



CITY OF ALEXANDRIA
FLEXIBLE HOMEOWNERSHIP ASSISTANCE PROGRAM
(Updated February 2019)

PURPOSE

The purpose of the Flexible Homeownership Assistance Program (FHAP) is to assist lower-income first time homebuyers to purchase homes by providing financial assistance with downpayment, principal reduction and/or closing costs associated with home purchase. Since July 2012, FHAP assistance may only be used toward the purchase of unit being marketed by the City of Alexandria's Office of Housing. Eligible properties include resale Affordable Homeownership Set-aside Units, Resale Restricted Homeownership Units, and properties sold through the Neighborhood Stabilization Program.

FUNDING SOURCES

First Trust Financing

Homebuyers participating in the FHAP must seek a mortgage preapproval from a participating lender. The Office of Housing maintains a list of lenders who have reviewed and approved the program design and loan documents.

Below-market interest rate first trust financing provided by the Virginia Housing Development Authority (VHDA) is encouraged, though not required. The Office of Housing may request that the loan officer complete a Lender's Certification Form, which compares a non-VHDA loan, if offered, to a comparable VHDA loan.

City's Financial Assistance

The funding sources for the City's FHAP financial assistance are the federal HOME Program the Community Development Block Grant (CDBG) Program, and the City's Housing Trust Fund (HTF). Except in limited circumstances, the maximum assistance to the homebuyer is \$50,000 provided as a no-interest, equity share loan. Income and assistance limits are updated annually. Program participants should contact the Office of Housing or visit the webpage www.alexandriava.gov/housing to ensure that applicable limits are being used.

ELIGIBILITY CRITERIA

Applicants

- Individuals or families must have resided or worked within the corporate limits of the City of Alexandria for at least six months prior to application. The FHAP is intended to assist first-time homebuyers. For the purposes of the FHAP and VHDA, first-time homebuyer is defined as having no prior ownership interest in real property in the most recent three year period. Exceptions may be granted based on the termination of prior ownership associated

with a divorce.

- Applicants shall have incomes at or below the applicable limits in place for the property being marketed. These limits are based on family size, and typically adjusted annually by the US Department of Housing and Urban Development (HUD). In determining gross household income, the Office of Housing uses the HUD guidebook *Technical Guide for Determining Income and Allowances for the HOME Program*.
- The City generally follows the eligibility/qualification rules of VHDA's first trust financing, with such exceptions as the City's requirement that applicants live or work within Alexandria's corporate limits for a minimum of 6 months prior to applying for the program.
- The City uses a standard housing cost-to-income ratio of 32% and a total debt-to-income ratio of 41%. While these are target ratios, variations may be approved with compensating factors.
- If the lender determines that an applicant does not qualify for a VHDA loan product but can qualify for another loan product, a loan comparison is not necessary, but the lender must provide the Office of Housing, in writing, the reason for the determination regarding the VHDA loan.
- An applicant cannot have a net worth exceeding fifty percent of the sales price of the property being purchased. The value of life Insurance policies, retirement plans, furniture and household goods shall not be included in determining net worth. In addition, the portion of the applicant's liquid assets which are used to make the down payment and to pay closing costs, up to a maximum of 25% of the sales price, will not be included in the net worth calculation. Any income producing assets needed as a source of income in order to meet the minimum income requirements for a VHDA loan will not be included in the applicant(s) net worth for the purpose of determining whether this net worth limitation has been violated.
- If, for any reason, the borrower puts down more than the required amount of cash to purchase a property, the additional cash will be applied to the cost of the property purchase. No funds will be returned to the purchaser at closing when FHAP funds are used.

Property

- Homes purchased by individuals or families receiving assistance under this program must be located within the corporate limits of Alexandria.
- Properties purchased may be single-family detached, semi-detached, duplex, rowhouse or apartment; under fee simple, condominium or cooperative ownership.

AMOUNT OF ASSISTANCE PROVIDED AND GENERAL TERMS OF LOAN

- The maximum subsidy allowed is \$50,000. The amount of the City's assistance, up to the \$50,000 maximum, is determined by the purchaser's gross household income, based on family size, combined with the purchaser's need for the assistance. If City financing is not needed for downpayment assistance or principal reduction, the City may provide assistance to be used solely for closing costs. Participants in the program must pay a minimum of \$2,000 or \$3,000 of the required settlement and/or down payment costs.
- The total amount of the subsidy, up to the maximum allowed, will be placed as a second trust

against the property at 0% interest. The loan will be recaptured upon resale, or in 99 years ; whichever comes first. While the City's financing is provided at no-interest, the City's loan features a shared equity component, meaning that the purchaser will be required to share future price appreciation with subsequent buyers. The equity share is determined by dividing the City loan amount by the purchase price of the property.

- An anti-speculation surcharge will be imposed on the City's loan if the purchaser(s) sells the property within five years from the date of purchase. The surcharge begins at 25% during the first year and decreases by 5% in each subsequent year until reaching zero.

LOAN ROLLOVER

- As an incentive for FHAP loan recipients to remain in Alexandria, a one-time rollover of City homeownership assistance is authorized for loan recipients (excluding purchasers of set-aside units in new developments who also have FHAP loans) who sell the home that the City assisted them to buy, and immediately purchase a subsequent home within the City. In order to qualify for the rollover, loan recipients would have to be income eligible for FHAP at the time of the sale, and must have resided in the assisted home for at least five years the period of time required to avoid the anti-speculation surcharge).

Properties are available on a first-come, first-served basis. Interested participants should ensure that they have secured a lender preapproval and a VHDA training certificate prior to writing an offer to purchase. In certain cases, such as the concurrent release of multiple Affordable Set-aside Homeownership Units, the Office of Housing may use a lottery system to select buyers.

VHDA's Down Payment Assistance Grant



*It Could be a First-time
Homebuyer's Best Shot.*

**VHDA's Down Payment Assistance Grant can help
qualified first-time homebuyers obtain funds to buy a home.**

- ▶ Qualified first-time homebuyers may receive a percentage of the purchase price to help with the down payment.
- ▶ Maximum grant will be **3 – 3.5%** of the purchase price, based on the down payment required for the eligible VHDA loan.
- ▶ Buyers must have household incomes at or below program limits (see back).
- ▶ Down Payment Assistance Grant may be used with eligible VHDA loans only.
- ▶ Grant funds may not be used in combination with other down payment assistance resources (including FHA Plus).
- ▶ Down Payment Assistance Grant has no repayment.
- ▶ VHDA's eligible first mortgage must be locked on or after the program implementation date.
- ▶ The eligible first mortgage must be locked prior to reserving the grant funds.
- ▶ All borrowers receiving this grant are eligible for a Mortgage Credit Certificate (MCC). Borrowers must apply for an MCC through an approved MCC lender and receive an MCC commitment / approval prior to closing. *An MCC is a dollar-for-dollar credit against your federal income tax liability. For details, visit vhda.com/MCC.*
- ▶ Other program requirements may apply. Contact a VHDA lender to discuss all eligibility requirements.

Our Lending Partner: J.G. Wentworth Home Lending
Branch Location: 3350 Commission Ct., Woodbridge
Loan Officer: Ireldy M. Fuentes
NMLS#: 340509
Phone: 703-622-3888
Email: ifuentes@jgw.com



Program Limits

VHDA's Down Payment Assistance Grant

Area	Maximum Household Income* <i>2 or Fewer People</i>	Maximum Household Income* <i>3 or More People</i>	Maximum Sales Price/Loan Limits <i>New & Existing</i>
Washington / Arlington / Alexandria MSA	\$97,520	\$113,840	\$500,000
Charlottesville MSA	\$74,080	\$86,480	\$375,000
Richmond MSA	\$68,000	\$78,720	\$375,000
Norfolk / VA Beach / Newport News MSA	\$64,320	\$75,040	\$375,000
Culpeper	\$74,720	\$87,200	\$425,000
Rappahannock	\$74,640	\$87,120	\$425,000
Warren	\$68,800	\$80,320	\$425,000
King George	\$74,080	\$85,520	\$325,000
Statewide <i>(All areas not listed above)</i>	\$58,880	\$67,680	\$251,900

*For eligibility, include all income for individuals residing in the residence.

Washington-Arlington-Alexandria MSA

Alexandria
Arlington County
Clarke County
Fairfax
Fairfax County
Falls Church
Fauquier County
Fredericksburg
Loudoun County
Manassas
Manassas Park
Prince William County
Spotsylvania County
Stafford County

Charlottesville MSA

Albemarle County
Charlottesville
Fluvanna County
Greene County
Nelson County

Richmond MSA

Amelia County
Caroline County
Charles City County
Chesterfield County
Colonial Heights
Dinwiddie County
Goochland County
Hanover County
Henrico County
Hopewell
King William County
New Kent County
Petersburg
Powhatan County
Prince George County
Sussex

Norfolk-Virginia Beach-Newport News MSA

Chesapeake
Gloucester County
Hampton
Isle of Wight County
James City County
Mathews County
Newport News
Norfolk
Poquoson
Portsmouth
Suffolk
Virginia Beach
Williamsburg
York County



Virginia Housing Development Authority | vhda.com

The information contained herein (including but not limited to any description of VHDA and its lending programs and products, eligibility criteria, interest rates, fees and all other loan terms) is subject to change without notice.





SHARED EQUITY HOMEOWNERSHIP - WHAT IS IT?

Since July 2009, the City of Alexandria's home purchase assistance programs have included an **equity sharing** policy. This means that if the City's loan represents 20% of your purchase price, then you will be asked to provide 20% of your appreciation as a price discount to the next income-eligible buyer when you decide to re-sell the property. As an example, if you purchase a home for \$250,000 and receive \$50,000 in downpayment assistance, then the City holds a 20% equity share in your home. If you sell your home five years later and find that your home has appreciated to a value of \$300,000, then you would share 20% of the \$50,000 in appreciation, in this case \$10,000, as a price discount to the next buyer (in addition to repaying your original City loan). Therefore, the resale price would be \$290,000.

Homebuyers assisted through the City's programs must comply with **marketing requirements** when the assisted home is being re-sold. For a period of six months, owners must attempt to locate an income-eligible, first-time buyer who is eligible for City purchase assistance. The City will assist the homeowner in marketing the unit to potential purchasers. Participants should contact the Office of Housing when selling their home for more detailed guidance on the resale and marketing process.

These program restrictions are enforced through a **deed of covenants, conditions and restrictions** that each buyer will sign at the time purchasing the home. These restrictions describe the resale and discount process and other requirements of the programs. Buyers should read this document carefully and should contact their program coordinator with any questions.

These program elements are intended to preserve the important homeownership benefits provided through City purchase assistance, to help preserve affordable homeownership opportunities for future homebuyers, and to maximize limited financial resources. These benefits include overcoming big downpayment requirements, reducing housing costs through 0% interest financing, and, in many cases, eliminating the cost of monthly mortgage insurance.

To get the latest information on the City's affordable housing programs, sign up for eNews at enews.alexandriava.gov. You will also receive updates on affordable rental and home purchase opportunities with your subscription.

City of Alexandria First-Time Homebuyers Program Participating Mortgage Lenders

Ameris Bank

Richard Donohoe, Assistant Vice President/Senior Mortgage Banker
NMLS# 659392

3110 Fairview Park Drive, Suite 420
Falls Church, VA 22042
Office: 703.466.4057
Cell: 703.609.0391

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amerisbank.com/richarddonohoe



Freedom Mortgage

Ireldy Fuentes, Branch Manager/Senior Loan Officer
NMLS# 340509

3350 Commission Court
Woodbridge, VA 22192
Phone: 703.622.3888
Fax: 866.432.4566

Ireldy.Fuentes@freedommortgage.com



George Mason Mortgage, LLC, *A Subsidiary of United Bank*

Lea Frye, Senior Vice President/Assistant Branch Manager
NMLS# 192699

www.leafrye.com
Office: 703.580.0375
Cell: 703.963.8500
Fax: 703.803.2548
lfrye@gmmlc.com



Home Savings & Trust Mortgage

Susanne Dominick, Loan Officer
NMLS# 971538

3701 Pender Drive, Suite 150
Fairfax, VA 22030
Office: 703.766.4637
Cell: 703.395.8176
Fax: 703.352.1289

sdominick@hstmortgage.com
www.HSTMortgage.com



Fulton Mortgage Company, *A Division of The Columbia Bank*

Noel A. Shepherd, Vice President
NMLS# 313280

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eFax: 202.478.0459

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Sandy Spring Bank

Elva D. Bustos, Senior Mortgage Banker
NMLS# 299764

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Fax: 703.345.1717

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The Federal Savings Bank

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