

City of Hamilton

DPA Program Design and Requirements

- Applicants below 80% of the Area Median income will be eligible to receive up to \$10,000 for down payment assistance for an eligible single family house, (defined as a one family residence for down payment assistance). Applicant may not receive funds back at closing.
- Applicants must purchase a qualified home in the City of Hamilton.
- Applicants will be required to provide 1% of the purchase price of the home as equity contribution to the house purchase. The equity contribution can be in the form of down payment, closing costs, homeowners insurance, earnest money, application fee, and/or the cost of a whole house inspection. The applicant's contribution to the program must be in the form of a cash contribution; it cannot be borrowed money or gifted.
- After Neighborhood Housing Services has verified the eligibility of a client for down payment assistance funds, and a purchase contract has been executed, Neighborhood Housing Services will schedule a Housing Quality Standards (HQS) Inspection of the property. This inspection is to ensure that the property meets Minimum Quality Standards (CFR 982.401) and is not meant to substitute for a Whole House Inspection obtained by the buyer. Any property that does not pass HQS or where the seller is unwilling or unable to bring the property to HQS Standards, will be ineligible for the program. Buyer must submit \$300.00 to a third party inspector for the cost of the inspection. Please be advised that if an inspection is performed and the house does not meet Minimum Quality Standards and the seller is unwilling to make the necessary repairs, the \$250 fee is non-refundable. After the inspection has been performed, the City of Hamilton will send an inspector for a final inspection before the down payment assistance funds will be released for down payment assistance.
- Down Payment Assistance Program participants may obtain a loan from the lending institution of their choice. That loan must meet the following underwriting criteria: No more than 30% of family income devoted to principal, interest, taxes and insurance and no more than 42% of family income for overall indebtedness. Closing costs cannot exceed 5% of the purchase price. Borrower must have sufficient creditworthiness (collections, charge offs, and judgments must be paid in full). Creditworthiness also includes not having filed bankruptcy in the last 2 years. First mortgages must be fixed rate loans with no negative amortization, balloon payments, or adjustable rate features. Borrower may use a cosigner when qualifying for the first mortgage. However, the cosigners' total household income shall be included as part of the buyer's total income when determining the borrower's income eligibility level.
- Execution of a second mortgage and note must be performed at closing and recorded at the Butler County Recorder's Office due to this being a five (5) year forgivable loan. Participants must remain in the premises as their primary residence for a period of five years. If the participant sells, gets foreclosed upon, or uses the property for rental purposes before the five (5) year period has expired, they will be required to reimburse Neighborhood Housing Services of Hamilton a pro-rated portion of the forgivable loan.

Fulfilling the above requirements is the sole responsibility of the homebuyer. Failure to fully satisfy the above Program requirements as determined by Neighborhood Housing Services of Hamilton, Inc. may result in a delay in funding or forgivable loan denial. A \$550 FEE WILL BE CHARGED BY NEIGHBORHOOD HOUSING SERVICES FOR THE PROCESSING OF THE APPLICATION AND MUST BE PLACED ON THE SETTLEMENT STATEMENT.

