



City of Greensboro's

Down Payment Assistance (DPA)

Introduction

The City provides down payment and closing cost assistance for eligible homebuyers up to \$10,000. The assistance is in the form of a five-year, forgivable loan at a zero percent interest rate. This loan is subordinate to the first mortgage.

If you remain in the home for five years, the loan will not need to be repaid – the loan is forgiven at 20 percent per year for each full year you live in the home. If you choose to purchase a property in one of the City's seven redevelopment areas, you may qualify for an additional \$5,000. This assistance also has five-year forgivable terms. If you move within the five-year period, loan repayment terms apply.

Commonly Asked Questions and Answers:

How is this Program Funded?

With Housing Bond and Federal Home Investment Partnership (HOME) funds. Funds are administered by the City's Neighborhood Development Department.

What Types of Properties are Considered Eligible for the Program?

New or existing single-family homes, town homes, and condominiums. Properties must be located within the City limits of Greensboro.

What are the Seven Redevelopment Areas?

Arlington Park, Eastside Park, Gorrell Street, Ole Asheboro, Phillips Lombardy, South Elm Street, and Willow Oaks. Please refer to the Redevelopment Area map on the Housing Connect GSO website for the boundaries of the eligible areas or call for address confirmation.

What is the Maximum First Mortgage Loan Amount?

Maximum for which you can qualify through a participating private sector lending institution.

How Much Money Could I Get Through Down Payment Assistance?

You may receive up to \$10,000 in down payment and closing cost assistance. This amount is based on need. You may also qualify for an additional \$5,000 if you choose to purchase a new or existing property in the City's redevelopment areas.

Does the \$10,000 and \$5,000 require a separate Note and Deed?

The City provides the check and draws up its own legal documents. These amounts will be combined when the City draws up the note, deed of trust and check for funds.

Is Layering allowed?

Layering with other subsidy sources is allowed. However, the City's financing cannot exceed 20% of the purchase price.

Can the Loan-to-Value exceed 100%?

Yes, there is no loan-to-value limit.

Which is Acceptable - Automated or Manual Underwriting?

Both are acceptable.

May Out-of-State Lenders Qualify?

Lenders must have a physical, mortgage origination branch/office in North Carolina for a least one year to participate in this Program. The Lender must attend an Information session with Housing Consultants Group on the Housing Connect GSO- Down Payment Program prior to submitting a request for funding. This will also allow the Lender to be placed on the list of certified Lenders provided monthly to participants of the Homebuyer Education Class.

What Loan Types are Acceptable?

You must be able to secure a 15 or 30 year fixed rate mortgage (FHA, VA or Conventional) at market rate.

Does the Program Have Ratio Limitations?

Housing Ratio: Cannot exceed 33%

Debt Ratio: Cannot exceed 43%

What Does the City Consider to be a Qualified Buyer?

For qualifying purposes, total household size and total household income are counted.

- For household sizes of 1-2 people, combined income cannot exceed \$72,600
- For household sizes of 3 or more people, combined income cannot exceed \$84,700

You must be a first-time home buyer or have not owned a home within the last three years. However, if you are buying a new or existing home in one of the City's Redevelopment areas, you do not have to be a first timer, but you must use the home as your primary residence.

How Much Money am I Required to Invest into the Transaction?

You must have at least \$500 of your own funds into the transaction.

How Does the Process Work?

You must meet with a Housing Counselor for an advisory session and attend a HUD approved housing counseling agency's eight hour homebuyer education class prior to funding approval. An online class is not acceptable.

Does the City Require Documentation of Marital Status?

Legally separated and divorced individuals must have a recorded agreement with a free-trader clause or a divorce decree. A copy of the agreement or decree should be provided to your Lender upon loan application. You must be a legal resident of the US when purchasing a home with federal funds.

What Does the City Look for in a Home Inspection?

All existing homes must have a home inspection performed and prior to closing must show that any repairs or replacement have been satisfactorily addressed and the Due Diligence form signed by the Seller and the Buyer.

How Are City Funds Applied?

Funds may be applied towards the down payment and closing costs, including home warranties. You cannot get cash back at closing and funds cannot be used to pay off debts or reimburse you for your earnest money deposit, etc. Housing Consultant's Group must receive the Closing Disclosure prior to Closing and a post-Closing Disclosure as well. Should there be funds left over at closing, they will be returned to the City so a principle reduction can be made to your loan amount.

What Forms Must be Submitted by the Lender to Housing Consultants Group?

Lenders must complete the City's Housing Connect GSO - Down Payment Application and Affidavit. A checklist is included in the Application Package. Only complete packages will be reviewed. Housing Consultants Group requires a 10 business day turnaround from the time the COMPLETE package is submitted to complete the review, request a check and prepare closing documents.

How Does the City Count Income and Household Size?

The City's income qualification is based on the total household income and total household size.

If You Leave the Property Prior to the Five Year Period, Will You Owe the City?

Yes, if you move within the five-year period, loan repayment terms apply. The assistance is reduced at 20% per year and totally forgiven after five years.

How Long Does the Entire Process Take?

HCG requires a minimum of 15 days from application approval for housing counseling, check request and preparation of closing documents. Closings should be scheduled after the 15 day period.

What is the Mortgagee Clause that should be used?

City of Greensboro
ISAOA/ATIMA
PO Box 3136
Greensboro, NC 27402-3136
Attn: Neighborhood Development

Who Should I Contact About the Status of a Loan or a City Loan Packet?

Contact Robin Morgan or Sofia S. Crisp, Housing Consultants Group's Program Coordinators

(336) 850-4043 or hcgconnect@housingconsultantsgroup.org

all calls and emails are returned within 24 hours, except on Fridays as the office is closed.