

VISTA MONTANA ESTATES FAQ

Following are some of the most asked questions about the Vista Montana Estates (VME) Homeownership Program. The lender you choose to work with can provide further detail and more clarity on your specific situation.

Q: How do you qualify to purchase a home from SALT in Vista Montana Estates?

A: 1. Buyer(s) can make up to 120% of the Area Median Income, based on household size.

Household Size	1	2	3	4	5	6	7	8
Area Median Income	\$42,500	\$48,500	\$54,600	\$60,600	\$65,500	\$70,300	\$75,200	\$80,000
120% AMI	\$51,000	\$58,200	\$65,520	\$72,720	\$78,600	\$84,360	\$90,240	\$96,000

Income must include all adult (over 18) members of the household.

2. Monthly housing costs cannot exceed 30% of the buyer's gross monthly income.

3. Be able to qualify for a 30-year mortgage through preferred lender or other.

Q: Where can I check my credit score to see if I qualify?

A: Free credit reports are available online. Try this link to check on the current status.
<https://www.annualcreditreport.com/index.action>

Q: My credit score is not high enough, what can I do?

A: If your credit score falls below the minimum requirements of your lender, you are not currently eligible for the VME Homeownership program. Many pre-purchase homebuyer counseling agencies provide credit repair service. You might want to reach out to them if you cannot currently qualify for a first mortgage. Another good resource on how to improve your credit score is located here <http://www.freddiemac.com/creditsmart/>

Q: How much do these houses cost?

A: All homes in the SALT VME homeownership Program are sold at Appraised Value. SALT provides several forms of assistance to reduce the amount of the First Mortgage necessary to purchase the home.

Q: Is Down Payment Assistance (DPA) available?

A: SALT provides three forms of Down Payment Assistance at VME.

1. SALT provide 3% in cash DPA, based on SALT's total cost to deliver the home.
2. Each purchaser also receives DPA equal to the cost of the lot which is approximately \$21,000.

3. The difference between the appraised value and the total costs of the purchase including costs associated with your mortgage and closing escrow. This “GAP” DPA is estimated to be between \$5,000 - \$15,000.

Q: What is the DPA restriction and lien?

A: Because each purchaser of a SALT home in VME will benefit tremendously from these forms of assistance by making the 1st Mortgage affordable, SALT is required to record a lien for the amount(s) funded as Down Payment Assistance.

Q: How does the DPA lien work?

A: The total amount of assistance provided by SALT will be recorded as a second lien.

1. If these DPA amounts are less than \$40,000, the second lien will be for ten years. If the DPA amounts exceed \$40,000, the second lien will be for 15 years.
2. The second liens will be reduced annually on the anniversary of your closing on the property by 1/10, or 1/15, depending on the length of the lien term.

Q: How do I apply for VME Homeownership?

A: Submitting an application requires a \$50 fee for each adult listed on the application. We do not want you to submit an application until you have determined that your income falls within the guidelines, and that your credit score is above the minimum amount required.

Q: Is Private Mortgage Insurance (PMI) required?

A: If you are already working with a lender or are pre-approved, you will have to determine what the PMI requirements are from your lender and determine if it is the best mortgage for your purchase. Some lenders have special programs, but most first-time homebuyer programs require PMI. The down payment assistance received gets most purchasers very close to the 20% down payment threshold. If you end up with PMI, check this link to see what can be done to eliminate PMI.

<https://www.nerdwallet.com/blog/mortgages/how-to-cancel-private-mortgage-insurance-2/>

Q: How much down payment do I need to have?

A: To enter into a contract to purchase a home at VME, the buyer must put \$1,000 down toward the purchase of the home. The contract requires a total down payment by the purchaser of 1% of the Total Purchase Price, and the additional down payment funds necessary will be due prior to or at closing.

Q: Are Cash purchases allowed?

A: Yes. All cash purchases are allowed provided the income restrictions are met. Cash purchasers will have to provide an additional earnest money deposit prior to the start of construction in the amount of \$20,000.

Q: Do I need a REALTOR?

A: No. The VME Homeownership program does not have or require the homebuyer to work with a Realtor. If the buyer wants to hire a realtor, the realtor's commission will be added to the cost of the home.

Q: What if I own another house?

A: You do not have to be a current renter or first-time homebuyers to qualify for the VME Homeownership program. The VME home purchased must be used as your primary residence.

Q: If I have money available for the down payment and closing costs, can I still use the program?

A: Yes. The homebuyer can use the VME Homeownership assistance and either (1) keep their current funds in savings or (2) combine their current funds with the VME Homeownership assistance. We promote SUSTAINABLE home ownership and providing the options of retaining money in the bank or lowering the mortgage balance further improves affordability.

Q: Are the program income limits based on after tax take home pay?

A: The VME Homeownership income limit is based on the borrower's pre-tax, gross income calculated by SALT and the lenders and used for the approval of the new underlying first mortgage. If your income is close to the program limit OR you want to determine your qualifying income for the mortgage, you'll need to meet with SALT to determine what your final income figures will be.

Q: My elderly parent lives with us and collects social security. Is this income counted against the program income limit?

A: VME Homeownership income limit is based on "household" income. Gross income from all Adult (over 18) members of the household must be included when certifying income.