



CITY OF JOHNSTOWN

PROGRAM GUIDELINES

FOR

FIRST TIME HOME BUYER PROGRAM

COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM

(814) 539-2504

City of Johnstown
City Hall, 2nd Floor
401 Main Street
Johnstown, Pa 15901

- 2022 -



The City of Johnstown has identified the need to expand home buyer assistance as an objective in various planning documents such as the Comprehensive Housing Affordability Strategy, the Enterprise Community Strategy and its Consolidated Plan. The City has developed a program entitled, "First Time Home Buyer Program" designed to assist first time home buyers with the purchase and rehabilitation of an existing single family home within the City's corporate limits. Local lending institutions have offered to participate in the program by providing first mortgage loans to eligible, credit worthy applicants.

Objectives of the Program:

- To assist eligible first time home buyers purchase a single family home within the City of Johnstown and perform renovation activity with the use of the City's rehabilitation loan funds.
- To stimulate the sale of existing houses in the City of Johnstown in a way that makes the transaction affordable to low and moderate income buyers.
- To assist renters in their transition to home ownership.
- To encourage residency in the City of Johnstown
- To stabilize and enhance the local tax base.
- To create affordable housing partnerships with local lending institutions.
- To create safe, decent affordable housing that meets housing code standards, lead-based paint safe housing standards and energy improvements. The rehabilitation funds may also be used to meet the city's sewage compliance certification.
- To assist eligible first time home buyers with eligible closing cost fees.

Program Requirements:

In order to qualify for the First Time Home Buyer Program, applicants must meet certain eligibility requirements as follows:

- Household income must not exceed the maximum allowance as established by the U.S. Department of Housing and Urban Development's, (HUD), Section 8 Income Limits. Below is the latest household income limitations, which are subject to change based on HUD's public notifications:

Household Income Limits Summary for FY 2022

Household Members:	1	2	3	4	5	6	7	8
Maximum Income	\$41,000	\$46,850	\$52,700	\$58,550	\$63,250	\$67,950	\$72,650	\$77,300

The residential property to be purchased must be located within the Johnstown City limits. All utilities must be turned on prior to inspection and remain on throughout participation with the program.

The residential property must be a single-unit structure with all utilities operable.

The residential property must be vacant or offered for sale by owner-occupants at the time the application is submitted to the City for consideration.

The applicant must agree to own, occupy and maintain the residential property for a term of the ten (10) years.

The applicant may not own or have owned in the previous three (3) years, other residential real estate.

The applicant must meet the primary lenders standards for credit worthiness. Minimum credit scores do apply.

The applicant must contribute a minimum down payment of 3%-5% (depending on lender requirements) of the total cost of the property.

The applicant may also apply for the closing cost assistance grant of up to \$3,000, however they must be prepared to pay certain prepaid costs such as:

- Appraisal Fee
- Homeowner Insurance
- Escrow Property Taxes

Program Guidelines:

The First Time Home Buyer Program is designed to provide a source of financing that makes homes affordable to income eligible buyers and to assist in making needed repairs to the property. This is accomplished by the lending institution agreeing to provide a maximum mortgage loan equal to 80% of the appraised value of the property at a discounted interest rate. The City's deferred second mortgage, **not to exceed \$22,000**, will be available to the borrower in making needed repairs to the property. The repair work may include, but is not limited to, roof replacement, new windows and doors, wiring, furnace replacement porch repairs, vinyl siding, energy improvements and lead-based paint renovations.

The City's \$22,000 rehabilitation loan is a deferred mortgage loan at 0% interest for a term of ten (10) years. If the borrower owns, occupies and maintains the property throughout the specified lien period, the City's loan funds will be fully satisfied and the City's mortgage will be discharged from record. If the property is sold prior to the eligible ten (10) year term, the actual amount of repayment will be determined and due in full upon closing of sale. Forgiveness of the City's loan funds will not be made if the borrower fails to maintain the property or if the owner vacates the property.

The City's \$3,000 closing cost assistance loan is a deferred loan at 0% interest for a term of five (5) years. If the borrower owns, occupies and maintains the property throughout the specified lien period, the City's loan funds will be fully satisfied and the City's lien will be discharged from record. If the property is sold prior to the eligible five (5) year term, the full amount of the borrowed funds will be due and payable upon closing of sale. Forgiveness of the City's loan funds will not be made if the borrower fails to maintain the property or if the owner vacates the property.

Program Procedures:

- A prospective first time home buyer may obtain an application from the Department of Community and Economic Development, office of Residential Development.
- Select one of the partnership lenders of your choice. Contact the identified bank representative to apply for a mortgage loan.
- Return the application to the Residential Development office with all required documentation and pre-approval letter as noted in these guidelines. Our office is located at City Hall, Room 204, 401 Main Street, Johnstown, Pennsylvania 15901. You can reach our office by dialing 814-539-2504.
- Once pre-approved by your selected lender, you can begin the search for your new home. When you have selected a home and agreed on a purchase price with the seller, enter into a signed sales agreement. Be sure to have your Realtor contact this office prior to preparing your sales agreement.
- Provide a copy of the sales agreement to your lender and the City's Residential Development Office.
- The City will schedule the required property inspection in order to determine what renovation activity is required. All utilities must be on and functioning and must remain on throughout participation with the program. A preliminary work write-up and cost estimate will be prepared by the City's housing inspector and made available to the Residential Development Officer. If the property inspection is passed, a lead-based paint Risk Assessment and Paint Testing will be requested with a State Licensed Inspector.

- Once the lead report is reviewed, a final work write-up and cost estimate will be prepared for the borrower to review and approve. The final approved work write-up will be provided to your lender who will schedule the property appraisal based on the “as sits” improvement value.
- The loan closing date will be schedule by your lender or the assigned closing agent. A city representative will contact the buyer to have the lien agreement signed for the Closing Cost Assistance prior to closing.
- The homeowner will select their choice of contractors from a list of approved firms, to submit a bid on the renovation activity. The lowest responsible bidder will be awarded the contract work.
- All payments to the contractor will be approved by you as the new owner of the property. All work will be monitored by our housing inspector who will also work closely with the homeowner until all contract work is complete.

Required File Documentation:

The First Time Home Buyer applicant must provide a complete application and a copy of all household income to the City of Johnstown, Residential Development Officer. Income will include the following:

- Wages from employment
- Signed Employment Verification Release Form
- Taxable Interest Income
- Alimony
- Business Income (or loss)
- Capital gain (or loss)
- Taxable amount of pension and annuity payments
- Taxable amount of social security payments
- Unemployment compensation payments
- Additional information may be required upon request

Re-cap of Procedures:

The following steps are a review on how to get started under the First Time Home Buyer Program:

- Select one (1) lender identified in the City's program guidelines. Contact the loan officer to schedule an appointment to apply for the mortgage loan.

Once you have been approved by your lender, begin to search for your new home. The property you select must be in the City limits and must be a single family home, occupied by the owner or vacant. It cannot be occupied by a tenant.

- Once you have selected a home, enter into a signed sales agreement with the seller. Provide a copy of the sales agreement to your lender and City Hall with your application (see next step).
- Complete the City's loan application and return it, along with proof of income, to the Residential Development Office at City Hall.
- The City will schedule an inspection and advise your lender of the results. At this point, the lender you selected and the City will work closely with you to finalize the purchase of your new home. Please allow 45-60 days for closing.
- If you have any questions or require assistance in completing the application, please contact our office at 814-539-2504.

LOCAL PARTICIPATING LENDING INSTITUTIONS

Julie A. Mikolich
600 Main Street
Johnstown, Pa 15901

jmikolich@1stsummit.com

1st Summit Bank
Loan Department

Ken R. Szcurek
600 Main Street
Johnstown, Pa 15901

KSzcurek@1stsummit.com

www.1stsummit.com
814-535-3551

Somerset Trust
Sherry Desort
Loan Officer
Mortgage Lender
sdesort@somersettrust.com

116 Market Street
Johnstown Pa 15901

814-530-1012 Office
814-915-0300 Cell

NorthWest Bank

Mark Miller
475 Theatre Drive
Johnstown, Pa. 15904

814-266-6096
Mark.Miller@northwest.com

Amber Smith
1918 Minno Drive
Johnstown, Pa. 15905

814-255-6841
Amber.Smith@northwest.com

Ameriserv Bank
Kevin Reighard
Mortgage Loan Officer
216 Franklin Street
Johnstown Pa., 15901

814-243-5752
1-800-837-2265 ext 5459
kreighard@ameriserv.com

CHECKLIST FOR FIRST TIME HOME BUYER PROGRAM

SELECT AND CONTACT (1) LENDER IDENTIFIED IN THE CITY'S PROGRAM GUIDELINES.

ONCE YOU OBTAIN YOUR PRE-APPROVAL FROM THE LENDER:

APPLICATION

_____ IRS Form 1040 Adjusted Gross Income

Most recent pay stub(wages), Taxable interest income, alimony, business income (or loss), capital gain (or loss), taxable amount of pension and annuity payments, taxable amount of social security payments and or unemployment compensation payments.

_____ Full Copy of Signed Sales Agreement

_____ Signed Employment Verification Release Form

- APPLICATIONS SUBMITTED WITHOUT THE ABOVE DOCUMENTATION WILL NOT BE PROCESSED.

VERIFICATION FOR: **EMPLOYMENT**

<p>CITY OF JOHNSTOWN COMMUNITY & ECONOMIC DEVELOPMENT 401 MAIN STREET, 2nd FLOOR JOHNSTOWN, PA 15901</p> <p>Contact person: Tracy Teno, Residential Development Officer (814) 539-2504</p>	<p>This section must be completed by an Authorized Representative:</p> <hr/> <p>AUTHORIZATION: Federal regulations require us to verify Employment Income for all members of the household applying for participation in the HOME Program which we operate. This information will be used only to determine the eligibility status. We ask your cooperation in supplying this information.</p>
<p>This verification is being requested for: (Employee name and address)</p>	<p><u>Employment Profile:</u></p> <p>Date of Hire: _____</p> <p>Occupation: Yearly _____</p> <p>Salary: _____</p> <p>Overtime pay rate: _____</p> <p>Probability and date of pay increase: _____</p> <p>Yes No _____ Does employee have access to retirement acct?</p> <p>_____ If yes, specify amount.</p>
<p>RELEASE: I hereby authorize the release of the requested information to the City of Johnstown:</p> <hr/> <p>Signature of Applicant Date: _____</p> <hr/>	<p>Signature of Authorized Representative: Title _____</p> <p>Date: _____</p> <p>Telephone: _____</p> <hr/>

WARNING: Title 18, Section 1001 of the U.S. Code States that a person is guilty of a felony for knowingly and willingly making false or fraudulent statements to any department of the United States Government.