

SUSSEX COUNTY COMMUNITY DEVELOPMENT & HOUSING DEPARTMENT

Housing Trust Fund Homebuyer Assistance Program Operating Procedures Policy

Objectives

Sussex County's Community Development & Housing Department hereinafter referred to as the "Department", will endeavor to provide affordable housing opportunities to low- and moderate-income homebuyers for the purchase of homes in Sussex County. The Department will use federal funding to offer interest-free, forgivable loans with soft-second mortgages to assist homebuyers.

All housing policies shall be guided by accepted monetary policies, Sussex County Housing Code, the Fair Housing Act, consumer protection laws, and all other applicable local and federal regulations concerning the Sussex County Housing Trust Fund Homebuyer Assistance Program.

Terms & Conditions

- Direct Homebuyer Assistance may be used for down-payment and closing/settlement costs only. Borrowers are prohibited from receiving funds back at settlement, including reimbursement for the initial down-payment and prepaid closing costs. Any excess funds shall be applied as a principal curtailment to the primary lender.
- Program can be used to purchase single-family homes, duplexes, townhomes, manufactured homes on permanent foundations, modulars, or new construction homes.
- Home must be located in Sussex County, Delaware.
- Applicants must be less than 120% AMI.
- Total household income must be counted. (Even if the Mortgage/Deed will not include all adult members).
- Applicant assets shall be subject to asset verification as more fully set forth herein. Liquid assets cannot exceed \$15,000 within the 3 months (90-day period) prior to application.
- Home inspection required for existing homes and a Certificate of Occupancy required for new construction.
- Fixed interest mortgages, with no pre-payment penalties.
- Pre-purchase Counseling certificate (Agency must be HUD-Approved).

- Must be primary residence.
- At the time of application and at closing, applicants cannot own any real property other than applicant's current primary residence that is being sold prior to the purchase of the residential real estate for which applicant is seeking funds under the program.
- Applicants do not need to be first-time buyers.
- Request for funds must be submitted to CD&H at least fifteen (15) business days prior to settlement/closing date if eligible for the program.
- Borrowers shall be required to execute a Truth-in-Lending Disclosure, Note, Mortgage and Errors and Omissions document, and such other documents as Sussex County deems necessary or appropriate to complete this transaction.
- Borrower shall be required to purchase lender's title insurance in favor of Sussex County.
- Sussex County shall be named as a loss payee on Borrower's homeowners' insurance policy.
- Unless a triggering event occurs, this loan shall be interest-free and forgivable in full after a period of 10 years. If a triggering event occurs during the first 10 years of ownership, Borrowers shall be required to repay the loan amount as discounted based on the years the property is owned prior to such triggering event.

Administrative Guidelines

1. Reports

A Separate case file will be maintained in a comprehensive manner for each applicant. That file will incorporate, but will not be limited to, the following forms:

- a. Referral Checklist;
- b. Application;
- c. Income/Employment Verification Forms;
- d. Home Inspection Report (if applicable) or Certificate of Occupancy for new construction (if applicable);
- e. Truth-in-Lending Disclosure;
- f. Sales Contract;
- g. Certificate of Housing Counseling;
- h. All applicable Loan Agreements/Forms necessary to complete file if Loan is extended to applicant;

- i. All applicable Sussex County mortgage documents including, but not limited to, Note, Mortgage and Errors and Omissions Statement, and such other documents as Sussex County deems necessary or appropriate to complete this transaction;
- j. Closing Disclosure (Settlement Statement); and
- k. Any approved extensions.

2. Supervision

The Department will be accountable to Sussex County's Administrator. Periodic reports and/or meetings will take place to ensure staff performance.

3. Case Processing Time

The Department will process all applications in an expedient manner. Each application requires a processing time of a minimum of fifteen (15) business days from the date of the Department's receipt of a completed application.

4. Fiscal Control

The County established system of fiscal check and balances will be strictly adhered to; REF: Delaware Code.

5. Geographical Area

Only properties within Sussex County's geographical boundaries will be eligible for assistance from this Department.

6. Income Limits

The Department will be guided by current U.S. Department of Housing & Urban Development (HUD) Area Median Income (AMI) limits adjusted for household size for Sussex County, Delaware not to exceed 120% of AMI.

7. Homebuyer Assistance Strategy

The Department will, to the greatest extent feasible, comply with the established CDBG and Housing Trust Fund Program Regulations provided by HUD.

Financial mechanisms, specifically soft-second mortgages for purchase will be incorporated.

8. Local Procedures and Policies

Sussex County will abide by all applicable Federal regulations. Sussex County's established Ordinances shall be the legal instruments for litigating disputes, maintained by the County Attorney.

9. Staff Training

The Department will provide effective staff training whenever that training is deemed necessary. Courses, manuals and regional training center attendance shall be available to all staff members.

10. Participant Information

The Department will perform a comprehensive recording of all pertinent participant information for each case. This information will be used for government surveys and HTF status reports. Personal data on applicants will be held confidentially and only released by that applicant's signed approval.

11. Property Eligibility

Property must be located in Sussex County, Delaware and must be the primary residence of the applicant(s) to be eligible for the SCHTF Homebuyer Loan assistance.

The Department will follow the standards of Chapter 71 of the Sussex County Code [<http://www.ecode360.com/?custId=SU1223>] and owner requests in determining if a property is eligible for loan assistance.

12. Protest Procedure

The Department will respond within thirty (30) days once a written complaint or protest is received. The plaintiff may initiate further action with the Deputy County Administrator if not satisfied with the Department's response.

13. Waivers of Policy

The Sussex County Council may, upon recommendation of the County Administrator, waive any requirements of these policies not specifically required by federal/state law or federal regulations whenever it is determined that undue hardship will result or where application of the requirement would adversely affect the purposes and goals of the County's HTF Homebuyer Assistance Program.

Application Process

Processing Procedures

The Department will process a referral application in the steps outlined below:

1. Receive complete Referral application from HUD-approved Housing Counseling Agency including all corresponding income, assets and Tax Returns.
2. Confirm income and assets (Income calculations will be computed using HUD guidelines referenced in the HUD Handbook) and any large or multiple deposits/transfers may require additional documentation and/or clarification.
3. Send Pre-Determination Letter (If applicant is not currently under a sales agreement or contract) **Funds will not be reserved for a pre-determination.**
 - a. **A pre-determination letter will be issued for applicants who qualify for the program but are not currently a party to a sales agreement or contract.**
4. Send Pre-Approval Letter (If applicant is under a sales agreement or contract) **Funds will be reserved for a pre-approval until expiration of letter.**
 - a. **A pre-approval letter will be issued for applicants who are currently a party to a sales agreement or contract and qualify for the program.**
5. Receive all required documents from housing counselor/applicant (All documents must be received before a final approval is issued. (Please see referral checklist).
6. Settlement/Closing information must be sent to CD&H at least fifteen (15) business days prior to settlement date.
7. Forward referral information to accounting.
8. Request wire transfer. (This process can take up to 7-10 business days)
9. Contact Sussex County Attorney to prepare mortgage documents.

Verifications

Employment

Employment verifications must be within the last thirty (30) days and must be current based on the date of referral.

Acceptable forms of verification are employer paystubs, verification of employment forms, tax returns, letter of employment on company letterhead, etc.

Other income

Other income sources: Social Security, Pension, Child Support, Alimony, Annuity Payments, etc.

Acceptable forms of verification are award letters, statements and court orders.

Assets

All liquid assets will be taken into account when determining the cash value of assets. Assets will include all cash, checking, savings, and business accounts. This also includes liquid assets of minors.

Applicants must have less than \$15,000 in liquid assets in order to qualify for the SCHATF Homebuyer Assistance Program.

Applicants will be automatically disqualified if they have had \$15,000 or more in liquid assets within the past 3 months (90-day period) or currently have more than \$15,000 in liquid assets.

Also, if the applicant is in the process of selling their home and purchasing a new home, any income from the sale of the old home over \$15,000 will automatically disqualify said applicant.

Note: *The value of Land Assets will not be included*** Unless the land is converted to a liquid asset.**

Identification

All adult household members must provide a photo ID when applying for the SCHATF Homebuyer Assistance Program. Birth certificates are also required for all household members over the age of 1 year old.

Re-Application after Denial

Applicants must wait a minimum of six (6) months to reapply for the program if their application is denied. This includes all household members.

Modification, Amendment and Waiver

These policies and procedures may be modified and amended without notice when warranted as this program evolves.

The Director may waive or modify the program's policies and procedures, including the required documentation, if the Director finds the program is in conflict with state or federal housing laws.

Document Updates
V.1 – March 29, 2023
V.2 – August 10, 2023