

Schenectady Housing Development Fund Corporation

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105 Jay Street, Room 14, City Hall
Schenectady, NY 12305-1938
518-382-5147

BOARD OF DIRECTORS
Mayor Brian Stratton
Council Member Joseph Allen
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Horace Perryman
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NECESSARY PAPERWORK FOR SECOND MORTGAGE APPLICATION APPOINTMENT

1. Letter of commitment from first mortgage lender
2. Copy of mortgage application with first mortgage lender
3. Good faith estimate of closing costs from first mortgage lender
4. Your purchase contract for property that you are buying
5. Any other forms from lender or real estate agency

INCOME VERIFICATION

6. Last 4 most recent payroll stubs, last years tax returns, SSI award letter, child support documentation, any verification of current income
7. Last two most recent checking and savings account monthly statements
8. All outstanding credit debt: bring your last bill that shows the amount of your payment, your balance, and account number

****If you work overtime, receive shift differentials, commission, tips, etc., have your employer write a letter explaining your variable pay

PROPERTY TO BE PURCHASED

9. *You must have a pest inspection done on the property prior to application (You must schedule and pay for this from your own funds)*
10. Copies of the City and School annual tax bills for the property
11. An estimate for the cost of insuring the home for one year

**YOU MUST BRING THE ABOVE INFORMATION TO YOUR APPLICATION
APPOINTMENT**

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Dear Applicant:

Attached are the guidelines and application for the Schenectady Housing Development Fund Corporation's Second Mortgage Program for first time homebuyers. Please read the guidelines and necessary paperwork attachment carefully before filling out the application. You should fully understand the program before you sign the application form.

The program offers a second mortgage loan to 1st Time Home Buyers for up to 10% of the purchase price of a property to use for a required down payment and or closing costs with a lender. This program requires repayment of $\frac{1}{4}$ or 25% of the amount borrowed at 4% interest for five years. The other $\frac{3}{4}$ or 75% of the loan amount will be converted into a grant provided you continue to own and live in the property for the full term of the loan. If you transfer the property or fail to live in the property during the five-year period, the grant portion of the loan must be repaid in full with no interest.

There is an asset test that determines how much you can afford to pay towards your new home. You are required to use most of your liquid assets (cash, savings, gifts, etc.) to purchase your home. The Corporation provides the difference between what you have saved and the amount that you will need to purchase your home. The program takes the sum of all liquid assets and allows you to keep, after paying your closing costs, either 10% of what is left or \$1,000.00, whichever is greater. All of the remaining assets must be used to reduce the amount that you borrow from the Corporation.

You must schedule and pay for a pest inspection from your own funds prior to application. The house you purchase must be in standard "move in" condition and be able to pass a Housing Quality Standard (HSQ), Certificate of Occupancy and Lead paint inspection.

This program will schedule and pay for these inspections. A Certificate of Occupancy and a satisfactory lead report must be issued prior to closing.

Credit and home purchase counseling will be available for loan recipients both before and after the closing of the loan.

If you have any questions on the program, please call 382-5147, the City's Department of Development, which is providing staff for the Corporation. When you are ready to make an application, call for an appointment with a loan counselor. The Corporation meets once a month. All applications received are acted on at that time.

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SECOND MORTGAGE PROGRAM

The Schenectady Housing Development Fund Corporation may provide down payment and or closing cost assistance to prospective home purchasers whose income is within the Federal low to moderate income guidelines, to purchase either a new or existing one to three unit home located within the City of Schenectady.

PLEASE NOTE: This assistance can now be used in conjunction with an FHA mortgage.

Requirements

1. Applicants must have a mortgage commitment from a lender for at least 90% of their purchase price
2. Applicants must need assistance to obtain all or part of the required down payment and or closing costs to purchase the property and must be first time home purchaser.
3. The total household income must be within the published HUD income guidelines for low to moderate income households.
4. The property to be purchased must be located within the boundaries of the City of Schenectady. Contact the Corporation if there is a question regarding location eligibility.
5. The household must agree to live in the property as the household's principal place of residence until the Corporation's mortgage has been satisfied.

PROGRAM DEFINITIONS

1. Household income shall be defined to mean the gross income earned by all eligible members of the household at the time of the application.
2. Households shall be defined as a single person or two or more persons related by blood or marriage or otherwise living together and maintaining a common household.
3. Assets shall be defined as the sum of all eligible household members' savings accounts, checking accounts, market value of stocks, bonds, real property and any negotiable securities.

PROGRAM DETAILS

1. Applicants will be required to have a written letter of commitment from a lender stating the address of the property to be purchased, the purchase price, the amount of any required down payment and closing costs, and the terms of the mortgage.
2. Applicants will also be required to provide personal financial statements showing all income and assets held by the household.
3. Applicants will be required to use all remaining assets, after payment of closing costs, toward the required down payment and or closing costs, excepting an amount equal to ten percent of assets or \$1,000.00, whichever is greater.
4. After application of the assets restriction above, applicant may receive a loan of up to \$10,000 or 10% of the purchase price, whichever is less, as a second mortgage loan on the property.
5. $\frac{1}{4}$ or 25% of the second mortgage will be paid back with a five year loan at a 4% amortized interest rate. The other $\frac{3}{4}$ or 75% of the loan will be considered a grant provided the property is not sold or transferred and remains the principal place of residence of the applicant for the five year term.
6. In the event that the property is sold or transferred to another party; or the property ceases to be the principal place of residence of the applicant, the applicant shall repay the full amount of the loan then due (an amount equal to the sum of the balance of the 25% to be paid back plus the 75% grant amount of the loan) on the date of the sale or the date that the property ceases to be the principal place of residence.
7. The mortgage held by the Corporation is not assumable nor may it be subordinated to another mortgage excepting that of the first mortgagor.
8. Late charges will be 2% of the amount overdue with a 15 day grace period.
9. Applicant will maintain adequate fire and homeowner insurance on the property with the Corporation listed as Second Mortgagee.

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SECOND MORTGAGE PROGRAM APPLICATION

Name: _____ Telephone No: _____

Name: _____ Telephone No: _____

Current Address: _____

Family Size: _____

Address of Property to be Purchased: _____

_____ No. of Units: _____ No. of Bedrooms: _____

Financial Institution Providing First Mortgage: _____

Purchase Price of Property: \$ _____ Second Mortgage Amount: \$ _____

Financial information:

Please list monthly household income sources and dollar amount:

A. _____ \$ _____

B. _____ \$ _____

C. _____ \$ _____

D. _____ \$ _____

Required attachments: ***See included list of necessary paperwork***

Applicants signing below verify to the truth of the statements made in the application and acknowledge that material misstatements made in the application or supporting documentation may render them ineligible and require immediate repayment of all sums loaned to them under this program.

Signed: _____ Date: _____

Signed: _____ Date: _____