KANSAS HOUSING

First Time Home Buyer (FTHB) Program

Down Payment & Closing Cost Assistance
HOME Investment Partnerships Program

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

-First Time Homebuyer -Income Eligible Household - Credit Ready

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

- Maximum purchase price will be in accordance with 92.254(a)(2)(iii) of the HOME Final Rule published 7/24/2013
- 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 inspection in accordance with 92.251 of the HOME Final Rule published 7-24-2013.
- 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 of a duplex
- Manufactured home on permanent foundation (speculative only)
- New construction (speculative only and the contract is dated after the issued certificate of occupancy)
- Modular home (speculative only)
- Five (5) acres or less
- Fee simple title, no contract for deed allowed

FIRST MORTGAGE LOAN
The loan must be a 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 .65% (http://www.freddiemac.com). No more than a 1% origination fee may be charged. No pre-payment penalties are allowed. The housing ratio must be no less than 15% and no more than 30% and the total debt ratio must be 45% or less.

STATE OF KANSAS PARTICIPATION

- All eligible homebuyers may receive a subsidy up 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
- 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 120 months if $15,000 and over. 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:

Subsidy Amount	½ Soft Second and	½ Interest Free Portion
Up to $14,999	5 years	10 years
$15,000 & over	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 1% and no more than 10% of the sale price from their own funds. These funds may not be a gift. Gifts can be received above the buyer's 1% investment and will not impact the HOME investment.
- 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.
- Applicants with non-retirement type assets in the amount of $10,000, or greater, will be subject to a spend down requirement.

HOW TO APPLY

1. Choose and contact participating lender
2. Apply for a first mortgage loan with a participating lender
3. Identify a qualified property
4. Direct participating lender to initiate FTHB application process

FOR MORE INFORMATION CONTACT:

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