



DOWN PAYMENT ASSISTANCE PROGRAM

Program Purpose

In an effort to address the needs of low and moderate income families and individuals, the City of Pascagoula is allocating Community Development Block Grant (CDBG) Entitlement funding for the purpose of stimulating home ownership and long term sustainable housing. Recognizing that homeownership stimulates pride, builds self-esteem, fosters family unity and represents the primary asset for a family or individual, the City desires to make such possible for the otherwise hard to reach segment of the City's population-low and moderate income households. Homeownership builds and stabilizes the community. Pascagoula desires to make the "American Dream" of homeownership possible for a broader range of citizens, helping them on the path to becoming productive members of the local economy.

Program Description

The Down Payment Assistance Program offers grants up to \$5,000 towards down payment and reasonable closing costs of eligible homebuyers. The guidelines, policies and procedures of this program may be reviewed and amended from time to time to reflect changes in regulations and needs of low and moderate income families/individuals.

The City of Pascagoula supports equal housing opportunity for all citizens.

Applicant Eligibility

- Those eligible for the program include Pascagoula residents (for a minimum of six months) presently residing in rental housing, with extended family members, relatives or friends, subsidized housing or group homes.
- Applicants must be first time homebuyers, as defined as having never owned a home before or having not held primary ownership in a principle residence within the last three years.
- Applicant household income must not exceed 80% of the medium income for the City of Pascagoula, based on annual Department of Housing and Urban Development (HUD) income limits (Exhibit A).
 - The cash assets of the applicant must not exceed 10% of the sales price of the home.
 - The sales price of the home cannot exceed five times the borrower's income.
- Primary consideration will be given to those families who are in the low to moderate income range, as defined by HUD regulations. Secondary consideration will be given to families with more dependents. Income eligible families and individuals may be referred by the local Public Housing Authority (PHA) and civic organizations.

- The City and participating local lending institutions shall not discriminate against any person because of race, color, religion sex, sexual orientation, handicap, financial status or national origin.

Prospective Home Eligibility Requirements

- Homes being purchased must be owner-occupied and not a rental property.
- Due to lead based paint concerns and potential resulting costs, homes purchased with program assistance must not be older than 1978.
- If the house purchased under this program is sold within one year, the applicant will be required to return all grant funds. Exceptions will be handled on a case-by-case basis.
 - Homebuyers must execute a Restricted Deed of Covenant (Exhibit B) for the amount of the CDBG grant with a one year term.
- The home in question must be the homebuyer’s primary place of residency. Renting or leasing is not permitted.
 - Vacancy or renting of the home will trigger repayment of the grant.
 - Homebuyers must execute a Restricted Deed of Covenant (Exhibit B) for the amount of the CDBG grant with a one year term.
- Homes purchased under this program must be located within the Pascagoula city limits.
- Flood plain regulations and insurance must be followed and coordinated with the city’s building official and FEMA coordinator.

Meeting a National Objective

The City of Pascagoula’s Down Payment Assistance Program is funded by the U.S. Department of Housing and Urban Development (HUD) Community Development Block Grant (CDBG) Program. All projects participating in the Program must meet the federally-established National Objectives and be an eligible activity benefiting low- and moderate-income persons based on low-moderate income restrictions.

Other Regulations

Down payment and closing cost assistance is an eligible CDBG activity per 24 CFR 570.201(n).

Officials, employees, or agents of the City of Pascagoula, and their spouses, are ineligible to participate in the programs. Properties owned by such individuals are also ineligible as potential purchases with CDBG funding.

Procedures

1. Applications (Exhibit C) will be accepted until **May 31, 2018** on a first-come, first-served basis.
 - a. Applicants must be submitted with all income documentation and a Homebuyer Education Certificate from a HUD approved Homebuyer Counseling Agency. The two agencies in our area that provide these services are listed below.
 - i. Mercy Housing & Human Development
 1. 1135 Ford Street, Gulfport, MS 39507
 2. (228) 893-1945 www.mhhd.org
 - ii. Money Management International

1. 2598 Pass Road, Suite G, Biloxi, MS 39531
2. 1-866-232-9080 www.moneymanagment.org

- b. Applicants are encouraged to be pre-qualified at a lending institution and have selected a qualifying home for consideration when submitting an application.
2. The City will verify applicant and home eligibility and gain concurrence from the HUD Jackson Field Office.
3. Once fully approved, up to \$5,000 will be distributed to the closing agent at the closing towards the costs of the down payment and closing costs.

Household Income Documentation Requirements

Per CDBG regulations, the applicant's household income must not exceed 80% of the medium income for the City of Pascagoula, based on annual Department of Housing and Urban Development (HUD) income limits (Exhibit A). Household income includes the gross income of all household members. A household member is any member related or unrelated person (minor or adult) who will live in the home purchased with the program funds. Annual income is the gross income anticipated by all adults in a household during the 12 months following the effective date of determination.

- Earned and Unearned Income verification for all household members 18 years of age or older.
 - Earned income is income resulting from employment wages.
 - The income verification, according to HUD guidelines (Chapter 2, p. 8) is only valid up to six months after the date of the application. Documents expected include:
 - Verification of Employment (VOE)
 - Copy of prior three year Income Tax Return (IRS 1040 AGI) (to determine first time homebuyer eligibility)
 - Prior Years W-2's
 - Child Support Verification Statement
 - 3 current and consecutive paystubs dated within the last 6 months
 - Welfare Benefits Statement (if applicable)
 - Retirement Benefits Statement (if applicable)
 - Social Security Benefits Statement (if applicable)
 - Supplemental Security Income (SSI) Benefits Statement (if applicable)
 - Unearned income is income resulting from sources other than employment wages.
 - Copies of monthly supplemental income (benefits) statements received by any household member. Examples include, but are not limited to:
 - Social security benefits
 - Disability benefits
 - VA and military benefits
 - Pensions statements
 - Retirement funds
- Names, photo identification, social security cards, and birth certificates for all members less than 18 years of age.

Annual income is defined under the Section 8 Housing Assistance Payments Program (24 CFR 5.609).

Exhibit A – Income Limits

Jackson County, Mississippi

FY 2017 Income Limit Area	Median Income	FY 2017 Income Limit Category	Persons in Family							
			1	2	3	4	5	6	7	8
Jackson County, MS	\$56,000	Very Low (50%)	\$19,650	\$22,450	\$25,250	\$28,050	\$30,300	\$32,550	\$34,800	\$37,050
		Extremely Low (ELIL)	\$12,060	\$16,240	\$20,420	\$24,600	\$28,780	\$32,550	\$34,800	\$37,050
		Low (80%)	\$31,450	\$35,950	\$40,450	\$44,900	\$48,500	\$52,100	\$55,700	\$59,300

Exhibit B – Restricted Deed of Covenant

RESTRICTED DEED OF COVENANT

STATE OF MISSISSIPPI
COUNTY OF JACKSON

The undersigned _____ (“Owner(s)”), is/are the owner(s) of certain real property and improvements located at _____, in **Pascagoula** (City/Town), **Jackson** (County), Mississippi and more particularly described on **Exhibit A attached** hereto and incorporated herein for all purposes (the “Property”). For value received, the adequacy and sufficiency of which are hereby acknowledged, Owner does hereby impress the Property with the following deed restrictions.

1. For purposes of these deed restrictions, the following terms have the meaning indicated as per the City of Pascagoula (“City”) Down Payment Assistance Program (“DPAP”) recapture requirements:
 - a. City means the City of Pascagoula, Community and Economic Development Department, 630 Delmas Avenue or Post Office Box 908, Pascagoula, Mississippi 39568, 228-938-2351, araley@cityofpascagoula.com.
 - b. “Recapture Requirements” means that if the Property does not continue as the principal residence of the family and primary residence for at least one year after the purchase of the home, that the City recoups all of the direct DPAP funds.
2. **In the event of a sale** of the Property within a year of purchase, an amount equal to the DPAP assistance, shall be repaid to the City.
3. **In the event of a refinancing** within a year of purchase, an amount equal to the DPAP assistance, shall be repaid to the City. **Cash-out refinances are not allowed.**
4. **In the event of a foreclosure** the City may only receive the net proceeds up to the original amount of direct DPAP assistance. The net proceeds are the sales price minus superior loan repayment(s) and any closing costs. This instrument and these restrictions are subordinate to any valid outstanding lien against the property currently of record. The City must receive documentation to place in the file to indicate this action has taken place. Contact must be made with City of Pascagoula, Community and Economic Development Department, 630 Delmas Avenue or Post Office Box 908, Pascagoula, Mississippi 39568, 228-938-2351, araley@cityofpascagoula.com.
5. The provisions of this instrument are hereby declared covenants running with the land and are fully binding on any successors, heirs, and assigns of Owner who may acquire any right, title, or interest in or to the Property, or any part thereof. Owner, its successors, heirs, and assigns hereby agree and covenant to abide by and fully perform the provisions of this instrument.
6. Owner occupant understands and agrees that this instrument shall be governed by the laws of the State of Mississippi and regulations of the U. S. Department of Housing and Urban Development.
7. Owner occupant understands that the property must be the principal residence of the family during the first year after purchase. In the event the Property does not remain the principal residence, the Owner must repay the City an amount equal to the direct DPAP assistance.

8. On FHA insured mortgages, DPAP program restrictions on the property shall terminate upon foreclosure, transfer in lieu of foreclosure or assignment of the FHA insured mortgage to HUD. To the extent that there are any proceeds from the foreclosure or other sale of the property by HUD remaining after the HUD insured loan is paid, the remaining proceeds shall be paid to the City.

EXECUTED this _____ day of _____, 20__.

By: _____

By: _____

STATE OF MISSISSIPPI
COUNTY OF _____

PERSONALLY appeared before me, the undersigned authority in and for the said State and County, the within named _____, who acknowledged that **he/she/they** signed and delivered the above foregoing instrument on the day and date therein above stated as for **his/her/their** own voluntary act and deed.

Given under my hand and Official Seal, this the _____ day of _____, 20__.

(SEAL)

Notary Public

My commission expires: _____

**RESTRICTED DEED OF COVENANT
EXHIBIT A**

Description of Property

Filing instructions to Clerk:

Exhibit C – Application



Down Payment Assistance Program Application

General Information

1. Applicant Name: _____
2. Current Address: _____
3. Home # _____ Work # _____ Cell # _____
4. How long have you lived in the City of Pascagoula? _____ yrs _____ months (must at least 6 mos)
5. Do You Own or Rent any of the following: (please circle)
 House: **own** **rent** Apartment: **own** **rent** Trailer: **own** **rent**
6. The head of the household is **Male** or **Female**
7. Have you ever owned or bought a home before? _____ If so, when? _____
8. Address of Prospective Home: _____
 (must be within Pascagoula) Year Built: _____ (must be 1978 or later)
9. Please provide the following information for all household members, including yourself.

Name Beginning with the applicant	DOB	Gender M/F	Disabled Y/N	Ethnicity: Hispanic/Latino OR Not Hispanic/Latino	Race: Caucasian, African American, Asian, American Indian, Alaska Native, Native Hawaiian/Pacific Islander, Other

Verification of Income

Please attach income verification for each household member. The total combined gross income of all of the household members shall be used to determine eligibility. Verification documents must be submitted for each member of the household.

Earned and Unearned Income verification for all household members 18 years of age or older.

- Earned income is income resulting from employment wages.
 - The income verification, according to HUD guidelines (Chapter 2, p. 8) is only valid up to six months after the date of the application.
 - Applications must be submitted with copies of monthly income as applicable received by any household member:
 - Verification of Employment (VOE)
 - Copy of prior three year Income Tax Return (IRS 1040 AGI) (to determine first time homebuyer eligibility)
 - Prior Years W-2's
 - Child Support Verification Statement
 - 3 current and consecutive paystubs dated within the last 6 months
 - Welfare Benefits Statement (if applicable)
 - Retirement Benefits Statement (if applicable)
 - Social Security Benefits Statement (if applicable)
 - Supplemental Security Income (SSI) Benefits Statement
 - Any other forms of earned income not listed

- Unearned income is income resulting from sources other than employment wages.
 - Applications must be submitted with copies of monthly supplemental income (benefits) statements received by any household member:
 - Social security benefits
 - Disability benefits
 - VA and military benefits
 - Pensions statements
 - Retirement funds
 - Any other forms of unearned income not listed

Income Calculation: (can use/verify on the Income Calculator at <https://www.hudexchange.info/incomecalculator/>)

	Household Member			Total
	1 - _____	2 - _____	3 - _____	
Gross Yearly Income				
Child Support				
Retirement				
Welfare				
Social Security				
Other - _____				
Other - _____				
Other - _____				
	Subtotal			

Per HUD Manual Chapter 2, preliminary income verification is valid for up to six months from date of application. After six months, income will be reevaluated.

Annual income is defined under the Section 8 Housing Assistance Payments Program (24 CFR 5.609).

Homebuyer Education Certificate

Applications must include a Homebuyer Education Certificate from a HUD approved Housing Counseling Agency. The two agencies in our area that provide these services are Mercy Housing & Human Development (1135 Ford Street, Gulfport, MS 39507; (228) 893-1945; www.mhhd.org) and Money Management International (2598 Pass Road, Suite G, Biloxi, MS 39531; 1-866-232-9080; www.moneymanagment.org).

Closing Statement

Prior to the closing, the applicant must submit a closing statement showing the total amount of the sale including closing cost and the name and address of the closing agent to the Community and Economic Development Department at 630 Delmas Avenue, Pascagoula, MS 39568.

Certification

I hereby certify that the information listed in this application is true and correct to the best of my knowledge.

Signature of Applicant

Date

Signature of Spouse
Date
