



## **The Gaithersburg Homeownership Assistance Loan Program Synopsis**

Funds may be used to cover reasonable down payment and closing costs. The City Attorney will determine the loan amount prior to final approval. The purchaser must use an approved lender to qualify for the funds. Additional information is available on the City's website at <http://www.gaithersburgmd.gov/services/housing-services/affordable-housing>

Eligible purchasers must buy a home within the Gaithersburg corporate limit. The maximum loan for purchases is \$12,000. The buyer will be required to sign a promissory note and second deed of trust at settlement.

### **FUNDS ARE AVAILABLE AT SETTLEMENT IN AN 0% LOAN**

A monthly repayment of less than \$75 will begin with the buyer's first mortgage payment. The unpaid amount borrowed shall be due and payable upon:

1. The re-sale or refinancing of a unit purchased with any loan funds provided under this Program or upon the purchase of a second residential property.
2. Loan recipients may secure a one-time home equity line of credit up to \$10,000 without triggering repayment.
3. Recipients who receive any subsequent or additional lines of credit, regardless of the amount, shall be required to repay the full amount of any loan disbursed under this Program at the time a second or additional line of credit is secured.
4. Failure to occupy unit without written approval from City Manager or designee.

The property must be owner-occupied and remain owner occupied while the loan is outstanding. At the City's sole discretion, this loan may be used in conjunction with other State or local housing assistance programs. This obligation is separate from any mortgage-related or property-related requirements or conditions.

### **BORROWER ELIGIBILITY:**

1. Must have a credit report score of 620 or higher on at least one credit report. However, buyers with credit scores below 620 may be eligible for a loan provided they secure a minimum credit score of 620 at least thirty days prior to the execution of a purchase contract.
2. Must not have owned a home for a period of at least five (5) years prior to the date of settlement and must occupy the unit purchased with funds under this Program as their ONLY residential property. City Manager may waive this condition for good cause.

3. Must submit a pre-application and complete homeownership counseling within 12 months prior to settlement.
4. Except for qualified displaced tenants, the property being purchased must be in the City of Gaithersburg corporate limits.
5. Buyers' income cannot exceed 2016 income limits based on household (HH) size.\*
6. Purchase price restrictions may be imposed if using HOC, CDA or HUD funds.

\*2016 Income Limits (Updated annually)

1 Person HH	2 person HH	3 person HH	4 person HH	5+ person HH
\$76,020	\$86,880	\$97,740	\$108,600	\$117,288