

CDBG
SHOP Program
Lender Checklist - Stacking order



Community Development
225 5th Street
Springfield, OR 97477
541-736-1039

Subject Property Address			
Buyer(s) Name (s)			
Buyer(s) Current Address			
Seller(s) Name (s)			
Seller(s) Current Address			
Lender Name & Address			
Loan Processor		Phone:	E-Mail
Loan Officer		Phone:	E-Mail
Shop Requested \$		Anticipated Closing Date	
Selling Realtor, Company & Address		Phone	E-mail:
Listing Realtor, Company & Address		Phone	E-mail:
Title Company & Address			Escrow #:
Escrow Officer		Phone:	E-Mail:

LENDER INSTRUCTIONS: In addition to submitting the completed SHOP Program Loan Application, please provide copies of the following information, listed in the stacking order below. Seller Disclosures & Certifications to be signed by both Buyer and Seller and are acceptable signed in counterpart.

SHOP APPLICATION AND STACKING ORDER	
<u>Signatures in counterpart are acceptable</u>	
<input type="checkbox"/> SHOP Loan Application – Page 1 & 2: <input type="checkbox"/> Beneficiary Household Information & Borrower's Certification – Page 3 <input type="checkbox"/> Borrower's Certification of Need – Page 4 <input type="checkbox"/> Addendum to Sales Agreement – Page 5 <input type="checkbox"/> Disclosure to Seller of Fair Market Value – Page 6 <input type="checkbox"/> Occupancy & Certification of Non-Displacement of Tenants – Page 7 <input type="checkbox"/> Lead Based Paint Disclosure & Certification – Page 8 <input type="checkbox"/> Credit Authorization & Borrower's Financial Records Disclosure – Page 9 <input type="checkbox"/> Summarized Policies & Procedures – Page 10 & 11 <input type="checkbox"/> Notification of Occupancy and Insurance Requirements – Page 12	
BORROWER INFORMATION	PROPERTY INFORMATION
<input type="checkbox"/> Primary Lender's Approval with Conditions (Req'd)	<input type="checkbox"/> Preliminary Title Report
<input type="checkbox"/> Homebuying Foundations Certificate	<input type="checkbox"/> Sales Agreement
<input type="checkbox"/> 1003 & 1008 or MCAW as applicable	<input type="checkbox"/> Listing Agreement or MLS Print Screen
<input type="checkbox"/> GFE & Reg Z – (not required unless re-disclosed)	<input type="checkbox"/> Appraisal
<input type="checkbox"/> Credit Report	<input type="checkbox"/> Pest & Dry Rot Report (If req by primary)
<input type="checkbox"/> VoE, paystubs	<input type="checkbox"/> Pest & Dry-rot Completion Certificate
<input type="checkbox"/> W2's & 1040's (Required)	<input type="checkbox"/> 442 - if required
<input type="checkbox"/> Verifications of Deposit	<input type="checkbox"/> Other:
<input type="checkbox"/> Copy of Earnest Money Paid	<input type="checkbox"/> Other:



Borrower Information	
Borrower Name	Co-Borrower Name
Current Address	Current Address

Lender Information	
<u>Local Lender Name and Address</u>	<u>Funding Lender or Conduit (if different)</u>
Loan Type : <input type="checkbox"/> Conventional <input type="checkbox"/> FHA/203b <input type="checkbox"/> FHA/203k <input type="checkbox"/> OTHER: _____	

Subject Property Address	Square Feet	
Seller's Name & Address		
Purchase Price \$	Appraised Value \$	Number of Bedrooms

To be Signed by Head-of Household (Borrower):

I certify the information provided in this application to be true and accurate, to the best of my knowledge, and that any intentional or negligent misrepresentation(s) of the information provided above may result in civil and/or criminal penalties including, but not limited to fine or imprisonment, or both. I understand that the City of Springfield will use the information I have provided to determine the eligibility of the SHOP Program application made on my behalf.

X _____ X

Borrower	Date	Co-Borrower	Date
Information for Government Monitoring Purposes <i>(Please check all that apply.)</i>			
The following information is requested by the federal government. You are not required to furnish this information, but are encouraged to do so.			
Household Size: _____ Single Female supporting children? <input type="checkbox"/> No <input type="checkbox"/> Yes Disabled? <input type="checkbox"/> No <input type="checkbox"/> Yes (describe condition)			
Ethnic Group (check one) Hispanic or Latino? <input type="checkbox"/> Yes <input type="checkbox"/> No			
Racial Group (check one or more) <input type="checkbox"/> American Indian / Alaskan Native <input type="checkbox"/> Asian <input type="checkbox"/> Black or African American <input type="checkbox"/> Hispanic <input type="checkbox"/> Native Hawaiian or Other Pacific Islander <input type="checkbox"/> White			
Current Housing: Are you moving from subsidized housing? <input type="checkbox"/> Yes <input type="checkbox"/> No			

Beneficiary Household Information

The lending institution listed herein has made application to the City of Springfield Home Ownership Program (SHOP) on behalf of the beneficiary household, whose head-of-household is also named herein. In order to properly evaluate the SHOP application for compliance with applicable CDBG and other U.S. Department of Housing and Urban Development (HUD) regulations, the following information is needed. **All information collected on this form will remain confidential, and will be used to verify statements and representations made by the applicant and beneficiary concerning the eligibility of the application.**

Please provide the following information for all persons in the beneficiary household:

Total Gross Household Income includes, but is not limited to wages, salaries, overtime pay, commissions and fees, tips and bonuses, net income from businesses, interest and dividends, payments from social security, unemployment, worker's compensation or disability benefits, alimony and child support payments and Welfare Assistance. Do not include income from employment of children under 18 years of age, payments for care of foster children, lump sum payments from insurance or inheritance, insurance payments specifically for reimbursement of medical expenses, income of a live-in-aide, educational scholarships or other temporary, non-recurring or sporadic income. Please provide verification of your household income, such as tax returns, paycheck stubs or other forms of income documentation.

NAME(s) OF ALL HOUSEHOLD MEMBERS <i>(continue on additional page if necessary)</i>	AGE	ANNUAL INCOME
Total Gross Income		\$

Borrower's Certification

A. I (we) the undersigned applicant(s) certify that (check one):

- I have had no ownership interest in a principal residence during the three (3) year period preceding this application; OR
- I am a single adult that, within the three (3) year period preceding this application, owned a house in conjunction with a spouse to whom I am no longer married; OR
- I am a single adult who, within the three (3) year period preceding this application resided in a home owned by my spouse. I have not worked full time in the labor force for a number of years but have, during such years, worked as a non-wage earner, caring for the home and family (displaced homemaker).
- I own or have only owned a mobile home or residence that was not permanently affixed to a permanent foundation during the three (3) year period preceding this application; OR
- I own or have only owned a property within the three (3) year period preceding this application that was not in compliance with State, local, or other codes and which cannot be brought into compliance for less than the cost of constructing a permanent structure.

B. The total gross annualized income from any source and before taxes and withholding of all persons who will reside in the dwelling is not expected to exceed the following amounts (check box that corresponds to household size and total household income; **(updated 6/2022)**)

NOTE: The household income of the applicant cannot exceed 80-percent of the median income for the area, as determined by HUD, with adjustments for smaller and larger families. Income eligibility is determined by household adjusted gross income from the prior year, as well as income anticipated to be received during the coming 12-month period.

- | | | | | | | | |
|-----------------------------------|-----------|-----------------------------------|----------|-----------------------------------|----------|-----------------------------------|----------|
| <input type="checkbox"/> 1 person | \$44,600 | <input type="checkbox"/> 3 person | \$57,350 | <input type="checkbox"/> 5 person | \$68,800 | <input type="checkbox"/> 7 person | \$79,000 |
| <input type="checkbox"/> 2 person | \$ 51,000 | <input type="checkbox"/> 4 person | \$63,700 | <input type="checkbox"/> 6 person | \$73,900 | <input type="checkbox"/> 8 person | \$84,100 |

C. I have received, read, understand and agree to the policies and loan conditions of the Springfield Home Ownership Program (see last page of this application packet).

The undersigned understands the above statements and the information on the accompanying Residential Loan Application is material to obtain a City of Springfield Home Ownership Program loan. **I (we) certify that the information contained thereon to be true and correct, and that misrepresentation may result in denial of the application or constitute default of a loan and mortgage made in reliance on such information.** The undersigned acknowledges that the Home Ownership Program Loan is funded with CDBG funds from the U.S. Department of Housing and Urban Development through the City of Springfield. **Funds are loaned at 0% interest, with no payments until the property is 1) sold or transferred, or 2) there has been a change of use from residential, or 3) the Borrower no longer occupies the property as a primary residence. At that time, payment will be due in full. This loan does not expire or is ever considered forgiven.**

NOTICE OF FINANCIAL PRIVACY

This notice to you, as required by the Right to Financial Privacy Act of 1978, that the City has a right or access to financial records held by any financial institution in connection with the consideration or administration of the Home Ownership Program first-time homebuyer assistance loan for which I/we have applied. Financial records involving your transaction will be available to the City without further notice or authorization but will not be disclosed or released to another government agency or department without your consent except as required or permitted by law.

X _____ X _____
 Borrower Date Co-Borrower Date

NOTE: all adult household members must sign and certify to their first time homebuyer status regardless of whether they are signing on the note or taking title

Certification of Need

Purpose and Determination of Need

Federal regulations governing the use of Springfield Home Ownership Program (SHOP) funds require that funds be disbursed only when there is a clear and unmet need for the assistance provided by the funds. This document will certify to the City of Springfield that the Buyer and the Lender acknowledge that a need exists which can only be met by an allocation of SHOP funds. The City of Springfield may only provide SHOP assistance where a clear and unmet need has been identified. Please determine which of the following needs will be met by the use of SHOP funds.

Check AND Complete at least one of the following. Funds of up to \$25,000 per household may be used for one or more of the below needs:

- SHOP funds are needed for Buyer to meet the Primary Lender's minimum down payment requirement. The borrower's down payment shall consist of \$_____ of the borrower's own funds representing %_____ of the minimum down payment required by the primary lender and SHOP funds in the amount of \$_____ representing %_____ of the minimum down payment required by the primary lender, the total represents \$_____ or %_____ of the purchase price. **(The borrower must contribute from their own funds a minimum of 50% of the minimum down payment required by the Primary Lender.)**
- SHOP funds in the amount of \$_____ are needed to subsidize interest rates and mortgage principal amounts, including to reduce the effective interest rate on the amount needed by the Buyer to an affordable level.
- SHOP funds in the amount of \$_____ are needed to pay all or part of the premium (on behalf of the Buyer) for mortgage insurance required up-front by a private mortgagee, including costs for private mortgage insurance.
- SHOP funds in the amount of \$_____ are needed to pay recurring and/or non-recurring closing costs of the Buyer. **Please attach Good Faith Estimate of closing costs.**

AND must check this box:

- There are no other resources available to the Buyer or Lender which can fulfill the identified need(s).

Note to Lender:

Please summarize below the Buyer's sources and uses of funds to be used in the transaction (e.g. amount of first mortgage, savings, gift-funds or other grants and loans).

	Description of Source		Description of Use
\$		\$	
\$		\$	
\$		\$	
\$		\$	
\$		\$	

Certifications and Acknowledgments

I certify the above information to be true and accurate, to the best of my knowledge. I understand that Title 18, Section 1001 of the U.S. Code states that a person is guilty of a felony for knowingly and willingly making false or fraudulent statements to any department of the United States Government. I understand that the City of Springfield will use the information I have provided to determine eligibility of the Springfield Home Ownership Program application made on my behalf.

X

Borrower _____ **Date** _____ **Co-Borrower** _____ **Date** _____

To be signed by Lending Institution, Authorized Representative:

I have verified the information provided herein. I understand that Title 18, Section 1001 of the U.S. Code states that a person is guilty of a felony for knowingly and willingly making false or fraudulent statements to any department of the United States Government. I certify this information to be true and accurate, to the best of my knowledge, and that any intentional or negligent misrepresentation(s) of the information provided above may result in civil and/or criminal penalties including, but not limited to fine or imprisonment, or both. I understand that the City of Springfield will use the information provided above to determine the eligibility of the Springfield Home Ownership Program application made by this lending institution on behalf of the beneficiary household.

X

Lending Institution, Authorized Representative _____ **Date** _____

CITY OF SPRINGFIELD HOME OWNERSHIP PROGRAM
SELLER DISCLOSURES & CERTIFICATIONS

Instructions to the Lender:

This insert to the Springfield Home Ownership Program Loan Application contains forms that are to be signed by the Buyer and the Seller. Please fill in the blanks on the forms and provide to Seller for their signature. **NOTE: The Certification of Non-Displacement of Tenants is to be notarized.** Please provide a return address for the Seller to use **OR** include the signed forms with the SHOP Loan Application.

NOTE: All signatures shall be original but signatures in counterpart are acceptable

- | | |
|--|---|
| 1. Addendum to Sales Agreement | 3. Certification of Non-Displacement of Tenants |
| 2. Disclosure to Seller of Fair Market Value | 4. Lead Based Paint Disclosure and Information |

Subject Property Address	
Seller's Name(s)	
Seller's Address	

1. ADDENDUM TO SALES AGREEMENT

Dear _____ (**Seller**): This is to inform you that _____ (**Buyer**) would like to purchase the property referenced above using federal funds, if a satisfactory agreement can be reached. The use of these funds was not disclosed at the time the Earnest Money Agreement was initially signed. Because federal funds from the CDBG Program may be used for acquisition, rehabilitation or new construction, we are required to disclose to you the following information:

1. The Buyer does not have the power of eminent domain. Your property will not be acquired through condemnation. If negotiations fail to result in an amicable purchase agreement, your property will not be acquired.
2. Federal regulations require purchase of the property to be contingent on the completion of a satisfactory environmental review. The cost of the review will be borne by the Buyer.
3. Federal regulations require that if the house was built before 1978, City of Springfield Community Development must perform a visual assessment for deteriorated paint. **All deficiencies noted in the visual assessment must be corrected.**
 - If paint stabilization is required over the de minimis thresholds, Seller must submit a Seller Certification Form certifying that paint was stabilized by qualified workers and that safe work practices were followed during paint stabilization
 - If paint stabilization is required over the de minimis thresholds, house must pass a Clearance test performed by an Oregon licensed risk assessor after paint stabilization. Seller must submit copies of the Clearance Report and Lead Hazard Reduction Notice to Buyer and City of Springfield Community Development documenting that the house passed clearance
4. Federal regulations require that City of Springfield Community Development perform an inspection of the house to ensure that the house meets the applicable property standards. **All deficiencies noted in the inspection must be corrected.** The house must be re-inspected and the house must meet the property standards prior to closing
5. The Buyer is required to inform you, in writing, of the fair market value of the property. The fair market value will be determined by a fee appraisal or other approved means. You will be informed of the fair market value when it is established. At that time you may withdraw from the transaction.
6. If, in addition to being the Seller of the property, you occupy the property, you should be aware that you will not be eligible for relocation assistance under the Uniform Relocation and Real Property Acquisition Policies Act of 1970, as amended.

Seller to complete:

This transaction is considered a voluntary arm's length transaction.

This property is **Occupied by Seller** **If you do not occupy the property, the property is (check one):**

Vacant **Occupied by Tenants** **Occupied by Buyer**

If you are willing to sell the property based on the above disclosures, please sign this Addendum, and return it to your realtor

Buyer(s) X _____ **Date** _____

SELLER'S ACCEPTANCE

I accept the terms and conditions of this Addendum to Sales Agreement.

Seller(s) X _____ **Date** _____

2. DISCLOSURE TO SELLER OF FAIR MARKET VALUE

(Guide form Notice - Voluntary Arm's Length Transaction)

Instructions to Lender: Please complete this form before sending to Seller for their signature.

Dear _____ **(Seller):**

This is a follow-up to the purchase agreement that was executed on _____ between you and _____ **(Buyer)** for the subject property listed above. This is to inform you that the fair market value for the property has been established as \$ _____.

This value was determined by **(check one):** Fee Appraisal
 Other Method (describe)

Note the maximum Sales Price or Appraised Value is \$ _____

Sincerely **(Buyer or Authorized Representative Signature),**

X _____
Signature of Buyer

X _____
Signature of Buyer

SELLER'S ACCEPTANCE

If you are willing to sell the property based on the above disclosures, please sign below and return this letter within 10 days of receipt to name and address below: I accept the terms and conditions of this purchase offer disclosure.

X _____ **Date** _____
Signature of Seller(s)

X _____ **Date** _____
Signature of Seller(s)

3. OCCUPANCY STATUS OF SUBJECT PROPERTY

Signature(s) to be notarized

The undersigned do hereby certify that:

1. I am the owner and seller of the dwelling referenced above, currently being purchased by

_____.

For use on SHOP loans funded through the CDBG program:

2. No person or persons who may be considered as tenants, if they legally occupy the property, whether or not they pay rent, of the above referenced dwelling will be required to move or otherwise be displaced as a result of this sale because the dwelling, now and during the time it has been offered for sale:

- Has been occupied by myself and my family and no others, **OR**
- Has been vacant, **OR**
- Has been occupied by the buyer

X _____ **Date** _____

Signature of Seller(s)

X _____ **Date** _____

Signature of Seller(s)

STATE OF OREGON)
) ss.
County of Lane)

BE IT REMEMBERED, that on this ____ day of _____, _____, as Seller, _____, personally appeared before me, a Notary Public in and for said County and State, and acknowledged to me that he executed the foregoing instrument freely and voluntarily.

Notary Public for Oregon
My commission expires: _____

4. LEAD-BASED PAINT DISCLOSURE & INFORMATION

LEAD WARNING STATEMENT:

Every purchaser of any interest in residential real property on which a residential dwelling was built prior to 1978 is notified that such property may present exposure to lead from lead-based paint that may place young children at risk of developing lead poisoning. Lead poisoning in young children may produce permanent neurological damage, including learning disabilities, reduced intelligence quotient, behavioral problems, and impaired memory. Lead poisoning also poses a particular risk to pregnant women. The seller of any interest in residential real property is required to provide the buyer with any information on lead-based paint hazards from risk assessments or inspections in the seller's possession and notify the buyer of any known lead-based paint hazards. The purchaser may request a risk assessment or inspection for possible lead-based paint hazards.

1 LISTING AGENT'S ACKNOWLEDGMENT:

I acknowledge that I have informed the seller of the seller's obligation under 42 U.S.C. 4852(d) and that the seller is aware of their responsibility to ensure compliance.

X _____
Seller's Real Estate Agent Signature *Date*

2 SELLER TO CHECK ALL BOXES THAT APPLY

EXEMPTION:

- The housing involved in this transaction was constructed **on or after 1/1/1978** and is exempt from the lead-based paint and/or lead-based paint hazard disclosure requirements. *(If this box is checked, the only signature required is the selling agent's.)*

SELLER'S DISCLOSURE:

- Seller has no knowledge of lead-based paint and/or lead-based paint hazards in the subject property.
- Seller discloses the presence of lead-based paint and/or lead-based paint hazards. Describe known lead-based paint and/or lead-based paint hazards are present in the housing below:

Records and reports available to the seller (*check one below*):

- Seller has provided the purchaser with all available records and reports pertaining to lead-based paint and /or lead-based paint hazards in the housing. *List documents below:*
- Seller has no reports or records pertaining to lead-based paint and/or lead-based paint hazards in the subject housing.

3 SELLER'S CERTIFICATION OF ACCURACY:

The following parties have reviewed the information above and certify, to the best of their knowledge, that the information provided by the signatory is true and accurate:

X _____
Seller(s) Signature *Date*

4 PURCHASER'S ACKNOWLEDGMENT- PURCHASER TO CHECK ALL BOXES THAT APPLY:

- Purchaser has received copies of all information listed above.
- Purchaser has received the pamphlet *"Protect Your Family from Lead in Your Home."*
- Purchaser has (*check one below*):
- Received a 10-day opportunity (or mutually agreed upon period of time) to conduct a risk assessment or inspection for the presence of lead-based paint and/or lead-based paint hazards:
- OR**
- Waived the opportunity to conduct a risk assessment or inspection for the presence of lead-based paint and/or lead-based paint hazards.

I hereby acknowledge receiving a copy of "Protect Your Family From Lead in Your Home" and "Renovate Right: Important Lead Hazards for Families, Childcare Providers and Schools".

X _____
Buyer's Signature *Date*



AUTHORIZATION TO VERIFY CREDIT HISTORY, EMPLOYMENT AND INCOME

I/We have applied for a mortgage loan with the City of Springfield. My/Our signature below authorizes disclosure by you to City of Springfield or agency acting on its behalf of any of the following:

1. Mortgage History: The date and original amount of any loan secured by a first or subsequent mortgage or trust deed, the present loan balance and date of maturity; the monthly payment amount, payment history and related information.
2. Deposits in Financial Institutions: The type of deposit account, account number, current balance, average balance of the previous two months and date opened.
3. Liabilities Other Than Mortgages: The loan number or account number, date account opened or indebtedness occurred, original amount, current balance, periodic installment payment amount, security, if any, payment history and related information.
4. Present Employment: Date hired, present position, probability of continued employment, and any information related to amounts of income, including bonuses, overtime, commissions, allowances for expenses, hazard pay and similar income components.
5. Prior Employment: Period of employment, any information related to amounts of income, including bonuses, overtime, commissions, allowances for expenses, hazard pay and similar income components, reason for terminating employment and position held.

By My/Our signature below consent and authorization is given to you to disclose information described above orally (including via telephone), as well as in writing to City of Springfield. I/We authorize the use of a photocopy of the Authorization and request that such copy be honored fully as if it were an original. I/We consent to the disclosure authorized by this Authorization as long as my/our loan application is pending and my/our loan is outstanding with City of Springfield.

FINANCIAL RECORDS DISCLOSURE – RIGHT TO PRIVACY NOTICE

PRIVACY ACT NOTICE: The information to be obtained will be used by the lender and any federal agency insuring, guaranteeing or purchasing the mortgage to determine whether you qualify as a prospective borrower under the lender's and the agency's underwriting standards. The information will not be disclosed outside the lender and the federal agency without your consent except to the person or company verifying the information including but not limited to: your employer, bank, lender and any other credit reference as needed to verify other credit information, as permitted by law. You do not have to give this information, but if you do not your mortgage application may be delayed and rejected. The information we will obtain is authorized by Title 38, U.S.C. Chapter 37, (if VA) and 12 U.S.C., Section 1701 et.seq. (if HUD/FHA).

This is notice to you by the Right To Financial Privacy Act of 1978 that the City has a right of access the financial records held by any financial institution in connection with the consideration or administration of the Springfield Home Ownership Program first time homebuyer assistance for which you have applied. Financial records involving your transactions will be available to the City without further notice or authorization but will not be disclosed or released to another government agency or department without your consent as required or permitted by law

EQUAL CREDIT OPPORTUNITY ACT NOTICE

The Federal Equal Credit Opportunity Act prohibits creditors from discrimination against credit applications on the basis of race, religion, national origin, sex marital status, age, (provided that the applicant has the capacity to enter into a binding contract); because all or part of the applicants' income derives from any public assistance program; or because the applicant has in good faith exercised any right under the Consumer Credit Protection Act. The federal agency that administers compliance with this law for the creditor is the Region X Office of the Federal Trade Commission, or Federal Trade Commission, Equal Credit Opportunity, Washington D.C. 20580.

I/We have received a copy of this notice.

X _____
Signature of applicant

Date

X _____
Signature of applicant

Date

SPRINGFIELD HOME OWNERSHIP PROGRAM/Summarized Policies & Procedures

I. PURPOSE: To encourage home ownership by assisting low and moderate income Springfield residents with the first time purchase of a dwelling. The maximum amount of assistance provided by this program is not to exceed \$25,000 per household, and can pay for no more than 50% of the minimum down payment required. Funds are provided through CDBG & HUD funding allocations.

II. APPLICANT QUALIFICATIONS **A.)** The applicant must be a first time home buyer (see page 3 of this application) **B.)** The gross household income of the applicant cannot exceed 80-percent of the median income for the area, as determined by HUD, with adjustments for smaller and larger families. Income eligibility considers household adjusted gross income from the prior year as well as income anticipated to be received during the coming 12-month period. **C.)** The applicant must qualify for, and be approved for, a home loan on the subject property by an approved primary lending institution. **D.)** The applicant must have successfully completed a home ownership preparation program approved by the City. **E.)** The applicant agrees to acquire the property within 90 days from the date of execution by both parties to this agreement. The City, at its option, may extend this date due to extenuating circumstances.

III. PROPERTY QUALIFICATIONS **1.)** The dwelling must be a single family dwelling unit within the corporate limits of the City of Springfield. The dwelling may be either a site built structure or a manufactured home, however, in either case it must include the land upon which the dwelling is sited and titles by Lane County as fee simple ownership to include the land & all improvements. **2.)** Manufactured housing qualifies only if it is a single family unit and is: a) Sited on a permanent foundation with wheels and hitch removed; b) Legally connected to permanent utility hook-ups; c) Located on land appurtenant to the structure and held in fee simple title, land trust, or long term ground lease with a term of not less than 25 years; d) Constructed after June 15, 1976, and meets the construction standards established under 24CFR 3280. **3.)** The dwelling, during the period the property is offered for sale and at the time of sale, shall be vacant, or occupied by either the seller or the buyer. In no case may the dwelling be occupied by a tenant who would be displaced by the sale. **4.)** The dwelling must, at a minimum, meet the Housing Quality Standards and (FHA Standards, if first lender is providing FHA financing), published by the Department of Housing and Urban Development (HUD). **5.)** If the dwelling was built prior to 1978, the condition of all interior and exterior painted surfaces must pass a visual inspection to ensure the paint is smooth and intact. Subject properties which fail this assessment will not be eligible for SHOP assistance. **6.)** The dwelling is to be the principal residence of the applicant whose household qualifies as a low-income family at the time of purchase. **7.)** The dwelling and appurtenant real property shall comply with the Flood Disaster Act of 1973 and the National Environmental Policy Act of 1969 and other provisions of law which further such act. **8.)** Any offer to purchase made by or on behalf of the buyer must be accompanied by the City of Springfield Home Ownership Program (SHOP) "Addendum to Sales Agreement" and the Receipt for Earnest Money. Seller's acceptance of an offer to purchase must include acceptance of the terms and conditions on the SHOP Addendum.

IV. CONDITIONS **A.)** The Springfield Home Ownership Program will assist successful applicants by providing funds which can be used for the following purposes: **1.)** Down payment assistance (limited to 50% of the minimum down payment required by the primary lender); **2.)** Payment of reasonable escrow, title and recording fees and other closing costs; **3.)** Payment of all or part of the premium for mortgage insurance required up-front by a private mortgagee, including the cost of private mortgage insurance; **4.)** Subsidizing interest rates and mortgage principal amounts, including to reduce the effective interest rate on the amount needed by the Buyer to an affordable level. **B.)** Use of Springfield Home Ownership Program funds for purposes other than described in IV.(A)(1-4) above without the express written approval of the City is prohibited. **C.)** To receive Springfield Home Ownership Program assistance, the first time home buyer shall have paid a qualified down payment from their own funds of at least 50% of the minimum down payment required by the primary lender towards purchase of the property. Funds for a qualified down payment must be from the borrowers own funds and considered an approved source as determined by the city and primary lender. **D.)** The maximum amount of assistance provided by this program is \$25,000.00 thousand dollars per household. **E.)** The assistance shall be in the form of an interest-free loan, subordinate only to the primary mortgage. Under no circumstance shall this loan be recorded in a lien position junior to second. Repayment of the loan shall be deferred until the sale or transfer of the property, a change of use from residential or non-occupancy as a primary residence by the approved borrower. Sale or transfer shall include: **1.)** The actual or attempted sale by contract, assignment, lease, rental or other conveyance of the property to a person other than the approved Borrower, whether by gift or for value; **2.)** Any further voluntary or involuntary encumbrance of the property

by the approved Borrower, but not including an encumbrance by a governmental agency in the form of an assessment for streets, sidewalks, lighting or sewer, so long as the approved Borrower pays such assessments when due; **3.)** Transfer of the property by will or inheritance upon the death of the last surviving approved Borrower under the Promissory Note and Deed of Trust, but not including the transfer of the property to the surviving approved Borrower upon death of one Borrower. **F.)** Homebuyer(s) agree to maintain the home as their primary residence. **Should the approved borrower cease to occupy the property as their primary residence, the borrower shall be deemed in default and the loan shall become immediately due and payable as required under the terms of the promissory note** except that the restrictions re occupancy for the term of the affordability period, defined as the term of the outstanding loan shall terminate if title to the property is transferred by foreclosure, deed in-lieu of foreclosure or if the mortgage is assigned to the Secretary. **G.)** Ownership of the purchased dwelling shall be in fee simple title, except as allowed in III(2)(c) above. The ownership interest may be subject only to mortgages, deeds of trust or other liens or instruments securing debt on the property as approved by the City, or other restrictions or encumbrances that do not impair the good and marketable nature of title to the ownership interest.

V. APPLICATION REVIEW PROCEDURE **A.)** A complete and fully developed credit package to include but not limited to, income documentation, a credit report and an appraisal shall be submitted to the City along with this application. The appraisal shall reflect nationally recognized appraisal standards, and be conducted by a state licensed appraiser. **B.)** The City will conduct an inspection of the subject property to ensure that it meets Housing Quality Standards. Any deficiencies identified during the inspection by the City must be corrected and subsequently re-inspected prior to approval of the application.

VI. LOAN SERVICING **A.) Amount of Loan Repayment** – The repayment shall be of the entire amount due. If the repayment is triggered by a sale (voluntary or involuntary or deed in lieu of foreclosure) of the housing unit and there are insufficient or no net proceeds to repay the CDBG/City of Springfield loan due, only the net proceeds, if any shall be due. The amount subject to repayment will be limited to that which is available from net proceeds. Net Proceeds are defined as: “the net proceeds of a sale are the sales price minus superior non-CDBG [non-City of Springfield] loan payments and any normal and customary closing costs” **B.) Hazard Insurance:** Evidence of hazard insurance listing the City of Springfield as a loss-payee is required for the term of the loan. **C.) Subordination:** Requests for subordination will be considered on a case-by-case basis. The City may consider subordination if the SHOP borrower is refinancing to obtain a lower interest rate and reduce their monthly payment. The City will not subordinate if a SHOP borrower is taking a mortgage or cashing out equity in the property. The borrower’s financial information may be requested from the lender to evaluate the acceptability of the subordination request. **D.) Reconveyance:** At the time of loan satisfaction or pay-off, the borrower will be responsible for paying the reconveyance fee charged by the Trustee, if any, for removal of the SHOP lien from the subject property title.

The effective date of this agreement shall be the date of the last signature by the parties listed below.

X _____
Signature of applicant

Date

X _____
Signature of applicant

Date

NOTIFICATION OF OCCUPANCY & INSURANCE REQUIREMENTS

TO: City of Springfield

Borrowers: _____

first and last names all one line

Property Address: _____

, Springfield, OR 9747__

LOAN NO:

We hereby certify that our intent in seeking this loan is to obtain financing for the purchase of a home to be used as our principal residence, with occupancy to begin within 5 days after close of escrow.

The City of Springfield will monitor the borrower(s) occupancy through all available sources. The restrictions re occupancy shall terminate if title to the property is transferred by foreclosure, deed in-lieu of foreclosure or if the mortgage is assigned to the Secretary.

"I understand that I must occupy this property as my primary residence. I further understand that failure to occupy this property as my primary residence is a default under the terms of the promissory note, and at which time, the entire amount outstanding under this loan shall be immediately due and payable."

"I understand that Title 18, Section 1001 of the U.S. Code states that a person is guilty of a felony for willingly knowingly making false statements to any department of the United States Government. I understand that the City of Springfield will use the information provided to determine eligibility of the SHOP application on my behalf".

We recognize that any loan granted pursuant to this application is contingent upon owner occupancy. The restrictions re occupancy shall terminate if title to the property is transferred by foreclosure, deed in-lieu of foreclosure or if the mortgage is assigned to the Secretary and that:

- (1) Failure to occupy the property as provided in this certification shall constitute a DEFAULT under the terms of the loan.
- (2) Upon request by City of Springfield, provide documentation proving occupancy to the City of Springfield and that failure to provide such documentation shall be deemed an admission of non-occupancy which will constitute a condition of DEFAULT.
- (3) In the event of default, I must, upon notice of demand by City of Springfield, immediately pay the full balance of the loan and any other amounts to which the note holder is entitled upon default.
- (4) Borrower shall provide and continuously maintain insurance on the building now or hereafter erected on the property against loss or damage by fire and other hazards, in an amount not less than the full insurable value, written by one or more companies acceptable to the Beneficiary, with loss payable to the latter. If the Grantor shall fail for any reason to procure any such insurance and to deliver the policies to the Beneficiary at least fifteen days prior to the expiration of any policy of insurance now or hereafter placed on the buildings, the Beneficiary may procure the same at Grantor's expense. The amount collected under any fire or other insurance policy may be applied by Beneficiary upon any indebtedness secured hereby and in such order as Beneficiary may determine.

Executed on ___ / ___ / 20__ at _____

Borrower Signature(s) _____

Borrower

Co-Borrower