

City of New Orleans Soft Second Mortgage Program **Homebuyer Eligibility and Obligations**

Eligibility Requirements

To qualify for gap financing assistance, homebuyers must:

- be a first-time homebuyer (not have owned a home for the last three years)
- have a total household income that is equal to or less than 120% of the area median income (AMI)
- complete a 12-hour homebuyer training course at a participating counseling agency (purchasers of doubles must also complete a landlord training course)
- attain a 1st mortgage from a participating lender that is at least 50% of the purchase price
- contribute the lesser of 1% of the sale price or \$1,500 toward the down payment
- purchase a one or two-family home within the City limits that meets FHA price guidelines and the federal Housing Quality Standards
- agree to maintain the home as a primary residence
- maintain flood and homeowner's insurance in the amount required by the mortgage lenders

To qualify for closing cost assistance, homebuyers must:

- have a total household income that is equal to or less than 90% of AMI
- have limited liquid assets

Road Home Restrictions

Road Home Option 2 or Option 3 households are ineligible.

Option 1 recipients are eligible if they met all the terms of their Road Home Covenant, sold the property and not owned a home in the past 3 years.

Loan Repayment

Full repayment if the house is sold within 5 years of its purchase or if the first mortgage is foreclosed.

25% of the soft second mortgage amount is forgiven after the 5th year of occupancy and 15% is forgiven each subsequent year until the loan is zeroed out.