

## **BASIC STEPS**

1. HUD-Approved homebuyer education
2. Mortgage Pre-Qualification
3. Submit FTHB application packet
4. 90-day FTHB Pre-Qualification to find a property
5. FTHB Approval of property/mortgage
6. FTHB Inspection
7. Closing

NOTE: closing must be at least 14 days from application date. Applications will not be accepted with a purchase closing less than 14 days. However, the application process can take longer than 14 days. Buyers are encouraged to wait to find a property until they have FTHB Pre-Qualification.

## **FIRST-TIME BUYER CRITERIA**

Buyers must be first-time buyers, or cannot have owned their principal residence for at least 3 years prior to application. Mobile home owners are considered first-time buyers for this program. There are two special circumstances where the 3-year requirement can be waived:

- Displaced Homemaker following divorce
- Single Parent following divorce

Contact City staff for details about these two circumstances.

The City of Cedar Rapids' **FIRST TIME HOME BUYER (FTHB) PROGRAM** provides up to \$14,999 as a forgivable loan to eligible households to assist with down payment and closing 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

Assistance is provided as a 5-year forgivable mortgage. Buyers must reside in the house for the 5-year term and meet annual monitoring requirements.

Additional program guidelines apply.  
More information can be found at  
**[www.CityofCR.com/FTHB](http://www.CityofCR.com/FTHB)**

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# **FIRST TIME HOME BUYER PROGRAM**

## **DOWN PAYMENT & CLOSING COST ASSISTANCE**

# **2021**

## INCOME ELIGIBILITY

Income is based on the whole household, and uses gross annual income calculations.

Income maximums are shown in the chart below.

### Housing and Debt to Income Ratios:

Households must meet maximum housing and total debt to income ratios. There are two sets of ratios, based on household income.

- Above 50% AMI:  
31% housing cost  
43% total debt to income
- At or below 50% AMI:  
28% housing cost  
38% total debt to income

AMI calculations available on the program website.

## MORTGAGE CRITERIA

Mortgages must meet “Qualified Mortgage” criteria and meet additional requirements, including no non-occupying co-signers.

ARM’s (adjustable rate mortgages) must be fixed for at least 10 years and meet other terms.

## ASSET ELIGIBILITY

There are several requirements regarding assets (checking, savings, etc.).

Maximum: \$25,000 in non-retirement assets.

Amounts above this must be put toward down payment.

Minimum: \$1,000 shown in statements for two months prior to pre-qualification.

Down Payment: Participants are required to contribute their own down payment. The funds must be available in assets at pre-qualification, in addition to the \$1,000 minimum. The amount varies based upon total non-retirement assets:

- Assets \$7,500 or less \$500\*
- \$7,501—\$10,000 \$1,000
- \$10,001—\$15,000 \$2,000
- \$15,001—\$25,000 \$3,000

\*Households at or below 50% AMI are capped at \$500, regardless of assets.

Negative Balances: Checking and savings accounts must have positive balances for the two months prior to pre-qualification. Negative balances may delay the pre-qualification process.



## PROPERTY REQUIREMENTS

- Within the City of Cedar Rapids limits
- Outside 100-year flood plain
- Homes must be owner-occupied or vacant (not a current rental property with tenants).
- Single-family 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 \$179,000 for a single family dwelling (amount updated annually and subject to change).

Buyers are encouraged to use a Realtor/ Real Estate Agent and get a whole house inspection to make an informed decision.

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

1 person	2 person	3 person	4 person	5 person	6 person	7 person	8 person
\$50,050	\$57,200	\$64,350	\$71,500	\$77,250	\$82,950	\$88,700	\$94,400

\*\*Effective 6/01/2021. Contact staff for larger household size limits.