



# First Time Homeownership Assistance Program

## Frequently Asked Questions

### How does this program make homeownership affordable?

Increasing your down payment amount can make ownership more affordable by:

- Decreasing monthly mortgage payment amounts.
- Eliminating or reducing mortgage insurance.
- Allowing homebuyer the ability to purchase a higher quality property that requires less repair upgrades.

### Who is eligible for the program?

Applicants must qualify as a first time homebuyer, defined as a household that has never owned a home or has not owned a home in the last three years. First generation homebuyer is defined as a household that has never owned a home and their parent or legal guardian does not currently own a home, nor have they owned a home in the past.

The household's gross annual income cannot exceed \$146,000. The applicant must have a minimum 3.5% contribution of the purchase price, capped at \$10,000. Applicants must qualify under the loan underwriting guidelines.

Applicants do not need to be a current resident of Woodbury. Eight hours of purchase education must be completed with a Housing and Urban Development (HUD) approved counseling agency.

### What homes are eligible under the program?

The property must be a single family, condo, or townhome located in Woodbury. The purchase price cannot exceed \$419,000. The property may not be within the flood plain as identified by Federal Emergency Management Agency (FEMA). The first mortgage must be a prime/A-rated fixed rate mortgage.

### Are there fees for the loan program?

Yes, there is a \$25 upfront processing fee. The borrower is also responsible for the county recording fee, title insurance, title company settlement fees, and wire transfer fee. These fees may be paid from the Woodbury First Time Homeownership Assistance Program loan funds.

### When should I apply for the loan program?

Applicants must be pre-approved by a first mortgage lender prior to applying. Successful applicants apply no less than 30 days from the closing date to allow enough time to complete the underwriting process prior to closing. Applicants need to work with their first mortgage lender to submit the loan application and required documents.



### What is meant by a deferred loan?

The total loan amount (loan principle) will not be part of the borrower's monthly payment and will not be due in full until sale; transfer of title; when the primary mortgage is paid off; or when the property is no longer owner occupied. The loan term shall not exceed 30 years.

### What will the monthly payments be?

The borrower is responsible for paying monthly interest installments. The current monthly payment for a \$30,000 loan is \$62.50. First generation buyers will not have a monthly interest payment.

### What happens after the loan is approved?

Funds will be wired to the title company on closing day and the Woodbury loan documents will be sent to the loan closing or title company. The buyer will sign the loan note and mortgage at the loan closing.