

BASIC STEPS:

1. **Education:** Applicants must complete a HUD-approved home buyer education course and provide the certificate of completion.
2. **Mortgage Pre-Qualification:** Applicants must work with a mortgage lender to secure a letter of mortgage pre-qualification.
3. **Application:** Applicants must submit a complete FTHB application packet (application, required supporting documentation, education certificate, pre-qualification letter from lender). Staff will review to determine eligibility and issue a letter of pre-qualification.
4. **House Selection:** Pre-qualified applicants have funds committed for 60 days to find an eligible property and secure an accepted purchase offer.
5. **Approval:** Upon receipt of the accepted purchase offer, staff will review and issue award letter showing the amount of assistance to be provided.
6. **Inspection:** Staff will inspect property, and all repair items noted must be completed before closing.
7. **Closing:** Staff works with lender to prepare for real estate closing.

TERMS

The City's down payment assistance is a forgivable, 5 year loan, secured by a lien. No payments are required as long as the home remains the primary residence of the qualified first time home buyer for 5 years. Provided all requirements are met, after the 5-year term, the lien will be released.

MONITORING

The City of Cedar Rapids staff will monitor annually to insure the home has remained the program participant's primary residence.

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FIRST TIME HOME BUYER PROGRAM
FALL 2015

CITY
OF
CEDAR RAPIDS



The City of Cedar Rapids' **FIRST TIME HOME BUYER (FTHB) PROGRAM** provides a \$1,000—\$5,000 forgivable loan to eligible households to assist with down payment costs. To be eligible, participants must meet four main requirements:

- Be a First Time Buyer
- Be Income Eligible—including income, assets, and debt calculations
- Purchase an Eligible Property
- Secure Acceptable Mortgage Financing

INCOME ELIGIBILITY

Income maximums, based on household size, are shown in the chart below. Additionally, asset amounts and debt to income calculations must be acceptable. Households must meet maximum housing and debt to income ratios of 31 and 43 respectively. Note: Program calculations include the household, which differs from typical lending guidelines.

MAXIMUM TOTAL HOUSEHOLD INCOME—ANNUAL GROSS (PRE-TAX AMOUNT)

1 person	2 person	3 person	4 person	5 person	6 person	7 person
\$43,750	\$50,000	\$56,250	\$62,500	\$67,500	\$72,500	\$77,500

Effective 6/1/15

ASSET ELIGIBILITY

Assets (checking, savings, etc.) may not exceed \$15,000 non-retirement funds.

Participants are required to contribute their own down payment, which must be available in assets. The down payment varies based upon the purchase price and total non-retirement assets:

- Assets \$5,000 or less 1% of price
- \$5,001—\$10,000 2% of price
- \$10,001—\$15,000 3% of price

Applicants must also have at least 2 months of estimated maximum PITI (premium, interest, taxes, insurance) in assets at pre-qualification. Maximum PITI is calculated based on the income and debt of the household.

MORTGAGE ELIGIBILITY

Mortgages must be “Qualified Mortgages” and meet additional requirements, including no non-occupying co-signers or co-borrowers, and ARM’s of at least 10 years.



PROPERTY ELIGIBILITY

- Homes must be within the City of Cedar Rapids limits.
- Homes located in the 100-year flood plain are not eligible.
- Homes must be owner-occupied or vacant (not a current rental property with tenants).
- Single-family dwelling and condo units are eligible (mobile home purchases are not eligible).
- Homes will be inspected by City staff and must comply with Housing Quality Standards (based on health and safety requirements).
- The purchase price of homes may not exceed \$135,000 for a single family dwelling.

More information can be found at www.CityofCR.com/FTHB