

KANSAS HOUSING RESOURCES CORPORATION
HOME INVESTMENT PARTNERSHIPS PROGRAM
First Time Homebuyers

Program Summary:

To be eligible to participate, the proposed homebuyer must be:

-First Time Homebuyer

-Income Eligible Household

FIRST TIME HOMEBUYER is defined as:

A household that has not owned a home during the three-year period immediately prior to the purchase of a home with HOME funds. The three types of households that can qualify as first time homebuyers, even though they have owned a home within the three-year period immediately prior to purchase, are:

-A displaced homemaker: An adult individual who has not worked full-time in the labor force for a number of years but has, during such years, worked primarily without remuneration to care for the home and family, is unemployed or underemployed, and is experiencing difficulty obtaining or upgrading employment.

-A single parent: An individual who is divorced, did not receive the house in the settlement, and has one or more minor children for whom the individual has residential or joint custody.

-The owner of a mobile home (personal property) that is not installed on a permanent foundation.

INCOME ELIGIBLE HOUSEHOLD is defined as:

The gross annual income does not exceed 80 percent of the median income for the area at the time the household initially occupies the property or at the time the HOME funds are invested, whichever is later.

PROPERTY TO BE PURCHASED

- Must be sold for \$150,000 or less (maximum sales price)
- Must be occupied as the qualified buyer's principal residence upon purchase
- Cannot be within the city limits of Kansas City, Lawrence, Topeka, Wichita, or Johnson County
- Must pass an Expanded Section 8 Housing Quality Standards (HQS) at time of purchase
- Must be valued at or below the median area purchase price as established by HUD
- Cannot be rental property in the last three months unless the renter (at application) is the first time homebuyer
- Cannot be located in Flood Zone A, AE, AH, AO, A99, V, and/or VE
- Eligible property types include:
 - Single family property
 - Condominium, townhomes, or ½ duplex
 - Mobile home on permanent foundation (specification only)
 - Site built new construction (specification only)
 - Manufactured home (specification only)

FIRST MORTGAGE LOAN

The loan must be a 15 to 30 year fixed rate mortgage loan using FHA,VA, USDA Rural Development, Fannie Mae, Freddie Mac, or Conventional underwriting guidelines. The interest rate must not exceed Freddie Mac's Primary Mortgage Market Survey Rate by more than one-half percent (<http://www.freddiemac.com>). No more than a one percent origination fee may be charged. No pre-payment penalties are allowed. For loans that are manually underwritten, the housing ratio may not exceed 30% and the total debt ratio may not exceed 43%. For loans that are underwritten using Desktop Underwriter, loan must receive an Approve or Approve eligible response, or for My Community Mortgages, at least an EA1 or EA2. In either case, the housing ratio shall not exceed 30%.

STATE OF KANSAS PARTICIPATION

-All eligible homebuyers will receive a subsidy equal to:

- * 20% of the sales price of the home if household income is less than 50% of area median income
- * 15% of the sales price if household income is more 50% but less than 80% of area median income
- * In both cases, maximum subsidy is \$20,000

-Subsidy must be used for down payment, closing costs, and/or any legal fees associated with loan closing.

-The subsidy awarded will have two equal parts: a soft second portion and an interest-free portion. The soft second portion will be forgiven proportionately over a period of 60 months if less than \$15,000; and, over a period of 120 months if \$15,000 to \$20,000. The interest-free portion of the subsidy will be repaid in full upon the sale of the house any time within the initial 10-year period.

-Therefore restrictions are as follows:

<u>Subsidy Amount</u>	<u>½ Soft Second</u>	and	<u>½ Interest Free</u>
Up to \$14,999	5 years		10 years
\$15,000-20,000	10 years		10 years

All liens and encumbrances released at the end of ten (10) years, *provided* that property is occupied continually by the original buyer(s), and all rules and regulations associated with the Program are complied with.

HOMEBUYER'S PARTICIPATION

-Each homebuyer must make an investment of \$500, or two percent of the sale price, whichever is greater from their own funds. These funds may not be a gift.

-Homebuyers must maintain homeowners insurance in at least the amount of the sales price, and must show KHRC as secondary payee for the first 10 years following purchase.

HOW TO APPLY

1. Contact HOME Homeownership Section for a list of participating lenders
2. Apply for a first mortgage loan with a participating lender
3. Identify a qualified property
4. Direct participating lender to initiate HOME application process

NOTE: Funds are available beginning March 1 and September 1 annually.

FOR MORE INFORMATION CONTACT:

Kansas Housing Resources Corporation
Christine Reimler
611 S. Kansas Avenue, Suite 300
Topeka, Kansas 66603-3803

Phone: (785) 296-4818
Fax: (785) 291-3215
Email: creimler@kshousingcorp.org