HomeTown:
Portsmouth’s First Time Homebuyer Program
Information Packet

The HomeTown Program is a partnership of the City of Portsmouth, New Hampshire Housing Finance Authority and Citizens Bank.

OVERVIEW
The HomeTown Program provides financial assistance to qualified households who wish to purchase a home within Portsmouth City limits and who, without this assistance, could not do so. This program brings together the resources of the City of Portsmouth, the New Hampshire Housing Finance Authority (NHHFA), and Citizens Bank to help eligible families overcome the financial barriers to homeownership. The program is administered by the Portsmouth Community Development Department.*

INFORMATION PACKET
This packet contains the following program documents:

• HomeTown Program Guidelines.

• HomeTown Program Application Packet.

If either of these items are missing, please contact David Moore, Assistant Community Development Director, at 610-7226. Application approval is contingent upon the availability of funds.

* The Community Development Department is funded, in part, by the U.S. Department of Housing and Urban Development Community Development Block Grant Program.
Who Can Apply

A qualified household is one who meets the following eligibility criteria:

1. who is a first-time homebuyer (no ownership in a principal residence within the last 3 years).

2. who has a gross household income less than 120% of the Median Family Income as defined by the most recent U.S. Department of Housing and Urban Development income guidelines. All household income except the following will be included in the total household income calculation:
   a) any income earned from part-time employment by any household member who is also a full-time student, unless the student is listed on the mortgage application as the co-borrower; and
   b) any social security, pension or other retirement income received by any fully retired household member, unless that individual is listed on the application as the co-borrower;

3. who is currently a resident of Portsmouth and has lived here for at least 2 years or who has resided in Portsmouth in the past for at least 10 years and currently lives within 30 miles of Portsmouth; or who is a permanent, full-time City of Portsmouth employee intending to establish residency in the City of Portsmouth;

4. who is currently 18 years old or older;

5. whose total housing debt ratio (including mortgage loan principal, interest, taxes, homeowners' and private mortgage insurance, and condominium association charges, if applicable) will not be less than 32% of the borrowers' gross monthly income. HomeTown assistance will be adjusted to insure compliance with the minimum housing debt ratio requirement.

6. whose total housing debt ratio (including mortgage loan principal, interest, taxes, homeowners' and private mortgage insurance, or condominium association charges) generally does not exceed 33% of a mortgagor's gross income on a monthly basis;

7. whose total debt ratio including total housing debt plus all loans with (10) or more payments remaining generally does not exceed 38%;

8. who can provide evidence that they will be able to provide the required down payment funds at closing;

9. who has a history of making timely payments on current and past credit obligations; and

10. who will have less than $2,500 in liquid assets after the loan has closed. (This amount may be increased by $500 for each dependent household member.) Liquid assets do not include money held in retirement vehicles recognized by the Internal Revenue Service, such as IRAs or 401k accounts, or funds held in special savings accounts such as Individual Development Accounts.

If your household meets the eligibility criteria listed above, you are invited to apply. In all instances, the applicant's spouse must be listed on the application as the co-applicant.
Application Review Process

A complete application submission will include all of the information required in Parts A, B, and C of the Application Packet.

Community Development staff will review your Application Packet with a Citizens Bank loan officer to determine whether you are eligible for participation in the HomeTown Program. In this review, the total household income you report on this application will be compared to the following income limits.

<table>
<thead>
<tr>
<th>Household Size</th>
<th>Maximum Eligible Income*</th>
</tr>
</thead>
<tbody>
<tr>
<td>One Person</td>
<td>$64,932</td>
</tr>
<tr>
<td>Two Person</td>
<td>$74,208</td>
</tr>
<tr>
<td>Three Person</td>
<td>$83,484</td>
</tr>
<tr>
<td>Four Person</td>
<td>$92,760</td>
</tr>
</tbody>
</table>

* Based on U.S. Department of Housing and Urban Development Income Guidelines. 2/2008. Subject to change annually.

In addition, the following will be considered in the review of your application: your status as a past or current Portsmouth resident or as a City of Portsmouth employee, your current debt obligations and credit payment history, and the balances of your savings (including assets in Money Market Funds, Certificates of Deposit, 401K plan, savings bonds, etc.) and checking accounts.

The City will review the complete application submission and issue a letter advising you whether you are eligible to participate in the HomeTown Program. Eligible applicants will be invited to schedule an appointment with the Citizens Bank loan officer to complete a NHHFA Single Family Mortgage Application or a Citizens Mortgage Corporation application. In addition, approved applicants will be advised of options for completing the mandatory homebuyer education trainings. If demand for funding exceeds availability, participants will be advised that their application is denied due to the unavailability of funding, however, they may re-apply when funding becomes available.

Mandatory Homebuyer Education Training Program

Eligible applicants will be required to attend a mandatory homebuyer education training program. Buying a home requires knowledge about housing finance, realtors, home inspections, insurance, maintenance, and budgeting. Homebuyer education training programs that address these areas will fulfill the HomeTown homebuyer education requirement.

Training programs offered by agencies listed below meet the HomeTown homebuyer training requirement. You can learn about training program schedules and locations by calling the numbers listed on the following page and requesting information about their homebuyer education training program.
You must be able to demonstrate that you have completed an approved homebuyer education training in order to receive financial assistance through the HomeTown Program. If you would like to attend a training program offered by an organization that is not listed above, you can contact HomeTown staff to determine if the training will meet the homebuyer training requirement.

HomeTown Program Assistance

The level of HomeTown program assistance available to you is determined after first mortgage financing is pre-approved. A pre-approval letter will be issued by Citizens Mortgage Company outlining the mortgage program for which you have been approved, the mortgage amount for which you qualify, your potential monthly repayment obligation and the amount of HomeTown financial assistance to be provided. Below is a description of the HomeTown financial assistance that may be offered.

- First mortgage financing is available at a low interest fixed rate for a 30 or 40-year term through the NHHFA Single Family Mortgage Program or through the Citizens Mortgage Corporation Flexible Mortgage Program. The Citizens Bank loan officer will help you determine which first mortgage financing option best suits your situation.
- Down payment assistance is available through HomeTown in the form of a deferred loan at 0% interest secured by a second mortgage on the home purchased.
- Additional down payment assistance is available in the form of a “sleeper” 3rd mortgage loan at 0% interest through HomeTown. This loan is due upon sale of the property.
- A closing cost grant is available from Citizens Bank to households earning less than 80% of the Median Family Income.

The amount of assistance offered to you is based on your income and assets. The chart on the following page identifies the maximum amount of assistance available to households in different income brackets. The HomeTown Program reserves the right to adjust the income guidelines and other eligibility requirements as warranted.
## HomeTown Program Guidelines

### HomeTown Program Financial Assistance

<table>
<thead>
<tr>
<th>Households earning:</th>
<th>Less than 80% of Median Family Income</th>
<th>Between 80% - 100% of Median Family Income</th>
<th>Between 100% - 120% of Median Family Income</th>
</tr>
</thead>
<tbody>
<tr>
<td>Maximum Eligible Income for a Two-Person Household*</td>
<td>$49,200</td>
<td>$61,840</td>
<td>$74,208</td>
</tr>
<tr>
<td><strong>Financial Assistance Available:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1st Mortgage Loan through NHHFA Single Family Mortgage Program or through Citizens Bank</td>
<td>Eligible to apply.**</td>
<td>Eligible to apply.</td>
<td>Eligible to apply.</td>
</tr>
<tr>
<td>Total HomeTown Down Payment / Closing Cost Assistance</td>
<td>$50,500</td>
<td>$35,000</td>
<td>$25,000</td>
</tr>
<tr>
<td>- HomeTown Down Payment / Closing Cost Assistance secured by a Deferred 2nd Mortgage Loan</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>$15,000</td>
<td>$15,000</td>
<td>$15,000</td>
</tr>
<tr>
<td>- HomeTown Down Payment / Closing Cost Assistance secured by a “Sleeper” 3rd Mortgage Loan</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>$35,000</td>
<td>$20,000</td>
<td>$10,000</td>
</tr>
<tr>
<td>- Citizens Bank Closing Cost Grant</td>
<td>$500</td>
<td>$0</td>
<td>$0</td>
</tr>
</tbody>
</table>

* U.S. Department of Housing and Urban Development income limits as of 2/2008; subject to change annually.
** Households earning less than 80% of Median Family Income can obtain the one-point interest rate offered by the NHHFA without paying for that point.

The HomeTown Program Financial Assistance chart identifies the maximum amount of assistance that will be made available. The Portsmouth HomeTown Program will pay any assistance offered directly to the lender on your behalf.

### Your Contribution Toward the Purchase Price

You must contribute a minimum of 1% of the selling price of the property to the transaction. You must use your own liquid assets (savings, checking, etc.) for the purchase of your home before you can access assistance through the HomeTown Program. Specifically, you must not have more than $2,500 in liquid assets on hand after the loan has closed. (This amount may be increased by $500 for each dependent household member.) Liquid assets do not include money held in retirement vehicles recognized by the Internal Revenue Service, such as IRAs, 401k accounts, or funds held in special savings accounts such as Individual Development Accounts.
The Purchase of Your Home

Any new or existing single-family home in the City of Portsmouth can be purchased with financial assistance through this program. The price of homes purchased with financial assistance through the HomeTown Program may not exceed the current New Hampshire Housing Finance Authority’s purchase price limits. For up-to-date information on current purchase price limits for Portsmouth, please visit www.nhhfa.org.

Each of the participating first mortgage financing companies have slightly different requirements for multi-family and condominium units. All condominium units proposed to be purchased using NHHFA Single Family Mortgage program must be approved by NHHFA. Approval of a condominium unit is begun after a purchase and sales agreement is executed. The Citizens Bank loan officer will explain these requirements to you at the time that you apply for first mortgage financing.

Once you find a home you wish to purchase and have negotiated the selling price, you will enter into a Purchase and Sales Agreement with the seller. You must send a copy of this agreement to the loan officer within 5 business days of signing. The loan officer will order an appraisal and undertake the title search and any other applicable tests. If your loan receives preliminary approval, the loan officer will then issue a commitment letter with applicable information within 2 to 4 weeks. The loan officer shall schedule the final closing date.

The approving first mortgage company will submit an application to their private mortgage insurance company. If they are unable to secure a commitment for mortgage insurance from one of the participating mortgage insurance companies, your loan request will be denied. This will also terminate your participation in the HomeTown Program for the current application round, but does not preclude you from re-applying in the future.

After You Purchase Your Home

A HomeTown staff person will contact all individuals and families who purchased homes through the HomeTown Program within six months of their closing date. The goal of this effort will be to help you, as a new homeowner, address financial or home maintenance issues that may have arisen since your home purchase.

Application Process

A summary of the application process is provided below.

1. You must submit a complete Application Packet (with all required attachments) to HomeTown staff.
2. HomeTown staff will advise you if you are eligible for program participation.
3. You must schedule an appointment with the Citizens Bank loan officer to complete a first mortgage application within 10 business days of the date of the letter advising you of your eligibility for program participation.
4. The loan officer will process your first mortgage application. If the application is approved, the loan officer will issue a pre-approval letter advising you of the maximum first mortgage amount for which you are eligible as well as the amount of HomeTown financial assistance which will be set aside for you.
5. You must demonstrate that you have completed an approved homebuyer education training program.
6. You must submit a copy of the Purchase and Sales Agreement to the loan officer within 5
days of entering into a Purchase and Sales Agreement.

7. The Citizens Bank loan officer will schedule the final closing date.

Failure to fulfill any of HomeTown requirements may be cause for denial of your application. It will
be necessary for you to reapply to the HomeTown Program in order to receive assistance should
this situation occur.

Please be aware that acceptance into the HomeTown Program does not constitute a
commitment for first mortgage financing. Program participants must be able to
meet loan underwriting criteria established by the first mortgage financing
company.

For Further Information
If you have any questions about the program, please contact David Moore at 610-7226, in the
Community Development Department, Portsmouth City Hall, 1 Junkins Avenue, Portsmouth.
INSTRUCTIONS

This Application Packet contains the following items.

Part A:  Application
Part B:  Participation Agreement
Part C:  Required Attachments

If any of these items are missing, please call David Moore in the Community Development Department at 610-7226 to request the item.

A complete Application Packet will consist of the following items.

☑ Part B:  Hometown Program Agreement - Signed and Witnessed.
☑ Part C:  Required Attachments – Attached.

All of these documents must be submitted to:

David Moore
City of Portsmouth
Community Development Department
1 Junkins Avenue
Portsmouth, NH 03801

If any items are not submitted, the application is not considered complete and will not be processed until all of the information is received by the City of Portsmouth Community Development Department.

Individuals with questions regarding the program application are encouraged to call David Moore in the Community Development Department at 610-7226 to schedule an appointment to discuss their application.
HomeTown Program  
Part C of the Application Packet  
- Required Attachments -

The items noted below must be submitted as a part of your application.

- Copy of 2005 W-2 form for each wage earner. (If self-employed, this is not applicable.)
- Copy of 2006 W-2 form for each wage earner. (If self-employed, this is not applicable.)
- Copy of 2007 W-2 form for each wage earner. (If self-employed, this is not applicable.)
- Copy of 2005 tax return for the household
- Copy of 2006 tax return for the household
- Copy of 2007 tax return for the household
- Copy of two most recent pay stub(s), with a year-to-date gross income figure for 1st wage earner. If wage earner holds a 2nd job, please also attach the 2 most recent pay stubs for this job.
  
  ____________ (indicate pay period)
  ____________ (indicate pay period)

- Copy of two most recent pay stub(s), with a year-to-date gross income figure for 2nd wage earner. If wage earner holds a 2nd job, please also attach the 2 most recent pay stubs for this job.
  
  ____________ (indicate month)
  ____________ (indicate month)

- Copy of last three months checking account statements
  
  Bank __________________________
  ____________ (indicate month)
  ____________ (indicate month)
  ____________ (indicate month)

- Copy of last three months savings account statements
  
  Bank __________________________
  ____________ (indicate month)
  ____________ (indicate month)
  ____________ (indicate month)

- Documentation of all assets listed in application.
- Copy of two most recent statements for all credit cards
  
  Credit Card ______________________
  ____________ (indicate month)
  ____________ (indicate month)

- Copies of 12 months of cancelled checks or written Verification of Rent (acceptable from property management companies only)
- Copy of two most recent statements for all other liabilities
- Verification of completion of a Homebuyer Education Program. If not attached please note when you intend to complete this requirement. __________________________________
Please Contact David Moore in the Community Development Department for Part A (Application) (603) 610-7226
HomeTown Program
Part B of the Application Packet
- Participation Agreement -

Please read and sign the Participation Agreement.

I (We), Name(s) of Applicant(s)______________________________________________
of _____________________________________________________________________  (Street Address)  (City)  (State)  hereby apply to the City of Portsmouth and to Citizens Bank for a determination of eligibility for financial assistance through HomeTown, Portsmouth's First Time Homebuyers Program.

I (We) understand that an applicant will be eligible for assistance through the HomeTown Program only if the applicant meets all of the eligibility requirements of the program as put forth in the HomeTown Program Guidelines. I (We) understand that the City of Portsmouth will determine eligibility pursuant to the applicable criteria, and that the determination made will be final. I (We) understand that Citizens Bank will obtain a credit report as a part of the eligibility screening for the HomeTown Program.

I (We) understand that in the event I am (we are) determined to be eligible for program assistance, I (we) must schedule an appointment with a Citizens Bank loan officer to complete a mortgage application. If this mortgage application is not pre-approved, I (we) understand that I (we) will not receive financial assistance through this program. Furthermore, if I (we) do not enter into a Purchase and Sales Agreement within the allotted time, or if I am (we are) unable to qualify for private mortgage insurance, I (we) understand that I (we) will not receive financial assistance through this program. I (We) further understand that the receipt of a pre-approval from Citizens Bank does not guarantee final approval. Final approval of the mortgage loan is subject to marketable title, satisfactory appraisal report, satisfactory creditworthiness, the ability to secure a commitment for mortgage insurance and any other underwriting guidelines.

I (We) understand that the minimum down payment requirement is one per cent (1%) of the purchase price of the home and that I (we) must present documentation that I (we) possess this amount at the time of my (our) meeting with the Citizens Bank loan officer to complete a mortgage application.

I (We) understand that by accepting any or all of the assistance offered by HomeTown, I (we) agree to submit to a confidential financial review by HomeTown and that all forms and supporting documentation required must be submitted in a timely manner. I (We) further understand that failure to comply with this requirement will be cause for HomeTown to withhold any assistance.

I (We) understand that Citizens Bank has been authorized by HomeTown to review my (our) HomeTown application and to verify my (our) income(s) and assets, prepare the Good Faith Estimate of Closing Costs, and any and all other documentation required during the mortgage loan application.

I (We) hereby certify that the information with regard to household composition, income, residency, household assets and liabilities contained within this application is accurate and complete to the best of
my (our) knowledge and belief. I (We) understand that false statements or information are grounds for the immediate termination of the assistance I (we) receive through this program.

I (We) hereby acknowledge receiving a copy of the HomeTown Program Guidelines and accept and agree to all terms and conditions set forth therein.

Applicant

__________________________
Signature

Date____________________

Witness

__________________________
Signature

Date____________________

Co-Applicant

__________________________
Signature

Date____________________

Witness

__________________________
Signature

Date____________________