Copy of earnest deposit check
- Keep the administrator updated on settlement date, time, and location

*FSBO to deal directly with the Administrator

Provided from Lender to the Administrator:

- Lender's Application
- Loan Estimate Form (formerly GFE/initial TIL)
- Appraisal
- Commitment Letter (fully executed)
- Closing Disclosure Form (formerly HUD-1/Final TIL)
- Keep the administrator updated on settlement date, time and location and any other changes to the loan or settlement charges

*An approval letter will be sent to Lender from the Administrator acknowledging YHAP approval.

*A settlement cover sheet will be submitted to lender and settlement company from the Administrator showing YHAP-approved down payment and closing cost allowance for the Closing Disclosure.

Provided from the Administrator to County/City:

- Request for Release of Funds form
- Processing Worksheet
- YHAP Application
- Verification of Employment and most recent consecutive two (2) month period of pay-stubs
- Current Benefit/Award Letters for Social Security, Disability, Pension, Unemployment, etc.
- Certification of Child Support/Alimony and Court Order for Child or Spousal Support/Alimony
- Verification of Child Support/Alimony - Domestic Relations Report
- Zero Income Affidavit for adult household members claiming no employment or other income
- Divorce or Separation legal/court documents (if applicable)
- Previous three (3) years' IRS Tax Returns (signed & dated) (Form 1040 only unless self-employed - then all schedules are required)
- W-2s for last three (3) years

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| | <ul style="list-style-type: none"> • IRS Form 4506-T (Only if needed to obtain IRS transcripts) • W-9 Form (County only) • Verification of bank accounts/assets on deposit for <u>all household members</u> • Last six (6) consecutive months' bank statements for checking accounts; last two (2) bank statements for savings accounts; most recent statement for certificates of deposit (CD's) and money market accounts; most recent investment broker statement for mutual funds, stocks, bonds or retirement accounts; and most recent insurance agent statement for annuities and/or life insurance policies • Authorization Release Form • Student Eligibility Checklist • Disposed Asset Certification • Credit Report(s) • Copy of Driver's License or government-issued Photo ID for <u>all household members age 18 or older</u> • Copy of Social Security Card for <u>all household members</u> • Homeowner's Insurance Policy Information • Flood Insurance Policy Information (City only, if applicable) • Certificate of Applicant (City only/4 copies) • Eligible Homebuyer Education Certificate • Lender's Application, Loan Estimate Form • Lender's Commitment Letter (fully executed) • Lender's Appraisal (equal to or greater than sales price) • Flood Certification • Ratified and legible Agreement of Sale and all addendums • YHAP Financing Addendum • FSBO Addendum (if applicable) • Voluntary Acquisition Notice signed by Seller • Lead-based Paint Disclosure (Pre-1978 properties only) <p>Provided from the Administrator to Rehab Specialist:</p> <ul style="list-style-type: none"> • Inspection Request Form • MLS and YHAP Buyer & Seller signed Inspection Forms <p>Provided from Rehab Specialist to the ADMINISTRATOR, REALTORS, and FSBO:</p> <ul style="list-style-type: none"> • Results of Home Inspection • Inspection Pass or Fail Letter & deficiency list (if applicable) <p>Provided from the Administrator to County/City after settlement:</p> <ul style="list-style-type: none"> • Settlement Cover Sheet and Final Closing Disclosure • Recorded <u>original</u> HOME Mortgage • Copies of all executed closing documents |
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PROGRAM GUIDELINES AND RULES ARE SUBJECT TO CHANGE WITH REASONABLE NOTICE.