



Preferred Loan Terms for the First Time Homebuyer Program

- A FHA loan is preferred but a Conventional (conforming and non-conforming), VA, Portfolio and Rural Development mortgage loan are also accepted.
- A fixed interest rate for the duration of the loan is required.
- The total PITI (principal, interest, taxes, and insurance) payment (front ratio) is not less than 20% and not more than 35% of the monthly income of the eligible homebuyer. With lender approval, the upper percentage may be slightly exceeded under extenuating circumstances that demonstrate the buyer's ability to handle higher payments.
- The maximum allowable total debt-to-income ratio (back ratio) is 45% (participating lenders Loan origination fees cannot exceed 2%, no exceptions.
- Loan terms must be 15 to 30 years.
- No pre-payment penalties.
- Assets listed on line 1003 may be counted as 5% towards income. The assets added into income may result in buyer being ineligible for down payment and closing cost assistance.
- Seller's contribution can be up to 6%, but buyer cannot receive money back at closing.
- Buyer may use other assistance programs or gifts towards down payment and closing costs but it must be approved by The City of Longview.