



DOWNPAYMENT ASSISTANCE PROGRAM 2009- Program Guidelines



FINANCIAL GUIDELINES

- The funds can only be used for downpayment assistance.
- The maximum assistance allowed per property will be 20% of the total purchase price to a maximum of \$10,000.
- The funds will be provided as a forgivable grant to the homebuyer.
- The home buyer must contribute no less than \$1,000 of their own funds towards the down payment. Part or all of this may come from the home buyer's earnest payment. Closing costs, tax credits, pre-paid items, discount points, etc. are not eligible.
- The affordability period on the grant will be 5 years; the City will record a Deed Restriction or Mortgage depending on property address.
- The affordability period can only be assumable or transferable to an income eligible person or family, for a pre-determined sale price; except for properties located in the City designated Presumption of Affordability Area. Please contact the City to request additional information.
- The assistance will only be provided on purchases that meet the following criteria:
 1. The mortgage interest rate cannot be more than 3% higher than the current prime rate at date of Good Faith Estimate.
 2. The loan origination fee charged by the lender cannot exceed 1% of the total purchase price. Lenders are encouraged not to charge an origination fee.
 3. The purchase price of the property cannot exceed the appraised value of the property.
 4. Property taxes and insurance must be escrowed.
- The City will subordinate the mortgage only in cases where the reason for requesting the subordination meets one or more of the City's criteria. The City will subordinate not more than once every twelve months. Please contact the City to request additional subordinate information.

CLIENT GUIDELINES

- The applicant household must meet the HUD income guidelines.
- The applicant must occupy the property as their principal residence.
- The applicant must participate in an approved homebuyer education program prior to purchasing the property.
- The applicant must be a first-time homebuyer, unless the applicant is purchasing within the Glen Oak School Neighborhood Impact Zone. Please contact the City for Zone boundaries.

PROPERTY GUIDELINES

- The property must meet minimum City Housing Code.
- The property must be free of deteriorated paint.
- The property must be single-family:
 1. Within the boundaries of the Heart of Peoria Plan, it may be single-family attached (condo or townhouse).
 2. Outside of the boundaries of the Heart of Peoria Plan, the property can only be single-family detached.

APPLICATION PROCESS

- Applicants must complete a City application, obtain pre-approval from a lender and provide all necessary demographic and income information as required by HUD, as noted on the Application. If all application requirements are met, the applicant will receive an Eligibility Letter. This Letter does not guarantee assistance, only the ability to proceed beyond the application process.
- Eligible applicants must present the City with an accepted sales contract that addresses all of the criteria for the City of Peoria program. The sales contract must allow at least a 30 to 60-day period before closing.
- Upon receipt of an accepted sales contract, the applicant, in coordination with the property seller, must arrange for an inspection by the City to determine if the property meets City code. It is the responsibility of the buyer or seller to remediate all City code violations. **If the City Inspector finds cracked, peeling, missing paint on the property, the home is not eligible for Down Payment Assistance under this program.**
- Upon receipt of a passed City Inspection, the applicant will receive a Letter of Commitment contingent upon all of the remaining program criteria being met. The Letter of Commitment will expire within 30 days of issuance. The Commitment can be extended at the sole discretion of the City.
- The applicant should secure permanent financing with the understanding that all requirements listed in the sales contract and in the program guide must be met.
- The City will complete the HUD required Environmental Assessment of the property during the period before the closing. It takes 30 days for the request to be processed.
- Upon successful completion of all program requirements, the City will wire the appropriate funds to the closing. A mortgage in favor of the City shall be signed at closing and shall be subordinate to the permanent financing.

For further information please call: Nicole Frederick, Grants Coordinator, 309-494-8606.