

## Attachment A

### NEIGHBORHOOD STABILIZATION PROGRAM (NSP)

#### Down Payment Closing Cost Assistance Program

### DRAFT Program Fact Sheet – 11/17/2008

It is the goal of the Prince George's County Government to increase homeownership opportunities within the County while working to stabilize neighborhoods that have been impacted by foreclosure. In an effort to fulfill that goal the County announces the Down Payment Closing Cost Assistance Program (DPCCA). The program operates as a component of the County's Neighborhood Stabilization Program (NSP) and will provide down payment and closing cost assistance to homebuyers purchasing a foreclosed home. DPCCA will be higher for foreclosed homes in Target Areas or for Workforce Housing as defined below. The DPCCA program will be administered through the Housing Development Division of the Prince George's County Department of Housing and Community Development.

Individuals purchasing a foreclosed home must apply to the Housing Development Division of DHCD. Applicants are encouraged to apply for DPCCA when making an application for the first mortgage. The DPCCA Program is marketed by HDD, Housing Counseling Agencies, the Prince George's County Association of Realtors, and the local banking community.

*DPCCA Target Areas are defined as:*

- Bowie (20716)
- Capitol Heights (20743)
- District Heights (20747)\*
- Fort Washington (20744)
- Hyattsville (20783, 20785)
- Lanham (20706)
- Laurel (20708)
- Temple Hills (20748)
- Suitland (20746)\*
- Upper Marlboro (20772, 20774)

*Workforce Housing*

Workforce housing is defined as homes purchased by teachers, police officers, nurses, firefighters, and employees working within a 3 mile radius of place of employment.

In order to receive DPCCA purchasers must meet the following criteria:

## BASIC ELIGIBILITY

1. Purchaser must have a ratified purchase contractor on a foreclosed home.
2. DPCCA may only be used for the purchase of a foreclosed (bank owned) home that will be the purchaser's primary residence.
3. The first mortgage loan amount cannot exceed FHA 203b limits.
4. Purchaser must be approved by a participating lender for a mortgage to purchase a home under the County's Neighborhood Stabilization Program.
5. Purchaser must have sufficient income to be able to qualify for the first trust mortgage.
6. Purchaser must be qualified for the maximum first trust loan amount they can afford before determining the minimum amount of the DPCCA loan to fill the gap between the purchaser's cash contribution, seller's contribution and the amount needed for closing.
7. The total Loan to Value (LTV) of the first trust loan plus the DPCCA loan must not exceed 105% of appraised value of the home to be purchased.
8. The home to be purchased must meet the County's housing code or have cost of rehabilitation escrowed by the lender through mechanisms such as 203K loans.
9. Seller must pay a minimum of 6% of sales price towards closing cost.
10. Subprime first mortgages not allowed.
11. Purchaser's total household income, according to family size, must not exceed the NSP income limits.

## DPCCA PROGRAM – MAXIMUM INCOME LIMITS

### Household Size

Income Category		1- person	2- person	3- person	4- person	5- person	6-person	7-person	8-person
		0.7	0.8	0.9	1	1.08	1.16	1.24	1.32
Very Low Income	30%	\$20,650	\$23,600	\$26,550	\$29,500	\$31,850	\$34,200	\$36,600	\$38,950
Very Low Income	50%	\$34,450	\$39,350	\$44,300	\$49,200	\$53,150	\$57,050	\$61,000	\$64,950
60% Limit	60%	\$41,340	\$47,220	\$53,160	\$59,040	\$63,780	\$68,460	\$73,200	\$77,940
Low Income	62%	\$43,050	\$49,200	\$55,350	\$61,500	\$66,400	\$71,350	\$76,250	\$81,200
80% Limit	80%	\$55,400	\$63,400	\$71,300	\$79,200	\$85,500	\$91,900	\$98,200	\$104,500
120% Limit	120%	\$82,650	\$94,450	\$106,250	\$118,100	\$127,550	\$136,950	\$146,400	\$155,850

The County will provide homeownership opportunities to families earning between 30% and 120% of the area median family income. Example: For a Very Low-income family of four, the income must be at least \$49,200 and less than or equal to \$118,100 to be an eligible participant.

## PURCHASER'S OWN CASH REQUIREMENT

Purchaser's minimum contribution of own cash towards down payment, pre-paids and closing costs is as follows:

<b>Purchaser's Income Level (as % of Area Median Income)</b>	<b>Minimum Purchaser's Required Cash Contribution*</b>
<=30%	\$1,000
30-50%	\$2,000
50-60%	\$3,000
60-80%	\$4,000
80-120%	\$5,000

\*Payments of any upfront costs by the purchaser will be credited to this amount.

## USE OF DPCCA LOAN FUNDS

The loan is to be used towards closing costs and to meet the minimum down payment required to comply with the underwriting regulations governing the type of first trust loan.

## LOAN TO VALUE REQUIREMENT

The total of the first mortgage loan plus the DPCCA loan cannot exceed 105% of the appraised value of the home to be purchased.

## MAXIMUM LOAN AMOUNT

The DPCCA loan cannot exceed the lesser of 7% of purchase price, or **\$20,000** for the purchase of a foreclosed home (bank owned) in a Neighborhood Stabilization Program Target Area OR the purchase of a home for workforce housing. The DPCCA loan cannot exceed the lesser of 3.5% of purchase price, or \$15,000 for the purchase of a foreclosed home (bank owned) in a Neighborhood Stabilization Program Non- Target Area.

## MAXIMUM LOAN TERM

The DPCCA affordability loan term is **10** years.

## INTEREST RATE

The interest rate will be 0%.

## REPAYMENT REQUIREMENTS

1. The DPCCA loan will be a deferred payment loan, secured on the property as a second trust, with the balance due determined by length of time the purchasers remain in the home.
2. The amount of the DPCCA due or forgiven is based on the following:

<b>Purchaser Remains in Home</b>	<b>Balance Due (As % of Total DPCCA Received)</b>
<b>0-3years</b>	100%
<b>3-6 years</b>	50%
<b>6-9 years</b>	30%
<b>10+years</b>	0%