



FAQ About the Sec 32 Homeownership Program

How does the program work?

Once you meet the basic eligibility criteria, we refer you to a Homeownership Counseling Agency. There you will attend a short homeownership class which will cover the basics of what it means to purchase a home. You will become familiar with the buying process and terminology to make home buying easier.

Do I need good credit?

Yes and no. Eventually, you will need a credit score high enough for a lender to give you a loan, but you do NOT need a good credit score to enroll in the program.

The Homeownership Counseling Agency will work with you to make any necessary credit repair. When you are ready, they can also help you find a lender.

How long does the program take?

That depends on how much credit repair you may need. Most of the program participants have some credit repair work to do, so lower credit scores are not uncommon. The more credit repair needed, the longer it may take. However, this should not deter you from your dream of homeownership; whether it takes two months or two years, that time will go by whether or not you are working toward your goal.

Even if you have no credit repair to do, and already have a pre-approval, the home buying process can still take a couple of months from start to finish.

What is a Pre-approval?

The “pre-approval” is the amount a lender is willing to lend you based on your income, debt, expenses, etc. It is a calculation the bank makes, and indicates how much of a house you can afford.

Why is the subsidy “up to \$25,000”?

The subsidy is designed to help you get into a house you would not otherwise be able to afford. Once we know what your pre-approval amount is, we can add up to \$25,000 to help you purchase a HACM home.

Example #1:

Pre-approval amount is \$75,000

Price of HACM home is \$100,000

Subsidy amount is \$25,000*

Example #2

Pre-approval amount is \$75,000

Price of HACM home is \$87,000

Subsidy amount is \$12,000*

*The subsidy only applies to a HACM home for sale

How does the \$25,000 forgivable 2nd mortgage subsidy work? Do I have to pay it back?

No, you are never borrowing the subsidy amount.

In example #1 above, you are paying \$75,000 for a \$100,000 house. If you turned around and sold the house to someone else for \$100,000, then HACM would get \$25,000 from the proceeds.

The subsidy is forgivable in that the longer you keep the house, the less would be paid to HACM when you sold it.

In the above example, if you waited 5 years to sell the house, HACM would receive \$20,000 from the proceeds, and you would get to keep the other \$5,000. That is because, there is no forgiveness in the first 5 years, but after that the first \$5,000 of the subsidy is “forgiven”.

Another 4% is forgiven every year after that, so the longer you keep the house, the less is paid to HACM from the proceeds if/when you decide to sell the house.

Where are your houses?

They are all in the City of Milwaukee. Our list of available houses changes all the time, so we recommend checking our website for updates.

Can I offer less than the asking price on a HACM home?

HACM does not set the prices for the houses we sell. The prices are established by an independent, third party appraiser. This is done to be fair to the other homeowners in the area, as their home values are dependent on what other homes sell for. So, no, we cannot accept less than the sale price.

Why should I buy a HACM house?

Our homes are completely rehabbed and are in move-in condition. The objective of the Homeownership Program is to help people acquire homes and stay in them as long as they would like to. We try to make sure the new homebuyer will not need to have any major repairs for a long time.

Also, there are no property taxes paid on the house for the year in which you buy it.

Are there any other grants I can get?

You should ask your Homeownership Counseling Agency that you are working with about other grants that may be available; sometimes the agency or the lender have grant funds. It is always good to ask.