



First Time Home Buyer (FTHB) Program

Down Payment (DPA) & Closing Cost Assistance
Soft Second Mortgage – Forgivable After 10 Years
HOME Investment Partnerships Program

Application and Funding Process

1. New LENDER submits completed forms to FTHB@kshousingcorp.org
 - a. Mortgage Origination Loan Agreement
 - b. Lender Service Area Form (for each loan officer and/or branch to be listed)
 - c. Form W-9
 - d. KHRC Vendor Form and Voided Check or Bank Letter
2. New LENDER attends training session conducted by FTHB, scheduled periodically throughout the year. Ask FTHB@kshousingcorp.org to be added to invite list.
3. Potential BUYER reviews FTHB maximum income and purchase price limits for household size and county they intend to purchase a house. If within FTHB guidelines, the potential buyer selects and contacts a FTHB participating lender to review eligibility, apply for loan approval, and receive guidance on selecting a qualified house in their price range.
4. Potential BUYER can complete HUD Housing Counseling session and HUD Homebuyer Education, now or soon.
5. Potential BUYER completes lender loan application with a participating lender.
6. Participating LENDER reviews eligibility, processes loan application, and provides guidance on selecting a qualified house.
 - a. Buyer's household income cannot exceed 80% of HUD Area Median Income (AMI) for the county they intend to purchase.
 - b. The house sale price cannot exceed the FTHB HOME Maximum Purchase Price Limits for that county. Income and price limits are updated each year.
 - c. All of Kansas is eligible except Johnson County, and the city limits of Kansas City, Lawrence, Topeka, and Wichita. They administer their own federal HOME funds, which may or may not be used for homebuyer assistance.
 - d. FTHB funds can be paired with other down payment assistance programs if the assistance does not exceed 30% of the home sale price.
 - e. Houses built prior to January 1, 1978, are subject to a lead-based paint visual assessment, and houses built post January 1, 1978, are exempt.
www.hud.gov/offices/lead/training/visualassessment/h00100.htm
7. Potential BUYER selects a Real Estate Agent.
 - a. Together, potential BUYER selects qualified house.
 - b. Together, a purchase agreement is written, contingent upon qualifying for the Kansas FTHB HOME Program.
 - c. Suggest 60–90-day contracts.
8. Participating LENDER performs preliminary approval:

- a. Credit check
 - b. Income documentation and verification
 - c. Asset documentation and verification
9. LENDER pre-approves the buyer based on loan criteria and emails FTHB@kshousingcorp.org the completed:
- a. FTHB Inspection Request Form
 - b. FTHB HOME Application Form
 - c. FTHB Inspection Disclaimer Form
 - d. FTHB Sellers Inspection Guidelines
 - e. FTHB FHA Commitment Letter, only if first mortgage is FHA
 - f. Potential BUYER First Mortgage Loan Application
 - g. Uniform Underwriting and Transmittal Summary - Form 1008 (must include ratios and credit score)
 - h. Flood Certification (cannot be in flood zones A, AE, AH, AO, A99, V and/or VE)
 - i. Loan Estimate for 1st Mortgage (include estimated KHRC FTHB HOME soft second amount)
 - j. Social Security cards for all persons in household 18 years and older
 - k. Employer Income Verifications (paystubs, letters, VOEs to calculate income going forward)
 - l. Profit and Loss Statement for Sole Proprietor or Self-Employment
 - m. Social Security Benefit Verification or Proof of Income Letter <https://www.ssa.gov/manage-benefits/get-benefit-letter>
 - n. Child Support Payment Record (if applicable) <https://www.kspaycenter.com/general-info.aspx>
 - o. Certification of Zero Income, Adult (if applicable)
 - p. Certification of Zero Income, Children (if applicable, such as no child support or Social Security Benefit)
 - q. Recent documentation for all assets (documents ability to pay cash to close)
 - r. Most recent past three (3) years of federal tax returns (state not necessary) <https://www.irs.gov/individuals/get-transcript>. If tax returns were not filed, include the Certification of Non-Filing Status Affidavit (if applicable)
 - s. Divorce decree or child custodial documents, if applicable to document official household size not on tax return.
10. FTHB verifies eligibility within ten (10) business days after receipt of all items listed in #9 including:
- a. Income and asset calculations
 - b. Front and back-end ratios
 - c. Required 1% down
 - d. Origination fee does not exceed 1%
 - e. Upon completion and verification, FTHB reserves requested funds.
11. FTHB emails LENDER:
- a. FTHB Funds Reservation Confirmation with Loan Number Letter
 - b. HUD Housing - Homebuyer Counseling and Homebuyer Education Informational Flyer
 - c. 2nd Mortgage Forgiveness Notices (Affidavit of Home Buyer – Ten Year Period)
12. FTHB emails Inspection Request to applicable Inspection Provider
13. LENDER provides Homebuyer Counseling and Homebuyer Education informational flyer and 2nd Mortgage Forgiveness notices to the homebuyer. Lender assures counseling and education is complete.
14. LENDER processes the first mortgage loan using the standard policies and procedures of the lending institution.
- a. The loan must be a 30-year fixed rate mortgage loan using FHA, VA, USDA Rural Development, Fannie Mae, Freddie Mac, or Conventional underwriting guidelines.
 - b. The interest rate must not exceed Freddie Mac's Primary Mortgage Market Survey Rate by more than .65% <https://www.freddiemac.com/pmms>.

- c. No more than 1% of the loan amount can be charged for the origination fee.
- d. No pre-payment penalties are allowed.
- e. The housing ratio must be no less than 15% and no more than 30.00%
- f. The total debt ratio must be 45% or less.
- g. The buyer must invest at least 1% and no more than 10% of the sale price from their own funds. The 1% may not be a gift. Gifts can be received above the buyer's 1% investment up to 9% maximum.
- h. No later than 20 working days after reserving the funds, FTHB notifies the lender of the inspection results. If the house does not pass the inspection, the seller has 30 days to make any necessary repairs, at their expense.
 - i. If house was built before January 1, 1978, and the paint visualization test reflected deteriorated paint above the de minimis level, then the following must be submitted prior to a reinspection being requested:
 - ii. A Certification of Worker Training and Safe Work Practices, and a full unit Clearance Report.

Note: Items 6-14 all occur during the same time.

- 15. FTHB emails inspection pass or fail results to Lender.
 - a. If inspection passes, FTHB and LENDER will discuss closing date plans.
 - b. If repairs are necessary, LENDER emails the Inspection Request form to FTHB once the repairs have been completed to initiate the re-inspection.
 - c. Please DO NOT MAKE THIS REQUEST UNTIL ALL REPAIRS ARE COMPLETE, and all lead-based paint requirements for pre-1978 homes (see above, 14h) have been fulfilled. Should all repairs not be completed, the lender will be charged for any additional inspections (\$125.00 per re-inspection, payable before funds are issued for closing).

- 16. FTHB completes the re-inspection of the property and notifies the lender in writing of the results.

- 17. LENDER or BUYER submits to FTHB the completed (can be submitted earlier in process):
 - a. HUD Homebuyer Counseling Session - Certificate of Completion and receipt (cost can apply to required 1% down)
 - b. HUD Homebuyer Education Course - Certificate of Completion and receipt (cost can apply to required 1% down)
 - c. FTHB 2nd Mortgage Forgiveness Notice

- 18. LENDER sends (mail or overnight service only) remaining necessary documents to FTHB for final loan approval:
 - a. This step can be completed prior to the house passing FTHB inspection if all documents are ready. However, loan approval cannot be given until the house passes inspection.
 - b. FTHB HOME application (original wet signature or validated e-signature)
 - c. Certification of Zero Income for Children, if applicable (original wet signature or validated e-signature)
 - d. Certification of Zero Income, Adult, if applicable (original wet signature or validated e-signature)
 - e. Certification of Non-Filing Status Affidavit, if applicable (original wet signature or validated e-signature)
 - f. Lead-Based Paint Certification (only for homes constructed prior to 1978)
 - g. Purchase contract and all addendums
 - h. Home Appraisal
 - i. Affidavit of Seller (original wet signature and confirm 2nd page is marked correctly)
 - j. Seller's Inspection Guidelines (original wet signature or validated e-signature)
 - k. Affidavit of Buyer (original wet signature)
 - l. Inspection Disclaimer form (original wet signature or validated e-signature)
 - m. Proof of homeowner's hazard insurance with KHRC listed as second mortgagee
 - n. Preliminary Title Insurance with KHRC as a lien holder
 - o. FTHB Authorization for Drawdown of Funds form
 - p. Preliminary Closing Disclosure for 1st mortgage (include KHRC FTHB HOME soft second amount)

19. FTHB approves the soft second loan within three (3) business days and notifies LENDER by email or phone. The requested closing date is discussed.
20. FTHB submits the necessary documents to HUD to obtain the funds, which includes project set up and draw, and HOME funds will be committed in IDIS.
 - a. Once the funds are requested from HUD, it can take 8-10 business days to issue payment to the lender.
 - b. A fee of \$30.00 may be charged to the lender if FTHB needs to stop a payment because of lender changes (address, name) without notification.
21. LENDER prepares the KHRC FTHB Second Mortgage and Promissory Note for closing day.
22. FTHB emails LENDER the EFT notice of payment in the amount of the soft second mortgage or mails the LENDER a paper check. FTHB can overnight the paper check upon request, once a prepaid [UPS](#) shipping label is received.
- 23. Closing of home purchase takes place.**
24. LENDER has buyer sign KHRC FTHB Promissory Note and Second Mortgage (notarized).
 - a. Second Mortgage must be notarized.
25. LENDER records the FTHB HOME Second Mortgage.
26. As soon as possible but no later than 30 days after closing, LENDER sends to FTHB:
 - a. Original wet signature - FTHB HOME Promissory Note
 - b. Original notarized and recorded - FTHB HOME Second Mortgage
 - c. Copy of signed Final Closing Disclosure
 - d. Copy of signed First Mortgage Promissory Note
27. FTHB submits Project Completion Report to HUD no later than 45 days after drawdown of funds.
 - a. HUD considers purchase closed and completed.
28. During the 10 years of soft second mortgage, if HOMEOWNER chooses to sell, refinance, or has a foreclosure, soft second mortgage payoff quotes can be requested by completing a Payoff Request form and emailing to FTHB@kshousingcorp.org.
29. After 10 years of soft second mortgage closing, FTHB sends mortgage release to homeowners to file in county.
 - a. Soft second mortgage is forgiven.

Kansas Housing Resources Corporation (KHRC)

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<https://kshousingcorp.org/first-time-homebuyer>

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