

SUSSEX COUNTY HOUSING TRUST FUND

DIRECT HOMEBUYER ASSISTANCE PROGRAM

Operating Policies and Procedures

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 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, modular, or new construction homes.
- Home must be located in Sussex County, Delaware.
- Applicants must have a household income of less than 120% AMI for Sussex County, Delaware.
- All adult wage earners are considered for household income eligibility, even if the mortgage/deed will not list all adult household members. Additionally, the earned income of a full-time student 18 years of age or older who is a dependent is excluded to the extent that it exceeds \$480 annually. Benefits or other unearned income of minors is counted as income.
- 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 receipt by Sussex County and through the date of Closing.
- Home inspection is required for existing homes and a Certificate of Occupancy is required for new construction homes.
- Applicants must obtain fixed-interest primary mortgages, with no pre-payment penalties.

- Homebuyer must complete pre-purchase housing counseling through a HUD-approved agency and submit a certificate demonstrating successful completion.
- The home being purchased must be the primary residence at all times during the term of the loan.
- From the time of application through closing, applicants cannot own any real property other than the applicant's current primary residence that is being sold before the purchase of the residential real estate for which the 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 Signature/Name Affidavit and Errors and Omissions document, and such other documents as Sussex County deems necessary or appropriate to complete this transaction. The applicant shall be required to pay the cost of loan document preparation and the mortgage recording fee.
- 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.
- Applicant/Borrower's submission of incomplete, false, or misleading information to Sussex County prior and/or subsequent to approval of a loan will result in denial of application, and/or full repayment of the awarded amount.

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, Signature/Name Affidavit 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. Appeal Procedure

The applicant may appeal an eligibility denial to the Director of Sussex County's Community Development & Housing Department ("Director") within fifteen (15) days of the denial's issuance. The Director will review the matter and issue a response within fifteen (15) days of the Director's receipt of the appeal. In the event the applicant is not satisfied with the Director's response, the applicant may appeal the denial in writing within fifteen (15) days of the Director's response. The appeal shall be directed to the Sussex County Finance Director/ Chief Operating Officer, who shall evaluate the applicant's financial records and provide a written response to the applicant within fifteen (15) days of receipt of the appeal. This decision shall be final. If the applicant is deemed eligible, the applicant shall be required to submit updated financial records to confirm continued eligibility prior to receiving funding.

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. Once a **complete** referral application is received from the HUD-approved Housing Counseling Agency, the Department will begin reviewing the application for eligibility. The complete application must include all documentation for income, assets, and Tax Returns.

- a. Income and assets are confirmed utilizing the HUD guidelines references in the HUD Handbook. Any large or multiple deposits/transfers may require additional documentation and/or clarification.
2. A Pre-Determination Letter is issued to applicants who are deemed eligible for the program, but who are not currently a party to a sales agreement or contract. **Funds will not be reserved for a pre-determination.**
3. A Pre-Approval Letter will be issued to applicants who are deemed eligible AND are currently a party to a sales agreement or contract. **Funds will be reserved for a pre-approval until the expiration of the period outlined in the letter.**
4. A Final Approval is issued by the Department once all required documents from the housing counselor/applicant are received. See the Referral Checklist for a listing of required documents.
5. To allow for adequate time to prepare legal documents and request a wire transfer for funding, the Settlement/Closing information must be sent to the Department at least fifteen (15) business days prior to the settlement date.
6. The Department will submit the Final Approval, Draft Closing Document, and referral information to the County's Accounting Department for review.
7. A wire transfer will be requested on behalf of the Borrower and delivered to the settlement agent. This process can take up to seven (7) days.
8. The Department will engage the Sussex County Attorney to review closing documents and prepare mortgage documents for execution at settlement.

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, letters 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, business accounts, and any financial service platforms such as (CashApp, Venmo, PayPal, Chime, etc.). This also includes liquid assets of minors.

Applicants must have less than \$15,000 in liquid assets in order to qualify for the SCHTF 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 from the date of the County's receipt of the referral application through the date of Closing.

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 SCHTF 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 conflicts with state or federal housing laws.

Document Updates

V.1 – March 29, 2023

V.2 – August 10, 2023

V.3 – July 3, 2024