

City of New Albany

Homeownership Assistance Program



Program Overview

The City of New Albany's Homeownership Assistance Program provides financial assistance of up to \$10,000 to eligible first-time homebuyers. The assistance is structured as a zero-interest forgivable loan over five years, helping individuals purchase a single-family home within city limits.

Eligibility Requirements

1. **Income Limits:** Household income must not exceed 120% of the Area Median Income (AMI) as determined by HUD.
2. **New Albany Resident:** The applicant must already live within New Albany city limits.
3. **Housing Counseling:** Applicants must complete the New Albany Housing Authority HUD Certified Housing Counseling Program within the past six months.
4. **Financing:** A pre-qualification letter from a bank or lending institution is required.
5. **Property Eligibility:** The home must be a single-family dwelling within New Albany city limits and must not displace existing residents.
6. **Agreement Terms:** The applicant must occupy the home as their principal residence for at least five years.
7. **No City Employee Relation:** An applicant cannot be related to any current City of New Albany Employee.

Application Process

1. **Application Submission:** Prospective applicants complete and return the Homeownership Assistance Application along with proof of identity, income, and residence.
2. **Income Verification:** The Redevelopment Department verifies income using Part 5 (Section 8) Income and Asset guidelines.
3. **Approval Process:** Applicants submit an appraisal, title opinion, and formal loan approval letter. If eligible, they receive an approval letter from the New Albany Redevelopment Commission (NARC).
4. **Home Inspection:** A certified inspector (e.g., ASHI-certified) must conduct a home inspection. NARC reimburses 50% of the inspection cost. Any code deficiencies must be corrected within 90 days of closing.
5. **Closing Coordination:** The Redevelopment Department collects the closing agent's details, prepares documents for assistance funds, and reviews the settlement statement before wiring the funds to your title company.

Forgivable Loan Terms

- The \$10,000 loan is forgiven in equal portions over five years.
- If the home is sold before the five-year period ends, a prorated repayment is required.
- A **Restrictive Covenant Lien** will be placed on the home and reduced by 20% per year until fully forgiven after five years.

Claw back Policy

If the applicant fails to occupy the home within 90 days of closing:

1. **Repayment:** Full repayment is required within 30 days.
2. **Interest:** A 3% annual interest rate accrues from the closing date until repayment is completed.
3. **Legal Action:** The City reserves the right to initiate legal action for non-payment.
4. **Lien Enforcement:** The assistance amount remains a lien on the property until repaid or forgiven.
5. **Appeals:** Applicants may appeal within 15 days citing extenuating circumstances for review.

Contact Information

For questions or assistance, contact:

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