



City of Madison Down Payment Assistance Program

What does this program offer?

The City of Madison Down Payment Assistance Program provides 0% interest, deferred-payment, shared appreciation loans to assist qualified first-time home buyers with down payment and closing costs on a home purchase.

Who is eligible for this program?

Eligibility requirements include:

- Household income must be at 80% of the county median or less.
- You must be a first-time home buyer, single parent or displaced homemaker. *
- A household member must have a permanent disability.
- Debt to Income (DTI) Ratios for the household must be between 25%-55%.

Are there any geographical or property-type restrictions?

- Eligible properties must be within the City of Madison.
- Single-family homes, condominiums, and some half duplexes or twin homes qualify.
- Property cannot have a tenant when the offer is placed.
- Property may not have a value that exceeds 95% of the area median purchase price for that type of housing.

What costs do these funds cover?

Borrowers can use the loan for down payment costs and closing costs that are standard to the industry. These can include an appraisal, credit report, title insurance, settlement fees, and other costs.

Who provides the funds for this program?

Funds for this program are provided by the City of Madison, mostly using funds from the U.S. Department of Housing and Urban Development.

What are the repayment terms for this program?

No payments are required until the borrower sells the property, stops using it as a primary residence, or initiates a cash-out refinance. The entire loan is then due and payable, along with a portion of any appreciation in the value of the home that has accrued since the loan was closed.

Can funds from this program be used with other assistance programs?

Yes. The program can be used with a household's personal resources and many other down payment assistance programs.

Are there other requirements to qualify for this program through Movin' Out?

Yes, in addition to the eligibility requirements outlined above, the borrower must:

- Participate in home buyer education.
- Select a home with a maximum price as of 2022 of no more than \$320,000 (the maximum may change each year).
- Pay at least 1% of the purchase price as a down payment.
- Participate in the City of Madison's Housing Quality Standards (HQS) inspection, which is arranged and paid for by the City.
- Arrange and pay for an independent third-party inspection.
- Have a minimum of \$50 cash reserves after closing, unless an exception is granted.
- Have no more than 12 months of total mortgage payment (including taxes and insurance) in liquid assets after closing of property.
- If the applicant has a guardian, provide written court permission for the purchase of the home.
- Secure first mortgage terms that include a fixed interest rate at no more than 2% above the current Wisconsin Housing and Economic Development Authority (WHEDA) loan rate.
- Ensure that maximum loan origination, points and/or funding fees do not exceed 2% of loan amount.
- Ensure the combined loan to value does not exceed 105%.
- Secure a loan with no prepayment penalties.
- If applicable, have repairs completed within 60 days of closing including re-inspection.

Where can I get more information or apply?

Contact a Movin' Out housing counselor for more information at 608-251-4446 x 7 or info@movin-out.org.

**A displaced homemaker is generally a person who previously provided unpaid services to the family (for example, a stay-at-home parent), is no longer supported by the spouse, is unemployed or underemployed, and is having trouble finding or upgrading employment.*

