



NYS COMMUNITY DEVELOPMENT
BLOCK GRANT (CDBG) -
AFFORDABLE HOMES PROGRAM
HANDBOOK

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The Handbook's Purpose

The Broome County Land Bank Corporation's ("BCLBC") Affordable Homes Program is intended to provide quality affordable homeownership opportunities to low-to-moderate income ("LMI") individuals and families. In partnership with Broome County, the BCLBC received funding through the Community Development Block Grant ("CDBG") program administered by the New York State Housing Trust Fund Corporation ("HTFC") and the Office of Community Renewal ("OCR"). The BCLBC's intent with the funding is to acquire substandard single-family homes in Broome County's non-entitlement communities¹, invest CDBG dollars to rehabilitate each home to livable condition, and market the completed properties to LMI households.

This handbook is provided as a guide to understanding the BCLBC's Affordable Homes Program funded by CDBG. It is intended to assist interested LMI households in preparing for the expectations and requirements of the program, but not a definitive presentation of all program policies and does not supersede contract provisions.

¹ Broome County's non-entitlement communities are all municipalities with the exception of the City of Binghamton and Town of Union (Villages of Endicott and Johnson City).

Affordable Homes Program funded by CDBG

Broome County (the “County”) has received funding from the NYS OCR through the CDBG program to assist with the rehabilitation and sale of up to four (4) single-family homes located in Broome County’s non-entitlement communities. In order to qualify to purchase one of these homes, the LMI household must meet the criteria found on page ____, Section ____ of this Handbook, “Qualifying for the Program.”

The County entered into a Sub-recipient Agreement with the BCLBC to assist with the administration and program delivery of their Affordable Homes Program funded by CDBG. The BCLBC and their co-development partner, The SEPP Group (“SEPP”), have collaborated to acquire and renovate several homes that will be made available for purchase by LMI households. Staff from the BCLBC and SEPP will work with a local realtor to market the homes and SEPP will qualify interested buyers’ upon receipt of purchase offers.

As part of the selection process, advancement of submitted purchase contracts will be prioritized for initial review based on the date and time of application. Final selection would then be ranked by date and time of application and final eligibility determination. Family size will also be taken into consideration as to not over-house or under-house. A family is considered over-housed if it is living in a unit with more bedrooms than the family is qualified for according to a public housing agency’s (PHA’s) subsidy standard (24 CFR part 982). The BCLBC will follow the Binghamton Housing Authority’s (“BHA”) standards in determining the appropriate unit bedroom size for a family.

Qualifying for the Program

To qualify to purchase an Affordable Home funded by CDBG, interested buyers must meet the following guidelines:

1. The interested buyer’s Principal Residence for the year immediately preceding the date of the purchase offer was in Broome County or an adjoining county. The term “Principal Residence” means the property that the buyer uses as his or her residence. If the buyer uses more than one property as his or her residence, the buyer’s Principal Residence is the property in which the buyer lives for the majority of the time during the year and not less than half of the year.
2. The interested buyer must complete a Department of Housing & Urban Development (“HUD”) certified pre-purchase counseling course² and be able to provide proof of a certificate at the time of closing. The BCLBC suggests that interested buyers participate in Metro Interfaith’s Binghamton Homeownership Academy which is HUD-certified: <https://binghamtonhomeownershipacademy.org/> Completion of this program is at no cost.
3. The interested buyer’s adjusted gross income must not exceed the following limits for the size of their household:

FY2023	1	2	3	4	5	6	7	8
LOW INCOME (80% AMI)	45,500	52,000	58,500	64,950	70,150	75,350	80,550	85,750

4. The interested buyer must not exceed the BHA’s occupancy standards for family size: <http://binghamtonha.org/PageZoneSiteResources/BHA/Resources/file/ACO%2005%20Occupancy%202020.pdf>. The standards are as follows³:

BEDROOM SIZE	MINIMUM NUMBER OF PERSONS	MAXIMUM NUMBER OF PERSONS
2	2	4
3	3	6
4	4	8

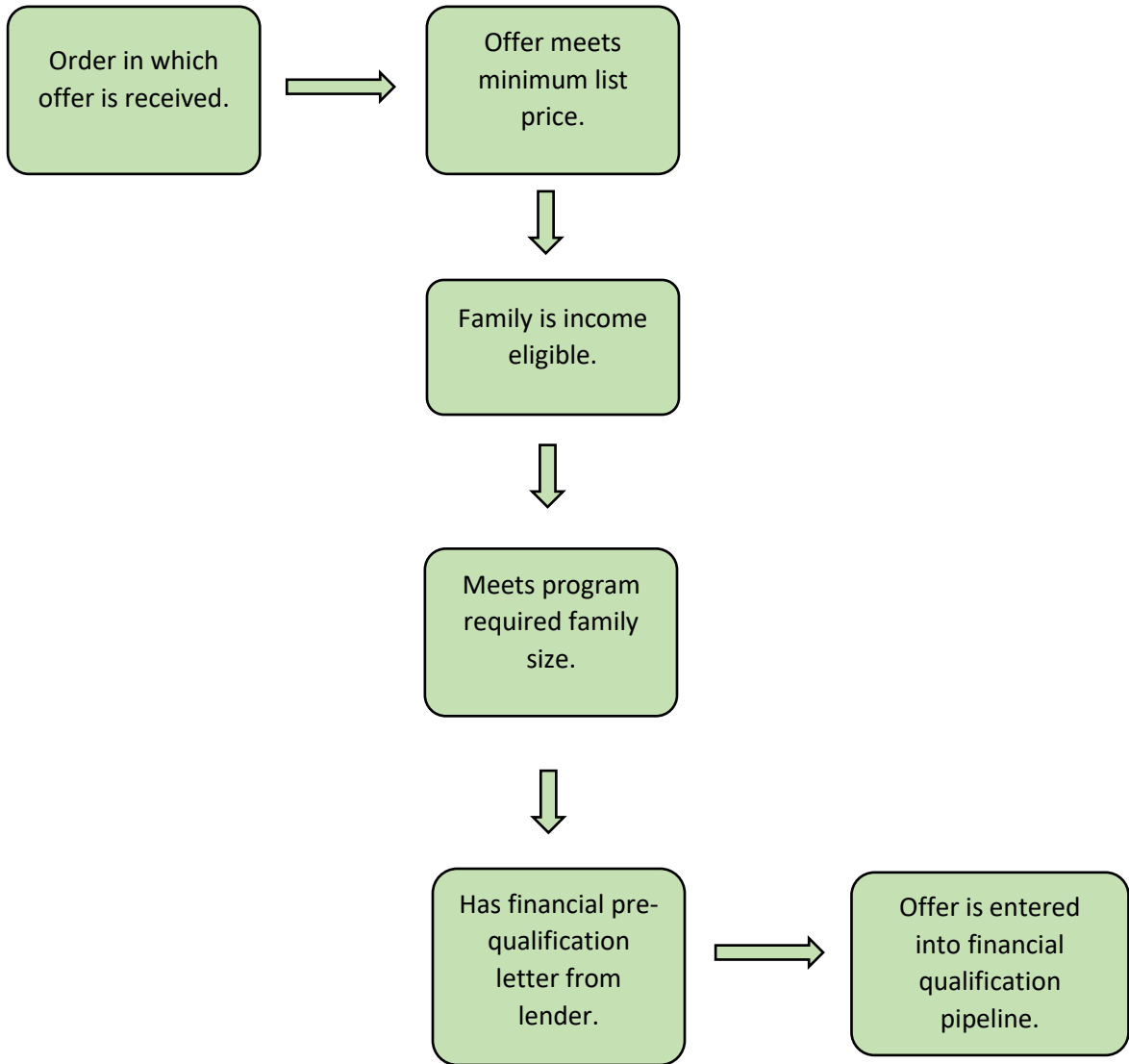
5. The interested buyer’s annual income for determining eligibility is calculated based on IRS Form 1040 Adjusted Gross Income method. This includes:
 - a. All wages, salaries, and tips.
 - b. Taxable interest and dividend income.
 - c. Taxable amount of IRA distributions.
 - d. Taxable amount of pensions and annuities.
 - e. Taxable amount of social security benefits.
 - f. Capital gain or loss.
 - g. Other income from Schedule 1, line9 of IRS Form 1040.

² This is a requirement of the funding source (i.e., NYS OCR & HTFC).

³ Please note that the BHA’s Occupancy Standards chart has been consolidated for the purposed of this guidebook.

- h. Income calculations shall not include any adjustments to income from Schedule 1, line 22 of IRS Form 1040.
- 6. The interested buyer must be able to secure private financing through a lending institution. The buyer must also be able to provide a pre-approval letter from the lender. **The BCLBC does not finance the purchase of our Affordable Homes.**
- 7. The interested buyer's estimated monthly housing expense including primary mortgage payment, private mortgage insurance, property and school taxes, home insurance, etc. must not exceed 36% of the buyer's monthly household income.
- 8. The interested buyer's total debt-to-income ratio must not exceed 40%.
- 9. The interested buyer must agree to and execute upon closing a restrictive covenant, also known as a "deed restriction." The deed restriction will be filed by the BCLBC as an attachment to the deed of the home following closing and will run for a period of 10 years. Deed restrictions have been utilized by the BCLBC on several occasions to ensure the long-term affordability of our homes. This document will include a total development subsidy figure but will not have a recapture schedule. The purpose of the document is to restrict future sales to income eligible buyers as use of affordable housing. See attached example.

Qualified Buyer Selection Criteria & Process



Financing

The financing of an Affordable Home funded by CDBG, will be facilitated as follows:

1. The interested buyer must secure private financing through a lending institution. The BCLBC is able to provide lender recommendations upon request. Financing from any institution will be acceptable so long as a pre-approval letter is provided at the time of an offer. Below are several options for borrowers:
 - a. One of the options for financing is the Federal Housing Administration (“FHA”). FHA loans are typically offered in 15-year and 30-year terms with fixed interest rates. Borrowers must pay FHA mortgage insurance premiums (“MIP”), which is designed to protect the lender if the borrower defaults. Mortgage insurance is required on most loans when borrowers put down less than 20%. All FHA loans require the borrower to pay two mortgage insurance premiums:
 - i. Upfront MIP: 1.75% of the loan amount, paid when the borrower receives the loan; this premium can be rolled into the financed loan amount.
 - ii. Annual MIP: 0.45%-1.05%, depending on the loan term (15 years vs. 30 years), the loan amount and the initial loan-to-value ratio (“LTV”); this premium amount is divided by 12 and paid monthly.As an example, if a borrower was to qualify and request \$100,000 in FHA financing, the upfront MIP would be \$1,750 and the borrower’s annual premium would range from \$450 (\$37.50 per month) to \$1,050 (\$87.50 per month), depending on the term. On more recent FHA loans, MIPs will be canceled after 11 years for most borrowers if they finance 90% or less of the property’s value – in other words, for those who put at least 10% down and stay current with their monthly mortgage payments. Loans with an initial LTV ratio greater than 90% will carry insurance until the mortgage is fully repaid.
 - b. State of New York Mortgage Agency (“SONYMA”) financing is also an option: <https://hcr.ny.gov/sonyma-programs>. They have two primary mortgage programs, Achieving the Dream and Low Interest Rate. Both options come with a 30-year term with fixed interest rates. Same as FHA, borrowers must pay MIP with less than a 20% down payment. Both options require the borrower to be a first-time homebuyer and the borrower provides a down payment of at least 3%. Here are some FAQs: <https://hcr.ny.gov/sonyma-borrower-faqs>
 - i. Borrowers may be eligible for a Down Payment Assistance Loan through SONYMA. However, acceptance of this additional assistance will include a 0.375% higher interest rate on the primary SONYMA mortgage. Borrowers will be required to put down at least 1% of the value of the property. For example, if the FMV is \$250,000, borrowers will need to put down at least \$2,500.
 - c. Conventional financing is an option. Conventional loans are originated, backed and serviced by private mortgage lenders like banks and other financial institutions. Conventional loans are offered into two categories: conforming and nonconforming depending on whether they conform to guidelines set by the

Federal National Mortgage Association (Fannie Mae) and the Federal Home Loan Mortgage Corporation (Freddie Mac). To be approved for conventional financing, lenders typically require credit scores of 660 or better. Various lenders may offer a range of down payment requirements, some as low as 3 or 5%. However, similar to FHA and SONYMA, borrowers must pay MIP with less than a 20% down payment. Conventional financing allows for flexible loan terms – most mortgage loans are repaid over a 30-year term. Interest rates will largely depend on the borrower's credit score and overall credit history.

Required Documentation

The following documents must be submitted with your application:

1. A signed copy of your **2022** Federal Income Tax return and all applicable schedules with the W-2s and Form 1099s.
2. Copies of all household social security cards (“SSN”), birth certificate or green card reinforcing that all household members are U.S. citizens or resident aliens.
3. Copies of the past 12 months of utility bills (e.g., NYSEG, municipal water/sewer, Spectrum, etc.) that proves residency in Broome County or an adjoining County.
4. Payroll stubs (last 8 consecutive weeks) – showing Year-to-Date (“YTD”) earnings.
5. Proof of any other income including but not limited to:
 - a. Pension income: letter for company stating amount, or annual tax statement.
 - b. Social Security or SSI benefits: statement of benefits. This can be obtained by calling the Social Security Office.
 - c. Social Service benefits
 - d. Disability benefits
 - e. Unemployment benefits
 - f. Contributions from separated spouse or family: letter from Family Court or Supreme Court order showing maintenance payment, alimony or child support.
 - g. Income from savings (including IRA, Keough, Certificates of Deposit, Time Certificates, Treasury Bills, Money Market Accounts and Savings Bonds): Statement from financial institution showing 2023 interest and balance as of December 31, 2023.
 - h. Income from stock, bonds, securities and mutual funds: statement showing dividends paid for the year ending December 31, 2023 and the number of shares owned.
 - i. Rental income: tax return or statement from tenant
 - j. Self-employment income: copy of schedule C from tax return
 - k. Any other monies regularly received by household members.
6. Current bank statements for all checking and savings accounts

Program Acknowledgement

The following program acknowledgement form shall be submitted in conjunction with a purchase offer.

I, _____, hereby acknowledge that I have received a copy of the Broome County Land Bank Corporation's Affordable Homes Program funded by CDBG Homeownership Handbook, have read and understand the expectations and requirements of the program, and agree to comply with the expectations and requirements of the program in regards to my purchase offer of \$_____ for

[INSERT ADDRESS]

I also acknowledge that the BCLBC does not provide or cover the cost for an Abstract of Title for the above listed property, and that if I wish to obtain or order an Abstract of Title, it must be done at my expense ____ (initial)

SIGNATURE

PRINTED NAME

SIGNATURE

PRINTED NAME

DATE

Property Purchase Application

The following property purchase application will need to be completed and submitted for BCLBC review following advancement of a purchase offer.

PURCHASER INFORMATION

Name(s): _____

Physical Address: _____

Phone: _____ Phone: _____

Email: _____

Please list the following information about YOURSELF and EACH PERSON in your household:

Last Name	First Name	M.I.	Relationship to Head of Household	Age	Date of Birth

Please list the following information about YOURSELF and EACH PERSON in your household:

Name	Income Source (Regular Earnings, Social Security, Public Assistance, Child Support, Alimony)	Gross Income (Hourly, Weekly, Monthly or Yearly)	Employment Status (Full- Time/Part- Time)	Employer Name

Please list the following ASSET information about YOURSELF and EACH PERSON in your household:

Name	Type of Asset (Checking and/or Savings Account, Stocks, Bonds)	Bank Name

	Yes	No
Do you own any other properties in Broome County?	_____	_____
Do you have a personal or professional relation with the BCLBC, any of its Directors or employees?	_____	_____
Are there any outstanding judgments against you?	_____	_____
Have you filed for bankruptcy in the past 7 years?	_____	_____
Have you directly or indirectly been obligated on any loan which resulted in foreclosure, transfer of title in lieu of foreclosure, or judgment?	_____	_____
Are you a party to a lawsuit?	_____	_____
Are you a first-time home buyer?	_____	_____
Have you completed a HUD-certified pre-purchase homeownership counseling course?	_____	_____

PROPERTY

Address of the property that you are interested in purchasing:

ATTACHMENTS

Please include all applicable attachments:

- Required Documentation as stated on page 9 of this handbook
- Copy of applicant's photo ID
- HUD-certified Pre-Purchase Homeownership Course certificate of completion
- List of other properties owned in Broome County (if applicable)

PRIVACY ACT NOTICE

This information in this application is to be used by the entity collecting it or its assignees in determining your qualification for the program. It will not be disclosed outside the agency except as required by law. You do not have to provide this information, but if you do not, your purchase offer and potential approval may be delayed, limited, or rejected.

AUTHORIZATION & CONSENT

I (we) hereby apply for assistance from the Broome County Land Bank Corporation to purchase an Affordable Home funded by CDBG. I (we) have read the accompanying Handbook and if selected, agree to comply with all expectations and requirements as outlined in "Qualifying for the Program" on page 4 including but not limited to executing a restrictive covenant enforced by the BCLBC.

I (we) hereby certify that the above statements are true, accurate, and complete to the best of my (our) knowledge and belief. False statements made knowingly by applicant will disqualify the applicant from participation in the program and may be subject to prosecution.

I (we) hereby consent and authorize the Broome County Land Bank Corporation and its authorized agent(s) to obtain verification of information required for compliance within the regulations of this program.

This application does not guarantee transfer and/or sale of the property. All sales are subject to approval by the Broome County Land Bank Corporation Board of Directors.

Signature

Date

Name (print)

Signature (co-applicant)

Date

Name (print)

The following information is requested by the Federal Government in order to monitor compliance with Federal Laws prohibiting discrimination against applicants seeking to participate in this program. You are not required to furnish this information but are encouraged to do so. This information will not be used in evaluating your application or to discriminate against you in any way. However, if you choose not to furnish it, we are required to note the race/national origin of individual applicants on the basis of visual observation or surname.

Check applicable box:

- White
- Black/African American
- Asian
- American Indian/Alaskan Native
- Native Hawaiiin/Other Pacific Islander
- American Indian/Alaskan Native & White
- Asian & White
- Black/African American & White
- American Indian/Alaskan Native & Black/African American
- Other Multi-Racial
- Asian/Pacific Islander
- Hispanic

Federal and State Law prohibit discrimination on the basis of age, sex, race, nation or ethnic origin, handicap or familial status. The Broome County Land Bank Corporation is committed to serving its community without discrimination and will comply with all rules and regulations regarding Fair Housing. The following data is for statistical purposes only and will not be used by any local, state or federal agency in making decisions regarding assistance.

Sex of Head of Household:

- Male
- Female
- Other

Age of Head of Household: _____ years of age

Is any member of household handicapped?

- Yes
- No

Is any member of household disabled?

- Yes
- No

Please sign, date and return to:

Broome County Land Bank Corporation

Attn: Jessica Haas

60 Hawley Street, 5th Floor

Binghamton, NY 13901

Or email to jessica.haas@broomecountyny.gov

SCHEDULE “B”

Restrictive Covenant

SUBJECT TO a restrictive covenant that shall run with the land for a period of ten (10) years from the date of recording of this deed and requires that the Grantee owns and resides (as a principal residence) in the property at [INSERT PROPERTY ADDRESS]. This conveyance is made and accepted with the condition that, in consideration of development funding in the amount of \$[INSERT AMOUNT] secured from Broome County Land Bank Corporation, County of Broome and Housing Trust Fund Corporation. Funding, the use and resale of the property conveyed is restricted to use as affordable housing and shall meet the required affordability standards for a term of 10 years from project completion. This resale restriction shall be enforceable by Broome County Land Bank Corporation and may not be altered or removed prior to the expiration of the term set forth herein without the written permission of that entity.

The restrictive covenant is subject and subordinate to a Purchase Money Mortgage given by grantee to [LENDER], its successors and/or assigns on [CLOSING DATE]. Any party, and their successors or assigns, (other than the Grantee or related entity or person to the Grantee) receiving title to the property through a trustee’s sale, a judicial foreclosure or deed-in-lieu of foreclosure of such Purchase Money Mortgage, and conveyance or transfer thereafter, shall receive title free and clear of the provisions of these Restrictive Covenants.

Buyer’s Signature: _____
[Insert name of buyer]

Date: _____

Buyer’s Signature: _____
[Insert name of buyer]

Date: _____