

HOUSING DIVISION

Guidelines

AMERICAN DREAM DOWNPAYMENT INITIATIVE (ADDI) Program - NED Fund

Purpose

The City of Columbus established the American Dream Downpayment Initiative (ADDI) Program to assist low and middle-income households finance the acquisition of a first home within the City of Columbus corporation limits.

Funding

The dollars are provided to the City from the non-federal Neighborhood Economic Development (NED) Fund.

Loan amount will provide up to 6% of the purchase price with a maximum of \$14,999.00 for borrowers at or below 120% AMI, whichever is less, to be applied towards the required down payment, reasonable closing costs and/or a reduction in the principal mortgage amount. In certain instances, the 6% of purchase price can be increased up to the maximum of \$14,999 (ask ADDI staff for more details).

The ADDI program is a five (5) year deferred forgivable loan. The buyer(s) must reside in the property for five (5) years after closing or the funds must be repaid to the City out of net proceeds of sale. The property is unable to be sold, rented, or transferred during these five years and must remain the principal residence of the buyer(s).

The recipient must execute a Promissory Note, Loan Agreement, Affidavit of Eligibility, Mortgage and a Restrictive Covenant with the City of Columbus that requires occupancy of the housing unit for a period of not less than five (5) years. After the five years, the mortgage and restrictive covenant are released on the property and the loan is forgiven.

Eligibility Requirements

Eligible Property:

- A. Located within the City of Columbus corporation limits.** Please verify property location with the Franklin County Auditor's office. (see City/Village field) (<http://www.co.franklin.oh.us/Auditor/>).
- B. Recipient's principal residence.** The recipient is required to occupy the home as their principal residence for the five (5) year term.
- C. Decent, Safe and Sanitary.** Existing residential properties are required to meet decent, safe and sanitary standards as set by City Code and HUD regulations before ADDI funds are released.
- D. Single family unit, condominium, and manufactured housing** (only if set on a permanent foundation) listed under one parcel ID number.
 - a. Condominiums within a multi-family building that have a unique parcel ID number are eligible.
 - b. Multi-Family units (i.e. duplex, triplex, quadplex, etc.) listed under one parcel ID number are not eligible for ADDI funding.
- E.** The purchase price for the residential property cannot exceed the fair market value as indicated in the property's Uniform Residential Appraisal Report (URAR). If the purchase price exceeds the fair market value, buyer must be able to cover the gap between the fair market value and the purchase price with their own funding (proof of availability of funds will be required prior to close).

Eligible Applicants:

- A. First-time Homebuyer:** Any applicant, co-applicant, borrower and/or co-borrower that does not currently own a home and has not owned a home for the past three years (36 months).
- B. Income:** Income is at or below one hundred twenty percent (120%) of the area median income adjusted for household size as determined by HUD. (see appendix A for current income limits)
 - a. Homebuyers at or below thirty percent (30%) will be considered on a case-by-case basis.
 - b. ** Total incomes for the applicant, co-applicant, borrower, co-borrower(s), and any co-signer(s) residing in the home are used when calculating annual gross income.
- C. Residency:** A minimum of six months residency in the State of Ohio and a permanent resident of the United States.

- D. Mortgage Loan Type:** Applicants approved for a fixed rate mortgage loan are eligible. Conventional, FHA, USDA, VA, and 203K Loans are eligible.
- E. Qualifying ratios:** Total-housing expenses (PITI) must not exceed 35 percent of monthly income and total debt service must not exceed 45 percent of monthly income. The City may consider higher ratios if the homebuyer can demonstrate to the City's satisfaction that the total mortgage payment can be met.
- F. Contributing Funds:** The buyer must have \$500.00 of their own saved funds exclusive of loans, credits or gift funds to contribute as equity.
- G. Post-Closing Assets:** Buyer must show access to a minimum of \$500.00 after closing. Retirement and similar accounts, as well as gift funds can be used to satisfy this requirement.
- H. Asset Limit:** Families/Households with a post-closing maximum of \$10,000.00 in cash or cash equivalent amounts are eligible for assistance (excluding 401k and pension funds). Combined sources for down payment are permitted; i.e., seller seconds, gift funds, other dpa grants, etc.
- I. Homebuyer Education:** Homebuyer education must be provided by a HUD certified homebuyer education agency (see Appendix B) no more than 18 months prior to the loan closing.
- J.** Columbus City Employees employed by the Columbus Department of Development are ineligible for loan assistance.

ADDI Application Process

1. The ADDI application is completed by the lender on behalf of the buyer.
2. All lending institutions are required to complete a Lender Participation Agreement with the City of Columbus. If a lending institution has not completed the Lender Participation Agreement with the City of Columbus, a representative from the lending agency should reach out to the email address – downpaymentassistance@columbus.gov - to request a blank copy of the document. The original copy of the agreement will need to be signed, notarized and returned to 111 N. Front St., 3rd Floor, Columbus, OH 43215 (it is advised to send via USPS Priority Mail, UPS, or FedEx for tracking and quicker finalization).
3. Once the executed document is received by the Housing Division, the Director of the Department of Development will sign, and a color copy of the document will be emailed back to the loan officer.
 - i. In the event that the lending institution would wish to have an original copy, the lending institution should complete and mail two signed and notarized documents back to the City of Columbus.
4. Each loan officer participating in the ADDI program will be provided with a website link to the online ADDI training video, as well as a copy of the current guidelines and checklist.
5. Each loan officer that has completed the online ADDI training video will be provided with a link to the online ADDI application (Neighborly).
6. The application, including all documents (see Appendix C), must be submitted and uploaded to the online Neighborly web portal at least 4 weeks prior to closing.
7. Additional documentation requested after the review of the application and documents must be received within 48 hours of staff's request in order to maintain the schedule outlined in this section and allow for a timely closing.
 - i. Impacts to approval and closing date are dependent on timeliness of lenders response to requests.
8. After all documentation is reviewed (within 3-5 days of receipt), income documentation is submitted to management for approval - income approval takes 2-3 business days.
9. Once income calculations are approved, Commitment letter and City CD are created and submitted to management for approval - approval takes 2-3 business days.
10. Upon approval, lender is emailed the Commitment Letter and City CD (it is mailed via USPS to homebuyer) and we request lender's final CD.
11. Lender's final CD MUST be received at least 5 days prior to close to allow for creation, approval and signature of closing documents.

Application Closing Process

1. Closing document package is prepared and ready for pickup no later than the day prior to close and **MUST** be picked up by lender, realtor or title company (we do **not** courier closing docs, they **cannot** be picked up by homebuyer, and they **cannot** be emailed).
2. The closing document package includes the following:
 - i. Title Company Instructions and Letter
 - ii. Mortgage
 - iii. Restrictive Covenant
 - iv. Loan Agreement
 - v. Promissory Note
 - vi. Affidavit of Eligibility
 - vii. AmeriNational Disclosure Statement
3. The Title Agency will be contacted prior to closing and the following items will be requested:
 - a. Legal description of property.
 - b. Verification of the legal names as listed on the closing documents.
 - c. Method of payment (check or wiring of funds), if the ADDI funds are approved for \$10,000 or more.
 - d. Inclusion of closing fees for City's Mortgage and Restrictive Covenant (2-3 pages per document) must be included on the final Closing Disclosure.
4. Funds are requested from the funding agent (a non-City entity) 3 days prior to close and is delivered or wired by their courier to the title company on or before the morning of closing date.

Application Post Closing Process

1. The following documents should be returned to the City of Columbus within three (3) days after the date of closing:
 - i. Title Commitment
 - ii. Copy of executed Restrictive Covenant and Mortgage
 - iii. Original executed Loan Agreement, Note, Affidavit of Eligibility and AmeriNational Disclosure Statement
 - iv. Copy of signed Promissory Note and Mortgage from first lien holder

- v. Insurance Declaration
 - vi. Final Closing Disclosure signed by homebuyer
2. The following documents should be returned to the City of Columbus within thirty (30) days after the closing:
- i. Recorded Original executed Restrictive Covenant and Mortgage
 - 1. The City of Columbus is not responsible for the recording of the documents, or any fees associated with the recording of the documents.

203K Loan Guidelines

A. All other ADDI Guidelines remain the same.

B. Repairs and rehab:

- a. Copy of detailed scope of work and signed contract with a licensed Home Improvement Contractor is required in the loan package upon submittal for approval.
- b. Contractors must pull City permits prior to starting work and obtain final sign off and Certificate of Occupancy upon completion of work. Documents are to be presented to City prior to scheduling the final inspection.
- c. All funds to complete the repairs on the home are held in escrow by the lender or Title Company at the time of closing. Final disbursement is paid when permit sign offs and/or Certificate of Occupancy is/are received on the property.
- d. **Homebuyer may not occupy the residence** until all repairs are complete, a final sign off on permits received, a Certificate of Occupancy is issued (if applicable), and a final inspection is completed and the property has been approved by the City ADDI Inspector.

C. ADDI downpayment check will be available for closing once final, approved closing disclosure detailing 203K monies held in escrow and \$500 of homebuyer's own funds are presented to the City. ADDI staff need 5 business days once final Closing Disclosure is received from Lender to request funds from funding agent and to prepare closing documents.

Required Documents

Extensive review of each document is required as listed below. Documents are either accepted as submitted or noted as unacceptable – we will not alter/complete any form.

- **Neighborly City of Columbus Application**
- **City of Columbus Application Signature Page.** Signed and dated by applicant and co-applicant. All documentation must be dated current with this application.
- **City Homebuyer Disclosure Statement** signed by applicant and co-applicant and notarized.
- **City of Columbus Time Disclosure** signed by buyer and buyer's realtor as well as seller and seller's realtor.
- **W-9** all blank spaces completed including Section 3. Signed and dated by **applicant and co-applicant**.
- Copy of **Ohio Driver's License** from **applicant, co-applicant, borrower, co-borrower(s), co-signer(s) providing income**. Copy on photo setting so face is identifiable.
- **Homebuyer Education Certificate of Completion** from a HUD certified provider. Submit for applicant and co-applicants. The date of completion cannot be more than 18 months old prior to the date of closing.
- **Homebuyer Budget** signed/dated by both homebuyer and homebuyer education counselor containing both current budget and projected budget post-purchase of home.
- Copy of **Homeowner's Insurance** quote (Final Certificate of Insurance for fire, hazard, and liability will be required at closing) with City of Columbus listed as 2nd mortgage interest.
- **Lender Application/URLA/1003.** Include Lender Loan Information section, signed and dated by applicant(s) and lender.
- **Amortization Schedule**
- **Purchase Contract.** Fully executed Purchase Contract signed and dated by buyer(s) and seller(s)-all addendums and disclosures required, including Residential Property

Disclosure and Lead Paint Hazard Notification (for all houses built prior to 1978).

- **Property Inspection Report** (at buyer's expense) OR Final Certificate of Occupancy for new construction.
 - Inspection issues which are listed as safety concerns, must be remedied prior to close as home must meet all Decent, Safe and Sanitary guidelines prior to purchase (please contact ADDI staff with questions).
- **Appraisal** with Parcel Number, pictures, location map, and valuation conditions for FHA insured loans. Not more than one year old.
- **Credit Report(s)** for applicant and co-applicant(s) including credit score and debt listings. Report should list first and last name, last 4 of SSN and address.
- **Divorce Decree and Verification** from State/County and Child Support Bureau (if applicable).
- **Two (2) most recent years Tax Returns Signed and Dated for applicant, co-applicant, borrower, co-borrower(s) and any co-signer(s) residing in the home.** If no Tax Return has been filed, submit a signed and dated letter of explanation OR complete the Affidavit of Non-Filing Tax (ask ADDI staff for City form).
- **Two (2) most recent months of Income Verification for the applicant, co-applicant, borrower, co-borrower(s), and any co-signer(s) residing in the home.** Annual income is determined by projecting for the next 12 months.
 - **Wages, salaries, tips, bonuses, overtime, commission.** Copies of 2 most recent months of paystubs or statements.
 - **Self-Employment.** YTD Profit and Loss Statement – net is used for the eligibility.
 - **Social Security.** Most recent award letter issued by the Social Security Administration.
 - **Child Support.** Current payment history report.
 - **Alimony.** Verification letter stating the monthly award amount or payment history report.
 - **Workers compensation, severance pay, cash assistance, pension and other forms of regular income.** Most recent statement or payment report showing the amount of income the applicant, co-applicant or occupying co-signer is receiving.
 - **If no income is received, any borrower, co-borrower, and any co-signer residing in the home, must include a signed and notarized Affidavit of Income.**

- **Two (2) most recent months' statements for ALL assets for applicant, co-applicant(s) and any co-signer(s) residing in the home. (Accu-Chek Statements are not acceptable forms of asset statements)**
 - Checking, Savings, Money Market and Certificate of Deposit Accounts
 - 401K, IRA, Stocks, Bonds, etc.
 - Any mobile or online banking platform – Cash App, PayPal, Venmo, Apple Cash/Apple Pay, etc.

- Letter of Explanation for all recurring (2 or more) non-payroll deposits of \$100.00 or more coming from the same payer/app {i.e., Cash App, Zelle, etc.} around the same time of month, and any deposits that are \$1,000.00 or more.

- Proof buyer has access to at least \$500.00 emergency funds after the purchase if not demonstrated by account statements – gift funds acceptable.

THESE GUIDELINES OUTLINE THE BASIC FUNDING REQUIREMENTS FOR THIS PROGRAM AND
ARE NOT MEANT TO BE ALL-INCLUSIVE

The City of Columbus is an Equal Opportunity Lender

**The funds for this program are limited and as such, will be available on a first-come, first-served basis.
This funding program can be combined with other City programs.**

Please contact downpaymentassistance@columbus.gov for more information.

Visit the ADDI website at: [American Dream Downpayment Initiative - City of Columbus, Ohio](#)

City of Columbus
Department of Development, Division of Housing
111 N. Front Street, 3rd Floor
Columbus, Ohio 43215
PHONE (614) 645-9656 FAX (614) 645-6675

2024 HUD INCOME GUIDELINES FOR COLUMBUS MSA
Effective 6/1/24

INCOME LIMITS (MEDIAN FAMILY INCOME)						
Family Size	30% AMI	50% AMI	60% AMI	80% AMI	100% AMI	120% AMI
1	\$ 21,700.00	\$ 36,200.00	\$ 43,440.00	\$ 57,900.00	\$ 72,400.00	\$ 86,880.00
2	\$ 24,800.00	\$ 41,350.00	\$ 49,620.00	\$ 66,150.00	\$ 82,700.00	\$ 99,240.00
3	\$ 27,900.00	\$ 46,500.00	\$ 55,800.00	\$ 74,400.00	\$ 93,000.00	\$ 111,600.00
4	\$ 31,000.00	\$ 51,650.00	\$ 61,980.00	\$ 82,650.00	\$ 103,300.00	\$ 123,960.00
5	\$ 33,500.00	\$ 55,800.00	\$ 66,960.00	\$ 89,300.00	\$ 111,600.00	\$ 133,920.00
6	\$ 36,000.00	\$ 59,950.00	\$ 71,940.00	\$ 95,900.00	\$ 119,900.00	\$ 143,880.00
7	\$ 38,450.00	\$ 64,050.00	\$ 76,860.00	\$ 102,500.00	\$ 128,100.00	\$ 153,720.00
8	\$ 40,950.00	\$ 68,200.00	\$ 81,840.00	\$ 109,100.00	\$ 136,400.00	\$ 163,680.00

City of Columbus
2024 HUD Certified Homebuyer Education Organizations

Columbus Urban League

788 Mt. Vernon Avenue
Columbus, OH 43203
Phone: (614) 372-2128
Fax: (614) 257-6316
www.cul.org

Homes on the Hill

3659 Soldano Blvd
Columbus, OH 43228
Phone: (614) 275-4663 ext. 104
Fax: (614) 275-3060
<https://www.hoth-cdc.org/>

Ohio State University Extension

99 East Ninth Avenue
Columbus, OH 43201
Phone: (614) 292-6518
<https://franklin.osu.edu/program-areas/community-development/home-buyer-education>

**Homeport/Columbus Housing
Partnership**

3443 Agler Road
Columbus, OH 43219
Phone: (614) 545-4892
<https://www.homeportohio.org/>

*For more HUD certified agencies, click the link below:

https://hudgov-answers.force.com/housingcounseling/s/?language=en_US

THE CITY OF COLUMBUS
AMERICAN DREAM DOWNPAYMENT INITIATIVE
DOCUMENT CHECKLIST

PERSONAL DOCUMENTS

- City of Columbus Application** signed and dated by applicant and co-applicant
- Homebuyer Program Disclosure Statement** signed and dated by applicant and co-applicant
- W-9** signed and date by applicant and co-applicant—all spaces including Section 3 completed
- Copy of **Ohio Driver's License** for applicant and co-applicant—copy on photo setting
- Homebuyer Education Certificate of Completion** less than one and a half years old from a HUD certified counseling agency
- Divorce Decree and Verification** from State/County Child Support Bureau when applicable

SELLER SIGNED DOCUMENTS

- City of Columbus Time Disclosure** signed by buyer, buyer's agent seller and seller's agent

FINANCIAL DOCUMENTS

- Income verification** including, but not limited to, **two months most recent** wage statements, welfare assistance, social security, unemployment compensation, pension, child support, alimony, etc., for applicant, co-applicant(s) and any co-signer(s) residing in the home
- For self-employed borrowers submit a **YTD Profit & Loss statement and Balance Sheet**
- Two (2) most recent years tax returns** for applicant and co-applicant or signed and dated letter stating no income taxes are filed
- Homebuyer Budget** including both current and projected budget; signed/dated by homebuyer and homebuyer education counselor
- Two (2) most recent months' statements for ALL assets** (checking, savings, 401K, IRA, stocks, bonds, etc.) including mobile apps (i.e., Zelle, CashApp, ApplePay, Venmo, PayPal, Facebook Pay, etc.) for applicant, co-applicant(s) and any co-signer(s) residing in the home
- Letter of Explanation for non-payroll deposits of \$1,000.00 or more and recurring (2 or more) non-payroll deposits of \$100 or more occurring around the same time each month from the same payer or application (including cash, all mobile apps, and ATM deposits)**
- Proof buyer has access to at least \$500.00 emergency funds *after* the purchase if not demonstrated by account statements—gift funds acceptable

FIRST MORTGAGE LENDER DOCUMENTATION

- Lender Application/1003** including Lender Loan Information signed and dated by applicant(s) and lender
- Amortization Schedule**
- Fully executed Purchase Contract** signed and dated by buyer(s) and seller—all addendums and disclosures required, including Residential Property Disclosure and Lead Paint Hazard Notification (for all houses built prior to 1978)
- Credit Report** for all applicants
- Homeowner's Insurance** quote (Final Certificate of Insurance for fire, hazard, and liability will be required at closing) with City of Columbus listed as 2nd interest
- Appraisal**
- Homebuyer Inspection Report**—in its entirety **(The inspection report provided by the homebuyer must display that the home is decent, safe and sanitary before funding is approved, if not, provide documentation as listed below)**
 - Homebuyer Remedy/Re-Inspection Report—*only required if required per above notation*
- Final Certificate of Occupancy** (New Construction and Rehab Projects ONLY)

American Dream Downpayment Initiative (ADDI) FAQs

What is ADDI and what does it do?

ADDI is a downpayment assistance program created to assist low and middle income homebuyers with funds to cover closing costs and help reduce homebuyer's loan amount (if possible).

How to get started?

Homebuyer(s) are referred to a lender of choice.

The lender submits the application on behalf of the homebuyer.

Why are only approved lenders permitted?

Approved lenders have signed a document with the City agreeing to follow the rules and guidelines of the program.

Can ADDI be used with other programs?

ADDI can be stacked with other DPA programs as long as City funds are not part of that program (i.e., City Land Trust homes, Maude Hill Grant).

Is there a geographic restriction?

The home being purchased must be within the City of Columbus Corporation limits. (see the Franklin County Auditor's page, tax district and City/Village information).

Are there income restrictions?

Yes. Homebuyer(s) must fall at or below 120% AMI to be eligible for the program (HOME funded projects must fall at or below 80% AMI to be eligible).

Why must there be a home inspection?

Government agencies require that the home pass decent, safe and sanitary guidelines to ensure the home is habitable after close.

What account statements are needed to apply?

Any accounts holding liquid funds (i.e., checking, savings, paypal, cashapp, venmo, apple cash, etc.) and Stocks, CDs, Retirement and Share accounts must be provided by applicants, co-applicants, borrowers, co-borrowers, signers, and co-signers.

What is the timing from application received to close?

This is dependent on responsiveness of lenders if there are requests for clarification or additional documents. Generally, we can close within 4 weeks of receiving a full application.

Do you require a certain credit score?

NO. We defer to the lender's judgment of credit score requirements

Can an applicant apply for ADDI with a non-occupying co-signer?

Yes. We will only include the income for the occupying applicant, co-applicant and co-signer. Only those residing in the home will be included in the household size.

Is this a grant or a loan?

Both. It is a grant issued as a deferred forgivable loan.

This means once the homebuyer(s) has lived in the home for the five (5) year term, the deferred loan is released.

What if the homebuyer needs to refinance?

If the homebuyer(s) refinances with the term required to live in the home, the funds are required to be repaid to the City of Columbus.

Is cash to homebuyer permitted at close?

NO. Homebuyer(s) are never permitted to receive cash at close.

What's the catch?

Homebuyer(s) are required to produce all income and asset statements.

Homebuyer(s) are required to live in the home a required term (5, 10, or 15 years dependent on amount funded).

Homebuyer(s) must meet income requirements.