

# URBAN REDEVELOPMENT AUTHORITY OF PITTSBURGH

Housing Opportunity Fund

Down Payment and Closing Cost Assistance

Program Guidelines

Revised 11/14/2018

**Housing Opportunity Fund (HOF)  
Down Payment and Closing Cost Assistance Guidelines  
11/14/2018**

**URBAN REDEVELOPMENT AUTHORITY OF PITTSBURGH**

**I. PROGRAM OBJECTIVE**

The main objective of the Housing Opportunity Fund (HOF) Down Payment and Closing Cost Assistance Program (DPCCAP) is to provide financing to first-time homebuyers in the City of Pittsburgh to help make the purchase of a home affordable. This program is designed to help stimulate housing investment in the City by providing financial assistance to potential homebuyers for the purpose of purchasing an existing or newly constructed residential unit.

**II. PROGRAM FUNDING**

The HOF DPCCAP will be sourced by the Housing Opportunity Fund which is a locally funded housing trust fund in the City of Pittsburgh. An Allocation Plan is created each year. An Advisory Board of 17 people recommends approval of the annual allocation plan to the URA Board of Directors, the Governing Board. Once approved by the URA Board of Directors, City Council also reviews the Annual Allocation Plan. The DPCCAP program is one of several programs operated by the HOF.

**III. ELIGIBLE BORROWERS**

Borrowers receiving down payment and closing cost assistance must meet the following requirements:

- A. The borrower's annual gross household income may not exceed 115% of the Area Median Income as published each year by the U.S. Department of Housing and Urban Development.
- B. The borrower must be purchasing the home as his/her principal residence and his/her name must be on the deed.
- C. The borrower must be a first-time homeowner in the City of Pittsburgh. For borrowers that consist of more than one person, at least one adult person (who is also a resident of the house and whose name is on the deed) must be a first-time homeowner in the City of Pittsburgh.
- D. The borrower may not have liquid assets that exceed \$20,000 after closing. Liquid assets are assets that may be readily converted to cash, such as checking and savings accounts, money market accounts, certificates of deposit, stocks, bonds, etc.

- E. The borrower may not have an interest in any other real estate or business except for a business which is the borrower's primary source of income.
- F. The borrower must complete at least 8-hours of home education training done by a HUD-certified home education counselor.
- G. The borrower must not have any outstanding City, School, and County real estate taxes or the borrower must be on a payment plan for at least six months.
- H. At the time of purchase, the borrower must have a current homeowner insurance policy for the property.

#### **IV. ELIGIBLE PROPERTIES**

- A. Each property must be a permanent structure used primarily for year-round residential use. If the property to be improved is vacant, the borrower must certify in writing prior to closing his/her intent to occupy the property within thirty (30) days of work completion.
- B. Each property may contain up to two (2) connected dwelling units, one (1) of which must be owner-occupied.
- C. The property must be located within the City of Pittsburgh.
- D. The property must be the principal residence of the borrower.

#### **V. ELIGIBLE AREAS**

Properties must be located within the City of Pittsburgh.

#### **VI. LOAN TYPES AND REPAYMENT**

- A. For first-time homeowners at or below 80% of the Area Median Income (AMI), determined on an annual basis by the U.S. Department of Housing and Urban Development (HUD), they can receive up to \$7,500 for down payment and closing cost assistance. The amount of the assistance is based on a determination of need in accordance with the owner's net worth as defined in the Eligible Borrower Section.
- B. For first-time homeowners above 80% AMI but less than 115% AMI, they can receive up to \$5,000 for down payment and closing cost assistance. The amount of the assistance is based on a determination of need in accordance with the owner's net worth as defined in the Eligible Borrower Section.

- C. The down payment and closing cost assistance will be recorded in the form of a 0% interest loan.
- D. For homeowners at or below 80% AMI, the loan will be a five-year deferred loan. No payments are made during the term of the loan. The loan may be in subordinate position to a first mortgage lender. After five years, if the owner is still living in the home, the loan is forgiven.
- E. For homeowners above 80% AMI but less than 115% AMI, the loan will be a ten-year deferred loan that is forgiven at the amount of 10% per year. At the end of year ten, if the owner is still living in the home, the loan balance will be \$0.
- F. For homeowners at or below 80% AMI, if the house sells or transfers before five years, the loan is due in full. For homeowners above 80% AMI but less than 115% AMI, if the house sells or transfers before ten years, the remaining loan balance which has not yet been forgiven is due.

#### **VII. FUNDING TERMS, LIMITS AND OTHER REQUIREMENTS**

- A. URA will work with the first mortgage lender to determine the household income. If there is no first mortgage lender, the URA will underwrite the household income.
- B. The note and mortgage will be recorded in the name of the Urban Redevelopment Authority.
- C. In the event the borrower vacates the property, the unpaid balance of the loan, will be due in full.
- D. The borrower, at loan closing, is required to pay a closing fee equal to 2% of the DPCCAP loan amount.
- E. All properties purchased using HOF DCCAP loans are subject to an inspection by the URA. The URA may choose to forgo the inspection if the first mortgage lender agrees to share the results of their inspection with the URA.
- F. The URA reserves the right to request an appraisal or to ask the first mortgage lender to share its appraisal. If the URA needs to commission the appraisal, the borrower must reimburse the URA.

#### **VIII. PAYMENT PROCEDURES**

Down payment and closing cost assistance will be provided in the form of a dual-party check made payable to the borrower and the closing company.

**IX. APPEALS COMMITTEE**

The URA will establish an Appeals Committee whose purpose is to review HOF DPCCAP Program Guideline(s) waiver requests and loan assumption requests. The Appeals Committee will review the loan applicant's request and make a recommendation to the URA for approval/disapproval.

**X. CERTIFICATIONS**

In accordance with 24 CFR Part 8, the Authority certifies its compliance with the provisions of Section 504 of the Rehabilitation Act of 1973, as amended on June 2, 1988.

**XI. NON-DISCRIMINATION CERTIFICATION**

The Urban Redevelopment Authority of Pittsburgh abides by all applicable laws and regulations regarding nondiscrimination and refrains from discriminating on the basis of age, race, color, religious creed, ancestry, national origin, sex, sexual orientation, gender identity, gender expression, political or union affiliation, and/or disability. No person shall be excluded from participation in, be denied the benefits of, or otherwise be subjected to discrimination solely on the basis of any of the above factors under the loan and grant programs operated by the Urban Redevelopment Authority of Pittsburgh.