

KANSAS HOUSING RESOURCES CORPORATION
HOME INVESTMENT PARTNERSHIPS PROGRAM
First Time Homebuyers

Program Summary:

To be eligible to participate, the proposed homebuyer must be:

-First Time Homebuyer

-Income Eligible Household

FIRST TIME HOMEBUYER is defined as:

A household that has not owned a home during the three-year period immediately prior to the purchase of a home with HOME funds. The three types of households that can qualify as first time homebuyers, even though they have owned a home within the three-year period immediately prior to purchase, are:

-A displaced homemaker: An adult individual who has not worked full-time in the labor force for a number of years but has, during such years, worked primarily without remuneration to care for the home and family, is unemployed or underemployed, and is experiencing difficulty obtaining or upgrading employment.

✱ -A single parent: An individual who is divorced, did not receive the house in the settlement, and has one or more minor children for whom the individual has residential or joint custody.

-The owner of a mobile home (personal property) that is not installed on a permanent foundation.

INCOME ELIGIBLE HOUSEHOLD is defined as:

The gross annual income does not exceed 80 percent of the median income for the area at the time the household initially occupies the property or at the time the HOME funds are invested, whichever is later.

PROPERTY TO BE PURCHASED

- Must be sold for \$150,000 or less (maximum sales price)
- Must be occupied as the qualified buyer's principal residence upon purchase
- Cannot be within the city limits of Kansas City, Lawrence, Topeka, Wichita, or Johnson County
- Must pass an Expanded Section 8 Housing Quality Standards (HQS) at time of purchase
- Must be valued at or below the median area purchase price as established by HUD
- Cannot be rental property in the last three months unless the renter (at application) is the first time homebuyer
- Cannot be located in Flood Zone A, AE, AH, AO, A99, V, and/or VE
- Eligible property types include:
 - Single family property
 - Condominium, townhomes, or ½ duplexs
 - Mobile home on permanent foundation (specification only)
 - New construction (specification only and the contract is dated after the issued certificate of occupancy)
 - Manufactured home (specification only)

FIRST MORTGAGE LOAN

The loan must be a 15 to 30 year fixed rate mortgage loan using FHA, VA, USDA Rural Development, Fannie Mae, Freddie Mac, or Conventional underwriting guidelines. The interest rate must not exceed Freddie Mac's Primary Mortgage Market Survey Rate by more than one-half percent (<http://www.freddiemac.com>). No more than a one percent origination fee may be charged. No pre-payment penalties are allowed. For loans that are manually underwritten, the housing ratio may not exceed 30% and the total debt ratio may not exceed 43%. For loans that are underwritten using Desktop Underwriter, loan must receive an Approve or Approve eligible response, or for My Community Mortgages, at least an EA1 or EA2. In either case, the housing ratio shall not exceed 30%.

STATE OF KANSAS PARTICIPATION

-All eligible homebuyers will receive a subsidy equal to:

- * 20% of the sales price of the home if household income is less than 50% of area median income
- * 15% of the sales price if household income is more 50% but less than 80% of area median income
- * In both cases, maximum subsidy is \$20,000

-Subsidy must be used for down payment, closing costs, and/or any legal fees associated with loan closing.

-The subsidy awarded will have two equal parts: a soft second portion and an interest-free portion. The soft second portion will be forgiven proportionately over a period of 60 months if less than \$15,000; and, over a period of 120 months if \$15,000 to \$20,000. The interest-free portion of the subsidy will be repaid in full upon the sale of the house any time within the initial 10-year period.

-Therefore restrictions are as follows:

<u>Subsidy Amount</u>	<u>½ Soft Second</u>	and	<u>½ Interest Free</u>
Up to \$14,999	5 years		10 years
\$15,000-20,000	10 years		10 years

All liens and encumbrances released at the end of ten (10) years, *provided* that property is occupied continually by the original buyer(s), and all rules and regulations associated with the Program are complied with.

HOMEBUYER'S PARTICIPATION

-Each homebuyer must make an investment of \$500, or two percent of the sale price, whichever is greater from their own funds. These funds may not be a gift.

-Homebuyers must maintain homeowners insurance in at least the amount of the sales price, and must show KHRC as secondary payee for the first 10 years following purchase.

HOW TO APPLY

1. Contact HOME Homeownership Section for a list of participating lenders
2. Apply for a first mortgage loan with a participating lender
3. Identify a qualified property
4. Direct participating lender to initiate HOME application process

NOTE: Funds are available beginning March 1 and September 1 annually.

FOR MORE INFORMATION CONTACT:

Kansas Housing Resources Corporation
Christine Reimler
611 S. Kansas Avenue, Suite 300
Topeka, Kansas 66603-3803

Phone: (785) 296-4818
Fax: (785) 291-3215
Email: creimler@kshousingcorp.org

2008 = 90% subsidy
 2009 = 15%
 2010 = 15%
 2011 = 15%
 2012 = 15%

2008 HOME Program Income Limits

Effective April 12, 2008

Kansas City HMFA includes: Johnson, Miami, Leavenworth, Linn and Wyandotte Counties
 Topeka MSA includes: Jackson, Jefferson, Osage, Shawnee and Wabaunsee County

Lawrence MSA includes: Douglas County
 Wichita HMFA includes: Butler, Harvey and Sedgwick Counties

County/MSA	% of Median	1 Person	2 Person	3 Person	4 Person	5 Person	6 Person	7 Person	8 Person
Kansas City HMFA	30%	14,350	16,400	18,450	20,500	22,150	23,800	25,450	27,100
67,800	50%	23,950	27,350	30,800	34,200	36,950	39,650	42,400	45,150
	60%	28,740	32,820	36,960	41,040	44,340	47,580	50,880	54,180
	80%	38,300	43,800	49,250	54,700	59,100	63,500	67,850	72,250
Lawrence MSA	30%	13,600	15,500	17,450	19,400	20,950	22,500	24,050	25,600
63,700	50%	22,650	25,900	29,100	32,350	34,950	37,550	40,100	42,700
	60%	27,180	31,080	34,920	38,820	41,940	45,060	48,120	51,240
	80%	36,250	41,400	46,600	51,750	55,900	60,050	64,150	68,300
Topeka MSA	30%	12,650	14,500	16,300	18,100	19,550	21,000	22,450	23,900
59,200	50%	21,150	24,150	27,200	30,200	32,600	35,050	37,450	39,850
	60%	25,380	28,980	32,640	36,240	39,120	42,060	44,940	47,820
	80%	33,800	38,650	43,450	48,300	52,150	56,050	59,900	63,750
Wichita HMFA	30%	12,850	14,700	16,500	18,350	19,800	21,300	22,750	24,200
59,300	50%	21,400	24,500	27,550	30,600	33,050	35,500	37,950	40,400
	60%	25,680	29,400	33,060	36,720	39,660	42,600	45,540	48,480
	80%	34,250	39,150	44,050	48,950	52,850	56,800	60,700	64,600
Allen County	30%	10,350	12,050	13,550	15,050	16,250	17,450	18,650	19,850
46,900	50%	17,550	20,050	22,550	25,050	27,050	29,050	31,050	33,050
	60%	21,060	24,060	27,060	30,060	32,460	34,860	37,260	39,660
	80%	28,050	32,100	36,100	40,100	43,300	46,500	49,700	52,950
Anderson County	30%	10,550	12,050	13,550	15,050	16,250	17,450	18,650	19,850
47,200	50%	17,550	20,050	22,550	25,050	27,050	29,050	31,050	33,050
	60%	21,060	24,060	27,060	30,060	32,460	34,860	37,260	39,660
	80%	28,050	32,100	36,100	40,100	43,300	46,500	49,700	52,950
Atchison County	30%	10,550	12,050	13,550	15,050	16,250	17,450	18,650	19,850
49,100	50%	17,550	20,050	22,550	25,050	27,050	29,050	31,050	33,050
	60%	21,060	24,060	27,060	30,060	32,460	34,860	37,260	39,660
	80%	28,050	32,100	36,100	40,100	43,300	46,500	49,700	52,950

DIMINISHING SUBSIDY EXAMPLE
½ Soft Second & ½ Interest Free Mortgage
Subsidy ≥\$15,000
Loans after September 1, 2001

SALE PRICE OF HOME = \$60,000
PRIVATE 1ST MORTGAGE = \$42,000
HOME SUBSIDY = \$18,000

<u>YEAR</u>	<u>½ Soft Second AMOUNT</u>	<u>½ Interest Free Mortgage AMOUNT</u>
1	\$9,000	\$9,000
2	8,100	9,000
3	7,200	9,000
4	6,300	9,000
5	5,400	9,000
6	4,500	9,000
7	3,600	9,000
8	2,700	9,000
9	1,800	9,000
10	900	9,000
11	-0-	-0-

The subsidy shall not accrue or earn interest. No payment shall be due during the time the Borrower retains ownership of and occupies said property. The soft second mortgage portion of the subsidy will reduce on a level basis of 1/120 each month over the first ten (10) years from the date of transfer. The interest free mortgage portion of the subsidy is fully forgiven only at the end of 10 years. If the Borrower sells or transfers the property prior to completion of 120 months (10 years) of occupancy, the Borrower will be required to repay, at the time of transfer, a pro rata share of any portion of the soft second outstanding obligation and the full amount of the interest free mortgage.

Kansas Housing Resources Corp.
Seller's Inspection Guidelines
To be given to seller at application.

Potential Buyer___

Property Address__

City _____ Kansas Zip Code_

The dwelling unit and the equipment provided in it must provide decent, safe and sanitary housing in accordance with the Housing Quality Standards as defined in 24CFR, CH. VIII (4-1-90 Edition), Part 882. A copy is available upon written request.

The **Minimum** conditions to be inspected, per HUD Form #52580-A are listed below. Additional requirements may be stipulated by inspector. A Lead-Based Paint Visual Assessment will also be performed. **Visit the following web site for guidance on the paint visual assessment:**
www.hud.gov/offices/lead/training/visualassessment/h00100.htm

1. All exterior walking surfaces must be sound and free from hazards. Walking surfaces elevated more than thirty (30) inches above the adjacent surface must be protected by a guard rail or handrail at stairs. Rails shall conform to local code requirements as to construction.
2. Building walls, foundations and roof must be sound, free from hazard and weather tight.
3. There can be no evidence of peeling or flaking paint on exterior or interior painted surfaces, including interior window sills.
4. The building drainage system, gutters and downspouts must be in operating condition.
5. The building site must be free of debris and free from hazards.
6. All windows and doors in the unit must be in operating condition, sound, free from hazard and weather tight. Windows accessible from the ground must be lockable. All exterior doors must be lockable. All windows required by code or 24CFR must have screens.
7. The heating system for the unit must be in good operating condition and capable of providing adequate heat to all living spaces. Gas systems must be properly vented.
8. The hot water heating system for the unit must be in good operating condition and capable of providing adequate hot water to kitchen and bath spaces. Gas systems must be properly vented. Pressure relief valves and 3/4" overflow pipe 3 to 6 inches from the floor are required on hot water heaters.
9. The plumbing system for the unit must be in good operating condition and capable of providing adequate water to kitchen and bath spaces, and removing waste water to a public or private disposal system. Seller may be required to provide proof of acceptability of local sewage systems and water supply systems.

10. The electrical system for the unit must be in good operating condition, adequately sized to provide adequate service and protected by proper connections, coverings and grounding.
11. If a stove or refrigerator is included in the sale of the property, the appliances must be present at the time of the inspection and must be in good operating condition. Kitchen areas must provide food storage and preparation areas.
12. Bathroom spaces must have an enclosed toilet space, a bathing space and an operable window or a powered ventilation system.
13. The building must be free from infestation.
14. The building must be free from hazardous materials as defined by Kansas and Federal Standards. A list of such laws is available upon written request.
15. An operable smoke detector must be provided on each occupied level plus the basement area of the unit. Battery operated detectors must have active batteries.
16. At the time of the inspection for these standards, the unit must be ready for occupancy with all utility systems, appliances and smoke detectors operable. Only one compliance inspection will be made.
17. **Inspections for Housing Quality Standards are non-intrusive, visual inspections only. The KHRC is not, by nature of the inspection process, providing any safety or code compliance assurances to buyer or seller or confirmation of building materials, quality or integrity of construction or confirmation of any warranty issues, express or implied. It is recommended that the buyer obtain inspections from authorities or licensed contractors if such assurances are suggested by the condition or age of the property or equipment being provided by the seller.**

Further, the inspection is NOT a warranty to the borrower(s), the seller(s) or any other person(s).

18. Any other conditions that would constitute decent, safe and sanitary housing.

By signing below, the seller indicates that he has received and understood the conditions required and outlined by these guidelines. Further, by signing below, the seller or seller's agent indicates that the residence meets or will meet all of the standard requirements stated above prior to closing.

The seller may be charged for any re-inspection of the home if any of the above items fail the second inspection.

Seller: _____

Date: _____

Date: _____