



City of Memphis
Division of Housing and Community Development



Down Payment Assistance Program FY24

Guidelines and Requirements

Program Name:	<u>City of Memphis Down Payment Assistance Program</u>
Program Start Date:	<u>July 1, 2023</u>
Program Administrator:	<u>Division of Housing and Community Development</u> <u>170 N. Main Street, 4th Floor Memphis, TN 38103</u>
Programs:	<u>Citywide DPA Programs (CWDPA):</u> Citywide DPA, Memphis Housing Authority DPA, SHAPE DPA, Targeted Area DPA <u>Homebuyer Incentive Programs (HIP):</u> HIP Citizens, HIP Police, HIP Fire, HIP Memphis/Shelby County Schools
File Submission:	<u>Deliver files to:</u> 170 N Main Street, 4 th Floor- via drop off, courier or overnight mail service.

Citywide Down Payment Assistance Citywide Down Payment Assistance Programs

CWDPA, MHA, SHAPE, TADPA

80% and Below Area Median Income (AMI)

Purpose	To provide financial assistance to first-time homebuyers and encourage the purchase of homes located within the city limits of Memphis.
Programs	<ul style="list-style-type: none"> - CWDPA - Citywide DPA - MHA - Memphis Housing Authority - SHAPE - Section 8 Homeownership Assistance Program - TAPDA - Targeted Area DPA
Eligible Participants	<ul style="list-style-type: none"> - CWDPA - Citywide DPA- any first-time homebuyer meeting the income requirements and purchasing a home within the city limits - MHA - Memphis Housing Authority- any current MHA first-time homebuyer resident or former MHA resident within the last 12 months, meeting the income requirements and purchasing a home within the city limits - SHAPE - Section 8 Homeownership Assistance Program- any current MHA Housing Choice Voucher holder first-time homebuyer, meeting SHAPE program eligibility requirements and meeting the income requirements and purchasing a home within the city limits - TAPDA - Targeted Area DPA- for properties in targeted areas (HOPE VI zones) that are newly constructed, less than 12 months old, and never been occupied, meeting the income requirements for first-homebuyers
Awards	<ul style="list-style-type: none"> - The maximum DPA award may not exceed 10% of the sales price, with a maximum of \$25,000, and will not reduce the housing ratio below 23.0%. - CWDPA Programs require the homebuyer to invest a minimum of 1% of sales price towards the mortgage transaction (may be used towards down payment, appraisal, credit report, home inspection). - MHA and SHAPE require homebuyer to invest a minimum of \$100 towards the mortgage transaction. - All programs will be awarded as Deferred Payment Loans (DPL) with all payments deferred to the end of the five-year affordability period if the buyer meets all conditions of the affordability period. - Any buyer not meeting the terms of the affordability period will be required to repay the DPA award on a reducing basis of 20% per year. Five (5) years from the date funds have been reimbursed from HUD (not the closing date), the affordability period requirement would be met, and the lien will be released. - Property Inspection is required for all CWDPA program awards.
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<p>Program Boundaries</p>	<ul style="list-style-type: none"> - CWDPA programs – CWDPA, MHA and SHAPE applicants are eligible to purchase anywhere inside the Memphis city limits. - TADPA applicants are eligible to purchase in the designated boundaries within MHA HOPE VI areas.
<p>Household Income Limits</p>	<p>The city will use the following information to determine household income for all DPA programs:</p> <ul style="list-style-type: none"> - In calculating annual household income, income from each adult member (18 and over) of the household is to be considered. The City will require a non-resident owner, such as a spouse or ex-spouse, to sign a notarized statement certifying that they will not reside at the property. - To determine eligibility for assistance, household income must be projected in the future. To do so, a “snapshot” of the household’s current circumstances is used to project future income. In general, the city will assume that today’s circumstances will continue for the next 12 months, unless there is verifiable evidence to the contrary. - The city will use the HUD Income calculator to calculate household income. hud exchange income calculator - The city will use HUD’s HOME Income Limits to determine household income eligibility. Microsoft Word – HOME Income Limits (huduser.gov)
<p>Eligible Property and Inspections</p>	<ul style="list-style-type: none"> - Single-family dwellings located within the city limits. - CWDPA, MHA, SHAPE and TADPA will require a passing property inspection adhering to the Uniform Physical Conditions Standards (UPCS), formerly the Housing Quality Standards (HQS). The following items must be addressed to be eligible for CWDPA, MHA, SHAPE and TADPA programs: <ul style="list-style-type: none"> o Health & Safety o Useful life of major systems o Identify and address life threatening deficiencies o Lead based paint o Accessibility o Disaster mitigation o Handicapped accessibility requirements, if applicable <ul style="list-style-type: none"> ▪ Property Inspection provided by the DPA Program ▪ Form must be submitted and returned with a passing inspection result prior to the file being sent to DPA for processing
<p>Housing Counseling</p>	<ul style="list-style-type: none"> - All homebuyers must attend a minimum of 8 hours of housing counseling. Housing counseling will be accepted from HUD/THDA approved counseling agencies, must be a face to face or classroom session. No on-line, mail or telephone counseling sessions will be acceptable for the city’s DPA Program. <u>**Due to COVID-19, online counseling classes are acceptable until further notice.</u> - July 1, 2023, all counseling must be completed by HUD Approved Counseling Agencies.
<p>Maximum Sales Price</p>	<ul style="list-style-type: none"> - Existing Housing. The new HOME homeownership value limits for existing HOME units is 95 percent of the median purchase price for the area based on Federal FHA single family mortgage program data for existing housing and other appropriate data that are available nationwide for sale of existing housing in standard condition. Nationwide, HUD has established a minimum limit, or floor, based on 95 percent of the state-wide nonmetropolitan area median purchase price using this data. HUD has used the greater of

	<p>these two figures as their HOME homeownership value limits for existing housing in each area. New limits effective June 1, 2023 - \$300,000 max sales price.</p> <ul style="list-style-type: none"> - Newly Constructed Housing. The new HOME homeownership value limits for newly constructed HOME units is 95 percent of the median purchase price for the area based on Federal Housing Administration (FHA) single family mortgage program data for newly constructed housing. Nationwide, HUD established a minimum limit, or floor, based on 95 percent of the U.S. median purchase price for new construction for nonmetropolitan areas. This figure is determined by the U.S. Census Bureau. HUD has used the greater of these two figures as their HOME homeownership value limits for newly constructed housing in each area. New limits effective JUNE 1, 2023 - \$300,000 max sales price. - HOME Homeownership Value Limits - HUD Exchange
<p>Mortgage Financing</p>	<p>Terms of first mortgage for all CWDPA Programs:</p> <ul style="list-style-type: none"> - Must obtain mortgage from a DPA approved lender - First mortgage term must be 30 years - Sales Price may not exceed appraised value - Fixed interest rate (ARMS are not acceptable) - Conforming Conventional, FHA, THDA or VA products - Maximum DTI Ratios: 33.0% housing and 45.0% total debt - Minimum DTI Ratios: if ratio falls below 23.0%, the LTV must be maxed at 96.5% - Minimum credit score requirement of 550 - Homebuyer deposit account balances may not exceed 36 months PITI. - Homebuyer must have a minimum of one month PITI verified funds in liquid funds available in the bank - Homebuyer may obtain a mortgage buydown, but DPA will not pay the buydown fee. The cost of the buydown may count towards the buyer's minimum investment. - Any special terms or requirements must not conflict with the DPA requirements. Please verify additional assistance program is approved by DPA PRIOR to submitting the file to the DPA Department. - Regardless of the source of the permanent mortgage, the City of Memphis will not approve an amount of DPA request that exceeds the amount needed to meet the housing needs of the buyer. - Under no circumstances will any funds be returned to the homebuyer at closing.
<p>Mortgage Process</p>	<ul style="list-style-type: none"> - Homebuyer must locate and identify a property within the Memphis city limits. - Homebuyer will contact a DPA approved lender to qualify for 1st mortgage. - Homebuyer must complete a minimum of 8 hours of housing counseling from a HUD/THDA Approved counseling agency prior to the lender submitting file to DPA. - Lender will complete and submit all required documentation to DPA to request funding assistance. Files may be delivered or sent via overnight mail service. No electronic files will be accepted. - Assistance is awarded to complete application submissions, on a first come first served basis, based on receipt of complete application package. - DPA will process application and issue approval or denial. - If the applicant is approved, DPA will prepare closing documents and request funding check for closing. - If applicant is declined, DPA will notify the lender of the reason and close the file.

	<ul style="list-style-type: none">- The lender must submit a written request to cancel a file. If the DPA Closing Package has been issued, the lender must return the closing package along with the DPA Check.
Closing	<ul style="list-style-type: none">- Closing attorney of the buyer's choice will execute closing documents for DPA 2nd lien.
Affordability	<ul style="list-style-type: none">- Homeowners are required to maintain home as primary residence for the required 5 (five) year period of affordability. Affordability period begins on the date the city has signed and executed the HOME Agreement with the buyer(s), not on the closing date.- A lien will be placed on the property until the affordability period has ended.- HCD Loan Servicing will service the loan as required.

Homebuyer Incentive Programs:

Citizens, Police, Fire and

Memphis/Shelby County Schools

HIP Citizens- 200% Area Median Income

**HIP Police, Fire and Memphis/Shelby County
Schools. - no income limit**

Purpose	To provide financial assistance and encourage the purchase of homes located within designated areas of Memphis and to assist designated professions by increasing employment incentives.
Programs	<ul style="list-style-type: none">- HIPC - Homebuyer Incentive Program Citizens- HIPP - Homebuyer Incentive Program Police- HIPF - Homebuyer Incentive Program Fire- HIPMSC - Homebuyer Incentive Program Memphis/Shelby County Schools
Eligible Participants	<ul style="list-style-type: none">- HIPC - Homebuyer Incentive Program Citizens - any homebuyer meeting the income requirements and purchasing a home within the designated areas within the city limits- HIPP - Homebuyer Incentive Program Police - City of Memphis Police Department – Commissioned Officers, permanent full-time employees, not on probation, purchasing a home within the city limits- HIPF - Homebuyer Incentive Program Fire - City of Memphis Fire Department frontline employees (fire fighter, EMTs and Paramedics), that are permanent full-time employees for a minimum of one year, purchasing a home within the city limits- HIPMSC - Homebuyer Incentive Program Memphis/Shelby County Schools – any full-time employee for a minimum of two years, purchasing a home within the city limits
Benefits	<ul style="list-style-type: none">- Provides financial assistance to homebuyers for the down payment and closing costs associated with the purchase of a home.
Awards	<ul style="list-style-type: none">- The maximum DPA award is 10% of the sales price not to exceed \$25,000.- All Homebuyer Incentive Programs (HIP) require the homebuyer to invest a minimum of 1% of sales price towards the mortgage transaction (may be used towards down payment, appraisal, credit report, home inspection).- All programs will be awarded as Deferred Payment Loans (DPL) with all payments deferred to the end of the five-year term, if the buyer meets all conditions of the five-year term. If all requirements are met during the five (5) year term, the lien will be released.- Any buyer not meeting all requirements of the five-year term will be required to repay the DPA award on a reducing basis of 20% per year.- The city does not require an inspection of the property.

Program Boundaries	<ul style="list-style-type: none">- HIP Citizen - Applicants are required to purchase in the designated areas defined for the HIP Citizen Program. Please see attached list of zip codes and maps.- HIP Police, Fire and Teachers – Applicants are eligible to purchase anywhere inside the Memphis city limits.
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Household Income Limits	<p>The city will use the following information to determine household income for all DPA programs:</p> <ul style="list-style-type: none"> - In calculating annual household income, income from each adult member (18 and over) of the household is to be considered. The City will require a non-resident owner, such as a spouse or ex-spouse, to sign a notarized statement certifying that they will not reside at the property. - For determining eligibility for assistance, household income must be projected in the future. To do so, a “snapshot” of the household’s current circumstances is used to project future income. In general, the city will assume that today’s circumstances will continue for the next 12 months, unless there is verifiable evidence to the contrary. - The city will use the HUD Income calculator to calculate household income. hud exchange income calculator - The city will use HUD’s HOME Income Limits to determine household income eligibility. https://www.huduser.gov/portal/datasets/il/il2020/2020summary.odn
Eligible Property	<ul style="list-style-type: none"> - Single-family dwellings located within the city limits.
Housing Counseling	<ul style="list-style-type: none"> - All homebuyers must attend a minimum of 8 hours of housing counseling. Housing counseling will be accepted from HUD/THDA approved counseling agencies, must be a face to face or classroom session. No on-line, mail or telephone counseling sessions will be acceptable for the city’s DPA Program. - July 1, 2023, all counseling must be completed by HUD Approved Counseling Agencies.
Maximum Sales Price	<ul style="list-style-type: none"> - Existing Housing and Newly Constructed Housing. The new HOME homeownership value limits for newly constructed HOME units is 95 percent of the median purchase price for the area based on Federal Housing Administration (FHA) single family mortgage program data for newly constructed housing. Nationwide, HUD established a minimum limit, or floor, based on 95 percent of the U.S. median purchase price for new construction for nonmetropolitan areas. This figure is determined by the U.S. Census Bureau. HUD has used the greater of these two figures as their HOME homeownership value limits for newly constructed housing in each area. New limits effective June 1, 2023 - \$350,000 max sales price - hud exchange home-maximum-purchase-price
Mortgage Financing	<p>Terms of first mortgage for all HIP Programs:</p> <ul style="list-style-type: none"> - Must obtain mortgage from a DPA approved lender - First mortgage term may be 15, 20 or 30 years - Sales Price may not exceed appraised value - Fixed interest rate (ARMS are not acceptable)

	<ul style="list-style-type: none"> - Conforming Conventional, FHA, THDA or VA products - Maximum DTI Ratios: 33.0% housing and 45.0% total debt - No minimum DTI Ratio requirements/limitations. - Credit Score minimum requirement of 550 - Homebuyer deposit account balances may not exceed 36 months PITI. - Homebuyer must have a minimum of one month PITI verified funds available in the bank - Homebuyer may obtain a mortgage buydown, but DPA will not pay the buydown fee. The cost of the buydown may count towards the buyer's minimum investment. - Any special terms or requirements must not conflict with the DPA requirements. Please verify additional assistance program is approved by DPA PRIOR to submitting the file to the DPA Department. - Regardless of the source of the permanent mortgage, the City of Memphis will not approve an amount of DPA request that exceeds the amount needed to meet the housing needs of the buyer. - Under no circumstances will any funds be returned to the homebuyer at closing.
Mortgage Process	<ul style="list-style-type: none"> - Homebuyer must locate and identify a property within the Memphis city limits. - Homebuyer will contact a DPA approved lender to qualify for 1st mortgage. - Homebuyer must complete a minimum of 8 hours of housing counseling from a HUD/THDA Approved counseling agency prior to the lender submitting file to DPA. - Lender will complete and submit all required documentation to DPA to request funding assistance. - Assistance is awarded to complete application submissions, on a first come first served basis, based on receipt of complete application package. - DPA will process application and issue approval or denial. - If the applicant is approved, DPA will prepare closing documents and request funding check for closing. - If applicant is declined, DPA will notify the lender of the reason and close the file. - The lender must submit a written request to cancel a file. If the DPA Closing Package has been issued, the lender must return the closing package along with the DPA Check.
Closing	<ul style="list-style-type: none"> - Closing attorney of the buyer's choice will execute closing documents for DPA 2nd lien.
DPA 5-year Term	<ul style="list-style-type: none"> - Homeowners are required to maintain home as primary residence for the required 5 (five) year term. The term begins on the date of closing. - HIP Police, Fire and Memphis/Shelby County Schools are required to maintain their employment with their respective employer during the 5-year term. Terminating employment (resignation, transfer, termination) will result in repayment of any remaining DPA balance. - A lien will be placed on the property for the 5-year term. - HCD Loan Servicing will service the loan as required.