

## City of Salem Homebuyer Assistance Program Lender Guidelines

<b><i>Buyer Terms</i></b>	<b><i>Buyer Terms</i></b>
<b>Occupancy requirement</b>	Must be the purchasers primary residence. After purchase the borrower cannot rent or lease the property to other persons, even on a temporary basis. Should the borrower violate this requirement the loan will become due and payable in full.
<b>Income Limitation</b>	Applicants must have an annual gross household income which does not exceed 80% of the median income for Salem, as adjusted for household size.
<b>First Time Homebuyer</b>	Must be a "first-time homebuyer" (an individual and his or her spouse who have not owned a home during the three-year period prior to purchase) which includes an individual who is a "displaced homemaker" or "single parent"
<b>Suitability Requirements</b>	Debt ratio, borrower contribution
<b>Education Requirement</b>	Require homebuyer education from approved course list
<b>Credit score or rating requirements</b>	Must have been at least 5 yrs from bankruptcy and/or foreclosure
<b>Borrower Contribution/ Match</b>	Minimum \$500 borrower contribution, gifts and seller injection excluded from minimum Maximum \$14,000 borrow contribution with seller injection and City of Salem loan excluded
<b>Debt ratio requirement</b>	30% or below (front end), 41% or below (back end)
<b>Asset cap limitation</b>	\$5,000 liquid funds after closing (excluding personal tangible assets & retirement accounts)
<b>Resident requirement</b>	No requirements unless funding shortage, then preference to Salem/Keizer residents
<b>Ownership</b>	Fee simple
<b>Conflict of interest</b>	Any person who has exercised any function or responsibility with regard to ADDI/ HOME are ineligible.
<b><i>House Req.</i></b>	<b><i>House Requirements</i></b>
<b>Type of unit</b>	Single family (single unit) home only. Homes may be new construction or existing. This includes condominiums and manufactured home on permanent foundation w/land. Homes must qualify for an FHA or Conv primary loan.
<b>Manufactured Homes</b>	Manufactured home on permanent foundation w/land. Built after 1976 and be able to qualify for FHA or Conv financing
<b>Location</b>	Home must be located within the city limits of Salem or Keizer.
<b>Purchase price limitation</b>	Sales price <i>and</i> appraised value must not exceed \$271,050.
<b>Relocation/URA</b>	Home must be vacant or occupied by sellers when listed for sale. Can not be rental.
<b>Inspection requirements</b>	Independent Pest and Dry Rot inspection. Property must be in decent safe sanitary condition, meeting Salem/Keizer, Housing Codes. Inspection performed by City staff. No charge for 1st inspection; \$50 each subsequent inspection.
<b>Lead</b>	Homes built prior to 1978 will be visually inspected by City staff for cracking, chipping and peeling paint. If house fails inspection the loan denied.
<b><i>Funding Terms</i></b>	<b><i>Funding Terms</i></b>
<b>Terms</b>	3% interest accruing for 20 yrs. Repayment due at time of sale, use change, transfer of title or default.
<b>Funding</b>	\$14,000

<b>Eligible uses</b>	Down payment and closing costs for acquisition only. Primary lender must be an FHA approved lender.
<b>Ineligible uses</b>	Costs to construct a home
<b>Compatibility</b>	No ARM's or land sale contracts allowed. No prepay penalties allowed. Seller financed organizations contributions are not allowed.
<b>Commitment period</b>	90 days
<b>Fees</b>	none
<b>Prepayment Penalty</b>	none
<b>Loan to Value</b>	95% maximum for primary funding
<b>Funding Availability</b>	First-come, first-served until funds are depleted. Preference to residents of Salem/Keizer if funding limited
<b><i>Jurisdiction Terms</i></b>	<b><i>Jurisdiction Terms</i></b>
<b>Period of Affordability</b>	5 years and confirm residency with annual letter

***Additional Information***

The City of Salem is to be listed in **2nd** position. Other contributors are to be behind us.  
(Please notify title company.)

Title insurance and recording fees for the City of Salem lien are included in the \$14,000.  
(Please notify title company.)

revised 3/19/09