

# EXCITING NEWS FOR FIRST-TIME HOMEBUYERS!

## New & Improved First-Time Homebuyer Incentive Program!

Buying your first home just got easier! Our enhanced First-Time Homebuyer Incentive Program is offering more financial support to help you get the keys to your dream home while keeping your mortgage affordable. (Applicants must be at or below 80% of Area Median Income.)

### Program Benefits

#### Receive Additional Funds Toward Your Principal

- GAP Funding –the difference between 30% of your annual household income subtracted from the annual mortgage payment (PITI) GAP funding will help you reduce your loan balance from day one.

#### Buy Down Your Interest Rate

- Buying down your interest rate allows you to lower the monthly payment and save thousands over the life of your mortgage by securing a more affordable interest rate.

#### Receive 2.5% of your sales price to use with the options listed above.

- Example – \$205k x .025 = \$5,125

#### Up to 50% of Your Closing Costs Covered

- We'll help you with up to half of your closing costs using the funds mentioned above, this will allow you to keep more money in your pocket for moving expenses, home improvements, or savings.

**This is your chance to own a home with less financial stress and more savings!**

Visit our website at [dhcd.baltimorecity.gov/hho/homeownership-incentives](https://dhcd.baltimorecity.gov/hho/homeownership-incentives) to access the online calculator and determine the amount of funding you may be eligible for.

\*Funds cannot be used to pay realtor fees.

\*Buyers cannot receive cash at the settlement table.

\*Funds are available on a first come, first served basis.

\*New incentives are available until funding has been exhausted.

## Funding Examples:

**Example 1:** John Doe and 2 children – 80% Area Median Income (AMI)

**Annual Income:** \$85,000 **Monthly Mortgage Payment:** \$1,800 **Closing Cost:** \$10,000

### Calculation:

Determine the annual mortgage payment by multiplying the monthly mortgage payment by 12 months.

- Monthly mortgage payment -  $\$1,800 \times 12 =$  **\$21,600**

Determine 30% of the household annual income – multiply the annual income by .30

- $\$85,000 \times .30 =$  **\$25,500**

Determine any GAP funding – subtract the annual household income from the annual monthly mortgage payments.

- $\$21,600 - \$25,500 =$  **\$3,990**

John Doe **does not** qualify for **GAP** funding – his annual mortgage payments are less than the 30% of his household income.

---

**Example 2:** Jane Doe and 2 children – 30% AMI

**Annual Income:** \$22,000 **Monthly Mortgage Payment:** \$1,800 **Closing Cost:** \$10,000

### Calculation:

Determine the annual mortgage payment by multiplying the monthly mortgage payment by 12 months.

- Monthly mortgage payment -  $\$1,800 \times 12 =$  \$21,600

Determine 30% of the household annual income – multiply the annual income by .30

- $\$22,000 \times .30 =$  \$6,600

Determine any GAP funding – subtract the annual household income from the annual monthly mortgage payments.

- $\$21,600 - \$6,600 =$  \$15,000

Jane Doe **does** qualify for \$15,000 of GAP funding - because her annual mortgage payments are more than the 30% of her household income.

---

## Total Grant Award Outcomes

**Incentive 1:** First-Time Homebuyers Incentive Program - Up to 50% of closing cost

**Incentive 2:** GAP Funding - the difference between 30% of annual household income and the annual mortgage payment (PITI).

**Incentive 3:** Receive 2.5% of Sales Price - The home sales price in this example is \$205,000

John Doe:  $\$5,000 + \$0.00 + 5,125 =$  \$10,125

Jane Doe:  $\$5,000 + 15,000 + 5,125 =$  \$25,125