



**Neighborhood Nonprofit Housing Corporation**  
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*WELCOME HOME*  
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**Revised Program Policies**  
**Effective July 1, 2009**

The intent of the “Welcome Home: Own in Logan!” program is to provide down payment/closing cost assistance to first time home buyers (those who have not owned a home in the past three years, those who currently own a trailer that is not on a permanent foundation, those who own or lease a condominium, and/or are a displaced spouse) with a yearly combined income equal to or less than 80% of the HUD median income guidelines for Cache County. The assistance is to be used in the purchase of a home within the city limits of Logan, Utah. The following rules and restrictions apply.

1. The subsidy funds are provided through HUD’s Community Development Block Grant (CDBG) program to Neighborhood Nonprofit Housing Corporation, a non-profit entity. HUD has provided NNHC with a program approval letter. Neighborhood Nonprofit Housing Corporation NNHC provides technical assistance and handles borrower qualification. The subsidy is a soft second lien that is secured by a trust deed, and is fully forgiven if the borrower(s) occupies the home for a ten-year period. The entire subsidy will become due and payable if the borrower(s); sell, obtain a second mortgage, refinance, suffer foreclosure action, the owner dies, or ceases using the purchased property as their primary residence. The full subsidy amount can be reconveyed to a new buyer who meets “Welcome Home” program guidelines. The trust deed and note will be provided to the closing agent by NNHC. The documents will be executed as in a normal loan and will be signed at closing and recorded by the closing agent. The subsidy must be written in second position on the final loan; NNHC will only subordinate to the primary lender.
2. Participants must select an existing home that is located in Logan City; new construction is excluded. Participants must meet the current HUD Income Limits, including income from all persons in the household over the age of 18. The most recent IRS tax return will be used to verify income as well as the Uniform Residential Loan Application as underwritten by the lender. Applicants who are over the income level as stated will not be eligible to receive assistance.
3. Participants will need to qualify for a fixed rate mortgage; no traditional ARM’s are allowed. In addition, in order to use the subsidy the participants must meet the following two guidelines:
  - Their housing debt ratio must not exceed 38%.

- Their total debt-to-income ratio cannot exceed 41%. However, if the participants have a co-signer who has been qualified by the bank, this ratio can be higher. The co-signer will need to sign a letter indicating they recognize that they will be held liable for making the house payments in the event that the new homeowner defaults on the mortgage. The co-signer's income will not be used to calculate the housing debt ratio. If co-borrower/co-signer will be a titled owner of the property, they will be considered a co-borrower, and federal law requires that such co-borrower's income be counted in the calculation of household income, which is likely to result in the disqualification for the program incident to excess income.
4. Assistance will be up to the amount of \$7,500, to be used toward the purchase of the home. \$5,000 is available to applicants and up to a further \$2,500 is available as a match to \$2,500 provided by the applicant. Applicants will be required to receive a certificate by attending the First Time Home Buyer workshop taught by The Family Life Center, Housing and Financial Counseling at 797-7224, at Utah State University before receiving the subsidy. They may attend a different HUD certified home buyer workshop where appropriate. HUD certified agencies can be found at <http://www.hud.gov/offices/hsg/sfh/hcc/hcs.cfm?webListAction=search&searchstate=UT> .
  5. Applicant must provide \$500 in personal funds toward the down payment or closing costs, verified per the settlement statement. Gifts are not eligible to meet this requirement.
  6. Houses constructed prior to 1978 are required to comply with HUD Regulation on Lead-Based Paint and will be subject to a Lead-Based Paint review. (See [www.hud.gov/offices/lead](http://www.hud.gov/offices/lead).) If the home is determined to contain exposed or deteriorating lead-based paint, the Welcome Home: Own in Logan assistance cannot be used toward the purchase of the home.
  7. If the home is determined to be in a 100-year flood hazard area, flood insurance must be purchased.
  8. Co-signers and Co-borrowers must be disclosed by the mortgage lender and a copy of their mortgage application submitted to Neighborhood Nonprofit at the time of application.
  9. USDA Rural Development Direct and Guaranteed loan Programs will be reviewed on a case-by-case basis. No assistance will be provided for 100% financed loans. Utah Housing Corporation's First Home and First Home Plus loans are eligible.

#### **MORTGAGE LENDER/CLOSING AGENT OBLIGATIONS:**

Have your client contact NNHC to determine eligibility and complete a "Welcome Home: Own in Logan!" intake packet. Once they have been determined eligible, they

may begin the home buying process. At this point, the lender/closing agents have the following responsibilities:

1. Please fax a copy of the following items to 753-6112 (ATTN: Lucas)
  - HUD Standardized loan Application (1003, excluding addendums)
  - HUD-1 Settlement Statement (Good Faith Estimate)
  - Mortgage Credit Analysis Worksheet or Transmittal Summary (1008)
  - Preliminary Report from the Title Company (Including Plat Map)
  - Real Estate Purchase Contract (REPC) with all addendums.

**This documentation must be sent to NNHC by the lender at least two weeks prior to closing on behalf of the borrower. It will be reviewed by NNHC before a letter of commitment can be issued.**
2. Neighborhood Nonprofit must be informed of the closing agent, address, and phone number prior to the date of loan closing. Neighborhood Nonprofit will provide the Trust Deed and Note to the closing agent.
3. Please provide Neighborhood Nonprofit with a copy of the final HUD-1 Settlement Statement. This must be faxed (753-6112) at least 48 hours in advance of the closing appointment.
4. Recording fees for the Trust Deed should be included in the closing fees.
5. A copy of the recorded Trust Deed and Note must be provided to Neighborhood Nonprofit.
6. Loan documents will be provided to the closing agent in advance of the closing, providing the request is received per stated requirements.
7. If requests are not received as designated, the assistance will be in jeopardy, and the responsibility for signatures and processing will be the responsibility of the closing agent. Neighborhood Nonprofit takes no responsibility for delayed closings caused by untimely requests for loan documentation.

***Note: Policies are subject to change at any time.***