

# 2023 First-Time Homebuyer Assistance Program

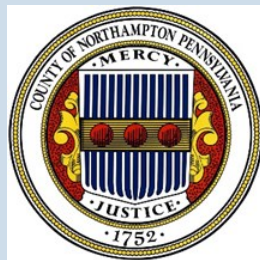


“In Northampton County, we are working to maintain the Middle Class and fighting to expand it for all our citizens. Homeownerships remain the surest route into the Middle Class.”

Lamont G. McClure, Northampton County Executive



## Northampton County Department of Community and Economic Development



For more information, visit: [www.northamptoncounty.org](http://www.northamptoncounty.org)

County Government/Community & Economic Development/Housing Resources

## *Introduction*

The Northampton County First-Time Homebuyer Program provides loans to income-eligible, first-time buyers of Northampton County homes. These loans provide up to \$5,000 to help with the cost of the house and closing costs.

The Northampton County First-Time Homebuyer Program has several important goals:

- ◆ To provide the opportunity for stability that home ownership affords;
- ◆ To increase vitality in low- and moderate-income neighborhoods by increasing home ownership in these communities; and
- ◆ To afford county residents the opportunity to take advantage of the benefits of fair housing choice.

To this end, the County's mortgage may only subordinate to conventional, fixed-rate mortgages. This product is recognized by PHFA and can be used in conjunction with other incentives for low-moderate income homebuyers, such as HOOP and First Front Door.

We secure the investment in our communities by placing a lien on the property for 5 years or until the property is sold. For each year you stay in your home, 20% of the loan is forgiven. The loan is completely forgiven if the homebuyer stays in the house for at least 5 years.

Applications will be received and reviewed by the Northampton County Department of Community and Economic Development (NCD CED) continuously throughout the year. Applications can be acquired through the first lender. When, and if, funds are depleted, the approved, but non-funded applications, will be held to await additional funding.

## *What is a "Subordinated Mortgage?"*

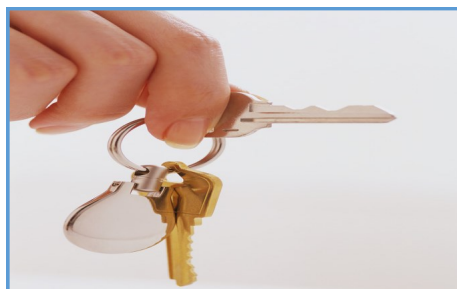
A "subordinated mortgage" means that the County is serving as a second lender in the purchase of your home. The County agrees that your primary lender will have their investment paid back first in the event that the home is sold or ownership is otherwise transferred. Qualified first-time homebuyers will be eligible to receive a subordinated mortgage up to a maximum of \$5,000 per home. The actual loan amount is limited to the figure necessary to fill the gap between the primary lender's commitment and the amount the borrower is able to pay. All necessary documents will be executed by the settlement agent. The check provided by the County will be made payable to the settlement company handling your closing. No interest is charged in relation to the mortgage and no payments are required to be made by the borrower.

## How do I Qualify?

- ◆ You must be a first-time homebuyer or have not owned a home for at least three years.
- ◆ You must obtain your primary mortgage from one of the partner financial institutions.
- ◆ You must complete a half-day HUD certified/affiliated Homebuyer Education Counseling Program from an accredited agency before closing. The agency's currently offering this free program are listed on Page 7 of this handbook.
- ◆ Your annual household income can not exceed 80% of the median income for the Lehigh Valley. For instance, a household with 4 people must have an annual income of \$72,500 or less. The incomes of all persons living in the home will be considered.

The income limits calculated for Fiscal Year 2022 by the US Department of Housing and Urban Development (HUD) are:

<u>Household Size</u>	<u>Maximum Annual Income</u>
1	\$50,750
2	\$58,000
3	\$65,250
4	\$72,500
5	\$78,300
6	\$84,100
7	\$89,900
8	\$95,700



## *Repayment of Loans*

If the homeowner remains in the home for a period of five (5) years, the County's mortgage will be forgiven. However, repayment is required if the homeowner sells the home within those five (5) years. Twenty percent of the loan is forgiven for each year the homeowner remains in the home. If the homeowner wishes to refinance in order to secure a lower interest rate, the County's mortgage may be subordinated to the new first mortgage. Refer to guidance on Page 7.

## *The Lending Partners*

The primary mortgage must be obtained through one of the partner financial institutions in order to receive the County loan. These institutions are local, have experience with the program, and have a strong record of meeting federal requirements for investment in our communities (CRA).

## *Lease-Purchase Program*

Qualified first-time homebuyers with a fully executed Lease-Purchase Agreement may qualify for the subordinated mortgage program. The lease-purchase agreement must state how much is being held for closing costs. By applying through one of our participating lenders, applicants can receive a letter of commitment that is valid for one year.



## *Underwriting*

Northampton County relies on the primary lender's own underwriting criteria to determine ability to pay and credit worthiness. The lender will also complete and sign the First-Time Homebuyer Loan Program application, which attests that the homebuyer can afford the purchase and is eligible for the subordinated mortgage program.

## *Program Requirements*

Before submitting an application to the NCD CED for a loan, lenders should be sure that all of the following program requirements are met:

- Applicants must need the subordinated mortgage in order to afford the house but their need must not exceed the maximum subordinated mortgage amount of \$5,000.
- ◆ The borrower must meet all of the Eligibility criteria listed on Page 3 of this handbook.
- ◆ There must be an Agreement of Sale to purchase a home within Northampton County.
- ◆ The house to be purchased can be either a single unit or range up to four (4) units, but you must occupy the residence or, in the case of a multi-unit house, you must occupy one of the units.
- ◆ The applicant must contribute a minimum of 1.5% of the lesser of the purchase price. These funds must come from the applicant's assets which must be verified in a deposit account by an institution of depository, or constituted by cash on hand, for a minimum of three (3) months prior to the settlement date.
- ◆ At the time of settlement, the buyer's liquid assets may not exceed the total of 3% purchase price. Any amount above the 3% must be applied to the purchase of the home, e.g. a person can have a total of 4.5% of the sale price in liquid assets, use 1.5% as a down payment and keep the remaining 3%.

## *The Approval Process*

- ◆ The primary lender will determine homeowner eligibility and will calculate the amount of the subordinated mortgage required to enable the purchase of the house.
- ◆ At least 14 days before the scheduled closing, the lender submits a copy of its calculations and application to NCDCED for review, along with a copy of the Certificate of Completion verifying the homebuyer attended the HUD pre-purchase counseling. Requests received less than two weeks before the closing date can not be processed.
- ◆ Upon approval by NCDCED, a check will be issued from the County of Northampton, payable to the title company/settlement agent for closing.
- ◆ At completion of settlement, if the amount of the committed subordinated mortgage is \$100 or more than actually required to achieve the purchase of the home and closing costs, then the entire excess amount will be paid to the County of Northampton and returned to the pool.
- ◆ The settlement company files the Mortgage with the Recorder of Deeds and submits the Promissory Note and Loan Disclosure Statement to the NCDCED.



## *Subordination Guidelines*

- ◆ The borrower continues to own and occupy the premises as the borrower's primary residence.
- ◆ The borrower will benefit by securing an interest rate at least 1% less than the existing rate on his or her first mortgage.
- ◆ The new first mortgage is a conventional fixed rate mortgage with no balloon payments and no pre-payment penalty.
- ◆ The borrower does not receive any cash out for any purpose, including but not limited to, home improvement loans, bill consolidation loans, lines of credit, future advances, personal loans, medical collections, other mortgages or encumbrances or liens.
- ◆ Borrower is current with payment of property taxes.

*For a full list of Subordination Guideline Requirements and the Approval Process please visit NCD CED's website at [www.northamptoncounty.org](http://www.northamptoncounty.org)*

## *Participating Agencies*

### Approved Counseling Agencies

Community Action Lehigh Valley

*\*Available in Spanish*

610-691-5620

[www.communityactionlv.org/](http://www.communityactionlv.org/)

[housingcounseling](http://housingcounseling)

Neighborhood Housing Services

610-372-8433

[www.nhsbg.org](http://www.nhsbg.org)

## Approved Partner Lenders

American Bank: 610-973-8117

American Financial Network: 610-442-3331

AnnieMac Home Mortgage: 484-334-2129

Bright Financial Group: 610-432-2222

Caliber Home Loans: 484-635-2133

Cross Country Mortgage— Three Locations:

570-269-3515 (1908 W. Allen Street, Allentown)

610-554-9765 (4620 Hamilton Blvd, Allentown)

484-347-8555 (1146 S. Cedar Crest Blvd, Allentown)

610-462-9118 (1019 W. Broad St., Bethlehem)

Embassy Bank: 484-893-8752

ESSA Bank & Trust: 610-849-4029

Fidelity Bank: 610-392-5716

Firsttrust Bank: 610-504-4998

Fulton Bank: 610-332-7131

484-515-6326 (741 S. 25th St., Easton)

GO Mortgage—

484-484-0343

484-484-0341

Mortgage America, Inc.: 610-439-8000

NEXA Mortgage: 484-809-3160

Parkway Financial: 610-421-8450

Peoples Security Bank & Trust: 570-346-7741 ext. 2287

Prosperity Home Mortgage: 484-540-0580

Quaint Oak Mortgage: 610-351-9970

Traditional Mortgage: 610-351-0428

The Mortgage Company: 610-216-5547

Truist Bank— Two Locations:

610-751-8201 (1345 Airport Rd., Allentown)

484-515-6326 (741 S. 25th St., Easton)



This program is administered in partnership with the following financial institutions:



This program is funded through the Northampton County Affordable Housing Program and administered by: **Northampton County Department of Community & Economic Development** whose Mission is to strategically leverage resources that foster economic prosperity and enhance the quality of life in Northampton County. Contact Sarah Ortiz at 610.829-6308 for more information.

