

City of Hammond
Department of Planning & Development
2024/2025 Homebound
Down Payment Assistance Home Ownership Program

Existing Home Guidelines

I. GEOGRAPHIC LOCATION

Within the 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. *Purchase Price cannot exceed \$228,000 (excludes Police, Licensed Educational Professionals, Fire and full-time City of Hammond employees who are over income)**

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

III. INELIGIBLE PROPERTY

1. Multifamily Housing
2. Mobile or Trailer Home
3. Modular Homes

IV. ELIGIBLE APPLICANTS

A. Total Household Income not to exceed eighty (80%) percent of Area Median Income. (Police Officers, Firefighters, Licensed Educational Professionals and full-time City of Hammond employees including those employed by Hammond Water Works, Hammond Port Authority, and Hammond Sanitary District and Hammond Housing Authority who are over income are exempt from the income requirement.)

Licensed Educational Professionals - Full-time licensed Teachers (head start-12th grade), full-time College Professors, Deans, full-time licensed School Counselors, and Principals

- B. A prospective buyer who seeks this forgivable loan is required to fill out an application with the City of Hammond's Department of Community Development staff.
- D. Does not currently own a home and has not owned a home in the last twelve (12) months. (Police Officers, Firefighters, Licensed Educational Professionals, and full-time City of Hammond Employees over income are exempt from this provision, but must occupy the newly purchased home).
- E. Eligible applicants may have a maximum of \$25,000.00 in liquid assets. (Police Officers, Firefighters, Licensed Educational Professionals, and full-time City of Hammond Employees over income are exempt).

V. FINANCING GUIDELINES

- A. Forgivable loan amount will provide up to fifty (50%) percent of the required down payment and pay reasonable closing costs up to a maximum total grant of \$10,000.00 and a minimum of \$1,000.00 (based on applicant's need). Police Officers, Firefighters Licensed Educational Professionals and full-time City of Hammond employees that are over income will be eligible for a maximum total grant of \$10,000.00. (Professionals must be on the loan to receive \$10,000.00).

The applicant 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 fifty (50%) percent of the required closing and/or down payment costs. These funds will be defined as their contribution or equity (Applicant'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 fifty (50%) percent of the down payment and/or closing costs up to a maximum total forgivable loan of \$10,000.00 and a minimum of \$1,000.00 (based on applicant's need) for existing homes.

The forgivable loan is subject to recapture if, during the first five (5) 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 one hundred (100%) percent of the total forgivable loan amount.

2. Program recipients that move, rent or sell the property within the end of the second (2nd) year of closing and the third (3rd) year of closing will be legally required to pay the City back sixty (60%) percent of the total forgivable loan amount.
3. Program recipients that move, rent or sell the property within the end of the third (3rd) year of closing and the fourth (4th) year of closing will be legally required to pay the City back forty (40%) percent of the total forgivable loan amount.
4. Program recipients that move, rent or sell the property within the end of the fourth (4th) year of closing and the fifth (5th) year of closing will be legally required to pay the City back twenty (20%) percent of the total forgivable loan amount.

Police Officers, Firefighters Licensed Educational Professionals and full-time City of Hammond employee recipients that move, rent or sell the property within five (5) years of closing will be legally required to pay the City back one hundred (100%) percent 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 costs, 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 thirty-five (35%) percent of monthly income and total debt service must not exceed fifty (50%) percent of monthly income.
- E. Applicants/Program recipients 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 Educational Class (8-hour class) must be taken by everyone listed on the loan.

2. A certificate from the Homebuyer Educational Class must be given to the loan officer.
3. The City of Hammond's Code Enforcement will conduct an inspection of the home. If the home fails inspection, the seller must correct the failed findings prior to the buyer closing on the home. If the failed findings are not corrected prior to closing, the buyer will not receive Down Payment Assistance (Police, Fire, Licensed Educational Professionals and full-time City of Hammond Employees over income are exempt).

VI. FEDERAL LEGISLATIVE AND REGULATORY REQUIREMENTS

Home buyers 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 the City of Hammond Code Enforcement).
3. Home Inspection (licensed).
4. Income and other verifications (when applicable).

VII. LENDING INSTITUTIONS

- A. The City of Hammond Community Development Department must receive a complete legible loan package for review and approval including HUD documentation required for HOME funds contingent upon the funding source used by the City.
- B. Closing Disclosure must show where the City of Hammond Community Development Department funds are used. No cash back is allowed on any loan. However, principal reductions are allowed.
- C. At least two (2) business days before closing, the City of Hammond Community Development Department must receive a Final Closing Disclosure statement for review and approval. **NO EXCEPTIONS!**
- D. **Wire instructions must be given one week in advance.**

THESE GUIDELINES OUTLINE THE BASIC FUNDING REQUIREMENTS OF THIS PROGRAM AND ARE 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

For more information or to make your appointment, please call

219-853-6358 ext. #2