



2020 URBAN PIONEER PROGRAM (UPP) DOWN PAYMENT ASSISTANCE FOR FIRST-TIME HOMEBUYERS*

- Needing a little extra cash to put you into a home of your own? The Urban Pioneer Program may be just what you need to help you make those dreams of home ownership become a reality.
- The Community Development Office is pleased to announce the availability of grant funds to be utilized for down payment assistance for first-time, low-to-moderate income families buying a home within the City limits of Port Huron.
- An application form is attached, please complete in full, bring copies of the required information and make an appointment to return to our office. If you have any questions or concerns regarding the program and to make an appointment, please call (810) 984-9736.

Funding for this program is limited:

Must be pre-approved for a mortgage & have an accepted offer on the house you are purchasing before making your appointment to apply for the program.

Once the application is complete, please make an appointment or e-mail the application to grant administrator.

*First-time homebuyer definition – have not owned any real estate within the last three years.



2020 URBAN PIONEER PROGRAM GUIDELINES

Applicants will be assisted on a first-come, first serve basis according to the date of application and their ability to meet all of the program requirements. The program is available to first-time homebuyers*. Every effort will be made to assist eligible applicants. Due to limited funding those applicants that have their application on file, have an approval letter from a bank, an accepted purchase agreement on a qualifying house, actively attending the required financial literacy and homebuyer counseling workshops, will receive the funds.

1.0 General Program Description:

- 1.1 The program provides first time homebuyers with a down payment assistance loan from the City (referred to as a deferred payment loan, although no repayment is required if program requirements are adhered to). The funds may be used towards the down payment and closing costs on a house within the City of Port Huron.
- 1.2 Applicants must qualify at 80 percent or below the median income based on the upcoming 12 months. The City of Port Huron uses the Part 5 income definition to determine income. This regulation has been established for our area by the Department of Housing and Urban Development. Household assets cannot be more than \$10,000 in excess of the homebuyer's cash contribution toward the purchase of the property. Household assets are defined as: **Cash assets:** savings account balance; average 6-month balance in checking accounts; stocks, bonds, savings certificates, money market funds and other investment accounts, not including retirement accounts; lump-sum receipts such as inheritances, capital gains, lottery winnings, insurance settlements and other claims; cash value of trusts available to the household. **Non-cash assets:** equity in vacant land and/or rental property; equity in other capital investments.

Updated 6/30/2020

No. of persons in Household	1	2	3	4	5	6	7
Moderate Income 80%	\$44,000	\$50,250	\$56,550	\$62,800	\$67,850	\$72,850	\$77,900

- 1.3 Home buyers agree to maintain condition of property for a period of five (5) years. Failure to comply will result in repayment of 100 percent of the UPP grant.
- 1.4 If the applicant's income increases during the five-year period, they will not be penalized in any way.
- 1.5 Home buyers receiving the UPP grant will be required to live in the residence for a period of five years. During that time, it must remain their primary residence. If they rent out the home, or sell the property during the five-year affordability period, they will be subject to the City of Port Huron's recapture policy (attached).
- 1.6 The Community Development Department is committed to following Fair Housing Standards. An applicant will not be denied based on race, color, religion, sex, disability, familial status or national origin. Denial for participation is determined solely on the applicant's ability to meet monthly debt obligations and finding a home that meets the Urban Pioneer Standards of Quality.

2.0 Grant Amount:

The Urban Pioneer Program's grant is limited to \$5,000.00 total to be used toward the down payment, prepays and closing costs for the purchase of a single family home within the City of Port Huron. The

amount will be determined on an individual need to close the deal.

3.0 Home Buyer Contribution:

The homebuyer must contribute at least 3 percent into the total transaction. The homebuyer must also have a savings account of at least \$500.00 that they contribute to on a regular basis as part of their monthly budget.

4.0 Eligible Property:

4.1 Any property that has already received any other type of grant monies or benefits from the City of Port Huron Rehabilitation Programs will be eligible to participate.

4.2 The property must be a single-family residence, being sold by the owner or a vacated rental property. Purchase price must not exceed \$164,000.00 (as of 4/12/19). Sales price must not exceed 95% of the area median purchase price of similar homes or purchase at or below the appraised value.

4.3 Property that contains any office space for the owner is not eligible under this program.

4.4 The property may not contain any area for commercial use, nor may dwelling(s) retain space for commercial or business practices. The entire property must be strictly residential.

4.5 To be eligible for the UPP, a property must be determined, during an initial inspection, to comply with housing quality standards. If the approval of the grant on a particular property requires some form of improvement to the home, the buyer may negotiate with the seller to have these repairs made prior to the closing, at the seller's expense. If the seller is not willing to make the repairs, the buyer has the option to go ahead with the purchase of the property without the help of the Urban Pioneer Program, or he can terminate the purchase agreement (depending on the language stated and agreed to in the Property Purchase Agreement) and consider purchasing another home. It is recommended that the Purchaser indicate on the Purchase Agreement that his offer is subject to the City inspection. The City may choose to use the appraiser's report and buyer's home inspection report in lieu of making a site visit. The buyer does have the option, if he has the resources, to make the necessary improvements after closing, by signing a promissory note at the closing giving the buyer 30 or 60 days to comply.

4.6 Any property purchased under the program must meet appropriate minimum City Codes for existing housing units and meet minimum Section 8 Housing Quality Standards.

4.7 A Title Search, on the proposed property to purchase should be conducted by a local title company and requested by yourself and the lending institution you are dealing with for financing. A title search will reveal the owner of the property, what liens or restrictions have been placed on that property, if property taxes and/or other fees are paid to date. If, there are any problems with the title or liens, those items must be cleared up by the seller, prior to closing.

5.0 Inspection:

5.1 It is highly recommended that the buyer hire an independent home inspector to give an opinion on the condition of the home that they are hoping to purchase. The home inspector will produce an itemized list of any current or potential hazards that he finds within the home regarding the overall condition of the structure along with the electrical, plumbing and mechanical systems as well as any other safety or health issues he may note.

5.2 Each potential participating property must undergo an "Initial Inspection" to determine existence of housing code violations and/or Section 8 HQS violations. From this inspection, a list of possible concerns on the property will be given to the applicant. If there are not any problems discovered, the applicant will be able to qualify for the Urban Pioneer Program. If problems are discovered during the inspection, the seller will have the option to make the needed improvements in order to proceed with the proposed sale. If the seller cooperates in completing the needed repairs prior to the closing, then the buyer would be able to qualify for the grant. (If not see 4.5, as stated earlier, the buyer may make the necessary corrections if they are able to.)

6.0 Contracting:

If the property the applicant has chosen to purchase requires extensive repairs, and the seller has agreed to make the improvements, the buyer should insist that qualified, licensed and insured contractors perform the work. Proper permits for all work should be obtained from the City Inspection Department.

7.0 Financing:

7.1 Applicants will be required to attend a Financial Literacy/Homebuyer Class offered by the Blue Water Community Action that is a one day, eight hour class or can complete it online for a fee. This seminar will assist the homebuyer in determining their current financial situation and will educate the consumer on the purchasing process. **Failure to attend the required class will result in forfeiture of the assistance.** Working with the financial professionals will provide you with the knowledge and understanding of your own monetary limitations in terms of affordable housing. Class certificates are good for one year. **To register for the class go to www.bwcaa.org or call (810) 455-6432.**

7.2 Housing Affordability Standards must be followed by the lending institution. The maximum loan term allowed is 30 years. Monthly mortgage payments, taxes and insurance should not exceed 30 percent of the homebuyer's monthly income. The lending institution will pull a credit report when you apply for a mortgage. They will also verify your work history, assets and your income. Overall total debt should not exceed 41 percent of the buyer's total monthly income.

7.3 Once the applicant has established financing for the home they want to purchase, and finds the home they want to purchase, they should have an inspection by an independent home inspector conducted, as well as, with the Community Development Office representative. Assuming no safety or health issues exist in that home...then a closing date can be set. This closing date needs to be agreeable to all interested parties. (i.e. the buyer, the seller, the lending institution, the title company and the City Representative.)

7.4 At the time of closing, a check payable to the title agency on behalf of the buyers will be presented. A mortgage and promissory note signed by the City and the home buyer will be signed at closing and recorded at the County Register of Deeds Office. This lien remains on the property for five years, protecting the City's interest of the down payment assistance loan.

7.5 Each household may qualify for up to \$5,000.00 to be used for down payment, prepays and closing costs. Down payment assistance will be determined on an individual bases, depending on what the buyer needs in order to close the transaction. The buyer must be able to put three percent of the purchase price into the transaction, and have an emergency fund of at least \$500.00 established in a savings account. If the purchaser remains in the house for five years, they do not have to repay the grant fund. If the property is sold during the term of affordability (5 years), a percentage of the amount must be returned to the City. The amount will be prorated over the five years. After five years from the closing date, the City will register a Discharge of Mortgage with the St. Clair County Register of Deeds Office.

8.0 Subordinations:

Should the buyer want to refinance his/her original mortgage with a bank, the City will subordinate to a new mortgage **only if all** of the following conditions are met:

- ✓ The buyer is refinancing for a lower interest rate
- ✓ The buyer is not getting any funds back at closing
- ✓ NO other debts are being consolidated into the mortgage loan

9.0 Applicant Complaint Procedure:

The complaint must be in writing. The complaint will be responded to within 15 days by the program administrator. The Department Director will be informed of the complaint if the program administrator is not able to resolve. The Director will be asked to review the complaint and recommend a solution.

A review committee will hear all cases that cannot be successfully resolved by the Program administrator or the Department Director.

**2020
Application**

**URBAN PIONEER PROGRAM
DOWN PAYMENT ASSISTANCE**

Date City Received: _____

Please print and complete in ink or type

APPLICATION MUST BE FILLED OUT IN ENTIRTY IN ORDER TO BE ACCEPTED AND PROCESSED.

A. APPLICANT INFORMATION

Name of Applicant:	
Current Address (City, State & Zip): _____	
Telephone Number:	Social Security Number:
Email: _____	
Date of Birth:	Marital Status:
Name of Co-Applicant (Spouse):	
Current Address (City, State & Zip): _____	
Telephone Number:	Social Security Number:
Date of Birth:	
Will the co-applicant be on the mortgage: YES or NO	
<u>Name of nearest relative not living with you:</u>	
Address (City, State, Zip):	
Telephone Number:	Relationship:

B. HOUSING STATUS INFORMATION

If you are currently renting, please complete the following table:

Current Monthly Rent:	How long have you lived there?
Estimated Monthly Utilities:	Landlords Name:
Total Monthly Costs:	Landlords Phone Number:
Landlords Address:	

[] I live with family, I do not rent.

DO NOT DUPLICATE

C. HOUSEHOLD COMPOSITION/INCOME CHARACTERISTICS

List all household members, their monthly gross income and source of income, including Social Security, Wages, pensions, AFDC, Child Support or Alimony, SSI, Self-employment, Farm income and rental income. (For self-employed persons, farm and rental property income, use the appropriate line for "adjusted gross income" from your most recent 1040 IRS Income Tax Return.

**I. FAMILY COMPOSITION - Every adult that will be living in your new home
(INCLUDE APPLICANT)**

NAME:	AGE:	RELATIONSHIP TO APPLICANT:
1.		
2.		
3.		
4.		
5.		

Are any family members handicapped or impaired which would require special housing structural needs for your new home?

Yes No If yes, please explain: _____

II. SOURCES OF GROSS HOUSEHOLD INCOME

(Include all members that will be residing in the new household age 18 and older.)

Person's Name:	Income Source (Employer/Agency)
	Number of years with company:
	Gross Amount per Month: (Before taxes)
Person's Name:	Income Source (Employer/Agency)
	Number of years with company:
	Gross Amount per Month: (Before Taxes)
Person's Name:	Income Source (Employer/Agency)
	Number of years with company:
	Gross Amount per Month: (Before Taxes)

TOTAL MONTHLY HOUSEHOLD INCOME (BEFORE TAXES): \$ _____

TOTAL YEARLY INCOME: \$ _____

III. PERSONAL CREDIT HISTORY/FINANCIAL BACKGROUND:

Have you made all of your monthly payments (rent, utilities, loans, credit card payments) in a timely manner?
 Yes No If no, please explain: _____

Are there any outstanding financial judgments or liens against you? Yes No
 Have you declared bankruptcy within the last 36 months? Yes No
 Have you lost any property through foreclosure or given title or deed to anyone to avoid a foreclosure?
 Yes No
 Are you a cosigner on any note or loan? Yes No
 Are you related to anyone in City Government? Yes No

DEBTS:

Please list all current financial obligations (child support, alimony, installment accounts, car loans, charge accounts, debts to banks, financial companies and government agencies.)

LIST ALL DEBTS OWED			
To whom?	Account Number	Balance Owed	Minimum Monthly Payment
1.			
2.			
3.			
4.			
5.			
6.			
7.			
8.			

ASSETS:

Please list the name and address of your bank, savings and loan or credit union:

LIST ALL BANK BALANCES	
CURRENT SAVINGS ACCOUNTS: (must have at least \$500 in the account before applying) BANK: _____ BALANCE: _____ BANK: _____ BALANCE: _____	CURRENT CHECKING ACCOUNTS: BANK: _____ BALANCE: _____ BANK: _____ BALANCE: _____
LIST ANY OTHER ASSETS WITH OTHER FINANCIAL INSTITUTIONS:	
Company: _____ Current Balance: _____	Company: _____ Current Balance: _____

Do you currently own any real estate property? Yes No
 Have you ever owned property in the past? Yes No
 If yes, please explain: _____



Office of Community Development
Phone: 810-984-9736 Fax 810-984-5384



URBAN PIONEER PROGRAM

General Authorization

I hereby authorize the City of Port Huron to verify my past and present employment, earnings record, bank accounts, stock holdings, and any other asset balances needed to process my mortgage application.

I further authorize the City of Port Huron to order a mortgage credit report and verify all other credit information including past and present mortgage and landlord references. It is understood that a photocopy of this document shall also serve as an authorization to provide the information requested.

The information obtained is only to be used in the processing of my mortgage loan application.

Applicant's Printed Name

Applicant's Signature

Date

Applicant's Printed Name

Applicant's Signature

Date



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URBAN PIONEER PROGRAM
FAMILY COMPOSITION FORM

Name	Home Phone
Address	Work Phone
City	Zip

Name	Relationship to head of household	Age	Sex	Place of Birth & Birthdate	Handicapped /Disabled	Student Yes/No	Social Security Number

For statistical Purposes Only Head of Household circle one in each category.

Marital Status

1. Married
2. Single
3. Widowed
4. Divorced
5. Separated

Race

1. White
2. Black
3. American Indian/Native American
4. Asian/Pacific Islander
5. Hispanic

Employment Types

1. Professional, Technical
2. Manager/Supervisor
3. Clerical, Sales
4. Skilled, semi-skilled, foreman
5. Unskilled, service
6. Retired
7. Student
8. Unemployed
9. NA

I certify that only the people listed above will occupy the new property:

 Signature of head of household

 Date



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Phone: 810-984-9736 Fax 810-984-5384



URBAN PIONEER PROGRAM
Down Payment Assistance Statement/Memorandum

Buyer:

I/We _____ am/are aware that the Urban Pioneer Program's, down payment assistance (DPA) is a non-amortizing, non-interest bearing second mortgage on my property. DPA is not a direct grant and may be subject to some form of re-capture.

I/We will not receive cash back at closing and will invest a minimum of 3% of my own funds into this transaction.

I/We further understand, regardless of the circumstances it **will take a minimum of 3 weeks** after receipt of a fully executed and complete DPA package, to obtain a check, type the mortgage papers and get the documents to the title company who will perfect the closing of the transaction. A City of Port Huron employee will not be at the closing.

All:

The City of Port Huron's Community Development Office does not guarantee availability of funds. It's on a first-come, first-served basis, meaning the applicant that has a complete and approved DPA package will be reserved funding.

All borrowers must attend the homebuyer/financial literacy class before closing. Class information is in the program guidelines on page 3, section 7.0.

A Housing Quality Standards inspection will be performed on the home to be purchased by Community Development Staff. The City of Port Huron performs a very basic inspection. This is not a home inspection or a code compliance inspection. All code required repairs must have a permit obtained and comply with City, State and Federal guidelines. The City of Port Huron is not liable for any undetected defects.

All parties to this transaction must comply with federal lead-based paint requirements. The City of Port Huron strongly encourages all borrowers to have their new home tested for lead.

From the time a complete DPA package is received in the Community Development Office, it will take approximately 3 weeks to obtain a check, type the mortgage papers and get the documents to the title company who will perfect the closing of the transaction. A City of Port Huron employee will not be at the closing. Please coordinate this with staff in a timely manner.

BORROWERS CANNOT RECEIVE CASH BACK AT CLOSING. There are no exceptions to this rule.

I hereby understand and acknowledge receipt of this document and will make certain that all parties involved understand the terms including the sellers and realtors involved:

Borrower's Printed Name

Co-borrower's Printed Name

Borrower's Signature
Date: _____

Co-borrower's Signature
Date: _____

Lender's Printed Name

Lender's Signature

Lending Institution Name: _____

Date: _____





Exhibit B

POLICY AND PROCEDURE

At any point within the first five (5) years the homeowner chooses to sell, move, or doesn't keep their property maintained and have received any grant(s) from the City of Port Huron, then they will be required to repay a portion or all of the grant funds back to The City of Port Huron.

Repayment of funds will be determined by the following chart:

RECAPTURE POLICY		
Number of years occupying home	% of grant to re-pay	Time period after grant received
1	100%	Selling within one year
2	80%	Selling within two years
3	60%	Selling within three years
4	40%	Selling within four years
5	20%	Selling within the fifth year

- If the residence that received grant dollars was bought on a land contract and the land contract defaults then the owner will have to repay the grant dollars according to the above chart.
- If the home is lost to foreclosure then the grant dollars will be forgiven. Any other circumstances not specified on this document asking for forgiveness need to be approved by the Community Development Program Administrator.