

- 1) **How do I apply for HBAD?** You must apply through your lender for Home Buy the American Dream. It is recommended you use a local lender familiar with the down payment programs. The lender will collect all necessary documentation and submit to us for review.
- 2) **What are the eligibility criteria?**
  - a) First time-homebuyer, no homeownership in last 3 years. There is an exception for divorced with a dependent child, a displaced homemaker and mobile homeownership if not considered real estate.
  - b) Must be under income limit for household size. Income is calculated from time of application and projected forward 12 months or the gross income from all sources earned in the last tax year.

**2025 INCOME LIMITS BY FAMILY SIZE**  
**(Subject to change annually)**

Household Size	Gross Annual Income Levels
1	\$ 72,700
2	\$ 83,100
3	\$ 93,500
4	\$103,850
5	\$112,200
6	\$120,500
7	\$128,800
8	\$137,100

- c) Property located in City of Madison and is a single-family home, condominium, or one-half a duplex.
- d) Borrower(s) must obtain a first mortgage loan from a financial institution with a 30-year term which escrows for taxes and insurance.
- e) Housing to Income Ratio minimum is 25%/ Total Debt to Income Ratio Maximum is 55%
- f) Maximum liquid assets cash reserves AFTER loan closing cannot exceed 12 months PITI (principal, interest, taxes and insurance). Minimum reserves must be \$50 after closing. Examples of Liquid Assets include non-retirement accounts such as checking, savings, stocks, bonds, life insurance net cash value, annuities, etc. Exception to this limit allowed for household that do not use the traditional retirement savings accounts.
- g) Borrower must contribute a 1% down payment to the transaction.
- h) All borrower(s) must complete a Homebuyer education delivered by a HUD Approved Housing Counseling Intermediary or HUD Approved Housing Counseling Agency (HCI/A) or a City of Madison approved provider and a housing counseling session with a HUD Approved Housing Counseling Agency. The homebuyer's certificate(s) must be dated no more than 18 months prior to loan closing. You can sign up at:

[www.homebuyersroundtable.org](http://www.homebuyersroundtable.org)

<https://frameworkhomeownership.org/get-started>

[www.greenpath.com/framework-homebuyer-education-online-class/](http://www.greenpath.com/framework-homebuyer-education-online-class/)

<https://nwblackhawkregion.org/home-buyer-education/>

[www.ehomeamerica.org/nhsrwi](http://www.ehomeamerica.org/nhsrwi)

Once education is complete, next step is to complete HUD approved prepurchase counseling. You can find housing counseling agencies at:

[https://hud4.my.site.com/housingcounseling/s/?language=en\\_US](https://hud4.my.site.com/housingcounseling/s/?language=en_US)

- 3) **Is there additional funding available if a member of the household has a permanent disability?** Yes, reach out to Movin' Out 608-251-4446 x 7 and leave a message for a housing counselor to call you back. They have substantial down payment assistance and know which other assistance can be used with their funding. Movin' Out would also provide the homebuyer education and counseling.
- 4) **What other down payment programs are available for City of Madison and Dane County?** There are many down payment programs available for City of Madison and Dane County purchases. These programs are listed in the following matrix: (MATRIX) <https://www.cityofmadison.com/dpced/community-development/documents/2025%20Matrix%20051825.pdf> Programs in orange cannot be used together.
- 5) **What down payment programs can be used together?**  
**City of Madison** (Below can all be used together)  
\$35,000 Home-Buy loan  
\$10,000 Down Payment Plus (5 yr forgivable grant). Lender must be member of Federal Home Loan Bank of Chicago & participate  
\$xxxxx WHEDA down payment loan (up to 6% of purchase price.) Must use WHEDA first mortgage
- Dane County** (Below can all be used together)  
HBAD Cannot be used for Dane County property outside the City of Madison  
\$10,000 Down Payment Plus grant (5 yr forgivable grant) Lender must participate  
Up to \$35,000 Dane County CDBG through Movin' Out...only program they run that is NOT for households with disability.  
OR WHEDA down payment if don't use Momentum
- 6) **Is Home-Buy a mortgage loan?**  
Yes, Home-Buy is a deferred **shared appreciation mortgage loan**. Deferred means that no monthly payments are required, and the Loan is repaid upon sale, non-owner occupancy, title transfer or cash-out refinance for other than home improvements.
- 7) **Calculating Shared Appreciation at time of loan approval**  
Shared appreciation at time of loan approval will be based off the greater of purchase price or appraised value, except not for Madison Area Community Land Trust properties.
- 8) **Loan Repayment**  
At time of repayment an amount equal to the % of the accepted sales price of the Property in an arm's length transaction or the current fair market value of the Property as determined by an appraisal submitted by the borrower and conducted within the prior six months by a licensed appraiser acceptable to the City of Madison. The repayment is due and payable to the City of Madison at the time the property is sold, cash-out refinance for other than property improvements, the property is transferred or ceases to be the primary residence of the home buyer. Partial payments are not acceptable.

Example:

Home purchase price or appraised value, whichever is higher	\$300,000
City loan	\$ 35,000
Percentage of City funds	11.66%
Sales price at the time the home buyer sells or current appraised value if pays off the loan	\$375,000
Loan repayment equals 11.66% of the accepted sales price or current appraised value	\$43,725

**9) Is a property inspection required?**

Yes, the City orders at City expense a Housing Quality Standards inspection that covers City of Madison minimum housing code. Additionally, if property was built before 1978 a lead based paint inspection is also required. Your Realtor needs to include this in Offer and allow at least 15 days from Offer for this to be completed. It is recommended you still get your own private 3<sup>rd</sup> party property inspection. Any repairs not completed prior to closing must be completed within 60 days after loan closing. Upon completion of repairs, a re-inspection of property is required.

**10) How long does it take City to process a loan request?** We need a minimum of 20 business days to process a complete loan request once an Offer on a property has been accepted.

**11) Can City issue a pre-approval, before have a property selected?** Yes, the City can issue loan pre-approvals. These commitments are valid for 90 days.