

ACQUISITION - REHAB PROGRAM - 50 / 50

Low-income first-time home buyers who are purchasing homes in the City of Buffalo may receive a conditional grant for one half of the rehab cost, **up to a maximum of \$25,000**, to assist in the rehabilitation of an existing one- or two-family home located anywhere in the City of Buffalo. Under the 50/50 program, City funds will be used to match private financing for renovations to bring the property into compliance with local standards and lead based paint hazard reduction requirements.

Funds are provided as a 'conditional grant' with a ten year owner-occupancy requirement. In order to ensure the recapture/repayment of public funds if the program conditions are not met, the City will retain a mortgage interest on the property for the ten year term of the loan. During the loan term (or "recapture period") the homeowner must occupy the property as his or her principal place of residence. The funds provided must be repaid if the property is sold during the recapture period, or if the residency requirement is not met.

This program is also available to assist income qualified households who own -

- *property in need of major repairs that has been (or will be) purchased through the In Rem tax auction, a bank foreclosure, HUD or FHA sale, or private sale or transfer of title within a family,*
- *property with multiple emergency conditions, and **property not located on a target street***
- *property with emergency conditions and letters of violation that have been referred to housing court. Note - **Properties in targeted areas will be assisted through the standard rehab loan programs.***

The purchaser must demonstrate an ability to fund one half (or more) of the cost or any necessary repairs from his or her own funds, or from borrowed resources, prior to City funds being disbursed. As part of the pre-screening for this program, the owner must submit a "pre-approval" for funding from a "non-predatory" source (see attached guidelines). An open-ended home equity line of credit is not an acceptable source. **An owner should not actually sign any lender loan documents or obtain any borrowed funds until the full cost of their share is determined and a loan closing is ready to be scheduled.**

Other Program Guidelines:

- Purchasers will be low/moderate, first-time homebuyers who meet the HUD low income guidelines.
- Program participants will be required to submit the standard financial application forms and supporting income documentation.
- The owner must submit a "pre-approval" for funding from a "non-predatory" source. An open-ended home equity line of credit is not an acceptable source.
- The purchaser must be buying the home as his principal place of residence and maintain it as such until the 50/50 program loan is repaid or through the recapture period.
- Taxes and insurance must be paid through an escrow account with the mortgage lender.
- In the case of homes to be purchased, the applicant must qualify for a mortgage loan with a mortgage financing institution and must attend homebuyer training through one of our affiliated agencies. The cost of repairs may be made part of the purchase money mortgage.
- The house must be a one or two unit dwelling or condominium and no tenants may be displaced.
- Following referral by the initiating CBO, Belmont Shelter will be responsible for all other aspects of program implementation, including ensuring that matching funds requirements have been met. CBOs may contribute AHC, or other funds toward the owner's match, if available.
- An exterior conditions assessment and interior HQS evaluation will be completed to determine the scope of work necessary to bring the structure into compliance. The evaluation will be completed by Belmont Shelter staff and a copy of the required work specifications will be provided to the owner for bidding.
- A Risk Assessment analysis for lead based paint must be completed by a certified assessor for each property considered for the program. Required remediation actions will be included in the scope of work.

Terms

- No monthly or annual payments are required - City mortgage term is 10 years and will be forgiven at the end of the term providing residency requirements are met. Owner occupancy will be verified annually by the City.
- The loan will be secured by a note and mortgage for the approved, specified terms. BURA will hold the second position, which will be junior to the traditional financing (bank mortgage, etc.).
- Matching funds must be provided from a non-federal source. The City loan will be in second position.