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***SINGLE FAMILY HOME OWNERSHIP DEVELOPMENT PROGRAM  
ACQUISITION AND REHABILITATION***

**FUNDED BY:**

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**NEW YORK STATE AFFORDABLE HOUSING CORPORATION**

**Sponsored By:      City of Cortland  
                                 Brian Tobin, Mayor**

**SINGLE FAMILY AFFORDABLE HOME OWNERSHIP DEVELOPMENT PROGRAM  
ACQUISITION AND REHABILITATION**

***Funded by: The New York State Affordable Housing Corporation (AHC)***

**I. INTRODUCTION:**

The City of Cortland has recently been awarded funds from New York State Affordable Housing Corporation (AHC) for a First-time Homeownership Program. These funds will be provided to eligible applicants to both purchase and rehabilitate one-family, substandard structures located in the City. Only first-time homebuyers with household incomes below the limits identified below are eligible for assistance. Subsequent to purchase of your home, financial assistance is available for the rehabilitation of your property in accordance with the City's definition of rehabilitation provided below. The goal of rehabilitation is to remedy code violations and hazardous situations, to insure the home is free from health and safety defects, to insure the home meets minimum Housing Quality Standards (HQS) pursuant to 24 CFR 882.109 and to provide adequate weatherization for homes owned and occupied by eligible buyers. Rehabilitation cannot take place until the new homeowner has closed on the purchased and taken title to the property.

Assistance for Program Participants will be provided in the form of 100% deferred payment loans (dpl). A dpl is similar to a grant in that there is no monthly repayment required for the funds provided by the City as long as the Participant resides in the home. Additional information is provided in Section II. under Question #2 below.

The maximum award per project pursuant to AHC regulations is \$35,000. This includes funds for administrative and project costs, such as signage and counseling, with the remaining approximately \$31,500 for purchase and rehabilitation. Program Participants are not guaranteed the maximum amount. The City or its representative will determine the amount needed for both purchase and rehabilitation not to exceed the \$35,000 per project. At least 51% of the total funds provided to each Participant must be used for rehabilitation. The amount of rehabilitation assistance to be provided will be based on the needs of the home to be purchased. This is determined by the scope of work prepared by the City's Rehabilitation Specialist pursuant to an assessment of the home. The home will be assessed following receipt of an accepted purchase offer. The actual, final rehabilitation cost will be determined by contractors' bids for the work deemed necessary and eligible under the Program. Due to lead paint hazard requirements, rehabilitation costs/scope may need to be adjusted to accommodate increased costs as a result of the requirements and to conform to established Program maximums. The City will make a determination with respect to the change in scope or benefits due the Program participant as a result of lead paint hazard requirements.

**II. ELIGIBILITY**

**(A) Income Test:** To be eligible for assistance, applicants must be (1) income eligible in accordance with the limits below; (2) have assets less than the limits imposed by the State (see below), (3) be a first-time homebuyer pursuant to the definition used under the federal CDBG Program and described in Section III, Question #4 below, (4) be able to secure mortgage financing from a lender acceptable to the City of Cortland, and (5) be able to provide at least \$1,000 towards the down payment. The income limits are based on household size and total gross annual income as follows:

HOUSEHOLD SIZE (NUMBER OF PERSONS)								
	1	2	3	4	5	6	7	8
INCOME	\$38,528	\$44,016	\$49,504	\$54,992	\$59,516	\$63,840	\$68,208	\$72,632

**(B) Asset Test:** To be eligible, a household’s combined assets cannot exceed 25% of the unsubsidized price of the home to be purchased (i.e., if you are purchasing a \$95,000 home, the household’s assets cannot exceed \$23,750). According to the NYS AHC, household assets include any down payment deposit; monies in savings, checking and other accounts; certificates of deposit, stock and bonds; and the value of any real property less the outstanding debt. Program participants must provide a certification disclosing the household’s total assets for all adult members of the household, which will be submitted to NYS. The City has requested an opinion from the AHC attorney if pension plans must be included when determining eligibility under the asset limitation. The opinion is pending.

### III. FREQUENTLY ASKED QUESTIONS:

The City of Cortland’s AHC Homeownership Program provides funds to eligible person(s) that can be used to pay for a portion of the down payment and settlement costs associated the acquisition of an existing single-family home in the City, and for the subsequent rehabilitation of the home. The funds are provided as a “deferred payment loan” that does not require a monthly payment, decreases with time, and it forgiven if the Program Participant (you, the applicant) remains in the home for a period of 10 years.

1. How much am I eligible for if chosen for participation?

The maximum per project is \$35,000. Approximately \$3,500 will be used for administration and projects costs such as the AHC sign and counseling. The remaining funds are available for down payment and closing costs related to the purchase and rehabilitation after purchase. The amount of AHC funds for each of the project components will depend on the applicant’s needs and the rehabilitation needs of the home. Pursuant to AHC requirements, more than 50% of the total award must be targeted to rehabilitation.

2. What is a “deferred payment loan”(DPL)?

A DPL is a loan but it does not require you to make a monthly payment like conventional loans you are used to. The funds are recaptured by the City only if you move, sell the home, or convey your interest in any other way; or if the home is no longer your principal residence. The amount you have to repay if any of the above occurs, decreases after the first five years and keeps decreasing until it is completely forgiven after ten years (known as the “regulatory period”). If you decide to move, sell or convey the property before the regulatory period expires, the amount you have to pay back (known as the “recapture”) will never be greater than the amount loaned, since the interest rate for the DPL is zero (0%). The funds have to be returned to New York State.

3. How is the amount of loan recapture determined?

If you live in the house for ten years the DPL will be completely forgiven and no repayment is due upon sale or if you move after the ten years has elapsed. If you move or sell the home, or it is no longer your primary residence before the ten years is up, you will

be required to repay the City/State all or a portion of the DPL in accordance with the following schedule:

The City will recapture the total funds provided if repayment/recapture is triggered before the Program participant lives in the home for 64 months (five years plus four months). If repayment/recapture is triggered after 64 months, the amount due the City will be reduced by 20% for each year (or 10% for each half year) that the Program participant has occupied the home as the principal residence in excess of five full years. Occupancy for any fraction of a year will be determined as follows:

- If the Program participant lives in the house for more than four months but less than six months, it will count as a half year of residence and the repayment/recapture will be reduced by 10% of the total of the purchase and rehabilitation subsidies.
- If the Program participant lives in the house for more than six months but less than twelve months, it will count as a full year of residence and the repayment/recapture will be reduced by 20% of the total of the purchase and rehabilitation subsidies.

The period of occupancy and the amount of the DPL to be recaptured is demonstrated by the following schedule that will be incorporate into your mortgage with NYS:

<u>Occupancy of a least</u>	<u>But less than</u>	<u>% of DPL to be repaid</u>
1 day	64 months	100%
64 months	66 months	90%
66 months	76 months	80%
76 months	78 months	70%
78 months	88 months	60%
88 months	90 months	50%
90 months	100 months	40%
100 months	102 months	30%
102 months	112 months	20%
112 months	114 months	10%
114 months	----	0%

4. What is a first-time homebuyer?

To be considered eligible under the Program you must be a first-time homebuyer. If you previously owned a home, but sold it or conveyed your interest in it more than three years ago, you may still be considered a first-time buyer. Additionally, if you previously owned a home with a spouse or significant other, but no longer reside with that person AND have custody of a minor child you may still be considered a first-time buyer. If you have an unusual situation, you should ask, as you may still be eligible for the Program.

5. Can I purchase a house in a flood zone?

Generally, AHC discourages the purchase of a home in a special flood hazard area (SFHA), commonly referred to as a 100-year floodplain. In some cases, with State

permission, you may be allowed to purchase a house in a SFHA, but will be required to purchase flood hazard insurance to cover both the bank mortgage and the State's mortgage. Flood hazard insurance can increase the monthly cost of a home significantly and Program Participants should check to see if a house is located in a SFHA before extending an offer. The offer will be contingent upon State approval and you should consult with the City's Program representative before making the offer.

#### **IV. PROGRAM PROCEDURES**

1. The City of Cortland will advise the public of funding through the City's website, local newspaper, the Cortland Standard, Community Access Channel 2, local radio station(s), local employers of targeted households, and any other means available and deemed appropriate. Prospective applicants may call or write the City's Community Development Consultants, Thoma Development Consultants, 34 Tompkins Street, Cortland, 753-1433 to obtain an application and program guidelines. Thoma has been retained by the City as Program Administrator.

2. Interested individuals/households should complete an application, a copy of which is enclosed. Completed applications and a required pre-approval or pre-qualification letter from a mortgage lender acceptable to the City and Thoma should be returned to Thoma at 34 Tompkins Street, Cortland, New York 13045, as soon as possible. No action will be taken on applications that do not include an acceptable pre-qualification.

3. To qualify for an eligibility interview, applicants must meet the minimum Program requirements noted previously (1) income eligibility, (2) asset eligibility, (3) status as a first-time home buyer, (4) minimum equity contribution, and (5) mortgage pre-approval.

4. There is a limited amount of money available for the Program. Priority will be given to those applicants that provide pre-applications prior to the submission of the AHC application and then those applicants that are ready to move forward on a purchase; i.e., they have a pre-qualification from an acceptable lender and accepted purchase agreement or are in the process of negotiating a purchase agreement.

5. Proof of the information noted on your application should **not** be submitted with the application. You will be asked to bring the required documentation with you to the eligibility interview, if granted.

6. Once applicants are chosen for participation they will be contacted to set up the first interview. The notification will include the documentation to be provided to the City by the applicant and a date for the interview.

7. Once it is determined that an applicant has met all criteria for participation, a commitment letter will be issued that obligates the City to provide assistance, if all contingencies are met by the applicant/participant. The commitment letter can also be used as proof to lenders and sellers that an applicant will be receiving a subsidy from the City. The amount of the assistance cannot be determined until the house is identified and an assessment of the house has been performed.

8. The commitment letter issued by the City of Cortland will include milestones you must meet including, but not limited to, housing counseling (paid for by the City), finding a suitable house and securing final mortgage financing in an amount adequate to complete the project based on the house to be purchased. Failure to meet the established milestones within the timeframes allowed may void the City's commitment. If an applicant fails to secure the financing within the specified time, the City, at its option, may extend its commitment if the situation warrants.

9. The participant will be responsible for finding a home and negotiating the price. All homes for purchase under this Program must meet an established definition of "substandard" in order for the City to assist the participant in its purchase.

ALL PURCHASE OFFERS MUST INCLUDE A RIDER SIGNED BY BOTH BUYER AND SELLER OR THE CITY'S COMMITMENT IS NULL AND VOID. THE RIDER, PROVIDED BY THE CITY, STIPULATES PROGRAM REQUIREMENTS AND ALLOWS THE PARTICIPANT TO TERMINATE THE PURCHASE OFFER IF THE HOME DOES NOT MEET PROGRAM REQUIREMENTS AFTER ASSESSMENT, APPRAISAL, AND STATE HISTORIC PRESERVATION REVIEW, AND ANY OTHER PROGRAM REQUIREMENTS THAT MAY BE DETERMINED AT A LATER DATE.

10. Once the participant's offer is accepted, the City will assess the property to determine if it can be purchased under the Program; that is, does it meet all Program criteria, including the State approved definition of substandard. The City or its designee will go through the house with the participant and prepare a list of things that render the house substandard. This walk-through will be termed an assessment, but does not take the place of a home inspection undertaken by a licensed home inspector. You can have a home inspection at your option but the Program does not cover the cost.

A work write-up will be prepared by the City or its designee based on the above noted assessment. The work write-up is a list of repairs and/or replacements to be undertaken in order to bring the house up to standards set by the State for decent and safe living. It will also be used as the basis for soliciting bids from contractors to work on the house. The City or its designee will assist the participant with the bidding process.

The assessment and the work write-up are for the sole intended use of the City of Cortland to determine if the to-be-acquired house meets the Program definition of substandard and is, therefore, eligible for purchase and rehabilitation assistance under the City's Program. The assessment undertaken to prepare the work write-up should not be relied upon with respect to the existence or lack of defects in the subject property. The City provides no warranty of condition of the property, either express or implied, as a result of this assessment or the preparation of the work write-up. Neither does the City warrant that all issues in the property, either existing or future, can or will be addressed by the rehabilitation component of the City's AHC Homeownership Program. It is incumbent on the Program Participant that they are comfortable purchasing the house knowing that defects or problems may arise in the future or remain after the completion of the rehabilitation component of the Program.

11. Once the City's work write-up is completed, the City will assist the Program participant in soliciting bids from contractors. The City has a list of contractors that meet certain insurance requirements from which to choose. However, the Participant can use

other contractors of their choosing, if the contractor(s) can meet insurance requirements established by the City and lead based paint requirements, if necessary.

Although the City has a list of contractors from which to choose, it is important to understand that you and the contractor(s) of your choosing will sign all contracts for rehabilitation work. The City and/or Thoma is/are not a party to the contract. Therefore, all future claims, complaints or matters pertaining to the work of the contractor(s) or the contractor(s) in general will be the responsibility of the Program Participant to resolve. If the Program Participant is not satisfied with the work performed, they have the right **not** to authorize payment to the contractor. Payment for work performed is made by check payable to both the Program Participant and the contractor. The Participant must endorse the check to the contractor before it can be cashed. By endorsing the check the Participant indicates the work is satisfactory. Once you endorse the check for final payment, it is an indication that you are satisfied with the work provided and there is little recourse to get the contractor to return. Any dissatisfaction or concerns should be addressed before payment is made or agreed to by you.

12. While the project is being bid, the Program Participant will seek final mortgage financing for the acquisition. Although each Participant must have a mortgage pre-qualification each Participant is encouraged to meet with more than one lender to determine the best deal with respect to rates, terms, and closing costs. Lenders are obligated to give you a list of all closing costs to be charged called a *Good Faith Settlements Charges Form*, or comparable. The City can assist you in comparing lenders once you secure the Good Faith forms.

The City reserves the right to review the terms and conditions of all lending commitments and may void its commitment to a Program Participant if, in its opinion, the terms and conditions of the first mortgage lender, including rate and fees, are excessive, unreasonable, unaffordable, or unacceptable to the City since the State's mortgage will be subordinate to the first mortgage lender. "Sub-prime" loans and Internet based lenders are not acceptable for the Program. Generally, the City discourages use of mortgage brokers. The State of New York Mortgage Agency, known as SONYMA

13. Once the rehabilitation budget is finalized and the financing is in place, the house can be purchased by means of a legal closing. The Participant's lender will be represented by an attorney that the Participant is required to pay as one of the closing costs. The City requires, however, that the Participant is also represented personally by an attorney since a second mortgage is given by the participant to the State and since the bank attorney is not representing the Participant's interest at the closing. This will be discussed with you further during the eligibility interview.

14. Prior to the start of rehabilitation, a project sign will be erected at the purchased house. The sign will be provided by the City and paid for from Program costs.

## **V. PROGRAM DETAILS:**

1. Participants must have the ability to secure a first mortgage to finance the purchase price and closing costs, less the established assistance for purchase/closing costs and the Participant's equity contribution. The first mortgage terms, conditions, and interest rate must be acceptable to the City. The City reserves the right not to commit its funds to a project where financing is at a rate and/or includes fees which are considered excessive,

unreasonable, or unaffordable in the City's opinion, or where terms and conditions are considered unreasonable.

Oftentimes it is necessary to have a cushion of funds for unforeseen costs, or in the event the mortgage lender's guess of how much is needed is slightly off. In addition, there are often costs that have to be paid before the City closes on its funds, so you need to have some money to pay these costs. If there is enough money in the budget, the money you spend prior to closing can be reimbursed at closing, but the City cannot provide any money to you prior to closing for costs such as the appraisal or to buy insurance. Both of these items are generally required to be paid for prior to closing. Although the minimum requirement is \$1,000, please plan accordingly.

2. Participants must apply for bank financing in his/her/their own name and be an owner. While co-signors may be allowed (subject to State approval), they cannot own unless they reside in the home. In the event of the need for a co-signor, the co-signor's credit history and other issues are subject to review by the City and will be considered in the decision making process. Co-signors must obligate themselves under the City's mortgage and/or mortgage note, as determined by the City's attorney, if an award is made even though they will not be an owner. The State has not provided adequate guidance on this issue and the above may be subject to change.

3. Only single-family, existing homes located in the City of Cortland are eligible for acquisition. The home to be purchased must be either vacant **or** owner-occupied. Displacement of tenants will not be allowed.

4. The final price you will be allowed to pay if the City participates will be determined in consultation with the City. The City will do an "affordability analysis" to provide some level of comfort that you will be able to afford the house over the long term.

5. Homes for purchase must meet the State approved definition of substandard. This will be determined by the City's Rehabilitation Specialist upon assessment of the subject home. If the home does not meet the definition, the Participant cannot receive assistance to purchase that particular home, but will be given time to find another home.

6. The rehabilitation subsidy will be based on the needs of the home and the Program maximums. The amount available must be adequate to bring the to-be-purchased home to standard condition, unless the participant has additional private funds that can be used to address any areas of concern that cannot be addressed with the AHC funds. After rehabilitation, homes must meet Section 8 Housing Quality Standards (HQS), City code and be free from health and safety hazards.

7. No rehabilitation work to be paid for by the City can be undertaken prior to transfer of title to the Program participant.

8. All health and safety issues should be resolved before the Program participant moves in to the home.

9. Homes to be acquired under the AHC Homeownership Program built before 1978 are subject to HUD's lead-based paint hazards regulations. Remediation of known lead based paint hazards is an eligible rehabilitation cost that will take priority over other

rehabilitation work. If lead based paint hazards are to be remediated, the amount of funds available for rehabilitation must be adequate to resolve the lead based paint hazards and other health and safety hazards that may exist, and to bring the house up to code and HQS.

10. The property must be reviewed by the State's Historic Preservation Office (SHPO). If the property is deemed "historically significant", "potentially historic", or "architecturally significant", rehabilitation work may be subject to SHPO's guidelines for rehabilitation.

11. The maximum assistance that can be provided for both purchase and rehabilitation will be based on the AHC program maximums, the needs of the buyer for purchase and the needs of the house, after assessment by the City

12. Participants must have a minimum of \$1,000 for the project that will be used for down payment and closing costs purposes. However, all participants should be aware that additional funds could be needed since the bank's estimate of closing costs and/or pre-paid costs cannot be exact.

13. The State discourages the purchase of a house in a 100-year floodplain. The City will discuss with the State the possibility of providing assistance to a house in the floodplain, if requested, and in some cases it may be allowed. However, the Participant will be required to carry flood insurance in an amount adequate to cover the first mortgage and the City's mortgage, if the house is located in the 100 year floodplain as indicated on the City's FIRM Map. This insurance is in ADDITION to required homeowner's insurance. The Participant should request quotes for flood insurance as it is often expensive and may make the monthly cost of the home unaffordable. Homes located in a floodway are not eligible for purchase under the Program.

## **VI. DEFINITION OF AND SUITABILITY FOR REHABILITATION:**

Rehabilitation under the City's Program shall mean the correction, repair, and/or replacement of deteriorating or deteriorated, non-operative or non-functional components in an existing substandard living unit, when economically feasible, in order to render said unit standard. In some cases, rehabilitation may include the purchase, installation or creation of facilities necessary to provide a normal, decent living environment or as required by City Code. Rehabilitation does not include the completion of a shell, new construction or repartitioning, additions, or work for strictly cosmetic reasons, that is not related to the overall substandard nature of the unit or the need to correct a substandard situation.

A determination of substandard and standard shall be made in accordance with the guidelines adopted by the City for housing rehabilitation programs.

Specifically, rehabilitation includes, but is not limited to, the following:

### Code Violations:

Replace faulty and/or inadequate electric wiring and fixtures. Update all wiring to code.

Switch lights from string unit to wall units (wall switch).

Electric wall outlets to proper spacing.

Replace and install electric fixtures (selected fixtures only).

Replace worn or inadequate plumbing lines.  
Proper venting of gas furnace.  
Revamp flue to woodstove to eliminate fire hazards.  
Install adequate sized (BTU) furnace.  
Install adequate sized (Gal.) hot water heater.  
Install proper venting in bathrooms and kitchen.  
Remove and replace all inadequate and improper floor heaters, gas heaters, etc.

Insulation and Weatherproofing:

Insulate crawl spaces.  
Insulate attics to R40.  
Insulate sidewalls to R19.  
Install storm windows and storm doors.  
Caulk windows.  
Install skirting and roof (insulated) on trailers.

Structural:

Rebuild foundation wall to prevent damage of structural shell. Replace inadequate support posts in crawl space of basement.  
Install lolly columns to support house at appropriate distances. Remove and replace deteriorated brick or stone to support house.

Carpentry:

Remove and replace deteriorated porches/landings and steps.  
Install new clapboard where deteriorated on house.  
Reroof house, replacing deteriorated roof boards if necessary.  
Enclose porches and/or windows where necessary.  
Install new stairway where deteriorated.  
Install new subflooring where deteriorated.  
Reinforce support joists.  
Install new roof rafters where deteriorated.

Miscellaneous:

Painting of exterior of home (trim, porch, etc).  
Demolition of dilapidated garages, back porches, etc.  
Tree removal, if necessary, to insure safety of home.  
Replacement of bath vanities, bowl, etc. if necessary.

The following may be included under the definition of rehabilitation but must be reviewed on a case-by-case basis considering need, economic feasibility, and codes:

Drop ceilings  
Aluminum/vinyl siding  
Sheetrocking interior walls  
Paneling  
Flooring, carpeting, linoleum  
New toilet bowl, vanities, shower/tub units  
Waterproofing basements  
Gutters and Downspouts

**REHABILITATION DOES NOT INCLUDE THE FOLLOWING:**

Landscaping  
Blacktopping driveways  
Installation of new kitchen appliances  
Washer and dryer  
Air conditioner  
Skylights  
Luxury items (swimming pools, saunas, whirlpools)  
Fireplaces  
Woodstoves  
Dishwashers  
Disposals  
Slate roofs or cedar shake roofs  
Window walls  
Room partitions  
Room additions  
Garages  
Moving houses to new foundations

**SUITABILITY FOR REHABILITATION**

All projects must be reviewed on a case-by-case basis to determine suitability for rehabilitation. As a general guideline, however, a structure will be considered suitable for rehabilitation where defects of the structure or its primary and secondary components and/or mechanical components are of a minor or major nature and it is economically feasible to correct, repair or replace said defects. Structures in a dilapidated state or where two (2) or more primary components are defective to a critical degree necessitating clearance of the structure, or rendering the structure unsound so as to render rehabilitation economically infeasible, are not suitable for rehabilitation. Generally, substandard structures are suitable for rehabilitation and dilapidated structures are not.

In order to be eligible for purchase under the Program, homes must meet the definition of substandard, but require no more than the maximum available rehabilitation assistance to bring the house up to City code and to meet minimum HQS established for the Section 8 Existing Housing Program pursuant to 24 CFR 882.109.

A determination of what is included as a primary, secondary and/or mechanical component, the degree of the deficiency, whether major, minor or critical and the overall condition of the structure (standard, substandard, dilapidated) based on identified deficient components and degrees of deficiency shall be in accordance with the following:

**BUILDING COMPONENTS** - Upon inspection of the structure, various components should be categorized as primary, secondary or mechanical as follows:

Primary - Foundation, exterior wall structure, roof structures, floor structures, rooms, columns, joists, and partitions.

Mechanical Components - Windows and doors, plumbing, heating and electrical.

Secondary - Siding material, roofing material, porches and exterior stairs and railings, chimneys, flooring material, ceilings, lighting, ventilation, interior stairs and railings.

DEGREE OF DEFICIENCY - After deficient components are classified as primary, secondary or mechanical, they shall be assessed for the degree of deficiency as follows:

Critical - Building component is badly deteriorated, sinking, leaning, non-operative or non functional, out of plumb, or unsafe to an extent requiring complete replacement (50% or more of system required replacement).

Major - Building component is badly deteriorated and in need of major repair (20-50% of system/component is loose, cracked, damaged, worn or rotted to an extent requiring replacement).

Minor - Building component is worn, loose, or cracked (10-20% of component system requires replacement).

Sound - Building component needs no more than normal maintenance (less than 10% of component or system requires replacement).

#### STRUCTURAL CONDITIONS

Standard - Requiring no more than observable, normal maintenance; dwelling units which have no deficiencies, or only slight observable deficiencies.

Substandard - Inspection reveals (A) two or more primary components and/or mechanical components with critical or major deficiencies; or (B) single primary component or mechanical component with critical or major deficiency and two or more secondary components with major or critical deficiencies.

#### **VII. TECHNICAL ASSISTANCE:**

Homeowners participating in the Program will be provided with the greatest possible technical assistance during the purchase and rehabilitation process including but not limited to: developing work write-ups, preparing cost estimates, preparing bidding documents, solicitation and review of bids, selecting and qualifying contractors and performing periodic and final inspections. Although the City will provide assistance to the homeowner in selecting the contractor, the final decision will be the homeowner's and all contracts will be between the contractor and homeowner. Selected contractors must meet certain City requirements, including insurance requirements, and provide references.

The City will prepare legal documents necessary for the rehabilitation component of the Program. You or your attorney may review these documents if you desire.

It is also your responsibility to learn as much about the purchase and ownership processes prior to deciding to acquire a home. As a first-time buyer, it can be difficult to understand all the complexities of the acquisition, closing, and ownership processes. The City will require pre-purchase housing counseling as part of the Program to insure you have the information needed to make good decisions with respect to homeownership. You

are also encouraged to use all available resources at hand such as the Internet; discussions with family, friends, and neighbors; the library; realtors; etc. ***Buying a home is probably the biggest investment you will ever make. Do not enter into it lightly.***

#### **VIII. CONCLUSION:**

More details to determine the exact monthly costs for the program must be secured from the realtor and/or the lending institution where the first mortgage is secured. **The final decision to participate in the Program rests with the applicant after all costs are carefully reviewed and assessed.**

The City of Cortland's AHC Program must conform to all State regulations governing acquisition programs, and the Program applicants/participants must comply with all local, State, and federal codes, rules, and regulations, which may pertain to these programs, and all local codes and ordinances. The information contained herein is intended to be as comprehensive as necessary, but the City has the right and responsibility to add or amend Program guidelines at any time, as required or deemed appropriate in order to conform and comply with the funding source available and utilized at the time or make changes in the Program as deemed appropriate and necessary.

The City of Cortland encourages interested individuals or households to contact the Office of Community Development with questions on this Program or the information in this package. The Office is administered by Thoma Development Consultants. Thoma can be reached at 753-1433 between 8:30 a.m. and 4:30 p.m. Monday through Friday.

#### **IX. SUBORDINATION REQUESTS:**

Requests for subordination of the loans provided under the AHC Program must be made in writing to New York State and must state the need for the subordination, i.e.: refinancing to lower rate, debt consolidation, home improvement, etc. Approval or denial of requests will be based on an established subordination policy and will be at the sole discretion of the State. Subordination is generally discouraged.

#### **X. SECTION 504 GRIEVANCE PROCEDURES:**

Section 504 of the Rehabilitation Act of 1973 of the U.S. Department of Health and Human Services (29 U.S.C. 794) (the "Act") as amended, prohibits discrimination on the basis of disability in programs and activities conducted by the U.S. Department of Housing and Urban Development (HUD) or that receive financial assistance from HUD. The Act provides that no qualified individual shall, solely by reason of his or her handicap, be excluded from program participation, including employment, be denied program benefits, or be subjected to discrimination. The Programs covered by Section 504 include the NYS Community Development Block Grant Program (CDBG) and the HOME Program. The assistance provided by the program for which you are applying has been either directly or indirectly provided by HUD and is, therefore, subject to the requirements of Section 504.

It is the policy of the City not to discriminate on the basis of disability. Towards that end, the City has adopted by resolution an internal grievance procedure providing for prompt and equitable resolution of complaints alleging any action prohibited by regulations implementing the Act. The subject law and implementing regulations may be

examined in the office of the Director of Administration and Finance for the City, who has been designated to coordinate the efforts of the City with respect to Section 504 compliance. This information can also be accessed on the World-wide Web at: <http://www.ada.gov/taman2.html#II-8.2000>. The Director of Administration and Finance is located in City Hall, 25 Court Street, Cortland, New York. The Section 504 Coordinator can be reached at 607-756-7312. Any person who believes he or she has been subjected to discrimination on the basis of disability may file a grievance under the procedure adopted by the City by contacting the City's Grievance Coordinator.

**XI. NON-DISCRIMINATION REQUIREMENT:**

Prior to provision of assistance, the homeowner may be required to sign an Agreement with the City outlining the owner's responsibilities and obligations with respect to the assistance. This Agreement includes language that the owner will not discriminate in the sale, rental or financing of said assisted housing on the basis of race, color, religion, sex, national origin, familial status and handicap. Although in most cases persons are prohibited from discriminatory housing practices, Program participants will actually sign a document agreeing to abide by Fair Housing Laws.



**Equal Housing  
Opportunity**

**The City is an Equal Opportunity Lender**

**CITY OF CORTLAND**  
**SINGLE FAMILY HOME OWNER DEVELOPMENT PROGRAM**  
**Funded by the New York State Affordable Housing Corporation**  
**APPLICATION**

**APPLICATION INSTRUCTIONS**

- A. **Application:** Please complete the following application. All questions must be answered completely. If you are unsure of any questions, you can contact the City's Community Development Consultants at 607-753-1433.
- B. **Mortgage Pre-approval:** To be considered for assistance, applicants **MUST** submit a mortgage pre-approval letter **with** this application. Applications received without a mortgage pre-approval cannot be processed. The details of the proposed financing must be in writing in the form of a mortgage pre-approval letter and include (1) the approximate amount of a mortgage for which you will qualify, (2) the rate and term of the mortgage, and (3) the product they will be using (a portfolio loan; FHA mortgage, etc.). The letter **MUST** indicate that your credit has been reviewed. Mortgage pre-approval letters that do not include all of the above may not be acceptable to the City.

The bank should also give you a listing of the fees they will charge to close the loan in a document called the **Good Faith Settlement Charges form or Good Faith Estimate of Settlement Costs**. Please submit the form with your mortgage pre-approval letter as it provides vital information to the City.

Bring a copy of the Guidelines to your pre-approval meeting so the bank understands the City may be assisting you with the home purchase and understands the Program details. The City will **NOT** work with, what is known as, sub-prime lenders or internet-based lenders. You should advise the bank accordingly.

**Mail completed application and mortgage pre-approval/prequalification to:**

**Thoma Development Consultants**  
**34 Tompkins Street**  
**Cortland, New York 13045**

A checklist is included at the end of the application. Please reference the checklist to make sure your application includes all the necessary items needed for consideration.

Thank You.

**CITY OF CORTLAND APPLICATION  
AHC SINGLE FAMILY HOME OWNER DEVELOPMENT PROGRAM**

To assess qualification for receipt of federal funds to assist in the purchase of a home, the following information is required. All information provided will be kept strictly confidential. *Please answer all questions to expedite your application.*

**APPLICANT/OWNER INFORMATION:**

Name: \_\_\_\_\_

Address: \_\_\_\_\_

Email Address: \_\_\_\_\_

Home phone: \_\_\_\_\_ Work phone : \_\_\_\_\_ Cell phone: \_\_\_\_\_

Do you live in the home you wish to purchase?     Yes     No

**CITIZENSHIP** (Check one):     U.S. Citizen     Resident Alien     Other

**RACE/ETHNICITY** (Check all that apply - **for statistical purposes only**):

White     Black/African American     Black/African American and White     Hispanic

Asian     Asian and White     Native Hawaiian/Other Pacific Islander

American Indian/Alaskan Native     American Indian/Alaskan Native and White

American Indian/Alaskan Native and Black/African American     Other Multi-Racial

**MARITAL STATUS** (Check one):     Single     Married     Separated     Divorced

Widowed     Other (Explain) \_\_\_\_\_

**EMPLOYMENT INFORMATION:**

Current Employer/Employer Address: \_\_\_\_\_

Position/Type of Work: \_\_\_\_\_ Employed Since? \_\_\_\_\_

Employer Telephone #: \_\_\_\_\_ May We Contact You at Work? \_\_\_\_\_

Previous Employer/Address: \_\_\_\_\_

Position/Type of Work: \_\_\_\_\_ How long? \_\_\_\_\_

**CO-APPLICANT INFORMATION:**

*Must be completed if there is a second adult in the household, or a second adult will join the household, i.e.: live in the house after purchase - even if they will not be an owner.*

Co-Applicant Name: \_\_\_\_\_

Address: \_\_\_\_\_

Email Address: \_\_\_\_\_

Home phone: \_\_\_\_\_ Work phone: \_\_\_\_\_ Cell phone: \_\_\_\_\_

**CITIZENSHIP** (Check one):  U.S. Citizen  Resident Alien  Other

**RACE/ETHNICITY:** (Check all that apply - **for statistical purposes only**):

- White  Black/African American  Black/African American and White  Hispanic  
 Asian  Asian and White  Native Hawaiian/Other Pacific Islander  
 American Indian/Alaskan Native  American Indian/Alaskan Native and White  
 American Indian/Alaskan Native and Black/African American  Other Multi-Racial

**MARITAL STATUS** (Check one):  Single  Married  Separated  Divorced  
 Widowed  Other (Explain) \_\_\_\_\_

**EMPLOYMENT INFORMATION:**

Current Employer/Employer Address: \_\_\_\_\_

Position/Type of Work: \_\_\_\_\_ Employed Since? \_\_\_\_\_

Employer Telephone #: \_\_\_\_\_ May We Contact You at Work? \_\_\_\_\_

Previous Employer/Address: \_\_\_\_\_

Position/Type of Work: \_\_\_\_\_ How long? \_\_\_\_\_

Will co-applicant also be an owner?  Yes  No

**SIZE OF HOUSEHOLD:**

Are there any additional adults in the household?  Yes  No

If yes, please include same information as requested above on a separate sheet of paper

Total number of household members: \_\_\_\_\_ (Adults \_\_\_\_\_; Children\_\_\_\_\_)

**OWNERSHIP STATUS:**

Do you currently own a home?  Yes  No

Do you currently own any other real property? If so, provide address below:

\_\_\_\_\_

Does the co-applicant/co-owner currently own a home?  Yes  No

Does co-applicant own any other real property? If so, provide address below:

\_\_\_\_\_

**CASH CONTRIBUTION:**

Applicants/Co-applicants must have a minimum of \$1,000 in cash in order to participate in the Program. The availability of the money must be documented at the time of the first eligibility interview. The \$1,000 is a minimum. Depending on the cost of the home to be purchased and the down payment required by the lender, the amount of funds needed might be greater.

Will any additional money be available?  Yes  No

Approximately how much? \_\_\_\_\_ Source? \_\_\_\_\_

**INCOME INFORMATION:**

	<u>Yearly Totals</u>
Applicant's gross income from employment, excluding overtime	\$ _____
Co-applicant's income from employment, excluding overtime	\$ _____
Estimate of applicant's overtime, if fairly regular	\$ _____
Estimate of co-applicant's overtime, if fairly regular	\$ _____
Applicant's S.S.D./S.S.I. benefits	\$ _____
Co-applicant's S.S.D./S.S.I. benefits	\$ _____

Applicant's Pension and/or Social Security \$ \_\_\_\_\_

Co-applicant's Pension and/or Social Security \$ \_\_\_\_\_

Non full-time student's over 18 income \$ \_\_\_\_\_

Gross real estate and/or business income \$ \_\_\_\_\_

Child support and/or alimony received \$ \_\_\_\_\_

Interest and/or dividends \$ \_\_\_\_\_

Public Assistance \$ \_\_\_\_\_

Other: Specify \_\_\_\_\_ \$ \_\_\_\_\_

TOTAL \$ \_\_\_\_\_

**DEBT INFORMATION:**

Are you current on all debts?  Yes  No

Is co-applicant current on all debts?  Yes  No

Have you and/or co-applicant ever had debts turned over for collection?  Yes  No

Do you and/or co-applicant have any debts currently for collection?  Yes  No

Have you and/or co-applicant ever declared bankruptcy?  Yes  No

If yes, when was the bankruptcy discharged? \_\_\_\_\_

Why was bankruptcy declared? \_\_\_\_\_

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**MONTHLY PAYMENTS:** Please provide below monthly payments for all consumer debt in household for both applicant and co-applicant (does not include utility payments):

Car Loans: \$\_\_\_\_\_/month \$\_\_\_\_\_/month

Credit Cards:

Master Card \$\_\_\_\_\_

Visa \$\_\_\_\_\_

Discover \$\_\_\_\_\_

Other (Specify): \$\_\_\_\_\_/month for \_\_\_\_\_

\$\_\_\_\_\_/month for \_\_\_\_\_

\$\_\_\_\_\_/month for \_\_\_\_\_

\$\_\_\_\_\_/month for \_\_\_\_\_

Student Loan: \$\_\_\_\_\_/month

Personal Loan: \$\_\_\_\_\_/month

Other (Specify): \$\_\_\_\_\_/month for \_\_\_\_\_

**ASSETS:** Please list below the assets of all adults in the household such as cash, certificates of deposits, cash value of life insurance, stock, bonds, IRA value, pension plans, etc.

<b>ITEM</b> (Specify)	<b>VALUE</b>
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

**CURRENT HOUSING COST INFORMATION:**

How much do you currently pay a month for housing (rent)? \$\_\_\_\_\_

Are utilities included?  Yes  No

Do you receive assistance from the Section 8 Program to pay your rent?  Yes

No

**CONFLICT OF INTEREST DISCLOSURE:**

Under certain circumstances, an applicant for federal funding may have what is known as a "conflict of interest" and may need a waiver in order to participate in a program. A conflict of interest may be present if the applicant is related to an employee, officer, or elected official of the City of Cortland. There are other cases that may result in a conflict and you need to answer the questions below to help us make that determination. If a conflict does exist, the City can request a waiver. Waivers are reviewed and granted by the funding source, and in most cases a waiver will be granted where a conflict of interest is present. The City, or its Community Development Consultant, will make a request on your behalf, if necessary and appropriate.

**\*DISCLOSURE\***

Please place an "X" in the appropriate box for **all questions** listed below so that we may make a determination of whether any conflicts may be applicable to your project. Answer for all applicants if there is more than one applicant.

1. Are you now, or have you ever been an employee, agent, consultant, an officer or an elected official of the City? If so please provide details below.  YES  NO

2. Are you related to an employee of the City, an agent of the City, a consultant working for the City, an officer of the City, or an elected or appointed official of the City? (i.e.: are you

related to the Mayor, the City Clerk, a Member of any City Board, an employee the Department of Public Works, etc.) If so please indicate to whom you are related and the relationship below.  YES  NO

3. Do you have a business connection to any of the people listed above in #1? If so, please note the relationship below.  YES  NO

If you answered YES to any of the questions above, please provide details below:

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**CHECKLIST: STOP!** Before signing and submitting this application, please complete the checklist to make sure your application is complete and can be considered for funding!

YES  NO Have applicant and co-applicant answered all questions in all sections?

YES  NO Have you attached a mortgage pre-approval letter that contains all the items detailed in B. of the Application Instructions? The City cannot process your application without an acceptable mortgage pre-approval. If the lender provided a Good Faith Settlement Charge Form for you, please attach that also.

**If you have answered YES to both of these questions, proceed to the Certification and Authorization section below. Please read this carefully before you sign it. Make sure both you and the co-applicant(s) sign this section and enter a date.**

### **CERTIFICATIONS and AUTHORIZATION**

By signing below I/we certify that: (1) all of the above information is true, understanding that falsification of any item or failure to provide information which may disqualify the applicant's/co-applicant's participation may result in the forfeiture or reimbursement of all federal funds provided, as well as subjecting applicant/co-applicant to the penalties and provisions of any and all applicable State and federal laws. Further, (2) the applicant/co-applicant(s) acknowledge(s) the right and responsibility of the City and permits the City and/or its authorized representative/agent to verify all information contained in this application, from any and all sources the City or its representative/agent deems necessary, in order to make a determination of eligibility and the ability to obtain the necessary mortgage financing. These sources may include, but are not limited to, employers, creditors, lenders, and social service agencies. By signing below the applicant/co-applicant also agree(s) to provide any and all documents requested by the City or its representative/agent either now or in the future, which, in the City's determination or the determination of its representative/agent, is necessary to determine eligibility and make decisions with respect to future participation.

The applicant/co-applicant certify by signing below that he/she/they have read the program guidelines for the AHC Homeownership Program contained herein and understand they will become a part of and be incorporated in any agreements signed by the

applicant/co-applicant. The applicant/co-applicant, by signing below, acknowledge(s) that he/she/they understand their responsibilities under and the operation of the Program or will clarify to his/her/their satisfaction any questions they may have with respect to the Program and its operation.

Signature of Applicant: \_\_\_\_\_

Signature of Co-Applicant: \_\_\_\_\_

Date: \_\_\_\_\_