

**Clayton Improvement Association, LTD.
First Time Homebuyer Assistance Program Handbook**

Documents that must accompany your application:

- 1) Most recent eight payroll stubs showing year to date earnings
- 2) W-2/1099 Forms (If self-employed, two recent years)
- 3) **Signed Federal** tax return (If self-employed, two recent years)
- 4) Bank books or latest bank statements for checking, savings, and trust accounts, for the last 2 months – Complete Statements
- 5) Benefit Statement/Award Letter (complete) – other income, including but not limited to Social Security, SSI, pensions, veteran benefits, education, compensation and disability payments
- 6) Asset income – Performance Report: Including but not limited to IRA’s, 401K’s, stocks, bonds, CD’s, Trusts, etc.
- 7) A photo ID and SS card must be presented for all **adults** in the household at the time of the application, whether dependent or not.
- 8) Copies of birth certificates for all children who reside in the home. **Child is defined as 18 years of age and under.*
- 9) A copy of your most recent credit report. If you do not have one you can get it through Annual Credit Report Website.
- 10) **Non-refundable** Application fee of \$40.00 Check or Money Order only – no cash.

Return completed application (which is included with this packet) together with all necessary documents listed above.

NOTE: All of the above applies to **anyone** who is living in the home at the time of the application.



Clayton Improvement Association is an equal opportunity provider and employer



A. HOMEOWNERSHIP PROGRAM SUMMARY:

The Clayton Improvement Association, LTD. (CIA) has received a Grant from the North Country HOME Consortium. This grant program provides down payment, closing costs and repair assistance to income eligible applicants to purchase existing single-family homes in the following ten townships: Alexandria Bay, Antwerp, Cape Vincent, Clayton, LeRay, Pamela, Philadelphia, Orleans, Theresa, or Wilna. This is a first-time homebuyer program; eligible applicants must not have owned real property in the last seven years. Single and/or doublewide mobile homes are not eligible for purchase assistance.

There is a ten (10) year affordability/residency requirement if you obtain a home through this program. The grant is transferable to another income eligible applicant. This is enforced by a Note and Mortgage filed with Jefferson County clerk.

This handbook will explain the Program and how it should work. It will also help interested households decide if they are eligible for the Program and if it can work for them. This handbook is meant to be a guide to the Program, not a definitive presentation of the Program's policies. Questions concerning the program should be directed to the Clayton Improvement Association, LTD. 913 Strawberry Ln. Clayton, NY 13624 phone number (315)686-3212 ext. 3.

To apply, fill out the application that is enclosed with this handbook. You must answer **ALL** questions. Return the application to the CIA with the required documentation. We will call you for an interview. **NOTE:** Applicant will be required to contribute \$1,000.00 to the project.

B. HOW TO DETERMINE YOUR INCOME:

For purposes of determining income, we will use anticipated annual income for the current year. We will also need documentation from the last tax year as well to determine wage history.

By your submission of an application to CIA for a North Country HOME Consortium Program Grant/Loan and the signatures at the end of the Application, you are authorizing the CIA to verify any and all information contained within the Application.

The HUD Income Guidelines for people making 80% of the Median Income of Jefferson County, adjusted for family size, are as follows:

1	2	3	4	5	6
\$37,650	\$43,000	\$48,400	\$53,750	\$58,050	\$62,350

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Your gross income must not exceed these limits for the size of your household.

The figures used in the HUD Income Guideline were current at the time this document was published and are subject to change per HUD reporting.

INCOME INCLUSIONS:

1. All wages and salaries, overtime pay, commissions, fees, tips and bonuses, and other compensation for personal services (before any payroll deductions).
2. Net business or farm income. (Net business or farm losses and depreciation will not be deducted from other sources of income when calculating total household income.)
3. Interest, dividends, and any other net income of any kind from real or personal property.

4. All gross periodic payments received from Social Security, annuities, insurance policies, retirement funds, pensions, alimony, child support, unemployment and worker's compensation, disability or death benefits and other similar types of periodic receipts.

All regular pay, special pay, and allowances of a member of the Armed Forces (whether or not living in the dwelling) who is head of the family, spouse, or other person whose dependents are residing in the unit.

INCOME EXCLUSIONS:

1. Income from employment of children (including foster children) under the age of 18.
2. Payments received from the care of foster children.
3. Lump-sum additions to family assets, e.g. inheritances, insurance policy death benefit payments, settlement for personal or property losses, and medical expense reimbursements.
4. Income of a live-in aide.
5. Amounts of educational scholarships paid directly to the student or to the educational institution, and amounts paid by the government to a veteran in meeting the costs of attending school.
6. The special pay to a household member serving in the Armed Forces who is exposed to hostile fire.
7. Temporary, nonrecurring, or sporadic income (including gifts).
8. Lump sum payments of SSI and Social Security benefits.
9. The value of the allotment provided to an eligible household under the Food Stamp Act of 1977.
10. Any earned income tax credit.

You must also provide us with any statements of debts that you have such as credit cards or any loans or other mortgages. You will also have to provide these items to the bank that will finance the principal portion of your new home.

C. HOMEOWNERSHIP COUNSELING

Applicants that have submitted their application will be contacted by the CIA to schedule an appointment with the Housing Counselor. The appointment will allow CIA to verify your income and determine your debt-to-income ratio, the ratio determines your mortgage affordability. Qualified applicants will be required to attend and complete a Homebuyer Education Course. The course is offered by Neighbors of Watertown usually on a Saturday. You will be required to attend this course before grant funds can be awarded, or proof of completion by another satisfactory credit counselor. Taking the course should really be your first step in home ownership. The course is very informational on the home buying process from beginning to end. Please contact Neighbors of Watertown at (315)782-8497 to sign up for the course. Other required documents that will be needed by Clayton Improvement Association, LTD. will be discussed at the time of appointment.

NOTE: The cost of the course is \$55 per person and \$65 for a couple this is an out-of-pocket expense that you have to plan for.

D. CHOOSING A HOME

If you are found to be eligible for the Program, you will be given an award letter for the Grant and the dollar amount of the Principal, Interest, Taxes and Insurance (PITI) that we feel you can manage.

You may visit a Real Estate Broker, or you may decide to ride around and look at the houses with FOR SALE signs on them and then check with the broker for an asking price. You may know a homeowner who wants to sell their home or you might hear of an eligible home for sale in some other way. You may also want to check the classified ads in the local papers as well as Facebook Market Place. **No home with a sales price over \$125,000 may be purchased through this Program.** You must always

remember that there is an ASKING PRICE and that there is a SELLING PRICE. We will always advise you to strive to make an offer on a home at the lowest price possible.

If you do find a home that you think you can afford and fits our Program, do not sign a purchase offer unless you get permission from Clayton Improvement Association, LTD. or in the purchase offer under 'contingencies' states: "Clayton Improvement Association, LTD. inspection and grant approval."

No home with electric heat will be allowed in this Program unless it is an area with municipal power. This energy conservation measure will save you money with your heating bills. All homes must be vacant or owner-occupied.

When you find a home and report it to the Program Coordinator, she will contact the Rehabilitation Specialist, he will arrange to do a HUD Housing Quality Standards inspection to determine what work must be done to bring the home up to HUD standards. The Rehab Specialist will do a work summary of all the failed items and an estimate of what the improvements will cost. This work will determine whether or not you have a feasible Project.

E. ELIGIBLE IMPROVEMENTS:

When we talk about improvements to your proposed Project, we are talking about items that failed on the HUD Quality Standards Inspection Form. We are not talking about any of the following work.

REHABILITATION DOES NOT INCLUDE THE FOLLOWING:

Landscaping	Fireplaces
Blacktopping driveways	Woodstoves
Washer or dryer	Slate roofs or cedar shake roofs
Air conditioner	Window walls
Gutters and downspouts	Room partitions
Skylights	Room additions
Luxury items (swimming pools, saunas, whirlpools)	Garages
	Moving house to new foundation(s)

F. BANK COMMITMENT

If you receive a Mortgage Commitment, the appraisal fee and credit check fee that you paid may be credited towards the closing costs. Closing costs are an eligible Project cost, depending on how much of a Mortgage Reduction and Improvements Grant are needed for your Project.

The Mortgage Commitment you receive from the bank will be for an amount that the principal, interest, taxes and insurance can be paid for with approximately 32% of your Gross Annual Income. This is the amount that is allowed by almost all programs and financial institutions. This amount and all the rest of your debt payments may not exceed 36% of your Gross Annual Income. If you have a high amount of debt payments per month, chances are that you will not qualify for this Program.

The grant amount will be adjusted as needed so that an applicant will not be paying more than 38% of their total monthly gross income for all debts. The grant amount is, therefore, a flexible amount, but it will not exceed \$40,000. Please understand if the house you wish to purchase is affordable at your current income level, you may only be eligible for closing cost assistance.

Upon receiving a Mortgage Commitment, you will need to obtain at least 2 bid estimates from eligible contractors for the work described in the Rehab Specialist's Work Summary. A contractor is qualified to do the work when he can provide the CIA with a Certificate of Insurance showing that he has a minimum of \$600,000 in liability insurance, that he pays the statutory amounts for Worker's Compensation and Disability for any employees and maintain current EPA RRP certification. The applicant must accept the lowest bid from the contractors. This work does not affect your Mortgage Commitment in any way, but must be reflected in the bank's appraisal. No cosmetic work may be included in the work summary.

Once a Bank Closing takes place and the applicant is the new homeowner, the applicant (new homeowner) will sign the contract and the improvement work can be started within 30 days of contract execution. The applicant may or may not be able to move into the home while the work is in process, but in almost every case the home will be able to be occupied shortly after the closing. Do not give your present landlord any notice to leave the home you are now living in until we know when the closing will take place, and how long the improvements will take, as well as knowing if you can occupy the new property while the improvements are taking place.

The Rehab Specialist will coordinate multiple reviews to include New York State Historic Preservation Office, Environmental Review, Lead Based Paint Assessment and an Energy Audit. The amount of Grant assistance is contingent upon the results of these reviews.

During the period that the improvements work is underway, the Rehab Specialist will inspect the work when it is approximately half way completed and again when it is finished. You must remember that the work for the improvements is between you and the contractor. During the work, if you find that something is not being done correctly, you should speak to the contractor. If the problem cannot be resolved, call the Rehabilitation Specialist to discuss the situation. When the work is completed to the satisfaction of the owner and CIA, we will issue funds to you and the contractor.

G. AFFORDABILITY/RESIDENCY PERIOD

Under the regulations of this program there is a residency/affordability period, which states that the buyer must use the property as his/her principal place of residence. The affordability/residency period is ten (10) years from the date of project completion, to be based on a declining term. If the home is sold during the affordability/residency period, the seller will be responsible for the repayment of North Country HOME Consortium Funds. The amount of repayment is reflected upon which term you are currently in.

The only occurrence that will prematurely end the affordability period is a property foreclosure by the first mortgage holder.

When you submit an application to CIA for a Grant, you will be asked to sign a Credit Check Verification form. This report will be reviewed with you to appraise your credit history and to get an indication of your chances of obtaining a mortgage commitment.

If you have questions, feel free to call Clayton Improvement Association, LTD. 315-686-3212 Ext. 3

Program Coordinator – Sabina R Corbett
