

VERMONT HOUSING AND CONSERVATION BOARD
SINGLE FAMILY ASSISTANCE PROGRAM
PROGRAM GUIDELINES
Revised February 2005

I. Use of Fund

The Vermont Housing and Conservation Board makes available no-interest loans to encourage homeownership in the Single Family Assistance Program (SFAP). These funds are intended to augment a borrower's cash resources if they are insufficient for the purchase of a perpetually affordable home. SFAP funds may be applied to any cost that is conventionally considered to be a real estate closing cost. This would include down payment, inspection and legal, financing, and loan payoff costs.

Applicants may apply to VHCB for up to \$2,000 per borrower in addition to other VHCB funds that may be committed to the applicant for the home the borrower seeks to purchase. To qualify a borrower for the SFAP, the applicant shall demonstrate the following:

- a. the SFAP funds requested will be matched by the borrower's own cash resources;
- b. other resources or financing programs are not available to the borrower;
- c. the borrower would be unable to buy the home in question without SFAP assistance;
- d. the request utilizes the program in the most efficient way possible.

II. Eligibility

Eligible applicants are 501(c)(3) non-profit organizations, municipalities, and certain state agencies, as set forth in 10 V.S.A. 303(4).

Eligible borrowers are households with incomes at or below 100% of county or statewide median income, whichever is higher, adjusted for family size, unless VHCB has specifically approved a higher household income for a particular project.

III. Procedure

SFAP funds shall be disbursed on a per unit basis at the time of acquisition. Prior to disbursement, the applicant shall submit the following items, in form and content acceptable to VHCB staff:

- a. a letter stating the amount of the request and addressing the program conditions listed in Ia-Id above;
- b. an affordability worksheet;
- c. copy of the Purchase & Sales Contract for the home;

- d. evidence of resale restrictions to secure perpetual affordability; and
- e. other information as requested by staff.

In addition, VHCB staff shall have the right to reject any application if, in the opinion of VHCB staff, the buyer can afford to purchase an adequate home without the assistance of this program.

A VHCB award letter committing funds shall be sent to the applicant to indicate approval of individual applications. It shall require the authorized signature of the applicant in order to demonstrate that the applicant agrees to use the funds within the guidelines of the Program. If the applicant has not used the funds within six months after the date of the award letter, VHCB reserves the right to decommit the award.

V. Disbursement of Funds to Borrower and Security

SFAP loans shall be disbursed to the applicant on behalf of the borrower at the time of closing on the home. Repayment shall be deferred until transfer or resale of the property. The loan will be secured by a mortgage and evidenced by a promissory note executed by the applicant.

VI. Recapture/Prepayment

The SFAP funds shall be repaid to VHCB in any of the following circumstances: 1) if the homeowner refinances and takes cash out, 2) if the ownership of the property changes due to a divorce or other circumstances, or 3) at the time the house is sold. When the house is resold, if the applicant has another eligible buyer in need of the funds VHCB will consider a request to recycle the funds to assist the buyer. Any such request shall be subject to the criteria and procedure set forth in these guidelines.

The SFAP loan may be prepaid without penalty at any time before sale of the unit but funds must be returned to VHCB.