



## CITY OF MELBOURNE'S PURCHASE ASSISTANCE PROGRAM

### UNIT ELIGIBILITY

- Must be located in the city limits of Melbourne.
- Can be a new home or an existing home. The assistance may not be used to purchase a mobile home. No unit may have a swimming pool or similar amenity unless purchasing a condominium.
- Property must be owner-occupied or vacant
- Short sales are not permitted UNLESS the seller/lender has already approved the sales price.
- When purchasing an existing home, the home must be in need of, or have received in the previous 12 months, code-related repairs. For existing home purchases, C.H.I. will conduct an inspection to identify code-related repairs (such as roof, plumbing & electrical) and/or hurricane mitigation (storm shutters, gutters/downspouts). \$5,000 will be available from City of Melbourne for these types of repairs.



### HOMEBUYER ELIGIBILITY

- Must be a first time home buyers; (not owning a home in previous 3 years). Buyer cannot currently own a home; regardless of location or how home was acquired.
- Must have ability to secure first mortgage financing: Conventional, FHA, VA are all acceptable; 30 year fixed rate. MORTGAGE LOAN MUST BE AT CURRENT MARKET INTEREST RATES. If buyer cannot get a mortgage loan at a current interest rate, C.H.I. will first assist the buyer in repairing credit issues and then would assist the buyer with homeownership.
- Proposed monthly mortgage payment cannot exceed buyer's affordability ratios (front-end 34% / back-end 42%). Contact C.H.I. for these amounts, (321) 253-0053.
- Must attend a 5-hour Homebuyer Education workshop. Contact C.H.I. for next class, (321) 253-0053.
- The City of Melbourne's Housing and Community Development staff reserves the right to deny assistance if it's determined that the applicant is not receiving a fair loan per current market conditions;
- Total income and assets for all household members must not exceed the following limits for family size:

Household Size	1	2	3	4	5	6	7	8
Income Limit	33,500	38,300	43,100	47,850	51,700	55,550	59,350	63,200



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**HOMEBUYER'S CONTRIBUTION**

- Applicants must make a *MINIMUM GOOD FAITH CONTRIBUTION*, based upon their income bracket:

Income Limits:	Minimum Contribution:
Very Low (50% or less of AMI)	\$1,000.00
Low (51% - 80% of AMI)	\$1,500.00

- Households with more than \$10,000.00 in liquid assets must apply those additional assets beyond the \$10,000.00 towards the purchase of their home. No NSF's in prior 6 months.
- Out of Pocket expenses paid before closing are considered as part of the applicant's contribution (i.e. appraisal fees, credit reports, deposits, homeowner's insurance premium, etc.);
- At closing, the minimum contribution must be satisfied on the settlement statement; the buyer cannot receive cash back at closing.
- The lender may require more contribution;



**MAXIMUM ASSISTANCE LEVEL:**

- Based on HUD's 2011 Income Limits, adjusted to family size.

Income Limits:	Maximum Assistance Amount:
Very Low (50% or less of AMI)	\$7,570
Low (51% - 80% of AMI)	\$4,570

- Please note: The actual amount of assistance provided would be the minimum needed to get you into an affordable housing unit. **WE WILL NOT OVER SUBSIDIZE ANY HOUSEHOLD**
- **ADDITIONAL ASSISTANCE FUNDS:**  
Each homebuyer is eligible for a MAXIMUM of \$5,000 which is to be used for repair costs. The actual amount of repair funds will be based upon the amount and costs of actual repairs.



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**Terms, Recapture and Default:**

- The assistance provided to each homebuyer, at the time of closing, will be in the form of a second mortgage. The second mortgage will be recorded in the Public Records of Brevard County. It is a Deferred Payment Loan (DPL) at zero percent (0%) interest and is forgiven in accordance with the following schedule:

<u>Level of Assistance</u>	<u>Lien Period</u>	<u>Forgiven annually at:</u>
Under \$15,000	5 years	20% per year
\$15,000 - \$20,000	10 years	10% per year

**IF AND ONLY IF:**

- The property must remain the principle residence of the homebuyer for entire lien period (five, ten or fifteen years).
- In addition to repaying the unamortized principal balance of the assistance provided by the City, an owner will be required to pay the City a share of the net proceed (if any) from the sale, proportional to the original amount of assistance received based on the following formula:  

$$\text{Percentage of Net Proceeds Due City} = \text{City Subsidy} / \text{Sale Price at time of assistance} \times 100\%$$

e.g. City Subsidy	= \$15,000
Sale Price of Home at time of assistance	= \$150,000
Percentage of Net Proceeds due City	= \$15,000/\$150,000 X 100% = 10%

  

$$\text{Amount of Net Proceeds Due City when assisted property is sold}$$

e.g. New Sale Price of assisted property	= \$175,000
Net proceeds from sale	= \$25,000
Pro-rata Share of Net Proceeds Due City	= \$25,000 X 10% = \$2,500
  - In the event of default (the property is no longer the homebuyer's principle residence OR the home is sold BEFORE the lien periods specified above are over, then the interest is 5% and the remaining balance must be paid in full to the City of Melbourne.

For further information, contact  
 Community Housing Initiative, Inc.  
 PO Box 410522  
 Melbourne, FL 32941-0522  
 Phone: 321-253-0053 // Fax: 321-253-1575