



# Homeownership Down Payment Assistance Program

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**Austin Affordable Housing Corporation**



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***A GUIDE TO HOMEOWNERSHIP***  
*for participants residing in the Public Housing and  
Housing Choice Voucher (Section 8) programs  
of the Housing Authority of the City of Austin*



**AUSTIN AFFORDABLE HOUSING CORPORATION  
(AAHC)**

Hello and congratulations on taking the first step towards purchasing a home. AAHC is proud to offer for qualified families a Down Payment Assistance Program in the form of a \$10,000 grant to be applied towards the purchase of your home.

In order to qualify for the program, the participant must not have owned or presently have ownership in a home during the past three (3) years and the homebuyer must meet the program guidelines identified in the Program Requirement Section provided in this packet for your convenience.

In order to take the first step toward purchasing your home, please contact a local lender of your choice and pre-qualify yourself for a mortgage loan. The lender will determine your ability to repay a 30-year mortgage loan by reviewing your employment and income information, total monthly debt obligations and your past experience with credit. The Path Toward Home Ownership guide is provided for you to understand the process and answer some of the questions you may have about homeownership.

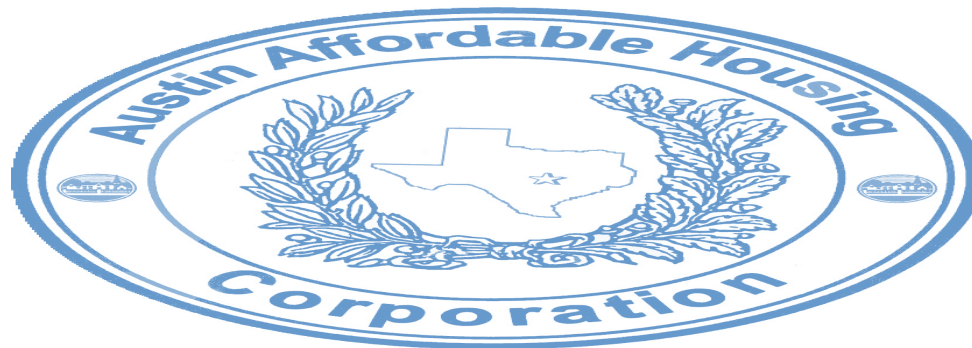
Once you have completed your pre-approval process, return your pre-approval letter with your filled out "Resident Enrollment Application" form provided in your packet to the front desk at Housing Authority of the City of Austin at 1124 S. IH-35, where your application will be time and date stamped. **The program is limited** and applicants will be taken on a first come basis.

Eligible property types include any new or existing home, and the home must pass a home inspection completed by an independent inspector licensed in the State of Texas who carries a Certified Professional Inspector (CPI) designation.

Please carefully review this packet of information and good luck on your path to homeownership.

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## The Path Toward Home Ownership

Owning a home has many advantages but there are occasions that one must plan for. The following questions will help guide you through the thought process of purchasing a home. When you answer "yes," go to the next question.

### **BASIC NEEDS: DO I HAVE MY BASIC NEEDS MET?**

Food  
Shelter  
Medical Care  
Work

Some people think about buying a home when they are without the basic necessities of life. If you do not have adequate food, shelter, medical care and work for daily living, find ways to meet these basic needs. Once settled, then it is time to think about homeownership.

#### **Are your basic needs likely to change significantly in the foreseeable future?**

Buying a home is a long-term commitment so having established, stable support helps ensure that you can live in this home successfully for a long time. If your needs are varying significantly, you want to be certain to have adequate resources and supports.

If you have your basic needs met, go to the next question about readiness.

### **READINESS: AM I READY FOR HOME OWNERSHIP?**

#### **Do I want to live in one place for many years?**

Home ownership offers stability, a place to call your own. How long you stay in your home depends on your lease. As a homeowner, choosing to move is not as simple. Selling your home brings on many costs. Some home ownership programs require paying back money you borrowed unless you have been in the home for a period of time.

Move forward with home ownership if you feel comfortable about living in the same home for years to come.

#### **Do I understand the cost and maintenance requirements of owning a home?**

Ask how well you have been managing financially in your present condition. You must pay for your home for many years to come, and homeownership re-



unexpected situations to arise. Think about each ques-

tion about each basic need that are listed above. If you do not have adequate resources and supports, find ways to meet these basic

quires you to commit a portion of your budget each month to your house payment. Without this financial discipline, successful ownership of your own home may be difficult.

Homeowners should have insurance on their unit and belongings. However, at times something may break such as a furnace or refrigerator. You will need to call for repairs or even replace the appliance. Do you have the discipline to keep some savings in case something breaks?

If budgeting is difficult for you, do you have adequate supports to assist you? Are you willing to keep money in the bank so you can make your house payment each month?

If you can answer yes to these questions move on to the next question about knowledge.

**KNOWLEDGE: DO I HAVE THE KNOWLEDGE I NEED?**

**Have I been to a homebuyer workshop or had any home ownership counseling? (required)**

Workshops and counseling will help you understand the step-by-step process that leads finally to owning a home of your own. There are several advantages and some disadvantages of owning a home. Think about the following:

**Advantages**

- A place of your own.
- Pride of ownership.
- Security.
- Stability.
- Sense of community



belonging. You are

ready to settle down and be part of your community.

Freedom to decorate your home as you want, to have pets, and to make decisions about your home.

Financial motivations because homeownership is a good investment.

Build equity on your investment.

Tax benefits.

### **Disadvantages**

Homeownership can be more costly. As an owner, you will be responsible for expenses that may have previously been included with your rent such as property taxes, homeowners' insurance and utilities. As an owner, you will be responsible for all home maintenance and repairs. You do not have to do them yourself, but you will have to arrange to have them done and you will have to pay for them. If you do not maintain your house well, you risk reducing the value of your investment. You must make your house payment every month or risk losing your investment or losing your good credit. If you sell your home in the future, it will generally cost an average of 10 percent of the sales price. This covers recording fees, real estate commissions, taxes, discount points, closing fees, etc.

### **Do I understand that buying a home can take many months?**

Buying a home is never a quick process. Getting ready for homeownership can take months, and even after you have been approved for a loan, a property that will meet your needs may not be available immediately. Be patient, stay in touch with your Realtor and support personnel, and keep looking.

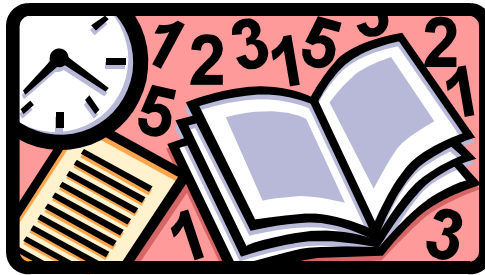
### **CAN I DOCUMENT MY INCOME, DEBT, CREDIT, AND ASSETS?**

Gathering the necessary documentation of your financial matters can take some time so start now. Each program varies somewhat

but in general you will need the following:

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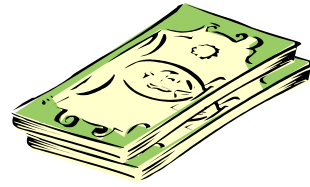
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from your pre-  
employer(s) and /  
of any other  
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- \_\_\_ W-2s and complete income tax returns for the last three years.
  - \_\_\_ Names, addresses, account numbers, and balances of all checking and savings accounts.
  - \_\_\_ Two months' bank statements for ALL ACCOUNTS.
  - \_\_\_ Drivers license or identification card.
  - \_\_\_ Social Security card.
  - \_\_\_ Proof of immigration status if not U.S. Citizen.
  - \_\_\_ Names, addresses, account numbers, balances and monthly payments on all installment debts, including charge cards, car loans, student loans, child care expenses and child support payments.
  - \_\_\_ Names and addresses for landlords for the last two years.
  - \_\_\_ Any of the following that apply: Complete divorce decree. Bankruptcy papers. Consumer Credit Counseling papers. Papers on any pending legal matter.
  - \_\_\_ Anything else your lender requests.
- If you have demonstrated a strong "yes" in answering these questions and understand the commitment you will be making, move on to the question on money.

### **MONEY: DO I HAVE THE MONEY I NEED?**

**Do I have my own income?**

money you have. to be in your co-applicant. List sources and the and that your co-applicant has.



Lenders want to know how much These resources have name or that of your the income from all assets that you have

<i>Income/Assets</i>	<i>Yours</i>	<i>Co-applicants</i>
Earnings from a job	_____	_____
Federal benefits:		
SSI or SSDI	_____	_____
Social Security	_____	_____
Other income	_____	_____
TOTAL INCOME	_____	_____
Checking account(s)	_____	_____
Savings account(s)	_____	_____
Mutual funds, stocks, bonds	_____	_____
Cash value of insurance policy	_____	_____
Cash from your family	_____	_____
Other assets	_____	_____
TOTAL INCOME AND ASSETS	_____	_____

**Do I have good credit?**

Good credit is critical for lenders. They need to know that you understand buying something now and paying for it over time and they need to know that you have successfully demonstrated your experience at doing this. Generally they will want at least two sources of good credit. Make certain that you pay all your bills including your rent and utilities. If you have a number of debts, you may want to start to pay them off. Meeting with your lender will help you set a plan to take care of any outstanding bills or debts.

**LOAN: AM I READY FOR A LOAN?**

**Do I have all my documentation in hand?**

If you have not done so before this, actually gather all the documentation your lender may need.

Lenders do not accept your saying that you just can't find some-

thing. Go to the IRS for past records, if necessary. *Page 9*  
Make copies of everything for your records.

**Have I been pre-qualified?**

Decide on the lender and program you will use. Bring them every piece of documentation they need. Answer all their questions. You must meet all the qualifications of the program. They want you to be successful, so they have established criteria that they insist that all people meet.

**Do I know how much of a mortgage payment I can afford?**

When your lender tells you that you have pre-qualified for a loan, he or she will explain how much of a mortgage payment you can afford. This amount can vary a little bit based on changing interest rates, but you will then know the price range of the homes that you can afford.

**Do I know what I need in a home?**

Potential homeowners usually have dreams of the home they would love to have. List those dreams in writing. Now you also have to get very practical. What must you have in a home? Must it be accessible, close to public transportation or to your support networks? Are you limited to a certain neighborhood? Now list in writing what your home must have or your minimal requirements.

**Do I know how to find the home I want?**

Finally, the time has come to begin searching for a home. It is strongly suggested that you call a Realtor to assist you in finding the home you want and can afford. Realtors will be very helpful because they watch listings of houses for sale every day. Realtors know all the requirements of a home purchase transaction and can help tremendously with this process.

Now you can go out and look at homes. You know the price you can afford. You have listed your dreams and your minimal requirements. Start visiting homes. At times you will find nothing is available right then so you will have to wait until new listings come

**PROGRAM REQUIREMENTS**

1. Exclusive to current participants of HACA's Housing Choice Voucher program or Public Housing program who have resided in either program for more than a year.

onto the market.

Once you find the place you want, you may have to move quickly to submit a bid. Sometimes sellers receive several bids and you want to do everything possible to have them select your bid.

### **PURCHASE A HOME!**

Your Realtor will help sort out the next steps. Often there is some negotiation about the price. Programs may require various evaluations of the house. An independent appraiser will likely determine the value of the home. Research will be done to be sure the title to your property is clear. The lender will process a large amount of paperwork.

After about 60 days, a closing will be scheduled. At that time you and the seller will sign all the paperwork. You will discuss any work that needs to be done on the unit. When everything is complete and checks have changed hands, you will finally be given keys to your new home.

Congratulations, you have successfully negotiated the path toward owning a home of your own!

### **The Future: After buying a home, how am I planning for long-term success?**

Homeownership is a long-term commitment. Some people find it is helpful to have supports to answer questions that come up over the years, and make certain that the homeowner budgets successfully and maintains their home. Family members and support service agencies can assist in this role.

### **In Closing....**

Not everyone is cut out to be a homeowner. If you have answered all the questions and considered all the issues involved in these pages, you should have a sense about whether you are a good candidate to become a homeowner. If you determine that you are ready to pursue homeownership, use all the resources and supports available to help make this dream a reality.

Best of luck to those who move forward on The Path Toward Homeownership!

2. Participants must be in good standing with their lease obligations prior to submission of their applications for assistance.
3. Participants must use their new homes as a primary residence.
4. Participants must not have owned or presently have a homeownership interest in a residence during the past three (3) years before commencement of homeownership assistance.
5. Participants must be able to **contribute a required minimum \$2,500.00** investment in the home. This investment shall be applied toward the down payment, closing costs or loan buy down fees.
6. Participants must satisfactorily complete a pre-assistance homeownership and financial literacy class prior to closing of the home.
7. An independent inspector licensed in the State of Texas and carry a Certified Professional Inspector (CPI) designation must complete a pre-inspection of the home.
8. Grant will be forgiven in 5 years with no monthly payments required. If borrower sells, transfers, refinances or converts the home to rental property within the 5 year period the grant will not be forgiven.

#### **PROCEDURE NOTES**

**This program can be used with other homebuyer programs offered.**

- No voucher assistance will be allowed with this program
- A resource guide listing various service providers who can assist you throughout the home buying process has been included but **you are not required** to use them. You are welcome to use a service provider of your choice.
- Participant will have **90 days** from HACA's approval to have a home selected for purchase.
- The home **does not** have to be in Travis County. However, the home to be purchased must be within

For further information regarding this program, please contact:

Julie Loreda, Homeownership Coordinator,  
512-477-4488 ext. 2190

Written inquiries may be sent to:

AAHC-Homeownership Program  
Attn: Julie Loreda  
P.O. Box 6159  
Austin, TX 78762