

# Home Town: Portsmouth's First Time Homebuyer Program Information & Guidelines

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The Home Town Program is a partnership of the City of Portsmouth  
and Citizens Bank, N.A.

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## Overview

The Home Town Program provides financial assistance to qualified households who wish to purchase a home within Portsmouth City limits and who, without this assistance, could not do so. This program brings together the resources of the City of Portsmouth and Citizens Bank, N.A. to help eligible families overcome the financial barriers to homeownership. The program is administered by the Portsmouth Community Development Department.

## Who Can Apply

A qualified household is one who meets the following eligibility criteria:

1. who is a first-time homebuyer (no ownership in a principal residence within the last 3 years).
2. who has a gross household income less than 120% of the Median Family Income for the Portsmouth-Rochester NH HUD Metro Fair Market Rent Area as defined by the most recent U.S. Department of Housing and Urban Development income guidelines. All household income except the following will be included in the total household income calculation:
  - a) any income earned from part-time employment by any household member who is also a full-time student, unless the student is listed on the mortgage application as the co-borrower; and
  - b) any social security, pension or other retirement income received by any fully retired household member, unless that individual is listed on the application as the co-borrower;
3. who is currently a resident of Portsmouth and has lived here for the past 2 years *or* who has resided in Portsmouth in the past for at least 10 years and currently lives within 30 miles of Portsmouth; *or* who is a permanent, full-time City of Portsmouth employee for at least 1 year and intending to establish residency in the City of Portsmouth;
4. who is currently 18 years old or older;
5. whose total housing debt ratio (including mortgage loan principal, interest, taxes, homeowners' and private mortgage insurance, and condominium association charges, if applicable) will not be less than 28% of the borrowers' gross monthly income. Home Town assistance will be adjusted to ensure compliance with the minimum housing debt ratio requirement.
6. whose total debt ratio including total housing debt plus all loans with ten (10) or more payments remaining generally does not exceed 45%;
7. who can provide evidence that they will be able to provide the required down payment funds at closing;

8. who has a history of making timely payments on current and past credit obligations; and
9. who will have less than \$10,000 in liquid assets after the loan has been made (i.e., after “loan closing”). Liquid assets do not include money held in retirement vehicles recognized by the Internal Revenue Service, such as IRAs or 401k accounts, or funds held in special savings accounts such as Individual Development Accounts.

If your household meets the eligibility criteria listed above, you are invited to apply. In all instances, the applicant's spouse must be listed on the application as the co-applicant.

### **Application Review Process**

At the time an applicant submits an application to Citizens Bank, N.A., the applicant, if eligible, will be invited to submit a Home Town Application and Agreement. Community Development staff will review the applicant’s Application with a Citizens Bank, N.A. loan officer to determine whether the applicant is eligible for participation in the Home Town Program.

In this review, the total household income reported on this application will be compared to the following income limits:

<b>Household Size</b>	<b>Maximum Eligible Income* (120%)</b>
<b>One Person</b>	<b>\$110,208</b>
<b>Two Person</b>	<b>\$125,952</b>
<b>Three Person</b>	<b>\$141,696</b>
<b>Four Person</b>	<b>\$157,440</b>
<b>Five Person</b>	<b>\$170,035</b>
<b>Six Person</b>	<b>\$182,630</b>
* Based on U.S. Department of Housing and Urban Development Income Guidelines 5/1/2024. Subject to change annually.	

In addition, the following will be considered in the review of your application: your status as a past or current Portsmouth resident or as a City of Portsmouth employee, your current debt obligations and credit payment history, the balances of your savings (including assets in Money Market Funds, Certificates of Deposit, 401K plan, savings bonds, etc.) and checking accounts, and any other required information.

The City will review the complete application submission and issue a letter advising you whether you are eligible to participate in the Home Town Program. Eligible applicants will be invited to schedule an appointment with the Citizens Bank, N.A. loan officer to complete a New Hampshire Housing Finance Authority (NHHFA) Single Family Mortgage Application or a Citizens Bank, N.A. application. In addition, approved applicants will be advised of options for completing the mandatory homebuyer education trainings. If demand for funding exceeds availability, participants will be advised that their application is denied due to the unavailability of funding; however, they may re-apply when funding becomes available.

## **Mandatory Homebuyer Education Training Program**

Eligible applicants will be required to attend a mandatory homebuyer education training program. Buying a home requires knowledge about housing finance, realtors, home inspections, insurance, maintenance, and budgeting. Homebuyer education training programs that address these areas will fulfill the Home Town homebuyer education requirement.

Training programs offered by agencies listed below meet the Home Town homebuyer training requirement. You can learn about training program schedules and locations by calling the numbers listed on the following page and requesting information about their homebuyer education training program.

- The Housing Partnership (603) 766-3129
- New Hampshire Housing Finance Authority (800) 649-0470
- York County Community Action (207) 324-5762
- Coastal First Time Homebuyer Program (978) 465-4382

You must be able to demonstrate that you have completed an approved homebuyer education training in order to receive financial assistance through the Home Town Program. If you would like to attend a training program offered by an organization that is not listed above, you can contact Home Town staff to determine if the training will meet the homebuyer training requirement.

## **Home Town Program Assistance**

The level of Home Town program assistance available to you is determined after first mortgage financing is pre-approved. A pre-approval letter will be issued by Citizens Bank, N.A. outlining the mortgage program for which you have been approved, the mortgage amount for which you qualify, your potential monthly repayment obligation and the amount of Home Town financial assistance to be provided. Below is a description of the Home Town financial assistance that may be offered.

- First mortgage financing is available at a fixed interest rate for a 30-year term through a Citizens Bank, N.A. Mortgage Program. The Citizens Bank, N.A. loan officer will help you determine which first mortgage financing option best suits your situation.
- Down payment assistance is available through Home Town in the form of a 10-year deferred loan at 0% interest.
- Additional down payment assistance, if necessary, is available in the form of a “sleeper” 3rd loan at 0% interest through Home Town. This loan is due upon sale of the property.
- Both Home Town loans are secured by a second mortgage on the home purchased.
- The Home Town Program requires that the Home Town participant(s) occupies the property as their principal place of residence, and that breach of this requirement is a condition of default.

The amount of assistance offered to you is based on your income and assets. The chart on the following page identifies the maximum amount of assistance available to households in different income brackets. The Home Town Program reserves the right to adjust the income guidelines and other eligibility requirements as warranted.

## Home Town Program Financial Assistance\*

### ELIGIBILITY

Household size:	Households earning:		
	80% or Less of Median Family Income*	Between 81% - 100% of Median Family Income*	Between 101% - 120% of Median Family Income*
Maximum Eligible Income for a One-Person Household*	\$68,500	\$91,840	\$110,208
Two-Person Household*	\$78,250	\$104,960	\$125,952
Three-Person Household*	\$88,050	\$118,080	\$141,696
Four-Person Household*	\$97,800	\$131,200	\$157,440
Five-Person Household*	\$105,650	\$141,696	\$170,035
Six-Person Household*	\$113,450	\$152,192	\$182,630

### FINANCIAL ASSISTANCE AVAILABLE

(based on maximum household income in columns above):

1 <sup>st</sup> Mortgage Loan through Citizens Bank, N.A.	Eligible to apply	Eligible to apply	Eligible to apply
<b>Maximum Total Home Town Down Payment / Closing Cost Assistance</b>	<b>\$65,000</b>	<b>\$50,000</b>	<b>\$40,000</b>
- Home Town Down Payment / Closing Cost Assistance Secured by a Deferred Loan and Note	\$20,000	\$20,000	\$20,000
- Home Town Down Payment / Closing Cost Assistance Secured by a "Sleeper" Loan Term within the Same Loan	\$45,000	\$30,000	\$20,000

\* In accordance with U.S. Department of Housing and Urban Development income limits as of 5/1/2024; subject to change at least annually.

The Portsmouth Home Town Program will pay any assistance offered directly to the lender on your behalf. The assistance will be in the form of one loan, with two promissory notes.

## **Your Contribution Toward the Purchase Price**

You must contribute a minimum of 1% of the selling price of the property to the transaction. You must contribute your own liquid assets (savings, checking, etc.) for the purchase of your home before you can access assistance through the Home Town Program. Specifically, you must not have more than \$10,000 in liquid assets on hand after the loan has closed. Liquid assets do not include money held in retirement vehicles recognized by the Internal Revenue Service, such as IRAs, 401k accounts, or funds held in special savings accounts such as Individual Development Accounts.

## **The Purchase of Your Home**

Any new or existing single-family home in the City of Portsmouth can be purchased with financial assistance through this program. The price of homes purchased with financial assistance through the Home Town Program may not exceed the current Federal Housing Administration (FHA) guidelines for maximum purchase price.

**All condominium units proposed to be purchased using the Home Town Program must meet current FHA or other primary lender guidelines for condominiums. Approval of a condominium unit is begun after a purchase and sales agreement is executed.** The Citizens Bank, N.A. loan officer will explain these requirements to you at the time that you apply for first mortgage financing

Once you find a home you wish to purchase and have negotiated the selling price, you will enter into a Purchase and Sales Agreement with the seller. You must send a copy of this agreement to the loan officer within 5 business days of signing. The loan officer will order an appraisal and undertake the title search and any other applicable tests. If your loan receives preliminary approval, the loan officer will then issue a commitment letter with applicable information within 2 to 4 weeks. The loan officer shall schedule the final closing date.

The approving first mortgage company will submit an application to their private mortgage insurance company. If they are unable to secure a commitment for mortgage insurance from one of the participating mortgage insurance companies, your loan request will be denied. This will also terminate your participation in the Home Town Program for the current application round, but does not preclude you from re-applying in the future.

## **After You Purchase Your Home**

A Home Town staff person will contact all individuals and families who purchased homes through the Home Town Program within six months of their closing date. The goal of this effort will be to help you, as a new homeowner, address financial or home maintenance issues that may have arisen since your home purchase.

## **Application Process**

A summary of the application process is provided below.

1. To apply you must complete a Citizens Bank, N.A. application and complete the Home Town Application and Agreement.
2. The Citizens Bank, N.A. Loan Officer will work with the City of Portsmouth Community Development Department staff, including the Home Town Committee, to process the application and to determine eligibility. A Home Town Acceptance Letter will be provided to you from the City of Portsmouth if you are eligible.

3. You must schedule an appointment with the Citizens Bank, N.A. loan officer to complete a first mortgage application within 10 business days of the date of the letter advising you of your eligibility for program participation.
4. The loan officer will process your first mortgage application. If the application is approved, the loan officer will issue a pre-approval letter advising you of the maximum first mortgage amount for which you are eligible as well as the amount of Home Town financial assistance which will be set aside for you.
5. You must demonstrate that you have completed an approved homebuyer education training program.
6. You must submit a copy of the Purchase and Sales Agreement to the loan officer within 5 days of entering into a Purchase and Sales Agreement.
7. A Commitment Letter will be issued by Citizens Bank, N.A. The Letter must be provided to the City of Portsmouth and if you continue to be eligible a Final Approval letter will be generated.
8. The loan officer will schedule the final closing date.

Failure to fulfill any of Home Town requirements may be cause for denial of your application. It will be necessary for you to reapply to the Home Town Program in order to receive assistance should this situation occur.

**Please be aware that acceptance into the Home Town Program does not constitute a commitment for first mortgage financing. Program participants must be able to meet loan underwriting criteria established by the first mortgage financing company.**

### **For Further Information**

If you have any questions about the program, please contact Elise Annunziata at 603-610-7281, in the Community Development Department, Portsmouth City Hall, 1 Junkins Avenue, Portsmouth.

**This policy may be amended from time to time. The policy in place at the time of any subordination request will govern.**

## **SUBORDINATION POLICY**

*Adopted May 15, 2003*

### **Consideration of Subordination Requests**

#### **Portsmouth Community Development Department – Home Town Program**

##### **Policy:**

Home Town Program participants who would like to request the subordination of their Home Town Program loan must submit a subordination request to Elise Annunziata, Community Development Department, City Hall, 1 Junkins Avenue, Portsmouth, NH 03801. Questions regarding the process can be directed to the Community Development Director at 603-610-7281.

When a subordination request is received by the Community Development (CD) Department, the homeowner or their representative will provide information regarding the particular circumstances for the request. The CD Department will assess the following:

1. The reason for the subordination request: i.e. is the homeowner attempting to secure a better financing rate or term, or, is the homeowner trying to withdraw equity from the property;
2. Current value of the property taken from the Assessor records, and whether the taxes are current on the property;
3. Current appraisal of the property;
4. Amount being refinanced; and
5. Whether the city's position will remain in the second position behind the first mortgage lender.

##### **Procedure:**

A committee, comprised of the Community Development Coordinator, Planning Director and City Controller, will review all subordination requests.

A subordination request must include the following information:

1. Completed Home Town Review Form;
2. Appraisal, if applicable;
3. Reason for subordination request;
4. Amount of current first mortgage;
5. Amount to be refinanced; and
6. Amount of equity extracted.

A subordination request will only be considered for approval when all of the above information has been submitted. A subordination request will not be considered if the result is contrary to the goals and intent of the Home Town Program. Additional information may be requested.

A subordination request may be considered for approval if the following conditions are met:

1. The tax payment is current on the property;
2. The first mortgage plus all subsequent liens against the property are less than 95% of the appraised value of the property;
3. The homeowner is attempting to secure a better interest rate or term for their first mortgage; and
4. The homeowner is not extracting significant equity for any reason other than essential rehabilitation of the property in conjunction with an existing mortgage.

If the City's position will drop down a position, then a subordination request will be denied.

If the subordination request is approved, the City will use its own Subordination Agreement, which will be signed by the City Manager. In no case will the City sign a Subordination Agreement prepared by others.

The Home Town Program requires that the Home Town participant occupies the property as their principal place of residence, and that breach of this requirement is a condition of default.





I (We) understand that the funding for the City of Portsmouth program is limited and Application approval is contingent upon the availability of funds.

I (We) hereby certify that the information with regard to household composition, income, residency, household assets and liabilities contained within the Citizens Bank, N.A. application are part of my application to the City of Portsmouth Home Town Program and is accurate and complete to the best of my (our) knowledge and belief. I (We) understand that false statements or information are grounds for the immediate termination of the assistance I (we) receive through this program.

I (We) understand that to be eligible to purchase a property, I (we) must occupy the property within 15 days of closing as my (our) primary residence and will be required to recertify my (our) occupancy on an annual basis. I (We) understand that failure to occupy the property as my (our) primary residence constitutes default on this agreement and I (we) will be required to repay the entire Home Town loan according to terms set forth by the City of Portsmouth.

I (We) hereby acknowledge receiving a copy of the Home Town Program Guidelines and accept and agree to all terms and conditions set forth therein.

I (We) hereby confirm our eligibility for the Home Town Program and confirm the following with regard to my (our) eligibility (Each applicant shall initial next to each statement):

\_\_\_\_/\_\_\_\_ I (We) have never owned a home or have not owned a home within the past three years of the date below.

\_\_\_\_/\_\_\_\_ I (We) have reviewed the income guidelines dated \_\_\_\_\_ for our household size and we are income eligible

\_\_\_\_/\_\_\_\_ My (Our) household size is \_\_\_\_\_. Please enter household size.

***Residency (please initial beside one statement below)***

\_\_\_\_/\_\_\_\_ I am (One of us is) a full-time employee of the City of Portsmouth

\_\_\_\_/\_\_\_\_ I (We) can provide documentation attesting to having maintained a residence in Portsmouth for two years or more.

\_\_\_\_/\_\_\_\_ I have (One of us has) resided in Portsmouth in the past for at least 10 years and currently reside within 30 miles of Portsmouth.

\_\_\_\_/\_\_\_\_ I (We) understand that this agreement does not constitute approval of assistance under the program. My (our) receipt of program assistance is contingent upon securing first-mortgage financing, meeting the guidelines of the program, and obtaining a final written approval letter from the City of Portsmouth.

Applicant \_\_\_\_\_ Date \_\_\_\_\_  
Signature

Witness \_\_\_\_\_ Date \_\_\_\_\_  
Signature

Co-Applicant \_\_\_\_\_ Date \_\_\_\_\_  
Signature

Witness \_\_\_\_\_ Date \_\_\_\_\_  
Signature