



Contact: Taylor Long
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January 15, 2020

Dear Lender,

I'm reaching out to remind or make you aware of the Town of Normal's Down Payment Assistance Program for income-qualified homebuyers. This program, funded by the U.S. Department of Housing and Urban Development (HUD), provides a grant of up to \$3,000 aimed at offsetting down payment and closing costs associated with the purchase of a home in Normal. In the nearly 20 years of this program's existence, more than 140 low- to moderate-income individuals and families have been awarded such a grant making it possible for them to purchase and own a home in our community.

At this time, **the Town has funding available for up to fifteen \$3,000 grants** to qualified, would-be homeowners. This is a needs-based program, so applicants do not have to be first-time homebuyers and grants are only awarded to those who would not qualify for a loan without this financial support. Grants are reviewed and awarded on a first come, first serve basis.

Should you ever have a client in mind or interested in this program, the basic requirements and qualifications are:

- The home being purchased must be located within the Town of Normal and owner-occupied (apartments and mobile homes do not qualify)
- The gross income of the homebuyer/household must fall within the guidelines established by HUD (listed below)
- The House-to-Income Ratio must not be greater than 30%
- The Total Debt-to-Income Ratio must not be greater than 37%
- Personal funds of the homebuyer going toward down payment/closing costs must not exceed 10% of the contract purchase price of the home
- The homebuyer must retain a minimum of \$1,000 in a bank account after the down payment/closing costs have been paid

Qualifying income limits, which are subject to change at any time by HUD, are based on household size. A household is defined as any and all persons living in the home, regardless of family relation. Income from all persons in the household will be considered.

Below are the limits by household size as of January 15, 2020:

One Person	Two Persons	Three Persons	Four Persons	Five Persons	Six Persons	Seven Persons	Eight Persons
\$49,500	56,550	\$63,600	\$70,650	\$76,350	\$82,000	\$87,650	\$93,300

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To determine a homebuyer's eligibility, income is determined by considering the gross income as reported on the applicant's most recent federal tax return and their uniform residential loan application. Applicants are also required to sign an affidavit attesting to their income. If either of these amounts exceeds HUD's income limits, the applicant will not qualify. Failure to disclose income or willful misrepresentation will result in denial of the application.

Attached to this letter is a list of all required documents for the Down Payment Assistance Program's application. These documents can also be found online at <https://www.normal.org/1074/Down-Payment-Assistance>.

An applicant may apply for this grant in an amount up to \$3,000. However, as this grant is based on the financial need of the homebuyer, the final amount awarded may not necessarily equal the full amount that is requested. The funds may be used for the down payment, closing costs, or a combination of the two. Eligible costs include escrow payments made at the time of an offer, lending institution fees and required contributions and filing and recording fees.

Upon approval of an applicant's grant and their home's purchase, a second mortgage is placed on the home in the amount of the grant. The mortgage lasts for five years with twenty percent of the grant amount forgiven each year the home remains occupied by the qualified homebuyer. The second mortgage is then released by the Town after those five years.

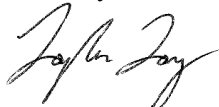
Acceptance of these funds does limit the homebuyer's rights to refinance the property in the future. Please read and explain to all prospective grant recipients the attached Town of Normal Subordination Request Policy.

The Town's grant program focuses on funding FHA loans with an approved FHA inspection; however, conventional loans are perfectly acceptable. Any home built prior to 1978 in which children under the age of 7 will reside must be inspected for lead based paint. Should lead based paint be discovered, it must be abated prior to closing.

If you have any questions about the Down Payment Assistance Program or how the program is administered, please don't hesitate to reach out. I'd also welcome any insights into the present realities of homebuying to help best structure this program.

I hope to assist you and a client sometime in the near future!

Sincerely,



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“Committed to Service Excellence”

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