



HUNTSVILLE
The Star of Alabama

Down Payment Assistance to First Time Homebuyers

DAP is funded through the
HOME Program of the U.S.
Department of Housing &
Urban Development.
All regulations governing the
HOME Program apply.



Creating Homeownership Opportunities

Contacts



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DAP Eligible Properties

- Property located within Huntsville City Limits
- Must pass a (free) City of Huntsville Code Inspection (not a substitution for the buyer paid property inspection)
- Current Maximum Prices
(Per 2021 HOME sales price limits for Huntsville/Madison County MSA)
\$185,000- existing construction
\$243,000- new construction
- Constructed prior to 1978- no hazardous lead paint present



DAP Ineligible Properties

Ineligible Properties:

- properties located in a 100-year flood plain
- manufactured housing (with or without the lot)
- currently occupied rental property
- owner-financed properties
- recreational or seasonal property
- * additional stipulations may apply



DAP Eligibility for Participants

2021 Income Limits

1	\$46,450
2	\$53,050
3	\$59,700
4	\$66,300
5	\$71,650
6	\$76,950
7	\$82,250
8	87,550

*2021 Income limits effective June 1, 2021

Eligibility

- U.S. citizen or legal status
- Income eligible
- First Time Homebuyer (or have not owned a home in the last 3 years)
- Complete Home Buyer's Course
- Meet preferred lender requirements
- No foreclosure in the previous 3 years
- Additional criteria for student buyers

Program Summary



- The Program provides financial assistance, in the amount required for the individual homebuyer; up to \$7,500 for existing construction or up to \$10,000 for new construction.
- The amount of assistance is recorded as a second mortgage and is forgiven after 5 years.
- Homebuyer must contribute at least \$500 towards the transaction from their personal funds.
- In the event of resell, prior to the 5 year requirement, 20% is forgiven for each complete year from the closing date. (No credit is given for partial years).
- In the event of a refinance, the COH will issue a subordination.
- Homeowner must verify occupancy annually.

Checklist



- Income verification-2 consecutive months worth of most recent stubs and calculation showing each person on the loan
- Combined household income must be verified
- Verification of Employment (VOE) of borrowers
- HUD Income Limits checked
- Sellers name, address, & contact information
- Copy of the deed to the property
- Seller signed authorization to inspect the property
- 2 months recent bank statements with at least \$500 showing as the monthly ending balance
- 2 Years most recent tax returns

Checklist cont.



- Proof of \$500 buyer contribution
- Credit report (dated within the last 6 months)
- Copy of signed mortgage loan application
- Copy of signed Real Estate Contract
- Copy of Loan Estimate
- Copy of Signed 1008 Transmittal Summary/showing max ratios of 31/43 (If over must meet all exception criteria, max 37/47)
- Copy of appraisal – Less than 6 months old
- Lead Based Paint Report (for homes constructed pre-1978)

Checklist cont.



- City Exhibit #4, Lead Paint Disclosure, seller & purchaser signed
- Closing Attorney's contact info (name, address, phone, fax & email)
- Certificate of Occupancy (for new construction)
- DAP Calculation Xcel Worksheet (designed to “Right Size” the level of assistance)



Lead-Based Paint Requirements

- City Form Exhibit 4 “Disclosure of Information on Lead-based Paint” is required on ALL properties. (No Form Substitutions)
- Properties constructed pre-1978, must have a Lead-Based Paint Inspection conducted by a Certified Risk Assessor.

Lead-Based Paint Certified Risk Assessors



Bhate Environmental Association, Inc.

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Birmingham, AL 35205-5573
(205) 918-4000

Direct contact: Stephen Acreman
W 205-918-4006
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Accelerated Risk Management

P.O. Box 101043
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Processing Requirements



- Homebuyer Education Course Completed with a HUD-approved Housing Counseling Agency within the last 2 years
- Family Services Center counsels the homebuyer and gathers documents from the lender, to determine if the homebuyer is eligible for assistance.
- FSC submits File to COH – Incomplete files will not be processed.
- City reviews for compliance and orders Code Inspection. If Code Inspection passes...but if work is required agent/homeowner contacted and reinspection is required.



Processing Requirements Cont.

- Once Code Inspection is complete, file undergoes a final review and is submitted to Finance.
- COH staff completes review process, the amount of eligible assistance is verified, signature approval is secured, HUD funds ordered and a check is prepared for closing. Expected time to receive funds is 10 working days.

The COH's 10-day begins upon receipt of a completed file.

- Once a check is cut, closing documents are sent to the closing attorney.
- COH typically brings funds to closing.



Homebuyer Education Classes

- Must be completed by a HUD-approved Housing Counseling Agency (HCA)
- Certificate of completion is valid for 2 years from course completion
- For a list of HUD-approved HCA's in Alabama, log on to: <https://apps.hud.gov/offices/hsg/sfh/hcc/hcs.cfm?webListAction=search&searchstate=AL>
- Local HCA's may also have HUD-approved web-based training options

Local Successes



- Over 350 homeowners served
- More than 2.5 million in Federal funds provided to Huntsville residents.
- COH DAP has helped create homeownership opportunities throughout the entire city.

** This presentation was updated on June 10, 2021. Any HUD regulation(s) or COH program modification(s), implemented after the fore mentioned date of revision, shall govern and apply.*