



## DEPARTMENT OF COMMUNITY DEVELOPMENT SERVICES

*Grants Management Division*

### **m e m o r a n d u m**

**TO:** Bruce K. Walden, Chief Administrative Office

**FROM:** Elizabeth Tyler, AICP, City Planner/Director

**DATE:** September 1, 2004

**SUBJECT:** Informational Memorandum for the American Dream Downpayment Initiative (ADDI) Program

---

### **Description**

This memorandum provides information concerning the guidelines, requirements and marketing materials for the American Dream Downpayment Initiative (ADDI) Program.

### **Background**

The Urbana HOME Consortium Technical Committee developed the program requirements and guidelines. The Committee members utilized the parameters set forth by HUD and provisions included in the FY 2004-2005 AAP. A copy of this section of the AAP is attached.

Like other homebuyer programs that the City has utilized, local mortgage lending institutions will drive the administration of the program.

Staff has developed a fact sheet, application, brochure and poster to help implement the new homebuyer program. Staff also prepared an Affidavit of Occupancy, which is designed to meet the Uniform Relocation Act requirements and minimize displacement of tenants. These are attached.

Prior to the “roll-out” of the program, staff will pursue efforts to ensure that persons receiving public housing assistance or living in manufactured housing are made aware of the program. This requirement is set forth in the HUD regulations. Staff will provide the HACC a number of posters and brochures and will attempt to share the same program information with persons residing in local manufactured housing communities.

The Community Development Commission was briefed on the ADDI application, fact sheet and marketing information and shared some excellent suggestions with staff on how to edit the materials to increase readability. These included the limited use of acronyms and related concerns.

Staff anticipates rolling out the ADDI Program the week of September 13, 2004. This will include a press release to area media.

**Memorandum Prepared By:**

---

**Bob Grewe, AICP  
Manager, Grants Management Division**

**Attachments:**

Application - American Dream Downpayment Initiative

Fact Sheet - American Dream Downpayment Initiative

Brochure - American Dream Downpayment Initiative

Poster - American Dream Downpayment Initiative

Affidavit of Occupancy – American Dream Downpayment Initiative

Section of the FY 2004-2005 AAP - American Dream Downpayment Initiative



400 South Vine St.  
Urbana, IL 61801  
(217) 384-2447  
ejbullok@city.urbana.il.us

City of Urbana City of Champaign Champaign County

**ADDI Application**

**Date of Application**

**Customer Name & Phone Number**

**Current Address**

**Address of Property to be Purchased**

**Lender Contact: Name & Phone Number**

**Buyer's Realtor/ Attorney: Name & Phone Number**

**Eligibility Determination**

1. Is the buyer a first-time homebuyer (i.e. has not owned a home in the last three years)?  Yes  No  
**If the NO box is checked, the customer does not qualify for the ADDI program.**

2. Will the homebuyer be utilizing another subsidy that requires a mortgage and note?  Yes  No

If the YES box is checked, answer question 2a:

2a. How will the mortgages and notes for the two subsidies be recorded?

ADDI recorded first

Homebuyer  $\leq$  50.00% MFI; other subsidy recorded first

As the Loan Officer of \_\_\_\_\_ Bank, I do hereby request downpayment assistance for my borrower(s) \_\_\_\_\_ in the amount of \$ \_\_\_\_\_ for the property located at \_\_\_\_\_, IL 6\_\_\_\_\_.  
(number and street) (city)

\_\_\_\_\_  
Loan Officer (printed name) (signature) Date

Complete the following checklist and submit the required documentation attached to this application:

To be COMPLETED PRIOR to commitment of ADDI funds <sup>a</sup> :	Date Scheduled	v (Sent)
Copy of Bank Mortgage Application	N/A	
Copy of last 3 years' tax returns (to verify no homeownership)	N/A	
Copy of Verification of Employment or Verification of Income	N/A	
Copy of Sales Contract	N/A	
To be SCHEDULED or ORDERED PRIOR to commitment of ADDI funds and completed prior to closing:		
HOME Consortium inspection <sup>b</sup>	<i>Scheduled by Consortium</i>	
Copy of Homebuyer Training Certificate <sup>c</sup>		
Copy of Appraisal		
Attendance of a Home Maintenance Workshop <sup>d</sup>		
Copy of Private Home Inspection Report		
Affidavit of Occupancy signed by seller	N/A	

<sup>a</sup> The items listed above must be delivered to the HOME Consortium *prior* to the request for downpayment assistance being processed.

<sup>b</sup> This inspection is to fulfill the Consortium's HUD requirements and is not meant to be comprehensive. A full inspection by a qualified third party is **required** and is the responsibility of **the homebuyer**.

The HOME inspection will be scheduled by the Consortium upon receipt of the completed application. Any deficits or areas of concern noted in the HOME inspection **must** be rectified **prior** to closing (confirmed by a subsequent inspection). In rare cases, this deadline may be extended to 30 days after closing. Such cases must be pre-approved in writing by the HOME Consortium.

<sup>c</sup> Parkland Course or HUD Certified Counselor

<sup>d</sup> City of Champaign Course

Please circle the correct income category for the household size indicated:

FAMILY SIZE	80% MFI	50% MFI	FAMILY SIZE	80% MFI	50% MFI
1 person	<b>\$33,800</b>	<b>\$21,150</b>	5 Persons	<b>\$52,200</b>	<b>\$32,600</b>
2 persons	<b>\$38,650</b>	<b>\$24,150</b>	6 Persons	<b>\$56,050</b>	<b>\$35,050</b>
3 persons	<b>\$43,500</b>	<b>\$27,200</b>	7 Persons	<b>\$59,900</b>	<b>\$37,450</b>
4 persons	<b>\$48,300</b>	<b>\$30,200</b>	8 Persons	<b>\$63,800</b>	<b>\$39,850</b>

2004 MFI Chart- updated 03/01/04 – **Subject to change.**

\*Note: The gross annual household income **must** be below the amount listed in this chart for the corresponding family size.

Please note that income must be calculated based on HUD Part % Definition, which can be found at:

<http://www.hud.gov/offices/cpd/affordablehousing/training/calculator/definitions/part5.cfm>

ADDI *	PURCHASE PRICE LIMIT	
	<i>New construction</i>	<i>Existing home</i>
<i>1 unit (single family home)</i>	\$160,176	\$160,176
<i>2 unit multi-family</i>	\$205,032	\$205,032
<i>3 unit multi-family</i>	\$247,824	\$247,824
<i>4 unit multi-family</i>	\$307,992	\$307,992

PPL Chart – updated 7/27/04; source: FHA Mortgage Limits (<https://entp.hud.gov/idapp/html/hicost1.cfm>), last revised 1/1/04.

\*ADDI funds may only be applied to the cost of the unit in which the homebuyer will reside.



**AMERICAN DREAM  
DOWNPAYMENT INITIATIVE  
(ADDI)  
FACT SHEET**

400 South Vine St.  
Urbana, IL 61801  
(217) 384-2447  
ejbullok@city.urbana.il.us

**City of Urbana** **City of Champaign** **Champaign County**

**Funds Available**

American Dream	Grant Funds	% pop
<b>Downpayment Initiative (FY 03)</b>	\$70,074	
City of Champaign	\$38,401	55%
City of Urbana	\$22,774	33%
Champaign County	\$8,899	13%
<b>Sub Total</b>	<b>\$70,074</b>	
<b>American Dream</b>	\$82,690	
<b>Downpayment Initiative (FY04)</b>		
City of Champaign	\$45,314	55%
City of Urbana	\$26,874	33%
Champaign County	\$10,502	13%
<b>Sub Total</b>	<b>\$82,690</b>	
<b>American Dream</b>		
<b>Downpayment Initiative</b>	<b>Total</b>	<b>\$152,764</b>

**Uses:**  
Downpayment assistance

**Eligibility:**  
Below 80% of the Median Family Income (MFI)  
First-time homebuyer (no home owned in the past three (3) years)  
Homebuyer provides at least 1% of purchase price

**Funding:**  
Eligible homebuyers are provided 5% of the purchase price, not to exceed \$10,000, in the form of a deferred loan<sup>1</sup>.

ADDI funds can be combined with other downpayment or homebuyer assistance programs. In such cases, the mortgage and note for ADDI funds must be recorded *prior to any other subsidies*, unless the homebuyer's income is at or below 50.00% MFI. In such cases, the mortgage and note may be recorded after another subsidy. *In no case, however, may there be more than two mortgages and notes recorded prior to those for the ADDI funds.*

<sup>1</sup> Lenders should be aware of the programs that will and will not consider ADDI funds as a contribution by the buyer.

**Affordability:**

A five (5) year affordability period is required, during which the property must remain the homebuyer's principal place of residence. This will be ensured by a mortgage and note.

**Applicant Requirements:**

Property cannot have housed tenants within 6 months of the proposed sale. (This is necessary to address the requirements of the Uniform Relocation Act. The seller will be required to sign an affidavit affirming that the property was either owner-occupied or vacant for this period.)

Property must meet lead-based paint "Lead-Safe" inspections and applicable local code requirements (see details on checklist).

Property selected must be "single-family housing unit": meaning one- to four-family residence, condominium unit, cooperative unit or a combination of manufactured housing and lot, or manufactured housing lot.

Applicant must have a full inspection of the property done by a certified home inspector.

Applicants must attend homebuyer education, such as the course at Parkland, or other agreed upon curriculum presented by a HUD-certified counselor, and a home maintenance course, such as that offered by the City of Champaign.

Applicant must allow the property to be inspected during the course of the affordability period.

Applicants must be able to obtain a fixed-rate first mortgage from a Community Reinvestment Group lender. The Annual Percentage Rate of the first mortgage cannot be more than 2.5 percentage points above the current fixed rate of Illinois Housing's First-Time Homebuyer Program. (This information can be found at <http://www.ihda.org/>. The rate as of August 19, 2004 was 5.49%.)

**Lender Requirements:**

Participating lenders must agree to help the Consortium reach target populations (i.e., residents of public housing and manufactured housing) by displaying posters, brochures or other program information (provided by the Consortium) and by educating their lending staff about the ADDI program.

Lenders must confirm that the unit falls within one of the eligible jurisdictions of City of Champaign, City of Urbana, or *unincorporated* areas of rural Champaign County.

**Points of Contact:**

City of Champaign:	MaryEllen Wuellner or Kerri Forsyth, 403-7070
City of Urbana:	Connie Eldridge, 384-2447
Champaign County:	Scott Rose, 328-3313

Lenders must complete the ADDI Application with the homebuyer, collect the required documentation, and submit the packet to the HOME Consortium.

## Applicant Requirements

- Total household income must be at or below 80% MFI (see Table 1).
- Applicant (and spouse, if applicable) may not have owned a home in the previous 3 years.
- Applicants must be able to provide at least 1% of the purchase price.
- Applicants must be able to get a mortgage with a participating lender (see list).
- Applicant must complete homebuyer and home maintenance training (see process flowchart for details).
- Applicants must maintain the property as their primary residence for 5 years, during which time, the house may be subject to inspection.

## Eligible Properties

- Home to be purchased must be single family housing.
- Property cannot have housed tenants within 6 months of purchase.
- Property must pass a HOME Consortium inspection.

## Program Information

The **American Dream Downpayment Initiative** program provides first-time homebuyers with a downpayment subsidy in the form of a deferred loan. A first-time homebuyer is one who has not owned a home in the past 3 (or more) years. The deferred loan amount is 5% of the purchase price (not to exceed \$10,000), and may be used for downpayment and closing costs.

## Participating Lenders

BankIllinois

Busey Bank

Centrue Bank

First Federal Savings Bank of C-U

First Mid-Illinois Bank & Trust

First Midwest Bank

Hickory Point Bank & Trust

National City

U of I Employees Credit Union

Union Planters

**Please contact a participating lender with questions or to initiate your application.**

**You may also call 384-2335 with additional questions.**

# American Dream Downpayment Initiative (ADDI)



## Downpayment Assistance for First-Time Homebuyers

A HUD Program brought to you by:



[www.UrbanaHOMEConsortium.org](http://www.UrbanaHOMEConsortium.org)

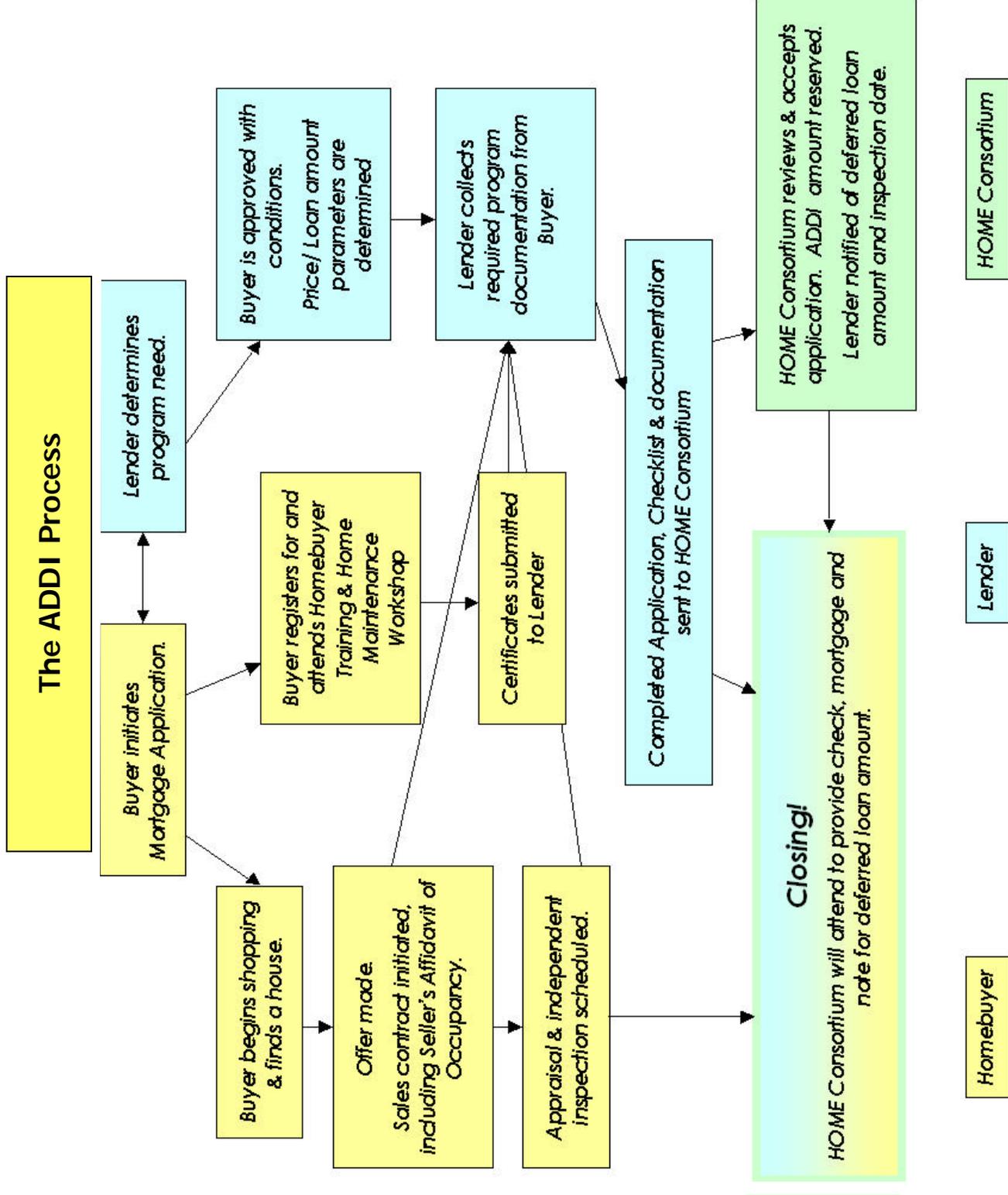


Table 1: Median Family Income & Family Size

Family Size	80% MFI	Family Size	80% MFI
1 Person	\$33,800	5 Persons	\$52,200
2 Persons	\$38,650	6 Persons	\$56,050
3 Persons	\$43,500	7 Persons	\$59,900
4 Persons	\$48,300	8 Persons	\$63,800

**For more information about Parkland's Home Buyer's Seminar, call 351-2546.**

**For more information about the City of Champaign's Home Maintenance Workshop, call 403-7070.**



# American Dream Downpayment Initiative (ADDI)

*Downpayment Assistance for First-Time Homebuyers*

## Program Information

*The American Dream Downpayment Initiative program provides first-time homebuyers with a downpayment subsidy in the form of a deferred loan. A first-time homebuyer is one that has not owned a home in the past 3 (or more) years. The deferred loan amount is 5% of the purchase price (not to exceed \$10,000), and may be used for downpayment and closing costs.*

## Applicant Requirements

- Total household income must be at or below 80% MFI<sup>1</sup>.
- Applicant (and spouse, if applicable) may not have owned a home in the previous 3 years.
- Applicants must be able to provide at least 1% of the purchase price.
- Applicants must be able to get a mortgage with a participating lender\*.
- Applicant must complete homebuyer and home maintenance training<sup>2</sup>.
- Applicants must maintain the property as their primary residence for 5 years, during which the house may be subject to inspection.

**Table 1: Median Family Income & Family Size**

1 Person	\$33,800	5 Persons	\$52,200
2 Persons	\$38,650	6 Persons	\$56,050
3 Persons	\$43,500	7 Persons	\$59,900
4 Persons	\$48,300	8 Persons	\$63,800

<sup>2</sup> •For more information about Parkland's Home Buyer's Seminar, call 351-2546.

•For more information about the City of Champaign's Home Maintenance Workshop, call 403-7070.

## Eligible Properties

- Home to be purchased must be single family housing.
- Property cannot have housed tenants within 6 months of purchase.
- Property must pass a HOME Consortium inspection.

## \*Participating Lenders

BankIllinois

Busey Bank

Centrue Bank

First Federal Savings Bank of C-U

First Mid-Illinois Bank & Trust

First Midwest Bank

Hickory Point Bank & Trust

National City

U of I Employees Credit Union

Union Planters

A HUD Program  
brought to you by:

**URBANA  
HOME  
CONSORTIUM**



Please contact a participating lender with questions or to initiate an application,

OR for more information, visit our website: [www.UrbanaHOMEConsortium.org](http://www.UrbanaHOMEConsortium.org),

OR contact the Urban HOME Consortium:

Erin Bullok  
(217) 384-2335  
[ejbullok@city.urbana.il.us](mailto:ejbullok@city.urbana.il.us)

**Urbana HOME Consortium  
American Dream Downpayment Initiative**

**Affidavit of Occupancy**

**WHEREAS**, the City of Urbana, the City of Champaign, and Champaign County have been jointly designated as a Participating Jurisdiction by HUD for the purpose of receiving HOME Investment Partnership (hereinafter “HOME”) Program funds in the name of the Urbana HOME Consortium; and

**WHEREAS**, the Consortium has elected to allocate a portion of the federal grant funds received from the Title II--Investment in Affordable Housing of HOME Investment Partnerships Act to a local program based on the American Dream Downpayment Initiative (hereinafter “ADDI”) guidelines; and

**WHEREAS**, the ADDI Interim Rule (Federal Register Part VI, 24 CFR parts 91 and 92) has deemed some ADDI funding subject to the Uniform Relocation Act (hereinafter “URA”);

**WHEREAS**, the use of federal funds and the parameters set forth by the Consortium necessitate assurances on the part of the Seller that URA requirements are met;

**NOW, THEREFORE**, to demonstrate compliance with the URA, \_\_\_\_\_ (hereinafter called “Seller”) of the premises commonly known as \_\_\_\_\_, being first duly sworn, state that the subject property has been occupied for a minimum period of at least six (6) months preceding the date of this Affidavit by either the Seller or \_\_\_\_\_ (hereinafter called the “Buyer”) as a tenant of the Seller or was not occupied at all.

*[Remainder of page intentionally left blank]*

**Seller**

\_\_\_\_\_  
Printed Name

\_\_\_\_\_  
Signature

**Seller**

\_\_\_\_\_  
Printed Name

\_\_\_\_\_  
Signature

*Sworn and subscribed to before me this \_\_\_\_\_ day of \_\_\_\_\_, 200\_\_.*

\_\_\_\_\_  
*Notary Public*

*Seal*

The Seller acknowledges that he/she/they is/are subject to penalties for false or fraudulent statements as set forth by U.S.C. Title 18, Section 1001: “Whoever, in any matter within the jurisdiction of any department or agency of the United States, knowingly and willfully falsifies or makes false, fictitious or fraudulent statements or representation, or makes or uses any false writing or document knowing the same to contain any false, fictitious or fraudulent statement or entry, shall be fined not more that \$10,000, or imprisoned not more than five years, or both.”

\_\_\_\_\_  
Seller

\_\_\_\_\_  
Seller

## **F. AMERICAN DREAM DOWNPAYMENT INITIATIVE**

The American Dream Downpayment Initiative (ADDI) was signed into law on December 16, 2003.

### Purpose

Funds will be used to increase the homeownership rate within the geographic area of the Urbana HOME Consortium, especially among lower income and minority households, and to revitalize and stabilize communities. Funding will help first-time homebuyers with the biggest hurdle to homeownership: downpayment and closing costs. Rehabilitation carried out in conjunction with the assisted home purchase may also be considered.

### Type of Assistance

ADDI will provide downpayment, closing costs, and rehabilitation assistance to eligible individuals. The amount of ADDI assistance provided will not exceed \$10,000 or six percent of the purchase price of the home, whichever is greater. The rehabilitation must be completed within one year of the home purchase. Rehabilitation may include, but is not limited to, the reduction of lead paint hazards and the remediation of other home health hazards.

### Eligible Customers

To be eligible for ADDI assistance, individuals must be first-time homebuyers interested in purchasing single-family housing. A first-time homebuyer is defined as an individual and his or her spouse who have not owned a home during the three-year period prior to the purchase of a home with ADDI assistance. ADDI funds may be used to purchase one- to four- family housing, condominium unit, cooperative unit, or manufactured housing. Additionally, individuals who qualify for ADDI assistance must have incomes not exceeding 80% of area median income.

### Planned Use of Funds and Eligible Activities

ADDI funds may be used for downpayment, closing costs and, if necessary, rehabilitation in conjunction with home purchase. ADDI funds used for rehabilitation may not exceed twenty percent of the participating jurisdiction's total ADDI allocation. The rehabilitation assisted with ADDI funds must be completed within one year of the home purchase.

### Plan for Conducting Targeted Outreach

The Urbana HOME Consortium will make efforts to conduct targeted outreach to residents and tenants of public and manufactured housing and other families assisted by public housing agencies, for the purpose of ensuring that ADDI funds are used to provide downpayment assistance for such residents, tenants and families. Efforts may include but not be limited to the following:

Placing brochures, posters and other informational material in the offices, facilities of such housing opportunities and other social service agencies frequented by the families assisted by public housing agencies.

Provide program information to social service agencies that provide services to families assisted by public housing agencies.

Place information on local public access television stations.

Place information on appropriate websites.

Activities Taken to Ensure the Suitability of Families Receiving ADDI Assistance to Undertake and Maintain Homeownership

The Urbana HOME Consortium will require that recipients of ADDI Assistance complete a homebuyer class that will be offered on a regular basis on the Urbana- Champaign community.

Efforts will be also made to incorporate additional information and instruction on home maintenance within the specific home that the participant is purchasing.

Funding

Funding available to the members of the Urbana HOME Consortium is as follows:

<b>American Dream Downpayment Initiative (FY 03)</b>	\$87,593	\$70,074		\$17,519
City of Champaign	\$48,001	\$38,401	55%	\$9,600
City of Urbana	\$28,468	\$22,774	33%	\$5,694
Champaign County	\$11,124	\$8,899	13%	\$2,225
<b>Total</b>	<b>\$87,593</b>	<b>\$70,074</b>		<b>\$17,519</b>
<b>American Dream Downpayment Initiative (FY04)</b>	\$82,690	\$82,690		\$0
City of Champaign	\$45,314	\$45,314	55%	\$0
City of Urbana	\$26,874	\$26,874	33%	\$0
Champaign County	\$10,502	\$10,502	13%	\$0
<b>Total</b>	<b>\$82,690</b>	<b>\$82,690</b>		<b>\$0</b>
<b>American Dream Downpayment Initiative Total</b>	<b>\$170,283</b>	<b>\$152,764</b>		<b>\$17,519</b>

The Urbana HOME Consortium Technical Committee submit that the funding be pro-rated using the same allocation as the HOME funding. This could allow the members of the Consortium to pursue individual homebuyer programs or pool their respective funding if they desire.