

The background of the image is a stylized American flag with a blue field of white stars on the left and red and white wavy stripes on the right. The text is overlaid on the flag.

American Dream
FIRST-TIME HOMEBUYERS
PROGRAM

PROGRAM ELIGIBILITY

To be eligible for Bergen County's American Dream Program, you **must** meet the following qualifications:

- You must reside or work **full-time** in Bergen County.
- If filed you for bankruptcy, must be discharged 5 years with re-established credit.
- Must not have owned a home in the past 3 years.
- A household must have an annual income within the low/moderate income as stated by the **HOME** Income Guidelines.
- Total income must be used to qualify for the program and will include all income from all sources, for all members of the household, who are over 18 years of age.

PROGRAM REQUIREMENTS

The home must be a **one-family house** or **condominium** purchase in Bergen County. **No multi-family (two or more) houses or co-ops.**

The purchase price must not exceed 95% of the county's median sales price. **(currently \$523,000)**

The home **must** be your primary residence and must be used for residential purposes only.

In determining the amount of any assistance, the program requires that all reasonable available assets of the applicant be applied towards the down payment.

Applicants must qualify for a mortgage. The mortgage shall be for the maximum amount the household can afford with an ideal debt to income ratio.

Applicant(s) must attend an eight-hour Homebuyer Certification class, given by Program where a Program Agreement must be signed, verifying your knowledge and understanding of program requirements.

General Information

How much can you spend on the purchase of a home?

That will be determined by several factors; i.e. credit history, income, debt ratio, down payment and closing cost amounts.

Each family will be different, even if they have the same incomes. The factors cited above will make the difference in the amount of the first mortgage they receive. The amount of down payment they have will also be a determining factor.

The program provides a 0% deferred second mortgage; combining up to \$65,000 of HOME Program funds, which are paid back upon sale of house, transfer of title or the home no longer is your primary residence. Additionally, CDBG funds of up to \$10,000 in matching down payment assistance are available to eligible applicants. These matching funds (CDBG) are forgiven 1/10th per year for 10 years, after 10 years these funds become a grant. Applicants are responsible for their closing costs.

As an **example**, the maximum house price a family of (3) can afford having \$10,000 down payment and having an income of up to \$85,800 qualifying for a first mortgage of \$257,400 as indicated below:

1st Mortgage (Bank)	\$257,400
American Dream (2nd mortgage)	\$65,000 (deferred until sale of house; transfer of title)
Down payment (Applicant)	\$10,000*
Down Payment Match (3rd mortgage)	\$10,000 (matching funds forgiven 1/10th per year for 10 years)
Purchase Price	\$342,400

EXAMPLE

1 st Mortgage (Bank)	\$257,400
American Dream (2nd Mortgage)	65,000 (deferred until sale or transfer of title)
Down payment (Applicant)	10,000
Down payment Match (3rd Mortgage)	<u>10,000</u> (Matching funds forgiven after 10 years)
Purchase Price of home	\$332,400

***Applicant must also have funds for down payments and pay all closing costs at the time of applying.**

Upon determination of American Dream eligibility and completion of **required** housing counseling education classes participants will be partnered with an American Dream participating/approved conventional lender and complete a mortgage application. The lender will then determine your first mortgage amount and provide you with a commitment letter that you will submit to the American Dream Program coordinator so that a maximum purchase price can be determined. Upon the successful negotiation of a "Contract for Sale" an underwriting worksheet is completed to determine final subsidy amounts

During attorney review process all required housing inspections will be completed to ensure compliance with necessary housing quality standards and all lead-based paint requirements.

Be advised we cannot unduly enrich a family. All reasonable assets must be used towards the purchase of a home. A family will be allowed to keep a dollar amount equal to three months mortgage payments in reserve.

All loans are subject to County and Federal laws, rules, regulations and program requirements. Loans are also subject to the availability of program funds.



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