



City of Wichita's HOMEownership 80 Program First-Time Homebuyer Assistance

The City of Wichita offers a program that assists persons/families with low- to moderate-incomes in buying their first home. First-time homebuyer assistance is provided in the form of a zero-interest, deferred (no monthly payments) loan.

Facts About HOMEownership 80 Deferred Payment Loans

- The HOMEownership 80 Program deferred payment assistance loan is secured by a second mortgage on your new home, and is payable to the City when you sell your home, no longer occupy your home as your primary residence, or if you refinance your home.
- Assists you in meeting your **down payment** and/or **closing costs** obligations.
- Maximum amount of the assistance loan is the lesser of **20%** of the purchase price of the home, plus \$2,000 for closing costs, or the amount required by your first mortgage lender, for loan approval. Homebuyers may utilize additional cash assets or other down payment assistance programs in combination with HOMEownership 80. If this is the case, the assistance loan amount will be reduced to achieve a 70% loan-to-value first mortgage ratio threshold, unless lender approval conditions or payment ratio requirements dictate otherwise.
- One-half of the loan will be forgiven following a period of 5 years, if your loan is less than \$15,000, or a period of 10 years, if your loan is greater than \$15,000. You must continue to own and occupy the home for the specified period, to be eligible for loan forgiveness. Your loan documents will specify the exact terms in this regard.

The Following Criteria Must Be Met For Participation In The Program:

- Applicants must not have owned a home within the last three years unless they are single parents with custody of minor children.
- Program applicants should have a credit history free of delinquent obligations, and have a *demonstrated ability to qualify* for a first mortgage that meets program requirements. (See details on reverse side of this page.)
- Completion of an approved homebuyer training course, as evidenced by a completion certificate.
- Applicants must be able to provide \$1,000 of their own money to complete the home purchase.
- Household income may not exceed the following amounts, based on household size.

1 - \$38,850
5 - \$59,950

2 - \$44,400
6 - \$64,400

3 - \$49,950
7 - \$68,850

4 - \$55,500
8 - \$73,300

Properties Eligible for the Program:

- Homes constructed by one of the City's Community Housing Development Organizations, or non-profit or for-profit housing development partners.
- Sell for \$95,550 or less.

READ *BEFORE* FILLING OUT THE HOME 80 APPLICATION!

- 1. Application:** Submit an application to the Housing and Community Services Department. You can pick up an application at our office located at 332 N. Riverview or access the application on our website at <http://wichita.gov/Government/Departments/Housing/Pages/Homeownership.aspx>. **The following items must be submitted with your application:** A copy of the most recent tax return for each applicant, copies of most recent W-2 statements for each applicant, copies of paystubs/pay documentation for the two most recent months. (If paid monthly, two paystubs, if paid two times per month, four paystubs, if paid every other week, five paystubs. Also, you must submit copies of your most recent bank statement for two months, and statements for IRA, 401K accounts or any other investment accounts, covering a period of two months.
- 2. Homebuyer Training Classes:** Attend and complete a city recognized homeownership training session. You can register for a training session by contacting Mennonite Housing at 942-4848 or Urban League at 262-2463. You may be charged a nominal fee to attend this training.
- 3.** After submitting your application, your income will be verified by the HOME 80 program staff. Applications that are incomplete or that do not include **ALL** of the requested documentation **WILL BE DELAYED**. Therefore, *it is imperative that you review your application BEFORE submission* to be certain you include **ALL** the information the application specifically requests, including signatures.
- 4.** When your application is approved, you will receive your HOME 80 funding **commitment letter** from the HOME 80 program stating that you are approved to purchase a home. If you are not approved you will receive a **declination letter** in the mail.
- 5.** When applying for the HOME 80 program, we strongly encourage you to schedule a “pre-qualifying” appointment with a reputable lender (e.g., mortgage company, bank, etc.) offering competitive interest rates, if you have not done so. There is a possibility that you may have to resolve some credit problems or other home financing issues prior to qualifying for a home loan.
- 6. First Mortgage Loan Standards:** First mortgage loans used in conjunction with the HOMEownership 80 Program must be fixed-rate loans. “Balloon” payment loans, graduated payment loans, and adjustable rate loans are not acceptable. First mortgage loan interest rates may not exceed the rate for 30-year fixed rate mortgage loans as reflected at www.freddiemac.com or prevailing rates for prime rate first mortgage loans for the Wichita area.
- 7. Loan Qualifying Guidelines:** Monthly mortgage payment amounts, including principal, interest, taxes and insurance (PITI) may not exceed 31% of monthly income, and PITI plus any monthly debt service payments may not exceed 43% of monthly income, as determined by your first mortgage lender.
- 8. A copy of the purchase contract signed by all parties must be provided to HOMEownership 80 Program staff.**
- 9.** Once you have a property under contract, you must obtain a commitment for a first mortgage loan from a lender. Please instruct your lender send a copy of the “**loan estimate**” to our office.

(Keep this sheet for your records before submitting the application.)