

AMERICAN DREAM DOWNPAYMENT PROGRAM

The Middlesex County Division of Housing, Community Development & Social Services will award \$5,000 in downpayment and closing cost assistance to income eligible first time homebuyers under the US Department of Housing and Urban Development (HUD) HOME Investment Partnerships Program.

Basic Program Requirements

1. Applicants must be first-time homebuyers and existing Middlesex County residents for a period of at least one year.
2. Applicants must complete an in person, group homebuyer training course offered by a HUD approved housing counseling agency. The class must be completed prior to closing.
3. Applicants are required to undergo budget review and individualized counseling as part of their application process. Appointments and application documents can only be obtained through one of the below HUD approved housing counseling agencies:

Puerto Rican Action Board - Housing Coalition Unit • 732-249-9700

Contact: Dionne Roberts at droberts@prab.org or Gloria Melendez at gmelendez@prab.org

Housing Authority of Perth Amboy • 732-826-3110 ext. 631

Contact: Eugenia Hill at ehill@perthamboyha.org

Faith Fellowship CDC • 732-727-9500 ext. 1171

Contact: Lillie Gatling at lgatling@ffmwoc.org

PRAHD, Inc. • 732-638-2854

Contact: Raquel Landero at rlandero@prahd.org

4. Applicants can only purchase a single family property. Eligible properties are detached homes, townhouses, condos, and co-ops. The purchase price of the property cannot exceed four times the certified income level of the household, with an overall maximum of \$299,000.
5. Applicants must have a mortgage pre-approval issued within the past 2 months.
6. Applicant must purchase their single family housing in any Middlesex County municipality except New Brunswick and Perth Amboy (which are not in the HUD jurisdiction for this particular program.)
7. Total household income can not exceed the following limits, effective 6/1/18:

One-person	\$53,100	Five-person	\$81,950
Two-person	\$60,700	Six-person	\$88,000
Three-person	\$68,300	Seven-person	\$94,100
Four-person	\$75,850	Eight-person	\$100,150

8. The property being purchased must meet HUD's Housing Quality Standards and must also be certified free of lead based paint hazards if built prior to 1978.
9. Applicant must be putting down at least 1% of the purchase price from their own funds.
10. Any co-signers of the primary mortgage must also be occupiers of the property being purchased.
11. Assistance will be in the form of a deferred repayment mortgage, which doesn't require payment of principal or interest by the homebuyers provided they own and live in the property for five years.

For more information contact:
Melissa Bellamy

732-745-2922
melissa.bellamy@co.middlesex.nj.us

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DEPARTMENT OF COMMUNITY SERVICES

Office of Human Services

2018 AMERICAN DREAM DOWNPAYMENT PROGRAM PROCEDURES AND GUIDELINES

The Middlesex County Department of Housing, Community Development & Social Services will administer its American Dream Downpayment Program (ADDP) in accordance with the following procedures and guidelines. These guidelines are in effect as of June 1, 2018.

1. The County will enter into Agreements each year with one or more HUD-certified housing counseling agencies to help administer the program. The agencies will be responsible for certifying applicants meet all program requirements (including their status as first time homebuyers) and also providing homebuyer training.
2. The County will use the HOME income limits for the American Dream Downpayment Program, which are released by HUD on an annual basis.
3. The applicant(s) will have to purchase the housing unit within the HOME Consortium jurisdiction, which includes all of Middlesex County except New Brunswick and Perth Amboy.
4. All adult household members must be first time homebuyers under HUD guidelines. This means they could not have owned a residence for the past three years. For this program Middlesex County will consider any residential property owned within the United States or in a different country. Certain exceptions to first time status exist for single parents and displaced homemakers.
5. At least one of the adult applicants must currently reside in Middlesex County and have maintained residency for at least one year at the time of application.
6. At least one of the adult applicants who is listed on the mortgage must complete an in-person homebuyer education class offered by a HUD approved housing counseling agency.
7. The applicant(s) must be purchasing a single-family housing unit. This includes detached single family homes, condominiums, townhouses, co-ops and duplexes (where only half is purchased). The purchase of a multi-family home is not eligible.
8. Applicants must list all adults and children who will be residing in the units about to be purchased as members of the household. Children must be living in the unit at least 50% of the time to be counted as a household member. If an applicant is pregnant and expecting a baby, for purposes of household size, the unborn child can be counted as part of the household provided documentation is received.



75 Bayard Street, New Brunswick, NJ 08901
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9. The housing agencies will use the Part 5 (Section 8) Income Definition to determine income eligibility. The agencies will be required to document compliance through use of the HUD Online Income Calculator and must submit the supporting source documentation. The income of all adults (18 and older) who will be residing in the purchased housing unit will be counted regardless of whether or not they are on the mortgage loan or deed. The only exception is for full-time college students who are not an applicant or co-applicant.
10. The contracted purchase price can not exceed four times the certified household income level as determined by the Part 5 Income Definition. (In cases of 203K loans the loan amount will be used instead of purchase price.) This amount also can't exceed 95% of the area median purchase price. Currently, this figure is \$299,000. The County will use the lower amount in setting an applicant's maximum allowable purchase level.
11. The applicant(s) must demonstrate that they are putting at least 1% of the contract of sale purchase price towards downpayment and/or closing costs.
12. Mortgage co-signers who will not be occupying the property are not permitted.
13. All mortgages must be fixed rate mortgages.
14. Applicants that can close a loan at or below 90% of Loan to Value (LTV) are ineligible. LTV will be based on the sales prices. The County will take into account the applicant's liquid assets, seller's concession amount, other downpayment assistance program and any amount "gifted" towards the purchase. Repair credits provided by the seller to the buyer are not considered a seller's concession for closing costs.
15. The amount of ADDP assistance for each eligible application will be \$5,000
16. To avoid over-enrichment, a liquid assets test will be applied. Applicants may not have more than \$10,000 in liquid assets after closing the American Dream Downpayment Program loan. IRAs, 401Ks and other tax sheltered retirement accounts will not be considered in calculating liquid assets. Also, the homebuyer cannot receive back any funds at closing, which would be documented on the HUD-1 Disclosure Settlement form.
17. All ADDP homebuyers will have a five year term of affordability placed on their property, during which they must remain as owner-occupiers of the property. If the property is sold or doesn't maintain compliance within the five year term, the full amount of ADDP assistance will have to be paid back, plus 4 percent simple interest. After five years, the loan is completely forgiven and the mortgage discharged.
18. Each applicant must provide documentation that the dwelling was built after 1978 or else document a visual inspection was completed that indicates no lead based paint hazards. The County **will not** pay for the cost of any needed lead based paint inspection. This inspection must be provided at the time of application.
19. Each property purchased must meet housing quality standards. The applicant must provide a copy of the home inspection at the time of application.



20. The County's ADDP program will only provide downpayment and closing cost assistance, not rehabilitation costs. Any rehabilitation costs needed to bring the property up to housing quality standards are to be paid for by the buyer, if the seller is unwilling to cover the costs.
21. The agencies will be reimbursed their contracted per unit fee for each applicant they provide homebuyer training for, that is approved by the County for ADDP funds and closes on a property. Reimbursement will only be provided after the agency documents:
- Course certificate indicating applicant completed homebuyer education course
 - Agency provided the applicant required one-on-one homebuyer counseling
 - Agency processed ADDP application, including determining if potential homebuyer meets all HUD and County program requirements. This includes, but is not limited to, calculating income using HUD income calculator, collecting necessary source documentation, and supplying all necessary documents to County for its approval.
22. An applicant can only submit the application once he/she can provide a fully executed contract that is out of attorney review. The agency must submit the application to the County approximately seven to eight weeks prior to the closing date to allow time for the County to review the application and for approval and authorization of the issuance of a check at a Freeholders meeting.
23. The check made payable to the buyer's attorney's trust account (or title company if so requested) will be provided on or before the closing date. Before the check is issued all of the supporting documentation must be provided to the County. It will be the responsibility of the County to verify the closing takes place and the mortgage documents are recorded. The County will maintain the original mortgage, note and agreement in our files.
24. Once the closing has taken place and the documents are recorded, the agency may submit for reimbursement for its services in accordance with its contracted amount with the County.
25. During the term of affordability the homeowner may request a subordination of the County's mortgage for purposes of refinancing under the following conditions:
- New mortgage rate and term will allow homeowner great housing affordability
 - A "work-out" plan is being implemented to reduce the risk of foreclosure
 - Cash outs, although discouraged, will be permitted if the homeowner provides documentation that the combined loan-to-value ratio is no greater than 80% of the appraised value of the house.

Documentation for all refinance requests should include:

- 1003 Loan Application
- New lender's name and address
- Amount of the new mortgage, mortgage term, and mortgage rate
- Copy of the appraisal (unless not required for streamlined refinance with no cashout)
- Schedule A & B form the Title Search

The County may request additional information before granting the request. The County is not obligated to grant a subordination request. Subordination requests should be submitted at least 6-8 weeks in advance of scheduled refinance closing.

