

Act 137 FIRST TIME HOMEBUYERS PROGRAM

Guidelines

I. Eligibility:

- Participants must complete a Homebuyer Education Workshop (certificate is required)
- Participants must obtain an “affordability range” determination letter from **Neighborhood Housing Services of Lackawanna County**
- Participants must have verified annual gross household incomes **at or below 100% median income** currently established for Lackawanna County (Effective 1/01/2010). See below:

No. in Household:	1	2	3	4	5	6	7	8
Gross Income	\$39,600	\$45,300	\$50,900	\$56,600	\$61,100	\$65,700	\$70,200	\$74,700

II. Program Details:

- The FTHB program will offer down payment subsidies of 15% of the mortgaged loan with 5% (verified) required from participant’s resources. Please note that **all program participants** will be required to certify the availability of funds for **required minimum 5% down-payment**. Those contributions shall not be borrowed or encumbered funds (i.e., funds the program beneficiary must repay to a third party).
- The **15% down payment** of the FTHB subsidies will be secured as an **interest-free loan**. Any sale or transfer of the property will subject the seller to full repayment within the first 10 years from the closing date. The loan will be forgiven after the 10 year period.
- **Closing cost subsidies** will be in the form of a **grant**, not to exceed **\$1,200**.
- The home purchased must be within the County of Lackawanna. (**The maximum purchase price for a home is \$150,000 and the liquid asset limit will be capped at \$25,000**).
- Home purchased must be a **first** home for program participants (i.e., buyers must not have owned a home for at least three years). Also, the home purchased must become the **PRIMARY RESIDENCE** of the applicant(s).
- The home to be purchased **must be a single family structure** (i.e., Single family unit, townhouse, condominium, modular unit, or 1/2 of a **separately deeded duplex**). Home to be purchased **cannot** be a manufactured home (i.e. mobile home).

**Lackawanna County First Time Homebuyers Program
STEPS TO BECOMING A “HOMEOWNER”**

Return Application to the Neighborhood Housing Services. (Business hours - Monday - Friday, 9:00 a.m. to 4:30 p.m. Location – **709 East Market Street, SCRANTON, PA 18509** - Phone: **(570) 558-2490** Be sure to bring items that pertain to you on the “Check Off” list enclosed with the application. Please be sure that your application and all income tax returns are signed by the applicant and co-applicant.

1. Complete a one-on-one counseling session with an NHS HomeOwnership counselor. After completing the one-on-one session you must participate in a homebuyer education workshop.
2. After completion of the Homebuyer Education workshops you will need to submit a Program Application form (provided to you from NHS). NHS will verify eligibility and issue either an “Eligibility Letter” (***This is not a mortgage loan approval***) Approval time depends on your timeliness to return the required paperwork to NHS.
3. After receiving the “Eligibility Letter” saying that you are eligible, (**and if funds are immediately available**) Customer has **90 days** to secure a sales agreement, shop for financing, and close on a home.
4. You may then find an eligible home in Lackawanna County. After you and the seller agree on the price of the home, seek out mortgage lenders of your choice. Applicant contacts Neighborhood Housing Services (NHS) and advises them of the location of home, price, type of home, and the name of the institution where you are applying for a mortgage. Applicant applies for a mortgage at the financial institution of your choice. **No employee of Neighborhood Housing Services can or will recommend any financial institution.**
5. **Financial institution performs verification of applicants’ employment, income, debts, and arranges for an appraisal of home. NHS WILL NOT ACCEPT “NO INCOME” VERIFICATION MORTGAGES. YOU MUST BE APPROVED ON YOUR INCOME. (Financial institution notifies applicants of approval or rejection)**
6. **After receiving written approval from a bank, the applicant** provides the bank with NHS’s pre-approval letter and asks them to immediately contact NHS to arrange for a copy of the bank file (income verification, assets, debts, credit report, appraisal, etc.) to be sent to NHS. You must then have the prospective home inspected by a certified home inspector. A copy of the inspection must be provided to NHS as soon as it is completed.

7. If the inspection reveals improvements are required a "Deficiency Notice" will be sent by NHS to the customer describing improvements necessary to meet program guidelines. **(All improvements are responsibility of the customer and must be done prior to/immediately following closing)**

8. After customer receives final figures from lender/bank, lawyer or abstract company **NHS requires five (5) working days** from the closing to request funds from Lackawanna County. **(If the information is not received five business days in advance this may delay your closing)**

9. NHS staff member attends the closing, brings the check payable to the settlement agent to cover eligible closing costs and down payment.

10. The financial institution's mortgage lien is in the first position and Lackawanna County mortgage lien is filed in the second position at the Lackawanna Court House

CLOSING IS OVER AND YOU ARE NOW A NEW HOMEOWNER!!!!!!

**County of Lackawanna
Department of Planning and Economic Development**

PLEASE READ CAREFULLY

The following documentation below **MUST BE INCLUDED** with your application to determine your income eligibility. Please return **ALL** completed signed forms in person to Neighborhood Housing Services of Lackawanna County, 709 East Market Street, Scranton, Pa 18509 between the hours of 9:00 a.m. and 4:30 p.m.

ALL FORMS NOT FILLED OUT CORRECTLY WILL BE RETURNED.

____ Last two years **signed income tax return** (all 1040's, W-2's, bank interest, 1099's, etc.) ***PLEASE BE SURE ALL PARTIES SIGN THE TAX RETURN OR IT WILL NOT BE ACCEPTED!***

____ **Pay stubs for last two months** (any documentation stating income amounts for all persons over 18 years of age living in the home excluding full-time students not purchasing the home)

____ **Welfare, food stamps** documentation (Food stamps are not included in determining income, however, we need to verify receipt of benefits)

____ **Unemployment documentation** (check stub and computer un-off sheet from Unemployment Office is needed)

____ **Social Security documentation** (yearly letter from Social Security, end of the year statement, and computer run-off sheet from Social Security)

____ **Pension documentation**

____ **Bank Statements** – most recent **two months** statements on **all** checking, savings, stocks, and bonds, money markets, certificates of deposit, etc.

____ **Child Support** - Court statement or computer run-off sheet from Domestic Relations for all children.

____ **Veterans Benefits**

____ **Divorce Decree and Settlement**

____ Any full-time student age 18 and older (except the applicant) **MUST** have letter from college stating the status as a full-time student and **SHOWING NUMBER OF CREDITS** being taken during the current semester.