



Five County Association of Governments (FCAOG)

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CITY OF ST. GEORGE DOWN PAYMENT ASSISTANCE PROGRAM APPLICANT INSTRUCTIONS

INTRODUCTION

This Program is established to provide eligible homebuyers with a recoverable no-interest loan for down payment/closing costs. Funding for this program is from a HUD Grant and sponsored by the City of St. George. The Five County Association of Governments, a voluntary association of local governments from the five southwestern counties of the State of Utah, has partnered with the City to administer this loan.

WHAT IS IT?

The City of St. George Down Payment Assistance Program is a federally funded program with a goal to assist eligible home buyers with down payment and/or loan closing costs by providing up to \$10,000 in the form of a non-interest bearing loan **payable when the home is sold or refinanced**. The Program is open to owner-occupied housing units within St. George City limits. The maximum home price allowed is \$247,368 for detached home and \$131,955 for attached townhome/condo.

HOW DO I QUALIFY FOR ASSISTANCE?

- ▶ You must be a first time home buyer (have not owned a home in the past three years).
- ▶ You must meet household income limits. Have a gross annual household income which does not exceed 80% of median income adjusted for household size. (Income verification will be matched with your 1) prior year income tax return and 2) current paystubs for final determination of eligibility.)

	Household	Household	Household	Household	Household	Household	Household	Household
	Size: 1	Size: 2	Size: 3	Size: 4	Size 5	Size: 6	Size 7	Size 8
80% AMI*	\$ 30,750	\$ 35,150	\$ 39,550	\$ 43,900	\$ 47,450	\$ 50,950	\$ 54,450	\$ 57,950

- ▶ The loan will be available only for owner-occupied housing units within St. George City limits, and the home must be the **only** home owned by the applicants.
- ▶ You must be at least 18 years of age and a U.S. citizen or a resident. FCAOG will need to make a copy of your Drivers License or Identification Card and your Social Security Card.

HOW DO I APPLY?

Step 1 – Find a Home

Eligible housing units include single family homes, town homes or condominiums located within the City Limits of St. George. The maximum home price allowed is \$247,368 for detached home and \$131,955 for attached townhome/condo. Manufactured Homes and Construction Loans are not eligible for this program.

Step 2 – Submit Application

Submit a completed application to FCAOG representative. The application submittal shall include the following:

1. Completed Down Payment Assistance Program application
2. Commitment Letter for Approved Loan from lender of applicant's choice
3. Copy of completed 2009 tax return (if you itemized your taxes include Schedule A)
4. Copy of two most recent pay stubs (1 month total)
5. Copy of your signed Real Estate Purchase Contract (REPC). If transaction is a short sale or bank-owned property, the REPC must include signed documentation from the bank indicating their agreement to the terms of the REPC.
6. Copy of Utah Driver's License (or UT Identification Card) **and** Social Security Card

Step 3 – FCAOG Approval

If you meet all of the above criteria, you will be approved for the Down Payment Assistance Program. ***However, funding is limited and made available on a first come first served basis.***

Each received application will be date stamped. Incomplete applications will not be accepted. You will be contacted by phone and by Approval Letter. Applicant has 60 days from notice of approval date to close their home purchase loan. If loan is not closed within 60 days, Down Payment Assistance funding may not be available to applicant.

Step 4 – Loan Closing

TIMING OF LOAN FUND DISBURSEMENT

Loan funds related to the payment of down payment or closing costs assistance (up to \$10,000) will be paid out at closing. FCAOG **MUST** have 3 weeks prior to date of closing to process application.

- Applicant must ensure that their primary lender and title company provide a minimum of one week's time for FCAOG representative to request funds.
- At the time of your loan closing, FCAOG will deliver the requested funds to the title company along with a Trust Deed and Trust Deed Note. These loan documents will then be signed, and recorded with the other loan documents.

LOAN FUND ADMINISTRATION

Loan funds will be secured against the borrower's property as a 'soft second', using a Trust Deed and Trust Deed Note that is recorded at loan closing. Other than the borrower's primary loan, these **funds will not be subordinated to any other loans, including home-equity loans.** As noted above, the borrower accrues no interest nor makes any payments until the home is either refinanced or sold, at which time the loan funds plus a \$20 recording fee are recaptured.

All recaptured loan funds will be returned to the City of St. George.

PROGRAM LIMITATIONS

The purchase price of your home cannot exceed the average home purchase price in Washington County (detached home \$247,368; townhome/condo \$131,955).

PROGRAM ADMINISTRATION

As noted previously, FCAOG will administer the Down Payment Assistance Program. As the program co-sponsor, FCAOG has committed to perform the following loan program functions:

- Application intake, verification, and approval.
- Verify that the applicant is a first time home buyer.
- Verify income (adjusted gross income) through analysis of Income Tax Return from prior filing year.
- Verify income through analysis of two most recent pay stubs (1 month total).
- Verify U.S. citizenship or residency through evaluation of Driver's License and Social Security Card.
- Calculate gross household income and determine if income is at or below HUD Income Limits.
- Obtain commitment letter from lender.
- Perform environmental review of subject property.
- Perform pre-purchase inspection.
- Deliver funds to Title Company at closing.
- Ensure Trust Deed and Notice of Default is recorded and retain copy in applicant file.
- Retain signed Trust Deed Note.
- After closing, obtain FCAOG loan documents and HUD Settlement Statement.
- Prepare and deliver loan closing documentation to City of St. George.

FCAOG is required by most funding sources to have a comprehensive annual audit, performed by a reputable CPA firm. FCAOG maintains a Fund Accounting System, compliant with Financial Accounting Standards Board (FASB) that follows Generally Accepted Accounting Procedures (GAAP), which provides for the segregation of assets, liabilities, and net assets of a particular funding source, grant, or program.