



HOME PROGRAM COMPLIANCE CHECKLIST

HOME-Funded First Time Homebuyers Assistance

HOME Program applicants must review and demonstrate compliance with all relevant sections of this checklist for the selected priority.

All proposed activities must be eligible, and not prohibited, as per *HOME Final Rule, effective July 24, 2013*.

GENERAL INFORMATION

APPLICANT NAME:		
PROGRAM:		
CONTACT PERSON:	PHONE:	EMAIL:

ALL PROJECTS

- Minimum \$1,000 of HOME Program assistance
- Discussion with assigned DCED HOME grant manager
- This project has been reviewed to determine if any of the project is within the designated FLOODWAY using the best available data, and it has been determined **that it is** or **is not** located in the FLOODWAY.
Identify FIRM MAP or other source used for this determination: _____

FIRST TIME HOMEBUYERS – ACQUISITION WITH/WITHOUT REHABILITATION

- Unit assisted is the principal residence of the owner (recorded deed and/or promissory note must incorporate this requirement)
- Estimated value does not exceed 95% of the median purchase price for housing in the area (as determined by information provided by HUD and published on an annual basis)
- Identified affordability and compliance as follows:

Homeownership Assistance per Unit	Affordability Period
Homebuyer*	
Less than \$15,000	5 years
\$15,000 - \$40,000	10 years
\$40,000 +	15 years

**depends on resale (total HOME dollars) or recapture (direct assistance)*

- New construction meets requirements of PA Uniform Construction Code (UCC) and any locally adopted/approved regulations (*as applicable*)
- Application complies with DCED Layering / Underwriting Guidelines (*as applicable*).

If ownership is to be transferred to homebuyer prior to rehabilitation, the following must be addressed:

- Unit inspected and deficiencies identified which may compromise health and safety of occupants
- Prospective purchaser notified of work required to repair deficiencies, time frame to complete required work and applicable codes/property standards stipulating compliance
- All identified deficiencies corrected within six (6) months of transfer, prior to occupancy
- Upon transfer of ownership, property complies with the minimum property standards as referenced in *DCED's Housing Rehabilitation Guidebook* and any additional locally enacted requirements

- Enforcement of affordability restrictions via deed restrictions, land covenants or similar mechanisms
- Termination of affordability restrictions upon any of the following occurrences: Foreclosure, transfer in lieu of foreclosure, or assignment of an FHA insured mortgage to HUD. The affordability restrictions shall be revived according to original terms if, during the original affordability period, the owner of record or an entity that includes the former owner or those with whom the former owner has or had family or business ties, obtains an ownership interest in the project or property before the termination event.

RECAPTURE PROVISIONS

- Recapture provision for the full HOME investment out of the net proceeds for return to the Applicant's Home Program. The definition of net proceeds is the sale price minus loan repayment and closing costs
- The HOME investment amount may be reduced pro-rata. This is based on the time the homeowner has owned and occupied the unit measured against the required affordability period
- If the net proceeds (i.e., the sales price minus loan repayment, other than HOME funds, and closing costs) are not sufficient to recapture the full (or a pro-rata amount) HOME investment to enable the homeowner to recover the amount of down payment and any capital improvement investment, the recapture provision may allow the net proceeds to be shared proportionately as set forth in the formulas below:

$$\frac{\text{Home Investment}}{\text{Home Investment} + \text{Homeowner Investment}} \times \text{Net Proceeds} = \text{HOME amount to be recaptured}$$

$$\frac{\text{Homeowner Investment}}{\text{Home Investment} + \text{Homeowner Investment}} \times \text{Net Proceeds} = \text{amount to homeowner}$$

- HOME investment subject to recapture is the amount of HOME assistance which enabled the homebuyer to purchase the dwelling unit. This includes any HOME assistance that reduced the purchase price from fair market value to an affordable price, but excludes the amount between the actual cost of the unit and the market value of the property (i.e., development subsidy)
- If no Home funds are subject to recapture, then resale restrictions apply for the period of affordability. All HOME assistance, whether a direct subsidy to the homebuyer or a construction or development subsidy, is considered for the purpose of determining the term of affordability
- The affordability period may be terminated upon recapture of HOME funds used in a single-family homebuyer project with 2 to 4 units

RESALE RESTRICTIONS

- Resale restrictions applicable only in the event there are no HOME funds subject to recapture
- The unit must be made available for subsequent purchase to an eligible low-income homebuyer who will utilize the property as their principal residence
- Owner to receive a fair return on investment, including any improvements

COMPLIANCE

As Chief Elected Official of the grantee, I certify compliance with the HOME Program requirements.

Signature, Chief Elected Official

Date

Typed Name and Title