CITY OF HOLYOKE BUYER'S ASSISTANCE PROGRAM FACT SHEET

WHAT IS IT?

The Buyer's Assistance Program (BAP) is allocated from a portion of the City's Housing and Urban Development's (HUD) HOME Investment Partnerships Program (HOME) funding to provide homeownership assistance to eligible applicants. This Program is funded by the OCD and administered by HHA. Program subsidies up to the amount of $14,999 are provided as a five-year, forgivable, zero-interest declining balance loan (soft-second mortgage) which is secured by a Mortgage, Loan Agreement, and Promissory Note subordinate to those of the primary lenders. If the Homebuyer meets all Program requirements, the loan will be forgiven after five years.

ELIGIBILITY

To be eligible for funding under the Borrower's Assistance program (BAP), the household must:

- Be determined to be income eligible, household income at time of acceptance into the program, with recertification at time of closing, cannot exceed 80% of the area median as defined by the U.S. Department of Housing and Urban Development (HUD),
- Must certify that they meet a "needs" test and are unable to purchase the home without BAP assistance,
- Be a first-time homebuyer (not having owned a home within the past three years)
- Be purchasing a single-family home in Holyoke,
- Certify that the home purchased will be the households principal place of residence,
- Have completed an approved comprehensive first-time homebuyer educational training course,
- Have a signed Purchase and Sale Agreement for a home in Holyoke within the maximum sales price. The sale price of the home purchased cannot exceed 95% of the median purchase price for the type of single-family housing for Hampden County. **($606,000**) *.
- Understand that all homes purchased with BAP funds must meet Housing Quality Standards (HQS). The HQS inspection will be performed by the Holyoke Housing Authority.
- Participants must pay no more than 35% of their gross monthly income towards housing expenditures (front-end ratio) based on a 30-year amortization schedule; provided, however, that the ratio of monthly housing expenditures plus all other household monthly debt payments (back-end ratio), does not exceed 43% of gross income.
- Provide documentation that the home being purchased meets HUD regulations as stated in 24 CFR Part 35 as well as the "Residential Lead-Based Paint Reduction Act of 1992" (Title X, Housing and Community Act of 1992) P.L. 102-550) and that the home meets HUD requirements effective August 9, 2001,

*Effective August 1, 2025.

- Pay to the Holyoke Housing Authority, as part of the BAP loan amount, a fee of $250 to cover administrative costs related to the program.
- Must invest at least 1.5% of the purchase price in borrowers' own funds.

USAGE OF FUNDS

BAP funds may be used for the following expenses as long as these costs are not to be forgiven or to be paid for by the lender, seller or any other government program:

- Downpayment
- Recording fees
- Bank application
- Appraisal
- Loan origination fee
- Loan discount fee
- Buyer's attorney fees
- Plot plan and/or survey costs
- Credit report fee
- Municipal Lien Certificate

All BAP funds will be depleted at closing to cover authorized closing or down payment costs. Any remaining BAP funds will be returned to the program after closing unless these funds were used to cover costs paid by the buyer outside of closing. All costs covered by BAP funds will be clearly indicated on the Closing Disclosure Statement.

NEEDS TEST

Households must be in need BAP assistance in order to purchase the home. The borrower must deplete personal savings before assistance will be granted. The only savings that the borrower need not commit to the purchase of the home are:

- Three months PITI
- Three month necessary living expenses, including food costs, household supplies, utilities, transportation and childcare
- Other savings retention will be reviewed on an as needed basis.

*Effective August 1, 2025.