



Gloucester County First-Time Homebuyers' Program

HOME INVESTMENT PARTNERSHIP PROGRAM

GLOUCESTER COUNTY DEPARTMENT OF ECONOMIC DEVELOPMENT

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Introduction and Overview

The manual is intended to guide the implementation and policies of Gloucester County's First Time Homebuyer Program (FTHBP) as required by the U.S. Department of Housing and Urban Development (HUD). The purpose of this manual is to establish a series of HOME-compliant policies and procedures that maximize the likelihood that homebuyers assisted with HOME funds will successfully sustain homeownership. The program's objective is to provide eligible first-time homebuyers with assistance in purchasing a home in Gloucester County.

The First Time Homebuyer Program promotes homeownership for low and moderate-income first-time homebuyers. The program is intended to assist property purchasers by providing financial and technical assistance in purchasing a home for the first time.

Various limits related to the program (i.e., maximum purchase prices and income limits) are set annually. The figures used in this manual were applicable at the time of its writing (Spring 2024). Updates to these figures will be published on the First Time Home Buyer Program page on the County's website as they become available.

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This manual and other information can be found on the Program's webpage:

<https://gloucestercountynj.gov/569/Housing-Community-Development>.

Eligible Participants

Prospective homebuyers must meet the following requirements to be eligible to receive assistance:

- Have not owned a home in the last three (3) years (or be a single parent or displaced homemaker)
- Be a qualified low- or moderate-income household
- Be the owner of the property after purchase
- Occupy the property as their primary residence after the purchase
- Attend certified housing counseling certificate courses
- Purchase a home within Gloucester County.
- Be a United States citizen or legal resident

Eligible participants do not need to be residents of the County at the time of application.

Income Limits

The prospective homebuyer's household income must have an annual income equal to or less than the income limits set by HUD for the HOME Investment Partnerships Program. These limits are based on 80% of the area median income with adjustments for household size. HUD revises these figures on an annual basis and is currently set as follows:

Philadelphia-Gloucester-Wilmington, PA-NJ-DE-MD MSA Effective June 15, 2023	
Household Size	Income Limit
1 person	\$62,500
2 persons	\$71,400
3 persons	\$80,350
4 persons	\$89,250
5 persons	\$96,400
6 persons	\$103,550
7 persons	\$110,700
8 persons	\$117,850

Eligible Property

Eligible properties for the program are limited to single-family homes that will serve as the prospective homebuyer's primary residence.

Housing styles may include attached (row homes), semi-detached (duplexes), detached single-family homes, condominiums, or manufactured homes. Tenant-occupied properties are excluded from the program. Homebuyers are required to obtain notarized affidavits from sellers that the subject property is not tenant-occupied.

Maximum Property Value

The value of any homebuyer/homeowner-occupied property may not exceed 95 percent of the median purchase price for that type of single-family housing for the Philadelphia-Gloucester-Wilmington, PA-NJ-DE-MD MSA based on the Single-Family Mortgage Limits under Section 203 (b) of the National Housing Act [12 U.S.C 1709 (b)]. When writing this manual (Spring 2024), the homeownership sales price limit for a single-family home was \$290,000.

Eligible Uses Of Assistance

Eligible homebuyers may receive funds to:

- Provide down payments (up to 5%); and/or
- Provide closing costs; and/or
- Reduce the purchase price (principal write-down).

Level Of Assistance

The minimum level of assistance provided for the First Time Homebuyer Program is \$1,000. The maximum level of assistance a homebuyer can receive is \$25,000. The funds can be used for a combination of downpayment and/or closing costs and/or principal write-down. The homebuyer will be required to contribute three (3%) of the purchase price with their own funds toward the down payment. All assistance provided by the County's FTHBP will be based on demonstrated need not to exceed total funds of \$25,000.

Prepaid fees will not be reimbursed with closing costs. Assistance received from this program cannot be combined or used in conjunction with assistance from any other federal sources. The County will not accept higher than second lien position.

Underwriting Standards

Underwriting is the process of analyzing a loan to determine the amount of risk involved in making the loan. Sound mortgage underwriting assists a lender in determining a borrower's ability to repay mortgage debt and limits the risk of default on the mortgage. Lenders assess this risk by applying established underwriting guidelines to each potential borrower's circumstances, including the individual borrower's income, savings, debt and credit history. Once a borrower is underwritten, the lender is able to estimate the mortgage amount the borrower may be able to afford and the likelihood that the borrower will make on-time payments on the mortgage.

Limited credit history, above-average debt-to-income ratios, and limited financial assets may contribute to a low-income homebuyer's need for HOME assistance. Consequently, Gloucester County has established specific standards for determining the amount of HOME assistance it will provide to each homebuyer. The underwriting process will determine the appropriate amount of HOME assistance to provide to each homebuyer based on individual financial circumstances.

To determine the specific amount of HOME assistance needed to ensure that a unit is affordable and sustainable over the long term, the underwriting process will examine the following for each homebuyer:

- Housing and overall debt;
- Monthly expenses;
- Assets or cash reserves; and
- Appropriateness of the amount of assistance.

The underwriting process will also include a careful analysis of a homebuyer's liquid cash reserves to ensure that the buyer has sufficient resources on hand to pay for unexpected expenses without having to forego the monthly mortgage payment. The Program requires homebuyers to have cash reserves to cover at least three (3) months of housing expenses. At the County's discretion, program assistance may be used to cover out-of-pocket closing costs to bring cash reserves up to the three-month level.

The underwriting process will rely on an assessment of a homebuyer's debt by calculating two key ratios:

- The **front-end ratio**, or housing expense ratio, considers the percentage of gross monthly income the individual homebuyer is expected to pay for monthly housing costs. The Program recognizes the following expenses as part of the front-end ratio: mortgage principal and interest, real estate taxes, and homeowner's insurance, known collectively as PITI, as well as any mortgage insurance premiums, association fees, ground lease fees, and other similar fees as applicable.
- The **back-end ratio**, or debt-to-income ratio, reflects the percentage of gross monthly income the individual homebuyer is expected to pay for housing debt and expenses plus all recurring consumer debt. The Program recognizes the following expenses as part of the back-end ratio: PITI and other fees plus credit card, auto loan, and student loan payments, other installment and revolving debt that appears on a credit report, alimony, and child support.

The County will use a **front-end ratio** of 35% and a **back-end ratio** of 47% to underwrite the FTHB Program. On a case-by-case basis, the Program may permit loans with back-end ratios of up to 49% when an applicant has a proven history of spending more than 50% on housing expenses.

Since funding from the Program is provided as a deferred loan with no payments, the County will not evaluate an applicant's credit history when processing an application. Instead, it will rely on lenders to assess their creditworthiness during mortgage underwriting.

Determining the Amount of Program Assistance

When making the determination of the appropriate amount of HOME assistance to provide to an individual homebuyer, the Program staff will balance reasonableness and necessity with long-term

sustainability. The goal is to “right-size” the level of assistance, in accordance with the Underwriting Standards, to ensure that the homebuyer receives neither more HOME assistance than is necessary nor an amount of assistance that is too low to achieve financial sustainability. Program staff will consider the purchase price of the home, the individual financial circumstances of the homebuyer, and the financing terms of the primary mortgage.

In some cases, the amount of HOME assistance an applicant requires to meet Program underwriting standards will exceed the maximum assistance available under the Program. In those cases, the transaction will be deemed ineligible for assistance.

Program staff will use an Excel spreadsheet issued by HUD to assist in underwriting each FTHB application. The spreadsheet can be found on the program website.

Responsible Lending Standards

All primary loans must meet the following loan terms, and underwriting requirements must be met. Lenders will be asked to write a letter of acceptance or provide a loan commitment addressing these provisions to participate in the Program.

- All loans must have a fixed rate interest rate.
- Lenders are encouraged to offer “below-market” interest rates.
- Interest rates may not exceed 1.5% above the Freddie Mac 30-Year Fixed Rate U.S. weekly average (<https://www.freddiemac.com/pmms>).
- Lender fees and points are restricted to a percentage of the loan amount.
- Loans may not exceed a term of more than thirty (30) years – exceptions may be considered for USDA lending products.

Interest-only, balloon payment, and negative amortization loans are not eligible forms of lending under this Program.

In addition to the above requirements, Lenders are strongly encouraged to consider the following when qualifying a prospective buyer:

- Lenders should make every effort to avoid a loan product that requires private mortgage insurance (PMI).
- Lenders should remain flexible with credit score analyses where there is verifiable evidence that significant medical expenses or job loss were largely responsible for pushing the applicant’s credit score below the lender’s minimum.
- Lenders should allow income from non-occupant co-borrowers in their underwriting analysis.
- Lenders should allow “border income.”
- Lenders are strongly encouraged to accept “cash-on-hand” down payments.

To assist prospective applicants in finding a bank that best fits their situation, lenders will be required to complete a checklist of the above criteria that will be made available on the program's website. Lenders will be able to modify their checklist at any time as qualification, and underwriting policies evolve within their institution.

Refinancing Standards

The FTHB Program will subordinate its interest in the home if the homeowner is seeking to refinance the primary loan for a lower interest rate with no "cash out". An exception may be made for refinancing to cover medical costs or necessary emergency home improvements. Verification such as work estimates and medical documentation will be required. Prior to subordination, a copy of the new mortgage application will be required to verify that the income level of the homeowner has not increased to such a level that they no longer meet the eligibility requirements of the original loan. All requests will be reviewed by the Program Director and approved by the County Administrator or designee prior to subordination.

Legal Instruments To Secure Program Financing

The homebuyer is required to execute a Program Agreement with the County. The Agreement outlines the requirements set forth under the Program. The Program Agreement is executed once the homebuyer obtains a written commitment from the first mortgage lender.

Program assistance will be provided as a zero-percent, non-amortizing, deferred loan. Loans will be secured through a Mortgage and Mortgage Note executed by the homebuyer at closing. The Mortgage will be recorded by the title company at closing. Repayment of the program assistance will be deferred until the applicant sells the property or transfers the title, the property no longer remain the applicant's principal residence, refinance, obtain a reverse mortgage or utilize any vehicle to obtain cash against the equity of the property. Transferring the property title into the name of a spouse will not trigger repayment. Instead, the spouse will be required to sign another Mortgage and Mortgage Note. The program's original Mortgage and Note will then be discharged.

Recipients of Program funds are required to maintain the unit as their primary residence for the duration of the loan period. Annual certification is required during this period. A primary residence is defined as the location where the applicant resides for more than one hundred and eighty-three days (183). The Program will adopt the New Jersey Motor Vehicle Commission's "6 Points of ID" system (<https://www.nj.gov/mvc/license/6pointid.htm>) to document the residency of the applicant during the term of the loan.

Property Standards

All homes being acquired under the Program must be inspected for compliance with the New Jersey State and local housing code requirements and property maintenance standards. All codes and standards should be met at the time of occupancy. The Program will require receipt of the municipal certificate of occupancy (CO) prior to the closing. A separate physical inspection of the property will be conducted by the Program or by a certified independent Home Inspector to identify any code violations and to determine if any adverse health or safety conditions exist.

If the property was built before 1978, a visual assessment for lead-based paint will be completed by the Program. If the visual assessment for lead-based paint fails in the property standards inspection, lead-based paint clearance must be obtained before closing escrow. Clearance can be obtained by one of the following options:

1. Obtain an XRF Inspection with Risk Assessment from a company licensed to perform lead-based paint testing. If the test results are negative, no further action is required;
2. If the test is positive, surfaces must be stabilized by a certified/trained company using safe work practices, and clearance is to be provided; or
3. Presume surfaces are positive for lead-based paint. Have surfaces stabilized by a certified/trained company using safe work practices and obtain clearance from a company licensed to perform lead-based paint clearance. The cost of Lead Abatement repairs can be covered by the Program if the costs are not covered by the seller and if there are sufficient funds available after paying customary recurring and non-recurring closing costs. All repair costs requested to be paid by the Program must be pre-approved by the County.

Properties being purchased not meeting the above standards may qualify if the terms and conditions are adhered to as follows:

1. The property being purchased may not exceed an after-rehabilitation value as established by HUD. The after-rehabilitation value may be provided by the property appraiser or determined by The County.
2. At closing, the borrower must sign an indemnification indicating agreement of work to be completed; the homeowner cannot occupy the property during this period unless/until a current Certificate of Occupancy has been issued by the local Building Inspector.
3. The timeline for completion is six (6) months to complete all health and safety defects and nine (9) months to complete any remaining rehabilitation from when the borrower closes on the mortgage. The work is to begin within 30 days after closing and is not to cease for a period of longer than 30 consecutive days.

The inspection process and approval of work:

1. Prior to the loan closing, an inspection is performed by a housing inspector on behalf of the Program for code violations additionally health and safety issues.
2. A list of all violations is prepared, including paint issues.
3. Upon completion of work, the borrower is required to contact the County and provide a Certificate of Occupancy from the local Building Inspector.
4. If the residence was constructed prior to 1978 and a painted surface was disturbed during repairs, the area must be tested using the dust-wipe method and result in a dust-lead clearance level below the US EPA's applicable standard.

If an applicant is determined to be out of compliance with the Program during their ownership of the home, the County may foreclose on the Program Mortgage and require full repayment of the Note.

Homebuyer Counseling Requirement

Each qualified applicant will be required to attend an intensive homebuyer counseling and education workshop focusing on the budgeting process to meet monthly housing costs associated with being a homeowner. At a minimum, eight (8) hours of counseling is required from a HUD-certified counseling agency offered locally. The Housing Counseling must be independent, expert advice customized to the needs of the consumer to address the consumer's housing barriers and to help achieve their housing goals and must include the following processes: intake; financial and housing affordability analysis; an action plan, except for reverse mortgage counseling; and a reasonable effort to have follow-up communication with the client when possible. The content and process of housing counseling must meet the standards outlined in 24 CFR part 214.

Homeownership counseling is a type of Housing Counseling. Agencies that provide homeownership counseling must address the decision to purchase a home, the selection and purchase of a home, issues arising during or affecting the period of ownership of a home (including financing, refinancing, default, and foreclosure, and other financial decisions) and the sale or other disposition of a home. While there is flexibility as to the delivery method (in-person, phone, or internet), housing counseling must be individualized to ensure the guidance and advice provided are tailored to the client's specific needs. Some of the homeownership topics may be provided in a group setting as the foundation for an individual counseling session.

A certificate of completion (valid for one year) must be provided by the applicant. Lenders are encouraged to recommend homebuyer counseling to prospective borrowers at their initial mortgage application.

Income Eligibility

To be eligible for assistance, households must be income-eligible. The County's FTHB Program has elected to use HUD's income verification process, known as 24 CFR Part 5. This system evaluates the gross income of all adult household members anticipated to be received during the coming 12-month period.

What is Considered Income

The following sources of income will be included in the income eligibility determination for each household:

Sources Considered Income	Statement from HUD 24 CFR 5.609 paragraph (b) (April 1, 2004)
1. Income from wages, salaries, tips, etc.	The full amount, before any payroll deductions, of wages and salaries, overtime pay, commissions, fees, tips and bonuses, and other compensation for personal services.
2. Business Income	The net income from the operation of a business or profession.
3. Interest & Dividend Income	Interest, dividends, and other net income of any kind from real or personal property. Where the family has net family assets in excess of \$5,000, annual income shall include the greater of the actual income derived from all net family assets or a percentage of the value of such assets based on the current passbook savings rate, as determined by HUD.
4. Retirement & Insurance Income	The full amount of periodic amounts received from Social Security, annuities, insurance policies, retirement funds, pensions, disability or death benefits, and other similar types of periodic receipts, including a lump-sum amount or prospective monthly amounts for the delayed start of a periodic amount (except as provided in number 14 of Income Exclusions).
5. Unemployment & Disability Income	Payments in lieu of earnings, such as unemployment and disability compensation, worker's compensation, and severance pay (except as provided in number 3 of Income Exclusions).
6. Welfare Assistance	Welfare Assistance. Welfare assistance payments made under the Temporary Assistance for Needy Families (TANF) program are included in annual income: Qualify as assistance under the TANF program definition at 45 CFR 260.31; and Are otherwise excluded from the calculation of annual income per 24 CFR 5.609(c). If the welfare assistance payment includes an amount specifically designated for shelter and utilities that is subject to adjustment by the welfare assistance agency in accordance with the actual cost of shelter and

	utilities, the amount of welfare assistance income to be included as income shall consist of: the amount of the allowance or grant exclusive of the amount specifically designated for shelter or utilities; <i>plus</i> the maximum amount that the welfare assistance agency could in fact allow the family for shelter and utilities. If the family's welfare assistance is reduced from the standard of need by applying a percentage, the amount calculated under 24 CFR 5.609 shall be the amount resulting from one application of the percentage.
7. Alimony, Child Support, & Gift Income	Periodic and determinable allowances, such as alimony and child support payments, and regular contributions or gifts received from organizations or from persons not residing in the dwelling.
8. Armed Forces Income	All regular pay, special day and allowances of a member of the Armed Forces (except as provided in number 7 of Income Exclusions).

What is Not Considered Income

The following income sources are not considered income and will not be included in the income eligibility determination.

Sources Not Considered Income	Statement from HUD 24 CFR 5.609 paragraph (c) (April 1, 2004)
1. Income of Children	Income from employment of children (including foster children) under the age of 18 years.
2. Foster Care Payments	Payments received for the care of foster children or foster adults (usually persons with disabilities, unrelated to the tenant family, who are unable to live alone).
3. Inheritance and Insurance Income	Lump-sum additions to family assets, such as inheritances, insurance payments (including payments under health and accident insurance and worker's compensation), capital gains and settlement for personal or property .
4. Medical Expense Reimbursements	Amounts received by the family that are specifically for, or in reimbursement of, the cost of medical expenses for any family member.
5. Income of Live-in Aides	Income of a live-in aide (as defined in 24 CFR 5.403).
6. Disabled Persons	Certain increases in income of a disabled member of qualified families residing in HOME-assisted housing or receiving HOME tenant-based rental assistance (24 CFR 5.671(a)).
7. Student Financial Aid	The full amount of student financial assistance paid directly to the student or to the educational institution.

8. Armed Forces Hostile Fire Pay	The special pay to a family member serving in the Armed Forces who is exposed to hostile fire.
9. Self-Sufficiency Program Income	<p>Amounts received under training programs funded by HUD.</p> <p>Amounts received by a person with a disability that are disregarded for a limited time for purposes of Supplemental Security Income eligibility and benefits because they are set aside for use under a Plan to Attain Self-Sufficiency (PASS).</p> <p>Amounts received by a participant in other publicly assisted programs that are specifically for, or in reimbursement of, out-of-pocket expenses incurred (special equipment, clothing, transportation, childcare, etc.) and which are made solely to allow participation in a specific program.</p> <p>Amounts received under a resident service stipend. A resident service stipend is a modest amount (not to exceed \$200 per month) received by a resident for performing a service for the PHA or owner, on a part-time basis, that enhances the quality of life in the development. Such services may include, but are not limited to, fire patrol, hall monitoring, lawn maintenance, resident initiatives coordination, and serving as a member of the PHA's governing board. No resident may receive more than one such stipend during the same period of time.</p> <p>Incremental earnings and benefits resulting to any family member from participation in qualifying state or local employment training programs (including training not affiliated with a local government) and training of a family member as resident management staff. Amounts excluded by this provision must be received under employment training programs with clearly defined goals and objectives, and are excluded only for the period during which the family member participates in the employment training program.</p>
10. Gifts	Temporary, nonrecurring, or sporadic income (including gifts).
11. Reparations	Reparation payments paid by a foreign government pursuant to claims filed under the laws of that government by persons who were persecuted during the Nazi era.
12. Income from Full-time Students	Earnings in excess of \$480 for each full-time student 18 years old or older (excluding the head of household or spouse).
13. Adoption Assistance Payments	Adoption assistance payments in excess of \$480 per adopted child.
14. Social Security & SSI Income	Deferred periodic amounts from SSI and Social Security benefits that are received in a lump sum amount or in prospective monthly amounts.

15. Property Tax Refunds	Amounts received by the family in the form of refunds or rebates under state or local law for property taxes paid on the dwelling unit.
16. Home Care Assistance	Amounts paid by a state agency to a family with a member who has a developmental disability and is living at home to offset the cost of services and equipment needed to keep this developmentally disabled family member at home.
17. Other Federal Exclusions	<ul style="list-style-type: none"> • Amounts specifically excluded by any other federal statute from consideration as income for purposes of determining eligibility or benefits under a category of assistance programs that includes assistance under any program to which the exclusions of 24 CFR 5.609(c) apply, including: • The value of the allotment made under the Food Stamp Act of 1977; • Payments received under the Domestic Volunteer Service Act of 1973 (employment through VISTA, Retired Senior Volunteer Program, Foster Grandparents Program, youthful offender incarceration alternatives, senior companions); • Payments or allowances made under the Department of Health and Human Services' Low-Income Home Energy Assistance Program; • Amounts of scholarships funded under Title IV of the Higher Education Act of 1965, including awards under the Federal work study program or under the Bureau of Indian Affairs student assistance programs; • Payments received from programs funded under Title V of the Older Americans Act of 1985 (Green Thumb, Senior Aides, Older American Community Service Employment Program); • Earned income tax credit refund payments received on or after January 1, 1991, including advanced earned income credit payments; • The value of any child care provided or arranged (or any amount received as payment for such care or reimbursement for costs incurred for such care) under the Child Care and Development Block Grant Act of 1990; • Payments received under programs funded in whole or in part under the Job Training Partnership Act (employment and training programs for Native Americans and migrant and seasonal farm workers, Job Corps, veterans employment programs, state job training programs and career intern programs, AmeriCorps); • Allowances, earnings, and payments to AmeriCorps participants under the National and Community Service Act of 1990; • Any amount of crime victim compensation (under the Victims of Crime Act) received through crime victim assistance (or payment or reimbursement of the cost of such assistance) as determined under the Victims of Crime Act because of the commission of a crime against the applicant under the Victims of Crime Act; and

- Allowances, earnings, and payments to individuals participating in programs under the Workforce Investment Act of 1998.

Proof of Income

To fulfill the documentation requirements of the Program, all members of the applying household, eighteen (18) of age or over, must provide copies of the following documents with their application:

- Four current pay stubs for each household member who receives income from employment and is 18 years of age or over, if applicable;
- A signed copy of regular IRS Form 1040 (Tax computation form), 1040A or 1040EZ (as applicable), and state income tax returns filed for the last year prior to the date of interview or notarized tax waiver letter for the respective tax year(s);

- Social Security, Disability, and SSI Benefit Statements or Pension Benefits statement if applicable.
- Social Security Cards for each household member.
- Receipt for property taxes.
- Copy of current homeowner's insurance declarations page (not the policy or receipt).
- A letter or appropriate reporting form verifying any other sources of income claimed, such as alimony and child support. This includes separation agreement or divorce papers signed by the presiding judge;
- Reports from the last two consecutive months that verify income from assets to be submitted by banks or other financial institutions managing trust funds, money market accounts, certificates of deposit, stocks, or bonds. Examples include copies of all interest and dividend statements for savings accounts, checking accounts, and investments;
- Recorded deed to the property to be assisted;
- Evidence or reports that verify assets such as real estate or businesses owned by any household member;
- Widows or widowers must provide a copy of their spouse's Death Certificate should be included;
- Copy of your most current property tax assessment; and
- A signed Eligibility Release form, signed Inspection Acknowledgment and signed Financial Privacy Act Notice.

Administrative Procedures

First-Time Homebuyer Staff & Responsibilities

Program Administrator

- Represent the County on all policy and strategy matters and oversee the day-to-day operations of the program.
- Directs outreach and marketing in the target area.
- Approves applicants and provides necessary assistance.
- Approves public notices.
- Approves payment vouchers.
- Prepares public notices
- Prepares annual plans and reports
- Attends meetings and site visits
- Reviews payments
- Prepares information provided to the public
- Attends various workshops and seminars
- Qualifies applicants
- Provides program information to the public
- Maintains and organizes all financial and programmatic files and documents.
- Communicates with lenders and closing agents
- Facilitates loan closings
- Ensures compliance with HUD rules and Regulations

Housing Inspector

- Inspects residential structures to ensure compliance with state and local codes.
- Ensures the property to be purchased receives a visual inspection for defective paint surfaces in all units.

Attorney

- Develops, reviews, and approves legal instruments and contracts.

Comptroller

- Cosigns payments, approve vouchers and maintains financial records.

Fair Housing Officer

- The Fair Housing Officer investigates initial allegations of housing discrimination, provides housing referral services, and furthers affirmative marketing and outreach efforts.

Application Process

Gloucester County Housing & Community Development staff are responsible for processing First Time Homebuyer applications. Staff will assist applicants in completing all required forms. Information requested in the application includes property data, financial information, household information, tax data, outstanding financial obligations, etc. Additional information includes an executed Contract of sale, annual household income, asset liability verification, social security cards, and driver's license.

Applications are processed when received. The Program Administrator will conduct an initial screening to determine the eligibility of the applicant. The initial screening is normally conducted by phone or in person at the request of the applicant. Once the preliminary process is completed, and eligibility is determined, the Program Administrator will schedule a meeting with the applicant to thoroughly inform them of their responsibilities and requirements under the program.

Once eligibility is determined by the Program Administrator, applicants can obtain a mortgage from a lender that will be required to adhere to all program requirements.

Once the Program Administrator determines the applicant is eligible, the Program Administrator will communicate with the potential lender to ensure all program requirements are understood.

The Program Administrator will provide information regarding the requirements with the lender. The applicant must be pre-qualified for a mortgage, have received credit counseling, and have executed a sales agreement prior to executing an FTHB Program Agreement and receiving assistance.

After the Program Administrator has carefully reviewed the costs associated with the request, as well as the amount of financial assistance needed, a letter is sent to the homebuyer notifying him or her of the decision. A letter of notification will inform the homebuyer of their eligibility to receive financial assistance, the amount of assistance, and any conditions under which the assistance is offered.

Funds will be disbursed by the Program in accordance with County procedures and federal and state regulations. These procedures and regulations are designed to assure that approved funds are properly expended on eligible homebuyer's costs and are summarized as follows:

- A lien will be placed on the property and recorded with the Gloucester County Clerk's Office to assure the First Time Homebuyer Program partially forgivable loan is repaid in the event of a default under the loan terms and conditions during the loan's affordability period.

- All payments will be made in accordance with the County's voucher payment procedures and will require proper verification and certification.
- Certificate of occupancy documentation must be provided to the Program Administrator at the time of final eligibility determination.
- Homeowner Insurance must list the County of Gloucester as an added insured along with the primary lender.
- At the closing, prior to disbursement of the County's assistance, the homebuyer's attorney/closing agent must provide a signed HUD-1 RESPA form and a Title Insurance binder.

The application, loan approval process, and the scheduling of a closing date can be estimated to take 6-8 weeks.

Affirmative Marketing

The County will make information on the First Time Homebuyer Program readily available to the public. The County will undertake actions to provide information to attract persons in the housing market area to available housing opportunities without regard to race, color, national origin, sex, religion, familial status, or disability. The following steps are exercised:

- Printed literature (brochures, pamphlets, newsletters, flyers, posters, etc.) which all include the fair housing logo;
- Information provided on the County website;
- Information provided to local community organizations, neighborhood groups, fair housing groups, counseling agencies, employment centers, etc.;
- Posting at various public buildings;
- Lender participation;

Maintenance Of Records

The First Time Homebuyer Program will have three separate filing systems, which will dictate what information will be required to register completed files, provide a commitment to a particular homebuyer, produce payments, and ongoing monitoring to ensure compliance with all program rules and regulations, policies, and procedures. Those areas are as follows:

Programmatic Records

The Programmatic records will include applicable components of the County's Action Plan(s) or Substantial Amendment(s) authorizing the program; program procedures and policies; grant management plans; related

monthly, annual, and special reports; related contracts; correspondences from HUD and related agencies; environmental records, affirmative marketing plan; etc.

Participant Records

The Participant records will contain information related specifically to the homebuyer. Participant information will include the collection of documents, forms, and eligibility data. Each participant file will contain information required by HUD regulations as applicable in the Community Development Block Grant Program and HOME Investment Partnerships Program 24 CFR Part 92, as amended, and requirements for each transaction consistent with the Program's underwriting guidelines. Each file shall include:

- 1) First Time Homebuyer Application
- 2) Applicant Income Information
- 3) Lender Commitment
- 4) Lender Application (FNMA 1003)
- 5) Underwriter Transmittal (FNMA 1008)
- 6) Two (2) years of Federal Tax returns w/ W2's
- 7) Verification of Employment
- 8) Verification of Deposit
- 9) Third-Party Eligibility Release Form
- 10) Disclosure to Seller
- 11) Sources of Down payment/Escrow Letter
- 12) Real Estate Appraisal (URAR)
- 13) Credit Counseling Certificate
- 14) Attorney's Closing Service Letter
- 15) Sales Agreement
- 16) Notarized affidavit from the seller that subject property is/was not tenant occupied
- 17) Program Mortgage
- 18) Program Note
- 19) Program Agreement
- 20) RESPA (HUD) 1
- 21) Homeowners' Insurance
- 22) Certificate of Occupancy/Smoke Detector Certification
- 23) Program Inspector Checklist
- 24) Lead Base Paint Lead Risk Assessment

Financial Records

The Financial records will contain vouchers, payments, drawdowns, payments from loan receipts, journals and ledgers.

Revisions To Program Policies And Procedures

Throughout the implementation of this Program, the County will analyze its effectiveness and may revise policies or procedures to improve its usefulness to the community. Likewise, revisions may be made in order to clarify procedures and remain compliant with any changes to HOME regulations. Each revision to this manual will be summarized and included at the end of the Table of Contents along with the date on which the revision was made.