

# HOME BUYER DREAM PROGRAM

To provide financial assistance for First Time Homebuyers through participation with the Federal Home Loan Bank of New York

The Homebuyer Dream Program provides funds in the form of a grant to be used towards down payment and closing cost assistance to first-time homebuyers earning at or below 80% of the Area Median Income ("AMI") and purchasing homes in New York. The maximum grant that a household may receive is up to \$9,500. Additionally, the Homebuyer Dream Program also offers up to \$500 towards the defrayment of homeownership counseling costs, which will be provided for the use of the household via Community Resource FCU to the non-profit counseling agency. The program is administered on a first-come first-served basis of availability of funds.

## PROGRAM REQUIREMENTS

1. Household is a First Time Homebuyer.<sup>1</sup>
2. Household Income Must Not Exceed the Program Limits.<sup>2</sup>
3. Household must purchase an Eligible Property type in FHLHBNY's district of New York.<sup>3</sup>
4. Homebuyer(s) must complete a Homeownership Counseling program.<sup>4</sup>
5. Homebuyer(s) must provide a minimum equity contribution of \$1,000 toward the purchase of the home, contribution must be used towards down payment, closing costs or costs paid before closing. Homebuyer must have an alternative source for closing costs and down payments available.<sup>5</sup>

## HOME BUYER COMMITMENTS

1. Homebuyer must obtain the qualifying mortgage loan with Community Resource FCU and comply with the underwriting standards of the FHLBNY, including but not limited to: (1) Maximum original Loan to Value (LTV) of 97% for conventional financing; LTV is calculated using the base mortgage amount (2) Debt to Income Ratio is 45% or less (3) Term of the first mortgage financing cannot be less than 5 years.
2. Homebuyer(s) agree to maintain ownership of and reside in the property as the primary residence for a period of 5-years from the closing date or repay a prorated share of the HDP grant.
3. Homebuyer(s) must agree to sign, at time of closing, a 5-year subordinate mortgage with Community Resource FCU in the amount of the total HDP grant amount.
4. Closing must occur within 120-day commitment period of the reservation of grant funds.

<sup>1</sup> Household is a first-time homebuyer as defined by the U.S. Department of Housing and Urban Development defined is (1) An individual who has had no ownership in a principal residence during the 3-year period ending on the date of the purchase of the property. This includes a spouse (if either meet this test, they are considered first-time homebuyers) (2) Single parent who has only owned a principal residence with a former spouse while married (3) An individual who is a displaced homemaker and has only owned a principal residence with a spouse (4) An individual who has only owned a principal residence not permanently affixed to a permanent foundation in accordance with applicable regulations (5) An Individual who has only owned a property that was not in compliance with the state, local or model building codes and could not be brought into compliance for less than the cost of constructing a permanent structure.

<sup>2</sup> Household must meet the income guidelines with a total household income of 80% or below the Area Median Income (AMI) for the county in which the household is purchasing, adjusted for the household size, as determined under 26 U.S.C. 143(f), Mortgage Revenue Bonds, as published by a state agency or instrumentality. Household is based upon the number of people who will reside in the home being purchased; and divorced or separated homebuyer(s) who have joint custody of their children should include the children in their household count, regardless of the amount of custody time. Qualifying household members income that is considered is any one person residing in the home, the income of non-occupying co-signers, co-borrowers, or guarantors. The homebuyer must demonstrate a reliable stream of income. Household members, 18 years and older, who do not receive income must execute a Zero-Income Certification. Homebuyer(s) currently separated from their spouse must provide a fully executed legal separation agreement or court papers filed for divorce, to evidence the separation in order to qualify individually as a first-time homebuyer. Eligible Income is the total annual income from all sources, received by the household (even if a member is temporarily absent). Eligible Income: (1) Income prior to any payroll deductions of wages and salaries, overtime pay, commissions, fees, tips and bonuses and other compensation of personal services. (2) Income derived from pension, disability award, social security, individual retirement accounts, or other recurring sources (3) Total annual amounts received from social security, annuities, insurance policies, retirement funds, pensions, disability or death benefits and other similar types of periodic receipts (4) Self-Employment Income. (Reported net income derived from operation of a business or profession over a 1-year period as evidenced by the previous year's income tax return and a year-to-date profit and loss statement (profit and loss statement must state that these numbers are true and accurate and must be signed by the applicable household member) Household member(s) whom owns 25% or more of a business, the applicable business tax returns are to be provided) (5) Income consistently derived from stock portfolio earnings, dividends, and other interest income (6) Net income of any kind of real or personal property (7) Payment in lieu of earnings, such as unemployment and disability compensation, worker's compensation, and severance pay (8) Automobile allowances (9) Alimony and Child Support (10) Welfare assistance, SSI, and other non-earned income paid to children (11) All regular pay, special pay and allowances of a household member is the Armed Forces (12) 75% of the total annualized anticipated rental income, if purchasing a 2-4 family unit property.

<sup>3</sup> Eligible properties include 1-4 family dwellings, town houses, condominiums, cooperative housing units or manufactured housing (must be affixed to a permanent foundation) to be used as the household's primary residence / In the case of new construction, construction must be complete prior to closing, and member must ensure issuance of a Certificate of Occupancy. Ineligible properties include investment properties and vacant land.

<sup>4</sup> One of the homebuyer(s) must complete a home ownership counseling program within 18 months prior to the reservation request date and provide a completion certificate. Counseling organization must be recognized as experienced in homebuyer or homeownership courses, acceptable counseling entities are ones accredited by HUD, a State Government or State Housing Finance Agency, or the National Industry Standards for Homeownership Education and Counseling.

<sup>5</sup> Unacceptable sources of equity contribution, down payment or closing cost funds include: funds received from the seller, secondary financing, additional grants or credits from a non-profit or other organization, including state and local government agencies.



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