

CITY OF DOVER DOVER FIRST START

HOMEOWNERSHIP DOWNPAYMENT AND SETTLEMENT ASSISTANCE PROGRAM

The City of Dover homeownership program is intended to encourage homeownership in the City of Dover. The program assists low and moderate income families with down payment and settlement costs on eligible properties in the City of Dover Limits.

QUALIFICATIONS

- Buyer must be a first-time homebuyer.
- Buyer must have at least \$1000.00 cash (excluding gift money).
- The home to be purchased must be the principal residence of the buyer.
- Buyer must complete a homeownership counseling program with a certified HUD Counselor prior to closing. Funding will not be reserved until buyer has been approved for a mortgage.
- First mortgage must be held by a bank approved by the program.
- Buyer must have a credit score of 620 and above to be eligible for the DFS program.
- An ASHI home inspection must be completed on all existing properties with any major defects identified repaired prior to closing by a licensed contractor; new construction must have a 1-year HUD approved warranty. A visual assessment for lead base paint must be conducted on all homes built prior to 1978.
- Income limits cannot exceed 80% of the median income based on family size for the City of Dover as defined by HUD.

1 Person
\$38,650

2 Person
\$44,200

3 Person
\$49,700

4 Person
\$55,200

5 Person
\$59,650

6 Person
\$64,050

7 Person
\$68,450

8 Person
\$72,900

LOAN TERMS

No cash back will be given to the buyer at settlement. Additional funds will be credited to the City of Dover.

Assistance is up to \$20,000 for property purchased in the City of Dover.

The city will place a second mortgage lien on the property and if within the first ten years the home is sold, transferred, or the property ceases to be the borrowers' principal residence, the loan becomes due and payable. Interest rate is 0% and is forgiven after ten years.

Loan-to-value maximum is based on VA, FHA, and Conventional loan guidelines.

WHO SHOULD I CONTACT?

Please contact Tracey Harvey in the Community Development Office at (302) 736-7196 for more information.



NATIONAL COUNCIL ON AGRICULTURAL LIFE
AND LABOR RESEARCH FUND, INC.

Memorandum

TO: Tracey Harvey
FROM: Stephanie E. Winder
DATE:
SUBJECT: ~~_____~~
City of Dover DP & Settlement Assistance Program

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~~_____~~ has been approved for his mortgage loan through Pike Creek Mortgage. The clients plan to utilize the City of Dover First Start Program. The closing is scheduled on or before September 30, 2021.

Enclosed you will find documents that you may need for your file:

- ✓ DFS DPSA Application form
- ✓ Housing Counseling Completion Certificate
- ✓ Loan Estimate
- ✓ Agreement of Sale/Seller's Disclosure
- ✓ Certificate of Occupancy (new construction)/Termite Inspection
- ✓ Home Inspection (Existing property only)***
- ✓ Commitment Letter
- ✓ Visual Lead Based Paint Visual Inspection (built prior to 1978**)

The Loan Estimate indicates that ~~_____~~ will need \$15,400 from the City of Dover/NSP. **Lien Position: 2nd**

Closing Attorney: Ward & Taylor
Ashley Miller (paralegal)
(302) 346 - 5648

Client: ~~_____~~
Property Address: 20 N. N. Street, Dover, DE 19904

CONTACT INFO: ~~_____~~
~~_____~~

Parcel Identification #
Prepared by Tracey N. Harvey
Title: Planner/CDBG Administrator
City of Dover, P.O. Box 475
Dover, DE 19901

DOVER FIRST START HOME OWNERSHIP DOWN PAYMENT
AND SETTLEMENT ASSISTANCE PROGRAM

REPAYMENT AGREEMENT AND SECOND MORTGAGE

This Agreement and Second Mortgage made and entered into this ____ day of ____ A. D.,
2021 by and between _____ of _____ Kent County, Delaware, Party of
the First Part and the City of Dover, a Municipal Corporation of the State of Delaware, P. O. Box
475, City Hall, The Plaza, Party of the Second Part.

WITNESSETH, that for and in consideration of the covenants hereinafter contained, the
parties hereto agree as follows:

1. The City of Dover has agreed to provide down payment or settlement cost
moneys to Party of the First Part, to purchase the premise more particularly described being a
deed of the premises, said deed being recorded in the Office of the Recorder of Deeds for Kent
County and State of Delaware in Deed Record Book ____, Volume ____, Page ____.
2. That the down payment and settlement cost by the City of Dover has been funded by
the United States Department of Housing and Urban Development, a community development
program No. FY-21 and is a grant to the Party of the First Part in the amount of
\$ 20,000.00. The accomplishments to be achieved through this project are eligible activities
according to program regulations 570.201(n)570.208 (a)(3).
3. That as an inducement to purchase the premises herein referred to, the Party of the
First Part covenants and agrees with the Party of the Second Part to repay unto the Party of the

Second Part the funds used for the down payment and settlement grant in the event the recipient moves, sells the property, rents, or conveys any interest in the purchased property on the following basis:

These standards shall apply from the date CDBG funds are first spent for the down payment and settlement cost until ten years after the closeout of the grant from which the assistance to the property was provided.

(a) If the move, sale, rental or conveying of interest occurs within the first year from the date of down payment and settlement, 100% of the contract amount shall be repaid;

(b) If the move, sale, rental or conveying of interest occurs within the second year from the down payment and settlement grant, 90% of the contract amount shall be repaid;

(c) If the move, sale, rental or conveying of interest occurs within the third year from the date of down payment and settlement, 80% of the contract amount shall be repaid;

(d) If the move, sale, rental or conveying of interest occurs within the fourth year from the date of down payment and settlement, 70% of the contract amount shall be repaid;

(e) If the move, sale, rental or conveying of interest occurs within the fifth year from the date of down payment and settlement, 60% of the contract amount shall be repaid;

(f) If the move, sale, rental or conveying of interest occurs within the sixth year from the date of down payment and settlement, 50% of the contract amount shall be repaid;

(g) If the move, sale, rental or conveying of interest occurs within the seventh year from the date of down payment and settlement, 40% of the contract amount shall be repaid;

(h) If the move, sale, rental or conveying of interest occurs within the eighth year from

the date of down payment and settlement, 30% of the contract amount shall be repaid;

(i) If the move, sale, rental or conveying of interest occurs within the ninth year from the date of down payment and settlement, 20% of the contract amount shall be repaid

(j) If the move, sale, rental or conveying of interest occurs within the tenth year from the date of down payment and settlement, 10% of the contract amount shall be repaid; In all cases, repayment shall be made on the date of the commencement of the rental or on the date of the sale of the property. For the purposes of determining when the sale occurs, the sale shall be deemed to occur on the date of settlement when the legal title is transferred or if an agreement of sale is entered into providing for periodic payment with title to pass only upon payment of the purchase price in full, the date the Agreement is entered into shall be considered as being the date when the sale occurs. For the purposes of determining when the rental occurs, the date of the lease or the date when the Lessee takes occupancy shall be determinative, whichever date occurs first.

4. This Agreement shall be binding upon the Parties hereto, their heir, administrators, successors, and assigns. The eleventh year from the date of this Agreement this document is null & void.

5. The lien on the property securing this indebtedness shall be subordinate to a first mortgage to originating first mortgage lender. Any default in performance of said first mortgage and the debt it secures shall also constitute a default of this indebtedness.

6. Party of the first part, for an in consideration of the aforesaid debt of \$20,000.00, and for better securing the payment of the same as described in paragraph 3 hereof, with interest, costs, and reasonable counsel fees, hereby grants and conveys unto the party of the second part the property subject to this agreement more particularly described in paragraph 1 hereof. It is hereby

expressly provided and agreed that if any action, suit, manner, or proceeding be brought for the enforcement of this mortgage or the accompanying debt and if the lienholder in said action, suit, or proceeding shall recover judgment in any sum, the lienholder, party of the second part, shall also recover reasonable counsel fees of the amount decreed for principal and interest. If the party of the first part does not move, sell, rent, or convey an interest in the premises as described in paragraph 3 hereof during the ten years from the date of this agreement, this mortgage shall be rendered null and void and no longer a lien upon the premises. This agreement is intended to comply with the requirements of Delaware law to be valid mortgage upon the premises in accordance with 25 Del. C. S 2101.

7. In the event of foreclosure, or a deed in lieu of foreclosure of the First Mortgage, any provision herein or in any collateral agreement restricting the use of the Property or restricting the Borrower's ability to sell the Property, shall automatically have no further force or effect on subsequent owners or purchasers of the Property. Any Person, including his successors and assigns, (other than the Borrower or related entity or person to the Borrower) receiving title to the Property through a foreclosure or deed in lieu of foreclosure of the First Mortgage shall receive title to the Property free and clear from such restrictions.

IN WITNESS WHEREOF the Parties hereto have caused this Agreement to be executed the day and year first above written.

Witnesses:

_____ By: _____

DATE _____ DATE _____

_____ By: _____
PARTY OF THE FIRST PART

_____ By: _____
THE CITY OF DOVER, MAYOR

_____ By: _____
CITY CLERK
PARTY OF THE SECOND PART

STATE OF DELAWARE KENT COUNTY as:
BE IT REMEMBERED, that on this _____ day of _____, 2021

Parties to this mortgage known to me personally to be such, and severally acknowledged this mortgage to be their act and deed.

Given under my Hand and Seal of Office, the day and year aforesaid.

Notary Public

My Commission Expires