



The American Dream Downpayment Initiative

Central Jersey Housing Resource Center (CJHRC) Guidelines for Somerset County

The American Dream Downpayment Initiative (ADDI), which is part of the Somerset County HOME Investment Partnership Program, aims to increase the homeownership rate, especially among lower income and minority households. This program will help lower-income, first-time homebuyers with closing costs, up to a maximum of \$10,000.

BASIC INFORMATION ABOUT THE SOMERSET COUNTY ADDI PROGRAM:

Eligibility and Process:

1. **Must complete a homebuyer education program provided by CJHRC prior to signing the contract of sale.**
2. **Must complete at least one one-on-one housing counseling session to review projected budget; if applicant is unable to meet post-purchase housing costs, applicant will be ineligible.**
3. Applicants must purchase a home in Somerset County and be first-time homebuyer, defined as an individual and his or her spouse who have not owned a home during the three-year period prior to the purchase of a home.
4. Applicants must be out of attorney review and have a completed home inspection. Home inspection cannot have any “quality control issues”.
5. ADDI funds may be used to purchase single family housing, condominium unit, cooperative unit, or manufactured housing.
6. Applicants must be credit worthy and not mortgage more than 4 times their gross income. **Due to restrictive covenants it is imperative that you advise your lender in writing that you are applying for an ADDI Grant and if approved the grant will have restrictive covenants. It is your responsibility to ensure and try to get something in writing that they have no underwriting issues with these restrictions.**
7. Total household income is used to qualify for the program. This includes income from all sources for all members of the household who are over age 18.
8. Qualified individuals must have household incomes not exceeding 80% of area median income. For 2015, these numbers are as follows:

One person	- \$58,200	Five people	- \$89,700
Two people	- \$66,500	Six people	- \$96,400
Three people	- \$74,800	Seven people	- \$103,000
Four people	- \$83,100	Eight people	- \$109,700
9. Due to lead paint regulations, homes must be built after 1978 or be **certified as free of lead paint.**
10. Applicant must have saved at least 5% of the purchase price.
11. Once all required documents are submitted in person to CJHRC, CJHRC will submit the application to the Somerset County Community Development Office. The ADDI applicant should receive an approval or denial from the Community Development Office within 10 business days.

Terms:

- There will be a five-year deed restriction/lien. If the ADDI recipient(s) stay in the home for the full five years and adhere to all requirements, the restriction will be lifted. If the recipient(s) sell the home, or it is no longer their primary residence prior to the five-year restriction expiring, then the ADDI loan must be paid back in full. This **is not** prorated. For example: If you buy the home and are given ADDI funds, and move out 4 years later, you would be required to pay back the full amount. It is an interest-free loan.
- Applicants who work for or are related to someone who works for CJHRC or Somerset County government may not be eligible due to the conflict of interest clause HUD # 92CFR356.

Over-enrichment

In accordance with the regulations of the HOME Investment Partnership Program, the County must evaluate a project and certify that it will not invest any more HOME or other funds than are necessary to provide affordable housing. Therefore, the County will use an asset test to ensure that ADDI funds are provided to individuals and families who best meet the intended loan criteria. Applicants who can put 10% down, cover all closing costs and still be left with \$10,000 of liquid assets after closing will not qualify. Applicants with combined liquid assets greater than 30% of the purchase price will not be considered, unless there are documented extenuating circumstances. Applicants whose monthly payments – including maintenance fees and DCA-issued utility allowances – are less than 30% of their gross income will not qualify, unless the transaction will leave the applicant's household with less than 1% of the purchase price in liquid assets. In this situation, the applicants may be eligible for a grant equivalent to 3% of the purchase price.

APPLICATION CHECKLIST - ALL OF THE FOLLOWING DOCUMENTS ARE NEEDED TO APPLY FOR THE GRANT:

Note: The documentation listed below is required for every household member 18 years of age or older who is not a full time student.

1) ___ Copy of the executed Contract of Sale. **All** parties must have signed (both seller and purchaser) applicable sections of the contract must be completed and signed. **This should be submitted to CJHRC with all documents within 10 days of being out of attorney review.**

2) ___ Copy of the home inspection report. **This needs to be submitted to the Community Development Office as part of your loan application.** A copy of the appraisal will be needed at the time of your closing.

3) ___ Tax returns for the last **3 consecutive** years, both Federal (1040 not W-2 forms) and State. If you cannot locate your federal tax return, copies can be obtained - call 1-800-829-1040.

Federal Taxes:	___ 2015	___ 2014	___ 2013
State Taxes:	___ 2015	___ 2014	___ 2013

4) ___ **Four (4) consecutive and current** pay stubs for each household member over 18

Note: If you don't have four pay stubs submit: A letter from your employer, on letterhead, indicating length of employment, gross annual income or number of hours worked per week and the hourly wage.

5) ___ Two months of checking and savings account statements (all pages)

6) Documentation to confirm income from any of the following applicable sources:

___ Pension – 4 current and consecutive payment stubs or statements or copies of checking account statements or written proof from the Pension Company

___ Social Security- recent Benefits letter or copies of 4 social security checks/stubs

___ Unemployment Compensation - Benefits letter and copies of 4 payment stubs

___ Section 8 if purchasing in the Section 8 to Homeownership Program-- a valid/unexpired voucher or other written proof

___ Child Support - copy of the divorce or separation agreement with signatures and copies of four current and consecutive pay stubs or receipts with a letter from the pay or and payee stating amount paid and received. Letters must be notarized

___ Documentation to confirm interest income/proof of assets - recent statements including IRAs, Savings Bonds and other Retirement accounts including 401Ks

___ Any other sources of income must be documented, written proof is required

___ A pre-approval from a financial organization is required. **You cannot mortgage more than 4 times your gross annual household income.**

___ If using your down-payment funds- you must prove these

7) ___ Circumstances when you will need a notarized letter: * If you do not earn an income * did not file tax returns for any year noted above * do not own a bank account * if you are going through a divorce * own a home or property. Explain the specifics of your situation in writing, sign, and date and have the letter notarized. ORIGINALS MUST BE SUBMITTED.

8) ___ You must submit the name, phone number, facsimile number and address of your attorney and the seller's attorney)

FOR MORE INFORMATION ON SOMERSET COUNTY ADDI PROGRAM CALL:
Central Jersey Housing Resource Center (908) 704-9659 or
Somerset County Community Development Office (908) 541-5756

THE FOLLOWING NJ COUNTIES CURRENTLY HAVE AN ADDI PROGRAM. PLEASE CONTACT THEM FOR THEIR DETAILED PROGRAM INFORMATION:

Atlantic County

Tel (609) 645-5838

Fax (609) 645-5813

John Lamey

Email: lamey_john@aclink.org

Mercer County

Tel (609) 278-7908

Fax (609) 989-0306

Jane Mari

Email: jmari@mercercounty.org

Middlesex County

Tel (732) 745-2922

Fax (732) 745-4115

Melissa Bellamy

Email:

melissa.bellamy@co.middlesex.nj.us

Somerset County

Tel (908) 541-5756

Fax (908) 575-3935

Kimberly Cowart

Email: CommDev@co.somerset.nj.us

NOTE: Contact the county where you are purchasing to find out about their requirements for the ADDI program. Other County requirements may be different than the Somerset County program described in this handout. Also, funding opportunity/timing of funds varies - we suggest you contact the Community Development office for the county you are buying in to see if they have an ADDI program at the time you are out of attorney review.

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