

Employee Participation Kit

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ATTENTION EMPLOYER!

Please attach the following to complete this “Employee Participation Kit”:

- two (2) original copies of the qualification letter

How to use your employer's contribution and access the Philadelphia Home Buy Now grant

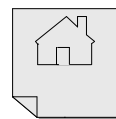
ATTENTION

Participation in the **Philadelphia Home•Buy•Now program** is contingent upon you as the employee/homebuyer qualifying for a mortgage loan. If you have, or think you might have, a credit problem or other problem that would make it difficult to qualify for a loan, it is recommended that you attend to this problem first.

Home•Buy•Now partners, will provide housing counseling services that can help you determine if you are likely to qualify for a loan, or help you qualify for a loan. Their contact information is listed under the participating partner section of this guide.

The matching grant benefit is provided by the Commerce Department of the City of Philadelphia. The entire program is administered by the Urban Affairs Coalition with funding support of the City of Philadelphia.

Following is a step-by-step guide for using your housing benefits program when purchasing a home. Important steps to the process – that you cannot miss if you want to receive both your employer's financial assistance and the HBN matching funds – are brought to your attention by this symbol:



BUYING A HOME

STEP 1: Make sure you are eligible to participate

Before applying for a mortgage you should confirm your eligibility to participate in your employer's **Home•Buy•Now** housing benefit program. Take some time to review the "Guide to Employees" from your employer.

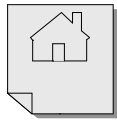
Consult your real estate agent, mortgage lender, or a housing counseling agency to see if it is better for you to qualify for a mortgage before or after finding the home you want to purchase - given your own income, employment and credit history.

STEP 2: Give one copy of your qualification letter to your lender

When you are ready to apply for a mortgage you can begin the process of accessing the financial assistance portion of the program, which is a part of your housing benefits package. Your employer will provide you with two (2) copies of a qualification letter stating that:

- You are an employee eligible to participate in **Home•Buy•Now**
- Your employer is providing you with financial assistance to buy a home

A description of the extent and type of financial assistance (grant, forgivable loan or deferred loan) will be provided.



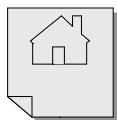
One copy of the qualification letter must be given to your lender at the time that you apply for your mortgage.

A few words of advice:

When you are applying for a mortgage, be sure to talk to your lender about the best ways to use both your employer's financial assistance and the matching funds that you will receive as part of the **Home•Buy•Now** program. Options include increasing the down payment, paying for closing costs, making a "lump sum" mortgage insurance payment or paying additional closing points so as to lower your mortgage interest rate. See the "Shopping advice for homebuyers" section of this packet for more detailed advice.

STEP 3: Receive your mortgage commitment letter from your lender and give it to your employer

When you are approved for your mortgage you will receive two (2) copies of a mortgage commitment letter indicating your approval.



One copy of the mortgage commitment letter must be given to your employer in order to receive employer financial assistance.

Once your employer receives your mortgage commitment letter and information regarding the settlement agent, an employer check for your financial assistance can be issued.

If your employer has a cost recovery agreement as part of its program, you will be asked to sign this agreement and any other agreements and forms related to the benefits program at this time.

STEP 4: Receive settlement notice from your title company and IMMEDIATELY assemble the necessary paperwork for accessing the City grant money

Once your mortgage has been approved and you receive your settlement notice from the title company, you **MUST IMMEDIATELY** begin the process of accessing the **Home•Buy•Now** grant that accompanies your employer's financial assistance. In most cases, you will need a three week time period to request your **Home•Buy•Now** grant so that it arrives on time for closing. The Urban Affairs Coalition cannot guarantee the availability of the matching grant check if full documentation is not provided at least three weeks prior to the closing date.

First you must complete and assemble the following five (5) items in order to receive the no-strings-attached grant that matches your employer's assistance dollar-for-dollar up to \$4,000 per employee. If any of these items is missing, the **Home•Buy•Now** grant will not be processed and will not arrive in time for you to close on your new property!

1. **Home•Buy•Now grant application form** – in this section
2. **Privacy waiver** – also in this section
3. **Settlement notice** (copy from your title company)
4. **Mortgage commitment letter** (copy from your lender)
5. **Qualification letter from your employer**

STEP 5: Send the five (5) documents to Philadelphia Home•Buy•Now staff at UAC IMMEDIATELY

With these five (5) documents, **Home•Buy•Now** staff will trigger the process that is needed for you to receive the matching funds that will complete your financial assistance through the Home•Buy•Now program. If any of these items is missing, we will not process your grant and you will not receive the funds at your closing!

Mail, fax or email your paperwork to:

Christopher Waters
Program Manager
Philadelphia Home•Buy•Now
Urban Affairs Coalition
1207 Chestnut Street, 5th Floor
Philadelphia, PA 19107
Fax: (215) 564-9912
Email: cwaters@uac.org

ANY QUESTIONS OR CONCERNS ABOUT ACCESSING YOUR CITY GRANT- Call Christopher Waters at 215-851-1955.

Philadelphia Home•Buy•Now Program

Application for Matching Funds

This form authorizes a matching grant under the terms of the City of Philadelphia's Home•Buy•Now Program in the amount indicated below for the homebuyer who is an employee of a participating employer. This grant matches employer financial assistance to buy a home dollar-for-dollar up to \$4,000 per employee in accordance with the terms of the program.

Employee Information

<i>Employee's First Name</i>	<i>Middle Initial</i>	<i>Last Name</i>
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<i>CURRENT Residential Address</i>	<i>City</i>	<i>State</i>	<i>Zip Code</i>
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Telephone

Amount of matching grant funds requested: \$_____

Employer Information

Name of employer

<i>Employer address</i>	<i>City</i>	<i>State</i>	<i>Zip Code</i>
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\$

<i>Employer telephone</i>	<i>Employer FAX</i>	<i>Employer Contribution</i>
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NEW Residential Information

<i>New Home Address</i>	<i>Zip</i>
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<i>Purchase price of home</i>	<i>Settlement (closing) date</i>
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Mortgage and Lender Information

<i>Mortgage Amount</i>	<i>Down-payment amount</i>
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<i>Mortgage Lender</i>	<i>Mortgage lender's address</i>	<i>Zip</i>
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Real Estate Agency Information

Listing real estate agency *Listing real estate agency address* *Zip*

Selling real estate agency *Selling real estate agency address* *Zip*

Employee and Household Information (for statistical purposes only; individual information will not be shared)

Race/ethnicity: _____ *Hispanic (check one):* Yes No

Gender (check one): Male Female

Legally handicapped (check one): Yes No

Total annual household income: \$ _____

No. of adults in the household: _____ *# of children under 18 in the household:* _____

Head of household: Yes No

203k Loan? Yes No

Did you use any of the Philadelphia Home Buy Now Participating Partners? Yes No
If so, which ones?

Title Company *Address* *Zip* *Tax ID No.*

FOR UAC USE ONLY

Employee's CURRENT Council District: _____

Employees NEW Council District: _____

Type and Amount of Employer Assistance _____

Special Features, if any _____

I certify that the homebuyer identified above is eligible to receive matching funds through the City of Philadelphia's Home•Buy•Now Program administered by the Urban Affairs Coalition.

Director, Community and Economic Development, UAC **Date** _____

Program Manager, Philadelphia Home•Buy•Now, UAC **Date** _____

Privacy waiver

Employee authorization to permit the release of information



Whereas, in accordance with the rules and procedures of the **Philadelphia Home•Buy•Now** program, the undersigned has applied for a mortgage to purchase a home within the City of Philadelphia; and,

Whereas, in further accordance with the rules and procedures of the **Philadelphia Home•Buy•Now** program, the undersigned has also applied for a grant from the City of Philadelphia to further aid in the purchasing of that home for which the mortgage is being sought; and

Whereas, the City of Philadelphia has contracted with the Urban Affairs Coalition (UAC) to manage and operate the **Home•Buy•Now** program including providing coordinative functions between the lender, title company, **Home•Buy•Now** participating employer, **Home•Buy•Now** participating employee and various housing agencies of the City of Philadelphia, as well as providing aggregate data about the program to various City housing agencies; and

Whereas, in order to provide coordinative services and information to the various service providers including the closing agent, lender, and City housing agencies it is necessary that UAC be able to share information among these service providers as well as collect information regarding the operations of the **Home•Buy•Now** program;

I / We, as participants seeking to buy a home through the **Home•Buy•Now** program do hereby authorize the mortgage lender, title company or other closing agent, various City housing agencies and the Urban Affairs Coalition to collect and share information as needed in order to further my participation in the program and otherwise monitor the overall activities of the **Home•Buy•Now** program:

Signature

Date

Signature

Date

Shopping advice for homebuyers

Home mortgage lenders do not always offer identical products with identical interest rates and fees. It still can pay to “shop around” from among lenders. Be wary of predatory loans and products with hidden fees and surcharges. Ask your employer about any preferred lenders with which it has established a relationship and possible discounts. When contacting a lender inquire about special loans for first time homebuyers, lower closing costs as well as promotions.

Disclaimer

Regardless of the loan product, consumers must have reasonably good credit. The various mortgage products offered by lenders do have differing credit requirements. So again, it may pay for you to shop around from among lenders in order to find the product that best suits your individual household needs and capacity.

If you think you may have a problem meeting the credit requirements, contact one of the Homebuyer Counseling agencies. (See “Service Providers Contact Information Section”)

BEFORE YOU BEGIN:

Some pointers to make sure you get on the right track

Handle paperwork with care

The home buying and mortgage application processes require that you complete a variety of verification and disclosure forms. Many of these forms will seem like duplications of previous forms or seem overly personal. Because of the involvement of your employer and the City of Philadelphia there are even more forms than would otherwise be the case in purchasing a home. Nevertheless, all of this information is needed and each form must be completed and completed on time if you are to close on your mortgage and home at the time you anticipate.

Because of the involvement of your employer and City of Philadelphia, a little more time may be required to close the loan on your home than would otherwise be the case.

However, we are sure that you will find that the value of the employer and City financial assistance will be more than worth this extra time!

Make sure that this is the right time for you to buy a home

When you are about to begin looking for a home it is usually to your advantage to make sure that you will qualify for a mortgage before you begin shopping for a home. Often a real estate agent can help you with a preliminary assessment that will let you know how large a mortgage you can qualify for and whether you have any credit issues that would make qualifying for a mortgage more difficult. Lenders can also help you with this information.

However, if you think that you may have a credit problem that would make qualifying for a home mortgage more difficult, we suggest that you contact a housing counselor. Counselors can usually assess any problems that you may have and can work with you to solve these problems. Generally this service is free, and in some instances if you are not eligible for free counseling your employer may have agreed to pay for this cost as part of the **Home•Buy•Now** program.

Before shopping, talk to your real estate agent

When you are sure that you will qualify for a mortgage and you begin shopping for a home through the **Home•Buy•Now** program you should inform your real estate agent, lender, and/or attorney handling your home sale that you are purchasing a home with the assistance of this program and that while this program does have a few more steps, it is of value to you because you will be receiving important cash assistance.

Don't agree to a settlement date until you are sure all your money will arrive on time

Typically home sellers, real estate brokers and lenders want to close a loan as quickly as possible, and presumably you do too. Sellers and real estate agents usually try to set a date for the loan closing and purchase of the home when you sign a contract of sale on a home. This often takes place even before you have applied for a mortgage.

However, sellers, brokers and lenders may not be as sensitive to the processing of your financial assistance as you are. When the real estate agent, lender and/or title company wants to talk to you about setting a closing date for your loan, make sure that they understand the additional time the **Home•Buy•Now** program requires and have them explain to you how the schedule they propose for the closing of the loan will take into account the **three week time period needed to process your Home Buy Now grant once you have requested it.**

Often a mortgage closing will be scheduled for a time within 30 days of the time you apply for a mortgage, though 45 and 60-day time lines are also possible. In deciding how soon to schedule a closing you must leave time for both your employer and **Home•Buy•Now**, which will be matching at least some of the employer's assistance to you to issue and deliver checks to the company that is closing your loan. Again, employers and **Home•Buy•Now** will require **at least three weeks** to deliver a check beginning from the time they receive notification from you indicating that your loan has been approved. (Your employer will provide you with additional information regarding how long it takes them to process a check on your behalf).

We cannot say it too many times: It is important therefore **that your lender's mortgage commitment extend for a period of time that is long enough to accommodate the additional time it takes to process all needed Home•Buy•Now paperwork.** Before signing a sales contract with a real estate agent or applying for a mortgage make sure that the schedule they are suggesting accommodates the time needed by your employer and **Home•Buy•Now** to process checks on your behalf.

You should also feel free to ask your real estate agent, lender or attorney to help you complete any forms that are unclear to you. Finally, be sure to turn in all

required paperwork as quickly as possible, particularly forms due to your employer and the program manager of the **Home•Buy•Now** program at the Urban Affairs Coalition.

MAXIMIZING YOUR BENEFIT:

How to use employer and city matching funds in the best possible way

Unless your employer advises you differently, both employer and **Home•Buy•Now** may be used to pay for:

Down payment costs

Generally a lender will not make a loan for more than 95% of the sales price of the home. This requires the homebuyer to provide the difference between the cost of the home and the available loan in the form of a 5% down payment. In the current environment lenders commonly require 10% or even 20% down payment.

Making a larger down payment, and therefore borrowing less, will lower your monthly payments, which may be ideal for households on a tight monthly budget. In addition, by making a 10% down payment you can lower the monthly cost of mortgage insurance which insures the lender against the borrower's failure to repay the mortgage. A loan with a 20% down payment requires NO mortgage insurance.

For borrowers with limited savings, or who have tight monthly budgets, using employer and/or city funds to increase the size of the down payment and reduce the amount borrowed, may be a good use of this funding. On the other hand, if you already have the 5% down payment saved and can comfortably afford the monthly mortgage payment, it may be better to use some or all of the employer and/or City funding to cover other settlement/closing costs (see below).

Closing costs

In addition to the down payment, prospective homebuyers typically need several thousand dollars for closing costs at the time of home purchase. Closing costs can include mortgage application fees, taxes, title insurance and mortgage reserves, and inspection fees. Using City and employer funds to pay for closing costs will enable you to use more of your own savings toward the down payment and other home acquisition related expenses.

For lower income borrowers who are seeking a mortgage through the Pennsylvania Housing Finance Agency (PHFA) and participating in PHFA's closing cost grant program, it is best to use PHFA funds for closing costs first and then to use employer and City funding for any remaining closing costs, to increase the size of the down payment, or to pre-pay mortgage insurance costs.

Closing points

Closing points are a form of pre-paid interest on a loan. One point equals 1% of the mortgage loan. In return for paying closing points, one's mortgage interest rate is reduced, lowering the monthly cost of owning your home. Both the regular monthly interest that homebuyers pay on their mortgage loan and closing points are generally deductible from federal income tax. So, although cash received from an employer is generally taxable income, paying closing points can

offset this increased tax liability.

Most mortgages charge between 0-3 points. For borrowers looking to lower their tax liability and/or their monthly payments (more points paid results in a lower mortgage interest rate) using employer or City funds to pay for more points can be an effective use of these funds.

Mortgage insurance

Mortgage insurance protects a lender against loan default when the borrower makes a down payment of less than 20%. Mortgage insurance premiums can be paid on a monthly basis, as part of a mortgage payment, on a "lump sum" basis at the time of closing, or as some combination of the two. By using employer and/or City funds to make a lump sum mortgage insurance payment, you can reduce your monthly mortgage payment.

Summary

As you can see, each of the above ways to use employer and City funding has different advantages, the value of which will depend on your personal financial situation, particularly available savings and monthly income.

To ensure that employer and City funds will be allocated in the way that best meets the needs your household, all borrowers are strongly advised to ask questions of the lender when applying for a mortgage based on the information above. Suggest these different alternatives and ask the lender to tell you – with each scenario - how much money you would save, either at closing or on a monthly basis depending upon how you use the City and employer funding. You have a right to have this information before finalizing your mortgage application, and the right decision could save you thousands of dollars at closing or over the life of the loan.

Good luck shopping for your mortgage!

Philadelphia Home•Buy•Now Participating Service Partners

Philadelphia Home Improvement Loan (PHIL) Program

The Philadelphia Home Improvement Loan (PHIL) Program provides low interest loans for home repair or improvements for homeowners in the City of Philadelphia. The requirements to apply for the PHIL Program are that you own as well as occupy your home and meet the credit worthiness of the lender's requirements. For more information contact:

Judith A. Kowalik
Assistant Director, Revenue Bond Programs
Redevelopment Authority of the City of Philadelphia
1234 Market St. 16th Floor
Philadelphia, Pa. 19107
Telephone: 215-209-8663
Email: Judith.Kowalik@rda.phila.gov

Phil-Plus and Mini-Phil Home Improvement Loans

The PHIL-Plus and Mini-PHIL Loans can be used for home repairs and paying off debts including past due utility bills. The Mini-PHIL, up to \$10,000, would be a good choice for small repairs or energy conservation improvements. The PHIL-Plus, up to \$25,000, is typically used for larger renovations or for adaption for elderly living. You can use up to half of either loan to pay off existing debt.

For more information:
Urban Affairs Coalition
1207 Chestnut St.
Philadelphia, PA 19107
Telephone: 215-851-1854

Homebuyer Counseling

Urban League of Philadelphia

Contact person: Danyielle N. Gray, 121 S. Broad Street, 10th Floor, Philadelphia, PA 19107

Telephone: 215-985-3220 x201

Service: First-time Homebuyer's Education Workshops, Pre-purchase Counseling, Deed Related Problems, Housing Consumer Education, Anti-Predatory Lending Counseling

Partnership CDC

Contact Person: Shawn McGeth, 4020 Market Street, Philadelphia, PA 19104

Telephone: 215-307-4917

Services: Home Buying Workshops, Money Management

Mt. Airy USA

Contact Person: Cynthia Bradley, 6703 Germantown Avenue Suite 200, Philadelphia, PA. 19119

Telephone: 215-844-6021

Fax: 215-844-9167

info@mtairyusa.org

Services: Pre-Mortgage Counseling, Credit Repair, Savings/Budgeting Skills, Default & Delinquent Counseling, Financial Advice for Senior Citizens, Consumer Education Regarding the Home Buying Process

Realtor Services

Coldwell Banker Preferred

Contact Person: Kate Vail, 1401 Walnut Street, 8th Floor, Philadelphia, PA 19102

Telephone: 215-546-2700

Email: kvail@cbpref.com

Services: Buyers Agent, Listing Agent, Relocation, Consulting

Discount: A \$500 rebate at the settlement table. Free Home Warranty (Full Comprehensive HVAC System) a \$640 value at the settlement table. The eligibility requirement for the PHBN discount is the purchase price of the house must be at least \$100,000.

Keller Williams Realty, Center City, Philadelphia

Contact Person: Georgine Atacan, 1619 Walnut Street, 5th Floor, Philadelphia, PA 19103

Tel: 267-238-5752

Email: Relo@kw.com

Services: Residential and Commercial Real Estate Sales and Rental Properties

Discount: A 10% off rebate of sales commission for any house purchased or sold. The rebate will be provided at the settlement table.

www.KWPhilly.com

Home Inspection Services

Value Home Inspections

Contact Person: Peggy Salamando, 115 East Glenside Avenue, Suite 14, Glenside, PA 19038

Telephone: 1-800-750-8090 ext 100

Discount: A discounted fee of \$375 combined for inspection and termite inspection for single family properties fewer than 2000 sq ft. a discounted fee of \$450 for properties 2000-3000 sq ft and two-family dwellings. For properties over 3000 sq. ft. there is a \$150 discount off standard rates. An additional discount of \$20 will be provided on radon test fees.

www.valuehomeinspections.com

Services: Home Inspection, Webinar Series on Home Inspections, Repair Estimates, 203K Loan Certified

Energy Efficiency

Mark Group

Contact Person: L.J. Petroni, The Navy Yard, 4613 South Broad Street, Philadelphia, PA 19112

Telephone: 215-334-5273

Services: Energy Assessment, Insulation, Draft Proofing, Energy Efficiency Improvements

Discount: A 10% discount on energy savings and improvements from standard pricing.

Additional Resources

Office of Housing and Community Development

The Office of Housing and Community Development offers two programs to help first time home buyers, the Settlement Assistance Grant and the American Dream Down Payment Initiative. Both programs provide funds for the purchasing of a house in the City of Philadelphia.

For more information contact:
Office of Housing and Community Development
1234 Market Street, 17th Floor
Philadelphia, PA 19107
Telephone: 215-686-9723

Name

Philadelphia Home•Buy•Now Grant Submission Cover Sheet

Check that all forms are attached before submission and submitted **three weeks** in advance of the settlement date!

- **Home•Buy•Now grant application form**
- **Privacy waiver**
- **Settlement notice** (copy from your title company)
- **Mortgage commitment letter** (copy from your lender)
- **Qualification letter from your employer**

Mail, fax or email your paperwork to:

Christopher Waters
Program Manager
Philadelphia Home•Buy•Now
Urban Affairs Coalition
1207 Chestnut Street, 5th Floor
Philadelphia, PA 19107
Fax: (215) 564-9912
Email: cwaters@uac.org