

July 01, 2023

MUNICIPALITY OF PENN HILLS, PA

HOME BUYER ASSISTANCE PROGRAM GUIDELINES

*Prepared by the Municipality of Penn Hills
Department of Planning and Economic Development*





HOME BUYER ASSISTANCE PROGRAM (HAP) MUNICIPALITY OF PENN HILLS

I. INTRODUCTION:

It has been determined through the Municipality of Penn Hills’ Fair Housing Analysis and Five-Year Consolidated Plan that there is a need for homeownership opportunities for low- and moderate-income person(s) and families in Penn Hills.

To address this need, the Municipality of Penn Hills will utilize HOME Investment Partnerships Program (“HOME”) funds through the Allegheny County HOME Consortium to establish a Homebuyer Assistance Program (HAP). The HAP’s purpose is to assist eligible individuals and families to become homeowners through down payment and closing cost assistance. To make home ownership an affordable reality, the Municipality of Penn Hills has formed a working partnership with ACTION-Housing, Inc. as well as local lending institutions and realtors.

It is not this Program’s intent for the Municipality of Penn Hills to find eligible properties for potential homebuyer applicants. Instead, it is the applicant’s responsibility to find a vacant single family attached or single family detached residence.

II. ELIGIBILITY CRITERIA AND DEFINITIONS:

A. Income –

The funding source for the HAP is the U.S. Department of Housing and Urban Development’s (HUD’s) HOME Program through the Allegheny County HOME Consortium. Because Federal dollars are involved, the Municipality is required to comply with certain Federal regulatory requirements.

Under the HOME Program’s regulations, a qualifying applicant for the HAP must be a low-and moderate-income person, family, or household as defined under HUD’s HOME Program Income Guidelines (24 CFR Part 5) for the Pittsburgh Metropolitan Statistical Area (MSA). Gross household income must be less than 80% AMI. The HOME Income Limits are based on HUD estimates of median family income, with adjustments based on family size. The income guidelines are subject to change.

Effective June 15, 2023, the guidelines are as follows based on household size:

1 Person	2 Person	3 Person	4 Person
\$56,250	\$64,250	\$72,300	\$80,300
5 Person	6 Person	7 Person	8 Person
\$86,750	\$93,150	\$99,600	\$106,000

Source: https://www.huduser.gov/portal/datasets/home-datasets/files/HOME_IncomeLmts_State_PA_2023.pdf

B. Income Sources –

A person, family, or household income for this program will be based upon total gross annual income. The definition of annual income shall be consistent with the Federal Regulation found at 24 CFR Part 5. Annual income shall be all anticipated income from all sources received by the family head, spouse, and by each additional member (aged 18 years and older) of the family or household, related or unrelated, including net income derived from assets, for the twelve (12) month period following the initial determination of income. Annual income includes, but is not necessarily limited to:

- Wages, salaries, tips, commissions, etc.
- Self-employment income from ownership of a non-farm business, including proprietorships and partnerships.
- Farm self-employment income.
- Social Security or railroad retirement.
- Supplemental Security Income, Aid to Families with Dependent Children, or other public assistance or public welfare program.
- Retirement, survivor, or disability pensions.
- Any other sources of income received regularly, including Veterans' Administration (VA) payments, unemployment compensation, and alimony.

Acceptable proof of income shall include, but not necessarily be limited to, the previous year's filed Federal tax return (IRS 1040/1040A/1040EZ) and W2 forms; a minimum of two (2) months of wage and earning statements; copies of recent wage/salary or benefit check stubs; and copies of bank depository information identifying direct deposit arrangements. The Municipality of Penn Hills reserves the right to request additional income documents such as third-party verifications of all income and assets as needed.

Income qualification is only good for six (6) months and must be updated if the homebuyer does not close on a home before that time.

C. Eligible Homebuyer –

For the purposes of the HAP, a "homebuyer" shall be defined as a person, family or household whereby:

- Homebuyer household income must be equal to or less than the 80% Area Median Income (AMI) limit to qualify for assistance.
- Homebuyer must earn their Homeownership Counseling Certificate from a HUD approved counseling agency prior to receiving a final financial assistance offer for the housing purchase.
- The home must be the homebuyer's primary residence.
- The homebuyer must provide a minimum of \$500 or three percent (3%) of the total down payment and closing cost expenses, whichever is the lesser of the two, from personal resources.
- The HAP financial resources may be used in addition to other forms of financing.

D. Eligible Property –

To comply with Federal regulations and to ensure safe, decent and affordable housing to potential HAP applicants, the following criteria applies to the selection of a dwelling:

- ❑ The dwelling unit must be located within the corporate limits of the Municipality of Penn Hills.
- ❑ It must be in compliance with the minimum property maintenance code for the Municipality of Penn Hills and the Allegheny County HOME Rehab Standards or be capable of being brought up to both jurisdictions' standards prior to occupancy.
- ❑ It must be a vacant single family attached or single family detached residence.
- ❑ It must not contain evidence of defective paint surfaces (i.e., surfaces upon which paint is cracking, scaling, chipping, peeling or loose) on all intact and non-intact interior and exterior painted surfaces. If the dwelling unit contains defective paint surfaces, the Municipality of Penn Hills reserves the right to deny homebuyer assistance through the HAP for the purchase of the subject property until the conditions are corrected.
- ❑ It will be occupied as the primary and principal residence of the homebuyer during the 5-year period of affordability as referenced in Allegheny County's Recapture Provisions of the HOME Program. Rental properties (whether for primary or secondary uses) are not eligible.
- ❑ The purchase of the dwelling unit cannot be financed through a lease purchase agreement, land contract, or seller financing.

E. Affordability Requirements –

The following are affordability requirements:

- ❑ To analyze affordability, the Municipality of Penn Hills shall review on a case-by-case basis (with reasonable discretion) the individual, family, or household's gross monthly income using a not to exceed thirty percent guideline of monthly housing cost (i.e., mortgage payment of Principal and Interest, estimated property tax and insurance – PITI) versus monthly gross income.
- ❑ The purchase value of the single family, detached dwelling cannot exceed the U.S. Department of Housing and Urban Development's (HUD's) HOME Program (July 01, 2023), limit of **\$214,000** for a single-family dwelling.
- ❑ The sales price of the house must be in accordance with the Fair Market Value of similar type houses in the Municipality of Penn Hills. The Municipality of Penn Hills will keep a current list of single-family residential sales in Penn Hills that occurred within the past two (2) years as comparables.

F. Housing Counseling –

The HAP requires all applicants to complete a housing counseling course prior to receiving a final financial offer for the housing purchase. Evidence of attendance and completion of a housing counseling course is required. A list of HUD certified Housing Counseling Agencies that provide housing counseling Agencies that provide housing counseling courses can be obtained from the Municipality of Penn Hills. Acceptable forms of evidence include a certificate of completion and/or letter from the course instructor/entity.

III. TERMS AND CONDITIONS:

A. Application Fee –

There is no fee associated with completing the Pre-Application. A Pre-Application is required to be completed by all households interested in participating in the Homebuyer Assistance Program. The Pre-Application will assist the Municipality in determining if the household and dwelling unit qualify for the Program. Please see Exhibit “A” Homebuyer Assistance Program (HAP) Municipality of Penn Hills Pre-Application.

B. Ranking Criteria –

The Municipality of Penn Hills reserves the right to review and rank Pre-application submissions based on the criteria established in these guidelines.

C. Loan Amount –

The Municipality of Penn Hills will provide up to \$14,500 in HOME funds as a forgivable loan to eligible and approved HAP applicants to cover the down payment and closing costs related to the purchase of a dwelling. The amount of down payment assistance is determined by what is reasonable and customary. The total amount of assistance will be determined on a case-by- case basis. The homebuyer must provide a minimum \$500 or three percent (3%) of the total down payment and closing cost expenses, whichever is the lesser of the two.

D. Loan Term –

Program assistance is provided in the form of a deferred payment, second mortgage loan. The HAP provides a 0% interest forgivable loan with a term of five (5) years. Allegheny County Economic Development (ACED) will place a lien on the property purchased with HOME assistance funds and ACED will subordinate to the first mortgage. ACED will not accept a third lien position, except in a hardship case. If after five (5) years the HAP applicant has

maintained ownership and has continued to live in the property assisted through the HAP, the loan is forgiven as a grant. However, if the HAP applicant sells, leases, or transfers the property or fails to use it as their primary and principal residence, the HAP applicant will be required to repay the appropriate amount of HAP assistance to be determined based on the County's Recapture Provisions of the HOME Program.

E. Recapture Provision –

The Homebuyer Assistance Program uses the Allegheny County HOME Recapture Policy for Homeownership Activities based on the HOME program rules found in 24 CFR Part 92 and HUD Notice CPD 12-003. The Issue of recapture arises when a homeowner that received homebuyer assistance under the HOME Program decides to sell the property before the period of affordability expires. If the property is sold after the period of affordability has expired, the satisfaction fee has been paid by the borrower, and satisfaction has been recorded by Allegheny County Department of Economic Development with the Allegheny Department of Real Estate, there are no restrictions in terms of recapture of HOME funds that apply to such a transaction. However, if the sale occurs before the period of affordability has expired, certain regulatory limitations apply. Attached in Exhibit "D" is the Allegheny County Recapture Policy for additional details on the recapture provision. Confirm with the Penn Hills Department of Planning and Economic Development the dates that set the period of affordability.

F. Uniform Relocation Act –

The requirements of the Uniform Relocation and Real Property Acquisition Policies Act of 1970 (URA) may apply. The Municipality reserves the right to deny assistance in circumstances in which relocation may be required.

G. Flood Insurance –

If any property purchased with the assistance of the HAP is located within the 100-year floodplain, the purchase of Federal Flood Insurance is required annually during the five-year term of the loan. The Municipality reserves the right to withhold and/or deny participation in the HAP if the applicant fails to comply with this requirement prior to the loan closing. Furthermore, if the flood insurance on the assisted property lapses during the term of the loan, the HAP applicant will be required to repay the entire amount of the loan.

H. Property Maintenance –

During the five-year term of the HAP loan, the HAP applicant must keep the dwelling and property in compliance with the Municipality's code requirements.

IV. ADMINISTRATIVE REQUIREMENTS:

A. Dwelling Inspection –

The Municipality of Penn Hills requires an occupancy permit to be issued in the event of change of ownership, change of occupancy, or change of tenancy for every home in the Municipality. The ordinance places the burden of obtaining this permit on the current owner prior to the change or transfer of occupancy or ownership. The Municipality of Penn Hills as part of its municipal responsibility for issuing occupancy permits, through its Code Enforcement Department, shall be responsible for inspecting the dwelling unit for local code compliance prior to HAP application approval. The Municipality shall use the standards for inspection based on the attached Exhibit "I" Allegheny County HOME Investment Partnerships Program Rehab Standards Specifications, as well as the Municipality's Code of Ordinances.

V. APPLICATION PROCESS:

A. Process and Procedure –

The following is the format for completing an application for the HAP:

- Any interested person, family, or household may request from the Penn Hills Department of Planning and Development a copy of the HAP guidelines.
- The Interested party contacts a local partnership bank to pre-qualify for home purchase.
- The interested party submits a completed pre-application (EXHIBIT "A") to the Municipality for eligibility review and program compliance. A Pre-applicant will be notified via certified mail if they are determined to be ineligible.
- The interested party attends a Housing Counseling Training and obtains a Certificate of Completion from a HUD approved counseling agency. Homebuyer must earn their Homeownership Counseling Certificate prior to receiving a final financial assistance offer for the housing purchase.
- The interested party searches for an eligible dwelling as set forth under Section II D (Dwelling Requirements).
- The HAP Applicant applies through a local partnership bank for a mortgage.
- The Municipality conducts the inspection of the subject property for HAP compliance based on the Municipality of Penn Hills Code of Ordinances "Existing Structures Code" and Allegheny County HOME Rehab Standards. Notification of the dwelling unit's compliance or non-compliance will be communicated to the HAP Applicant, the lending institution, and the realty company. In the event it is found that the dwelling does not pass the code inspection, the HAP Applicant may

select another program eligible dwelling or negotiate with the property owner to correct the code deficiencies.

- The Municipality, through ACTION-Housing, Inc., contacts the HAP Applicant's mortgage lender and/or realtor to determine the agreed upon purchase price of the dwelling, the down payment amount required, and the loan closing cost.
- The Municipality, through ACTION-Housing, Inc., reviews the financial information obtained and conducts an Affordability Analysis for program compliance. If compliance is met, ACTION-Housing, Inc. determines the actual amount of HAP assistance and so notifies the HAP Applicant, the lender, and/or the realtor.
- The Municipality, through ACTION-Housing, Inc., sends a letter of loan commitment to the HAP Applicant, who reviews the terms and conditions, agrees to the terms, and returns a signed copy back to ACTION-Housing, Inc.
- The Municipality, through ACTION-Housing, Inc., and lender establish a mutually agreed upon loan closing date.
- The Municipality, through ACTION-Housing, Inc., completes the ReseNation of Funds form and prepares lien documents for signing at the loan closing.
- During the loan closing, ACTION-Housing, Inc. will provide a check made out jointly to the approved HAP Applicant and the lender in the amount approved by the Municipality. The applicant will sign Allegheny County's loan documents.

B. EXHIBITS –

- Attached is EXHIBIT "A" - Homebuyer Assistance Program (HAP) Municipality of Penn Hills Pre-Application
- Attached is EXHIBIT "B" Checklist for Completing the Application Process.
- Attached is EXHIBIT "C" the Homebuyer Assistance Program Terms and Conditions.



MUNICIPALITY OF PENN HILLS

A HOME RULE COMMUNITY
GOVERNMENT CENTER
102 DUFF ROAD • PENN HILLS, PA 15235
www.pennhills.org

Homebuyer Assistance Program (HAP) Municipality of Penn Hills Pre-Application

Dear Program Pre-Applicant:

Thank you for your interest in the Municipality of Penn Hills Homebuyer Assistance Program (HAP). The Program is designed to provide down payment and closing cost assistance of up to \$14,500 in financing for the purchase of your own home. This Program is designed for homebuyers who have a total annual household income that falls at or below the maximum income limit set by HUD based on your household size, and that the house you want to buy passes the Allegheny County HOME Investment Partnerships Program Rehab Standards Specifications, as well as the Municipality's Code of Ordinances.

To help you get started, enclosed please find a pre-application form. When you have completed the form, *please call our office to schedule an appointment*. We will set an appointment time for us to meet and to verify your income eligibility to participate in the Homebuyer Assistance Program.

For additional assistance and/or to schedule an appointment, please telephone (412) 342-1173.

Sincerely,

A handwritten signature in blue ink, appearing to read 'C. Blackwell', with a stylized flourish at the end.

Christopher C. Blackwell, Director
Department of Planning & Community Development



HOMEBUYER ASSISTANCE PROGRAM (HAP) MUNICIPALITY OF PENN HILLS PRE-APPLICATION

I. HOUSEHOLD INFORMATION:

Name: _____ Home Phone: _____
Work Phone: _____

Address: _____

Current Housing Status: Own _____ Rent _____

Do You Currently Live in HUD-Assisted Housing? Yes _____ No _____

Have You Previously Owned a Home? Yes _____ No _____

Have You Completed a HUD approved Housing Counseling Course within the Past 12 Months?

Yes _____ No _____

Was there a charge for your Housing Counseling Course? Yes _____ No _____
(If so, please bring verification of the amount that you paid.)

Number of Persons in Household: _____

Gross Annual Household Income: \$ _____

Please List All Sources of Household Income Received by Each Household Member (over 18 years of age):

Name of Household Member	Source of Income	Gross Amount Per Pay	Number of Pays Per Year

(Please see the attached Checklist for required verification documents regarding household income and housing counseling.)

Please List All Assets Below: Including, but not limited to cash held in savings accounts, checking accounts, certificates of deposit, safe deposit boxes, trusts, stocks, bonds, retirement accounts, investment property, cash surrender of life insurance policies, one-time receipts such as money received from an estate, etc....(Do not include necessary personal property, such as vehicles, clothing, and furniture.):

Name of Household Member	Type of Asset	Current Balance	FOR OFFICE USE ONLY Actual Income from Asset

(Please see attached Checklist for required verification documents regarding assets.)

II. PROPOSED DWELLING:

Dwelling Address: _____

Current Status of Dwelling: Vacant _____ Occupied _____

Dwelling Type: Single Family Attached _____ Single Family Detached _____

Name of Current Property Owner: _____

Current Property Owner's Phone Number: _____

Agreed Upon Price for Dwelling: \$ _____

Name of Realty Company: _____

Realty Company Telephone Number: _____

Name of Realty Company Contact Person: _____

Will this Dwelling be Your Primary and Principal Place of Residence? Yes ___ No ___

III. CERTIFICATION:

I, the undersigned, certify to the best of my knowledge, the above information is true and correct. Any false statements made knowingly and willfully may subject the signer to penalties under Section 1001 and 1010 of Title 18 of the United States Code.

Signature (Head of Household)

Date

Signature (Spouse or Partner)

Date



HOMEBUYER ASSISTANCE PROGRAM (HAP) MUNICIPALITY OF PENN HILLS PRE-APPLICATION CHECKLIST

PHOTO ID: Photo ID for any adult that will reside in the property.

HOUSING COUNSELING:

Homebuyer must earn their Homeownership Counseling Certificate from a HUD approved counseling agency prior to receiving a final financial assistance offer for the housing purchase. Evidence of having completed a HUD approved housing counseling is required. Acceptable forms of documentation are as follows:

- PRE-PURCHASE COUNSELING CERTIFICATE
- LETTER OF COMPLETION (from course instructor/organization)
- CURRENTLY ENROLLED (evidence of enrollment and expected completion)

HOUSEHOLD INCOME INCLUDES AND IS NOT LIMITED TO:

- Head of Household's income (i.e., employee salary; pension; social security; asset income; or other income).
- Income of any adult that will live in the property (i.e., employee salary; pension; social security; asset income; or other income).

INCOME DOCUMENTATION TO BE SUBMITTED FOR ANY ADULT LIVING IN THE PROPERTY:

- Income Tax Documents: 2022 IRS 1040/1040A/1040EZ (signed and filed), 2022 W-2 or SSA-1099A-SM Forms.
- Employment Stubs: Please submit the last two months' worth of, most recent and consecutive, pay stubs for any adult that will live in the property.
- Bank Statements: Please submit last two months' of bank statements, most recent consecutive, for any adult that will be living in the property.

LOAN PRE-APPROVAL DOCUMENTATION MUST ALSO BE SUBMITTED:

- A pre-approval letter from your mortgage lender.

SALES AGREEMENT (When signed).

PLEASE NOTE: YOUR APPLICATION WILL NOT BE PROCESSED UNLESS ALL REQUIRED DOCUMENTATION IS SUBMITTED WITH THE APPLICATION.



HOMEBUYER ASSISTANCE PROGRAM (HAP) MUNICIPALITY OF PENN HILLS TERMS AND CONDITIONS

The following are the key terms and conditions of the Municipality of Penn Hills' Homebuyer Assistance Program. Please read carefully.

1. The pre-applicant must be a homebuyer purchasing a dwelling as their primary residence.
2. Under the HOME Program's regulations, a qualifying applicant for the HAP must be a low- and moderate-income person, family, or household as defined under HUD's HOME Program Income Guidelines (24 CFR Part 5) for the Pittsburgh Metropolitan Statistical Area (MSA). Gross household income must be less than 80% AMI. The HOME Income Limits are based on HUD estimates of median family income, with adjustments based on family size. The income guidelines are subject to change.

Effective June 15, 2023, the guidelines are as follows based on household size:

1 Person	2 Person	3 Person	4 Person
\$56,250	\$64,250	\$72,300	\$80,300
5 Person	6 Person	7 Person	8 Person
\$86,750	\$93,150	\$99,600	\$106,000

Source: https://www.huduser.gov/portal/datasets/home-datasets/files/HOME_IncomeLmts_State_PA_2023.pdf

3. The dwelling to be purchased must meet the following criteria:
 - The dwelling unit must be located within the corporate limits of the Municipality of Penn Hills.
 - It must be in compliance with the minimum property maintenance code for the Municipality of Penn Hills and the Allegheny County HOME Rehab Standards or be capable of being brought up to both jurisdictions' standards prior to occupancy.
 - It must be a vacant single family attached or single family detached residence.
 - It must not contain evidence of defective paint surfaces (i.e., surfaces upon which paint is cracking, scaling, chipping, peeling or loose) on all intact and non-intact interior and exterior painted surfaces. If the dwelling unit contains defective paint surfaces, the Municipality of Penn Hills reserves the right to deny homebuyer assistance through the HAP for the purchase of the subject property until the conditions are corrected.
 - It will be occupied as the primary and principal residence of the homebuyer during the 5-year period of affordability as referenced in the County's Recapture Provisions of the HOME Program. Rental properties (whether for primary or secondary uses) are not eligible.
 - The purchase of the dwelling unit cannot be financed through a lease purchase agreement, land contract, or seller financing.
4. The HAP requires all applicants to complete a HUD certified housing counseling course prior to receiving a final financial assistance offer for the housing purchase. Evidence of

attendance and completion of a HUD certified housing counseling course is required. A list of HUD certified Housing Counseling Agencies that provide housing counseling courses can be obtained from the Municipality. Acceptable forms of evidence include a certificate of completion and/or letter from the course instructor/entity.

5. There is no fee associated with completing the Pre-Application. A Pre-Application is required to be completed by all households interested in participating in the Homebuyer Assistance Program. The Pre-Application will assist the Municipality in determining if the household and dwelling unit qualify for the Program. Please see Exhibit "A" Homebuyer Assistance Program (HAP) Municipality of Penn Hills Pre-Application.
6. The Municipality of Penn Hills will provide up to \$14,500 as a forgivable loan to eligible and approved pre-applicants to cover the costs associated with reasonable down payment and closing cost expenses. The total amount of assistance provided will be determined on a case-by-case basis. The approved pre-applicant must provide a minimum of \$500.00 or three percent of the identified down payment and closing cost total, whichever is the greater or the two.
7. Program assistance is provided in the form of a deferred payment, second mortgage loan. The HAP provides a 0% interest forgivable loan with a term of five (5) years. Allegheny County Economic Development (ACED) will place a lien on the property purchased with HOME assistance funds and ACED will subordinate to the first mortgage. ACED will not accept a third lien position, except in a hardship case. If after the five-year period of affordability expires, the HAP applicant has maintained ownership, and has continued to live in the property assisted through the HAP, the loan is forgiven as a grant. However, if the HAP applicant sells, leases, or transfers the property or fails to use it as their primary and principal residence during the five-year period of affordability, the HAP applicant will be required to repay the appropriate amount of HAP assistance to be determined based on the Recapture Provisions of the HOME Program. Confirm with Penn Hills Department of Planning and Economic Development the dates that set the period of affordability.
8. Upon the sale or transfer (voluntarily or involuntarily) of the property before the five-year period of affordability expires, recapture will be triggered and ACED will recoup all or a portion of the direct subsidy, limited to net proceeds, to the extent that sufficient funds remain. Confirm with Penn Hills Department of Planning and Economic Development the dates that set the period of affordability. Net Proceeds is defined as the sales price minus the superior non-HOME loan repayment minus closing costs related to the sale (but not the original purchase of the unit). From the available net proceeds, Allegheny County will distribute the funds as follows: 1. The homeowner will recover the amount of the down payment that the homeowner contributed in cash; 2. The homeowner will recover the cost of documented permanent capital improvements made to the property by the owner since the purchase; 3. From the proceeds remaining after items one and two are paid, the County will recapture up to the full amount of the HOME assistance (the Mortgage Loan Amount), and the remaining amount, if any, will be remitted to the homeowner; and 4. In the event that net proceeds are not sufficient to pay the above, the County will permit the homeowner

to recover up to their entire investment (down payment and documented capital improvements) and the recapture requirement will be considered satisfied.

9. During the five-year loan term, the approved applicant must keep the dwelling and related property in compliance with the minimum property maintenance code requirements of the Municipality of Penn Hills. Furthermore, the Municipality reserves the right to inspect said dwelling and related property at any time during the five-year period in order to monitor compliance with the property code.

10. The following affordability requirements shall be applied:
 - ❑ A 30 percent guideline of monthly housing cost (i.e., mortgage payment of **Principal and Interest**, estimated property **Tax** and **Insurance – PITI**) versus monthly gross income shall be used to analyze affordability.
 - ❑ Purchase value of the dwelling cannot exceed HUD's HOME Program (Effective June 01, 2022) homeownership value limit for existing HOME units of **\$214,000** for a single-family dwelling.

I/We understand and agree to abide with the above-referenced terms and conditions.

Pre-Applicant's Signature (Head of Household)

Date

Pre-Applicants Signature (Spouse or Partner)

Date