

WAYNE COUNTY
COMMUNITY DEVELOPMENT DIVISION

DOWN PAYMENT ASSISTANCE PROGRAM GUIDELINES
AS OF FEBRUARY 2015

I. PROGRAM OVERVIEW

For many individuals, the greatest barrier to homeownership is the ability to adequately save for the cost of a down payment and closing costs. The goal of the Wayne County Down Payment Assistance Program is to encourage homeownership through a forgivable loan of up to \$7,500 to assist first time homebuyers in covering these expenses.

II. ELIGIBILITY

In order to qualify for the deferred, forgivable 0% interest loan, individuals must meet the following requirements:

- Be a first time homebuyer
- Meet income eligibility requirements (published annually by HUD)
- Complete eight hours of housing counseling through a HUD-approved agency
- Purchase a 1-4 unit single family home, condominium, or cooperative unit in a qualifying community within Wayne county (land contracts are **not** eligible)
- Home must qualify as affordable housing based on the HUD guidelines
- Live in the property as owner-occupant for at least 5 years (otherwise loan repayment applies)
- Commit \$1,000 of your own funds to housing purchase
- Pass a HQS inspection prior to purchase

III. INCOME QUALIFICATION

In qualifying individuals for the program, Wayne County will adhere to the Part 5 (Section 8 Program) methodology for income determination. Two months of source documentation must be provided to determine annual income, except in the case of non-employment based income, where an award letter may be used.

IV. AFFORDABLE HOUSING

Homes purchased under the Down Payment Assistance Program must meet the

definition of affordable housing per HUD requirements. The purchase price limit for both new and existing housing in Wayne County can be found on the HUD Exchange website: <https://www.hudexchange.info/resource/2312/home-maximum-purchase-price-after-rehab-value/>

V. APPLICATION

Applications will be made through either National Faith Homebuyers or Wayne Metro Community Action Agency, who are responsible for administering the program for Wayne County. A full checklist of materials (attached) will be submitted to the Wayne County Housing Coordinator for review and approval of the down payment funds.

VI. REPAYMENT

If an individual sells their home within the 5 year affordability period established by HUD, they will be responsible for reimbursing Wayne County a pro-rated amount of the assistance.

VII. REFINANCING AND SUBORDINATION

Homeowners wishing to refinance within the 5 year affordability period will need to apply to Wayne County for a subordination of mortgage via their new lender. The County's subordination policy requires that any new loan will improve the financial situation of the homeowner, either through a lower interest rate or shorter loan term. Refinancing for equity out of the home will only be approved in cases of documented financial hardship or documented capital improvements necessary for the homeowner to remain in the home.

VIII. UNDERWRITING

When the application packet is submitted to Wayne County, the homebuyer's income and consumer debt will be reviewed to ensure housing affordability and sustainability. The proposed principal, interest, taxes and insurance (PITI) payment for the new home must not exceed 30% of the borrower's household gross monthly income (total monthly income before any deductions.) The borrower's total debt-to-income ratio (including mortgage payment) may not exceed 43%. Exceptions can be made in cases of debts with 9 or fewer months remaining.



**Wayne County
HOME/NSP Program**

First-Time Homebuyer Program
Checklist for Documents Submitted to County for Approval

Program	DPA Available	Income Criteria
NSP1 New Construction	Up to \$25,000 (no more than 50% of the sale price)	Up to 120% AMI
NSP1/3 Rehab	Up to \$7500 (\$25,000 for Southgate homes) no more than 50% of the sales price	Up to 50% AMI
HOME-Inkster	Up to \$10,000	Up to 80% AMI
HOME	Up to \$7500	Up to 80% AMI

*Please note that housing debt to income ratio cannot exceed 30%

Homebuyer(s): _____

Address: _____

SR	WC
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- | | | |
|--------------------------|--------------------------|--|
| <input type="checkbox"/> | <input type="checkbox"/> | Original Invoice to Wayne County \$ _____ |
| <input type="checkbox"/> | <input type="checkbox"/> | Completed Data Entry Form |
| <input type="checkbox"/> | <input type="checkbox"/> | Homebuyer Assistance Application: with original signature of the applicant |
| <input type="checkbox"/> | <input type="checkbox"/> | Income Calculation Form-Please include the debt to income ratio |
| <input type="checkbox"/> | <input type="checkbox"/> | Pay Stubs (from the last sixty (60) days): |
| <input type="checkbox"/> | <input type="checkbox"/> | Federal Income Tax Return with W-2s (most recent year) |
| <input type="checkbox"/> | <input type="checkbox"/> | Asset Verifications-3 months of bank statements |
| <input type="checkbox"/> | <input type="checkbox"/> | Homebuyers Education Certificate from a HUD certified counseling agency |
| <input type="checkbox"/> | <input type="checkbox"/> | Conflict of Interest Affidavit: signed and notarized |
| <input type="checkbox"/> | <input type="checkbox"/> | Affidavit of Voluntary Sale: from the seller |
| <input type="checkbox"/> | <input type="checkbox"/> | Good Faith Estimate |
| <input type="checkbox"/> | <input type="checkbox"/> | Complete First Mortgage Loan Application signed by purchaser |
| <input type="checkbox"/> | <input type="checkbox"/> | Title Insurance |
| <input type="checkbox"/> | <input type="checkbox"/> | Uniform Residential Appraisal Report complete within 90 days of the offer to purchase. |
| <input type="checkbox"/> | <input type="checkbox"/> | Fully executed purchase agreement |
| <input type="checkbox"/> | <input type="checkbox"/> | Copy of the Earnest Money Deposit Check from the Purchaser |
| <input type="checkbox"/> | <input type="checkbox"/> | Draft HUD 1 |
| <input type="checkbox"/> | <input type="checkbox"/> | Documentation of Review of Flood Insurance Rate Map (Flood Insurance if Required) |
| <input type="checkbox"/> | <input type="checkbox"/> | HQS Inspection (existing home) or Certificate of Occupancy (new home) |
| <input type="checkbox"/> | <input type="checkbox"/> | Lead Disclosure |
| <input type="checkbox"/> | <input type="checkbox"/> | Copy of photo identification |
| <input type="checkbox"/> | <input type="checkbox"/> | Freedom to Choose Form |

Loan Processing – *these documents are not required for invoicing Wayne County but must be submitted to Wayne County no more than 10 business days after closing.*

- *Settlement Statement (HUD-1) from Closing signed by Seller and Purchaser
- *Original Wayne County HOME Promissory Note
- *Executed Wayne County HOME Second Mortgage
- *Filing receipt from Wayne County Register of Deeds.

Wayne County HOME Program

MORTGAGE SUBORDINATION POLICY

Revised February 2015

As the Wayne County HOME Program improves upon its loan programs, so too must the policy for subordinating Wayne County's lien positions be improved.

Subordination requests will only be considered, pursuant to 24 CFR Part 92, if the homeowner:

1. Will be in a better financial position with respect to property if they complete a refinance of the mortgage. This may include a better interest rate, or a shorter term on the life of the mortgage. Please note that Wayne County will verify the credibility of the lending agency requesting the refinance.
2. Is seeking equity as a result of a hardship. Hardship could include the following; death of the primary income earner in the home, catastrophic medical conditions or loss of income. Documentation will be required for the identified hardship. This may include; certification from a primary Doctor or a death certificate depending on the hardship.
3. Is seeking equity to cover capital improvements to the home. Capital improvements must be necessary for the homeowner to remain in the home. This could include; roof repairs, floods or major electrical/plumbing problems. Documentation from the home insurance company and pictures will be required if capital improvements are requested.

To request a mortgage subordination agreement:

Please fax the following documents to the attention of Jeff Henze, Housing Coordinator, and Wayne County HOME Program at (313) 224-8458:

1. A cover page indicating the homeowner name(s) and address
2. On the cover page indicate the purpose of the proposed financing (please be specific), and the rate & term of the mortgage (specify the current mortgage rate to be refinanced).
3. A Uniform Residential Appraisal (first two pages only),
4. A Good Faith Estimate, and
5. A typed Uniform Residential Loan Application.
6. Current Declaration of Homeowner's Insurance showing Wayne County as an additional insured.
7. Please return 3 signed and notarized copies of the attached Subordination Agreement to be executed. Please complete all necessary information in the template in the highlighted areas (name, address, reason for subordination, etc...). **Please DO NOT change any language in the template as this will cause delays in the execution process.**

The subordination agreement from Wayne County takes approximately 60 to 90 days to fully execute. Upon execution, the one-page document will be mailed via first-class mail to the specified company for recording purposes.