

LENDERS CHECKLIST

PREQUALIFICATION LETTER and PRIMARY LENDER COMPLETED APPLICATION:

Primary financing must be with a licensed lender and must be for the maximum amount possible. ONLY 30 YEAR – FIXED RATE 1ST MORTGAGES.

The loan must be fully amortizing and have a fixed interest rate that does not exceed the current market rate, as established by the 90-day “posted yield” for thirty year fixed rate loans, as established by Fannie Mae at <http://www.efanniemae.com/syndicated/documents/mbs/apeprices/archives/cur30.html> plus 100 basis points.

CREDIT REPORT:

Primary lender is to submit copy of borrower’s credit report to Shasta Lake HP Program. All delinquent items will need to be cured before close of escrow.

GOOD FAITH ESTIMATE:

Primary lender is to submit a Good Faith Estimate of the purchase transaction. This should include a breakdown of all charges and credits. The proposed payment breakdown MUST be included.

THE FIRST TIME HOMEBUYER MUST INVEST 3% OF THE PURCHASE PRICE OF HIS/HER OWN FUNDS (or gifted from a relative). VERIFICATION OF SOURCE OF FUNDS WILL BE REQUIRED.

MAXIMUM PURCHASE PRICE \$ 165,000 (effective August 14, 2013)

CALCULATION OF SUBSIDY

The actual amount of a buyer’s Program subsidy shall be computed according to the housing ratio parameters. Each borrower shall receive only the subsidy needed to allow them to become homeowners (“the Gap”) while keeping their housing costs affordable. Not to exceed \$56,500.

The Shasta Lake HP Program’s housing ratio’s are as follows:

The front end ratio shall be between **25%** to **32%** and is the percentage of a borrowers gross monthly income (COSL Calculated Income) that would cover the costs of PITI (loan principal and interest payment + property taxes + property insurance).

The back end ratio shall be between **28 to 42%** and is the percentage of a borrower’s gross monthly income that would cover the costs of PITI plus any other monthly debt payments like car or personal loans and credit card debt.

Total Loan to Value must not exceed **100%** (plus up an additional 5% sales price to cover actual closing costs)

SHASTA LAKE HP LOAN TERMS

NOT TO EXCEED \$56,500

Loans are due upon sale or transfer of title or when borrower no longer occupies the home as his/her principal residence or upon the loan maturity date of 30 years. The loan will be in default if the borrower fails to maintain required fire or flood insurance or fails to pay property taxes.

Interest Rate: 0%

Shasta Lake HP Loans are not approved until final Loan Committee approval.



REAL ESTATE AGENT CHECKLIST

❑ **PROPERTY REQUIREMENTS:**

The property must be located in the City of Shasta Lake City Limits
Purchase Price Cannot Exceed \$165,000

Home to be purchased may be a newly constructed or pre-existing home, condominium, or manufactured home on a permanent foundation; the home must be modest, so it may not exceed three bedrooms and two bathrooms unless there is documented extenuating circumstances (creating over crowded situation) Housing units must pass a local code inspection. **Eligible homes must be those that are currently owner occupied or have been vacant for 90 days prior to acceptance of a purchase contract.**

❑ **PRELIMINARY ELIGIBILITY LETTER:**

The HP applicant must receive a preliminary eligibility letter from the City of Shasta Lake prior to entering into a purchase agreement. The Preliminary Eligibility Letter is valid for 90 days after the date it is issued. The applicant can revalidate the eligibility letter by submitting required updated documentation.

❑ **DISCLOSURES/REQUIRED FORMS:**

Prior to making an offer to purchase an eligible housing unit, homebuyer shall provide seller with a disclosure containing the following provisions:

1. Homebuyer has no power of eminent domain and, therefore, will not acquire the property if negotiations fail to result in an amicable agreement; and
2. Homebuyer's offer is an estimate of the fair market value of the housing unit, to be finally determined by a state licensed appraiser;
3. The housing unit will be subject to a local Housing Code Inspection.
4. All housing units built prior to January 1, 1978 will require a lead paint disclosure to be signed by both the homebuyer and Seller;
5. Since the purchase would be voluntary, the seller would not be eligible for relocation payments or other relocation assistance;
6. The seller understands that the housing unit must be either: currently owner-occupied, newly constructed, a renter purchasing the unit, or vacant 90 days prior to submission of the purchase offer.
7. If the seller is not provided with a statement of the above six provisions prior to the purchase offer, the seller may withdraw from the agreement after this information is provided.

❑ **PURCHASE CONTRACT:**

Once the HP applicant has a preliminary eligibility letter, the HP applicant can enter into an agreement to purchase an eligible home. COSL HP program recommends a 45-60 day escrow; some homes will not pass a Code Inspection and will require repairs. This time allows for those repairs to be complete. The purchase agreement should be written up for the approved amounts allowed under the first lender prequalification letter and the City of Shasta Lake HP limits. Under the HP program, there shall be no luxury items (plasma T.V., hot tubs, upgraded items, pools, included in the sale. Real Estate Agent is to notify COSL Housing Staff of the purchase agreement immediately. A clear faxed copy or emailed copy of the executed purchase agreement is to be sent to:

Fax: (530) 275-7419 or email: jlugo@cityofshastalake.org

❑ **CODE COMPLIANCE INSPECTION:**

All homes purchased through the Homebuyer Program will require a local code compliance inspection. The Code Compliance Inspection is to determine if the home is structurally sound, and identify any code related and health and safety deficiencies that will need to be corrected. A list of the code related repair work will be given to the homebuyers and their realtor to be negotiated with the seller. This inspection is at no charge to the applicant, and is completed by the City of Shasta Lake. This inspection is for the use of the Homebuyer Program only, and does not take the place of Home Inspection (if the buyer wishes to purchase). It is the applicant/real estate agent's responsibility to request a code compliance inspection appointment. **Please be sure to have electricity, water, and gas turned on.**

