



HOMEBUYER ASSISTANCE PROGRAM

ASSISTANCE POLICY & UNDERWRITING GUIDELINES

July 1, 2025 – June 30, 2026

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Forsyth County Government Center

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FORSYTH COUNTY
Homebuyer Assistance Program
Assistance Policy & Underwriting Guidelines

ASSISTANCE POLICY

1.0 PROGRAM OBJECTIVE

The Forsyth County Homebuyer Assistance Program provides assistance to low- and moderate-income persons and families for the purchase of their first home. Homeownership is essential to achieving the American dream, creating stable and thriving communities as well as inter-generational wealth for families. Forsyth County's Community & Economic Development department's program objective is to:

- provide thorough knowledge of homeownership through homebuyer education and counseling,
- ensure that the homebuyer is ready to acquire housing and can sustain homeownership, and
- assist with funding deficiencies by providing down payment and closing cost assistance to allow homebuyers to purchase affordably.

These objectives are accomplished by working with local Lenders, Realtors, and Forsyth County's Partners in Educating Future Homebuyers:

Center for Homeownership

7280 North Point Blvd., Suite #100, Winston-Salem, NC 27106

www.financialpaths.org/homeownership

336-773-0286

Housing Foundation of America, Inc.

122 N. Elm Street, Suite #525, Greensboro, NC 27401

www.homeapproved.org/live-workshops

336-780-7530

2.0 FUNDING SOURCES AND AVAILABILITY

2.1 FUNDING AVAILABILITY

- i. Funds are provided by the United States Department of Housing and Urban Development (HUD). HUD's HOME Investment Partnership Program funds are awarded to the Winston-Salem/Forsyth County Housing Consortium to administer the County's Affordable Home Ownership Program (AHOP). The County's grant period is July 1 – June 30 each year. Funds are processed and disbursed on a first-come, first-served basis to eligible homebuyers until program funding is depleted.

AHOP-HOME funds are available to eligible buyers for the purchase of existing and new construction properties located within Forsyth County, including the city limits of Winston-Salem, with a maximum household area median income (AMI) of 80% and a maximum purchase price within HUD limits.

- ii. Funds are provided through the North Carolina Housing Finance Agency (NCHFA). Agency funds are awarded to Forsyth County through the Community Partners Loan Pool (CPLP) program. The County's grant period is January 1 – December 31 each year. Funds are processed and disbursed on a first come, first served basis to eligible homebuyers until program funding is depleted.

CPLP funds are available to eligible buyers for the purchase of existing and new construction properties located within Forsyth County, including the city limits of Winston-Salem, with a maximum household area median income (AMI) of 80% and a maximum purchase price within HUD limits.

- iii. Funds are provided through the County's Interlocal Agreement with the City of Winston-Salem. Community Development Block Grant (CDBG) funds and HOME Investment Partnership (HOME) funds are awarded to the City of Winston-Salem through the United States Department of Housing and Urban Development (HUD). The City of Winston-Salem contracted Forsyth County to administer these HUD funds during the period of September 21, 2023 to June 30, 2026. Funds are processed and disbursed on a first-come, first-served basis to eligible homebuyers until program funding is depleted.

These contracted funds are exclusively for existing and new construction properties located within the city limits of Winston-Salem.

2.2 LEVERAGED FUNDING/OTHER FUNDING SOURCES

Any other funding sources used in the purchase transaction must have a firm, written commitment, and must be disclosed on the offer to purchase contract and/or residential mortgage application or other approved written documentation with all terms, conditions, or applicable amendments disclosed.

3.0 AMOUNT OF ASSISTANCE

3.1 FUNDING AMOUNT(S)

The amount of program assistance is based upon income, household size, and the homebuyer's needs. Eligible homebuyers may receive up to \$90,000 for down payment and closing cost assistance in any area within the Forsyth County limits. Eligibility factors will apply.

Factors used in determining assistance amounts:

- Homebuyer financial resources
- Contract purchase price [Note: May not exceed HUD Maximum Sales Price Limit]
- Debts
- Other source funding availability
- Loan program type
- Seller contribution
- Loan discounts/fees
- Housing and Debt-to-Income Ratios

3.2 MAXIMUM ASSISTANCE AMOUNT

Unless special circumstances or programs apply, the maximum amount of assistance that may be awarded to an eligible buyer is \$90,000 [AHOP-HOME maximum \$40,000 and CPLP maximum \$50,000]; the program will only provide the minimum amount of funds necessary to qualify for a loan. The Housing Loan Officer will use the loan and/or closing-cost estimate, provided by the lender, to confirm the minimum amount of funds needed for the homebuyer to qualify for a loan. The County's financing cannot exceed 25% of the purchase price.

FCCED has the following funding assistance options for eligible homebuyers:

- Up to \$40,000 or twenty-five percent (25%) of the sales price, whichever is less from the AHOP-HOME funds.
- Up to \$50,000 or twenty-five percent (25%) of the sales price, whichever is less from the CPLP funds.
- Up to ten percent (10%) of the sales price when used in combination with a USDA Rural Development 502 loan (Direct Purchase and Construction-to-Permanent).

3.3 MINIMUM ASSISTANCE AMOUNT

The minimum amount of assistance allowable to an eligible buyer is \$1,000.

4.0 ELIGIBILITY

To qualify for assistance, buyers must meet the preliminary eligibility criteria as follows:

4.1 FIRST-TIME HOMEBUYER STATUS

The homebuyer must meet one of the following criteria per HUD/FHA guidelines:

- An individual who has had no ownership in a principal residence during the 3-year period ending on the date of purchase of the property. This includes a spouse (if either meets the above test, they are considered first-time homebuyers).
- A single parent who has only owned with a former spouse while married.
- An individual who is a displaced homemaker and has only owned with a spouse.
- An individual who has only owned a principal residence not permanently affixed to a permanent foundation in accordance with applicable regulations.
- An individual who has only owned a property that was not in compliance with state, local or model building codes and which cannot be brought into compliance for less than the cost of constructing a permanent structure.

4.2 PRIMARY RESIDENCE

The homebuyer must occupy the home as a principal residence during the loan term. A declaration of restrictions will be signed at closing acknowledging this condition. Sale or rental of the property will be an event of default of the loan terms. Homebuyers must occupy the property within 60 days of signing the security instrument at Closing.

4.3 INCOME LIMIT

The homebuyer's household total compliance income cannot exceed 80% of the Area Median Income (AMI) for the Winston-Salem HUD Fair Market Rate (FMR)

Area. Income limits are published annually by HUD.

80% AMI threshold limits for 2025 are listed below and are subject to annual updates.

1 person	2 person	3 person	4 person	5 person	6 person	7 person	8 person
\$48,550	\$55,500	\$62,450	\$69,350	\$74,900	\$80,450	\$86,000	\$91,550

Effective June 1, 2025

Current income limits are also available [online](#) or by contacting program staff.

5.0 GENERAL PROGRAM REQUIREMENTS

The Homebuyer Assistance Program purpose is to provide financial assistance to eligible homebuyers to aid in achieving affordable homeownership. Federal funds may be utilized for down payment and closing costs. These funds are provided by the Housing and Urban Development (HUD), Winston-Salem/Forsyth County Housing Consortium, North Carolina Housing Finance Agency (NCHFA), and Forsyth County. To ensure the program operates effectively and equitably, the following general requirements apply:

5.1 PROGRAM LIMITATIONS

Assistance is available only for first-time homebuyers, as defined by HUD guidelines. Properties purchased must be located within Forsyth County's Tax Jurisdiction. Combined maximum CPLP and AHOP-HOME assistance amounts are not to exceed \$90,000 per household. Assistance is limited to single-family homes, townhomes, or FHA-Approved condominiums, NEW Manufactured and NEW Modular homes that meet HUD's property standards. An eligible homebuyer's total household compliance income must not exceed 80% of the Area Median Income (AMI) for Forsyth County, NC.

5.2 HOMEBUYERS EDUCATION CLASS

Completion of an 8-hour HUD-approved homebuyer education class conducted by a HUD-approved agency and Instructor is mandatory for all program participants. Proof of completion must be provided before funds are disbursed. Classes can include topics such as budgeting, understanding mortgages, and home maintenance. Participants must complete the Home Maintenance course conducted by County staff.

Additionally, a 2-hour one-on-one homebuyer consultation with a HUD-certified counselor must be completed for approval of CPLP funding.

5.3 PREFERRED LENDERS & REALTORS

Homebuyers are encouraged to work with Lenders that have completed the annual Lender & Realtor training workshop hosted by Forsyth County's CED Department. Preferred Lenders and Realtors are vetted to ensure compliance with program requirements and fair lending practices. A list of Preferred Lenders & Realtors will be provided upon request.

5.4 REAL ESTATE REPRESENTATION

Participants are encouraged to work with a licensed Real Estate Broker. Brokers must adhere to ethical practices and standards required by the NC Real Estate

Commission, including full disclosures/representations of property conditions and buyer representation. Homebuyers may use Brokers of their choosing, provided the Broker is not affiliated with any predatory practices. Matters involving violations, unethical practices and representations will be referred to the NC Real Estate Commission.

5.5 FAIR HOUSING/FAIR LENDING

All program activities must comply with the Fair Housing Act and Equal Credit Opportunity Act. Forsyth County CED does not discriminate on the basis of race, color, religion, national origin, ancestry, age, sex, familial status, physical handicap or disability in its employment opportunities, programs, services or activities. The program will take proactive measures to prevent and address housing discrimination. Complaints related to Fair Housing, Fair Lending or Equal Credit Opportunities will be referred to the appropriate Regulatory Agency(ies).

5.6 INTERPRETATION/TRANSLATION

Interpretation and translation services will be made available to program participants with limited English proficiency (LEP). Written materials will be translated into Spanish as needed to ensure accessibility. Requests for language assistance can be made at any stage of the program.

NOTE: Identification or Request for translation services other than Spanish will be accommodated as needed.

6.0 QUALIFYING LOANS

6.1 LOAN TERMS

The terms for both AHOP-HOME and CPLP down payment assistance programs are 0% "Silent" loans with repayment deferred for thirty (30) years provided the purchaser continuously resides in the property as their primary residence during the Affordability Period per HUD guidelines. The loan is repayable when the 1st mortgage has been paid in full, upon transfer of title, cash-out refinance, foreclosure, default or death of borrower.

NOTE: If home is inherited by an income-eligible heir, the loan may roll over or a new loan may be issued.

*Down payment, closing cost, and/or gap financing subject to change without notice based upon funding availability.

6.2 LOAN TYPES

FCCED provides down payment assistance with the AHOP-HOME (Affordable Homeownership Opportunity Program) funds. The funds are provided by Housing and Urban Development (HUD) to the Winston-Salem/Forsyth County Housing Consortium.

FCCED provides down payment assistance with CPLP (Community Partners Loan Pool) funds provided by NC Housing Finance Agency.

6.3 ELIGIBLE EXPENSES & CLOSING COSTS

The down payment may be utilized for the costs of acquiring single family housing and the reasonable, but necessary soft costs incurred by the homebuyer that are associated with the financing of the property. Necessary soft costs include those items that are incidental to the purchase of the property and may include:

- Processing and settlement costs
- Lender origination fees, max 1.5% of the loan amount
- Credit reports
- Fees for title evidence
- Fees for recordation and filing of legal documents
- Appraisal fees
- Escrow accounts to pay for up to 6 months of real estate taxes and one year of hazard insurance (homeowner's insurance)
- First-time Homebuyer Education fee(s)

6.4 INELIGIBLE EXPENSES

The down payment assistance may not be used for the following Costs or Expenses:

- Due Diligence or Earnest Money Deposits
- Professional Home, Radon, Pest or Lead-based Paint Inspections
- Costs related to Structural Inspections
- Property repairs or escrow holdback
- Delinquent taxes, fees, and other charges that are the Seller's responsibility
- Costs related to new construction of housing
- Rental assistance
- Costs related to relocation or moving
- Costs related to Utility transfer or start-up

6.5 HOMEBUYER REFUND AT CLOSING

Borrowers cannot receive funds back at closing that exceed \$2,500 regardless of amount contributed from any source. All down payment funds must be used for Down Payment or Closing Expenses. Cash back above \$2,500 must be applied towards reducing the principal balance of either the AHOP-HOME or CPLP loans. Also, any cash back at closing must receive prior approval.

7.0 CALCULATION OF INCOME

Homeownership frequently requires funds to maintain the home and respond to unforeseen repairs or other household expenses. Borrowers must be able to demonstrate that they will have adequate residual monthly income after all housing expenses (payment, interest, taxes, insurance, maintenance, HOA, utilities, maintenance), revolving debts, and childcare expenses are considered.

7.1 WHAT IS ANNUAL INCOME?

Annual income is defined as the gross annual income of all adults expected to live in the residence being financed, including income received by a household member who is 18 years of age or older (except a full-time dependent student).

While some lenders gross up non-taxable income (*i.e., calculating a higher household income because of non-taxable income*) for the borrower, FCCED does not allow grossing up of qualifying or compliance income to meet

program ratios.

To demonstrate that a borrower has sufficient income stability, FCCED follows insurer guidelines (FHA, Fannie Mae/Freddie Mac, USDA, VA) for the first mortgage product the borrower is using. FCCED prefers to review two (2) years of consistent income, without gaps in employment or income, plus education history supported with W2s or profit and loss statements for those self-employed.

Annual income is the anticipated gross annual income from all sources received by all borrowers and household members, including all net income derived from assets for the 12-month period following the effective date of certification of income, exclusive of certain types of income as defined in [24 CFR 85 \(the Federal Regulations governing the HOME Investment Partnerships Program\)](#), [24 CFR 5.609 \(the Federal Regulations governing the Section 8 Definition of Annual income, which also lists income “Inclusions” and “Exclusions”\)](#), and [24 CFR Part 570 \(the Federal CDBG \[Community Development Block Grant\] program regulations\)](#). Compliance income is the anticipated projected future income based on current circumstances, which may include a recent job loss, a change in marital status, a recent promotion, etc. The twelve (12) month projection is calculated regardless of its likelihood to continue. If it is not feasible to anticipate a level of the income over a twelve (12) month period, the income anticipated over a shorter period may be annualized, subject to a re-determination at the end of the shorter period.

Exceptions: Certain temporary income changes, such as one-time bonuses, seasonal income, or mandatory over-time may not result in disqualification if they do not reflect sustained earnings. Exceptions will be evaluated on a case-by-case basis.

7.2 DETERMINING ANNUAL INCOME

FCCED calculates the Compliance Income for all homebuyers. The AHOP-HOME and CPLP down payment programs differ from other lender underwriting with respect to borrower eligibility requirements, calculating the household income (versus qualifying income), and timing of the approval process. The maximum household income must not exceed 80% of the Area Median Income adjusted for household size.

Unlike some loan programs which may calculate earned income or base income only for program eligibility purposes, FCCED requires that all income, both earned and unearned, be included for all household members over 18 years of age (**documented full-time students are exempt*).

7.3 VERIFICATION & TIMING OF INCOME

Income eligibility for FCCED homeownership assistance must be verified within six (6) months of closing or at the time of sales contract execution in the case of a home that is being built for the homebuyer takes longer than 6 months to construct. For ratios and demonstrating ability to repay, verification of employment/income would need to be resubmitted within 60 days of closing if underwriting review occurred at an earlier point due to construction.

For a standard purchase loan, verification of employment/income documents must be dated no more than 90 days prior to loan closing, or else recertification will be required. It is therefore advisable to make a preliminary determination of income level as early as possible. If a household is near the 80% of the Forsyth County Area Median income threshold, be advised that increases to the applicant's household income prior to loan closing could cause the homebuyer to exceed the maximum income limit for program eligibility if the process takes longer than six (6) months.

7.4 REQUIRED THIRD-PARTY DOCUMENTATION

Third-party written verification of all household members over the age of 18 is required and will be used to determine total household annual income. Household members with no income will be asked to sign an *Affidavit of Zero Income*. If a household member over the age of 18 is a student, a current transcript or proof of enrollment from the school must be provided.

Calculated income must be supported by applicable third-party documentation such as:

- W-2 forms
- Verification of employment/income forms
- Minimum of 60 days of Year-To-Date (YTD) earnings not more than 90 days old
- Child support decrees - In cases where child support has been ordered, but not paid, on behalf of children in the household, the file must contain a statement to that effect.
- Documentation of payment history from child support enforcement authorities
- Divorce decrees and/or absolute judgements
- Filed Separation Agreement (recorded Free Trader language)
- Award letters for Social Security Benefits
- Award letters for Social Security Disability
- Award letters for Supplemental Security Income
- Documentation of full-time student status from educational institution
- Payroll ledgers
- Section 8 vouchers (Home Ownership Program)
- Year-to-date Profit & Loss statement and previous 2 years of tax returns (**for Self-Employed only*)
- Payments received for the care of foster children (reviewed on case-by-case basis as needed)

7.5 ASSISTANCE DENIAL - INCOME

Assistance may be denied if a homebuyer's household compliance income increases above the program's eligibility threshold 80% of the Area Median Income (AMI) at any point prior to final approval or the disbursement of funds.

- i. Notification of Ineligibility - Homebuyers whose income exceed program limits will receive written notification, as well as their respective lender and realtor, detailing:
 - The reason for ineligibility/denial.
 - Information about other potential resources or programs that may assist them.

7.6 APPEALS PROCESS - INCOME

Homebuyers who believe their assistance was denied in error may submit a written appeal to forsythfthb@forsyth.cc within 5 days of receiving notification. Appeals will be reviewed by program administrators, and a decision will be communicated in writing within five (5) business days.

8.0 ASSESSMENT OF HOMEBUYER'S ABILITY TO PURCHASE

FCCED's responsible lending practices are to ensure the homebuyers' ability to repay the mortgage and sustain the purchased home comfortably while being good stewards of the provided government funds. Therefore, it is our responsibility to determine the appropriate amount of assistance for the homebuyer.

NOTE: The maximum amount of assistance may not be provided – only the reasonable and necessary amount to meet program compliance standards.

8.1 CREDIT

The homebuyer must be a reasonable credit risk with a minimum credit score of 600 for AHOP-HOME and a minimum credit score of 640 for CPLP (660 for new manufactured homes). Buyers with a middle credit score less than 640 are not eligible for CPLP participation.

The homebuyer must be able to obtain an affordable mortgage that is not more than one percent (1%) higher than NC Housing Finance Agency published rates. Non-traditional credit may be accepted.

For buyers with two credit scores, FCCED will use the lower of the two scores.

8.2 HOMEBUYER RATIOS

- i. **FRONT-END RATIO** – The homebuyer's Housing Ratio or "**Front-End Ratio**" is defined as the sum of their Principal, Interest, Taxes, and Homeowner/Hazard Insurance, Mortgage Insurance [if applicable] and any Homeowners Association Dues/Fees divided by their monthly income. If utilizing the County's AHOP-HOME funds, the front-end ratio must be between 20% and 33% of the household's monthly income. If utilizing NC Housing Finance Agency CPLP funds, the front-end ratio must be between 25% and 33% of the household's monthly income. Downpayment assistance may be reduced to ensure that the borrower(s) is contributing at least the minimum percentage toward their monthly housing payment to avoid over-subsidizing.

NOTE: Housing ratios should be no higher than 1% above the guidelines established with compensating factors.

- ii. **BACK-END RATIO** - The homebuyer's total Debt-To-Income (DTI) or "**Back-End Ratio**" cannot exceed 45% of their total monthly qualifying income. This means that after the total monthly housing payment is added to all other debts (*i.e., consumer credit debt, car loans, student loans*), the total of those payments cannot exceed 45% of their monthly household income. This applies to the utilization of both AHOP-HOME and CPLP funds.

NOTE: The maximum DTI for a NC Home Advantage Mortgage_{TM} is 45%. The maximum DTI for a USDA 502 Direct loan is 41%.

When the homebuyer's DTI ratios raise underwriting concerns, FCCED may calculate a cashflow analysis to determine homebuyer's repayment ability. Homebuyers will be evaluated on a case-by-case basis and the following compensating factors examined, including but not limited to:

- Strong cash reserves after closing
- Strong cash flow after paying other living expenses
- Mortgage payment is significantly lower than the buyer's current rent
- Consistent work history
- Part-time or self-employment earnings that do not have the tenure yet to be included in qualifying income
- Home Owner Association (HOA) that maintain exteriors, Energy Efficiency certifications, or other enhancements that lower ongoing cost to live in home

8.3 STUDENT LOAN DEBT

For outstanding Student Loans, regardless of payment status, FCCED will use the following in calculating their total monthly debt:

- The payment reported on the credit report or the actual documented payment, when the amount is above zero; or
- 0.5 percent of the outstanding loan balance, when the monthly payment reported on the Borrower's credit report is zero.
- No payments will be included in debt calculation for deferred, forgivable student loans when documentation is provided from the student loan servicer/provider.

8.4 INDIVIDUAL DEVELOPMENT ACCOUNT (IDA) MATCHING FUNDS

FCCED collaborates in operating an Individual Development Account (IDA) with Experiment in Self-Reliance, Inc., Financial Pathways of the Piedmont/Center for Homeownership, ASPIRE, Habitat for Humanity-Forsyth, as well as participating Lenders and Realtors interested in sponsorship opportunities solely benefiting the program.

The IDA funds are matching grant funds provided to the approved homebuyer not to exceed \$4K. All IDA matching funds will be available at the loan closing and reflected on the Closing Disclosure.

9.0 PROPERTY REQUIREMENTS

FCCED provides homeownership assistance to eligible homebuyers purchasing homes that are located within Forsyth County, North Carolina.

9.1 MAXIMUM PROPERTY SALES PRICE & PROPERTY VALUE

To be eligible for down payment assistance, the MAXIMUM Sales Prices may not exceed the limits set by HUD for Forsyth County, NC. The Maximum Sales Price limits are published annually.

FCCED requires that eligible properties have an appraised value equal to or greater than the sales price. All properties must also have an appraisal that has been conducted within six (6) months of closing to document value.

9.2 ELIGIBLE PROPERTY TYPES

Eligible properties can be new or existing single family, stick-built homes or modular

homes; new manufactured homes built to HUD Code on permanent foundations; and townhouse or condominium units (condominiums must be Fannie Mae Approved when applicable). Federal regulations pertaining to manufactured homes may be referenced in the following Codes:

[1] Code of Federal Regulations 24 CFR 92.251(e)

[2] Code of Federal Regulations 24 CFR 203.43f (c)(i)

NOTE: Minimum middle credit score for new manufactured homes is 660.

9.3 NEW CONSTRUCTION/UNSOLD BUILDER INVENTORY

Newly constructed homes must obtain a Certificate of Occupancy (CO) before the homebuyer can close on the home with down payment assistance. Homebuyers are never discouraged from obtaining a professional home inspection on new construction. Newly constructed homes that have been unoccupied for less than 12 months are eligible. However, if the property has been unoccupied for more than 12 months, the property will be classified as an existing home, even if never occupied, and will require additional housing inspections. (*see Existing Construction section)

9.4 EXISTING CONSTRUCTION

All existing homes must pass required property inspections. Copies of Inspection Reports must be submitted with request for down payment. Needed repairs or replacement must satisfactorily address health, safety, deferred maintenance, and durability issues for the homes to be eligible for assistance.

9.5 INSPECTIONS

All homes must meet HUD Property Standards. Property Standards ensure the following deficiencies threatening the property or buyer are adequately addressed:

- All threats to health and safety of the buyers (i.e. trip hazards, air quality, security, windows that do not stay raised when opened, doors that do not securely lock/unlock, electrical, plumbing)
- All major deferred maintenance issues
- FCCED discourages the purchase of properties where the homebuyer is responsible for maintaining the access road to the property. However, we will consider properties with a Private Road Maintenance Agreement
- Energy efficiency whenever possible (i.e. double-paned windows that have lost their seal/fogged, inadequate insulation)

NOTE: Items related to cosmetic issues differ from the above and are not related to the property standards entailed.

All inspections are the financial responsibility of the buyer.

- i. New Construction/Unsold Builder Inventory –
 - a. A Certificate of Occupancy (CO) must be obtained prior to purchase on all new construction homes.
- ii. Existing Construction – The following inspection must be conducted prior to closing on existing properties:
 - a. Home Inspection – performed by a licensed NC Home Inspector. The home inspection should cover the functionality of building systems and relative age of these systems. The home inspection should also document the age, based on manufacturer label of all major equipment and systems, including but not limited to water heater, HVAC system,

roof and exterior.

NOTE: There may be additional inspections required, such as Septic, Well or Structural.

- b. Radon Inspection
 - c. Pest Inspection
 - d. Forsyth County Minimum Housing Code Inspection – A Code Enforcement Inspector must inspect the house and confirm that it meets these minimum standards. There is no charge for the Forsyth County Inspection.
- iii. Pre-1978 Homes - Existing houses built before 1978 must not have any Lead-Based Paint hazards / Defective Paint / Peeling Paint / Chipped Paint. Homes built before 1978 require additional inspections.
- a. FCCED will only consider the purchase of pre-1978 homes that have passed one of the following inspections/assessments:
 - i. Visual Assessment* demonstrating no deteriorating paint above HUD's [De Minimis level for lead-based paint under HUD's Lead Safe Housing Rule.](#)
*minimum requirement
 - ii. Lead-based paint inspection including visual assessment documenting the condition of any paint found containing lead
 - iii. Lead-based paint Risk Assessment
 - 1. A Clearance Report must be obtained if lead-based paint hazards are identified.

*See Lead-Based Paint Visual Assessment Introduction & Forms

Re-inspections serve as proof of repairs and are required before a loan can be approved.

9.6 ASSISTANCE DENIED – PROPERTY

- i. Assistance may be denied if a property does not meet the Minimum Property Standards required by HUD ([24 CFR 200.926](#))
- ii. Notification of Ineligibility
 - a. Buyers who have selected a property that fails to satisfy the minimum property standards will receive written notification, as well as their respective lender and realtor, detailing:
 - i. The reason for ineligibility/denial.
 - ii. Reminder of program's required property standards

10.0 UNDERWRITING GUIDELINES

10.1 ASSET LIMITATIONS & AVAILABLE ASSETS

For eligibility purposes, all asset information must be listed on application documents. The asset limit is \$5,000 in liquid assets (including gifts) for AHOP assistance. There is no asset limit if utilizing CPLP funds. This does not include long-term retirement savings (i.e. pension, 401k and IRA accounts, or life insurance with a cash value).

10.2 GIFT FUNDS

Gift funds may be used against the purchase price and/or closing costs and are acceptable. The applicant must provide an executed gift letter and all additional supporting documentation required by the first mortgage lender. Forsyth County

staff may decrease the amount of subsidy based on the buyer's amount of gift funds.

10.3 HOUSING CHOICE VOUCHER (HCV) – ASPIRE (formerly known as HOUSING AUTHORITY OF WINSTON-SALEM)

Buyers participating in ASPIRE's Housing Choice Voucher may utilize a voucher. The amount of the HCV is not counted towards qualifying income; however, the HCV amount will be counted as a subsidy reducing the principal interest, taxes and insurance (PITI).

11.0 LOAN CLOSING

All loan closings must be conducted by a licensed Attorney located within the Winston-Salem/Forsyth County jurisdiction.

11.1 LIEN SECURING PROGRAM FUNDS

Downpayment assistance funds are secured by a Deed of Trust with Deed Restrictions and a Request for Notice with lien priority given based upon the amount of assistance provided. Deed of Trust, Deed Restrictions, and Request for Notice(s) will be filed with the Forsyth County Register of Deeds.

11.2 DPA FUND DISBURSEMENT PROCESS

All downpayment assistance funds are disbursed to the closing attorney at the loan closing.

11.3 OTHER REQUIRED PROGRAM DOCUMENTATION

Closing disclosures, buyer written agreements, promissory notes, and acknowledgements of loan terms will be collected at closing.

11.4 SECOND & THIRD MORTGAGEE CLAUSE

Based upon the funding source being utilized, the homeowner's insurance declaration must list Forsyth County Community & Economic Development as additional lien holder.

11.5 FLOOD INSURANCE

Flood insurance is required in North Carolina if your property is in a high-risk area and your mortgage is from a government-backed lender. However, even if your lender doesn't require it, you should consider purchasing flood insurance if you live in a moderate- or high-risk flood zone

12.0 LOAN POLICY

12.1 LOAN DEFAULT

If during the loan term any of the following events occur, the downpayment assistance becomes due and payable:

- Once the first mortgage has been paid in full,
- Sale or transfer of the property,
- Change in owner-occupancy status, and/or
- Default on first mortgage.

The homebuyer must contact Forsyth County staff for the pay-off amount and pay-off instructions.

12.2 REFINANCING/SUBORDINATION

Homebuyers may refinance with prior County approval. Consideration for loan subordination is subject to review and approval and is completed only when the new loan terms are reasonable.

Contact Forsyth CED staff for refinancing guidance, homeowner subordination policy guidelines, or payoff amount and terms.

12.3 AFFORDABILITY PERIOD/RECAPTURE PROVISION

The Affordability Period is the time in which a property must remain affordable to eligible households. The period of affordability shall in no event be less than the required minimum period of affordability under the applicable Program Regulations, which is thirty (30) years. The period of affordability is automatically terminated in the event of transfer of title. See [24 CFR § 92.254\(a\)\(5\)\(i\)\(A\)](#). In the event the buyer transfers the sale of the property, FCCED shall have the right to demand the loan be paid in full.

FCCED shall follow the Recapture Provisions as defined by HUD, recouping the downpayment assistance funds once an assisted buyer is no longer residing in the principal residence as required by [24 CFR 92.254\(a\)\(4\)](#)

12.4 LOAN ASSUMPTION

Only heirs or devisees, in the event of the death of the buyer/sole owner or both owners in entirety, may assume loans. Heirs or devisees may assume the property so long as they complete the application process and are deemed eligible for assistance.

12.5 SHORT SALE/FORECLOSURE

For those buyers facing foreclosure or considering a short sale, Forsyth CED must be notified. Forsyth CED will assist the buyer with resources and discuss how this action will impact terms and conditions of program funding. Forsyth CED will make the appropriate referral to a HUD-approved housing counseling agency.

12.6 INSURANCE CLAIMS

Homeowners insurance must be obtained. In the event of a claim, Forsyth CED may be listed on the insurance check as a loss payee dependent upon lien position. If the senior lender does not take responsibility for escrowing the check and monitoring the repairs, the County may take on that role, and any unused balance may be applied to the County's loan.

13.0 EXHIBITS & FORMS

- Intake Checklist
 - Verification of Employment – *Sample*
 - Income Tax Affidavit - *Sample*
- Deed of Trust – *Sample*
- Declaration of Deed Restrictions – *Sample*
- Promissory Note – *Sample*
- Request for Notice - *Sample*
- Property Inspections
 - Lead-Based Paint Visual Assessment Introduction & Forms – *Sample*

14.0 NEIGHBORLY PORTAL – PARTICIPANT PORTAL GUIDE

15.0 DEFINITIONS

- **Affordability Period:** The time during which a property must remain affordable to eligible households.
- **Applicant:** A person or family that has applied for housing assistance.
- **Appraisal:** An estimate of a home's market value based on comparable recent sales in the home's immediate area or neighborhood conducted by a professional appraiser.
- **Appraiser:** An individual duly licensed by the state of North Carolina to complete the Appraisal.
- **Area Median Income (AMI):** Household income adjusted by family size for a given areas as calculated by the United States Department of Housing and Urban Development (HUD).
- **Award Commitment Letter:** Notification sent to an Applicant and if applicable, Co-Applicant indicating the action of reserving funds that are conditionally awarded to the Applicant as the second mortgage which can be applied for purchasing a specific dwelling unit. It is a pre-obligation. It is not legally binding and normally valid for 60 days.
- **Back-End-Ratio:** Also known as the Debt-to-Income Ratio, is the percentage that expresses the relationship between a borrower's total monthly obligations (including the total mortgage payment) and their gross income.
- **Closing Cost:** Ordinary and reasonable expenses above the sales price of the property incurred by buyers and sellers when transferring ownership of a property and acquiring financing through a mortgage loan.
- **Closing Disclosure:** A form that provides the final details required to complete the mortgage loan process by qualified Applicants under the DPA Program. It includes a breakdown of loan terms, projected monthly payment, closing cost and down payment applied.
- **Community Development Block Grant (CDBG):** An acronym used to reference a HUD grant program that supports community development activities to build stronger and more resilient communities.
- **Down Payment:** A sum of money that a buyer pays in the early stages of purchasing a home. The down payment represents a portion of the total purchase price, and the buyer will often take out a loan to finance the remainder.
- **Eligible Homebuyer:** Refers to the members of a household (an individual or a married couple), which the lenders have determined that Applicants have met all Forsyth County's Homebuyer Assistance Program requirements.
- **Fair Housing Act:** The Fair Housing Act of 1968, 42 U.S.C §3601-3619, prohibits discrimination against protected classes of people in for-sale or rental housing.
- **First-Time Home Buyer:** An Applicant(s) which has never owned a home nor has any ownership interest in real estate at the time of application (i.e., primary, investment, timeshares, vacation homes, or vacant lots) or for those which haven't owned a home within the past three (3) years.
- **Front-End-Ratio:** A percentage that is expressed as the relationship between the buyer's housing expenses and their gross monthly income. The housing expenses include principal, interest, taxes, hazard insurance, mortgage insurance, and homeowner association dues.
- **Hazard Insurance:** Insurance coverage that protects a property against damage caused by fires and damages from hurricanes, earthquakes, and/or other natural disasters (exclusion of flood).
- **HOME:** Home Investment Partnerships Program (HOME) funded by HUD to create affordable housing for low- moderate-income households.
- **Household Income:** The anticipated adjusted gross amount of income from all sources of all adult family members as defined for reporting under the Internal Revenue Service (IRS) Form 1040 series for individual Federal annual income tax purposes.
- **Household Member:** Any person occupying the same unit, regardless of their relationship. May include minor children, temporality absent family members or permanently absent family members (such as those who reside in a nursing home). For the Homeownership Assistance Program household members should not own residential property.

- **Household Size:** All persons occupying the same housing unit, regardless of their familial status or relationship. The household size includes all person, including minor children and adults.
- **Housing Counseling Agency:** Either a public or private nonprofit organization (i) established as a HUD-approved provider of homebuyer education courses for at least one (1) year in the geographical area in which it provides services, (ii) is knowledgeable concerning the local housing market, and (iii) has met the regulations found at 24 CFR part 214 to obtain HUD approval.
- **HUD:** The acronym for Housing and Urban Development
- **Lending Institution(s):** Financial and mortgage institution(s) duly authorized to carry out mortgage business in North Carolina and the nation. To originate subsidized loan under the Affordable Housing Program, Lenders must comply with the requirements and enter into agreement required by Forsyth County.
- **Lien:** The security interest created by a mortgage or loan on a property.
- **Long–Term or 30-Year Fixed Mortgage:** A fixed rate and fully amortized mortgage loan with a term of 30 years of payment.
- **Low and Moderate Income (LMI):** Low-to-moderate income populations have incomes not more than 80% of the Area Median Family Income established by HUD. This income standard changes yearly and varies based on household size and geography. HUD has calculated adjusted income for the Winston-Salem Metro Area.
- **Mortgage:** A loan in which property or real estate is used as collateral. The Borrower agrees with a mortgage lender and the County wherein the borrower receives cash up front and then makes payments over a set time until the entire lien is repaid to the mortgage lender and the County.
- **PITI:** The acronym for principal, interest, taxes, and insurance (homeowner's, flood, and mortgage insurance).
- **Primary Residence:** Refers to the dwelling where a person maintains or will maintain a primary residence, and which will be occupied for the majority of the calendar year. A Person may only have one (1) primary residence at a time.
- **Property Value:** The assessed value of a property under normal competitive and the open market. The property market value must be established through an appraisal.
- **Purchase Price:** The cost of acquiring a residence. To qualify for the Homeownership Assistance Program, the purchase price cannot be higher than the appraised value.
- **Recapture:** The County will recoup all the Homeownership Assistance funds provided to the Borrower(s) when the owner no longer maintains the residence, has satisfied its first mortgage, so long as FCCED has a legal interest the dwelling.
- **Restrictive Condition or Deed Restriction:** Any restriction or obligation registered against the property's title deed, which binds the owner and restricts the use of the property.
- **Second Mortgage:** A deed next in rank after the first deed on the same property.
- **Subsidy:** Direct financial assistance provided to the buyer to reduce their interest rate and mortgage principal.