

City of Wilmington First Start Homebuyers' Program

Real Estate and Housing Department

MAY 7, 2024

INTRODUCTION AND OVERVIEW

The manual is intended to guide the implementation and polices of the City of Wilmington's First Start Homebuyer Program (FSHP). The purpose of this manual is to help all individuals and interested parties understand the program's policies, procedures and functions. The objective of the program is to provide eligible first-time homebuyers with assistance in purchasing a home in the City of Wilmington.

The First Start 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.

Both Federal and non-Federal funds will be used for this program. The program design will cover all the funds for consistency, however, the non-federal funds will allow buyers with incomes over the federally mandated 80% limit, up to 100% of median family income, to participate in the program. CDBG regulations at 57.201(e) and 201(n) under Section 105 (a)(24) of the Housing and Community Development Act govern the use of funds for homebuyer activities.

Regulations at 570.201(e) address public service activities while those at 570.201(n) were added specifically to address assistance to homebuyers. As a public service activity this eligibility category is limited to down payment assistance only and would count towards the 15 percent public services cap.

As direct homeownership assistance under 570.201(n), a separate and permanent eligibility category that allows CDBG funding to:

- Provide up to 50 percent of required down payment;
- Pay reasonable closing costs;
- Provide principal write-down assistance;
- Subsidize interest rates;
- Finance acquisition of housing occupied by the homebuyer; and
- Acquire guarantees for mortgage financing from private lenders (i.e., assist homebuyers with private mortgage insurance).

The City of Wilmington intends to use the CDBG program funds to support purchase of homes by low and moderate-income buyers by providing down payment and closing cost assistance. Write-downs on the cost of the home may also be considered to make homeownership affordable to an income eligible household. The City of Wilmington First Start Homebuyer Program can be contacted by telephone, mail or email:

Real Estate and Housing Department

800 French St., 7th Flr.

Wilmington, DE 19801

Telephone: 302-576-3000 (TDD: 7-1-1)

Email: Firststarthousing@wilmingtonde.gov

I. 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-income or moderate income household (up to 100% of median family income)
- Be the owner of the property after purchase
- Occupy the property as their primary residence after the purchase
- Attend certified housing counseling certificate course
- Purchase a home within the City of Wilmington
- Be a United States citizen or legal resident

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

The City of Wilmington Real Estate and Housing Department will promote the availability of funding to all eligible applicants without regard to race, color, religion, national origin, sex, marital status, and age. Federal regulations issued under the Equal Credit Opportunity Act (ECOA) prohibits creditor practices that discriminate based on any of these factors.

Homebuyer Counseling Requirement

Each 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. A certificate is required once completed and is valid for up to one year. Lenders are encouraged to recommend homebuyer counseling to perspective borrowers at their initial mortgage application.

II. INCOME LIMITS

To qualify for the CDBG funds, the prospective homebuyer's household income must have an annual income equal to or less than the HUD income limits set for the program and updated annually. The income limits shown below are those in affect as of April 1, 202 and are subject to annual updates. The City will publish the income levels on the First Time Home Buyer Program page on the City's website as they become available.

<https://www.wilmingtonde.gov/government/city-departments/department-of-real-estate-and-housing>

These limits are based on 80% of the area median income with adjustments for household size. These figures are revised by HUD on an annual basis and currently set as follows:

City of Wilmington First Start Homebuyers' Program

City of Wilmington Income Limits (effective date April 1, 2024)		
Household Size	CDBG 80% MFI	Non-Fed 100% MFI
1 person	64,250	80,300
2 person	73,400	91,800
3 person	82,600	103,300
4 person	91,750	114,700
5 person	99,100	123,900
6 person	106,450	133,100
7 person	113,800	142,300
8 person	121,150	151,500

The City's non-federal funds may be used to qualify persons up to 100% of median income.

III. 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), or detached single-family homes.

A primary residence is defined as a home where the homebuyer resides for more than one-hundred and eighty-three (183) days each year.

The homeowner must be able to demonstrate sufficient income to afford the first mortgage based on a 35-45% income to PITI (Principal, Interest, Taxes, and Insurance) ratio and an overall debt ratio of 45-50% (PITI and all other monthly obligations - credit cards, student or auto loans, etc.) These ratios are based on FHA guidelines.

Eligible homebuyers may receive funds to:

- Provide down payments (up to 50% of downpayment); and/or
- Provide closing costs; and/or
- Reduce the purchase price (principal write-down).

VI. LEVEL OF ASSISTANCE

The homebuyer must have at least \$1,000 (excluding gifts) to contribute towards closing costs and is encouraged to contribute up to three (3%) of their own funds toward the down payment. All assistance provided by the City's First-Start Program will be based on demonstrated need. The minimum level of assistance provided for the First Time Homebuyer Program is \$1,000. CDBG-eligible buyers (0-80% median income) can receive up to \$40,000. Higher income (80-100% median income) buyers can receive up to \$15,000. For both the City and CDBG applicants, the program provides closing cost and downpayment assistance capped at the lesser of \$15,000 or six percent (6%) of the property's purchase price.

City of Wilmington First Start Homebuyers' Program

The funds will be used for a combination of downpayment and/or closing costs but each offer of assistance must include down payment assistance of not less than 25% of the difference between the appraisal and the mortgage offer (downpayment), not to exceed 50% of that spread. (Example – appraisal \$240,000 offer mortgage \$230,000 – downpayment \$10,000. At least \$2,500 of total FSHP assistance will be for downpayment not to exceed \$5,000). Remaining FSHP assistance can be used for closing costs up to the lesser of \$15,000 or 6% of the purchase price.

Prepaid fees will not be reimbursed with closing costs. For lower income buyers (CDBG-eligible) the Principal write-down is capped at \$25,000.

1. DOWN PAYMENT

Down payments are usually required by your lending institution to demonstrate your ability to produce and save money. The funds may be used to pay for up to 50% of down-payment costs. A minimum of half that sum is required as part of the FSHB Program assistance.

2. CLOSING COSTS

Closing costs include such items as; attorney fees, appraisals, notary fees, and cost of inspections to determine the condition of the structure, mechanical / electrical systems, and property in general. Closing cost will be paid at the time of the closing by Electronic Fund Transfer to the settlement attorney issued by the City.

3. PRINCIPAL WRITE-DOWN

A write down reduces the mortgage amount from the cost of the home, less any down payment required so that the home is affordable to the buyer. The buyer is expected to pay 35% to 45% of income for PITI.

All down payment and write-down funds shall be provided as conditional loans at zero percent interest. Closing costs are provided as a grant. The down payment assistance shall be forgiven at a rate of 10% annually and be forgiven after 10 years of the date of closing of the home provided the home remains the principal residence of the buyer, and taxes, water and sewer usage fees are paid in full. The First Start loan will become payable in full if the property is sold or transferred in any manner or if the homeowner is delinquent on any mortgage, tax, and/or water and sewer usage fee payments during the 10 year period.

Any write-down above the required down payment will also be a 10-year lien on the property but repayable in full if the property is sold during the 10 year period. Write downs are need based on household income and the purchase price of the home. The maximum write-down will be \$25,000. Buyers may not receive cash back at closing. Funds will be provided based on the Good Faith estimate provided by the lender prior to closing. Exact amounts may vary depending on the closing date. The Buyer must make up any difference required at closing. Any funds remaining at closing will be returned to the City.

VII. TERMS OF FIRST MONEY MORTGAGE LENDERS

In order to provide assistance, the following loan terms and underwriting requirements must be met. Primary Mortgage Lenders will be asked to write a letter of acceptance of these provisions in order to participate in the Program.

- All loans must have a fixed rate interest rate.
- Lenders are encouraged to offer “below-market” interest rates.
- Loans may not exceed a term of more than thirty (30) years.
- In situations where the applicant’s gross income exceeds a 45% debt-to-income ratio, lenders must be willing to consider income from other household members as a “compensating factor.”

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 a significant medical expenses or job loss was largely responsible pushing the applicant’s credit score below the lender’s minimum.
- Lenders may consider allowing income from non-occupant co-borrowers in their underwriting analysis.
- Lenders may consider allowing “boarder income.”

Applicants are encouraged to work with local Lending Institutions who are familiar with the City of Wilmington housing market and can provide on-going services after the sale is complete. However, buyers are not limited to local Lending Institutions if the terms and rates of your mortgage are comparable with industry standards. The City of Wilmington reserves the right to investigate the lending practices of all Lending Institutions involved in this program. The City will refuse Applicants that attempt to obtain mortgages from institutions that engage in predatory or unscrupulous lending activities.

All funding for the closing, other than the First Start program funding is the responsibility of the Applicant. The city’s First Start Program policies and procedures are not intended to supersede the procedures or requirements of the Lending institutions.

VIII. LEGAL INSTRUMENTS TO SECURE PROGRAM FINANCING

Conditional loans for all properties participating in the program shall be secured through a Mortgage and Mortgage Note executed by the property owner. The settlement attorney will file said documents and the City’s First-Start Agreement and Affidavit with the New Castle County Recorder of Deeds for recording during the closing of the first mortgage transaction with the participating lender. The Mortgage and Mortgage Note will be executed at closing. The City’s First Start mortgage will be subordinate to the Lender’s first mortgage and other down payment and closing costs assistance programs.

City of Wilmington First Start Homebuyers' Program

The length of the term of the Program's loans will be dependent on the type of assistance provided to the applicant:

- Down payment: 10-year term; forgivable at 10% per year
- Write down: 10-year term; if the property is sold within 10 years of the completion date, the funds shall be repaid to the City subject to the availability based on a shared net proceeds of sale.

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 (183) days per year.

In the event of a foreclosure or short-sale, the City may accept the net proceeds of sale in satisfaction of the City's debt.

The homebuyer is required to execute a Conditional Loan Agreement with the City. The Agreement outlines the requirements set forth under the Program. All agreements related to the Program are prepared by City. The set of required agreements consist of loan agreements between the City and the applicant (which outlines the terms and conditions of the Program funding and costs), and mortgage and note executed by the property purchaser. The Conditional Loan Agreement is executed once the homebuyer obtains a written commitment from the first mortgage lender.

IX. PROPERTY STANDARDS

The property being acquired must be inspected for compliance with the International Code Council (ICC) Building Codes requirements and property maintenance standards. When HUD standards for all homes under the EnSpire requirements become effective, they will be required for compliance. All codes and standards should be met at the time of occupancy. The City will require a copy of the home inspection report to identify any code violations and to determine if any adverse health or safety conditions exist. **Inspectors must be certified by the American Society of Home Inspectors (ASHI).**

If the home inspection report shows serious deficiencies, the buyer and seller must acknowledge these repair needs and agree as to who will make the repairs. The City shall be copied on any seller addendum reflecting this understanding.

In homes built prior to 1978, the City or buyer's qualified* Home Inspector will conduct a Visual Assessment to determine if there is peeling, chipping or flaking painted surfaces. Where such conditions exist, the owner may allow a lead-based paint test of the unit to see if hazards are identified. The Lead Risk Assessor will provide details in the Assessment on one or methods to address the hazard. All health, safety and paint deficiencies will be required to be corrected

City of Wilmington First Start Homebuyers' Program

prior to transfer of title. If there is evidence of defective paint and the owner refuses the lead-based paint test, the unit will not be funded through the First-Start program.

*HUD Healthy Communities Visual Assessment Training course (link to be provided upon request)

X. INCOME ELIGIBILITY

In order to be eligible for assistance, households must be determined to be income eligible. The City of Wilmington's FSHP has elected to use HUD's income verification process known as Part 5 for Determining Income eligibility. This system for determining eligibility evaluates the gross amount of income of all adult household members that is anticipated to be received during the coming 12-month period.

City of Wilmington First Start Homebuyers' Program

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	<p>Welfare Assistance. Welfare assistance payments made under the Temporary Assistance for Needy Families (TANF) program are included in annual income:</p> <ul style="list-style-type: none"> • 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). <p>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:</p> <ul style="list-style-type: none"> • 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).

City of Wilmington First Start Homebuyers' Program

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	<ul style="list-style-type: none"> • Amounts received under training programs funded by HUD. • 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). • 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. • 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. • 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.
10. Gifts	Temporary, nonrecurring, or sporadic income (including gifts).

City of Wilmington First Start Homebuyers' Program

Sources Not Considered Income	Statement from HUD 24 CFR 5.609 paragraph (c) (April 1, 2004)
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	<p>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:</p> <ul style="list-style-type: none"> • 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

In order 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:

Three (3) full months of 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 respective tax year(s);
- Social Security, Disability and SSI Benefit Statements or Pension Benefits statement if applicable.
- 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, certificate of deposit, stocks or bonds. Examples include copies of all interest and dividend statements for savings accounts, checking accounts, and investments;
- Evidence or reports that verify assets such as real estate or businesses owned by any household member;
- If you are a widow or widower, copy of Death Certificate should be included;
- Proof of Legal residency (i.e.: Birth Certificate, immigration status, etc.)

XI. ADMINISTRATIVE PROCEDURES

A. APPLICATION PROCESS

- The city is using an online portal through Neighborly for this program. The Lending Institution or the Housing Counseling Agency, on behalf of the Applicant, must submit a fully completed First Start application.
- The application will be submitted in Steps with the initial application and income documentation submitted for City review prior to housing information being submitted. Upon acceptance of each step, the applicant will be prompted by email to continue with the next step. Incomplete or missing information will be flagged and the applicant will receive a Task requesting the information needed to complete the review step.
- The Application clearly outlines the required materials needed by the RE&H to process the application. Please refer to the DOCUMENT CHECKLIST FOR REQUIRED INFORMATION FOR WILMINGTON FIRST START HOMEOWNERSHIP DOWN PAYMENT AND SETTLEMENT ASSISTANCE PROGRAM.

City of Wilmington First Start Homebuyers' Program

- The City's Real Estate and Housing staff will be responsible for processing First Start Homebuyer applications. The City may require additional information and documentation if necessary.

B. PRELIMINARY ELIGIBILITY DETERMINATION

- The Applicant will qualify for assistance if they meet the income criteria to qualify as stated in the program guidelines. The need for assistance will be determined by the RE&H Staff at the time the lending institution/housing counseling agency issues a Loan Estimate (LE) for closing costs and down payment. Once that amount has been determined the Applicant's resources will be reviewed and need determined. The maximum amount of down payment/ closing cost assistance is the lesser of \$15,000 or six (6%) percent of the property's purchase price.
- Write-down assistance will be provided based on need. Need is determined by the gap between the Sales Price and the mortgage lenders offer (based on 45% of income for PITI), plus down payment requirement.

Example:

Home sale price	\$250,000
Minus Down payment	-\$25,000

Minus lenders offer letter	=\$225,000
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City will pay up to half the Down payment of \$12,500 and the balance of the limit of assistance (\$15,000 or the lesser of 6% of purchase price) toward closing costs, \$2,500.

- A preliminary eligibility determination by the RE&H is not a financial or legal commitment on the part of the RE&H to provide a loan.
- Once an Applicant is determined to be eligible, and the Lender or Housing Counselor have submitted all necessary documentation to our office, the application will be processed by RE&H staff.

C. FINAL DETERMINATION BY REAL ESTATE AND HOUSING

- Real Estate & Housing will issue a letter of eligibility to the Applicant and copy the other parties to the transaction after Steps A and B are complete as outlined in the checklist, page 18.
- Funds will be reserved for a period of 90 days, or by the set closing date on the offer.
- The letter will also inform the Applicant of other information, conditions, and/or materials that may be required to establish a loan closing date. Such documents are listed as Step C on page 18.
- The issuance of the commitment letter will signal the lender to send the final Closing Disclosure and start the 2 week period to closing that the City requires to issue a funds transfer to the Closing Attorney.

City of Wilmington First Start Homebuyers' Program

- The Lender should also specify the specific amount requested for down payment and funds for closing costs. If a write-down is requested, that amount must also be specified.

D. CLOSING

1. Prior to Closing

Borrower must submit a Home inspection report, lead-based paint inspection and an Insurance Binder for both hazard (liability) and property insurance if applicable. The RE&H must appear as a loss payee as follows:

City of Wilmington
Real Estate and Housing Department
800 French St., 7th Flr
Wilmington, DE 19801

The Borrower must complete the homebuyer counseling course and have received a completion certificate.

The Applicant must meet all requests for supplementary information, condition and/or materials as specified in the letter.

Checks and closing Documents must be picked up at the above address on Thursday after 3pm for closings the following week.

All payment requests must be submitted to through Neighborly the Thursday before and must include the Closing Disclosure. The Department requires a week to review and submit the requests to Finance. Closings should be scheduled accordingly.

2. Closing

The First-Time Homebuyer loan will take place during the closing of the First Conventional Mortgage. The following is a partial list of typical documents required to be submitted to the City after closing:

1. Mortgage
2. Note
3. FSHB Agreement (draft will be submitted to the applicant in the week prior to closing.)

The settlement attorney will be responsible for recording the Agreement and mortgage documents pertaining to this loan and will pay all recording fees incurred. A copy of the recorded mortgage documents must be provided to the City of Wilmington's Department of Real Estate and Housing within 14 days of closing.

E. Affirmative Marketing

The City participates in various steps to make available information on the First Start Homebuyer Program to the public. The City 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:

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

XII. MAINTENANCE OF RECORDS

The First Start Homebuyer Program will have three separate filing systems, which will dictate what information will be required to register completed files, to 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:

A. Programmatic Records

The Programmatic records will include applicable components of the City'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.

B. 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 Start Homebuyer Application
- 2) Applicant Income Information
- 3) Lender Commitment
- 4) Lender Acknowledgement and contact sheet
- 5) Lender Application (FNMA 1003)
- 6) Underwriter Transmittal (FNMA 1008)

- 7) Federal Tax returns w/ W2's
- 8) Verification of Employment
- 9) Verification of Deposit
- 10) Uniform Relocation Act Notice to Seller
- 11) Real Estate Appraisal (URAR)
- 12) Credit Counseling Certificate
- 13) Sales Agreement
- 14) Program Mortgage
- 15) Program Note
- 16) Program Agreement
- 17) RESPA (Closing Disclosure)
- 18) Homeowners' Insurance binder
- 19) Certificate of Occupancy/Smoke Detector Certification
- 20) Program Inspector Checklist
- 21) Lead Base Paint Lead Risk Assessment

Financial Records

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

XIII. LENDER PARTICIPATION

The City of Wilmington First Start Homebuyer Program will annually solicits participation from local lenders who have an interest in assisting low income first time homebuyers. The City will communicate periodically with lenders to explain its First Time Homebuyer Program to discuss procedures, requirements, eligibility criteria, forms, subsidies, as well as the lender's role in the process. Program staff will develop an understanding of the products the lender offers, and how decisions are made.

Given the expertise of the local lenders in loan underwriting process, applicant will be pre-qualified by the lender. The lender will designate a loan officer to act as the liaison between the City and lender.

First time homebuyers are not required to utilize a participating lender. First time homebuyers may be assisted by other lenders, but all lenders will have to meet all the requirement of the program.

XIV. SUBORDINATION POLICY

The FSHB Program will subordinate its interest in the home if the homeowner is seeking to refinance the primary loan for a lower interest rate. The FSHBP will not subordinate to a cash-out refinance.

XV. REVISIONS TO PROGRAM POLICIES AND PROCEDURES

Throughout the implementation of this Program, the City 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 CDBG or other funding sources 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.

Attachment - Forms Needed for Commitment And Closing

Submit all documents in each Step at the same time which may require sending several serial emails. The complete process takes a **minimum of 45 days**. The **City will respond with a statement the email was received – without such verification - do not assume the email was received**. All emails must be addressed to FirstStartHousing@wilmingtonde.org

Step A - Application

1. Completed FSHA application
2. Copies of photo IDs for all adults in the household
3. Copies of social security cards for all members of the household
4. Sales Contract for purchase of property
5. Copy of loan estimate
6. Three (3) months consecutive pay stubs for each source of income
7. Most recent income tax returns with W-2s and all schedules
8. Where applicable, most recent award letter for Social Security, Alimony/Child Support
9. Where applicable, most recent award letter for SSI or SSD
10. Checking and Savings Account statements for three (3) consecutive months

Step B - Preliminary Eligibility

1. Lenders Application (form 1003)
2. Underwriter Transmittal (form 1008)
3. Lender Mortgage Offer letter
4. Sources of Down payment/Escrow Letter
5. Loan Estimate (LE) of closing costs, down payment and write-down needs
6. HUD Uniform Relocation Act Notice signed by Seller
7. Home Inspection conducted by ASHI certified inspector
8. Visual assessment report and HUD certification of inspector
9. Addendum to Seller agreement concerning home repairs
10. Lender Acknowledgement form with information on Lender, Counselor and Closing Attorney

Step C – Submit before closing (at least two (2) weeks before closing)

1. FSHP Agreement, Mortgage and Note sent to Lender for approval before transmittal to closing attorney
2. Home Appraisal
3. Third Party Release form
4. Property Insurance Binder

The RE&H must appear as a loss payee as follows:

City of Wilmington
Real Estate and Housing Department
800 French St., 7th Flr

City of Wilmington First Start Homebuyers' Program

Wilmington, DE 19801

5. Title Insurance including Legal Description of the property
6. Homebuyer Counseling Certificate of course completion

Upload of Funding Requisition and Closing Disclosure

Step D – Closing

Signing Agreement, Affidavit, Mortgage and Note

After closing:

1. Recorded Mortgage
2. Recorded Agreement and Affidavit
3. Signed Note
4. Final Closing Disclosure
5. Homeowner Insurance
6. Home Warranty for new construction

Note:

City of Wilmington Tax ID #: 51-0176414