

NYS DHCR/HTFC Assets for Independence (AFI) Program

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A home ownership down payment matched-savings program for income-eligible individuals and families who are first-time home buyers

What is an Individual Development Account (IDA)?

- An IDA is a matched savings account where every \$1 you save you will be matched \$4 or even \$6:
 - You can save up to \$1875, you'll be matched \$7500, giving you \$9375 to purchase a single-family home
 - Grant match of \$6.00 available for multi-family purchases (2-4 family/owner-occupied) with a grant value up to \$11,250 plus add your \$1875 in savings = \$13,125
- The money saved can be used for most expenses involved with purchasing a home.
 - For example: Down Payment, Closing Costs, Private Professional Home Inspector Fees, Application Fees, Homeowners Insurance Costs, etc.
 - Does not include rehabilitation costs

What is the Assets for Independence Act?

- A Federal grant program that supports 5-Year long IDA saving projects.
- There are over 400 projects across the country, with over 35,000 individuals/families saving.
- This is the first project for DHCR/HTFC where individuals & families are pre-screened for eligibility
- There are other similar “First Home Clubs” offered in many communities in NYS, and you may participate in both matched-savings plans for first time home owners as long as you can reasonably afford to do so.

How Do I Qualify for the Program?

- You must be pre-screened for AFI eligibility with the staff located in DHCR-funded housing agencies around the state
- You may obtain your AFI enrollment kit from the housing agency
- You must attend financial education & home buyer education programs
- You must be income eligible for the AFI program at the time you enroll, your income may change thereafter
- You must be employed (or self-employed) in order to start your savings plan.

What are the Income Qualifications?

- You must either qualify for the Earned Income Tax Credit or TANF (Temporary Assistance for Needy Families).

– OR –

- You must be under 200% of the Poverty Level Income Limits in effect for the year of enrollment in the AFI program

Summary of Income Qualifications

- 2009 EITC Adjusted Gross Income Limits :

Single w/ 0 Qualifying Children	\$	13,440
Single w/ 1 Qualifying Child	\$	35,463
Single w/ 2 or more Qualifying Children	\$	40,295
Married w/ 0 Qualifying Children	\$	16,560
Married w/ 1 Qualifying Child	\$	38,583
Married w/ 2 or more Qualifying Children	\$	43,415

-OR-

Summary of Income Qualifications

- 2009 – 200% of Federal Poverty Income Guidelines

<u>Family Size:</u>	<u>Income Limit:</u>
One	\$21,660
Two	\$29,140
Three	\$36,620
Four	\$44,100
Five	\$51,580
Six	\$59,060
Seven	\$66,540
Eight	\$74,020
Each Additional Member Add:	\$ 7,480

Net-Worth Test

- In addition to the income qualifications, there is a “net worth” test. The value of your assets (i.e. checking or savings account, CD’s, retirement accounts, etc.) less your liabilities (credit cards, loans, etc.) equals your net worth. Your net worth has to be less than \$10,000.00, excluding 1 car.

How Long Can I Save?

- The minimum amount of time you must save is 12 months. The typical savings plans range from 12-24 months (now max. 16 months)
- The AFI project funding ends in February, 2011 (but MAY ext. to 2012) To participate in the program you must close on a home before 2/12.



How Much Do I Have to Save Each Month?

- Depends on the time that you enter the program. You must close on a home by February 2011 (or MAYBE 2012, if extended)
- For example, to get the maximum match of \$7,500 (or \$11,250) your monthly savings would need to be \$156.25 for 12 months; \$78.13 for 24 months.
- \$1,875 Savings + \$7,500 Match = \$9,375 available for your real estate closing

How Much Do I Have to Save Each Month?

- DHCR/HTFC is offering an optional minimum savings plan of only \$25 per month for up to 24 months (now 16 months)
- Optional minimum savings balances could be
 - 12 months = \$300
 - 24 months = \$600
- AFI matched savings at the optional minimum could be
 - 12 months \$300 + \$1200=\$1500
 - 24 months \$600 + \$2400=\$3000

EITC (Earned Income Tax Credit) Refunds

- Can I use my EITC tax refund to start the matched-savings account, and if yes, how much is needed?
 - **YES:** You may start your IDA matched-savings account using EITC tax refund, but you must show proof of the refund to the local non-profit housing agency. Also, you may use EITC for up to half of your savings plan goal.
 - For example, if your savings plan goal is the maximum \$1875, you may start the account with up to \$937.50. Then you save the balance on a monthly basis between the 12-24 months chosen in your savings plan.
 - **However**, when participating in the minimum savings plan of \$25 per month, EITC refunds are **not eligible** for starting the savings plan account.

What if I Miss a Deposit?

- You can miss 1 monthly savings deposit as long as you inform the local non-profit housing agency that you will be missing a deposit.
- After you miss a deposit, you have 1 year to make-up that missed deposit, or request to defer the missed deposit to the end of your savings schedule.

What if I Need to Make a Withdrawal for Pre-Home Purchase Requirements?

- **You can make “Interim Withdrawals” from your savings account only for home purchase readiness purposes.**
- **Examples of home purchase readiness purposes are:**
 - Home owner insurance
 - Professional independent home inspection
 - Home appraisal
 - Good faith deposit
 - To purchase mortgage points to discount interest rate
 - Mortgage application fees
 - Title search
 - Land Surveys & Land Preparation
 - Water & Septic testing
- **Any interim withdrawals made for these purposes will not negatively effect your AFI match rate if you maintain your savings plan obligations**

What if I Need to Make a Withdrawal Before I am Ready to Purchase a Home?

- You can make “Emergency Withdrawals” from your AFI-IDA account, however, doing so will terminate your AFI participation and no match will be issued.
- Re-enrollment may be allowed, if there are slots available, by written application to the local non-profit housing agency staff who will apply to DHCR/HTFC on your behalf.
- Examples of Emergency Withdrawals:
 - Expenses for medical care or necessary to obtain medical care.
 - Payments necessary to prevent eviction.
 - Payments necessary to prevent loss of necessary living expenses following loss of employment.

What if I Decide to Leave the AFI Program/Not Purchase a Home?

- All the money that you saved will be yours to keep, including interest earned, but you will not receive any of the matched money.



What are the Financial Education Classes?

- Depending on the local program, these are typically interactive classes covering topics such as Budgeting, Saving, Credit, and establishing relationships with Financial Institutions.



What are the Homebuyer Education Classes?

- Typically after the financial education is completed, members of the IDA Program/Homebuyer Club will attend class to discuss other topics related to homeownership.
 - Topics will include but are not limited to: Understanding mortgages and how to shop for a mortgage, Home Maintenance, Shopping for a Home, Working with a Realtor, and Insurance Products.

How Do I Open the AFI Savings Account?

- Chase Bank will be holding the savings accounts for this program. The initial opening of the savings account must be done through the AFI enrollment kit provided by DHCR/HTFC to the non-profit agency
- You will be required to sign a Savings Plan Agreement, and cannot be modified later
- Once you have been selected to participate in the AFI Program, you will receive a Letter of Participation and Mailing Coupons
- Deposits can be made through the mail

How Many AFI-IDA Accounts are Available?

- DHCR/HTFC anticipates being able to assist approximately 400 families Statewide in approximately 62 counties.
- If more people are interested in joining the AFI-IDA Program than there are accounts available, each application received at DHCR will be taken on a first-come, first-served basis and placed on a waiting list until slots open for participation.

Where May I Purchase a Home?

- Home buyers should look for a home (1-4 family) in an area that will suit their individual long-term needs, anywhere in NY State.
- The location of your new home is not limited to NYS-DHCR jurisdiction, however,
- In the event you purchase your home outside of NYS DHCR's jurisdiction, other rules and procedures MAY apply and be explained to you.

First Steps for the AFI-IDA Program

- Complete the initial application and send it in the mail to the staff in the local non-profit housing agency as soon as possible.
- If you haven't attended already, attend an AFI & home ownership orientation with the local non-profit housing agency.

