



Canton Down Payment Assistance Program
Provided in partnership by the City of Canton and Community Building Partnership

Preliminary Buyer Disclosure Statement

For many potential homebuyers, the biggest barrier to homeownership is the down payment and closing costs. The Canton Down Payment Assistance Program has been designed to assist eligible low-income homebuyers by providing 50% of the required down payment and 100% of eligible closing costs up to the program maximum of \$5,000.

The Canton DPA Program has been developed with Community Development Block Grant (CDBG) funds provided through the U.S. Department of Housing and Urban Development (HUD).

The prospective homebuyer must be a first-time homebuyer, meet HUD's income eligibility guideline, and may not have assets of more than \$10,000. The property being purchased must meet eligibility requirements.

Lenders are to provide a thirty (30) year fixed rate mortgage. The city will not participate with lenders practicing predatory lending. Adjustable rate mortgages will not be considered.

CDBG funds, without exception, may not be issued as cash owed to the homebuyer at closing. The loan shall be evidenced by a Promissory Note secured by a Mortgage on the property which shall be forgiven at the end of 5 years.

The homebuyer shall be required to reside in the property as their principal residence during the entire 5 year affordability period.

Only the actual amount necessary to meet Down Payment requirements and pay Closing Costs will be made available to the buyer. The total assistance cannot exceed \$5,000.

The prospective homebuyer must be a first-time homebuyer per HUD's definition.

Income Eligibility

Eligibility to receive the down payment assistance is dependent upon the annual gross household income (*from all sources and all household residents*), and the household size (the number of people who will reside in the home). The maximum household income limit for a purchaser is 80% of the Area Median Income as established annually by the U.S. Department of Housing and Urban Development (HUD). There is ***no flexibility*** in these income limits. The chart below will show the current income limits by household size. This is based upon the most recently issued income data as of April 2018.

Single	Two Persons	Three Persons	Four Persons	Five Persons	Six Persons	Seven Persons	Eight Persons
\$36,350	\$41,550	\$46,750	\$51,900	\$56,100	\$60,250	\$64,400	\$68,550

If a household is purchasing in a City of Canton Neighborhood Revitalization Area (NRSA), that is, Census Tracts 7001, 7015, 7017, 7018, 7021 and 7023, the maximum household income limit is 120% of the Area Median Income. The chart below will show the current income limits by household size. This is based upon the most recently issued income data as of April 2017.

Single	Two Persons	Three Persons	Four Persons	Five Persons	Six Persons	Seven Persons	Eight Persons
\$54,480	\$62,400	\$70,200	\$77,880	\$84,120	\$90,360	\$96,600	\$102,840

Household income will be verified for prospective purchasers by Community Building Partnership. The definition of annual income is the gross amount of income of all *adult household* members (those over 18 years of age) that is **anticipated** to be received during the *coming* 12 month period. Therefore, if an applicant or adult member of his/her household is expected to receive an annual salary increment or bonus during the next 12 months, that additional anticipated income must be utilized in the City's calculation. While earned income of a minor (under 18 years of age) is not counted, unearned income attributable to a minor such as child support, *is* counted. Income on assets (either actual or imputed) is also counted in the income calculation. Foster care payments are not counted as income.

Information on a household's income will be taken during an application session with Community Building Partnership. All information must be verified so copies of bank statements, W-2's, Social Security Determination Letters, child support awards, alimony (divorce) awards, will facilitate the process of verification. Social Security numbers for all household members will be required. Names, addresses, phone, email and fax number of the applicants' employers should be brought to the application appointment. The more information that is provided, the quicker the process of verification will be.

If it appears the applicants are eligible, they will be advised to obtain **housing counseling**. Buyers must have a minimum FICO credit score of 620, unless they can obtain a mortgage with a lower score such as with the Huntington Home Town Loan.

At the conclusion of the verification process, the applicant will be notified if he/she is income eligible to receive the Canton Down Payment Assistance.

PLEASE NOTE: *Eligibility is not the same as affordability to purchase under a lender's mortgage program.* The City is not underwriting the buyer, only making a technical determination that a particular household meets the federal guidelines to participate.

CASH REQUIREMENT: 50% of required down payment

This assistance will be a 5 year "soft" second mortgage to protect the affordability period (determined by down payment, closing cost and gap financing assistance given), that is,

no payments will be required to be made on it as long as the borrower resides in the home as his principal residence. The loan will bear no interest. However, if the buyer moves out of the home or sells it before the residency requirement period is over, the entire original mortgage will be due. **The City of Canton will mail annually an Occupancy Certificate asking homebuyers to sign and attest to the fact that the home remains their principal residence.**

RECAPTURE:

The City of Canton has adopted the Recapture Policy for first-time homebuyers receiving assistance meaning that if for some reason a homebuyer has sold their house or moved before the 5 year principal residency period has ended, the entire original mortgage would be RECAPTURED by the City. The amount of subsidy to recapture is limited to the direct homebuyer assistance that was provided.

At the conclusion of 5 years, the debt will automatically extinguish and no repayment will be necessary.

FIRST TIME HOMEBUYER

HUD Definition:

- Has not owned a home in the last three (3) years.
- A single parent who has only owned with a former spouse while married.
- An individual who is a displaced homemaker and has only owned with a spouse.
- An individual who has only owned a principal residence not permanently affixed to a permanent foundation in accordance with applicable regulations.
- An individual who has only owned a property that was not in compliance with state, local or model building codes and which cannot be brought into compliance for less than the cost of constructing a permanent structure.

ELIGIBLE PROPERTY

Any property that will serve as the prospective homebuyer's principal residence must meet the following requirements:

- The home must be located within the City of Canton Corporate Limits.
- Must be a single family unit that will be owned in fee simple title (Land Contract purchases are not eligible).
- Home must be in compliance with residential standards. An inspection will be performed by a City of Canton Inspector to ensure code violations do not exist and to certify that adverse health or safety conditions do not exist. A visual inspection for defective paint surfaces will be conducted. Where flaking, peeling, chipping or cracking painted surfaces exist, in houses built prior to 1978, remediation will be required.
- All deficiencies must be corrected prior to transfer of title.

- Lead Clearance Testing will be required, prior to closing, on any property where flaking, peeling, chipping or cracking painted surfaces existed at the initial inspection and remediation took place.

LOAN APPROVAL

Once Community Building Partnership determines both the applicant and house meet DPA Program Eligibility Requirements, the applicant will be required to be pre-qualified for a mortgage, have received housing counseling, and have executed a Contract of Sale.

CBP will coordinate the closing with the lender, prepare check, attend closing, execute Canton DPA Program Agreement, Mortgage & Promissory Note.

I declare that I have read the terms and conditions of the City of Canton’s Down Payment Assistance Program.

Homebuyer

Date

Print

Homebuyer

Date

Print

