

TO: Interested Buyer
FROM: Housing Services of Utah Valley, Inc.
RE: Loan to Own application Procedures

Enclosed you will find an Applicant packet describing the Loan to Own program procedures and guidelines. Should you have any questions, please feel free to call (801)-358-6073 or e-mail at chelsey.lto@gmail.com . If you need any copies of the application go to www.housingservicesut.org .

This program is awarded on a first come first served basis and the funds are limited. In an effort to be fair to everyone, please mail all applications. We will date your application on the day it is received in our mail box.

Thank you for your interest in our program.

Please mail all correspondence to: **Housing Services of Utah Valley, Inc.
PO Box 1906
Orem, UT 84059**

This is a first time home buyer program. Defined as first time purchase or have not owned a home in three years.

A non-refundable application fee of \$25.00 is required to be submitted with each application. Please make check payable to Housing Services.

Pre-paid and reserve items are not eligible closing costs for this program.

The maximum purchase price for a home in this program is \$232,305.00.

Title insurance and recording fees for this program will be included in the loan.

Housing Services' Loan to Own Program will only second behind FHA or Conventional 30 fixed rate loans.

(No Interest Only Loans will be accepted)

Housing Services' program is designed to only take a second position and will never take third in any situation.

THE PROGRAM IS AVAILABLE IN THE FOLLOWING PARTICIPATING COMMUNITIES:

Lehi, Lindon, Orem, Payson, Pleasant Grove, Spanish Fork, Springville, and unincorporated Utah County.

LOAN TO OWN
PROGRAM DESCRIPTION

The Loan to Own Program is a federally funded loan program administered by Housing Services of Utah Valley, Inc. (HSUV) for the Utah Valley Consortium of Cities and County (UVCCC). The goal of the program is to assist low-income eligible individuals in the purchase of single family homes in specific cities within Utah County. Those who are buying homes 0 – 30 years old, who qualify may receive a “0” interest deferred loan for one half of the required down payment plus the one time closing costs excluding prepaid items, not to exceed \$5,000.00. Those who are buying homes 30 years or older, who qualify may receive a “0” interest deferred loan towards down payment plus the one time closing costs excluding prepaid items, not to exceed \$15,000.00. Both the \$ 5,000.00 loan and \$ 15,000.00 loan becomes due and payable in full upon borrower’s ceasing to occupy the property as their principal place of residence at any time as long as they own the property. On the 6th anniversary date of the loan closing date, 20 % of the principal loan amount may be forgiven, and an additional 20 % every year thereafter on the anniversary date, until the loan may be completely forgiven on the 10th anniversary date. **There will be no credit issued for partial years.** The borrower’s must initiate this process by bringing to the UVCCC’s office, 86 N. University Avenue Suite 220, Provo, Utah 84601, for every year to be forgiven on the anniversary date:

- Two bills with their names and address that will prove they continue to occupy the property as their principal residence.

If the borrowers cease occupying the property as their principal place of residence at any time between years six through 10 (6-10), then borrowers are responsible to repay the outstanding balance on the loan.

It is the responsibility of the applicant to select a home in an eligible community.

Directions: First, determine if you are eligible for assistance by comparing your entire household’s income with the income limits below. (You must include income from all household working members 18 years of age and older.) If you are eligible, please provide the requested information on pages 1-6. All applications must include income verification as described below, and be signed and dated by the applicant and co-applicant, and returned to Housing Services (687-3696), P.O. Box 1906, Orem, Utah 84059. Upon receipt of application, all materials will be forwarded to ChelseyVanchiere, of Housing Services for processing. All program inquiries should be addressed to Housing Services (801) 358-6073.

Income Limits : Income Limits for all assistance are based on a maximum of 80 percent of the median family income for Utah County, as outlined below:

Family Size	1	2	3	4	5	6	7	8
Income Limit	\$35,200	\$40,250	\$45,250	\$50,300	\$54,300	\$58,350	\$62,350	\$66,400

Qualified applicants will receive their financial loan on a first-come, first-served basis. There are a limited number of loans available and the Board of HSUV reserves the right to expand or terminate the program as funds permit.

To qualify for the financial loan, the applicant must furnish to HSUV a complete copy of his or her previous 3 years tax returns, three months (most recent) pay stubs as proof of 12 months' projected income, a copy of the Real Estate Purchase Contract between the applicant and the seller, a selection of a house that should be zoned for residential use, and an affidavit from the seller (which is the last page of the Application) that the sale of the selected property has not led to the displacement of any individual other than the seller, or the seller's immediate family. The applicant, before or at the time of closing must put a minimum of \$1,000.00 toward the down payment or closing costs. Applicants must also have one full year of clean credit, including bankruptcies, repossession, and/or judgments.

An applicant must receive an approved FHA or Conventional loan 30 year fixed loan. The applicant must also select a closing agent or title company that will provide HSUV with all the real estate documents listed in the instructions provided to the closing agent. It is the applicant's responsibility to ensure that all documents are properly prepared and forwarded to HSUV in a timely manner.

As a condition of the Loan to Own Program, applicants must participate in the Community Action Pre-Purchase Counseling Class (it is a free course). It is the responsibility of the applicant to contact (373-8200) ext. 242 or 243, or go online to www.communityactionuc.org and click on Home buyer and mortgage counsel to enroll. ***Absolutely no loan funds will be released until HSUV receives the completion certification from Community Action.***

The loan funds provided by UVCCC through HSUV shall be repaid **in full** during the first five (5) years of the loan; or the **outstanding balance** in years six through ten (6-10), on the date the housing unit ceases to be the applicant's primary housing unit, for any reason, but not limited to, the applicant selling, renting, leasing, abandoning, donating, or giving the housing unit to another. On the anniversary date of the 6th year of the loan 20 % may be forgiven, upon applicant verifying for every year to be forgiven continued owner occupancy demonstrated by providing to UVCCC two documents with the applicants' name and address. Each year thereafter, and through the same process, an additional 20 % may be forgiven, making the total loan forgiven at the end of year 10 (on the anniversary date). There will be no credit for partial years. The loan will be due and payable or forgiven, according to the terms of the note. To ensure that these funds yield affordable housing over the long term the property is subject to the following periods of affordability: Loan amounts of up to, and including \$5,000 5 Years Loan amounts of up to, and including \$15,000 10 Years.

*Prepayment does not waive affordability requirements.

Applicant Instruction Sheet

To be considered an Applicant for the Loan to Own Program, you must fully complete and return to Housing Services of Utah Valley, Inc. (HSUV) an applicant packet. Please note that the applicant is responsible for selecting the property they wish to purchase within the specified community. A complete application includes: (a check list is provided on page 6).

- A. Loan Application Form
- B. Seller Affidavit attesting that purchasing the selected property does not lead to displacement of any current tenants. (Attached to the back of the application.)
- C. Copy of applicant's Real Estate Purchase Contract with seller.
- D. Copy of applicant's previous three year's signed tax returns. If there are other wage earners ages 18 and older in your household, their tax returns must also be submitted.
- E. Copies of past three months pay stubs to verify income and a Verification of Employment form filled out (you can get these forms from your lender)
If applicant has not filed a previous year's tax return, then they must submit documentation regarding their current income (current income must meet federal guidelines) and a letter stating why there was no tax return filed for previous year.
- F. A \$25.00 application fee made out to Housing Services. This fee is non-refundable, even if you do not qualify for the program.
- G. Bank statements showing you have enough to purchase a home (minimum of \$ 1,000)

Upon successful completion and acceptance of your application, HSUV will issue a forty-five day Letter of Commitment which is a preliminary approval for a HSUV down payment and closing cost assistance loan. Pursuant to program regulation, no funds shall be released to the Title Company/Escrow Agent unless HSUV has received confirmation that the applicant has completed the Pre-Purchasing Counseling Class at the Community Action agency. It is the responsibility of the applicant to contact CAS (373-8200) ext. 242 or 243, or go online to www.communityactionuc.org and click on Home buyer and mortgage counsel to enroll.

Upon approval of the loan committee and all conditions a check will be issued to the Title Company/Escrow Agent to be disbursed according to a letter of instruction. If closing does not occur within the time period specified in the Letter of Commitment, the applicant will be disqualified from the program unless they can provide documentation describing mitigating circumstances for the delay. **This Process takes 2-3 weeks.**

After closing, the escrow agent is to return to HSUV all the completed documents described in the Letter of Instruction to the Escrow Agent. These documents include:

1. Promissory Note – This document states that this is a “0” interest deferred payment loan, that is due and payable upon sale or loss of occupancy within the first 5 years. Starting year 6 of the anniversary of the loan the loan is forgiven 20 % each year thereafter, so at the end of year 10 the loan is completely forgiven.
2. Trust Deed – this document states that Utah Valley Consortium is a beneficiary whereby Utah Valley Consortium has lien on the purchased property until paid in full.
3. Notice of Default, Title Policy, HOME Owner Agreement, Truth in Lending, and Right of Recession, and a copy of the Settlement Statement.

**HOUSING SERVICES OF UTAH VALLEY AND UTAH VALLEY
CONSORTIUM LOAN TO OWN PROGRAM
LOAN CRITERIA**

A-Loans:

CREDIT	Experian credit score above 700, no un-satisfied judgments, clean credit for the last year, no bankruptcies or repossessions.
CAPACITY	1 year of employment or new job related to education received, 35% or less of gross income is for monthly housing costs 45% or less of gross income goes for total monthly debt costs
COLLATERAL	Loan to value is 100%, the loan to value can go up to 105% if experian credit score is over 700.

B-Loans:

CREDIT	Experian credit score above 650, no un-satisfied judgments, clean credit for the last year, no bankruptcies or repossessions within the last year.
CAPACITY	1 year of employment or new job related to education received, 33% or less of gross income is for monthly housing costs 43% or less of gross income goes for total monthly debt costs
COLLATERAL	Loan to value is 100%, the loan to value can go up to 102% if credit Experian score is over 650.

A loan will be automatically denied if any of the following exists:

- 1. Experian credit score is less than 650 (we take the high).**
- 2. Unsatisfied judgments, Local, State or Federal tax liens.**
- 3. Bankruptcy or repossession within the last year.**

Loan To Own Checklist

- Last 3 Years Tax Information for everyone over the age of 18.
- Last 3 Months Pay Stubs for everyone over the age of 18.
- Verification of Employment Form (can get the form from your lender)
- Bank Statements (showing you have a minimum of \$ 1,000 in account)
- Loan to Own Application
- Purchase Contract
- Seller Affidavit (which is attached to the back of the Application)
- School Certificate from Community Action for attending the Pre- purchase counseling class #373-8200 ext. 242 or 243, or online at www.communityactionuc.org (Must have before closing or funding will not be issued.)
- Application Fee of \$25.00, made out to Housing Services.

An application missing ANY of these items will be automatically denied!

****Before you begin you must know that all information put down on the application must be current and HSUV cannot change any information once submitted. If any of the information changes you MUST resubmit a new application.**

APPLICATION FOR LOAN TO OWN PROGRAM

Date of Application _____ Date received _____

1. Applicant Information

Applicant's Name: _____

Social Security # _____ - _____ - _____ Home Phone # _____ Cell Phone # _____

Present Address _____
(Street) (City) (State) (Zip)

Marital Status: Married _____ Unmarried (single or divorced) _____ Separated _____ No. of Dependents living in home _____
Employer _____ (Name and Address) Self-employed? Yes _____ No _____

Work Phone No. _____ Title _____ Type of business _____
No. Years at job _____

Name & Address of Previous Employer _____
No. Years at Job _____ (if at current job less than 2 years)

2. Co-Applicant Information

Applicant's Name: _____

Social Security # _____ - _____ - _____ Home Phone # _____ Cell Phone # _____

Present Address _____
(Street) (City) (State) (Zip)

Marital Status: Married _____ Unmarried (single or divorced) _____ Separated _____ No. of Dependents living in home _____
Employer _____ (Name and Address) Self-employed? Yes _____ No _____

Work Phone No. _____ Title _____ Type of business _____
No. Years at job _____

Name & Address of Previous Employer _____
No. Years at Job _____ (if at current job less than 2 years)

3. HOUSEHOLD COMPOSITION

Please list all household members in the box below. List the head of the household in box #1, and give the relationship of each member to the head. **Unborn children are a part of the household.**

Family Member #	Full Name	Relationship	Age	Sex	Ethnic Origin See CODES below
1					
2					
3					
4					
5					
6					
7					
8					

(List additional members on a separate page.)

Household Type: Please Circle One

- Single, non-elderly; (One-person household in which the person is not elderly)
- Elderly; (One or two person household with a person at least 62 years of age)
- Single Parent; (A single parent household with a dependent child or children (18 years old or younger))
- Two Parent; (a two parent household with a dependent child or children (18 years old or younger))
- Other; (Any household not included in the above 4 definitions, including two or more unrelated individuals)

Race and Ethnicity Category Codes:

1. **White;** (A person having origins in any of the original peoples of Europe, North Africa, or the Middle East.)
2. **Black / African American;** (A person having origins in any of the black racial groups of Africa. Terms such as “Haitian” or “Negro” can be used in addition to “Black or African American”)
3. **Asian;** (A person having origins in any of the original peoples of the Far East, Southeast Asia, or the Indian subcontinent including, for example, Cambodia, China, India, Japan, Korea, Malaysia, Pakistan, the Philippine Islands, Thailand, and Vietnam)
4. **American Indian/Alaskan Native;** (A person having origins in any of the original peoples of North and South America (including Central America), and who maintains affiliation or community attachment)
5. **Native Hawaiian/Other Pacific Islander;** (A person having origins in any of the original people of Hawaii, Guam, Samoa, or other Pacific Islands)
6. **American Indian/Alaskan Native & White;** (A person having these multiple race heritages as defined above)
7. **Asian & White;** (A person having these multiple race heritages as defined above)
8. **Black/African American & White;** (A person having these multiple race heritages as defined above)
9. **American Indian/Alaskan Native & Black/African American;** (A person having these multiple race heritages as defined above)
10. **Other Multi-Racial;** (For reporting individual responses that are not included in any of the other categories listed above)

Are you or your Spouse Hispanic? _____ Yes _____ No

White, Black, Asian, Pacific Islander, American Indian, or multi-race may also be counted as being Hispanic. Select from the number code above for your household members race & ethnicity information. The race and ethnicity categories are compiled by the U.S. Department of Housing and Urban Development and are required fields.

1. Have any of your children been tested for lead paint poisoning? _____ Yes _____ No
 2. Does anyone live with you now who is not listed above? _____ Yes _____ No
 3. Does anyone plan on living with you in the future who is not listed above? _____ Yes _____ No

Please explain if you answered 'Yes' to any of the questions above.

4. Have you, your spouse, or co-applicant owned residential property within the past 3 years (some exception to displaced spouses)? _____ Yes _____ No
 5. Are you, your spouse, or co-applicant related to an employee of Housing Services of Utah Valley, or any appointed or elected participating City Official? _____ Yes _____ No

If yes, please fill out:

Name _____ Office or Department _____

Relationship _____

4. ANNUAL INCOME

Source	Applicant	Co-Applicant	Other Household Members	Total
Salary: Hourly____ Monthly				
Overtime Pay				
Commissions				
Tips				
Bonuses				
*Assets (MUST list all and current market value)				
Interest and/or dividends				
Net Business Income				
Social Security, Pension,				
Unemployment Benefits				
Workers Compensation				
Alimony, Child Support				
Welfare Payments				
Other				
TOTAL				

***Assets – include cars, bank account balances, stock, bonds, recreational vehicles, retirement accounts . . . etc.**

5. MONTHLY HOUSING EXPENSE

Item	Monthly Pmt.	Unpaid Principle Balance	Balloon Pmt. Yes__ No	Amount Balloon \$	Due Date
Mortgage Pmt.	\$	\$			
Other financing	\$	\$			
Insurance	\$	\$			
Taxes	\$	\$			
Maintenance	\$	\$			
Utilities	\$	\$			
Water	\$	\$			
Other	\$	\$			
TOTAL	\$	\$			

*Loan to Own applicants - please fill in what your housing expense will be for the house you are planning to buy.

6. PURCHASE INFORMATION:

Address of property to be purchased: _____
Street Address City State ZIP

Number of bedrooms: _____ Purchase Price: _____ Qualified for first mortgage: _____ Yes _____ No

Private Loan Amount (mortgage): _____ Cash Contribution toward purchase: _____
 (even if it is the required \$1,000.00)

Is there any other funding coming from subsidized housing (federal funds)? _____ Yes _____ No

Type of Mortgage: _____ FHA _____ Conventional Is it FHA Insured _____ Yes _____ No

Age of Home: _____ Property Type: _____ Single Family _____ Condo / Townhome

Does the property meet Energy Star Standards? _____ Yes _____ No

(For information on Energy Star Standards, go to www.energystar.gov)

Mortgage Company: _____

Loan Officer's Name: **(REQUIRED)** _____ Phone No.: _____

Cell Phone: _____

Real Estate Agent: _____ Company: _____ Phone No.: _____

Cell Phone: _____

Have you ever declared bankruptcy? _____ If yes, please give explanation and date filed:

7. CREDITOR INFORMATION (This will be verified by a credit agency.)

Creditor	Acct. No.	Orig. Balance	Present Balance	Due Date	Monthly Pmt.	Past Due Amount
		\$	\$		\$	\$
		\$	\$		\$	\$
		\$	\$		\$	\$
		\$	\$		\$	\$
		\$	\$		\$	\$
	TOTALS	\$	\$		\$	\$

Family Size and Income Requirements

To qualify for any program using HOME funds, we are required to determine income eligibility based upon the number of persons who will occupy the household and total household income. **Please CIRCLE the total number of persons who will be occupying residence, then circle the range that most accurately reflects the total household income of all persons 18 years of age or older:**

Household Size	Income 30 %	Very Low Income	Income 60 %	Low / Moderate 80 %	Ineligible HOME > 80 %
1	\$0 - \$13,200	\$13,201 - \$22,000	\$22,001 - \$26,400	\$26,401 - \$35,200	\$35,201 or above
2	\$0 - \$15,100	\$15,101 - \$25,150	\$25,151 - \$30,180	\$30,181 - \$40,250	\$40,251 or above
3	\$0 - \$16,950	\$16,951 - \$28,300	\$28,301 - \$33,960	\$33,961 - \$45,250	\$45,251 or above
4	\$0 - \$18,850	\$18,851 - \$31,450	\$31,451 - \$37,740	\$37,741 - \$50,300	\$50,301 or above
5	\$0 - \$20,350	\$20,351 - \$33,950	\$33,951 - \$40,740	\$40,741 - \$54,300	\$54,301 or above
6	\$0 - \$21,850	\$21,851 - \$36,500	\$36,501 - \$43,800	\$43,801 - \$58,350	\$58,351 or above
7	\$0 - \$23,350	\$23,351 - \$39,000	\$39,001 - \$46,800	\$46,801 - \$62,350	\$62,351 or above
8	\$0 - \$24,900	\$24,901 - \$41,500	\$41,501 - \$49,800	\$49,801 - \$66,400	\$66,401 or above

All information given on this form will be kept in COMPLETE CONFIDENCE and will be used only for reporting general statistics to the Department of Housing and Urban Development (HUD).

I/We verify that the information given on this form is accurate and complete to the best of our information, and I/We authorize you to obtain such information as may be required to verify the information contained herein.

I/We further affirm that I/We are aware that, if such a loan is approved by Housing Services, I/We will work with the staff to comply with all of the policies and procedures as outlined by Housing Services, and that I/We will willingly secure the loan in the amount necessary with a duly executed Trust Deed and Trust Deed Note. Also, if such loan is approved, I/We will be notified by Housing Services. After such notification, I/We will have two weeks to respond. If I/We do not respond within that time limit, re-application and re-approval will be necessary.

I/We have also read and understand the Loan to Own Guidelines, this application and I/We agree to abide by the regulations of Housing Services Loan to Own Program. I/We will not hold Housing Services legally liable for any actions of the staff.

DISCLAIMER

The undersigned hereby acknowledges that any discussions with or any information given by a Housing Services employee or its designee regarding application for the Loan to Own Program, prior to receipt of a formal commitment letter from Housing Services or its designee committing a specific amount of funds to the project, is only for program information and may not be considered a binding commitment on the part of Housing Services to provide funds or technical assistance to the project.

By signing this application the applicant is giving authorization to Housing Services, or its designee, to obtain and verify any information including credit history, income and home ownership.

The undersigned also acknowledges that any costs incurred prior to receipt of a formal commitment letter from Housing Services or its designee committing a specific amount of funds to the project is at the risk and expense of the applicant.

Date: _____ Signature: _____
Date: _____ Signature: _____

Informational Survey
Housing Services of Utah

Where did you hear about the Loan to Own Program?

If a Real Estate Agent or Mortgage Lender gave you the information, who was it and what company do they work for?

What would have been helpful in gaining more information about the Loan to Own Program?

Any suggestions on how Housing Services could better the Loan to Own Program or Process?
