



## AVENUE PLACE Downpayment Assistance Program Subordinate Loans

Winter 2019

Avenue’s Mission is to build affordable homes and strengthen communities. Avenue’s vision is for Avenue Place to be a mixed income community. To that end, Avenue provides Downpayment Assistance, in the form of subordinate loans, to make the homes at Avenue Place affordable to income eligible families earning 120% or less of the Area Median Income.

Depending on need, buyers could qualify for one or both of the loan programs in the amounts of **\$26,000 forgivable over 10 years (10% per year)** and an additional **\$20,000 deferred loan** which would be due upon sale or in 30 years (with a portion of the appreciation also to be paid to Avenue). The Avenue Subordinate Loans will supplement first loans provided by conventional and FHA lenders. All requirements of the first loan must be met. For FHA borrowers, the minimum 3.5% buyer down payment and upper income limit of <115% of AMI still apply. Avenue Subordinate Loans may be used in combination with subsidies provided by other funders. The intention of these loans is to make the homebuyer’s monthly payments more affordable and sustainable. **\*\*Buyers are required to occupy the home as their primary residence as long as the subordinate loans remain on the property.\*\***

### LOAN OVERVIEW

- These loans have no monthly payments
- The interest rate is 0%
- The **\$26,000** (2<sup>nd</sup> lien) will be forgiven over 10 years (pro-rated @ 10%/year)
- The **\$20,000** (3<sup>rd</sup> lien) will be due to Avenue upon resale or in 30 years\*

### ELIGIBILITY

Homebuyer’s Annual Household Income may not exceed **120%** of Houston’s Area Median Income adjusted by family size as defined by HUD. See chart to the right.

FY2018 HUD Income Limits		
Family Size	80% AMI (posted)	120% AMI (rounded)
1	\$ 41,950	\$ <b>62,900</b>
2	\$ 47,950	\$ <b>71,900</b>
3	\$ 53,950	\$ <b>80,900</b>
4	\$ 59,900	\$ <b>89,800</b>
5	\$ 64,700	\$ <b>97,100</b>
6	\$ 69,500	\$ <b>104,300</b>
7	\$ 74,300	\$ <b>111,500</b>
8	\$ 79,100	\$ <b>118,700</b>

To apply, submit the **Program Eligibility Form** and **Income Qualification Checklist** with supporting documentation to [DownPaymentAssistance@avenuecdc.org](mailto:DownPaymentAssistance@avenuecdc.org)

### Working with Approved Lenders

Due to the uniqueness of the Subordinate Loan program, Avenue CDC restricts the list of lenders through whom the subordinate loans are available. This will ensure that we are able to close the loan on time and protect the homebuyer from potentially costly delays.

Amegy Bank, Rosalinda Garcia, NMLS: 690176, (713)232-2408, [Roslinda.Garcia@AmegyBank.com](mailto:Roslinda.Garcia@AmegyBank.com)

Amegy Bank, Eli Perez, NMLS: 593938, (713)232-1048, [eli.perez@amegybank.com](mailto:eli.perez@amegybank.com)

Whitney Bank, Daisy LaGrue, NMLS: 1584950, (225)376-4512, [Daisy.LaGrue@hancockwhitney.com](mailto:Daisy.LaGrue@hancockwhitney.com)

Bank of America, Donald Bell, NMLS: 1489321, (832)317-0952, [don.bell@bankofamerica.com](mailto:don.bell@bankofamerica.com)

\*Cornerstone Home Lending, Keith Lemons, NMLS: 208059, (713)254-6309, [klemmons@houseloan.com](mailto:klemmons@houseloan.com)

\*Cornerstone Home Lending, Benito Solis, NMLS: 743526, (713)202-0100, [bsolis@houseloan.com](mailto:bsolis@houseloan.com)

\*Can only approve 26,000 2<sup>nd</sup> lien, not the 3<sup>rd</sup> lien

**Call Avenue at 713-864-9099 if you have trouble getting a call back  
from one of our lenders so we can help you**



**AVENUE PLACE**  
**Downpayment Assistance Program**  
 Subordinate Loans

**\*HOW THE \$20,000 DEFERRED LOAN WORKS**

If the homebuyer re-sells their home during the first 10 years, in addition to repaying the outstanding principal of the loan, the homebuyer would also pay to Avenue a percentage of the appreciation of the home. For example:

- if the home is sold in the first year, Avenue would get 50% of the appreciation
- if the home is sold in the fifth year, Avenue would get 25% of the appreciation
- if the home is sold in the ninth year, Avenue would get 5% of the appreciation
- after the tenth year, Avenue would get no share of the appreciation.

For example, suppose someone buys an Avenue CDC home for \$100,000. To purchase the home, they use a bank mortgage of \$95,000, and an Avenue CDC loan of \$5,000. Five years later, they re-sell the home for \$140,000. At that point, they would have to repay the outstanding balance of the bank loan (approximately \$89,425) as well as the principal of the Avenue loan (\$5,000). They would also have to pay Avenue 25% of the appreciation as calculated in the following table:

<b>Sales price</b>		<b>\$140,000</b>
less:		
Outstanding principal repaid on 1st loan		-\$89,425
Principal repaid on Avenue loan		-\$5,000
Realtor commission, title, etc.		-\$7,600
Principal paid on 1st loan during loan term		-\$5,575
Capital improvements		\$0
equals:		
<b>Appreciation</b>		<b>\$32,400</b>
Avenue share of appreciation	25%	\$8,100
Homeowner share of appreciation	75%	\$24,300
Net from sale to homeowner		\$29,875