

City of Rockford Community & Economic Development Department

City Hall – 2nd Floor

425 East State Street - Rockford, IL 61104

815-987-5600 (phone)

815-967-6933 (fax)

www.rockfordil.gov

Business Hours: 8:00 a.m. to 5:00 p.m. (Monday – Friday)

The City of Rockford Community & Economic Development Department (City) makes housing affordable by providing assistance to developers to construct and rehabilitate homes and to buyers to assist with the acquisition. Since the U.S. Department of Housing and Urban Development (HUD) provides these funds, certain requirements must be met. Some of the basic qualifications and the application process have been indicated below.

To learn more about the current homes available, please contact:

Name of Developer and/or Development	Who to Contact:	Property Address
Comprehensive Community Solutions, Inc.	Nextage Professional Realty Margaret Archer 815-988-8821 Margaret@margaretarcher.com	3423 Chestnut Street 2028 Elm Street 909 N. Rockton Avenue 727 S. Pierpont Avenue
Greater Grace Temple Church	Greater Grace Temple Church Shirauna Samuels 262-634-6246, x-103 greatergrace@live.com	224 Foster Avenue
Hands That Help, Inc.	American Dwellings Jean Campbell Pager: 815-231-4139 Cell: 815-505-8336	1012 Island Avenue
	Keller Williams Realty Signature Greg Maurer 815-509-0856 or Ruben Figueroa (Se habla Español) 773-544-4427 or Rfig55@aol.com	2401 River Oaks Lane

The money provided to the buyers as down payment and/or closing cost assistance will be in the form of a 5-year forgivable mortgage loan. 20% of the loan will be forgiven annually on the anniversary of the closing date.

QUALIFICATIONS:

- **Household Income:**

- ✓ Buyer's household income, income of everyone over the age of 18.
- ✓ See Projected Income Inclusions/Exclusions for more details on what income is included or not included when the City is determining income eligibility.

Household Size	Income Cannot Exceed:
1	\$35,500
2	\$40,600
3	\$45,650
4	\$50,700
5	\$54,800
6	\$58,850
7	\$62,900
8	\$66,950

- **Homebuyer Training:**

- ✓ You must attend homebuyer education classes offered through each of the following agencies prior to purchasing the property. Exceptions may be made for homebuyers who completed the Self Sufficiency program through the Rockford Housing Authority.
 - ✓ Family Credit Management (FCM): 815-484-1600
 - ✓ Rockford Area Affordable Housing Coalition (RAAHC): 815-962-2011
 - ✓ Neighborhood Housing Services of Freeport (NHS): 815-232-6197
- ✓ For the purpose of the City programs, a certificate expires 3 years from the date on the Certificate.

- **First Mortgage Financing:**

- ✓ Buyers may use a lender of their choice.
- ✓ The home must be affordable, i.e. your monthly mortgage payment (principal, interest, taxes, and insurance) cannot exceed 30% of your monthly gross income.
- ✓ Monthly debt to income ratio must be at or below 41%.
- ✓ Buyers must qualify for 30 year fixed conventional or FHA mortgage.

- **At Closing:**

- ✓ Buyers may not receive cash back, with the exception of any pre-paid costs, and property tax credits over and above the reserves required.
- ✓ Closing costs (not including prepaid charges & reserves, interest and escrows) may not exceed 5% of the 1st mortgage loan amount.

PROCESS:

1. Buyers and/or Buyer's Agents contact the appropriate contact person (indicated above) based on the housing units the Buyer is interested in purchasing. They will learn about the development and how to obtain a pre-application.
2. Buyers complete and submit pre-application to the City. There is no application fee.
3. A City representative will contact you to schedule an interview. At the interview the buyers will be requested to bring the following for all persons eighteen (18) years of age and older planning to live in the home:
 - **Income verification:** One (1) month of documentation is required. This may include, but is not limited to check stubs, social security statements, child support statements, pension, etc.;
 - **Tax Returns:** most recent year of tax returns and W-2's;
 - **Deposit account statements:** Six (6) most recent months of checking account statements. One (1) statement from all savings accounts including IRA, Stocks, Bonds statements, etc.;
 - **Drivers License or state ID;**
 - **Social Security Card;**
 - **Documentation of assets owned,** such as statement indicating the cash value of a life insurance policy, an assessment of any property owned, etc. and;
 - **Divorce Decree** (if applicable).

Each homeowner's financial situation is different and may require the City to ask for additional documents.

NOTE: If separated, the buyer's spouse will be requested to supply the above information and they will be requested to sign a Homestead waiver.

4. The City then determines if the buyers qualify. If qualified, the City will provide the buyers with the approval to show their developer, realtor, etc. Depending on the property, a closing will be scheduled, or new construction may begin.

PROJECTED INCOME INCLUSIONS AND EXCLUSIONS

Note: Legislative changes in the definition of Annual Income are published periodically in the Federal Register. Agencies are given 60 days from the date of publication to implement changes.

Income Inclusions

1. All wages and salaries, overtime pay, commissions, fees, tips and bonuses, and other compensation for personal services (before any payroll deductions);
2. Net income from the operation of a business or profession. Expenditures for business expansion or amortization of capital indebtedness cannot be used as deductions in determining net income; however, an allowance for depreciation of assets used in a business or profession may be deducted, based on a straight line depreciation, as provided in Internal Revenue Service regulations. Any withdrawal of cash or assets from the operation of a business or profession is included in income, except to the extent the withdrawal is reimbursement of cash or assets invested in the operation by the Family;
3. Interest, dividends, and other net income of any kind from real or personal property. Expenditures for amortization of capital indebtedness cannot be used as a deduction in determining net income. An allowance for depreciation is permitted only as authorized in paragraph 2 of this section. Any withdrawal of cash or assets from an investment will be included in income, except to the extent the withdrawal is reimbursement of cash or assets invested by the Family. Where the Family has Net family Assets in excess of \$5,000, Annual Income includes the greater of the actual income derived from Net Family Assets or a percentage of the value of such Assets based on the current passbook savings rate, as determined by HUD;
4. All gross periodic payments received from social security, 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 (except Social Security);
5. Payment in lieu of earnings, such as unemployment, worker's compensation and severance pay (but see paragraph 3 under Income Exclusions);
6. Welfare Assistance. If the Welfare Assistance payment includes an amount specifically designated for shelter and utilities that is subject to adjustment by the Welfare Assistance agency in accordance with the actual cost of shelter and utilities, the amount of Welfare Assistance income to be included as income consists of:
 - The amount of the allowance or grant exclusive of the amount specifically designated for shelter or utilities; plus
 - The maximum amount that the Welfare Assistance agency could in fact allow the Family for shelter and utilities. If the Family's Welfare Assistance is ratably reduced from the standard of need by applying a percentage, the amount

calculated under this paragraph is the amount resulting from one application of the percentage.

7. Periodic and determinable allowances, such as alimony and child support payments, and regular contributions or gifts received from persons not residing in the dwelling. Alimony and child support amounts awarded as part of a divorce or separation agreement are included as income unless the applicant 1) certifies that the income is not being provided, and 2) takes all reasonable legal actions to collect amounts due; and
8. All regular pay, special pay, and allowances of a member of the Armed Forces (whether or not living in the dwelling) who is head of the Family, spouse, or other person whose dependents are residing in the unit (but see paragraph 7 under Income Exclusions).

Income Exclusions

1. Income from employment of children (including foster children) under the age of 18 years;
2. Payments received for the care of foster children;
3. Lump-sum additions to Family assets, such as inheritances, insurance payments (including payments under health and accident insurance and worker's compensation), capital gains and settlement for personal or property losses (but see paragraph 5 of Income Inclusions);
4. Amounts received by the Family that are specifically for, or in reimbursement of, the cost of Medical Expenses for any Family member;
5. Income of a live-in aide;
6. Amounts of educational scholarships paid directly to the student or to the educational institution, and amounts paid by the Government to a veteran, for use in meeting the costs of tuition, fees, books, equipment, materials, supplies, transportation, and miscellaneous personal expenses of the student. Any amounts of such scholarships or payments to a veteran not used for the above purposes that is available for subsistence are to be included in income;
7. The special pay to a Family member serving the Armed Forces who is exposed to hostile fire;
8.
 - a) Amounts received under training programs funded by HUD;
 - b) Amounts received by a Disabled person that are disregarded for a limited time for purposes of Supplemental Security Income eligibility and benefits because they are set aside for use under a Plan to Attain Self-Sufficiency (PASS); or
 - c) Amounts received by a participant in other publicly assisted programs that are specifically for, or in reimbursement of, out-of-pocket expenses incurred (special equipment, clothing, transportation, childcare, etc.) and that are made solely to allow participation in a specific program;

- d) Amounts received under a resident service stipend. A resident service stipend is a modest amount (not to exceed \$200 per month) received by a resident for performing a service for the PHA or owner, on a part-time basis, that enhances the quality of life in the development. Such services may include, but are not limited to, fire patrol, hall monitoring, lawn maintenance, resident initiatives coordination, and serving as a member of the PHA's governing board. No resident may receive more than one such stipend during the same period of time.
 - e) Incremental earnings and benefits resulting to any family member from participation in qualifying state or local employment training programs (including training not affiliated with a local government) and training of a family member as resident management staff. Amounts excluded by this provision must be received under employment training programs with clearly defined goals and objectives, and are excluded only for the period during which the family member participates in the employment training program.
9. Temporary, nonrecurring, or sporadic income (including gifts);
 10. Reparation payments from foreign governments in connection with the Holocaust;
 11. Lump sum payments of SSI and Social Security benefits; or
 12. Earnings in excess of \$480 for each full-time student 18 years old 'or older (excluding the head of household or spouse).
 13. Adoption assistance payments in excess of \$480 per adopted child.
 14. Deferred periodic amounts from supplemental security income and social security benefits that are received in a lump sum amount or in prospective monthly amounts.
 15. Amounts received by the family in the form of refunds or rebates under state or local law for property taxes paid on the dwelling unit.
 16. Amounts paid by a state agency to a family with a member who has a developmental disability and is living at home to offset the cost of services and equipment needed to keep the developmentally disabled family member at home.
 17. Amounts specifically excluded by any other Federal statute from consideration as income for purposes of determining eligibility or benefits under a category of assistance programs that includes assistance under the 1937 Act, including:
 - The value of the allotment provided to an eligible household under the Food Stamp Act of 1977;
 - Payments to volunteers under the Domestic Volunteer Service Act of 1973 (employment through VISTA; Retired Senior Volunteer Program, Foster Grandparents Program, youthful offenders incarceration alternatives, and senior companions);
 - Payments received under the Alaska Native Claims Settlement Act (43U.S.C. 1626(a));

- Income derived from certain submarginal land of the United States that is held in trust for certain Indian tribes (25 U.S.C. 259e);
- Payments or allowances made under the Department of Health and Human Services Low-Income Home Energy Assistance Program (42 U.S.C. 8624(f));
- Payments received under programs funded in whole or in part under the Job Training partnership Act;
- Income derived from the disposition of funds of the Grand River Band of Ottawa Indians;
- The first \$2,000 of per capita shares received from judgment funds awarded by the Indian Claims Commission, or the Court of Claims (25 U.S.C. 1407-1408), or from funds held in trust for an Indian tribe by the Secretary of Interior (25 U.S.C. 117);
- Amounts of scholarships funded under Title IV of the Higher Education Act of 1965, including awards under the Federal work-study program or under the Bureau of Indian Affairs student-assistance programs (20 U.S.C. 108 uu);
- Payments received from programs funded under Title V of the Older American Acts of 1965 (42 U.S.C. 3056(f));
- Any earned income tax credit;
- Payment received after January 1, 1989, from the Agent Orange Settlement Fund or any other funds established pursuant to the Settlement in the In Re Agent Orange product liability litigation, MDL No. 381 (E.D.N.Y.);
- The value of any child care provided or arranged (or any amount received as payment for such care or reimbursement for costs incurred for such care) under the Child Care and Development Block Grant Act of 1990 (42 U.S.C. 9858q); and
- Payments received under the Maine Indian Claims Settlement Act of 1980.
- Payments by the Indian Claims Commission to the Confederated Tribes and Bands of Yakima Indian Nation or the Apache Tribe of Mescalero Reservation;
- Allowances, earnings, and payments to AmeriCorps participants under the National and Community Service Act of 1990;
- Any allowance paid under the provisions of 38 U.S.C. 1805 to a child suffering from spina bifida who is the child of a Vietnam veteran;
- Any amount of crime victim compensation (under the Victims of Crime Act) received through crime victim assistance (or payment or reimbursement of the cost of such assistance) as determined under the Victims of Crime Act because of the commission of a crime against the applicant under the Victims of Crime Act; and
- Allowances, earnings, and payments to individuals participating in programs under the Workforce Investment Act of 1998.