



## Vista Montana Estates Homeownership Program

### PART I - Overview

Vista Montana Estates is a subdivision in Southeast Tucson, located off Wilmot Road just south of Interstate 10. Southern Arizona Land Trust (SALT) purchased 44 lots in this subdivision using NSP2 Program funding in 2011. Under the NSP2 program these lots are available for the construction of new homes targeted for qualifying households earning below 120% of Area Median Income (AMI).

Area Median Income - Pima County, effective June 1, 2018 is as follows:

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
<b>**120% AMI **</b>	<b>\$51,000</b>	<b>\$58,200</b>	<b>\$65,520</b>	<b>\$72,720</b>	<b>\$78,600</b>	<b>\$84,360</b>	<b>\$90,240</b>	<b>\$96,000</b>

**\*\* Your total household income cannot exceed this amount\*\***

### The Home

Vista Montana Estates is in a prime location with homes that feature contemporary Southwest designs and all of the necessary amenities.

- Spacious floorplan options of 1,268 or 1,849 square feet that can fit households of different sizes.
- Front yard landscaping, masonry walled rear yards, and two car garages for all homes.
- **Energy efficient homes** built to Energy Star 3 certifications featuring electric appliances & water heater.
- Located close to several major employers and within the highly rated Vail School District.

### The Program

This is an opportunity to own a brand-new home with a Fee Simple Interest in both the home and land at **Appraised Value**, with several forms of assistance that reduce the amount of the first mortgage required to purchase the property.

Highlights of the program include:

- Cost is defined as the cost for SALT to deliver the home, including but not limited to the cost of the land, necessary site preparation, all construction costs, interest on financing, disposition costs including commissions (if applicable), closing costs, and lender costs and fees. Final actual Purchase Price of the property will be determined by an appraisal and the costs associated with closing (title company/lender). An addendum to the contract will be executed adjusting to the final price.
- Down Payment Assistance (DPA) will be available from SALT as follows:
  1. Cash, at 3% of the Appraised Value.
  2. Additional assistance equal to the cost of the lot of approximately \$21,000 (current market value is estimated at \$40,000).
  3. The difference between the Total Value as determined by the Appraisal, and the total costs associated with the purchase is the third form of Down Payment Assistance.
  4. The total value of these items could be **OVER \$35,000!**
- DPA items 1, 2 and 3 will be recorded as a second lien on the property, held by Pima County.
- 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.
- The second lien 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.

### All Applicants must meet these requirements:

- Annual household income must be less than 120% of Area Median Income (AMI) as determined by HUD.
- Buyers "Front-end" Housing Debt (PITI) ratio cannot exceed 31%. "Back-end" ratio cannot exceed 45%.
- Pay a minimum of 1% of the purchase price as a down payment from purchaser's own funds. Some loan programs such as FHA require larger down payments. FHA usually requires 3.5% as a down payment.



- If obtaining a loan, purchasers must qualify for a 30-year, fixed-rate, amortizing loan.
- Obtain a letter of loan commitment from a lender.
- All purchasers must provide a minimum deposit of \$1,000 upon execution of the Purchase Agreement.
- Cash Purchasers will have to provide an additional deposit of \$20,000 prior to the start of construction.
- Agree to live in the home as his/her principal residence after closing.
- Attend and complete a required Homebuyer Education Class provided by a HUD Certified Agency. This must be completed prior to closing on the home.

Following is an estimate of the costs, values and Down Payment Assistance that make the homes affordable:

<b>NOTE: All Amounts are Estimated, and subject to change</b>	<b>1268</b>	<b>1849</b>
<b>Total Cost of Purchasing the Home:</b>		
SALT Cost to deliver home	\$139,000	\$171,000
SALT Cost of Land	21,000	21,000
Estimated Costs of Loan and Escrow	6,500	7,000
Commissions, if applicable	-0-	-0-
Gap Assistance (Estimated Appraised Value - Total Cost)	8,500	11,000
Estimated Appraised Value	<u>\$175,000</u>	<u>\$210,000</u>
<b>How you will pay for it:</b>		
Purchaser's Down Payment of 1%	\$1,750	\$2,100
Cash Down Payment Assistance	5,250	6,300
Lot Cost Down Payment Assistance	21,000	21,000
Gap Funding Down Payment Assistance	8,500	11,000
Total Down Payment Assistance (A)	<u>34,750</u>	<u>38,300</u>
Total Down Payment	<u>36,500</u>	<u>40,400</u>
First Mortgage Loan	<u>138,500</u>	<u>169,600</u>
Total Funding Sources	<u>\$175,000</u>	<u>\$210,000</u>
 Estimated Loan-to-Value (LTV) (B)	 <b>79.14%</b>	 <b>80.76%</b>

- A) This total is less than \$40,000, requiring a Second Lien for Ten Years that is reduced annually by 10%.
- (B) LTVs that are higher than 80% may require Mortgage Insurance. Check with your lender to see if there are programs available without it, as it can add significant additional monthly costs.

## **PART II – The Process**

Following are the **steps you must take before writing a contract for a home:**

**Step 1** – Before you fill out an application, please do the following self-assessment for your determination of household income.

- Household income must be less than 120% of AMI. Many households can review the AMI chart provided by SALT (see PART I) and simply determine whether they are over the limit.
- “Front-end” Housing Debt (PITI) ratio cannot exceed 31%. Contact SALT staff for estimated monthly housing costs and compare to household income.
- Keep in mind that **all** sources of income for **all** adult (over 18) household members must be disclosed and used in calculating and certifying your income qualification.
- If it is clear that you are over the 120% AMI, **do not** take the time to fill out the application and pay the application processing fee of \$50 per adult in the household.
- If it is close or you are not sure, contact SALT staff to help you determine if you should move forward.



## **Step 2**

Application and income qualification.

- If it looks like you qualify based on household income, fill out the application form **completely** and submit to SALT with **all** required documents (see list in PART II on previous page).
- A \$50 processing fee per adult household member is required to be submitted with your application.
- SALT reviews the application and all documents, certifying the income qualification.
- The qualification and application process can take up to a week.

## **Step 3**

Final steps before contract writing.

- If you are qualified, SALT will run Credit and Background Checks.
- Applicants must provide a letter of loan commitment from a lender of their choice or ask SALT for a lender referral.
- Cash Purchasers must provide proof of available cash for closing.
- Once the application has been approved by SALT and the applicant has qualified for a loan, both parties will move into the contract writing phase. SALT will not enter into a contract for a home until the applicant has been approved and has a loan commitment.

### **Qualifying for a Loan**

If an applicant is not prequalified, they can secure a loan commitment with a lender of their choice or SALT can refer them to a lender in order to secure a commitment with them.

- Applicants that are prequalified or wish to use a lender of their choice must understand (and their lender must understand) that the houses are sold at cost, which includes **all** closing costs.
- If using a lender of their choice, the purchase contract will include any added costs of using that lender. This will be reflected in the estimated purchase price and the monthly housing costs.
- When the title company/lender issues the buyers estimated closing statement reflecting all costs of closing the loan, an addendum will be made to the purchase contract to adjust for the actual costs, and the "Gap" between Appraised Value and total costs. If these costs are higher than estimated, the buyer will have the option of cancelling the contract, and not purchasing the home.

## **PART III - Application Requirements**

*SALT does not discriminate against any person based on race, color, national origin, age, ancestry, religion, disability, gender, gender identity, sexual orientation, marital status, or familial status. The Criteria below explains the policies that must be met by each applicant in order to be approved for the Homeownership Program.*

The following items are **required** to be submitted with applications in order for the application to be processed. Please note that all anticipated occupants of the home that are over 18 years of age ("adults") must submit the requested documents to complete the income certification process. Applications will be processed upon receiving the fully completed application along with the following documents and processing fees.

SALT reserves the right to request additional documents as part of the application process. Any additional documents must be provided within 48 hours of the request being made. Failure to provide requested documents may result in denial of application.

- ❖ Fully completed application with signatures and dates on all necessary documents



- ❖ Driver's license or government issued photo ID for all household members.
- ❖ Income Verification data requirements for all adult household members:
  - Four (4) most recent paycheck stubs
  - Recent Social Security award letters, Child Support documentation, proof of any other income sources
  - Previous two years Tax Returns
  - Bank Statements (most recent 2 months) for all accounts associated with the household
- ❖ Birth certificates and Social Security cards for all household members.
- ❖ Affidavit of Lawful Presence for all household members.
- ❖ \$50 non-refundable processing fee per adult in money order or cashier's check. No personal checks or cash will be accepted. This fee is **ONLY** refundable if we do not process your application, it is non-refundable after the application is processed regardless of the outcome.

Applications must be filled out completely. All blanks must be completed; if the question does not apply, enter "N/A". *Incomplete and illegible applications will **NOT** be processed.* Credit, legal, background, and eviction searches will be processed.

Applications are available at the SALT office or on [www.saltproperty.com](http://www.saltproperty.com), and can be submitted as follows:

- a. Hand delivered to the SALT office, Monday-Friday, 8am to 5pm at:  
3044 North Alvernon Way  
Tucson, AZ 85712
- b. By email to [admin@saltproperty.com](mailto:admin@saltproperty.com)

If the Applicant does not have access to a copier or a scanner, then an appointment can be made to visit our office where a staff member can do both and start the applicant's file. Please call [520-352-2626](tel:520-352-2626) to make this appointment if needed.

#### **PART IV - What to Expect Next**

1. This Program is intended to provide an affordable housing option for qualifying families. As a result, the home you are purchasing is not a custom home and the choices you are able to make are limited to certain colors for interior and exterior paint, carpet, tile, countertops, cabinets and appliances.
2. Once a Purchase Agreement is in place, a meeting will be scheduled to make your selections for the items listed above. There will not be any further change orders.
3. Unless you are purchasing a home that is already under construction, the estimated start date is approximately one month from signing a purchase agreement.
4. Once your home has broken ground and started, we estimate that it will take an estimated 90-150 days to complete the home.
5. As the home progresses and gets close to the finish line, scheduling for your closing will take place. Ideally, we would like to set this date approximately two weeks prior to the home being completed.
6. Upon completion of the home, the City of Tucson will issue a "final inspection" notice that serves as a notification that the home is ready for occupancy.
7. A final walk-through will be scheduled, and the home will be inspected by the purchaser, builder and a SALT representative. Features of the home will be demonstrated, and items that need to be corrected will be documented on a "punch-list". The builder will attempt to correct all punch list items within one week of closing.
8. A closing date and time will be scheduled with the Lender, Title Company, and SALT.
9. After the deed is recorded, you will receive the keys and garage door remotes to your beautiful new home.
10. Welcome to Vista Montana Estates and homeownership!