NEW YORK STATE HELP PHASE II

COMMUNITY STABILIZATION PROGRAM (CSP)

2020 FORMAL APPLICATION GUIDELINES

PLEASE READ CAREFULLY

I. Program Description:

Suffolk and Nassau Counties rank in the top five, respectively, in the number of loans at risk of foreclosure in New York State. A foreclosed and blighted property jeopardizes the stability of communities and undermines other government revitalization efforts. The Community Stabilization Program is designed to acquire and rehab properties in blighted and distressed areas, to revitalize communities, to stabilize local property values and restore economic vitality.

This program sponsored by the New York State Republican Senate Delegation for Long Island proposes to alleviate and reverse the devastating effect on communities of foreclosures, boarded-up and blighted properties. Up to $30,000 in down payment assistance will be provided to income eligible households to purchase eligible single family homes, condos, or co-ops located in Nassau or Suffolk Counties.

II. Grant Assistance:

Under this program, LIHP will provide eligible first-time homebuyers up to $30,000 towards down payment/closing costs for the purchase of an owner-occupied approved single-family home. The funds provided are essentially a zero-interest deferred payment loan that is forgiven after ten (10) years. Homes must be located in either Nassau or Suffolk counties and must be foreclosed, blighted or distressed properties.

III. Program Eligibility:

In order to be eligible to participate in the CSP Program, a first-time homebuyer must meet the income limits described below, homebuyer contribution and have an acceptable credit history as defined by the standards contained in these guidelines. These standards reflect the objective that CSP funds used for homeownership opportunities is affordable to and sustainable by the borrower.

There will be restrictions placed on the homes to maintain affordability upon future home re-sales.
a) **Income Guidelines**  
**INCOME LIMIT:** Combined family income cannot exceed 130% of the AMI established by HUD.  
**2020 INCOME GUIDELINES**  
**NASSAU/SUFFOLK COUNTY**  

<table>
<thead>
<tr>
<th>HOUSEHOLD SIZE</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
<th>8</th>
</tr>
</thead>
<tbody>
<tr>
<td>130% AMI</td>
<td>$112,850</td>
<td>$128,950</td>
<td>$145,100</td>
<td>$161,200</td>
<td>$174,100</td>
<td>$187,000</td>
<td>$199,900</td>
<td>$212,800</td>
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1 Includes all income – overtime, bonuses, pensions, social security, 401K distributions, tips, etc. Total household income minus allowable exclusions cannot exceed the maximum annual income listed above for your household size. The Long Island Housing Partnership (LIHP) must project the income that will be received for the upcoming 12-month period. Tax returns will be required for all household members whose earnings will be used as part of the income qualification. Any person whose earnings will be used to qualify for the program will be required to sign a ‘4506’ tax release form to verify their tax returns with the Internal Revenue Service.

b) **Credit History Standards**  
The following credit history standards will be analyzed in conjunction with income limits to determine program eligibility:

- Applicants must have an overall good pattern of credit behavior including a history of timely payments for rent, automobile and installment loans, credit cards and revolving loans as described below. If a good payment pattern has been maintained, isolated cases of slow/late payments may not disqualify an applicant for program eligibility.
  - Payments on automobiles and installment loans should reflect no late payments in recent 12 months.
  - Payments on revolving loans or credit cards should not have any late payments in recent 12 months.
- Applicants must have a satisfactory income, credit and employment history.
- At a minimum, a bankruptcy must have been discharged at least three years from date of application for assistance and credit re-established in the last 2 years.
- At a minimum, a foreclosure sale or a transfer of title in a deed in lieu of foreclosure must be at least three to five years old from date of application for assistance.
- No outstanding collection accounts or judgments.
- As part of the credit history and mortgage ability review, LIHP will utilize the middle credit score of all borrowers from three national credit repositories. At a minimum this credit score must be at least 580. (Higher credit scores may be required by lenders).
- The credit standards listed above are to determine program eligibility and do not represent a mortgage approval. The applicant is responsible for securing a mortgage approval through a responsible lending institution.
LONG ISLAND HOUSING PARTNERSHIP, INC.

**c) Home Buyer Contribution:**
Applicants, at time that the application is submitted to LIHP, must have a minimum of $3,000 in savings/checking accounts or verifiable liquid assets from their own funds and/or retirement accounts (401k, 403b etc.) to apply towards the down payment/closing costs. **The required $3,000 must be shown in the most recent bank/retirement statements submitted with application.** All statements submitted must show the bank name, account holder’s name and account number with a detailed list of transactions.

d) **Assets:**
Applicants will be permitted to have not more than 50% of the HUD uncapped income limit for a family of four (4) in liquid household assets in checking, savings or investment accounts after closing on a home. The current limit is $49,600. Any amount over $49,600 will be applied toward the purchase of the home before CSP funds are provided to the home buyer. IRAs, 401K’s and other tax sheltered retirement accounts will not be considered in calculating the maximum asset amount.

**IV. Gift Letter:**
LIHP will allow a gift letter from an immediate family member stating that the money provided is in the form of a gift and will not have to be repaid. This letter must be signed, notarized and submitted with the application. This gift contribution **cannot** be used towards the $3,000 minimum home buyer contribution.

**V. Citizenship:**
Each person who will be residing in the home must be a U.S. Citizen or a Qualified Resident Alien. For the purposes of this program, a qualified resident alien is an alien who is lawfully admitted to the United States for Permanent Residence under the Immigration and Nationality Act.

**VI. Applicant Eligibility:**
Applications received shall be evaluated and must be certified as program eligible on a first come, first served basis according to the Application Intake and Approval process in section XII. A letter from LIHP detailing the eligibility or ineligibility will be sent to each applicant after a full review of the applicant has been conducted. Any applicant who does not close on a house within six (6) months of the date of income eligibility letter sent by LIHP **will** be required to have their income eligibility recertified. The recertification process requires that the Applicant resubmit copies of four (4) current consecutive paychecks, two (2) most recent consecutive bank statements, most recent retirement/investments statement for all accounts and federal tax return (if applicable) to determine that they still meet the eligibility requirements of the program.

**VII. First-Time Homebuyer Requirement:**
This program is limited to first-time homebuyers only as described below:
- A **household** that has not owned a home during the three-year period immediately prior to the date of application for assistance is considered a first-time homebuyer.
- Applicants may own vacant land or a vacation timeshare provided that they have not received the benefits of the mortgage interest deduction and/or property tax deduction during the prior three years from date of application for assistance.
LONG ISLAND HOUSING PARTNERSHIP, INC.

- Applicants who do not hold title to a home but did receive the benefits of the mortgage interest deduction and/or property tax deduction during the prior three years from date of application are not considered first-time homebuyers.
- Please contact LIHP with any questions regarding this requirement.

VIII. **Residency Requirement:**

Applicants must occupy the property as their principal residence during the period of affordability. The period of affordability is ten (10) years. Should the Applicant sell the home prior to the expiration of the ten (10) year affordability period, all grant funds must be repaid in full upon completion of sale of said home and on a primary basis. Applicant cannot use the property as a “rental” property or use the property in any manner other than as a primary residence.

IX. **Eligible Housing Types:**

Eligible homes are pre-existing or newly constructed **single-family residences** located within Nassau or Suffolk Counties, occupied as a principal residence and cannot contain any rental units or second kitchens.

Housing types include:
- Single-Family Units
- Town Houses
- Condominiums
- Co-operative Apartments
- Manufactured homes (Must be placed on real property owned or to be owned by the purchaser)
- Residences cannot contain any rental units.

X. **Pre-Purchase Guidelines:**

Applicant cannot have entered into a contract to purchase a home prior to the receipt of an eligibility letter and mortgage counseling from LIHP.

**Homes purchased in a flood zone must have flood insurance.**

XI. **Mortgage Ability & Mortgage Counseling Requirements:**

Applicants must have adequate resources and credit to qualify for a home mortgage. **Eligible applicants are required to attend LIHP’s pre-purchase mortgage counseling.** (This counseling session is **free of charge** and takes approximately two (2) hours. LIHP is a HUD certified mortgage-counseling agency). If you have a copy of a counseling certificate issued by LIHP within the last 12 months, please submit a copy with your application as you may have met the home buyer counseling requirement.
LONG ISLAND HOUSING PARTNERSHIP, INC.

LIHP can assist qualified applicants in securing a mortgage. However, it is the sole responsibility of the applicant to secure a mortgage. Applicants must submit to LIHP all standard documentation required for mortgage processing, including signed copies of the last three years of their Federal Income Tax Returns, W-2 forms, 1099 statements, four (4) most recent consecutive pay stubs, two (2) most recent, consecutive months bank statements (all pages) and investment accounts showing assets needed for down payment and closing costs. This documentation is required for all household members age 18 and over. Applicants should also have a good credit record and stable earnings history.

It is the responsibility of the Applicant to secure a mortgage. Program regulations require that the amount of down payment assistance/closing costs be necessary and reasonable. To meet this requirement, LIHP will conduct a mortgage ability analysis to establish the appropriate amount of down payment assistance/closing costs. A standard of 25% of income for front-end housing cost (principal, interest, taxes and insurance) shall be applied. This amount will be determined based on the applicant’s income and sales price of home. After LIHP has conducted this analysis, any applicant whose front-end housing costs are less than 25% of their income will have their down payment assistance/closing costs reduced to meet 25% standard. Please notify or forward LIHP a copy of the accepted offer and loan application (1003) from lender, as soon as possible, to expedite the mortgage ability analysis.

In addition, all loans to finance the purchase of a home are subject to underwriting as part of the review process. Ratios must fit within the programs parameters shown below for Housing Debt to Income and Total Debt to Income:

<table>
<thead>
<tr>
<th>Ratios</th>
<th>Parameters</th>
</tr>
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<tbody>
<tr>
<td>Front End Ratio: DTI (Housing Debt to Income)</td>
<td>38%</td>
</tr>
<tr>
<td>Back End Ratio: TDTI (Total Debt to Income)</td>
<td>45%</td>
</tr>
</tbody>
</table>

Any loan application that results in a back-end (debt-to-income) loan ratio greater than 45% will not be allowed.

XII. **Restrictions:**

Responsible lending is the practice of ensuring that a homebuyer’s mortgage is sustainable over the long term and does not contain risky loan features that could threaten the homeowner’s ability to meet the obligations of the mortgage.

LIHP has established the following criteria for the homebuyer’s mortgage:

a. The mortgage shall be from an institutional investor, i.e. a state or national bank, state or federal savings and loan association or credit union, cooperative bank, Mortgage Company, trust company, insurance company or other governmental lender.
b. Term of loan for various property types:
   1. Fixed rate loan with a term not to exceed 30 years.
   2. No adjustable rate mortgages.

c. A first mortgage rate of no more than 2 percentage points above the current SONYMA interest rate for the Achieving the Dream Program.

d. Back-end debt/ income ratio of no more than 45%.

e. No pre-payment penalty is allowed.

f. Balloon mortgages are not permitted.

g. “Sub-prime” loans will not be approved.

h. Private mortgages are not permitted.

i. “No Doc” Loans, 100% financing, and 80/20 loans are not permitted.

j. 203K loans are not permitted

k. Non-occupying Co-Borrowers are not permitted.

l. Negative amortization or interest only mortgages are not permitted.

XIII. Application Intake and Approval:

Approval letters will be issued to eligible applicants in the order in which the applications are received on a first come first served basis. Participation in the program after the above criteria has been reached will be at the sole discretion of LIHP based on the availability of grant funds.

Eligible applicants will be required to attend pre-purchase mortgage counseling through LIHP. Upon Successful completion of mortgage counseling the applicant will be issued a Mortgage Counseling Certificate. Only applicants who receive counseling from LIHP will be eligible to purchase a home. Applicants must contact LIHP to schedule the pre-purchase mortgage counseling session.

Any applicant who does not close on a house within six (6) months of the date of income eligibility letter sent by LIHP will be required to have their income eligibility recertified

LIHP recommends that your attorney or representative include a clause in your contract that nullifies it in the event that you are found to be ineligible for the CSP Program.
XIV. **Annual Re-certification:**

For ten (10) years after purchasing the home, a monitoring affidavit is mailed annually to the grant recipient. This affidavit will ask the grant recipient to verify in writing that they are maintaining the following required guidelines:

- They are the current owners of the property or home.
- The property or home is being occupied as their primary residence.
- The property or home is insured and maintained in compliance with the terms of the Note(s) and Mortgage(s)
- No interest in property or home has been sold, rented or transferred
- They must sign the affidavit, have it notarized and return it to LIHP.

Failure to adhere to the terms of the monitoring requirements may result in the immediate recapture of the entire amount of the grant funds previously awarded.

There is a required ten (10) year affordability period for the program, after which the Note & Mortgage will be forgiven, and no repayment is required. **Upon completion of the ten (10) year affordability period the homeowner will be issued a “Satisfaction of Mortgage” from LIHP. Please note that the homeowner will be responsible for all fees associated with filing the Satisfaction of Mortgage at the County Clerk’s Office.**

XV. **Obtaining the Grant Assistance:**

As a condition to obtaining assistance, applicants are required to submit to LIHP the following documents as soon as they are available:

a. Mortgage Counseling Certificate
b. Fully executed Contract of Sale (copy).

c. **Certificate of Occupancy (It is a document certifying a building’s compliance with applicable building codes and other laws, and indicating it to be in a condition suitable for occupancy.)**
d. Mortgage Application (copy): also known as a 1003 form.
e. Appraisal of the Subject Property (copy).
f. Mortgage Commitment (copy).

In order to receive the assistance, eligible applicants will be required to sign a LIHP Note & Mortgage to secure the terms of the grant. Please note those applicants purchasing a co-op will be required to sign a Note & Security Agreement and LIHP will file a UCC-1 statement in order to secure the grant assistance. Before submission, please make sure your application and all accompanying documentation are complete and accurate. Once received by LIHP any changes to your application could place your application at risk of being moved to the end of the application list.
XVI. **Closing:**

Applicant(s) shall send all documents including: Contract of Sale, Mortgage Application (Form 1003), Loan Estimate, Appraisal, Mortgage Commitment, etc. to LIHP. **Please forward documents to LIHP as you receive them. Do not wait until you have all documents.** A minimum of **four (4) weeks** should be allowed between when all signed documents are received by the Long Island Housing Partnership and the date of the closing.

LIHP will notify the applicant’s attorney when funds are available to close. At closing, the recipient will be required to sign the LIHP Note & Mortgage. The Note and Mortgage are subordinate to the prime lender (the institution providing the primary mortgage) and includes an affordability period of ten (10) years. The CSP funds are essentially a deferred payment, non-interest bearing loan, to assist the buyer in a first-time home purchase. If the home is kept in compliance during this time period (10 years), the loan is forgiven and no payments will be required on the loan. Upon completion of the ten (10) year affordability period and assuming the home is in compliance, the applicant may request an “application for satisfaction” from LIHP and the **applicant will be responsible** for any and all fees associated with preparing and filing the satisfaction at the County Clerk’s Office.

Once all legal matters are satisfied a closing will be scheduled by LIHP. **CSP Down Payment Assistance Program monies will be provided to the buyer by LIHP at closing. A LIHP representative will attend all closings, regardless of the funding source.**

XVII. **Formal Application Submittal:**

Households interested in participating in the Program must complete the Formal Application. Before submitting a formal application into this Program, read these guidelines thoroughly.

The Formal Application with documents and $100.00 non-refundable application fee can be completed and submitted by one of the three following methods:

- Applying on-line at [www.lihp.org/csp.html](http://www.lihp.org/csp.html)
  The $100.00 non-refundable application fee is paid through the secure online payment processor transaction. You may submit documents to us via a secure document transmittal form located on our website at [www.lihp.org](http://www.lihp.org) under the “About Us” tab or directly at [https://www.lihp.org/doctransmit.html](https://www.lihp.org/doctransmit.html)
DO NOT FAX OR EMAIL YOUR APPLICATION WITH DOCUMENTS.

- Mailing the Formal Application with documents and $100.00 non-refundable application fee payable to Long Island Housing Partnership to LIHP.

- Submitting in person the Formal Application with documents and $100.00 non-refundable application fee payable to Long Island Housing Partnership to LIHP at:

  Long Island Housing Partnership  
  180 Oser Avenue, Suite 800  
  Hauppauge, NY 11788  
  Attention: Community Stabilization Program

Please note, only completed applications with required documentation and the $100 application fee will be considered for this program.

Fair Housing Laws will be followed. The LIHP staff is available to assist with the application, and answer questions about eligibility requirements. We also provide free mortgage counseling. If you have any questions regarding any of the guidelines, or need language assistance including translation and/or oral interpretation services, please call the Long Island Housing Partnership, Inc. at (631) 435-4710 before applying.

Disclaimer: It is understood that this is not an offer and that terms and conditions may be changed at any time by the Long Island Housing Partnership, Inc., and Affiliates. It is further understood that notices by the Long Island Housing Partnership, Inc., and Affiliates may be made in such manner as Long Island Housing Partnership, Inc., and Affiliates may determine, including solely by advertisement. It is also understood that entry into the lottery is not a guarantee that you meet all program requirements to purchase a home.

PLEASE RETAIN A COPY OF THESE GUIDELINES AS THEY CONTAIN IMPORTANT PROGRAM INFORMATION.