

## **FREQUENTLY ASKED QUESTIONS**



### **1) Who qualifies to participate in ROOTs?**

To qualify for Round 3 of the program, applicants must be at or below 100% of the Area Median Income (AMI) which is established by HUD annually and provided below by household size. To qualify for Round 4 of the program, applicants must be at or below 80% AMI.

**Household Size**

	One	Two	Three	Four	Five	Six
80% AMI	\$43,750	\$50,000	\$56,250	\$62,500	\$67,500	\$72,500
100% AMI	\$54,700	\$62,500	\$70,300	\$78,100	\$84,400	\$90,600

### **2) Do I have to be a current resident of Cedar Rapids to participate?**

No, applicants do not need to be current residents of Cedar Rapids.

### **3) How will my income be calculated?**

Three months of most recent pay stubs are collected. To calculate how much is earned per pay period gross year-to-date earnings from the most current pay stub are divided by the number of pay periods that have occurred during that period. That amount is then multiplied by the number of pay periods over the next 12 months. In addition, the larger of actual income earned from all household assets or 2% of the household's assets will be added to your final income calculation.

### **4) What income documentation should I provide if I am self-employed?**

If you are self-employed, a profit and loss statement must be provided for the current year (January 1 – date of application) as well as the previous two years.

### **5) Who needs to be included on my application?**

Any individual who intends to be a member of the household and will reside in the house must be on the application. The household's income is determined by adding the incomes of all household members over the age of 18.

### **6) How will I be notified of my application status?**

Applicants will be contacted by City staff via email or phone if additional documents are needed to complete the application. Once all documents have been submitted, staff will notify applicants by email as to whether or not you qualify for ROOTs. Qualified applicants will receive a pre-qualification letter via email or postal mail.

### **7) How long is my pre-qualification letter valid for?**

Once your application has been processed and you receive a pre-qualification letter from the City, you have six (6) months to sign a purchase contract with an approved builder for an approved house. If, after six months, you are still interested in participating but have not signed a purchase contract, you will need to reapply to the program and submit current income and asset documentation.

### **8) Now that I have pre-qualified for the program, what are the next steps?**

Once you have received a prequalification letter from the City, you may contact participating builders to discuss available units. You may also shop for a lender and apply for a mortgage loan. Once you have secured a purchase agreement with a qualified builder, you will need to submit a copy to the Housing Services office as well as provide us your lender's contact information.

- 9) Beyond the City's assistance through the forgivable mortgage, how do I fund the remaining cost of the house?**  
If you do not have available funds to cover the remaining cost, you will need to secure an approved mortgage loan that fits in the program guidelines.
- 10) Is there a list of approved lenders participating in ROOTs?**  
No, any lender may participate in the program as long as the buyer's mortgage meets the program guidelines. Buyers are encouraged to visit with a number of lenders to find the right lender and loan product for them.
- 11) Am I able to have a co-signer on my mortgage loan?**  
No, buyers must be able to obtain mortgage commitment from a lender without a co-signer.
- 12) I've never purchase a home before and I have a lot of questions. Are there resources available to help me?**  
Some homeownership resources are available on the ROOTs website. Applicants are encouraged to contact the City to obtain additional information about local organizations that provide homeownership education courses and additional resources. Applicants may also choose to work with a local realtor to assist them in the home buying process.
- 13) Where can I find the property locations?**  
A map of the properties participating in the program can be found at [www.RootsInCR.com](http://www.RootsInCR.com). The link also provides the contact information and floor plans of the builders participating in ROOTs. If you do not have computer access, information can be obtained by visiting the Housing Services office or contacting the office to request an information packet.
- 14) Am I able to participate in both ROOTs and the First Time Homebuyer program?**  
No, buyers may only participate in one of the programs when purchasing a house; the grant monies cannot be combined.
- 15) Is the forgivable mortgage for the ROOTS program considered taxable?**  
No, monies received as part of this program are not considered taxable income.
- 16) Am I allowed to refinance my mortgage before the 5-year affordability period is over?**  
Buyers are only allowed to refinance if no equity is being removed and the mortgage still fulfills the program guidelines. Questions and subordination requests must be submitted to Amanda Vande Voorde ([a.vandevoorde@cedar-rapids.org](mailto:a.vandevoorde@cedar-rapids.org)) for City approval prior to closing.
- 17) Am I allowed to finance upgrades?**  
Yes, the City's award amount will be based on the final purchase price of the unit as shown on the HUD settlement statement. The final purchase price cannot exceed \$150,000. In the case where the final purchase price is higher than the appraised value of the property, the City's award will be based on the appraised value. The City must receive a copy of the final purchase agreement that includes the final sales price at least one (1) month prior to the closing date.
- 18) When will I receive the City's grant money?**  
A City staff representative will deliver the City's check and mortgage documents to your closing. Be sure to notify City staff as soon as you set a closing date and time with the lender and builder. To avoid delays, notify the City at least one week in advance of closing. If a City staff member cannot attend the closing, the documents and check will be delivered to the closing company to be presented at closing.
- 19) How long will this program be available?**  
Units must be completed by 12/31/2015.