



## **CITY OF LITTLE ROCK DOWNPAYMENT ASSISTANCE PROGRAM (DPA)**

The City of Little Rock has allocated funds to assist low and moderate income first time homebuyers to purchase for owner occupancy residential properties within the city limits of Little Rock. The key features and requirements of the program are as follows:

### **SECTION I PROPERTY ELIGIBILITY**

1. Property must be located within the city limits of Little Rock.
2. Must be a new or existing single-family, detached dwelling with no more than four (4) living units.
3. Property must be inspected by city staff and meet the City of Little Rock Minimum Housing Code Standards.
4. If dwelling is pre-1978, a lead-based paint inspection and risk assessment is required, if there is chipping and peeling paint on the structure.

### **SECTION II BUYER ELIGIBILITY**

1. Buyer must document that annual household income ( $\leq 80\%$  area median income), adjusted for family size, does not exceed the maximums. (See attached low-income limits).

**NOTE:** These limits are established by the U.S. Department of Housing and Urban Development for Little Rock/North Little Rock/Jacksonville MSA, and are subject to adjustment.

2. Buyer must be a first-time homebuyer (not have owned any residential property within last three (3) years).
3. Buyer must agree to own / occupy the property for a minimum of five (5) years (Affordability Period).
4. Buyer must complete a homebuyer counseling course, acceptable to the City of Little Rock.

### **SECTION III DPA ASSISTANCE**

Through the Department of Housing and Neighborhood Programs, Community Development Division of the City of Little Rock, home buyer assistance is available to low and moderate-income citizens. The assistance available is as follows:

- The total of the down payment assistance to any buyer and/or property may not exceed six (6) percent of the purchase price, not to exceed \$10,000.00.
- The assistance will be structured in the form of a forgivable loan. DPA documents will be prepared by the City of Little Rock. The loan is forgiven in equal installments over a 60-month period.
- Mortgage subsidy assistance from the City may not be used in conjunction with the down payment assistance program funds.
- The forgivable loan cannot be used to assist refinancing for an existing owner
- All repairs must be completed on the unit prior to approval of the assistance
- No cash back at closing to borrower
- All original documentation must be sent to the City of Little Rock
- Assumptions are not allowed
- Hazard insurance to show City of Little Rock as 2<sup>nd</sup> mortgagee
- Funds cannot be used to buy down mortgage loan

### **SECTION IV POLICIES AND PROCEDURES**

1. Application for assistance shall be made on the form(s) provided by the City of Little Rock.
2. Assistance shall be requested by applicant through the mortgage lender.
3. Application for assistance shall be submitted only after underwriting has been made by the mortgage lender that the applicant appears to qualify for the loan to purchase the home, subject only to the assistance grant. Status of the application will be discussed with the mortgage lender only. All requests for status will be referred to the mortgage lender.

4. Documentation with proof of income and loan qualification from the mortgage lender must accompany the application for this grant.
5. On receipt of the application, a codes inspection will be made by the Code Enforcement Division to determine if the home meets the Minimum Housing Code Standards of the City of Little Rock.
6. If the property does not meet the standards the mortgage lender will be notified and the Seller must remedy code deficiencies in order to qualify the property for homebuyer assistance.
7. If deteriorated paint is identified in the codes report, a lead-based paint inspection report and risk assessment must be submitted. If lead hazards are identified in the lead-based paint report, the corrections must be made by a licensed lead-based paint worker, and a lead-based paint clearance report must also be submitted
8. All inspections must be completed and the final inspection showing the house meets the minimum housing standards. The documentation must be received at the Department of Housing and Neighborhood Programs prior to closing.
9. The lender will be reimbursed by the City of Little Rock after receipt of copy of recorded subordinate mortgage and deed restriction.