

## **Georgia Dream Overview**

### **1. What is the Georgia Dream Homeownership Program?**

The Georgia Dream program was created to make homeownership possible for eligible low- and moderate-income Georgians by providing affordable financing options, down payment assistance, and homebuyer education.

### **2. How does the Georgia Dream Homeownership Program work?**

The Georgia Department of Community Affairs (DCA) acts as the secondary market for lenders who want to provide an affordable mortgage product to low- and moderate-income Georgians. Potential home buyers apply with participating lenders for Georgia Dream loans. The loans are secured or guaranteed by FHA, VA, USDA-RD or conventional uninsured loans. Once the lender has completed the process and gives credit approval, the information is forwarded to DCA for compliance review and funding approval. Georgia Dream rates are available from your participating lender.

### **3. Who is an eligible applicant?**

An eligible applicant is a first time home buyer, or a home buyer who has not owned a home in the past 3 years, or a home buyer who purchases a home in a targeted area (See **What is a targeted area?**). Applicant must have a minimum middle credit score of 640, must meet income and purchase price limits and must have limited liquid assets. Refer to the brochure or contact a participating lender at <https://www.dca.ga.gov/GeorgiaDream/> for current program guidelines.

### **4. What is a targeted area?**

An entire county or a census tract in which at least seventy percent (70%) of the families have a Household Annual Income that is eighty percent (80%) or less of the state-wide median family income, or an area designated by the State as an area of chronic economic distress and approved by the Secretary of the U.S. Department of Housing and Urban Development and the Secretary of the U.S. Department of Treasury.

An eligible applicant does not have to be a first time home buyer if they purchase in a targeted area. To check if you are in a targeted area, see page 5 of the Georgia Dream brochure for a map of Targeted Counties. Check with a participating lender for a list of targeted census tracts. An eligible applicant purchasing in a targeted area may not own any other real estate; and may not be on title of any other real estate at the time of closing on the Georgia Dream loan.

### **5. What if I have owned a home in another county or state, but I did not live there in the past 3 years?**

If you can demonstrate that the home was rented or used by someone else, and that you lived in another residence, then you may qualify for the Georgia Dream program. However, you cannot own other real estate when you close your Georgia Dream loan. The previous home would have to be sold, or your name would have to be removed from the title.

### **6. How long does the Georgia Dream process take?**

The average Georgia Dream process takes about 60 days from application to closing. A delay may occur if the applicant does not provide the documentation necessary for the lender to complete the application and process the loan. Many lenders may complete the process within a shorter timeframe.

## **First steps to Homeownership:**

### **1. How do I apply for a Georgia Dream loan?**

Georgia Dream loans are originated by **Participating Lenders** across the state. These lenders can take your mortgage loan application for an FHA, VA, USDA or conventional uninsured loan and process all paperwork required by the Georgia Dream program. You **do not** apply directly to DCA for the Georgia Dream Homeownership program.

## 2. What do I do first?

- a. Contact a participating lender to be prequalified. If you qualify, you can start your home search process.
- b. Take a home buyer education class. Georgia Dream requires all applicants to attend Housing Counseling classes, workshops, or one-on-one counseling that is provided by HUD-approved Housing Counseling Agencies. Applicants must contact and attend a class with one of the Housing Counseling agencies on DCA's website or HUD's website or applicants may complete the online class at <http://www.ehomeamerica.org/dca>. The charge for these classes can range from \$50 to \$100.

## 3. What is the "Ready, Set, Go" program?

Online and individual pre-purchase housing counseling assistance is available through the "Ready, Set, Go" program to assist home buyers who are not eligible for Georgia Dream (if the middle credit score is below 640). After an interactive online course a home buyer will receive personalized housing counseling from a participating "Ready, Set, Go" Housing Counseling Agency at <http://www.ehomemoney.org/dca>. The cost for "Ready, Set, Go" is \$50.

## Georgia Dream Program Requirements:

### 1. What is the income limit?

The maximum income varies by county and by the size of your household. See page 2 of the [Georgia Dream brochure](#). For the Georgia Dream program, "income" means the total income of all household members. However, some income may not be included. For example, the income of students under the age of 18 is not included. Discuss your total household income with your lender.

### 2. What is the liquid asset limit?

An applicant may have liquid assets of no more than \$20,000, or 20% of the sales price of the home being purchased, whichever is greater, at the time of closing. Gifts of substantial amounts are considered liquid assets. Stocks and other readily salable securities are considered liquid assets, unless they are restricted by IRA, 401(k) or other similar requirements. IRAs, 401(k) plans and other similarly qualified retirement accounts are not considered to be liquid assets.

### 3. Who sets the interest rate I will be charged?

DCA sets the interest rate for all Georgia Dream loans. A participating lender must use the Georgia Dream rate and approved fees. No uncommon fees or discount points are allowed on Georgia Dream loans. The lender reserves the rate electronically and the rate is locked for 75 days. (We typically change the rates weekly but reserve the right to change the rate more often.)

### 4. What are ratios?

Two ratios are used to qualify applicants for a mortgage loan. The *housing ratio* is the percentage of your potential new monthly mortgage payment, including monthly cost estimates for property tax and homeowners insurance as compared to your gross monthly income. The total *debt ratio* includes your prospective new monthly mortgage payment plus your existing debt payments compared to your gross monthly income. Your lender can calculate these for you and discuss if your ratios meet the Georgia Dream program ratio requirements.

### 5. How much money will I need to have?

The applicant must contribute a minimum of \$1,000 of their own money or documented gift funds into the purchase transaction in order to receive the down payment assistance. There may be additional costs associated with the purchase of your home that will be your responsibility.

## Homeownership Responsibilities

### 1. Who do I make my first mortgage monthly payment to?

State Home Mortgage will be your servicer and all mortgage payments will be made to State Home Mortgage on the first of each month. You will receive a coupon at closing for your first payment. For questions regarding your mortgage payment, please contact State Home Mortgage at 1-800-781-8346.

**2. Do I have to pay back the down payment assistance loan?**

Yes. The down payment assistance is a 0% interest loan with no monthly payment. A second mortgage lien is placed on your property. It is due when you sell, refinance or no longer occupy the home as your primary residence. When funds are paid back, we use the money to help the next generation of applicants start the process. The Georgia Department of Community Affairs may offer other down payment assistance programs that could have different requirements regarding repayment of the down payment assistance. Information regarding other programs will be on the Georgia Dream website.

**3. May I pay off the first mortgage loan early?**

Yes, there is no prepayment penalty with the Georgia Dream program.

**4. Who do I contact for payoff information on my first or second mortgage loan?**

Contact the servicer, State Home Mortgage, for a payoff quote on your first and/or second mortgage at [www.statehomemortgage.net](http://www.statehomemortgage.net) or 1-800-781-8346.