



# City of Nashua

## First-Time Homebuyer Assistance Program

### Guidelines and Policies

Funded by the United States Department of  
Housing and Urban Development (HUD)



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## **1. PROGRAM DESCRIPTION**

The City of Nashua, hereinafter referred to as the “City,” has established the Homebuyer Assistance Program (the “Program”) to provide assistance to low- to moderate-income individuals and households who are eligible first-time home buyers for the purchase of homes located within the City of Nashua. The Program provides this assistance in the form of a conditional grant agreement and affordable housing restriction. The Program grant funds may be used toward down payment, closing costs, interest rate buy-down, and/or purchase price of the home by the homebuyer. These funds are made available through the U. S. Department of Housing and Urban Development’s HOME Investments Partnership Program.

The Program will be administered by the Urban Programs Department of the Community Development Division (the “Department”).

**Eligible households must document that they have the required balance of funds necessary for down payment and/or interest rate buy down as required by the Primary Lender. Documentation generally will take the form of an account balance statement, but other forms of documentation may be accepted.**

## **2. HOME BUYER ELIGIBILITY**

### **2.1 HOUSEHOLD INCOME LIMITS**

Applicants' household incomes may not exceed 80% of City of Nashua's area median income (AMI), adjusted for household size, as published by HUD at <https://www.hudexchange.info/programs/home/home-income-limits/> (click on the "New Hampshire" PDF then scroll down to "Nashua, NH HUD Metro FMR Area"). Applicants must certify and provide acceptable documentation that their gross household incomes do not exceed the income limits. The income limits in place at the time of application submittal will apply when determining applicant's eligibility.

### **2.2 DETERMINING HOUSEHOLD INCOME**

The applicant's projected gross annual household income will be used to determine the applicant's income eligibility for the Program. The Department will use the HUD "Part 5" method, as set forth in 24 CFR Part 5.609 and described below, to determine and verify applicant's gross annual household income.

The gross annual household income, as determined by the Department, shall prevail in determining the applicant's eligibility for the program and for all Program grant underwriting purposes, including housing cost ratios. The first mortgage lender may use a different method than the Department to calculate the applicant's income or assets. All income sources of all adults in the applicant's household will be verified by the Department by reviewing and documenting tax returns, copies of wage receipts (paycheck stubs), retirement and/or benefit checks, bank statements and third-party verification of employment, using forms sent to employers.

All documentation shall be no more than 90 days old, from the date of submission, and will be kept in the applicant file and held in strict confidence.

#### **Household Income Definition:**

The Program uses the definition of household income in 24 CFR Part 5.609 (also known as the "Part 5" or "Section 8" method) to determine applicants' income eligibility for the program: "the gross amount of income, [before tax or other deductions] of all adult household members [18 years of age or older] that is anticipated to be received during the coming 12-month period." Special consideration is given to income earned by minors, live-in aides, persons with disabilities, temporarily and permanently absent family members, and adult students living away from home. There is no asset limitation for participation in the Program. Income from assets is, however, recognized as part of annual income under HUD's Part 5 definition of income.

#### **Household Asset Definition:**

An asset is a cash or non-cash item that can be converted to cash. The value of necessary items such as furniture and automobiles are not included. The income earned, such as interest on a savings account, is counted as annual income, not the asset value.

An asset's cash value is the market value less reasonable expenses required to convert the asset to cash, including: penalties or fees for converting financial holdings and costs for selling real property. The cash value (rather than the market value) of an item is counted as an asset.

### **2.3 FIRST-TIME HOME BUYER STATUS**

“First-time home buyer” means an individual or individuals, or an individual and his or her spouse, who have not owned a home during the five-year period before the purchase of a home with subsidy assistance, except that the following individual or individuals may not be excluded from consideration as a first-time home buyer under this definition:

- A displaced homemaker who, while a homemaker, owned a home with his or her spouse or resided in a home owned by the spouse. A displaced homemaker is an adult who has not, within the preceding two years, worked on a full-time basis as a member of the labor force for a consecutive twelve-month period and who has been unemployed or underemployed, experienced difficulty in obtaining or upgrading employment and worked primarily without remuneration to care for his or her home and family;
- A single parent who, while married, owned a home with his or her spouse or resided in a home owned by the spouse. A single parent is an individual who is unmarried or legally separated from a spouse and has one or more minor children for whom the individual has custody or joint custody or is pregnant; or
- An individual or individuals who owns or owned, as a principal residence, during the three-year period before the purchase of a home with assistance, a dwelling unit whose structure is: (1) not permanently affixed to a permanent foundation in accordance with local or state regulations; or (2) not in compliance with state, local, or model building codes and cannot be brought into compliance with such codes for less than the cost of constructing a permanent structure.

Applicants may own a manufactured or mobile home not on a permanent foundation and not affixed to real property also owned by the applicant; however they must sell the manufactured home prior to closing escrow on the Program-assisted home purchase and must utilize their net proceeds of the sale, to the extent possible, toward their down-payment on the new home purchase.

## **2.4 HOME BUYER EDUCATION**

Applicants must attend a HUD-certified home buyer education class prior to receiving written approval for a Program grant. The home buyer education class will cover the following topics, at a minimum: preparing for homeownership, available financing, credit analysis, grant closing, homeownership responsibilities, home maintenance, the impact of refinancing, and grant servicing. The applicant must attend and receive a certificate of completion and provide the Program staff with a copy of the certificate prior to close of escrow. Local and regional home buyer education classes approved by HUD can be found through the Consumer Financial Protection Bureau at <https://www.consumerfinance.gov/find-a-housing-counselor/> (in-person options) and through the eHome America website at [www.ehomeamerica.org/homebuyers#homebuyereducation](http://www.ehomeamerica.org/homebuyers#homebuyereducation) (online options).

### **3. PROPERTY ELIGIBILITY**

#### **3.1 LOCATION AND CHARACTERISTICS**

1. Homes must be located within the City of Nashua.
2. Homes must have been vacant or owner-occupied (by the seller's household) for the entire three-month period prior to the date of the purchase offer, and homes must continue to be vacant or owner-occupied through close of escrow. Tenant-occupied homes are not eligible for purchase, unless the tenant is purchasing the home.
3. Homes may be new or resale single-family homes, duplexes, three-family homes, town homes, or condominiums. If the home proposed for purchase is new construction (*i.e.*, not previously sold to a home buyer), the foundation must have been poured prior to seller's receipt of the buyer's purchase offer.
4. If the home is located within a 100-year flood zone, the buyer will be required to obtain and maintain a flood insurance policy, with an initial term not less than one year prepaid in escrow, and provide an endorsement naming the City of Nashua as additional insured, prior to funding of the Program grant.

#### **3.2 CONDITION OF THE HOME**

All homes must be decent, safe, sanitary, and in good repair, per 24 CFR 5.703, and meet the property standards outlined in 24 CFR 92.251(c). The City of Nashua must inspect the housing and document compliance based upon an inspection that is conducted no earlier than 90 days before the commitment of HOME assistance. If the housing does not meet these standards, the housing must be rehabilitated to meet the standards of 24 CFR 92.251(c)(3) before it can be acquired with HOME funds.

##### **Inspection and Determining Need for Repairs:**

Once the applicant has identified a potential home to purchase, and prior to a commitment of Program funds, the following steps must be taken for the home to be eligible for purchase under the Program:

1. The prospective buyer must hire a certified home inspector of their own choosing to inspect the home, and provide a copy of the inspection report to the Department staff. The home buyer and their real estate broker or agent may negotiate with the seller regarding repair costs. Smoke detectors must be installed by the seller if there are none in place, and smoke detector certifications from the Fire Department will be required prior to closing.
2. If the home requires substantial rehabilitation to meet codes, or if the home has health and safety and/or building code violations (such as un-permitted additions or garage conversions), the home will be considered substandard and determined not to be eligible for Program assistance unless all of the violations are corrected by the seller and pass inspection prior to applicant's submittal of a purchase and sales agreement.
3. If the home inspection identifies evidence of pest issues, a current pest inspection must be performed by a licensed pest inspector of applicant's choosing, and any required treatments must be completed and a clear inspection report provided to escrow. The Department will encourage each home buyer to secure a homeowner's warranty policy as part of the purchase of a resale home.

4. HUD regulations at 24 CFR 50.3(i) and 58.5(i)(2) require all property to be free of contamination where a hazard could affect the health and safety of occupants or conflict with the intended use of the property. Section 50.3(i) states that “[i]t is HUD policy that all property proposed for use in HUD programs be free of hazardous materials, contamination, toxic chemicals and gasses, and radioactive substances, where a hazard could affect the health and safety of occupants or conflict with the intended utilization of the property.

#### **Lead-Based Paint Hazards:**

All homes built prior to 1978 must pass a visual lead-based paint hazard inspection in order to qualify for purchase with Program assistance. If the home was built prior to 1978 and does not pass the Department’s visual assessment, it may require a certified lead-based paint inspector or risk assessor to test all painted, shellacked, or varnished surfaces to determine the presence or absence of lead. If the test results indicate that unstable lead is present and corrective work is needed, such as encapsulation with new paint, the work must be performed by contractors licensed to do lead-based paint hazard reduction and/or abatement, using work-safe methods. If such work is performed, the testing firm will test again after the work is done and provide a clearance letter once the results indicate no hazards are present.

#### **Post-Purchase Rehabilitation Assistance:**

Homes purchased with Program assistance may be eligible for the City’s Housing Improvement Program and/or Lead-Based Paint Hazard Program funding after the date of purchase.

### **3.3 ANTI-DISPLACEMENT POLICY AND RELOCATION ASSISTANCE**

Eligible homes are those that are currently owner-occupied or have been vacant for at least three months prior to the buyer’s submittal of a written offer to purchase. A home is ineligible for Program assistance if its purchase would result in the displacement of a tenant (*i.e.*, anyone other than the seller’s household), whether or not the tenant is paying rent. The Program will NOT assist the purchase of any tenant-occupied homes or knowingly assist buyers who cause tenant displacement, therefore it is not anticipated that the implementation of the Program will result in the displacement of any persons, households, or families.

If a seller knowingly offers a tenant-occupied home for sale to a Program-assisted buyer but fails to disclose the tenancy to the Program, and any federal or state agency later determines that relocation benefits are owed the tenant, the seller will be held solely responsible for the costs of compliance with federal and/or state relocation law, as applicable. The following federal laws apply to any tenant displacement that may occur in association with the use of federal funds for property acquisition:

#### **Uniform Relocation Assistance (URA) and Real Property Acquisition Policies Act of 1970:**

The federal Uniform Relocation Assistance and Real Property Acquisition Policies, as amended by the URA Amendments of 1987, apply to projects or programs funded in whole or part with federal funds, including HUD funds such as HOME Program funds, which involve real property acquisition and cause the displacement of a person, regardless of income status. The implementing regulations in 49 CFR Part 24 provide further requirements that the lead agency must follow to provide adequate relocation assistance for displaced tenants.

#### **Section 104(d) of the Housing and Community Development Act of 1974:**

Section 104 (d) requires the City, as a condition of receiving HUD funds, to certify that it is following a residential anti-displacement plan and relocation assistance plan. Section 104(d) also requires relocation benefits to be provided to low-income persons who are physically or economically displaced as the result of a HUD assisted project. The implementing regulations for Section 104(d) can be found in 24 CFR Part 570.

#### **4. MAXIMUM PURCHASE PRICE**

The maximum purchase price of homes purchased with grant-funded Programs shall not exceed HUD's Homeownership Value Limits ("95% limits"). In general, for all applicants, the primary factors used to determine the feasible price range will be the applicant's available down payment funds and pre-approved first mortgage amount, assuming the first mortgage meets the requirements specified below. The Program grant, if approved, would increase the feasible price range by approximately the Program grant amount.

A home purchase price must not exceed 95% of the City of Nashua's median sales price. The current HUD purchase price limits can be found online at <https://www.hudexchange.info/resource/2312/home-maximum-purchase-price-after-rehab-value/>.



## **5. FIRST MORTGAGE REQUIREMENTS**

Prior to obtaining a Program grant commitment from the City, a home buyer must provide a loan approval letter for a first mortgage in the maximum amount the first mortgage lender is willing to loan the home buyer within the Program grant standards (*i.e.*, rates, ratios, amortization schedule, and other minimum loan requirements).

The Program requires fair and competitive interest rates with no points being charged to the borrower. The Program encourages pricing concessions to qualified applicants whenever possible.

### **5.1 UNDERWRITING STANDARDS**

Fully documented first mortgages approved for funding by New Hampshire Housing Finance Authority, the Federal Housing Authority (FHA), the Department of Veterans Affairs (VA), or a large institutional lender that underwrites to New Hampshire Housing Finance Authority, Fannie Mae, Freddie Mac, VA or FHA standards, will be acceptable to establish the applicant's ability to make payments and dependability of income, in addition to the Program's underwriting standards explained below. Loans approved without full income documentation of the mortgagor(s), often referred to as "no doc" or "stated income" loans, may not be used to purchase a home with a Program grant.

In order to qualify for Program assistance, the applicant's "front-end ratio" shall be not more than 31%. The front-end ratio is the percentage of a borrower's gross monthly income (before income tax deductions) equal to the total of the following monthly housing costs: required first mortgage payment (principal and interest), property taxes, property insurance, and homeowner association dues and/or mobile home space rent, if any. Ratios will be reviewed using the lender's determination.

The applicant's "back-end ratio" shall not exceed 43%. The back-end ratio is the percentage of a borrower's gross monthly income that would be required to cover the front-end ratio costs (monthly housing costs) plus any other mandatory monthly debt payments, such as: car loans, personal loans and credit cards, alimony or child support ordered by a court, and/or student loans. In exceptional circumstances a ratio above 43% may be considered when strong compensating factors are present, such as, on-time payments, savings and other factors.

Compensating factors must be presented with the Loan Estimate if a request is made to exceed maximum allowable qualifying ratios. Acceptable compensating factors include but are not limited to the following:

- Verified and documented cash reserves that equal or exceed three total monthly mortgage payments (one and two units) or that equal or exceed six total monthly mortgage payments (three and four units)
- New total monthly mortgage payment is not more than 20% higher than previous total monthly housing payment, whichever is less, and there is a documented twelve month housing payment history with no more than one 30 day late payment
- Verified and documented significant additional income that was not considered for the mortgage application
- High credit score
- Employment stability of more than 2 years
- Low percentage of revolving debt

### **5.2 INTEREST RATE**

The first mortgage must be fully amortized and have a fixed interest rate for the entire term that does not exceed the current market rate. No temporary interest rate buy-downs are permitted. Sub-prime rates, adjustable rates, interest-only options, and/or any type of negative amortization shall not be acceptable in the first mortgage.

### **5.3 LOAN TERM**

The first mortgage shall be fully amortized over the term of the loan, and there shall be no balloon payment requirements or prepayment penalties included in the terms of the first mortgage.

## **6. THE PROGRAM GRANT**

### **6.1 MAXIMUM AMOUNT OF PROGRAM ASSISTANCE**

The maximum purchase price of homes purchased with grant-funded Programs shall not exceed HUD's Homeownership Value Limits ("95% limits"). In general, for all applicants, the primary factors used to determine the feasible price range will be the applicant's available down payment funds and pre-approved first mortgage amount, assuming the first mortgage meets the requirements specified below. The Program grant, if approved, would increase the feasible price range by approximately the Program grant amount.

A home purchase price must not exceed 95% of the City of Nashua's median sales price. The current HUD purchase price limits can be found online at <https://www.hudexchange.info/resource/2312/home-maximum-purchase-price-after-rehab-value/>.

### **6.2 DETERMINING THE AMOUNT OF THE PROGRAM GRANT**

The actual amount of a buyer's Program grant shall be computed after the applicant has identified a home to purchase and has been pre-approved for a first mortgage in an amount such that their front-end and back-end ratios would not exceed the limits specified in Section 5.1. The Program grant shall be made only in the amount needed to allow them to become homeowners ("the affordability gap") while keeping their housing costs affordable. The first mortgage lender will use their underwriting standards, such as front-end and back-end ratios, credit score, income, *etc.*, to determine the first mortgage amount. The Department will verify that the first mortgage meets the requirements of Section 5 above, and the Program grant amount will be equal to the amount required to bridge the gap, if any, between the acquisition cost minus the down payment, the first mortgage, and any other funds available to the buyer (such as Employer Assistance Program, Equity Builder, other down payment assistance).

### **6.4 RATE AND TERMS FOR PROGRAM GRANT**

All Program assistance to individual households shall be made in the form of a conditional grant and an affordable housing restriction, commonly known as a "silent second" or "community second" mortgage. The Program grant's term shall be for a term equal to five (5) years from the date of acquisition or occupancy. Any payment of interest and/or principal will become due if the property is sold or transferred, in full or part (including refinances), during the first five (5) years of ownership or upon a default under the conditional agreement (for example, the borrower's failure to occupy the home as their primary residence).

The Program grant shall be in second lien position following the first mortgage, unless another public agency is providing deferred financing and must be in second position, in which case the Program grant may be in third lien position.

### **6.5 LOAN-TO-VALUE RATIO**

The total loan-to-value ratio (LTV) for all indebtedness on the property (first mortgage plus Program grant and any other deferred junior loans) shall not exceed 100% of the sales price. Most transactions will be structured similarly to the example below:

Total Financing:	97% TLTV
Program Grant:	1.5% of purchase price
Buyer's Down Payment:	1.5% of purchase price

Total Funding: 100% of purchase price

## **6.6 SUBORDINATE FINANCING**

Subordinate loans may be used to cover mortgage subsidy costs that exceed the Program maximum loan amount. All subordinate liens must have the payments deferred, and the term must be for at least as long as the term of the Program grant.

## 7. THE APPLICATION PROCESS

The City processes applications for the Homebuyer Assistance Program assistance on a first-come, first-served basis, based on the date and time of receipt of completed applications by the Department. If and when more completed applications are received and deemed eligible than can be funded with available Program funds, the Department will create a waiting list of applicants who will be contacted when additional funding becomes available. Each applicant must complete an application form which requires sufficient information concerning income, employment, household size, and credit history to establish preliminary eligibility for Program participation. Applications are deemed complete only if all information is completed, the application is signed and dated, and a first mortgage lender's prequalification letter is attached to the application, with a copy of the listing of the home proposed for purchase. Incomplete applications will be returned to the applicant and will not be date/time stamped until complete.

If eligibility is confirmed, the applicant will be invited to a meeting for an overview of the Program requirements. At the meeting, the application is reviewed and the potential home buyer is given a "Preliminary Eligibility Letter" for the Program, along with the following forms and materials provided and/or collected:

- Homebuyer Assistance Program Guidelines
- Home Buyer Education Classes Options
- Buyer's Disclosure to Seller with Voluntary, Arm's Length Purchase Offer
- Seller's Lead-Based Paint Disclosure
- EPA Booklet: "Protect Your Family from Lead in Your Home"
- Lead-Based Paint Conformation Form
- Release of Information

Each applicant must attend an approved home buyer counseling class provided by a qualified local HUD-certified housing counselor. Applicants must complete the class and receive a certificate of completion prior to the closing. Classes are offered at various times throughout the year.

## **8. HOME SELECTION AND PROGRAM DISCLOSURES**

### **8.1. SELECTION OF HOME FOR PURCHASE**

The applicant is responsible for selecting the home they wish to purchase. The selected home must meet the property standards (see Section 3.0) of the Program in order for the purchase to qualify for Program assistance. Prior to making an offer to purchase an eligible home, the home buyer shall provide the seller with a “Buyer’s Disclosure” containing the following provisions:

1. Home buyer has no power of eminent domain and, therefore, will not acquire the home if negotiations fail to result in an amicable agreement;
2. Home buyer’s offer is an estimate of the fair market value of the home, to be finally determined by a state-licensed appraiser;
3. All homes built prior to January 1, 1978 will require a lead paint disclosure to be signed by both the home buyer and seller and must be tested for lead hazards;
4. Since the purchase will be voluntary, the seller will not be eligible for relocation payments or other relocation assistance from any party;
5. The seller understands that the home must be either: currently owner-occupied, newly constructed (and vacant), or vacant for three months prior to the date of home buyer’s purchase offer; and
6. If the seller is not provided with a statement of the above six provisions prior to seller’s written acceptance of the purchase offer, the seller may withdraw from the purchase and sale agreement after this information is provided.

### **8.2 HOME BUYER FUNDS**

Prior to receiving written approval of the Program grant, applicants must document that they have the funds necessary for down payment and closing costs in the amounts required by the first mortgage lender. The Program’s minimum down payment requirement of 1.5% will apply even if the first mortgage lender has a lower down payment requirement. Home buyer’s own funds shall be used toward the costs below in the following order:

1. Minimum down payment required of the purchase price.
2. Fifty percent (50%) of customary buyer’s closing costs, which may include any or all of the following: appraisal fee, cost of credit report, loan origination fee, discount points, recording fees, HOA fees, other customary buyers’ closing costs, home buyer’s customary portion of the escrow fees, owners and lenders title insurance, and the establishment of escrow accounts for property taxes and insurance.
3. After the two above categories of costs are satisfied, any balance of home buyer funds may be applied toward the purchase price, to reduce the principal amount of the Program loan needed.

The buyer may retain a portion of their own personal savings in an amount not to exceed 20% of gross annual income for use as an emergency fund. This retention is unrelated to the calculation of income from assets for the purpose of determining income eligibility for the Program.

### **8.3 PROGRAM DISCLOSURES TO SELLER**

When the prospective home buyer has selected an eligible home to purchase, the City will give the home buyer the required Program disclosure forms for distribution to the seller and to buyer’s loan officer and real estate agent. The home buyer must read and sign all Program disclosure forms in order to complete an application for assistance. Any and all property disclosures must be reviewed and signed by the home buyer and seller.

Prospective buyers must provide the seller with the buyer's disclosure forms prior to submitting a written offer to purchase to the seller. This notice will be included in the purchase and sale agreement, and must be signed by all owners on title to the home. The disclosure must contain the items listed in section 8.1.

## **9. PROGRAM LOAN UNDERWRITING AND APPROVAL**

### **9.1 LOAN PROCESSING**

Once the buyer has received a preliminary eligibility letter from the Program and has received loan approval on a first mortgage, the City will provide the home buyer or their loan officer with the Program grant application packet with all the necessary application forms, disclosures, grant documents, and other required information. The buyer will be responsible for providing the disclosures to the seller, submitting their purchase offer, obtaining seller's signature on the purchase offer, completing their application, and ensuring that their first mortgage lender has also provided all forms and signatures required for the buyer's application to be complete.

Once the buyer has obtained the seller's signature on the disclosure forms and purchase contract and have completed the rest of the application, they must submit the complete application to the Department, with the escrow number and contact information for their escrow officer. City grant documents will be provided to escrow and signed by the buyer in escrow prior to deposit of City funds, once the first mortgage lender is ready to fund the first mortgage.

The buyer, real estate agent, and first mortgage lender must submit the complete packet and include the following:

1. Accepted purchase contract with buyer's disclosure
2. Home inspection and, if applicable, lead-based paint disclosures and test results
3. Mortgage application with TILA/RESPA Integrated Disclosure forms, including the 1003 and 1008 forms
4. Rent verification, if applicable
5. Copy of the appraisal
6. Current third-party income verifications and verifications of assets
7. Home ownership course certificate
8. Purchase and sales agreement

Department staff will work with local lenders to ensure qualified participants receive only the amount of Program assistance necessary to make the purchase possible.

### **9.2 CONSISTENCY OF DOCUMENTS**

The buyer's application forms, first mortgage approval, purchase contract, disclosure forms, and third-party verifications must all provide consistent information and may not contain any material inconsistencies (*i.e.*, inconsistent addresses or employment information for household members). Third-party verifications of all eligibility documentation will be retained in the file.

The purchase and sale agreement will provide the final purchase price and describe any costs to be paid by the seller, such as repair items, title policy, and customary share of the closing costs. The appraisal, inspection, termite report, and title report will provide information to substantiate the information in the sales contract and to guide the home condition inspection. The Program grant application will provide current debt and housing cost information and will be documented by the lender's credit report and income/asset verifications.

The first mortgage lender's approval letter and TRID estimated closing cost statement should reflect all the information in the grant package and show any contingencies of funding. The first mortgage lender's underwriting documents will provide basic information about the applicant's ability to pay and substantiate the affordability provided by the Program grant.



### **9.3 REVIEW OF FINAL DOCUMENTS**

Upon receipt of the complete application, the Department will verify the applicant's income (using most recent HUD Part 5 guidance reviewing income taxes and payroll stubs). Documentation, conditional grant agreement, and affordable housing restriction will then be reviewed, and the Program grant amount verified.

### **9.4 APPROVAL OF PROGRAM LOAN**

Once the Program grant approval forms have been completed, the Department staff will circulate the package for execution. Upon execution, a target date for closing will be set for thirty (30) days from Program grant approval, and Program funds will be reserved for the home buyer.

## **10. CLOSING AND ESCROW**

The home buyer(s) will sign all required Program grant documents prior to or during the first mortgage closing. The Department will provide the buyer, lender, and closing attorney with detailed closing instructions in the approval letter.

### **10.1 LOAN FUNDING**

When the requirements of the first mortgage lender and the City have been met, the City will request a check for the grant assistance. Checks can take up to fourteen (14) days to produce. The buyer will be allowed to close with their own funds and to be reimbursed after closing documentation is provided to the City, if they so choose.

### **10.2 ESCROW PROCEDURES**

The title company shall follow the closing instructions provided by the Department and shall provide copies of the title policies after closing.

### **10.3 LOAN CLOSING**

At the time of closing, the City shall be named as an additional loss payee on the home buyer's fire insurance, flood insurance (if required), and homeowner's insurance policies for the length of the grant term, and in an amount sufficient to cover all encumbrances or full replacement cost of the home.

## **11. POST-PURCHASE: ANNUAL COMPLIANCE MONITORING**

The City will monitor Program participants annually in writing to ensure adherence to Program grant requirements, including but not limited to the following:

1. Owner-occupancy as a primary residence
2. Property tax payment
3. Hazard insurance coverage
4. Good standing on first mortgage

Participants will be required to provide written evidence of their compliance with these requirements, as explained in detail in the City monitoring letters.

## **12. PAYMENT OF THE PROGRAM LOAN**

If the homebuyer fails to comply with all the requirements set forth within the conditional agreement and affordable housing restriction, the homebuyer shall immediately repay the assistance amount, plus any interest and costs. For example, if there is a transfer of the home's title (voluntary or involuntary) by the homebuyer during the established period of affordability, the City will recapture the aforementioned assistance amount.

Recaptured HOME funds will be considered program income and will be used only for HOME-eligible activities, as outlined by HUD.

## **13. ADMINISTRATIVE REQUIREMENTS**

### **13.1 PROGRAM OUTREACH AND MARKETING**

All outreach efforts will be done in accordance with local, state, and federal fair lending regulations to assure nondiscriminatory treatment, outreach, and access to the Program. No person shall, on the grounds of age, sex, sexual orientation, gender identity, race, creed, color, marital status, familial status, physical or mental disability, or national origin be excluded, denied benefit, or subjected to discrimination under the Program. The City will ensure that all persons, including those qualified individuals who have disabilities, have access to the Program.

The Fair Housing Lender logo will be placed on all outreach materials. Fair housing marketing efforts will be based upon the latest HUD guidance to verify that protected classes are not being excluded from the Program. Program outreach materials, in English and any other language that is the primary language of a significant portion of the area residents, will be distributed in public facilities and to housing-related agencies. The Department will include local real estate agents and first mortgage lenders in Program outreach efforts, so that they may inform their clients about the availability of the Program.

### **13.2 CONFLICT OF INTEREST REQUIREMENTS**

In accordance with 24 CFR 92.56, no employee, agent, consultant, officer, or elected official or appointed official of the City of Nashua who exercises or has exercised any functions or responsibilities with respect to activities assisted with HOME funds, or who is in a position to participate in a decision-making process or gain inside information with regard to these activities, may participate in the Program. This prohibition also extends to such persons' spouses, parents (including stepparents), children (including stepchildren), siblings (including stepsiblings), grandparents, grandchildren, and in-laws.

Program grant funds may be provided to regular City employees who do not exercise policy or decision-making responsibilities over the Program. This exception shall include all regular city employees except for employees of the Urban Programs Department and all department directors. City officials, appointees, agents, contractors, and other persons involved in making policy or decisions related to the Program are not eligible for this exception.

### **13.3 NON-DISCRIMINATION REQUIREMENTS**

The Program will be implemented in ways consistent with the City's commitment to nondiscrimination. No person shall, on the grounds of age, sex, sexual orientation, gender identity, race, creed, color, marital status, familial status, physical or mental disability, or national origin be excluded, denied benefit, or subjected to discrimination under the Program. The City will ensure that all persons, including those qualified individuals who have disabilities, have access to the Program.

### **13.4 EXCEPTIONS AND SPECIAL CIRCUMSTANCES**

The City may make amendments to these Guidelines from time to time. Any changes shall be made in accordance with applicable HUD and HOME Program regulations and shall be approved by the Community Development Director, except for purely administrative changes. Purely administrative changes include but are not limited to annual updates of income, price, and subsidy limits and correction of clerical errors.

### **13.5 DISPUTE RESOLUTION AND APPEALS PROCEDURE**

Any applicant denied assistance from the Program has the right to appeal the denial. Complaints concerning the Program should be made in writing to the Urban Programs Manager. If unresolved in this manner, a formal appeal must be made in writing and filed with the Community Development Director. If needed, the Department will schedule a meeting between the applicant, the Urban Programs Manager, and the Community Development Director. A written response to the applicant will be made within thirty (30) calendar days of the receipt of the complaint.