

## How Do Applicants Determine Income?

All income of adult household members that is received during a twelve-month period must be counted. The following sources of income are included:

- Gross amount of wages and salaries before payroll deductions, overtime pay, commissions, fees, tips, and bonuses.
- The net income from the operation of a business or profession or from rental of real or personal property.
- Interest, dividends, and other income from family assets.
- The full amount of periodic payments received from Social Security after deductions of Medicare premiums (including social security received by adults on behalf of minors or by minors intended for their own support)
- Income received from annuities, insurance policies, retirement funds, pensions, disability or death benefits, and other similar types of periodic receipts, including a lump sum payment for the delayed start of a periodic payment.
- Payments in lieu of earnings, such as unemployment and disability compensation, workman's compensation, and severance pay.
- Periodic and determinable allowances—such as alimony and child support payments, and regularly recurring contributions or gifts received from person not residing in the dwelling.
- All regular pay, special pay, and allowances of a member of the armed forces who is head of the family of spouse, whether or not that family member lives in the unit.
- Any earned income tax credit to the extent it exceeds income tax liability.

## Partner Organizations Which Help Make The Redevelopment Authority's Homeowner Rehabilitation Program A Success, Include:

- Threshold Housing Development, Inc.
- U. S. Department of Agriculture—Rural Housing Service (USDA-RHS)  
www.usda.gov
- U. S. Department of Housing and Urban Development (HUD)  
www.hud.gov
- Fayette County, Pennsylvania—Board of Commissioners

### Current Income Limits.

In order to qualify for assistance, applicants must make less than the amounts shown in the following table:

Family Size	Annual Income Limits
1 Person	\$35,300
2 Persons	\$40,350
3 Persons	\$45,400
4 Persons	\$50,400
5 Persons	\$54,450
6 Persons	\$58,500
7 Persons	\$62,500
8 Persons	\$66,550

Note: These income limits are updated annually by the U. S. Department of Housing and Urban Development (HUD). Potential applicants should check with The Redevelopment Authority for current income limits.

# Homebuyer Development Program

“Providing the Opportunity for Families in Fayette County to Realize the Dream of Homeownership”



A Program Administered by the Redevelopment Authority of the County of Fayette, Pennsylvania

86 West Main Street  
Uniontown, Pennsylvania 15401  
Phone: 724.437.1547  
TDD/TYY: 800.877.8339  
Fax: 724.437.0731  
Web Site: www.racfpa.org



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## What is the Homebuyer Development Program?

The Fayette County Redevelopment Authority Homebuyer Development Program provides assistance to low and moderate income families purchasing single-family homes throughout Fayette County. Assistance through this program is provided in the form of: Homeownership Counseling, Down-Payment and Closing Cost Assistance, and Home Rehabilitation Assistance.

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### Who Qualifies for Assistance?

To be eligible through the Fayette County Homeownership Program, applicants must:

- Complete an initial assessment application for assistance through the Redevelopment Authority and qualify as low or moderate income according to limits established by the U. S. Department of Housing and Urban Development (HUD).
  - Qualify to receive a mortgage through an acceptable lending Institution.
  - Complete the Redevelopment Authority's *Homeownership Education Course*.
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### What Does It Cost The Applicant?

While there is no application fee for the program, a \$500 development fee is charged. This fee, however, is not paid up front by the homebuyers, rather it is included as part of the closing costs for the home. During the pre-purchase counseling process, the Redevelopment Authority will work with applicants to identify the resources that will be required at closing. Ideally, homebuyers in the Program will contribute at least 3% of the property purchase price.

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## How Does a Typical Transaction Work?

In addition to providing down-payment and closing cost assistance, the Redevelopment Authority's Homebuyer Development Program also provides limited rehabilitation or appraisal gap financing assistance. An appraisal gap occurs when the purchase price plus the cost of rehabilitation exceeds the appraised after-rehabilitation value of the property.

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A typical transaction would occur as follows:

- *The applicant applies for the program .*
- *The applicant pre-qualifies for a mortgage from a qualifying lending institution.*
- *The applicant completes the Redevelopment Authority's Homeownership Counseling Course.*
- *An applicant selects a home with a purchase price of \$40,000 and in need of \$20,000 of repairs.*

In this situation, the closing-costs would equal approximately \$4,800 and the homebuyer contribution would equal approximately \$1,500. Adding these costs to the purchase price, the total cash required for this transaction is \$64,800 (purchase price + rehabilitation + closing costs).

Under the Fayette County Homebuyer Development Program, funding for this transaction would come from the following:

- \$1,500 from the Buyer for down-payment (3.75% of purchase price)
  - \$47,500 from the primary lending institution for a permanent mortgage (95% of after rehabilitation appraisal value of \$50,000)
  - \$15,800 appraisal gap loan (0% deferred until sale of property)
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## How Do Potential Homeowners Apply?

Potential homeowners may initially access Fayette County's Homeownership Program by contacting the Redevelopment Authority at 724-437-1547, Ext. 205.

After establishing that the applicant is income eligible to receive assistance and is eligible to obtain a mortgage, the Redevelopment Authority will enroll them into the *Homeownership Education Course*. Program participants must successfully complete the pre-purchase counseling course and receive a completion certificate prior to any final closing.

During this phase, applicants will also be advised to begin contacting one of several acceptable lending institutions to qualify for a mortgage and find out specifically how much they can afford. Once an applicant becomes pre-qualified for a mortgage, their search for a new home in their price range may begin.

Applicants at this time may also contact Threshold Housing at 724-437-9080 to inquire about purchasing a newly constructed or rehabilitated home.

Once an applicant or their realtor identifies a home, the Redevelopment Authority will perform an inspection to identify any required repairs. Based on the inspection and the applicant's financial ability, the Redevelopment Authority may provide rehabilitation and / or down payment assistance.

