

“NEIGHBORHOODS FIRST”  
FIRST TIME HOMEBUYER PROGRAM

LOAN PROCESS

1. Applicant is prequalified through the Office of Housing & Community Development (OHCD) or participating lenders.
2. The OHCD application process begins when we receive an application package from Participating lenders. The Participating Lender should provide the items on the **Attached Checklist** to OHCD. (Please note that the OHCD cannot accept applications that do not have a signed Purchase & Sales Agreement)
3. The OHCD will verify program eligibility by ensuring that applicant meets HUD’s income guidelines adjusted for household size and initial underwriting qualifications.
  - a) Upon initial financial approval, a rehabilitation specialist will conduct a walk through of the property. The property will be evaluated for adherence to Minimum Quality Housing Standards and correction of any code violations.
  - b) **The property must adhere to HUD Lead Based Paint requirements and Massachusetts General Laws regarding lead based paint. The property must pass a visual inspection to determine if the property is “lead safe”(ie: no peeling, chipping or flaking paint) prior to any assistance.**
  - c) If the property fails an initial visual assessment for peeling, chipping or flaking paint, the applicant will be notified, in writing, of the areas that will be required to be made intact utilizing lead safe work practices. To ensure compliance, dust wipe samples must be taken after the work is completed to ensure the property is lead safe. **No federal assistance can be provided until the property is made lead safe.**
  - d) If rehabilitation is required, the rehab specialist will prepare a rehabilitation estimate. The financial application is then reviewed to determine if the purchase price and the required rehabilitation estimates meet underwriting guidelines.
4. Upon initial approval, the applicant will be given a loan package containing a commitment letter for the down payment, closing cost and gap financing assistance, if applicable and a preliminary commitment letter for the rehabilitation (if required), with a description of the proposed rehabilitation.

5. The lender will receive copies of the above, and upon approval of the first mortgage application, will notify OHCD immediately and provide us with a copy of the commitment letter and closing attorney information.
6. Loan Closing Process: Upon loan approval, the first mortgage loan closing and the OHCD loan closing will be coordinated. The OHCD will need to be notified at least seven (7) business days prior to the first mortgage closing date. The OHCD will conduct a loan closing in our offices for the down payment/closing cost assistance and gap assistance (if applicable). Checks will be provided to the applicant to bring to the first mortgage closing.
7. Rehabilitation Process: The applicant will be provided detailed specifications outlining the proposed rehabilitation (Bid Package). Applicants will be required to solicit a minimum of two competitive bids from qualified contractors for the required rehabilitation according to established bidding procedures (*Sealed bid process*). The applicant will choose the lowest qualified bid and a separate loan closing will be scheduled upon selection of the general contractor.

\* OHCD is here to make the home buying process as smooth as possible for First Time Homebuyers. Please do not hesitate to ask questions. That's what we're here for.



## NEIGHBORHOODS FIRST APPLICATION CHECKLIST

Name: \_\_\_\_\_

Property Address: \_\_\_\_\_

Date Rec'd	Item	Notes	Verified by:
1	Purchase and Sales Agreement, including property transfer Notification Certification <i>Closing Date:</i> _____		
2	Signed 1003 Application		
3	Verification of minimum down payment		
4	Copies of most recent pay stub with YTD information		
5	Copies of most recent checking and savings account		
6	Copy of recent Credit Report		
7	Copies of last 3 years Tax Returns and W2's		
8	Good Faith Estimate [GFE] from lender		
9	Copy of Appraisal		
10	Signed authority to verify credit		
11	Copy of Bank Commitment Letter		
12	Verification if children under 6 yrs old will be residing on the property		
12A	LP Inspection Report Yes      No      N/A		
13	Home Inspection Report		
14	Homebuyer Counseling Certificate		
15			

**Items 1-11 provided by Lender**