

LOUDOUN COUNTY PUBLIC EMPLOYEE HOMEOWNERSHIP GRANT (PEG) PROGRAM

Program Information

ELIGIBILITY/REQUIREMENTS:

- Must be a full or part-time (minimum 20 hours per week) non-probationary employee. Non-probationary is classified as having been employed for a minimum of 12 full months. Temporary employees, seasonal employees or volunteers are not eligible.
- Cannot own another dwelling or real estate in Loudoun County or anywhere within the United States, foreign land or country at the time of application. Ownership interest includes but may not be limited to: ownership or purchase of a home or land; co-signatory on a mortgage loan; inherit home or land etc., regardless if applicant did or did not live on the premises.
- Shall not have been a resident of Loudoun County during the 12 months preceding the date of application. **Exception:** First-time homebuyers are exempt from 12 month residency requirement. Proof of residency will be required. Documents may include but are not limited to: State Driver's License or Identification card; wage statements; utility bills; current lease agreement; Federal Tax returns or legal documents reflecting residency.
- Gross annual household income from all sources **must** fall within **\$32,600 through \$76,050**. Income range is subject to change based on annual HUD calculations.

GRANT TERMS AND CONDITIONS:

- Grant amount is \$10,000 for the purchase of a home located in Loudoun County.
- Homebuyers must contribute a minimum of \$1,000 of their own funds towards the downpayment/closing costs prior to settlement.
- PEG loans must be used in conjunction with Conventional, FHA, VA, or VHDA first trust mortgage products or subject to program approval. **No subprime or ARM first trust loans are allowed.**
- Applicant's ownership interest in property to be purchased must be equal to or greater than 50%.
- Applicant will be forgiven 20% of the loan for each 12 month period, based on property settlement date, that the borrower remains an employee as defined above. The loan shall be completely forgiven if applicant remains an employee for 60 months.
- **This loan is considered taxable income;** a 1099 will be issued annually for reporting purposes. Applicant will be responsible for declaring income on Federal and State Tax returns.
- This loan is recorded as a subordinate lien on the property.
- Applicant will be required to sign a promissory note secured by a Deed of Trust on property purchased.
- Funds may not be used as earnest money. Additionally, fees provided to the lender at application (i.e. - credit report, appraisal etc) cannot be reimbursed to applicants with PEG loan funds.
- **No cash-back at closing is allowed.**
- Recording fees are required (included in loan fees on settlement statement).
- Checks for the approved amount will be issued at closing payable jointly to borrower and borrower's settlement attorney or agent.
- A one-time \$200 servicing fee is due at closing payable to County of Loudoun. This fee may not be financed. Personal check, money order or cashier's checks are all acceptable (no cash allowed). The County reserves the right to postpone settlement if not provided.

- Borrower must occupy the dwelling as his/her primary residence at all times following settlement.
- Assessed value of property cannot exceed \$408,100.
- Only one application for a grant of a secured loan per household regardless of eligibility.
- An individual grant of a secured loan is available one-time only per applicant.
- Any amount of the loan not forgiven due to
 - 1) sale of the dwelling within 60 months,
 - 2) employee no longer employed as defined above or
 - 3) employee no longer occupying the dwelling as his/her primary residence – shall become due and payable to the County, with interest, and the County will have the right to enforce all remedies under the Note and Deed of Trust granted by the applicant to the County.
- **NOTE:** If applicant leaves employment as defined above or no longer occupies the property as his/her primary residence, the remaining grant funds not forgiven will be converted to a repayable loan at 3% interest. Loan term lengths will be determined by original amount of grant funds received. See Public Employee Homeownership Grant Deed of Trust Note or contact Loan Specialist at DFS for more information. If home is sold prior to 60 months, remaining grant funds not forgiven will be repaid with proceeds of sale.

APPLICATION PROCEDURE:

- Applicant shall proceed to County website and complete a Public Employee Homeownership Online Grant application.
- Property to be purchased must be identified on the application.
- Proof of employment will be required from applicant's Human Resources Department.
- Applicant must inform first-trust lender of application for a grant of secured funds and request lender contact DFS Loan Specialist for more information on the program and list of required lender documents. **Please note:** Some lenders may not approve the addition of a third lien on the property for the grant of secured funds if applicant will also be using a down payment and/or closing costs assistance loan. This should be discussed with lender at time of application.
- Applicant must submit application package no later than 60 days prior to closing or risk postponement of settlement date.
- After submission of application & required documents, staff will submit loan requests to the PEG Loan Committee for funding approval/denial. Debt to Income Ratios exceeding 30/40 may not be eligible for PEG financing. Exceptions may be considered for ratios up to 32/42 with a minimum of three (3) Compensating Factors on a case by case basis. Ratios exceeding 32/42 will be denied by the Loan Specialist and not eligible for consideration by Loan Committee.
- If approved, a Grant Commitment will be sent to applicant for review and signature. Funding will not be reserved until applicant and DFS Loan Specialist have signed off on Grant Commitment. A copy of the ratified Grant Commitment will be sent to applicant, their lender and respective Human Resources Department with a Confirmation of Reservation Letter.
- **Following PEG Loan Committee approval, settlement may not take place for 10 business days. No exceptions allowed.**
- If PEG funds are depleted, applicant may opt to be placed on a waiting list. Placement on the waiting list does not guarantee funds will be available when needed. If funds become available prior to loan closing, applicant and lender will be notified.
- Applicant must attend a VHDA Homebuyer Education Class (6 hours) or take the class online. Information on classes scheduled throughout the state or to register for the online class is available at www.vhda.com. Loudoun County DFS offers 4 classes per year. Certificates of Completion must be submitted to DFS_Loan Specialist **no later than one week prior to closing.**

- All borrowers are required to attend one of Loudoun County's *HomeCents* seminars. This may be done prior to settlement, but must be attended within 6 months of settlement and a copy of the Certificate of Completion sent to Loan Specialist. Seminars are held quarterly at Dept. of Family Services.

Please Note: The issuance of a loan under this program does not constitute an agreement by Loudoun County that applicant's employment shall be continued, rather, employment shall continue to be dependent upon the same considerations as if no loan had been issued.

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NOTE: PENALTY FOR FALSE STATEMENT

Any person willfully making a false statement in applying for a loan with the Loudoun County Public Employee Homeownership Grant Program may be charged with a misdemeanor and penalized in accordance with the law.

I hereby certify I have read and understand the above information and will receive a signed copy of this information with Notification of Eligibility. I hereby give Human Resources Division of the County of Loudoun or Loudoun County Public Schools the authority to provide information on the status of my employment.

Applicant _____ Date _____ Loan Specialist _____ Date _____

**Loudoun County Department of Family Services
Attn: Stacey Pierre-Louis
Housing Finance Specialist
102 Heritage Way NE, Ste. 103
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571-258-3814
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