

**CITY OF CRANSTON  
DEPARTMENT OF COMMUNITY DEVELOPMENT  
DOWN PAYMENT ASSISTANCE PROGRAM GUIDELINES**

This program offers financial assistance to income-eligible people who are purchasing a home in the City of Cranston. The program will be administered on a first come first served basis and complete a HUD approved eight (8) hour minimum homebuyers class. An applicant **must** be a **first time homebuyer** in accordance with the following HUD guidelines:

- An individual who has had no ownership in a principal residence during the 3-year period ending on the date of purchase of the property. This includes a spouse (if either meets the above test, they are considered first-time homebuyers)
- A single parent who has only owned with a former spouse while married.
- An individual who is a displaced homemaker and has only owned with a spouse.
- An individual who has only owned a principal residence not permanently affixed to a permanent foundation in accordance with applicable regulations.
- An individual who has only owned a property that was not in compliance with State, local or model building codes and which can not be brought into compliance for less than the cost of constructing a permanent structure.

A recipient must agree, in writing, that he/she will live in the purchased property as his/her principal residence for a period of five consecutive (5) years after the assistance is provided (the closing date). This written agreement (not a mortgage) will be recorded as a lien against the property at the office of the City Clerk by the closing attorney. **Applications are taken in office and processed within 48 hours after all the documents are received in the office. However, we do require three (3) business days prior to the closing date, for the closing agent to furnish Cranston's CDBG office with a copy of the proposed settlement statement (HUD sheet).**

Income eligibility will be determined according to HUD's HOME/CDBG income limits guidelines. The amount of assistance available to an applicant is 50% of the required down payment, not to exceed **Five Thousand Dollars (\$5,000.00)**. (We will match the down payment from the borrower dollar for dollar, **but not to exceed \$5,000.**) The down payment from the borrower must be clearly stated on all necessary documentation, such as the Purchase and Sale Agreement and the final HUD sheet. **The borrower can not receive any cash at the closing. Any cash received by the borrower at the closing will be considered a refund of the borrower's own down payment funds and will therefore reduce the Department's down payment assistance by an amount equal to the cash received by the borrower.**

As stated above, the goal of the program is twofold: Increase the number of owner occupied homes in the City and provide financial assistance to low-to-moderate income first time homebuyers.

**This grant can not be used with any other program within the Department of Community Development. This grant can not be subordinated, nor can it be used to pay points or reduce interest rates.**

**The buyer must have a State Lead Inspection preformed on the property which can produce a Lead Safe Certificate for the property before any assistance is provided. The buyer must also provide a certificate that they have taken and eight (8) hour homebuyer's course.**

At the end of the five-year period the lien is forgiven and discharged. If before the end of the five-year period, however, the recipient sells the property, refinances the property, changes title to the property, or no longer lives there as his/her principal residence, then the entire down payment assistance must be repaid in full to the Cranston Department of Community Development.

**A representative of the Department of Community Development will attend the closing to verify the final HUD sheet and to disburse the appropriate amount of funds to the closing attorney.**

**Revised: February 2015**