

# Recapture Provision

HOME regulations state that the homebuyer maintain the **program** assisted property as a principal residence during the affordability period. This residency requirement will be enforced and evidenced by the recording of the appropriate document. Funds must be returned to the **program** if the following conditions occur:

- the property is sold or transferred during the affordability period (Temporary subleasing of the property is not allowed)
- a home buyer fails to provide proof annually of primary residence on assisted property as requested.

A recorded document with the City of Gary assuming a junior lien position will be used as the enforcement vehicle for this program. This lien shall be duly recorded in the appropriate office of county government.

Recapture provisions shall be pro-rated based on HOME assistance per unit and the affordability period (up to 15 years). The table below is based on assistance under \$15,000.00 for a 5 year affordability period..

Sale After Year	% of funds to be recovered
1	80%
2	60%
3	40%
4	20%
5	0%

# Definitions

## First Time Home Buyer

The applicant must not have owned a home as their principal residence within a period of 3 years prior to applying for assistance. All applicants are required to contribute a minimum of 1% of their own funds toward the purchase price of an existing property; a minimum of 2% toward a new construction purchase and have 3 months of mortgage payments in a savings account. **FTHB must secure a loan greater or equal to 90% LTV.** The applicant must be eligible through the **FTHB** program to qualify for any **DPA** programs.

## Principal Residence

The home purchased must be the place where the applicant will reside and not a second home. An Independent Home Inspection is required on property.

## Recapture Provision

The owner who is subject to recapture is required to repay all or a portion of the direct subsidy provided from the net proceeds of the sale, during the affordability period.

## Affordability Period

Restrictions are for certain lengths of time, depending upon the amount of assistance invested. The period of affordability will commence on the day activity is completed in the Integrated Disbursement & Information System (IDIS).

Under \$15,000.....5 years  
 \$15,000-40,000.....10 years  
 Over \$40,000.....15 years

Sponsored by the:  
 U.S. Department of Housing &  
 Urban Development



Equal Housing Opportunity

Department of Community Development Homeownership Opportunity Network

## FIRST-TIME HOME BUYER DOWN PAYMENT ASSISTANCE PROGRAM

401 Broadway, Suite 300  
 Gary, Indiana 46402  
 Ph-219.881.5075



City of Gary  
 Jerome A. Prince - Mayor  
 Arlene D. Colvin, Director

## Program Description

Through the Homeownership Opportunity Network, the goals of the **First Time Homebuyer** Program are to improve and revitalize neighborhoods- restore function, character and pride by providing homeownership opportunities. This program makes **HOME program funds available in the form of forgivable loans for down payment, principal reduction, and closing costs associated with the purchase of a home.** Assistance will be made to eligible individuals and families on a first-come, first-serve and one-time basis purchasing a single-family home in the City of Gary. Applicants must provide **total household and financial information prior to a formal approval for assistance.** The program will use 95% of the current HOME Homeownership Value Limits for a single-family dwelling as a ceiling for down payment processing.

All applicants must successfully complete the **City of Gary Homeownership Opportunity Network Homebuyer 8-hour Education Workshops during the process of applying for assistance.** \*\*Certificates are accepted from other HUD-certified and approved agencies (dated within 12 calendar months of application) .

## Types of Assistance

### DPA (Down Payment Assistance)

80% to 70% of area median income...	Can receive up to \$4,000.00 towards purchase price .
69% to 60% of area median income...	Can receive up to \$5,000.00 towards purchase price.
59% to 50% of area median income...	Can receive up to \$6,000.00 towards purchase price.

### New Construction

New Construction located in the City of Gary will qualify for 10% of purchase price or \$10,000.00 whichever is less toward down payment assistance and closing cost.

### Lead Based Paint Inspection

All properties built pre-1978 must have a visual inspection for defective surfaces. If lead is found no DPA funds can be used until lead is stabilized by a Certified Lead Abatement Contractor at the expense of Homebuyer/Seller before close of sale.

**THIS IS A CITYWIDE PROGRAM**

### PLEASE NOTE for FTHB Program

- \* Determining Eligibility & Processing can take 45 days to Closing
- \* Purchase Agreement Clauses NOT allowed if Purchase Price is inflated (Property must appraise for 100% of sales price.)
- \* Ratios not to exceed current FHA limits 31/43

## Calculating Eligibility

*Assistance amounts are determined by calculating, projecting and verifying an applicant's annual income based on the gross amount of all adult members of the household. These calculations will be based on anticipated income received during the coming twelve-month period. Prior year tax returns and income statements must be supplied to support additional eligibility requirements.*

### Effective 6/15/2022 Maximum Income Levels for 2022

# OF PERSONS (Per Household)	INCOME
1	\$47,250.00
2	\$54,000.00
3	\$60,750.00
4	\$67,500.00
5	\$72,900.00
6	\$78,300.00

*The above income limits are subject to change at the discretion of the U.S. Department of Housing and Urban Development.*