



DOWNPAYMENT ASSISTANCE PROGRAM MANUAL



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PROGRAM DESCRIPTION

The Augusta Housing & Community Development Department (AHCDD) offers financial assistance to low to moderate-income, first-time homebuyers through the department's Down-payment Assistance Program. Under the program, eligible down-payment and closing costs are paid for with funds available under the U.S. Department of Housing & Urban Development's HOME and American Dream Down-payment Initiative programs.

ELIGIBLE APPLICANTS

1. The applicant must be a "*First-Time Homebuyer*" which is defined as under federal regulations as:
 - a. An individual and his or her spouse who have not owned a home during the three- year period prior to the purchase of a home with assistance under this program, or
 - b. A person who is a displaced homemaker which is defined as: An adult who has not worked full-time, for a full year in the labor force for a number of years but has, during such years, worked primarily without remuneration to care for the home and family and is unemployed or underemployed and is experiencing difficulty obtaining or upgrading employment, or
 - c. A person who is a single parent defined as an individual who is unmarried or legally separated from a spouse (documentation must be provided for separation or divorce); and has one or more minor children of whom the individual has custody or joint custody, or is pregnant.
2. The applicant's total household income must be within the U.S. Department of Housing & Urban Development's (HUD) Area Median Income Limits for the Augusta Metropolitan Statistical Area (MSA). The total annual income cannot exceed eighty percent (80%) of the area median income depending on family size.
3. The applicant must present any court-ordered documentation illustrating custody for surrogate family members (e.g. grandchildren, nieces, nephews, cousins, etc.).
4. The applicant must have successfully completed a department-approved home buyer education program prior to purchasing a house with assistance from the program.
5. The applicant must be a homebuyer who agrees that the purchased home will serve as the applicant's sole place of residency and not serve as a rental or commercial facility.

Eligible Properties

1. The property must be a *one* (1) unit single family dwelling (attached or detached) design for residential use and located within Augusta-Richmond County (excluding the city of Blythe) and intended for owner occupancy. Unless the tenant is the borrower, financial assistance program funds cannot be used towards the purchase of a property which is occupied by a tenant at the time the sales contract is signed.
2. The property to be purchased must meet the requirements of the applicable housing and building codes and ordinances.

Applicable Household Income Limits

The table below shows the household income limits applicable to the Down-payment Assistance Program.

Income Limits by Household Size for Augusta-Richmond County, Georgia, 2019

Home Income Limits

Household Size		Household Income Limits 2019	
Highlight Size of Family	30% of Median	60% of Median	80% of Median
1	\$ 13,200	\$ 26,400	\$ 35,200
2	\$ 15,100	\$30,180	\$ 40,200
3	\$ 17,000	\$ 33,960	\$ 45,250
4	\$ 18,850	\$ 37,680	\$ 50,250
5	\$ 20,400	\$ 40,740	\$ 54,300
6	\$ 21,900	\$ 43,740	\$ 58,300
7	\$ 23,400	\$ 46,740	\$ 62,350
8	\$ 24,900	\$ 49,740	\$ 66,350

Source: U.S. Department of Housing and Urban Development, Income Limits for Augusta-Richmond County, Georgia, 2019.

Note: Income limits are subject to change annually

Maximum Purchase Price

The maximum purchase price is as follows for the Augusta Richmond County GA:

Unit #	FHA Limits Pre-Economic Stimulus Act	
	Existing Homes	New Homes
1 Unit	\$ 152,000	\$ 227,000
2 Unit	\$ 195,000	\$ 291,000
3 Unit	\$ 236,000	\$ 352,000
4 Unit	\$ 292,000	\$ 436,000
Unadjusted Median Value	\$ 160,000	\$ 239,000

Notes About Income Calculations

Total annual household income cannot exceed 80% of the area median income figure, depending on family size, in order to be eligible for assistance. The total household income is determined by adding up the annual wages, salaries, governmental and non-governmental benefit disbursements, court ordered child support, alimony, and stock dividend payments of each member of the household listed on the application where these items apply. This also applies to children who are employed either full of part-time.

If any individual whose name(s) appear on the application has custodial responsibilities for other member(s) of the household, submission of a "Custodial Order" from the appropriate court, granting full custodial responsibilities to the applicant, will be required at the time the application is submitted. This is necessary to accurately document the number of people in the applicant's household.

**** INCOME WILL BE CALCULATED ACCORDING TO HUD'S GUIDELINES****

TYPES OF FINANCIAL ASSISTANCE

The type of financial assistance available are Deferred Forgivable Payment. The total maximum amount of assistance available to any one applicant is \$5,000.00.

Forgivable Deferred Payment Loans

Eligible Property: Single-family home located in Augusta-Richmond County

Amount of Assistance: Minimum of \$500.00 up to a maximum of \$5,000.00.

Repayment: The full amount of the deferred payment loan is forgiven after the fifth anniversary of the purchase if the applicant continues to own and reside in the home, and the use of the property remains residential. Applicant must submit every year documentation proving residency; such as power bill, gas bill, water bill, etc. Applicant must attend a post homeowners counseling class prior to the five year “*forgivable*” loan period being completed. Completion of class certificate must be submitted to AHCD. Failure to provide the requested information can result in the lien remaining on the home until proper documentation is submitted.

Within the five (5) year period, twenty (20%) of the amount which has been determined to be forgiven will be subtracted to achieve the total amount to be forgiven (see chart below)

Year #		Annual Amount Re-Paid (\$5,000)
Repayment after year	1	4,000.00
Repayment after year	2	3,000.00
Repayment after year	3	2,000.00
Repayment after year	4	1,000.00
Repayment after year	5	0

ELIGIBLE USE OF FUNDS

Financial assistance made available under the Down-payment Assistance Program may only be used to cover down-payment assistance and closing costs. Examples of eligible costs include financing fees, appraisals, legal fees, and recording costs.

PURCHASE PRICE LIMITATION

According to HUD regulations, the purchase price for a unit assisted under this program cannot exceed 95% of the median purchase price of a single-family home in the Augusta Metropolitan Statistical area (MSA), or FHA mortgage limits for the MSA

RESTRICTION ON LOAN SUBORDINATION

During the first *five* (5) years of the loan period, loan subordination requests will not be processed or approved by the Augusta Housing and Community Development Department.

RESTRICTION ON ASSUMPTION OF LOAN

A loan made under the Down-payment Assistance Program is not assumable. The outstanding balance must be paid by the borrower upon the sale or transfer of the property.

ROLES AND RESPONSIBILITIES

Program applicants (i.e. qualified first-time homebuyers), financial institutions, closing attorneys and the Augusta Housing and Community Development Department (AHCD) have

interrelated roles and responsibilities. It is important that all parties understand their responsibilities in order to assume timely processing of each application for assistance under the Down-payment Assistance Program.

The Role and Responsibility of the Applicant

1. Applicant must submit to the lender all information to be included in the DPA application package.
2. Applicant attends an interview session with AHCD staff. During the interview staff will review documents which the applicant will be required to submit at the time of the interview. These documents include, but are not limited to the following:
 - **Proof of Identity (Driver's License, Approved State Identification Card, Voters Registration Card).**
 - **Credit report**
 - **Social Security cards for everyone that will be residing in the home.**
 - **Two months of bank statements.**
 - **One (1) years of income tax returns (Federal, State & City).**
 - **Four (4) consecutive pay stubs and any other supportive income information, such as child support, social security benefit documentation, etc.**
 - **Marriage certificates, divorce papers or legal separation papers.**
 - **Court custodial order(s) for surrogate family members and individuals.**

Note: Failure of an applicant to attend the scheduled interview session, and/or failure to submit the required documentation, will result in a delay or postponement in the application review process.

3. Applicant is required to attend and complete a qualified homebuyer education/pre-purchase housing counseling program. Upon completion of the program, the applicant is to submit a Certificate of Completion to their financial institution.
4. Applicant will be responsible for providing contributions to the purchase of the home. Purchaser will provide the following according to the income guidelines.

Income Limits	Contribution Amount
30%	\$ 500.00
50%	\$ 750.00
80%	\$ 1,000.00

Role and Responsibility of Financial Institutions

1. Financial institution (i.e. the lender qualifying an applicant for a home mortgage loan) determines the potential homebuyer's financial ability to purchase the desired property.
2. Because financing is limited under the Down-payment Assistance Program, lenders are to make every effort to qualify clients for the highest loan-to-value ratio on the client's first mortgage.
3. Lender submits the required documentation outlining the applicant's request for financial assistance. The required documents include, but are not limited to, the following:

No.	Description of Items Requested
1	Contract Information Sheet outlining – Seller's Name; Address; Phone Number; Closing Attorney's Info; Real Estate Agent; Buyer's Agent; Appraisal Price; Sales Price; Requested DPA Amount. All info on Lender's Letterhead
2	Form 1033 – UNIFORM RESIDENTIAL LOAN APPLICATION (Signed by Borrower)
3	AHCD – Homeownership Financial Assistance Application (Completed)
4	Verification of Employment
5	Verification of Income – Paystubs (2 consecutive months/W-2 form/Income Tax Return
6	Loan Estimate
7	Debt to Income worksheets
8	Appraisal Report (In Color)
9	Purchase/Sale Agreement (Sales Contract)
10	Credit Report
11	Copy of Driver's License Copy of Social Security Cards of all that will reside in property
12	Proof of Earnest Money Revd. (min. \$500.00 according to income)
13	Proof of Homeowner's Insurance
14	Copy of Homeowner's Insurance

4. All applications should be uploaded into the City Website- Neighborly software <https://portal.neighborlysoftware.com/augusta/Participant>. Lender must submit an application that contains all of the required documents. The application review process will not begin until all of the required documents are submitted. To avoid delays in the review of an application, lenders are advised to submit all the required documents at the same time.
5. Lender must arrange with the AHCD Department for the initial physical inspection of the property to be assisted under the program. The lender is the only entity authorized to request an inspection or re-inspection of a property. When contacting

the department, a lender should provide the name and telephone numbers of the seller and the real estate agent and available dates for access to the property.

6. Lender is responsible for informing the seller and/or their representative that the property is ready to be inspected by AHCD staff.
7. Lender (via the seller/realtor) bears the responsibility in addressing and completing all the repairs that have been noted by inspectors following a physical inspection of the property to be assisted under the program.
8. Lender contacts AHCD to arrange for the re-inspection of a property, if necessary.

Note: If a home does not pass inspection on the first visit by the inspectors, a hundred (\$100.00) dollar payment will be imposed each and every time the property does not pass inspection and must be paid prior to the second visit and any thereafter. Cash payments will not be accepted. Money orders and checks are the acceptable forms of payment, payable to the “**Augusta Housing & Community Development Department**”.

Note: All properties built prior to **1978** must be inspected/ tested for the presence of lead-based paint hazards. Evidence of the inspection, testing completion of any necessary abatement is required prior to the funding of the loan.

****25 BUSINESS DAY APPROVAL TIME ALLOTTED FROM A CITY SIGNED AGREEMENT PACKAGE SUBMISSION****

Role and Responsibilities of the Housing and Community Development Department

1. Make every effort to complete the application review process in a minimum of fifteen (15) days. Situations do arise that cause delays in the timely processing of an application. Some of the typical reasons for delays in processing an application includes the following:
 - a. **Failure of Lender to submit all of the required documents.**
 - b. **Failure for the desired property to pass the physical inspection requirement of the program.**
2. Assure compliance with the applicable federal rules, regulations, policies and procedures in the administration and management of the Down-payment Assistance Program.
3. Convey in writing to the lender whether or not an application has been approved for assistance.
4. Conduct an interview with the applicant during the application review process.
5. Conduct a physical inspection using HQS (Housing Quality Standards) of the property to be assisted under the program. The purpose of the inspection is to assure that the home meets the applicable needs and ordinances. AHCD inspection staff personnel will contact the appropriate parties to conduct the physical inspection. It is imperative that AHCD inspectors conduct the inspections without interference. Inspectors have been instructed to limit their comments in written form. Their notes/comments will be placed on a triplicate carbonless form. A copy of these notes/comments will be submitted to the seller, realtor and the financial institution. **Copies of the Property**

Inspection Checklist and Inspection Worksheet are included as attachment to this manual.

6. Upon approval of an application for assistance, complete the necessary legal documents and transmit the same to the attorney handling the sale/purchase of the property.

7. To avoid confusion and to expedite the application review process, AHCD staff will only discuss the status of an application, and the scheduling of the property inspection, with the lender who submits the application package. Department staff will not discuss the status or contents of an application package with realtors, the seller and/or the potential homebuyer.

The Role and Responsibility of the Closing Attorney

1. Closing attorney will provide AHCD with a copy of all closing documents within twenty-four hours of the loan closing.
2. If a closing attorney or law firm fails to furnish copies of the closing documents in a timely manner on two separate occasions, a guarantee of funds letter will be issued in lieu of a check for all subsequent closings. In such cases, AHCD will then issue a check after receiving copies of the closing documents.



Schedule of Items To Be Inspected

ITEM	REQUIREMENTS
Ceilings	Free of severe bulging, large cracks and holes or loose falling materials
Walls	Free of severe bulging, large cracks and holes or loose falling materials
Floors	Free of large cracks and holes, warped floorboards and covering causing trip hazards
Windows	Every window is to be in good condition possessing screens free of slits and holes able to close and keep out weather and free of cracked and broken window panes
Paint	No peeling or chipping paint
Locks	Good working condition for doors and windows
Doors	Free of peeling, sticking, large cracks and holes Screens on patio doors
Roofs, Gutters & Downspouts	No evidence of leaking, free of large cracks and holes and properly attached to the building
Stairs (Interior)	Handrails properly secured and steps free of trip hazards
Attic Stairway	Handrails properly secured, steps free of trip hazards and "Batt" insulation installed in step cavities
Steps (Exterior)	Handrails properly installed (three steps or more) or secured. Steps are to be free of trip hazards
Handrails	Evidence of properly installed handrails for porches, balconies or decks 30" above the ground
Foundation	No evidence of leaking
Sewage	No evidence of leaking and properly connected to public or private sewage disposal system
Chimneys	No evidence of cracks, defects, leaning or missing bricks
Electric	Connected, operational and in good condition no evidence of frayed or faulty wiring, every receptacle or switch is to be fully operable. "GFI" outlets are to be fully operable and installed in interior wet areas (Kitchens & Bathrooms) and exterior wall areas
Plumbing	Pipes in good condition no evidence of leaking. No serious rusting around drains, faucets and pipes. Operable water fixtures, faucets, drains, toilets, showers and tubs (Kitchens, bathrooms, exterior hose bibs, etc.)
Cooling Systems	Connected, operational and in good condition, no evidence of leaking or malfunctions
Heating System	Connected, operational and in good condition, no evidence of leaking or malfunctions
Water Heater	Connected, operational and in good condition, no evidence of leaking or malfunctions
Exterior Lights	Connected, operational and in good condition
Smoke Detectors	Connected, operational and in good condition
Garbage, Vegetation, Rodents	No large piles of trash, vegetation, rodent and insect infestation which can pose a threat to the building and inhabitants
Bathroom - Tub/Shower Areas	Tub/Shower operable w/ hot and cold running water, no loose or crack tiles.
Bathroom - Medicine Cabinet & Mirrors	Medicine cabinet installed properly, no rust or cracked or broken glass. Mirrors no evidence of cracks, or broken glass
Appliances	Stove, oven and refrigerator in good working condition. If appliance are not present letter must be submitted indicating delivery date
Pollution	No evidence of carbon monoxide, sewer gas, etc.

Lead-Based Paint Hazards

All properties securing financial assistance which were built prior to **1978** must be inspected for lead-based paint and the appropriate action must be taken. Evidence of the inspection, completion of any necessary abatement actions is required prior to the funding of the loan.

Description of Financial Assistance Offered

“*Conditional Deferred Payment Loans*” are issued to qualified program participants through an application process and a qualifying process, which determines the eligibility of the potential program participant. Financial assistance is offered in the following manner:

- ➔ **The minimum amount of assistance offered is *five hundred* (\$500.00) dollars.**
- ➔ **The maximum amount of assistance offered is *five thousand* (\$5,000.00) dollars.**
- ➔ **The loan will be “*Forgiven*” after the conditions listed below are met.**
 1. **The *fifth* year anniversary date has occurred.**
 2. **The homeowner resides in the home after *five* (5) years.**
 3. **The ownership of the property does not change and the use of the property remains residential after five years.**
 4. **Within the five (5) year period within each calendar year at the anniversary date of the initiation of the loan, twenty (20%) of the amount which has been determined to be forgiven will be subtracted to achieve the total amount to be forgiven. Please refer to the chart below:**

Year #	Annual Amount Forgiven (\$5,000.00)
1	4,000.00
2	3,000.00
3	2,000.00
4	1,000.00
5	0

Contact Information

Augusta Housing and Community Development Department
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(706) 821-1797