

# RESALE GUIDELINES

## ATLANTIC CITY DOWN PAYMENT ASSISTANCE PROGRAM

### 1. INTRODUCTION

#### **Atlantic City Down-Payment Assistance Program**

Congratulations on the pursuit of home ownership. The Atlantic County Improvement Authority established this program to assist home buyers within certain income guidelines to purchase homes. Because this was done with governmental funds you must follow certain guidelines concerning maintaining the property and in the event you sell the property you must also meet certain guidelines.

### 2. YOUR PURCHASE

In order to assist you to purchase your home, the Atlantic County Improvement Authority is using the proceeds of the fund to provide to you a loan for the following purpose.

- To help you pay a portion of your down payment and closing costs to purchase an eligible property.

As this is a loan, you will be required to sign a Mortgage Note in the amount of \_\_\_\_\_.

Note is a legal document in which you promise to repay the loan to the Atlantic County Improvement Authority under certain terms and conditions. You will also be required to sign a mortgage which allows the Atlantic County Improvement Authority to have an interest in the Property that allows it to insure that the promise that you make by signing the Note are kept. As part of the program, you will have to meet certain requirements concerning income and residency as set forth below.

### 3. PROGRAM REQUIREMENTS OVERVIEW

1. All assisted owners must use the property as their principal residence.
2. The term of the Note and Mortgage will vary depending upon an action by the Buyer that triggers the maturity of the Note.
3. No home purchased by a household seeking assistance shall have a selling price in excess of \$250,000.00.
4. A household seeking assistance should not pay more than 30% of their total monthly income for the mortgage payment (principal, interest, taxes and insurance). If allowed by the issuing mortgage company this percentage may be higher.
5. An applicant must have resided in Atlantic County for the previous 12

months or are employed in Atlantic City,

6. An applicant or member of their household must not have owned a home for the previous 2 years,

A) In providing this assistance, Atlantic County Improvement Authority, will apply the following definition in addition to the definitions set forth in HOME Program Federal Regulations.

(i) **Principal Residence**: Housing units assisted under the Home Buyers Assistance Program must be the principal residence of the owners. The assisted unit must be occupied by the assisted applicant household and that household must maintain continuing residence in the unit for not less than nine (9) months of each calendar year.

(ii) **Income**: Gross annual income and adjusted income shall be as defined in Federal Regulations at 24 CFR Part 813.

(iii) **Eligible income household**: A household whose gross income is more than 80% of the median income for households of that particular size and less than \$100,000.00 as published by the US Department of Housing and Urban Development for the area comprising Atlantic County shall be a income eligible household for purpose of the Homebuyer assistance program.

(iv) **Household**: Household shall be defined as specified in Federal Regulation at 245 CFR 580.3 which states, "Household means all the persons who may occupy a housing unit. The occupants may be single family, one person living alone, two or more families living together or any group of related and unrelated persons who share living arrangements".

(v) **Interest**: The Borrowers shall pay the principal sum together with interest of zero percent (0%) and a share of net proceeds at the time of resale, refinance or transfer of title.

(vi) **Payment**: There shall be no monthly payments due from the Borrowers. A recapture payment shall be made to the Authority at the time of resale, refinance or transfer of title based on original loan and net proceeds.

(vii) **Net Proceeds**: Net proceeds is defined as the selling price less reasonable selling cost less original purchase price less documented capital improvements.

(viii) **Net Equity**: Net equity is defined as the appraised value less original purchase price less documented capital improvements.

## B) **Household Eligibility Provisions**

**Income Eligible Household:** To qualify for Homebuyer assistance, the applicant household must qualify as an income eligible household as defined above. The purchasing household must be an income eligible household at either the time the household initially occupies the property or at the time the Program funds are invested, whichever is later. However, income will be verified at the time of applicant processing. That verification of income will be valid for a six month period. An update of applicant income will be required only if more than 6 months has transpired from initial certification to occupancy of the property. Income will **only** be verified at the time that the house is purchased and there is no ongoing requirement that the household remain an income eligible household and there is no limit to the amount that an assisted household may earn after they purchase the property.

**C) Eligible Properties**

HOME Program Assistance must be used for the purchase of a new or existing dwelling, include: a) a single family property (one unit); b) a condominium; or: c) a manufactured home.

**D) Ineligible Properties**

Program Assistance will not be used for the purchase of any property located outside Atlantic City, NJ.

**E) Acceptable Lien, Restrictions or Encumbrances**

The mortgage in favor of the Atlantic County Improvement Authority shall be subject only to the first mortgage in favor of the lending institute who is providing the purchase money financing for determined at the discretion of the Atlantic County Improvement Authority.

**F) Property Value**

The appraised value of HOME assisted property to be acquired shall not exceed the 203(b) mortgage limit, as published by HUD, for the County of Atlantic for the type of housing being purchased. If rehabilitation is required, the appraised value of the property after rehabilitation cannot exceed the 203(b) mortgage limit. All applicants for assistance shall be required to submit an appraisal.

**G) Resale**

(i) Persons wishing to sell, refinance or transfer title to an assisted unit shall notify the Atlantic County Improvement Authority of their intent to sell, refinance or transfer title.

(ii) The terms of the recapture will be as follows;

a. The full amount of assistance will be a **deferred loan to the homebuyer and recorded as a lien, and**

b. **At the time of resale, the full amount of the recorded lien shall be satisfied plus a shared portion of the net proceeds,**

1. The amount of shared appreciation shall be 50% of net proceeds from the date of sale through year 5, thereafter;

2. The amount of shared appreciation shall be 10% of net proceeds or,

c. At the time of refinance, change in title or the borrower fails to maintain the purchased property as their primary residence, the full amount of the recorded lien shall be immediately due and payable plus a shared portion of the equity above the original purchase price,

1. The amount of shared appreciation shall be 50% of net equity from the date of sale through year 5, thereafter;

2. The amount of shared appreciation shall be 10% of net equity and,

3. If the total amount is not paid when due, interest shall accrue at a rate of 1% per month on the unpaid balance.

d. Exception to the refinance recapture provision, the ACIA will re-subordinate if any of the following conditions are met;

1. In every instance we will accept payment for half the total amount due and subordinate half of the original lien or;

2. We will subordinate if there will be a post-refinance loan to value ratio of 80% or;

3. We will subordinate to the extent we remain in the same "dollar" position we were in when we made the loan being subordinated.

#### **H) Fair Return Provision**

The sale of the property to a subsequent purchaser will allow for a fair return on investment, including improvements, to the prior Homebuyer. Such return will include any down payment, payments on the principal of the first mortgage loan, and the cost of capital improvements as the Atlantic County Improvement Authority will allow.

#### **I) Enforcement Provisions**

Among the terms of the Note and the Mortgage will be terms requiring that the home buyer retains the property as their principal Residence and terms requiring the repayment of assistance if the property is sold, refinanced or transfer of title.

A Mortgage Note and Mortgage shall be used by the Atlantic County Improvement Authority to ensure that all provisions of the loan assistance terms and conditions are met.

**J) Affirmative Marketing**

Program funding will be made available in conformity with the CFR 92.351(b). Affirmative marketing steps consist of good faith efforts to provide information and otherwise attract eligible persons from all racial, ethnic and gender groups in the housing market area to the availability of down payment and closing costs funds.

**WE ACKNOWLEDGE RECEIPT OF A COPY OF THESE RESALE GUIDELINES.**

\_\_\_\_\_  
Name

\_\_\_\_\_  
Date