

WestMetro Home Consortium
Guidelines for the American Dream Downpayment Initiative Program
May 4, 2009

Purpose and Priorities

The purpose of the WestMetro Home Consortium's American Dream Downpayment Initiative (hereinafter ADDI) Program is to pool ADDI funds received by the Consortium, which funds would then be available, subject to the guidelines set forth below, to provide downpayment assistance to enable low income households in the purchase of existing housing units in the Consortium Member cities and towns at an affordable price. The WestMetro Home Consortium will promote the availability of funding to all eligible Homebuyer Applicants without regard to race, color, religion, national origin, sex, marital status and age. Federal regulations issued under the Equal Credit Opportunity Act (ECOA) prohibit creditor practices that discriminate based on any of these factors.

Procedures for Pooling of ADDI Funds

The WestMetro Home Consortium will receive an ADDI Allocation for Fiscal Years 2004 and 2005 of \$158,445 and anticipates that in subsequent fiscal years that it will receive additional ADDI allocations.

1. The ADDI funds will be pooled and made available to all WestMetro Consortium Members based on the following:
2. Each Member shall determine whether to use HOME recapture or resale provisions in accordance with 24 CFR 92.254, in advance of requesting funds from this program, and shall apply that provision to the funds made available through this program. The Member shall notify in writing the Newton Associate Director for Housing and Community Development (hereafter the Director) of their determination.
3. When a Consortium Member determines that it has a homeownership unit or units eligible for ADDI funds, such Member can apply to the ADDI pool for up to twenty five percent (25%) of the total fiscal year allocation to the Consortium on a first come, first served basis.
4. If a Consortium Member's requests exceed the above mentioned twenty five percent (25%) cap, then that Member must request a waiver of that ceiling from the ADDI Executive Committee, which committee is described below.
5. Consortium Members will make requests for ADDI funds for use only as downpayment assistance unless a Consortium member makes a specific request to the ADDI Executive Committee (hereinafter the EC) that ADDI funds be used for another eligible purpose under the ADDI Regulations under 24 Code of Federal Regulations Part 92.600.

6. ADDI funds advanced to a homeownership unit must be secured by a mortgage, note and deed restriction and must be repaid to the ADDI fund pool at the time of resale of the property by the homebuyer (repayment is to be of principal only). If the are insufficient or no net proceeds after debt senior to the ADDI loan has been paid, then the only the amount allowed by the net proceeds need be repaid to the Consortium. If, in the event a Consortium Member has a deed restriction or other legal instrument that controls the resale of an ADDI Home assisted property to another qualified buyer, as defined below, the Member, at its option, shall have the right to “roll over” the ADDI funds to the new qualified buyer. In the event of such a “roll over”, the amount of ADDI funds rolled over would count toward the twenty five percent (25%) cap mentioned above in paragraphs numbered 2 and 3 above. This “roll over” must also be secured by a mortgage, note and deed restriction.
7. There will be a standard repayment provision, which the Consortium will develop for funded units, which shall be inserted into the Member’s mortgage, promissory note and deed restriction. All mortgages, notes and deed restrictions must comply with the requirements of the HOME Program and must be reviewed, prior to execution by the parties and by the Consortium Administrator. Once the initial documents (per member community) have been approved. They do not need to be resubmitted for review unless the terms have changed; the HOME regulations have changed; or as requested by the Director
8. In the event of a default, the Member shall be responsible for any repayments required to the HOME Trust Fund, in accordance with WestMetro Mutual Cooperation Agreement.
9. The ADDI Executive Committee shall consist of no less than five (5) representatives from five (5) Consortium Members, the selection of whom shall be by lottery.

Financial Assistance for Downpayment

Qualified Applicants, as defined below, are eligible for downpayment assistance (or other assistance as approved pursuant to Paragraph 4 above) of up to ten thousand dollars (\$10,000) per unit. These funds are provided in the form of a non-interest bearing loan to be repaid in accordance with the provisions of Paragraph 5 above.

ADDI Program Eligibility

Purpose-to provide financial assistance for the purchase of permanent housing anywhere in the Cities and Towns which are members of the WestMetro Consortium.

A. Definitions

1. **Eligibility** -Households may be eligible based on the number of persons in the household and the total household income. All income earned by all members of the household (except for dependent children) is calculated for purposes of determining if the household is eligible to receive funding assistance. Total household income must not exceed federal income limits

for the HOME program. Such income limits are updated annually by the U.S. Department of Housing and Urban Development (“HUD”). Current income. Current income limits (2/2004) are as follows:

Number of Family	Income Limit
1-person household	\$46,300
2-person household	\$52,850
3-person household	\$59,550
4-person household	\$66,150
5-person household	\$71,450
6-person household	\$76,750
7-person household	\$82,050
8-person household	\$87,350

2. **First Time Homebuyer**-Any applicant whose household members have not owned real estate for their primary residence or any other real property during the three year period prior to purchase of a home with assistance under ADDI. The term first-time homebuyer includes displaced homemakers and single parents. (The definition used for ADDI is contained within Title 1 of the National Affordable Housing Act and may be found at 24 CFR 92.2, HOME Program Regulations).

B. Homebuyer Eligibility

- a. The applicant must be a first-time homebuyer;
- b. The property must be the primary resident of the assisted household for the duration of the ADDI loan;
- c. Applicants do not have to live in the WestMetro Consortium Communities when they apply (Member community’s buyer selection process must comply with fair housing law);
- d. The property to be purchased must be a one to four family residence: condominium unit; cooperative unit; combination of manufactured housing and lot or manufactured housing lot and must be located within the Consortium;
- e. The applicant household must meet the Income Limits for the HOME program. The Federal Government requires households receiving Federally funded downpayment assistance to have an adjusted gross income, as defined by the U.S. Dept. of Housing and Urban Development (HUD), below 80% of the Area Median Income covering the member community as determined by HUD.

C. Application Process

- a. Applicants apply directly to the Consortium.

- b. The Consortium Administrator shall notify the WestMetro Consortium Member, which shall work with the Consortium to develop documents for the case.
- c. Upon notification that an Applicant has a Purchase and Sales Agreement executed by all required parties, the Director shall, assuming that the ADDI amount requested for downpayment assistance for the Applicant does not exceed the per unit and the per Consortium Member caps as set forth above, issue a written Preliminary Commitment of ADDI funds. **Funds are not guaranteed to the Applicant at this time.**
- d. Upon notification that an Applicant has received a Letter of a Firm First Mortgage Commitment, the Director shall issue a written Firm Commitment of ADDI funds. The letter will also inform the Applicant of other information, conditions, and/or materials that may be required to establish a loan closing date.
- e. If the ADDI funds are not utilized within 90 days, they may be subject to recapture by the Director, if no clear progress towards a closing is being made. The Director shall notify the Member community and the Executive Committee prior to recapturing any funds.
- f. At least three weeks prior to the closing the Consortium shall send the draft documents (mortgage and note) to the Member. The member shall submit the documents to Member's legal counsel for review and to be put in final form. The mortgage and note will be between the Member and the applicant.
- g. The Members of the WestMetro Home Consortium agree that the City of Newton through its Office of Housing and Community Development will administer this ADDI program, as described above and disburse funds in accordance therewith. For its administration, the City of Newton shall be entitled to a fee which is ½ percent of the ADDI allocation for the then fiscal year. The City of Newton will evaluate its actual costs for administration of the Program in its first year and may request additional compensation in subsequent years from the Consortium Members.
- h. The Members of the WestMetro Home Consortium shall review the ADDI Program described herein on the one year anniversary of the effective date of this Program to determine whether Program revisions are necessary.

Effective Date of Program: October 8, 2004