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**FIRST TIME HOMEBUYERS PROGRAM**

**INTRODUCTION**

The Township of Upper Darby introduces the First-Time Homebuyer Program funded through the Community Development Block Grant (CDBG) Program.

This Program offers a maximum of \$10,000 for down payment assistance to qualified buyers. Financial assistance for this program is federally funded. The Federal Government sets certain requirements for this program that will be followed throughout the process. Buyers are required to put in 3.5% of either the sale price or appraised value of the property whichever is lower of the property, i.e. if the amount is **\$100,000.00** the Buyer would need to put **\$3,500.00** of their own funds into the purchase.

The Township will provide the funding gap amount up to \$10,000.00. A calculation sheet is enclosed. The total price of the home cannot exceed **\$250,000.00**. An Applicant under this program **MAY NOT** apply for a housing rehabilitation grant under the Township programs until 5 years from the date of settlement has passed. Also, the funds **DO NOT** apply to a Multi-Family Unit (i.e., duplex, etc.), only to a Single-Family Dwelling (i.e., row home, twin, single). This summary will introduce you to the program. Please take your time and **read all of the enclosed documents thoroughly.**

**ARE YOU ELIGIBLE?**

**1. INCOME:**

To obtain financial assistance, the annual gross income of ALL DEED HOLDERS AND RESIDENTS must not exceed the Year **2024** limits shown below. These limits are subject to change annually by Congress:

<u>Household Size</u>	<u>Income Limit</u>
1 Person	\$64,250
2 Persons	\$73,400
3 Persons	\$82,500
4 Persons	\$91,750
5 Persons	\$99,100
6 Persons	\$106,450
7 Persons	\$113,800
8 Persons	\$121,150

Full and complete applications, with all of the attachments, including the Closing Estimate, Inspection and Appraisal must be submitted for review a minimum of 3 weeks prior to the date of settlement.

Eligibility Determination:

There is a two-part eligibility criteria. One is for the Buyer and the other relates to the property being purchased. Eligibility is determined using a variety of factors:

INCOME: Owners cannot exceed the total household income limit set by Congress. The income of all buyers and residents 18 years and older of the home must be calculated, even if they are not on the deed. Proof of income must be provided in order to determine eligibility, including but not limited to:

- Full copies of the Federal Income Tax Return with all attachments for all Buyers and Residents;
- Copies of 3 months of current pay stubs or 3<sup>rd</sup> party proof of income must be provided for all Buyers and Residents;
- The Township reserves the right to request any and all documentation needed in order to determine eligibility.

Applicants will be notified in writing of their eligibility determination.

**2. FIRST-TIME HOMEBUYER:**

Is defined as any **LOW/MOD INCOME** household **AS DEFINED BY THE FEDERAL INCOME LIMITS ON PAGE 1** that has not owned a home within the past three (3) years. Some families that have owned a home within the past three (3) years can participate if they meet the established definition of a “displaced homemaker” or “single parent” as defined by HUD.

**CITIZENSHIP:**

Purchaser must be a United States citizen or a permanent resident alien with a minimum of five (5) years of continual residency and show proof of same in order to comply with federal law as outlined in 42 USC 601 (PRWORA Act of 1996)

**GENERAL:**

If a Buyer has more than 5% available to them either through savings or gifts as a down payment, or is receiving down payment assistance from any other sources they **MAY** not be eligible to receive assistance. All approval is done on an individual case by case basis using the Federal eligibility criteria and underwriting analysis. Assistance may be provided if there is still a funding gap and the Township’s assistance is needed in order for the purchase to be made.

**3. PROPERTY REQUIREMENTS:**

1. Single family, vacant, or owner-occupied existing or new construction properties located within Upper Darby Township are eligible. Rental properties are eligible only if they are vacant at the time of the agreement of sale or if the buyer is the current tenant. Multi-unit dwellings (i.e., duplexes) are ineligible. Please note that the properties must be located within the Township boundaries and not just be a part of the Township school district.

2. Properties must be in conformity to the Federal lead-based paint requirements at 24 CFR Part 35K WHICH STATES THAT THERE CANNOT BE **ANY** DETERIORATED PAINT SURFACES **ANY WHERE** INSIDE OR OUTSIDE OF THE PROPERTY. A visual inspection will be completed by the Township at no charge to the Buyer. **THERE IS NO SECOND INSPECTION!** The property will be inspected once and will either **PASS** or **FAIL**. If the property fails the visual paint inspection no assistance will be provided and your file will be closed.

3. The Buyer must have the property inspected by an ASHI Certified, or other Certification recognized by the State of Pennsylvania Senate Bill 1034 as amended 9/26/2000 PA Title 68 and chapter 75, and provide a copy of the inspection report with your application.

4. A sewer lateral inspection is required in accordance with Upper Darby Township Ordinance No. 3070. The inspection is the responsibility of the current homeowner. It is between the Buyer and Seller to work out who will cover the cost of the repair if needed. Proof of inspection must be provided. This is now part of the Resale Certification Process for all properties sold in the Township effective May 15, 2020.

5. Principal Residence- The purchasing household must use the property as its principal residence. Any violation of the principal residency requirement will automatically trigger repayment of the Township's subsidy.

**4. LENDER:**

Buyer is responsible to obtain a mortgage. The lender **MUST** certify to the Township, prior to the Township providing a commitment, that the proposed mortgage loan amount is the maximum amount that the borrower(s) can carry based on monthly cash availability using the Bank's underwriting. Lender must complete the enclosed form and it should be submitted with your application.

**5. SELLERS' RESPONSIBILITY:**

As part of the approval process, the Seller(s) must sign and submit the enclosed Sellers' Forms enclosed in the package which states:

1. A standard **RESALE CERTIFICATION** is required. A copy of the Certification must be submitted prior to settlement.

2. The Buyer does not have the power of eminent domain and, therefore will not acquire the property if negotiations fail to result in an amicable agreement between the Buyer & Seller.
3. The fair market value of the property must be determined by an appraisal of the property. NOTE: 1) You (the Buyer) are permitted to negotiate a sale price below fair market value. (Below the price in the appraisal.) The Agreement of Sale must be contingent upon the Seller agreeing to sell at the lesser of Fair Market Value as negotiated by Buyer and Seller. A copy of the appraisal must be provided with your application.

If the Seller executes an option or contract of sale before he/she is informed of the property's fair market value and the fair market value is more than the option/contract price, the Seller must be provided the opportunity to withdraw from the option or contract after the appropriate disclosures (listed above and including an appraisal) have been made. Therefore, it is of the utmost importance to avoid any dispute and to provide the Seller early written notice that you (the Buyer) do not have the power to eminent domain and that he/she (the Seller) does not qualify for the Uniform Relocation Act (U.R.A.) Relocation Assistance.

4. Seller(s) and Seller's Agent must sign the enclosed form regarding compliance with the Federal Regulations on paint surfaces.

**6. BUYER/REALTOR:**

The buyer or buyer's realtor should consult with Upper Darby Township before executing a finalized purchase contract.

The Agreement of Sale must include the notice that the property must meet the program's paint inspection requirements.

It is your responsibility to carefully examine all painted surfaces on the interior and exterior of the property and bring any defective paint surfaces to the attention of the Seller for correction prior to requesting the Township's visual inspection. Defective paint surfaces found at the time of the Township's inspection will result in the property not being eligible under the program. THERE IS NO SECOND INSPECTION. (SEE ITEM#3.2)

**7. OTHER CONDITIONS:**

1. There is no requirement that the homebuyer remain income eligible after purchase.
2. Affordability Conditions:

Buyers must use the property as their principal residence for the duration of the agreement; no leasing or rental is permitted. Any violation of the principal residency requirement will automatically trigger repayment of the Township's loan.

7.2 During the first five (5) years from the date of settlement **there is no forgiveness of the Township mortgage.** The entire principal on this loan is payable to the Township of Upper Darby at the time of sale, transfer or the property, conversion to a non-residential use, default on the first mortgage, death(s) of the owner(s), or destruction of the property due to fire or unknown reasons. Buyer is required to maintain fire insurance on the property for the duration of the agreement, which lists Upper Darby Township as a lienholder. A certificate of insurance which shows this must be submitted prior to the release of the Township's check.

8. **FINANCING/REFINANCING:**

All checks for assistance will be made payable to and sent directly to the Title Company.

All Borrowers must sign a Mortgage agreement with the Township for the amount of assistance provided. The Township mortgage must be in second position behind only the primary lender. The mortgage document will be sent to the Title Company to be signed at the time of settlement. The signed mortgage document WILL BE RETURNED TO THE TOWNSHIP TO BE RECORDED, as noted in the Procedures.

When funds from the Program are used in connection with housing in which acquisition or new construction is financed with a mortgage insured by HUD then the applicable period for affordability must be equal to the term of the HUD-insured mortgage. In cases where the FHA mortgage insurance is terminated, the period of affordability will revert to the period that is imposed by the program regulations.

The Township's lien/mortgage interest in a property may be subordinated in the event of a refinancing, with prior consent of the Township. The Township's subordinated position will be no less than its original mortgage position, e.g., the Township is originally in place as a second-position mortgagee, it may subordinate to a new first mortgage. The Township will not subordinate to a position lower than its original position in any event. The subordination is subject to the interests of the Township being protected and as such, the loan-to-value ratio of all liens/mortgages may not exceed 95% of value. In no event, will the Township allow cash to be removed from the property for the buyers use or to pay other creditors in the event of a refinance.

9. **COUNSELING:**

Counseling is not a mandatory requirement for participation in the program, however, attached is information on Counseling Services provided by CLARIFI, a HUD certified counseling agency, should you desire to take advantage of this very valuable service. Refer to the enclosed for their contact information.