

Town of Normal Down Payment Assistance Program

Only qualified homebuyers should apply for the grant.

Qualifications

- The home being purchased is located in Normal IL (mobile homes do not qualify)
- The income of the homebuyer/household falls within the guidelines established by HUD
- The House-to-Income Ratio must not be larger than 30%
- The Total Debt-to-Income Ratio must not be larger than 37%
- The down payment of the buyers personal dollars must not exceed 10%
- The homebuyer must retain a minimum of \$1,000 in a bank account after the down payment and closing costs have been paid

Lenders' must provide the following in request for down payment assistance:

1. An original letter, on Lender's letterhead, containing the information as shown on the attached "Sample Letter".
2. Signed copies of the enclosed forms: Mortgage Lender Down payment Assistance Closing Agreement; Affidavit of Lending Institution; and Affidavit of Household Income and Subordination Policy.
3. A SIGNED copy of the applicant's Uniform Residential Loan Application
4. A SIGNED copy of the applicant's 2015 (or most recent) Federal Tax Return and income verification on the Residential Loan Application
5. A SIGNED copy of a current appraisal
6. A SIGNED copy of the Residential Real Property Disclosure Report
7. A SIGNED copy of the Lead Paint Disclosure Report
8. A copy of the FHA inspection documentation (if applicable)
9. A copy of title work on the property
10. An approximate closing date. **WE MUST HAVE A MINIMUM OF TWO (2) WEEKS NOTICE PRIOR TO CLOSING.** Failure to provide this notice or any of the above requirements may result in rejection of the application.

PLEASE DO NOT SEND DOCUMENTS OTHER THAN THOSE REQUESTED.

Completed application materials can be submitted by mail, in-person, or electronically to:

Uptown Station

Attn: Deanna Mocchi

3rd Floor, 11 Uptown Circle

Normal, IL 61761

dmocchi@normal.org



Community Development Block Grant Down Payment Program

Subordination Request Policy

On occasion the Town of Normal receives requests from Lenders to subordinate the Town's mortgage lien to a new or second lender. This policy outlines the current practices of the Town of Normal with regard to subordination requests.

The Town may agree to subordinate its mortgage lien under the following circumstances:

1. The Lender seeking the subordination agreement agrees in writing to pay off the underlying first mortgage, to obtain a release of the first mortgage and to file the release of the underlying mortgage in the McLean County Recorder of Deeds Office.
2. The Borrower is not in arrears on any payment due to the Town of Normal.
3. The Borrower is not in arrears on any payment due on the first mortgage.
4. The Borrower resides in the property and intends to continue to reside in the property for the duration of the Town's mortgage.
5. The refinancing of the property is a "straight" refinancing with no cash back to the Borrower, and the amount due on the new mortgage, after addition of fees and costs, does not exceed the original amount of the first mortgage.

This policy is not a promise that the Town of Normal will agree to subordinate its mortgage interest at any time, and this subordination policy creates no rights to the Borrower or to the Lender, nor does this policy obligate the Town of Normal in any respect. This policy is subject to change without notice.

SAMPLE LETTER

THIS LETTER MUST BE ON YOUR LENDING INSTITUTION LETTERHEAD

Date

Town of Normal
Attn: Down Payment Assistance Program
11 Uptown Circle
Normal, IL 61761

Dear Town of Normal Official,

(Name of Borrower/s) is/are in need of \$_____ **(amount being requested from the Town of Normal)** in order to qualify for a mortgage loan to purchase the property at **(address of property to be purchased)**. Without this assistance, **(Name of Lending Institution)** cannot approve this loan.

The purchase price agreed on is \$_____. The total downpayment required is \$_____ leaving a loan amount of \$_____. The closing costs total \$_____. The matching funds the buyers are providing total \$_____ (this amount must be equal to or greater than the grant amount requested) and the source of those fund is/are _____.

The property closing is scheduled for (date, time and location).

Sincerely,

Your name and title



**AFFIDAVIT OF HOUSEHOLD INCOME AND
SUBORDINATION REQUEST POLICY**

The total annual income for all persons residing in this household is:

\$ _____

Attached are copies of the most recent federal tax filing forms for the prior calendar year for all persons residing in the household.

Attached are copies of current pay stubs or other evidence of current income for all persons residing in the household.

The following persons reside in the household:

NAME	AGE	RELATION
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No other person other than those listed above resides in the household.

The lending institution has reviewed the Town of Normal Subordination Request Policy with me. I fully understand this policy and recognize that it is subject to change without notice.

The undersigned swears that the foregoing is true and correct.

Borrower

Co-Borrower

Date



**AFFIDAVIT OF HOUSEHOLD INCOME AND
TOWN OF NORMAL SUBORDINATION REQUEST POLICY
(cont)**

STATE OF ILLINOIS)
)
McLEAN COUNTY) ss

I, the undersigned, a Notary Public in and for said County in the State aforesaid, do hereby certify that personally known to me to be the same person(s) whose name(s) is/are subscribed to the foregoing instrument, appeared before me this day in person and acknowledged that he/she/they signed, sealed, and delivered the said instrument as his/her/their free voluntary act, for the uses and purposes therein set forth.

GIVEN under my hand and notarial seal this _____ day of _____.

Notary Public
(seal)



AFFIDAVIT OF LENDING INSTITUTION

The undersigned an officer/agent of _____
(Lending Institution) states that _____ (Borrower) and
_____ (Co-Borrower) would not qualify for the loan being
sought to purchase property located at the following address:

without assistance from the Town of Normal's Downpayment Assistance Program from the
Community Development Block Grant funds.

I also confirm that I have shared and reviewed the Town's Subordination Request Policy with
the Borrower and Co-Borrower.

Name and Title

Date



AFFIDAVIT OF LENDING INSTITUTION (cont)

STATE OF ILLINOIS)
) ss
McLEAN COUNTY)

I, the undersigned, a Notary Public in and for said County in the State aforesaid, do hereby certify that personally known to me to be the same person(s) whose name(s) is/are subscribed to the foregoing instrument, appeared before me this day in person and acknowledged that he/she/they signed, sealed, and delivered the said instrument as his/her/their free voluntary act, for the uses and purposes therein set forth.

GIVEN under my hand and notarial seal this _____ day of _____.

Notary Public
(seal)



MORTGAGE LENDER DOWNPAYMENT ASSISTANCE CLOSING AGREEMENT

The _____ (Lending Institution) agrees to accept and record any Note, Mortgage or Other Document (the Requested documents) with the Recorder of Deeds in McLean County, Illinois requested by the Town of Normal as part of the Town of Normal's Downpayment Assistance program with the regard to the purchase of property located at _____
(address) by _____ (Borrower). The Lending Institution agrees to file the requested documents within a commercially reasonable period of time, but in no event shall the filing occur more than two weeks after receipt of the Town of Normal Downpayment Assistance by the Borrower. The Lending Institution will not charge the Town for the cost of filing any requested documents, but the Lending Institution may collect such filing costs at closing. The Lending Institution agrees to indemnify the Town of Normal for any loss incurred by the Town, including legal fees needed to clear title, as the result of any filing with the Recorder of Deeds which affects the Town of Normal's interest in the property which occurs after receipt of the Town of Normal's Downpayment Assistance by the Borrower and before the filing of the requested documents by the Recorder of Deeds in McLean County.

Date:

Name and Title