

5. APPLY FOR A LOAN

At this point you can formally apply for a UHC loan through a Participating Lender. After your credit package is approved, the lender can request that UHC reserve funds for the loan. Only one application may be made per applicant and funds are reserved on a first-come, first-serve basis.

Early Payoff

UHC loans may be paid in full at any time without a prepayment penalty.

04/10

The Utah Housing Corporation offers six exciting loan programs to assist low- and moderate-income homebuyers with the purchase of a home. All loan programs offer reasonable interest rates and three of the programs make available down payment and closing cost funds. As a result, many individuals purchase a home even though they have no savings.

The six loan programs are: FirstHome, FirstHome Plus, Veterans Enhancement Program (VEP)-FirstHome, VEP- FirstHome Plus, Single Parent FirstHome and Single Parent FirstHome Plus.

This brochure explains the advantages as well as the differences between the programs to help you decide the loan that will work best for you.

To obtain current interest rates, call the UHC InfoLine at (801)902-8300 or visit our website at www.utahhousingcorp.org

Choosing the Right UHC Loan

BEGIN by reading the statements below and checking the loan program that applies to you. Then go directly to the corresponding section on the next pages to learn more about benefits, terms and qualifications.

- I am a first-time homebuyer* with access to personal or family financial resources with which to cover my down payment and closing costs. *See FirstHome.*
- I am a first-time homebuyer* and would like to borrow funds from UHC to pay all or part of my down payment and closing costs. *See FirstHome Plus.*
- I am not a first-time homebuyer* or a single parent, but I am interested in buying a home in a Targeted Area**. (See enclosed insert titled Targeted Areas.) *See FirstHome.*
- I am a Veteran with access to personal or family financial resources with which to cover my down payment and closing costs. *See VEP-FirstHome.*
- I am a Veteran and would like to borrow funds from UHC to pay all or part of my down payment and closing costs. *See VEP- FirstHome Plus.*
- I am not a first-time homebuyer* but I am a single parent with one or more children under age 18 residing with me. I have access to personal or family financial resources to cover my down payment and closing costs. *See Single Parent FirstHome.*
- I am not a first-time homebuyer* but I am a single parent with one or more children under age 18 residing with me. I would like to borrow funds from UHC to pay all or part of my down payment and closing costs. *See Single Parent FirstHome Plus.*

**The federal government's definition of first-time homebuyer is someone who has not owned or co-owned their own residence within the past three years.*

** **The federal government has designated certain neighborhoods as Targeted Areas. There are two advantages to buying a home in a Targeted Area:*

- 1) There are no restrictions on former home ownership.*
- 2) Higher income limits are accepted.*

Steps to Obtain a UHC Loan

1. PREQUALIFY FOR A LOAN

Participating Lenders process all UHC loans. First, select a Participating Lender from the enclosed list. Then, make an appointment with that lender to determine your eligibility and the purchase price of the home for which you qualify.

2. LOCATE AN AFFORDABLE RESIDENCE

Begin looking for an eligible residence you can afford based on your annual gross income and monthly obligations. Generally, your total mortgage payment should not exceed 31% of your monthly gross income.

3. HAVE A PROPERTY INSPECTION CONDUCTED

You are encouraged to have the selected residence thoroughly inspected by a professional property inspector or another qualified person. Neither UHC nor the appraiser will perform a complete home inspection.

4. ENTER INTO A REAL ESTATE PURCHASE CONTRACT

This agreement is the contract used to purchase a home. It specifies the legal obligations of the seller and the buyer, establishes a specific date of purchase and sets the price of the home. This contract should allow enough time for a complete home inspection, home appraisal and loan approval. In this agreement, it should state that if you are not satisfied with the home inspection, if the home does not appraise for enough money or you do not obtain a UHC loan, the contract is cancelled and your earnest money will be refunded.

Assuming a Loan

UHC LOANS are assumable. In order to assume a loan, you must be a first-time homebuyer (unless you are buying a home in a Targeted Area) and must meet UHC's requirements for purchase price, income and credit and must meet the guidelines for FHA or VA, as applicable.

Recapture Reimbursement

AT LAST! UTAH HOUSING CORPORATION has taken the confusion and worry out of recapture!

Very few homebuyers ever pay this tax! Therefore, we feel extremely comfortable in offering to fully reimburse you for any recapture taxes in the unlikely event you owed some after the sale of your home. Read on!

For borrowers getting a UHC loan commitment after July 23, 2003 who may have to pay this tax*, Utah Housing will **REIMBURSE** them for recapture taxes paid. It's that simple!

**Recapture is a federal tax that rarely affects Utah Housing borrowers. The following three conditions must be met before recapture tax takes effect:*

- A rapid increase in household income, and
- The home is sold within nine years of the closing of the mortgage loan, and
- There is a net profit on the sale of the home.

For a complete description, obtain UHC Form 048 - Recapture Notice from UHC or a Participating Lender.

FirstHome

FIRSTHOME loans are geared to first-time homebuyers who have access to personal or family financial resources to pay all of their down payment and closing costs. FirstHome loans may also be used to purchase homes in Targeted Areas of Utah. (See enclosed insert titled Targeted Areas.)

FirstHome Plus

FIRSTHOME PLUS offers financial assistance for first-time homebuyers who do not have personal or family finances with which to pay their down payment and closing costs. These costs generally average 5% - 6% of the home purchase price. Applicants can borrow up to 6% of the amount of their first mortgage using a *second mortgage that will have the same term as the first mortgage, but an interest rate of 7%*.

VEP-FirstHome

VEP-FIRSTHOME is the preferred loan for Veteran homebuyers who have access to personal or family financial resources sufficient to pay all of their down payment and closing costs. Veterans may purchase a home in any location in Utah.

VEP- FirstHome Plus

VEP-FirstHome PLUS offers financial assistance for Veteran homebuyers who do not have personal or family finances with which to pay their down payment and closing costs. These costs generally average 5% - 6% of the home purchase price. Veterans can borrow up to 6% of the amount of their first mortgage using a *second mortgage that has the same term as the first mortgage, but an interest rate of 7%*.

Single Parent FirstHome

SINGLE PARENT FIRSTHOME loans are designed to assist single parents who have previously owned or co-owned their own residence and have primary custody of at least one minor dependent. These applicants have access to personal or family resources with which to pay all of their down payment and closing costs.

Single Parent FirstHome Plus

SINGLE PARENT FirstHome PLUS loans assist single parents who have previously owned or co-owned their own residence and have primary custody of at least one minor dependent. These applicants need to borrow funds from UHC to pay all or a part of their down payment and closing costs.

Note: You can also use “sweat equity” to assist with down payment and closing costs for any of UHC’s programs. Sweat equity is credit gained by assisting with the construction of a new home.

Important Things to Know Before Applying for a UHC Loan

QUALIFICATION GUIDELINES

All UHC loans have the same general eligibility requirements.

- Your total gross household income must fall within the Maximum Income Limits set by UHC. (See insert titled Limits for Income and Acquisition Cost for details.)
- The purchase price of the residence you wish to buy may not exceed the Acquisition Cost (Purchase Price) Limits for the area in which it’s located. (See insert titled Limits for Income and Acquisition Cost for details.)
- Your credit report must indicate a history of responsible and timely payments. If you have three established credit scores, only one of them may be less than 660.
- You must be able to qualify for an FHA or VA loan.
- You must live in the home yourself and not rent any part of it.

- You must be able to cover the costs associated with owning a home including your monthly mortgage, taxes, insurance, repairs and improvements. To calculate your potential mortgage payment, visit our website at www.utahhousingcorp.org and use the Mortgage Calculator.
- You may purchase a home anywhere within the state of Utah that meets FHA or VA guidelines, including single family homes, twin homes, manufactured homes, condominiums and PUDs (planned unit developments). The residence may not be used for business purposes or as rental property.

Loan Fees

- There is no fee to pre-qualify for a UHC loan. However, when you apply through a Participating Lender (see insert titled Participating Mortgage Lenders), you may be asked to pay for an appraisal, title check and credit report. In some cases, you may be reimbursed for these out-of-pocket expenses at your loan closing.
- Closing costs associated with a UHC loan may include, but not be limited to, costs such as a loan origination fee, an underwriting fee, a warehousing fee, title insurance costs, a document preparation fee, recording fees, pre-paid interest, upfront FHA or VA costs, a hazard insurance policy as well as initial deposits for taxes and insurance.