



City of Brockton, Massachusetts
Brockton Redevelopment Authority
HOME Investment Partnerships Program (HOME)

Policies & Procedures

Homebuyer Projects

Program Overview

The City of Brockton through the Brockton Redevelopment Authority (BRA) offers financial assistance to low-to-moderate income first time eligible homebuyers through the First-Time Homebuyers Down Payment Assistance Program (FTHP Loan). Under this program, eligible homebuyers receive assistance in the form of a zero-interest deferred payment loan to help defray the down payment. These deferred loans are paid with funding available under the U.S. Department of Housing & Urban Development's (HUD) HOME Investment Partnerships Program.

Financial Assistance

To increase homeownership in the City of Brockton, Income eligible first-time homebuyers will be considered for a zero-interest deferred loan of up to \$12,000 (3.5% of purchase price) through the BRA secured by a Mortgage and Promissory Note. In addition, NHS will provide an additional assistance up to \$3,000 to match the HOME funds for a total of \$15,000 (subject to available funds and NHS direction). Loan payments on both loans will be deferred until there is a change in ownership or the property ceases to be the homebuyer's primary residence.

The approval for the amount of funding is based on the amount of assistance needed at the mortgage closing. The program's eligibility requires verification of household's anticipated income, assets, employment, and compliance with federal and local regulations. NWSOMA and the BRA will perform independent underwriting and underlying analysis to determine participants' eligibility and affordability of the FTHB Loan and first mortgage.

Eligibility Requirements

Prospective homebuyers must meet the following requirements to be eligible for HOME funds.

1. Household must not exceed HOME income eligibility limits as outlined below:

Household Size (Number of Persons)							
1	2	3	4	5	6	7	8
\$53,350	\$60,950	\$68,550	\$76,150	\$82,250	\$88,350	\$94,450	\$100,550
*80% of Median Income Limits Adjusted for Household Size. Source: HUD, July 1, 2020							

2. Purchase price cannot exceed \$390,000 for an existing and \$499,000 for a new construction of single-family residence or \$423,000 for an existing and \$541,000 for a new construction of two-family residence; Program does not allow for the purchase of condos and three-units residential dwellings.
3. Property must be in the City of Brockton, although applicant does not have to be a current resident of Brockton. Local residents are given priority.
4. Applicant and his/her spouse must be a first-time homebuyer.
5. Neither applicant nor his/her spouse can have a deeded interest in any property in the past three years.
6. All household members must be legal residents of the United States in order to receive Federal housing assistance.
7. Neither applicant nor his/her spouse can have more than \$30,000 in cash assets (excluding
8. 401K's, College Savings, and other retirement accounts).
9. Applicants must qualify for a conventional or government sponsored fixed interest rate mortgage with a lender of their choice*.
10. Applicants must contribute at least 1.5% of the purchase price to the down payment requirement for single family purchases and 2.5% for multi-family purchases.
11. Applicants must be the owner of the property after purchase.
12. Applicants must occupy the property as their principal residence.
13. Each applicant must complete an approved first-time homebuyer training workshop and submit a First Time Homebuyer Program Certificate (visit www.chapa.org,
14. www.buybrockton.org, and/or www.nhsmass.org if you need to sign up for a homebuyer class);
15. Each applicant must also complete an approved post purchase workshop and submit a Program Certificate to the BRA within one year after the closing. A list of Homebuyer Counseling Agencies will be provided by the BRA.
16. Applicants must agree to maintain property hazard insurance, make timely property tax payments, and perform general property maintenance and upkeep of the home.
17. The amount of assistance received should be used to bring the participant's housing-to income ratio between 35-38% of gross monthly income. The PJ will consider providing subsidies to participants whose housing-to-income ratio exceeds 38% provided that their

debt-to-income ratio does not exceed 50% of gross income and the senior lender details the compensating factors resulting in the loan approval. The said ratios will apply for both single-family and two-family purchases.

18. Property must meet federal, state and local housing quality standards and code requirements.

*For a list of local participating lenders please visit: <https://buybrockton.org/lenders-2/>

Applicants who do not meet all the requirements listed above are not eligible for assistance through this program.

Minimum Property Standards

The BRA will require a HOME inspection of the home to certify the dwelling is decent, safe, sanitary, and in good repair. Please note, the HOME inspection is in addition to any home inspection the lender requires. The fee for this inspection will be part of the total down payment assistance amount.

At a minimum, the home must meet all applicable Federal, State and local housing quality standards and code requirements, and the home must not contain any specific deficiencies as those proscribed by HUD in the Uniform Physical Condition Standards inspection procedures as pursuant to 24 CFR 5.705.

If the inspection does not meet HOME condition standards, rehabilitation work may also be undertaken before the house is purchased. The home must be rehabilitated before the sale and brought up to code and applicable standards, or otherwise, it cannot be acquired with HOME funds.

Properties built prior to 1978 must be visually assessed to identify and stabilize deteriorated paint. Properties with presence of lead-based paint hazards may be eligible for financing assistance for lead abatement services through NHS and through the BRA's Lead Program. To obtain more information regarding the Lead Abatement Program, please visit <http://nwsoma.org/home-owner-lending/lead-removal/>, and www.brocktonredevelopmentauthority.com.

If the property is located in a FEMA designated special Flood Hazard Area, the homebuyer must purchase and maintain flood insurance for the life of the loan.

Determining Household Size

Income limits are adjusted by household size. To ensure that all prospective homebuyers who receive assistance are eligible, the BRA will need to determine the size of the applicants' household. As such, all persons in the household will be counted (including non-related individuals) with the following exceptions:

- foster children
- foster adults
- live-in aides
- children of live-in aids

Determining Household Income

The BRA will also need to determine the annual income of all eligible household members to ensure eligibility of all prospective homebuyers who receive assistance. When determining the household annual income, the BRA must count the income of **all** eligible household members (including nonrelated individuals). All eligible household members are required to provide at least two months of source documentation for verification of income.

The Brockton Redevelopment Authority uses the Part 5 Section 8 rules for calculating gross income, found at 24 CFR Part 5 Subpart F, Income Limits. These rules specify what forms of income should be included and what should be excluded. The BRA will re-examine the household's income if more than six months has elapsed since eligibility was first determined. The BRA utilizes the *Technical Guide for Determining Income and Allowances Under the HOME Program* to ensure compliance with household size determination.

When purchasing a multifamily (two-units) residential dwelling, the BRA will utilize 70% of the rental income **ONLY** to help the buyer/borrower meet the program's housing-to-income and debt-to-income ratios (if needed).

Determining Household Assets

What assets may be included?

1. Cash held in savings accounts, checking accounts, safe deposit boxes, homes, etc. For Savings accounts use the current balance. For checking accounts, use the average 6-month Balance. Assets held in foreign countries are considered assets.
2. Cash value of revocable trusts available to the applicant.

3. Cash value of stocks, bonds, Treasury bills, certificates of deposit, mutual funds, and money market accounts.
4. Lump sum or one-time receipts, such as inheritances, capital gains, lottery winnings, victim's restitution, insurance settlements and other amounts not intended as periodic payments.

What assets are excluded?

1. Assets not effectively owned by the applicant. That is, when assets are held in an individual's name, but the assets and any income they earn accrue to the benefit of someone else who is not a member of the household and that other person is responsible for income taxes incurred on income generated by the asset.
2. Assets not accessible to and that provide no income for the applicant.
3. Assets that are part of an active business. “.
4. Retirement accounts such as 401(k), 403(b), 457 and IRA accounts.
5. Government approved college savings plan.

Homebuyers should have some residual savings left over after closing especially on a very low down payment mortgage to borrowers with high total debt ratios.

Principal Residence

Homebuyers assisted through this program must occupy the property purchased as their principal residence throughout the life of the loan. This requirement is enforced through a mortgage between the BRA and the assisted homebuyer which the BRA records with the Plymouth County Registry of Deeds. If the HOME assisted property ceases to be the homebuyer's principal residence at any time, the HOME loan must immediately be repaid in full to the BRA. The BRA will periodically request that the homebuyer provide documentation of proof of owner-occupancy. The BRA will monitor the requirement of principal residency annually.

Change in Ownership

In the event there is a transfer of title, whether voluntary or involuntary, during the life of the loan, the BRA will recapture, at the sale of the home, the full amount of the HOME loan, subject to net proceeds.

Recapture Provisions

- A. Activity Types – Recapture provisions as outlined in 24 CFR Part 92.254(a)(5)(ii)(A)(1) through (7) shall be enforced in cases where HOME funds are provided as a direct subsidy to a homebuyer as down payment or closing cost assistance.
- (1) Methods – the recapture option allows the City of Brockton to recapture the HOME subsidy, subject to net proceeds, if there is a transfer of ownership of the HOME assisted property OR if the property ceases to be homebuyer’s principal residence during the life of the loan. In the case of a sale, the homebuyer may sell the property to any willing buyer at whatever price the market will bear. However, the HOME subsidy must be repaid to the City of Brockton HOME Investment Partnership’s local account, subject to net proceeds. Any of the following activities will trigger recapture:
- sale of the property
 - transfer of title
 - refinancing (except for rate and term refinances)
 - if the property ceases to be the homebuyer’s principal residence
 - a breach of the terms of the program agreement
 - failure to maintain required property hazard insurance
 - failure to pay property taxes.
- B. Enforcement Mechanisms – Recapture provisions shall be enforced through a mortgage filed with the Plymouth County Registry of Deeds, and a promissory note filed with the BRA.
- C. Amount of Repayment – The City of Brockton requires that when the recapture requirement is triggered, it will recapture the HOME Investment up to the total net proceeds remaining after the sale as modified by program specific choices under 24 CFR Part 92.254(a)(5)(ii)(A)(2). Net proceeds are the sales price minus the superior non-HOME loan repayment and any closing costs. The amount subject to recapture is the direct subsidy received by the homebuyer under the homeownership assistance program.
- D. Mortgage Discharge – Upon receipt of recaptured funds, the City of Brockton, shall prepare a discharge of mortgage to record with the Plymouth County Registry of Deeds to discharge the original HOME mortgage. Repayments of recaptured funds shall be remitted directly to the City of Brockton HOME Investment Partnerships Program as follows:

Brockton Redevelopment Authority
ATTN: First Time Homebuyer Program
50 School Street
Brockton, MA 02301

Subordination

The Brockton Redevelopment Authority may, in limited situations, agree to subordinate its lien position upon request by the homebuyer. The homebuyer must submit a written request to the BRA explaining in detail the reason for the request.

Owners or their legal counsel must request a subordination request in writing to the BRA one week prior to the closing date for a new mortgage. The letter must state the total amount of the new mortgage, the name, address and contact at the lender institution, and the purpose for the second mortgage or refinancing. The letter must be accompanied by the letter of commitment showing the dispersal of funds from the lender and an appraisal of the property. The lender must submit and confirm the terms of the new loan for the BRA to review.

Sub-prime Loans

No applicant will be considered for HOME assistance if their primary mortgage loan contains any of the following features:

- (i) an introductory interest rate granted for a period of 3 years or less and such introductory rate is at least 2 per cent lower than the fully indexed rate.
- (ii) interest-only loans, except certain loans which include rehabilitation of the property and interest only payments do not exceed 6 months while the repairs are being completed.
- (iii) a payment option feature where any 1 of the payment options is less than principal and interest fully amortized over the life of the loan.
- (iv) the loan did not require full documentation of income or assets; or
- (v) prepayment penalties that exceed M.G.L. Ch. 183, Section 56 or applicable federal law.

Foreclosure

In the event of a foreclosure, deed in lieu of foreclosure or short sale, the BRA will take all precautions necessary to ensure the HOME funds invested in the property are protected. The BRA will refer the homeowner for housing counseling and notify the City of the potential foreclosure. The homeowner will be required to repay what is due only out of net proceeds (if any) received from the transfer.

Files

Homebuyer files including legal documents shall be maintained for five years after termination of the period of affordability.

Application Intake:

*** IF THERE ARE ANY CHANGES ANYTIME DURING THE APPLICATION PROCESS PLEASE NOTIFY THE BRA & NHS IMMEDIATELY.**

STEP 1: *There will be a mandatory eligibility session for the Borrower at the initial phase of application submission. During this session, the Borrower will be informed about the DPA Program requirements and procedures including but not limited to Income Calculation, Eligibility, Monitoring, FTHB Agreement items, Next Steps, Inspection List, etc. The Borrower will initial and execute a form stating that they reviewed and understood all the requirements of the FTHB-DPA Program per the HOME Program.*

Submit the following documents to NeighborWorks by email, mail or in person (see front page of application for contact information).

- Completed FTHP Application (see page 5). *Signed and dated.*
- Two months of consecutive paystubs from everyone 18+ in the home receiving income.
- Documentation of all other sources of income (award letters for social security, pension, disability, etc.).
- Pre-Approval from Lender.
- Loan Application (also known as 1003 from lender).
- Accepted Offer to Purchase.

STEP 2: *Once the above documents are reviewed, if you look good for this program you will be asked to submit the following:*

- Purchase & Sale Agreement (when available)
- Loan Estimate
- Two months consecutive bank statements.
- Two years of most recent Federal Income Tax form 1040,**
Complete copy with all schedules and W2's. If you are self-employed or incorporated, please provide financial statements for the past two years and Profit and Loss statement year to date.
- Three months of most recent rent receipts.
 - **First Time Homebuyer's Workshop Certificate for each borrower.**
If purchasing a 2-family home applicant must also provide a Landlord Training Certificate (visit www.chapa.org and/or www.nhsmass.org if you need to sign up for a landlord training class).
 - Valid Driver's license for each applicant

STEP 3: *Once the intake process is complete, your file will be submitted to the Brockton Redevelopment Authority (BRA) to confirm your eligibility. As soon as your eligibility has been confirmed, the BRA will issue a conditional letter of approval and contact you with the next steps, including scheduling of the HOME inspection.*

STEP 4: *Post-Closing Process: When the closing docs are ready to be sent to the Closing Attorney (CA), a closing cover sheet will be provided to the CA with recording instructions and listing the documentations needed to be submitted.*

In addition, a follow-up call will be made within 2-5 business days after closing to collect any missing documents to complete the BRA's FTHB-DPA Program project file.

The post-closing call will be scheduled and coordinated by Charaliz Isaac from the Brockton Redevelopment Authority.

Monitoring

The BRA will monitor annually both the homebuyers and the home to ensure compliance to program requirements including, but not limited to, the following:

- Owner-occupancy
- Property tax payments
- Hazard insurance coverage
- Good standing on first lender loan
- General upkeep of housing unit
- Property inspections
- Affirmative Fair Marketing
- Post purchase workshop/counseling