

**City of Hammond**  
**Department of Planning & Development**  
**2017-2018 Homebound**  
**Home Ownership Program**

**Down Payment Assistance**

**I. Geographic Location**

Within City of Hammond corporate limits.

**II. Eligible Property**

Property which will serve as the recipient's principal residence.

A. Existing residential properties that meet the HUD \*Housing Quality Standards

1. Single family (one unit structure)
2. Condominium (or Townhouse)

B. New Construction

1. Single family (one unit structure)
2. Condominium (or Townhouse)

**III. Eligible Applicants**

A. Total Household Income not to exceed Eighty percent (**80%**) of Area Median Income. (Police officers, Firefighters, and Educational Professionals are exempt from the income requirement.)

B. Hammond City Employees working directly in the Homebound Program for Department of Planning & Development are ineligible for forgivable loan assistance.

C. A Prospective buyer, who seeks this forgivable loan, is required to fill out an application with the City of Hammond's Dept. of Planning & Development Rehabilitation Loan Officer.

D. Does not currently own a home and has not owned a Home in the last 12 months. (Police officers, Firefighters, and Educational Professionals cannot currently own a home.)

#### IV. Financing Guidelines

- A. **Grant Amount will provide up to 50% of the required down payment and pay reasonable closing costs up to a maximum total grant of \$2,500.00.** Police Officers, Firefighters and Educational Professionals (defined as those that are licensed or administrative professionals working for any licensed educational institution located within the City of Hammond's corporate limits.) will be eligible for a **maximum total grant of \$3,500.00** (Police Officers, Firefighters and Educational Professionals **does not have to match the \$3,500.00.**)

The buyer must have saved or have credits or gift funds to contribute as equity for their own closing and/or down payment costs, amounting to at least 50% of the required closing and/or down payment costs. These funds will be defined as their contribution or equity (**Borrower's Funds used for the down payment, earnest money, and those used for pre-paid expenses such as appraisal and credit reports are among those that qualify as their contribution or equity for the Matching Funds**). The city's forgivable loan will provide up to 50% of the down payment and /or closing costs up to a maximum total forgivable loan of \$2,500.00 for existing homes.

Buyers of properties being newly constructed are eligible for \$5,000 forgivable loan (those obtaining \$5,000.00 and assistance funding are exempt from the household income guidelines). The house must be newly constructed by the buyer.

Police Officers, Firefighters and Educational Professionals (defined Educational Professionals are those who 1) **provide instructional support services to early childhood, primary, secondary, or postsecondary students, 2) directly supervise those who provide those services to students, or 3) provide essential instructional support services directly to students.**) will be eligible for a **total forgivable loan of \$3,500.00 for existing housing**. If they purchase a newly constructed home they are eligible for the aforementioned **\$5,000.00 forgivable loan**.

The forgivable loan is subject to recapture if, during the first five years of ownership, the applicant moves, rents, transfers ownership, no longer uses the home as their primary residence, becomes deceased or sells the property.

The DPA (Down Payment Assistance) forgivable loan will be paid back in accordance with the following recapture prorated schedule:

1. Program recipients that move, rent or sell the property within two (2) years of closing will be legally required to pay the city back 100% of the total forgivable loan amount.
  
2. Program recipients that move, rent or sell the property within the end of second (2<sup>nd</sup>) year of closing and the third (3<sup>rd</sup>) year of closing will be legally required to pay the city back 60% of the total forgivable loan amount.
  
3. Program recipients that move, rent or sell the property within the end of the third (3<sup>rd</sup>) year of closing and the fourth (4<sup>th</sup>) year of closing will be legally required to pay the city back 40% of the total forgivable loan amount.
  
4. Program recipients that move, rent or sell the property within the end of the fourth (4<sup>th</sup>) year of closing and the fifth (5<sup>th</sup>) year of closing will be legally required to pay the city back 20% of the total forgivable loan amount.

(These recapture provisions will be secured through a retention agreement or any other legal instrument required by the city)

**B. Applicants are encouraged to seek financing by a licensed financier**

with an office within the Hammond city limits.

- C. Applicants approved for a mortgage loan are eligible so long as the mortgage product is not financing an inflated purchase price or closing cost, including commissions, origination fees or interest rate buy downs. The city will examine every application for evidence of predatory lending practices and report suspect arrangements to the Indiana Secretary of State for investigation.
- D. Qualifying ratios: Total housing expenses (PITI) must not exceed **31 percent** of monthly income, and total debt service must not exceed **43 percent** of monthly income.
- E. Beneficiary will execute a grant/retention agreement and a restrictive covenant with the City of Hammond to occupy the housing unit for a period of not less than five (5) years.
- F. Additional guidelines:
  - 1. Homebuyer Education Workshop (8 Hour class)
  - 2. Certificate of completion must be submitted.

## **V. Federal Legislative and Regulatory Requirements**

Homebuyers who receive federally funded down payment assistance, are required to meet all applicable federal regulations in order to meet program requirements. These types of requirements are, but not limited to, such things as:

- 1. Lead Base Paint visual assessment and compliance.
- 2. Dwelling Inspection, to meet some minimum housing quality standards. (conducted by City of Hammond Code Enforcement)
- 3. Home inspection (Licensed)
- 4. Income and other verifications (when applicable)

## **VI Lending Institutions**

- A. The City of Hammond Rehabilitation Section, must receive a complete legible loan package for review and approval including HUD documentation required for HOME or CDBG funds contingent on the funding source used by the city.
- B. Closing statement must show where The City of Hammond Rehabilitation Section funds are used
- C. At least 2 days before closing, The City of Hammond Rehabilitation Section must receive a draft copy of the HUD-1 closing statement for review and approval. **NO EXCEPTIONS!**

**THESE GUIDELINES OUTLINE THE BASIC FUNDING  
REQUIREMENTS OF  
THIS PROGRAM AND NOT MEANT TO BE ALL-INCLUSIVE.**

**The funds for this program are limited. As such, they  
will be available on a first-come, first-served basis. This  
funding program cannot be combined with other City  
programs.**

**The City of Hammond is an Equal Opportunity Lender.**

PHONE (219) 853-7326 FAX (219) 853-6621

For more Information or to make your appointment, please call Owana J. Miller at  
219-853-7326

### ***FY 2017 Income Limits Summary***

FY 2017 Income Limit Area	Media n Income	FY 2017 Income Limit Category	Persons in Family							
			1	2	3	4	5	6	7	8
Gary, IN HUD Metro FMR Area	\$64,900	Very Low (50%) Income Limits (\$)	22,750	26,000	29,250	<b>32,450</b>	35,050	37,650	40,250	42,850
		Extremel y Low Income Limits (\$)*	13,650	16,240	20,420	<b>24,600</b>	28,780	32,960	37,140	41,320
		Low (80%) Income Limits (\$)	36,350	41,550	46,750	<b>51,900</b>	56,100	60,250	64,400	68,550