



LAKE COUNTY COMMUNITY ECONOMIC DEVELOPMENT DEPARTMENT

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www.lakecountyin.org

Executive Director
Timothy A. Brown

HOMEBUYER PROGRAM ACTIVITY DETAILS

I. PROCESS

1. Get pre-qualified based on HUD income levels with mortgage company
2. Take the HUD certified Homebuyers Education course
3. LCCEDD prefers that purchase agreements set closing dates forty-five (45) days from date of signature
4. Obtain a Purchase agreement with a closing date
5. Call 219-755-3225 to get put on the Homebuyer waiting list
6. LCCEDD staff will call from the waiting list to make an appointment for an application
7. Bring in required documentation to complete application after you receive a call from LCCEDD
8. LCCEDD will issue a Reservation letter upon approval based on availability of funds
(Good for 60 days)
9. Once Closing Disclosure & ALTA is approved, closing date is scheduled
10. Sign Final Paperwork
11. LCCEDD issues check on the date of closing (picked up by realtor, lender or title company)
12. CLOSING

Please note that within this process it is never mentioned when to contact a realtor and when or how to search for a home, this is your responsibility.

You must have items 1-3 on the above list prior to calling to get put on the waiting list.

We service Lake County, Indiana except the cities of Gary, Hammond and East Chicago. They receive their own funds from HUD and may have a similar program.

Applicants who qualify will receive up to \$5,000 to be used for ½ of the required down payment and closing costs.

WARNING: Please be advised that making an offer to purchase a home that requires a specific timeline for closing is a normal process. However, these timelines are NOT the obligation of LCCEDD and may result in NOT receiving assistance.

NOTE: These steps are guidelines to help with the process of obtaining assistance from LCCEDD. We strive to help as many people as possible with the limited funds available. Not everyone can or will be assisted. As always, guidelines are meant to be changed or altered as needed or required.

Thank you,

Timothy A. Brown
Executive Director

HOMEBUYERS EDUCATION CLASSES:



CLASSES BY APPOINTMENT:

United Neighborhood, Inc. (Hammond) 219-937-0200

NWI Reinvestment Alliance (East Chicago) 219-750-1206

*It doesn't matter what city/town you take the class in. As long as it is a HUD Certified class we will accept the certificate. If you are required to pay for the class, we will apply that fee towards your down payment if approved for assistance.

ONLINE CLASSES:

www.knowdebt.org

www.frameworkhomeownership.org

www.E-homeamerica.org

*You can also ask your lender or realtor if they know of any other places that offer this education course.

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**HOME BUYER ASSISTANCE
PROGRAM GUIDELINES**

1. Down payment match and closing costs to eligible homebuyers, assistance is up to \$5,000.00 per qualified homebuyer.
2. Applicant must meet current HUD Federal low income (low/moderate) guidelines for assistance. (See Attachment)
3. Gross income will be calculated using the Section 8 Part 5 Income Rule.
4. Applicant must be able to obtain private mortgage financing through a commercial financial institution that is currently licensed as a lender through the State of Indiana and in full compliance with Closing Disclosure.
5. Property must meet Section 8 Housing Quality Standards prior to sale.
6. Sale price shall not exceed maximum limits \$200,000 for existing homes, or \$290,000 for new construction. (*Existing Homes HOME/HTF Purchase price limits effective (June 1st 2022)*)
7. L.C.C.E.D.D. assistance will be a forgivable loan. The loan will be secured by a Mortgage and Note on the property. Mortgage shall only be subordinated to one (1) private mortgage. The forgivable loan will be for a 5-year affordability period upon passing the anniversary date of the Note. Applicant must agree to occupy purchased property as primary residence. The L.C.C.E.D.D. mortgage and note balance will become due if the buyer sells, rents, converts the use of, or vacates the property as a primary residence prior to the 5 year period for the full amount of the note.

8. UNDERWRITING STANDARDS

Must have steady employment history or worked for the same employer for two years.

Must have a valid social security number, lawful residency in the U.S. and be of legal age to sign a mortgage in Indiana.

Must make minimum down payment of 3.5%. The money can be gifted by a family member, or part of the LCCEDD Loan.

LCCEDD loans are only available for primary residence occupancy.

Must have a property appraisal from an approved appraiser.

Applicant front-end ratio (mortgage plus HOA fees, property taxes, mortgage insurance, home insurance) need to be 31% or less, of their gross income, typically. Applicant may be able to get approved with as high a percentage as 46.99% However applicant's lender will be required to provide justification as to why they believe the mortgage presents an acceptable risk. The lender must include any compensating factors used for loan approval.

Applicant back-end ratio (mortgage plus all monthly debt, i.e., credit card payments, car payment, student loans, etc.) need to be less than 43% of their gross income, typically. Applicant may be able to get approved with as high a percentage as 56.99%. Applicants' lender will be required to provide justification as to why they believe the mortgage presents an acceptable risk. The lender must include any compensating factors used for loan approval.

Minimum credit score of 580 for LCCEDD financing with a minimum down payment of 3.5%

An applicant must be two years out of bankruptcy and have re-established good credit. Exceptions can be made if they are out of bankruptcy for more than one year & if there are extenuating circumstances beyond their control that caused the bankruptcy and they manage their money in a responsible manner. An applicant must be three years out of foreclosure and have re-established good credit. Exception can be made if there were extenuating circumstances and the applicant has improved credit. If the applicant was unable to sell their home because they had to move to a new area, this does not qualify as an exception to the three-year foreclosure guideline.

Applicant must have evidence of resources to maintain homeownership.

9. Applicant must complete Homebuyers Education two weeks prior to closing for Homebuyers Assistance Loan & provide certificate of completion.
10. Property must be located in Lake County outside of the Cities of Gary, Hammond and East Chicago. These cities are outside the L.C.C.E.D.D. Entitlement jurisdiction.
11. Property to be purchased must be a single-family dwelling unit, and it shall not be on land contract. Condominium units are acceptable. No mobile homes and property area shall not exceed 1 acre, unless required to meet health standards.
12. Applicant may apply for a low interest housing rehabilitation loan financing from L.C.C.E.D.D within one year of residency. A loan is subject to all program requirements.
13. No member of the governing body of the locality and no other official, employee, or agency of the County government, *in a position to make decisions concerning the program*, shall directly or indirectly be eligible for this program. This prohibition shall continue for one (1) year after an individual's relationship with the County Government ends.
14. The borrower/purchaser must contribute a minimum of \$1,000.00, in cash, unless the lender's requirement is higher, towards the downpayment, closing costs, escrow reserves, fees, etc. In other words, the borrower must reflect a cash contribution on the closing statement (Closing Disclosure) showing an amount equal to ½ of the lender's down payment requirement. That amount can be made up from earnest money, pre-pays, etc.

15. The County will not participate in the financing of inflated purchase prices or closing costs, including commissions, origination fees, or interest rate buy downs. The L.C.C.E.D.D. will examine every application for evidence of predatory lending practices, and report suspect arrangements to the Indiana Secretary of State for investigation.
16. Applicant(s) will need to obtain insurance on the property to be purchased, protecting the property against loss by fire, or any other means, in an amount necessary to cover the total debt on the property. L.C.C.E.D.D. to be listed as a lienholder.
17. The Executive Director of the L.C.C.E.D.D. shall have the authority to make exceptions to these guidelines on a case-by-case basis as long as the exceptions are following all applicable HUD, State, Federal and Local laws and regulations.
18. If there are other federal or state funds involved in the purchase, the lender must demonstrate why the LCCEDD funds are necessary to go forward, just as must any private lender.
19. LCCEDD will permit subordination to another mortgage only if there is no cash out to the borrower, and it results in better loan terms for the borrower (e.g. lower interest, longer terms, etc.)