

## STEPS IN OBTAINING A URA 0% SECOND DEFERRED MORTGAGE

### Things you should know when applying for the NEIGHBORHOOD HOUSING PROGRAM (NHP)

*For a newly constructed home*

and

### HOUSING RECOVERY PROGRAM DEVELOPER (HRP-DEV)

*For a newly rehabilitated home*

As part of its commitment to providing quality and affordable homeownership opportunities to residents of the City of Pittsburgh, the Urban Redevelopment Authority, in conjunction with its development partners, offers deferred second mortgages to qualified buyers for certain for-sale housing developments. Once you have identified a URA financed NHP and HRP-Developer property that you would like to purchase, you will need to complete the following steps.

**Please note the URA recommends that individuals get pre-approved for a first mortgage loan from a lender, prior to application.** The URA offers the Pittsburgh Home Ownership Program, through participating lenders. The list of lenders and additional information on PHOP is on our website at [www.ura.org](http://www.ura.org).

1. Sign a sales agreement.
2. Make an application to the URA for a second mortgage loan. The application with a list of required documents can be found on our website ([www.ura.org](http://www.ura.org)). This loan is deferred, no interest accrues and no payments are due for 99 years or upon sale or transfer of the property.
3. Please ask your lender to send the pre-approval along with a copy of your credit report to Alicia Majors Myrick at the address below. As a courtesy to you, the URA prefers to receive a copy of your credit report from the lender so that we do not need to make another inquiry on your report, which can affect your credit score. **Please do not assume that a pre-approval from a lender guarantees that you will receive a deferred second mortgage.**
4. Upon receipt of all the required documents the URA will determine if you qualify for the second mortgage loan. This includes verification of income from your employer. If approved, we will issue you a Qualification Letter, and you must submit a formal application to your first mortgage lender within 60 days in order to maintain your eligibility. If you have not closed on the unit within 6 months of your Second Mortgage Application, we will need to re-qualify you for the second mortgage.
5. The first mortgage lender will order an appraisal of the property and will issue you a commitment letter and a Good Faith Estimate of Closing costs. Please ensure that the following are supplied to the URA:

- a. Copy of the Commitment Letter
  - b. Uniform Residential Loan Application
  - c. Copy of the Appraisal
  - d. Copy of the Good Faith Estimate
  - e. If the Housing Authority of the City of Pittsburgh (HACP) is involved in the financing, an HACP Commitment Letter.
6. If you are a first time homebuyer and your income falls below 80% of the area median income, you may also apply for the URA's \$3,000 Down Payment/Closing Cost Assistance Grant for income eligible buyers.
  7. Once the URA receives and reviews the above information, a Commitment Letter from the URA will be sent to you. You must return the letter with your acceptance within 10 days. **A closing may be scheduled two weeks from the date we receive your letter, no sooner**, in order to allow URA Staff to request your check, prepare closing documents, and perform a final inspection on the dwelling. It is important that all parties, including your agent and Title Company, are aware of this 10 day period. Please be sure to contact Alicia Majors - Myrick with the time and date of the closing at 412-255-6698.
  8. If you purchase a newly constructed or rehabilitated home in the City of Pittsburgh your Allegheny County, City of Pittsburgh and District School taxes can be abated up to the maximum amount of \$86,750 for 3 years. If the home is located within a **Targeted Growth Zone** your City of Pittsburgh and District School taxes can be abated for ten (10) years after the property is reassessed. County Real Estate taxes can still be abated for the three (3) period. The developer of the property will apply for the Tax Assessment; all future tax payments will then be the responsibility of the homebuyer responsibility. Please refer to the attached Tax Assessment Example.

Please note that borrowers must have an acceptable credit profile and, if they have had credit problems in the past, all credit issues must be addressed and rectified. The URA provides a list of credit counselors, to assist the borrower.

In order to obtain deferred second mortgage funds, borrowers must also fall within certain income guidelines established for the development. Income guidelines are available from the URA upon request, or from your realtor or developer.

**Contact Information:**

**Alicia Majors Myrick  
200 Ross Street, 10<sup>th</sup> Floor  
Pittsburgh, PA 15219**

**Phone: 412-255-6698  
Fax: 412-255-6640**