

Opening the Door to Home Ownership

Down Payment Loan Program

WHAT IS THIS PROGRAM?

Since 1990, the Lincoln Housing Authority (LHA) has helped hundreds of families achieve their goal of owning their own home. We do this by helping you with your down payment. The Housing Authority will loan to qualified clients 7.5% of the purchase price of a home, up to a maximum of \$3,750. The loan may be reduced under certain situations. For example, if your down payment is more than 5% of the purchase price of the home, the Housing Authority's loan will be reduced by 1% for each additional \$100 of down payment greater than 5% of the purchase price. The buyer is always required to have at least \$500 of their own equity in the home. The loan is 0% interest and requires repayment upon sale or transfer of the home or upon default of the loan documents.

WHO IS ELIGIBLE?

You must live in public housing or participate in the voucher program AND be enrolled in the Family Self-Sufficiency (FSS) Program and in good standing with both the housing program and the FSS program. You are also eligible if you are a graduate of the FSS program within the past three years, and a current client of LHA or a graduate of the FSS program within the past year if no longer a current client of LHA. It is required that you have been housed with LHA for at least 2 years. You must have a good record of paying rent and utilities in compliance with your lease. Your record must show no lease violations.

ARE THERE CERTAIN HOMES I MUST BUY?

No, the only requirement is that the buyer must reside in the home and the home must be a single family dwelling located in Lancaster County. Manufactured homes must be permanently affixed to land owned by the client.

WHAT ELSE DO I NEED TO KNOW?

You will need to work with your own mortgage lender concerning your specific situation. Inform your lender that you are participating in this program. Be aware that the loan from LHA is secured by filing a deed of trust against the property. This may prevent you from obtaining a home equity loan or line of credit in the future. In the event of a refinance, LHA may subordinate the loan when the refinance is for the purpose of obtaining better terms such as a better rate or home improvements. If the refinancing includes a cash out and/or payment of personal debt, LHA will not, in most cases, subordinate the LHA loan. When LHA does not subordinate the loan, the new lender usually requires repayment of LHA loan so that the new loan will continue to be in 'first position' in the event of a default.

The program requires, in the judgement of LHA, the regular monthly payment under both the mortgage and second mortgage or lien, plus other housing expenses and all recurring charges cannot exceed your reasonable ability to pay. Any mortgage loan requiring a co-signer will not be eligible for the down payment assistance loan.

Prior to receiving the funds, you must sign a Promissory Note, the Loan Agreement, and the Deed of Trust which state the terms and conditions under which the loan assistance will be granted. At the time of the loan, you must voluntarily terminate your lease with LHA, if applicable, as well as all rights to receive any rental assistance. Any lease termination must be in accordance with the lease.

LHA recommends that you work with NeighborWorks for home buyer education and assistance. Information is available from your FSS Service Coordinator.

HOW DO I APPLY?

Complete the form below and mail or deliver it to your FSS Service Coordinator. The form will be turned over to the business office for review. If you are approved, a pre-qualification letter will be sent to you from the LHA business office. Do not assume you have been approved until you receive the letter.



Yes, I am interested in the Housing Authority's Down Payment Loan Program. Please determine if I qualify.

NAME _____ SS# _____

ADDRESS _____ DATE _____

CITY _____ NEBRASKA ZIP CODE _____

PHONE _____ EMAIL _____

HAVE YOU ENTERED INTO PURCHASE AGREEMENT? ___ YES ___ NO CLOSING DATE _____

IF YES, PLEASE PROVIDE NAME OF BANK AND BANKER YOU'RE WORKING WITH _____

