

FREQUENTLY ASKED QUESTIONS

The American Dream Downpayment Act, Public Law No: 108-186

On December 16, 2003 President Bush signed into law the American Dream Downpayment Act. This law directs the Department of Housing and Urban Development (HUD) to establish a downpayment assistance grant program within the HOME Investment Partnerships Program (HOME).

◆ **I need help buying a house now, how do I get a grant?**

The program is not yet available. HUD is working on the details of the program, and how the money will be distributed. HUD expects the program to be operational in the spring. NAR has contacted HUD to offer assistance in developing the program.

◆ **Who is eligible to receive downpayment assistance?**

The program is designed for low-income families. Recipients must have annual incomes that do not exceed 80% of the area median income. They must also meet the definition of a first time homebuyer.

◆ **How do I apply?**

Details of the program are still being developed. HUD expects grants to be available in the spring. The monies will be distributed from HUD to states and local governments. Individual grants will be administered as a part of HUD's existing HOME Program. For a list of state and local program contacts for HOME, visit HUD's website at:

<http://www.hud.gov/offices/cpd/affordablehousing/programs/home/contacts/index.cfm>

◆ **How much money will individual families receive?**

HUD anticipates that the average individual grant will be \$7,500. However, states and localities may choose to increase their grant amount up to \$10,000 or 6% the purchase price of the home, whichever is greater.

◆ **What can the money be used for?**

Families may use the subsidy for downpayment assistance. This can include the downpayment itself, closing costs, or points to reduce the interest payment.

◆ **How much money does HUD have for the program?**

Currently HUD has \$75 million for the American Dream Downpayment Initiative. However, an additional \$87.5 million is pending in the Omnibus Appropriations bill.

For more information see HUD's website at

<http://www.hud.gov/offices/cpd/affordablehousing/programs/home/addi/index.cfm>