



## **“OWN IN SANDY” HOUSING PROGRAM GUIDELINES**

### **I. PROGRAM SUMMARY**

The “Own in Sandy Program” is an effort by Sandy City and the Sandy City Redevelopment Agency to stimulate the local economy by creating new jobs through the construction of new homes which have not been lived in that are currently on the market within Sandy City. The program will additionally, increase the opportunity for qualified home owners to purchase existing new homes which have not been live in that are currently on the market. Persons requiring primary residential loans and that meet specific guidelines can qualify for a \$5,000.00, zero interest loan, to assist with the purchase of the home. This loan becomes a grant after the owner has lived in the home for a consecutive three (3) year period.

“Own in Sandy” loans can only be used at the time of closing for a down payment, for closing costs or a principal reduction in purchase price. (1) Ten (10) loans are available for the purchase of a new existing home currently on the market which has not been lived in. (2) An additional ten (10) loans are available for construction of a new home within approved sub-divisions in the Sandy City area.

### **II. PROCEDURE**

When a buyer finds a home and completes the negotiations using a Real Estate Purchase Contract, they then submit for assistance with the following initial requirements:

1. The required **Own in Sandy** application
2. A Commitment Letter from the lender, outlining the loan amount, monthly payments, interest, term and conditions for lending first mortgage financing.
3. Real Estate Purchase Contract
4. Letter indicating the title company selected to close the loan
5. Income information (most recent tax return, pay stubs for the last three (3) months for all household members over the age of 18.)
6. If the home is new construction and a REPC is not used, then a contract between seller and buyer will be required.
7. Picture identification

The application will be processed and the income will be verified by the City. A letter will be issued to the buyer that their application has been approved. Funding will be processed five (5) days prior to closing of the first mortgage loan and deposited with the title company. Buyer will be required to sign the Promissory Note and a Deferred Loan/Grant Agreement at the time of closing. These documents will be recorded and released after the three (3) year period of home occupancy. The City will receive a copy of the closing documents after recordation.



### **III. REQUIREMENTS**

Income verification in the form of pay-stubs for the past three (3) months and the most recent copy of the applicant's tax return are required to qualify for the **Own in Sandy** Program. Every member of the household over the age of eighteen (18) must submit income information regardless of their participation in the real estate purchase. This information will include the 3 months of pay stubs and a copy of their most recent tax return. The annual household income (all members over 18) can not exceed the following adjusted median income limits:

<u>Persons in Household</u>	<u>Maximum Income</u>
1	\$50,402
2	\$62,404
3	\$71,375
4	\$81,000
5	\$90,350
6	\$97,235
7	\$97,236
8	\$97,235

#### Property Location

Properties must be located within the Sandy City limits and the home must be a home to be constructed or a newly built home which has never been lived in.

#### Ownership/Residency

1. Buyers must be taking fee simple title to the property and must live in the home for three (3) consecutive years after date of occupancy.
2. Should the home be sold or vacated prior to the three (3) year period, the owner will be required to pay back the loan on a deferred basis equal to thirty three and one third (33.3%) percent each year.

#### Purchase Price

1. The purchase price of the property for purposes of this program can not exceed three hundred and five thousand dollars (**\$305,000.00**).
2. The home must be a single family residential unit, condos and townhouses will qualify.
3. No renting of the unit is allowed.



Effective 12-07-09

#### **IV FIRST MORTGAGE FINANCING/TERMS AND CONDITIONS**

1. Documentation from the Mortgage Lender regarding the mortgage loan must be provided to the **Own in Sandy** Administrator. This will be a letter from the lender as well as completion of the required lender affidavit.
2. Only fixed rate interest loans which are FHA, VA or conventional conforming financing are allowed. Financing which is NOT allowed includes, but is not limited to:
  - a. Adjustable interest rate loans
  - b. Balloon payment loans
  - c. Interest only loans
  - d. Seller carry financing loans
3. Purchases involving other down payment assistance programs are not allowed.
4. “Rent to buy” contracts are not allowed.

#### **Lien Position**

**Own in Sandy** loans will be secured by a Promissory Note, deferred loan/grant agreement and Trust Deed. The City prefers that their loans occupy second lien position. Third position loans may be considered on a case by case basis and with approval of the City’s housing committee.

#### **Repayment Requirements**

Approved home owners must reside in the home for a three (3) year period of time. The loan will be forgiven at the rate of thirty three and one third (33.3%) percent per year. After the three (3) year period, the loan will be forgiven and become a grant to the home buyer.

For more information about the Own in Sandy Program contact:

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