

**CITY OF OWENSBORO / COMMUNITY DEVELOPMENT DEPARTMENT  
PROCEDURES AND GUIDELINES FOR THE  
TRIPLETT TWIST NEIGHBORHOOD  
REDEVELOPMENT PLAN AREA**



Dear Applicant:

The City of Owensboro, Kentucky receives HOME Investment Partnership Program funding each year from the U.S. Department of Housing and Urban Development. HOME Program funds are used to create affordable housing for low and moderate income households. A portion of the HOME funds are set aside to assist the City of Owensboro Community Development Department with the funding needed to continue the FIRST TIME HOMEBUYER PROGRAM. The purpose of this program is to assist first time homebuyers with closing costs and down-payment assistance. The goal of this program is to help Owensboro residents achieve their dream of homeownership.

Please find enclosed the application packet for the City of Owensboro's Down Payment Assistance Program. The Down payment assistance program is available to any household at or below 80% of the median income limits adjusted for family size.

**Please return your completed application packet along with your homeownership counseling certificate and bank pre-approval letter to:**

City of Owensboro  
Attn: Community Development Department  
P.O. Box 10003  
101 East 4<sup>th</sup> Street  
Owensboro, Kentucky 42303

Once pre-approval has been obtained, applicants are encouraged to engage a Realtor (if not already done so) and begin searching for a home. **Final amount of homebuyer assistance will be based upon each individual applicant's need in relation to the purchase of a specific property. Owensboro does not have a waiting list and Owensboro does not reserve funds being requested for assistance.** The program is based upon a first come, first serve basis, subject to case review approval.

*If you have any questions, please contact, the Community Development Department at 270-687-8658 or email [sheltonam@owensboro.org](mailto:sheltonam@owensboro.org).*

The program provides \$5,000 in financial assistance to qualified low and moderate Owensboro residents to assist in the opportunity to purchase a home in Owensboro. The assistance is in the form of a deferred loan agreement which is forgiven after a period of six years. The homebuyer must have a minimum investment of \$500 of their own funds as down payment.

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**PROGRAM GOALS**

City of Owensboro through its Community Development Department, utilizes a portion of its entitlement of HOME Investment Partnerships Program (HOME) funds towards assisting City of Owensboro low to moderate income residents achieve homeownership. It is the goal of Owensboro's payment assistance program to:

- Encourage homeownership throughout the City of Owensboro which is economical to low-moderate income consumers in order to assist in preventing future foreclosures;
- Encourage mixed-income neighborhoods and the de-concentration of poverty;
- Encourage homeownership in Owensboro's Neighborhood Revitalization Strategy Areas;
- Assist homebuyers in becoming informed consumers in order to successfully navigate real estate transactions and to understand the responsibility of homeownership;
- Encourage reinvestment in Owensboro's vacant and abandoned properties (VAP).

**DEFINITION OF A FIRST TIME HOMEBUYER**

An applicant is considered a First Time Homebuyer if he/she meets the following requirements:

1. A person who has never owned a home.
2. A person who has not owned a home in the past three (3) years.
3. A person that has previously owned a home with a former spouse or significant other, no longer resides in that home, and is trying to purchase a home solely and separately.

**ELIGIBILITY REQUIREMENTS:**

- MUST be a resident of Owensboro.
- MUST meet the INCOME LIMIT REQUIREMENTS as stated below.
- MUST meet the CREDIT REPORT REQUIREMENTS – your credit score must comply with the mortgage standards to be deemed 'mortgage ready'.
- MUST have sufficient income to support the monthly mortgage loan payment and monthly recurring debts.
- MUST have a steady employment history.
- MUST meet the ASSET TEST requirements – and show an established pattern of savings.
- MUST be a U.S. Citizen or a qualified alien.
- MUST attend the HUD Certified Homeownership Education Workshops - BOTH husband and wife (or significant other) MUST be enrolled in the grant program. The mortgage loan may be in one name only but the grant requires both applicants be enrolled.
- MUST have a TWO MONTH RESERVE of the TOTAL MONTHLY MORTGAGE PAYMENT in the bank. This includes the monthly principal, interest, taxes, HO Insurance, Mortgage Insurance and Homeowners Association Dues. This will be verified by submitting a current bank statement.

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**INCOME LIMIT REQUIREMENTS PER HOUSEHOLD SIZE**

Your household income from ALL sources (Wages, Pension, Social Security, Child Support, Alimony, Section 8 Assistance, Scholarships, etc.) must not exceed the income limit set for the City of Owensboro region. Income from ALL occupants of the household must be included. ALL household income, including overtime and shift differential, will be included in the income calculation for the grant program.

2016 Owensboro Median Income <b>\$59,400</b> <i>for Family of 4 Persons</i>	1 PERSON Household	2 PERSON Household	3 PERSON Household	4 PERSON Household	5 PERSON Household	6 PERSON Household	7 PERSON Household	8 PERSON Household
<b>30% Median</b> <i>(Extremely Low Income)</i>	\$12,500	\$16,020	\$20,160	<b>\$24,300</b>	\$28,440	\$32,580	\$36,730	\$39,250
<b>50% Median</b> <i>(Very Low Income)</i>	\$20,800	\$23,800	\$26,750	<b>\$29,700</b>	\$32,100	\$34,500	\$36,850	\$39,250
<b>80% Median</b> <i>(Max Home Owner Income)</i>	<u>\$33,250</u>	<u>\$38,000</u>	<u>\$42,750</u>	<u>\$47,500</u>	<u>\$51,300</u>	<u>\$55,100</u>	<u>\$58,900</u>	<u>\$62,700</u>

**HOUSING COUNSELING AGENCIES**

**Kentucky Legal Aid  
 117 West Second Street  
 Owensboro, Kentucky 42303  
 270-683-4585  
 Toll Free: 800-467-2260**

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**ELIGIBLE HOUSES:**

- Any Single Family House, Condominium, Townhouse or Manufactured Home in the Neighborhood Revitalization Strategy Area (Triplett Twist District)
- Purchase Price of the home cannot exceed the Maximum Limit of Owensboro:

**HOME HOMEOWNERSHIP VALUE LIMITS - FY 2016  
 DAVIESS COUNTY, OWENSBORO, KENTUCKY MSA  
 HOME PURCHASE PRICE LIMIT**

EXISTING HOMES				
1-Unit	2-unit	3-unit	4-unit	Unadjusted Median Value
\$129,000	\$165,000	\$200,000	\$248,000	\$136,000
NEW HOMES				
1-Unit	2-unit	3-unit	4-unit	Unadjusted Median Value
\$228,000	\$292,000	\$353,000	\$438,000	\$240,000

- The home must be located in Owensboro, Kentucky.
- The First Time Homebuyer MUST live in the house within sixty (60) days after closing.
- The home purchased MUST be your PRIMARY RESIDENCE during the entire life of the grant period (THREE YEARS) and may not be used as a rental investment property. INVESTORS are not eligible for the First Time Homebuyer grant program.
- The GRANT will be secured by a second mortgage on the property. Upon completion of the THREE year grant period the second mortgage will be forgiven and cancelled.

**WHAT ARE THE LOAN REQUIREMENTS:**

- The mortgage loan must be a FIXED RATE – FHA, VA or CONVENTIONAL MORTGAGE LOAN.
- Your income must be sufficient to re-pay the loan according to the mortgage loan program.
- The maximum closing cost and down-payment assistance to be provided from the grant program is \$5,000. City Funds will be applied toward closing costs first, and the remaining funds will go toward down-payment assistance.
- Private Mortgage Insurance may be required on your mortgage loan. Mortgage Insurance will be provided by your lender according to the mortgage guidelines on your loan.

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**FIRST TIME HOMEBUYER STEPS**

- STEP 1: Applicants interested in the City of Owensboro First Time Homebuyer Grant Program must complete and return the Pre-Application Form. Applicants must state the name of their Loan Officer at this time. The applicants can download the application packet at [www.owensboro.org](http://www.owensboro.org) or, upon request, can have the Application Packet mailed to them. Applicants must provide ALL documents as instructed on the Supporting Document Checklist.
- STEP 2: The City of Owensboro will review the application and supporting documents to determine eligibility of the applicants. All income documents must be six months current
- STEP 3: Applicants are enrolled in the mandatory HUD education workshop. The workshop will include homeownership education, credit and budgeting information and homeownership responsibilities. All applicants must attend the workshop – NO exceptions.
- STEP 4: Applicants that have received their Certificate Of Eligibility will have six months to purchase a home and schedule their closing. An extension can be granted for an additional six months by sending in a written request to the City of Owensboro
- STEP 5: Once the Purchase Agreement has been signed by all parties the applicant must provide a legible Sales Contract. The applicant must provide the name, address, phone number and e-mail address of their closing attorney to The City of Owensboro at this time.
- STEP 6: Once the Mortgage Lender has successfully completed the mortgage loan, the loan officer is to provide copies of the Final 1003 Application, Loan Commitment / Approval, Transmittal Summary and Appraisal to the housing counselor at the City of Owensboro
- STEP 7: Upon receipt of the purchase agreement, the City of Owensboro will forward the legal documents with instructions to the applicant's closing attorney. If the applicant's closing attorney does not provide a complete closing package as per the instructions the process will be delayed until a correct package is provided.
- STEP 8: Updating of your file will be necessary prior to forwarding the Purchase Contract.
- STEP 9
- CLOSING: Please note that your lender must provide a written request for release of funds at least four weeks prior to the scheduled closing date.
- STEP 10: Congratulations! You are the official owner of your own home!
- STEP 11: Monitoring for 'principal residency' will be conducted annually after your closing. The City may audit the file throughout the duration of the deferred loan.