

City of Kettering HOMEBUYER ASSISTANCE PROGRAM GUIDELINES



SECTION I: OBJECTIVES OF PROGRAM

To increase the accessibility of homeownership for low- and moderate-income households

SECTION II: APPLICANT ELIGIBILITY

1. The applicant's total annual household income must be less than or equal to:
 - o 80% of the median income level for the Dayton, OH MSA, when purchasing a home in any Kettering neighborhood. Household income includes the earnings of all persons over the age of 18 who will be residing in the home. The income limits by household size are listed in Attachment A of this document. The limits are updated annually, and the program is subject to the most current HUD published limits.

Additionally, asset income is calculated and added to regular income in order to project anticipated annual income. In order to do this, the City of Kettering collects 2 full months of paystubs and 6 months of bank and asset statements.

2. HOME funding does not require the homebuyer assistance be utilized for first time homebuyers. However, most lender products that accept a 2nd mortgage financing tool for homebuyer assistance are first time homebuyer products. This program makes no determination of worthiness based on first time purchase.

3. Household assets, including but not limited to savings accounts, investments, other properties/ collections, must not exceed \$100,000.00. Excluded from that asset limit are: the value of two cars or other vehicles and the value of household goods.
4. The applicant must live in the home as a primary residence for a minimum of 5 years in order for the loan to be forgiven. No portion is forgiven annually but rather the whole amount is forgiven at the end of 5 years.
5. The assistance from the City can be used for down payment and/or for closing costs, in excess of the required buyer portion of \$1000.00. The Affordability & Subsidy Analysis Worksheet in Attachment E will determine the subsidy from the City of Kettering.
6. Potential homebuyers must complete an 8 hour (HUD approved) Homebuyer Education Class. The training is available at the Homeownership Center of Greater Dayton's downtown Dayton location, or online (www.homeownershipdayton.org). The Homebuyer Class is \$199.00 at the Homeownership Center of Greater Dayton. A household that completes the homebuyer class and purchases a home with City of Kettering Downpayment Assistance can apply for a refund of the \$199.00 fee from the City of Kettering if the household assets are less than \$1000.00 after the closing. A one hour pre-purchase homebuyer counseling session will be required as well. Pre-approved buyers will be informed how to schedule this session with the HomeOwnership Center staff.
7. Potential homebuyers must be able to obtain a commitment from a bank, savings and loan association, credit union or other private lending institution for the funds required for a first mortgage to purchase the home. The first mortgage shall collect escrow funds and pay the property taxes and homeowners insurance premium. The kind of loan the buyer chooses is important. The City of Kettering will not use homebuyer assistance funds to assist a buyer who is using a product such as an ARM or a loan with a balloon payment. FHA & conventional loans are approved products. Other products are subject to the staff's investigation of the lending product before approval.
9. The City of Kettering will cover all of the primary lender required downpayment and all of the closing costs as long as the buyer pays at least \$1000.00 into the transaction and the total cost for the City of Kettering assistance is not more than \$8,000.00. Further, additional funds from the clients can't exceed a total of \$2,500 from the client at closing unless there is documented funds available. When the subsidy analysis is done, the end required contribution to make the deal affordable (30% for front-end debt ratios and 42% for rear-end debt ratios) must not exceed the buyer's required contribution (\$1000.00), up to \$8000.00 from the City of Kettering and another maximum contribution of \$1500.00. If more than this amount is needed at the time of closing to make the property affordable, and there are no other documented client funds, program or gift funds available, then the City of Kettering will be unable to contribute.
10. Initial income determination and asset determination will be made to assist the client in moving forward in the program, however, final eligibility cannot be determined without loan

offers, property sales contract, appraisal and property inspection. All approvals will remain contingent on those items as well as the final Loan Disclosure and ALTA which are made available before closing. A complete application is considered one that is complete, signed and in which an appraisal, sales contract, loan application, primary lender pre-approval letter is available.

SECTION III: PROPERTY ELIGIBILITY

Eligibility is restricted to existing and newly constructed single-family homes in the City of Kettering with a maximum purchase price not to exceed 95% of the area median purchase price.

City of Kettering Area Median Purchase Price Limits*	
Existing Homes	\$119,000.00
New Construction	\$228,000.00

* these limits are updated regularly by HUD, and the program is subject to the most recent published limits according the effective date. You can call 937-296-2441 ext. 4022 to request the most current limits.

PROPERTY SELECTION CRITERIA AND RULES:

1. The City of Kettering will consider the property's fair market value as listed in the appraisal obtained by the first mortgage lender in the subsidy analysis. Either the appraised value or the sales price, whichever is less will be used in the subsidy analysis. The seller must also be informed that the property will not be acquired by eminent domain if negotiations fail to result in an amicable agreement. (Attachment D)
2. The house must have sufficient living space for the family wishing to purchase the home. The City will not support overcrowded housing conditions. For the purpose of this program, overcrowding is defined by the City of Kettering Property Maintenance Code. The code may be found online at: http://dev.ci.kettering.oh.us/wp-content/uploads/2013/04/PMCode_2009_041.pdf
3. The property must be owner-occupied or vacant. Homes currently rented are not eligible (unless currently rented by buyer). There is a required vacant owner occupancy form. The property owner must be willing to make repairs as needed to meet the City of Kettering homebuyer assistance program corrections. For this reason, foreclosed homes are not eligible for this program.
4. Prior to the closing, the house must be free of defects that pose an immediate danger to health and safety. Identified hazards include, but are not limited to, defective furnaces, water heaters, wiring, windows, water leaks, missing hand rails, inoperable or absent smoke detectors, non-grounded outlets, deteriorating roofs, and unsanitary conditions. City of Kettering's Housing Specialists will inspect the property, provide a list of required corrections and give the owner the opportunity to correct them in order to sell the property. Please see the attached Property Inspection Guidelines.

5. If the property is located in a floodzone A or V, flood insurance must be purchased prior to or at the loan closing. Properties located in the floodway may not be purchased using City of Kettering homebuyer funds. The City of Kettering requires flood insurance for all properties in the flood zones A or V even when the first lender does not require it (which could be the case if the mortgage is not federally backed). Homes with a Zone X designation are suggested to obtain flood insurance but are not required to have it.

6. The purchaser must agree to reside in the property, as their principal residence for the 5 year period of affordability as designated in the Mortgage Loan Agreement with the City. The city will use IRS guidance to determine principal residence/primary home. The City of Kettering annually sends a certification of primary residence to the home address. Submitting this form assists in maintaining compliance with the City of Kettering forgivable second mortgage and is mandatory to complete each year.

In the event the owner ceases to own or occupy the home during the 5 year affordability period, the homeowner will be required to **repay the loan in its entirety**. In the event of foreclosure during the affordability period, the amount subject to recapture/repayment is based on the amount of net proceeds from the foreclosure sale available after the first mortgage has been satisfied.

6. Homebuyers with equity may also be eligible for Housing Rehab programs. You can find more details at: <http://www.ketteringoh.org/departments/planning-development/housing-opportunities/rehabbing-a-home>. Housing Rehabilitation Standards are available at: <http://dev.ci.kettering.oh.us/wp-content/uploads/2013/04/HousingRehabilitationStandards1.pdf>.

SECTION IV: ELIGIBLE ACTIVITIES

The City will provide a forgivable loan, not to exceed \$8,000.00, to eligible homebuyers for any combination of the following:

Down payment assistance Funds can be used as down payment in order to make the property affordable. The City of Kettering can provide the lender required downpayment, not to exceed \$8,000 total, as long as the buyer provides \$1,000.00 in personal funds.

Closing cost assistance. Eligible closing costs include appraisal fee, credit report fee, recording fee, processing fee, title examination, origination fee and inspection fees and prepaids.

SECTION V: APPLICATION PERIOD

Due to the interest in the program and the limited resources available, assistance will be offered on a first-come, first-serve basis, as funding is available. A waiting list will be kept and numbered whenever a limitation of funds becomes apparent.

SECTION VI: PROGRAM PROCEDURES

1. Buyer completes Down Payment Assistance Program application to determine eligibility for *down payment/closing cost assistance* by providing proof of total household income and total household debt obligations. Income tax return from the previous year, six (6) months of consecutive bank statements, and 2 months of current pay stubs will be used as documentation. There are required forms and 3rd party documentation as well.
2. Buyer obtains pre-approval for a mortgage from a lender. The loan should not exceed 97% loan to value. The monthly payment (including principal, interest, property taxes and insurance) must not exceed 30% of annual gross income.
3. Buyer locates home they wish to purchase and signs a sales agreement contingent upon obtaining mortgage financing and inspection of property by City of Kettering. Realtors should request 60 days for closing from the approval of income eligibility.
4. Potential homebuyers must complete an approved homebuyer education program and individual session with staff from the HomeOwnership Center of Greater Dayton.
5. The City of Kettering will arrange to inspect the desired property for identification of any immediate health and safety problems as defined in "Property Eligibility" (page 3, paragraph 4) as well as any additional code violations per City of Kettering Property Maintenance Code and Kettering Housing Rehabilitation Standards.
6. Buyer may be pre-qualified for assistance pending the residential inspection of the home.
7. Housing Specialist visits home and conducts inspection. Report is prepared identifying all immediate health and safety issues and code violations requiring repair.
The City of Kettering and the Homeownership Center of Greater Dayton receive documentation from the financial institution to determine buyer's final approval for assistance. Documentation includes Final Loan Disclosure and ALTA in order to determine final assistance amount.
8. Financial institution approves loan and sets up loan closing. City provides down payment and/or closing cost assistance at loan closing for purchase of home.
9. At the closing, the buyer signs a note and mortgage for the amount of assistance provided and agrees to reside in the home for 5 years.

SECTION VII: PROPERTY TRANSFERRED/REFINANCED

1. If the home is sold, title transferred or the applicants no longer occupy the home (it is vacant or rented out) as a principal residence within the 5 year Affordability Period the **entire loan amount** will be due and payable to the City of Kettering. It should be noted

that these must be continuous years from the mortgage date. In the event of foreclosure during the affordability period, the amount subject to recapture/repayment is based on the amount of net proceeds from the foreclosure sale available after the first mortgage has been satisfied.

2. The City may subordinate its interest in the property in accordance with the City of Kettering's Housing Rehabilitation Program and Down Payment Assistance Program subordination policy. See Attachment C.

**ATTACHMENT A
Down Payment Assistance Program
2019 Income Guidelines**

Federal legislation and regulations establish the rules affecting this Down Payment Assistance Program. Because the program is designed to benefit low- and moderate-income persons, eligible program participants must not exceed the U.S. Department of Housing and Urban Development (HUD) Income Limits. These income limits are established annually and typically published in the Federal Register in by mid-year. The City of Kettering uses the most up-to-date income limits and therefore will begin using the revised limits immediately when HUD posts them.

Household Size	80% Median (Moderate Income)
1	\$39,550
2	\$45,200
3	\$50,850
4	\$56,500
5	\$61,050
6	\$65,550
7	\$70,100

Annual income is the total income from all sources, including any anticipated income to be received within the next 12-month period, of the person(s) residing in the household.

Annual income includes:

1. The full amount, before any payroll deductions, of wages and salaries, overtime pay, commissions, fees, tips and bonuses, and other compensation for personal services.
2. The net income from operation of a business or profession. Expenditures for business expansion or amortization of capital indebtedness shall not be used as deductions in determining net income. An allowance for depreciation of assets used in a business or professional may be deducted, based on straight-line depreciation, as provided in Internal Revenue Service regulations. Any withdrawal of cash or assets from the operation of a business or profession will be included in income, except to the extent the withdrawal is reimbursed in cash or assets invested in the operation by the family.
3. Interest, dividends, and other net income of any kind from real or personal property. Expenditures for amortization of capital indebtedness shall not be used as a deduction in determining net income. An allowance for depreciation is permitted only as authorized in paragraph (2) of this section. Any withdrawal of cash or assets from an investment will be included in income, except to the extent the withdrawal is reimbursement of cash or assets invested by the Family. Where the family has net family assets in excess of \$5,000, annual income shall include the greater of the actual income derived from net family assets or a percentage of the value of such Assets based on the current passbook savings rate, as determined by HUD.
4. The full amount of periodic payments received from Social Security, annuities, insurance policies, retirement funds, pensions, disability or death benefits, and other similar types of periodic receipts, including a lump-sum amount or prospective monthly amounts for the delayed start of a periodic payment.
5. Payments in lieu of earnings, such as unemployment and disability compensation, worker's compensation and severance pay (but see paragraph (3) under Income Exclusions).
6. Public Assistance. If the Public Assistance (welfare) payment includes an amount specifically designated for shelter and utilities that is subject to adjustment by the Welfare Assistance agency in accordance with the actual cost of shelter and utilities, the amount of Welfare Assistance income to be included as income shall consist of:
 - a. The amount of the allowance or grant exclusive of the amount specifically designated for shelter or utilities.

- b. The maximum amount that the Welfare Assistance agency could allow the Family for shelter and utilities. If the Family's Welfare Assistance is reduced from the standard of need by applying a percentage, the amount calculated under this paragraph shall be the amount resulting from one application of the percentage.
7. Periodic and determinable allowances, such as alimony and child support payments, and regular contributions or gifts received from persons not residing in the dwelling.
8. All regular pay, special pay and allowances of a member of the Armed Forces (whether or not living in the dwelling) who is head of the Family, spouse or other person whose dependents are residing in the unit (but see paragraph (7) under Income Exclusions).

Income exclusions are:

1. Income from employment of children (including foster children) under the age of 18 years. Income of dependent children 18 and over (who are full time students) is counted as household income contribution of no more than \$40.00 per month or \$480.00 annually.
2. Payments for the care of foster children.
3. Lump-sum additions to Family assets, such as inheritances, insurance payments (including payments under health and accident insurance and worker's compensation), capital gains and settlement for personal or property losses (but see paragraph (5) of Income Inclusion).
4. Amounts received by the Family that are specifically for, or in reimbursement of, the cost of Medical Expenses for any Family member.
5. Income of a live-in aide.
6. Amounts of educational scholarships paid directly to the student or to the educational institution, and amounts paid by the Government to a veteran, for use in meeting the costs of tuition, fees, books, equipment, materials, supplies, transportation and miscellaneous personal expenses of the student. Any amounts of such scholarships or payments to a veteran not used for the above purposes that are available for subsistence are to be included in income.
7. The special pay to a Family member serving in the Armed Forces who is exposed to hostile fire.
8. Special one-time grants of public funding such as:
 - a. Amounts received under training programs funded by HUD.
 - b. Amounts received by a Disabled person that are disregarded for a limited time for purposes of Supplemental Security Income eligibility and benefits because they are set aside for use under a Plan to Attain Self-Sufficiency (PASS).
 - c. Amounts received by a participant in other publicly-assisted programs which are specifically for or in reimbursement of out-of-pocket expenses incurred (special

equipment, clothing, transportation, child care, etc.) and which are made solely to allow participation in a specific program.

9. Temporary, non-reoccurring or sporadic income (including gifts).
10. Amounts specifically excluded by any other Federal Statute from consideration as income for purposes of determining eligibility or benefits under a category of assistance programs that includes assistance under the 1937 Act. The following is a list of types of income that qualify for that exclusion:
 - a. Relocation payments made pursuant to Title II of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (43 U.S.C. 4636); Note: This conflicts with URA regulations but has not been changed in Part 813.
 - b. The value of the allotment provided to an eligible household under the Food Stamp Act of 1977 (7 U.S.C. 2017(b)).
 - c. Payments to volunteers under the Domestic Volunteer Service Act of 1973 (42 U.S.A.C. 5044(g), 5058).
 - d. Payments received under the Alaska Native Claims Settlement Act (43 U.S.C. 1626(a)).
 - e. Income derived from certain sub-marginal land of the United States that is held in trust for certain Indian tribes (25 U.S.C. 259(e)).
 - f. Payments or allowances made under the Department of Health and Human Services' Low-Income Home Energy Assistance Program (42 U.S.C. 8624(f)).
 - g. Payments received under programs funded in whole or in part under the Job Training Partnership Act (49 U.S.C. 1552(b)).
 - h. Income derived from the disposition of funds of the Grand River Band of Ottawa Indians (Pub. L. 94-540, 90 Stat. 2503-2504).
 - i. The first 2,000 of per capita shares received from judgment funds awarded by the Indian Claims Commission or the Court of Claims (25 U.S.C. 1407-1408) or from funds held in trust for an Indian tribe by the Secretary of Interior (25 U.S.C. 117).
 - j. Amounts of scholarships funded under Title IV of the Higher Education Act of 1965 including awards under the Federal work-study program or under the Bureau of Indian Affairs student assistance programs, that are made available to cover the costs of tuition fees, books, equipment, materials, supplies, transportation and miscellaneous personal expenses of a student at an educational institution (20 U.S.C. 1087UU).
 - k. Payments received from programs funded under Title V of the Older Americans Act of 1965 (42 U.S.C. 3056(f)).
 - l. Earned Income Tax Credit Refunds received at any point after January 1, 1991.
 - m. Child care subsidies paid for under the Child Care and Development Block Grant.
 - n. Any allowance paid under 38 USC 1805 to a child suffering from spina bifida who is the child of a Vietnam veteran.
 - o. Any amount of crime victim compensation through the Victims of Crime Act.
 - p. Allowances, earnings, and payments to individuals participating in programs under the Workforce Investment Act of 1998.

Assets Include:

1. Cash held in savings accounts, checking accounts, safe deposit boxes, homes, etc. For savings accounts, we use the current balance (though we may need an explanation of any recent large withdrawals). For checking accounts, we use an average 6 month balance to complete the required asset calculation.
2. Stocks, bonds, savings certificates, money market funds and other investment accounts. This includes the cash value of revocable trusts available to the occupant.
3. Equity in real property, other than the one you currently occupy, or other capital investments. Equity is the estimated current market value of the asset less the unpaid balances on all loans secured by the asset and reasonable costs (such as broker fees) that would be incurred in selling the asset.
4. IRA, Keogh and similar retirement savings accounts, even though withdrawal would result in a penalty. Contributions to company retirement/pension funds that can be withdrawn without retiring or terminating employment.
5. Assets, which, although owned by more than one person, allow unrestricted access by the applicant.
6. Lump sum receipts such as inheritances, capital gains, lottery winnings, insurance settlements and other claims. This includes the surrender value of a whole life or universal life policy.
7. Personal Property held as an investment such as gems, jewelry, coin collections, antique cars, etc.
8. Mortgages or deeds of trust held by an applicant.
9. Assets disposed of for less than fair market value during two years preceding certification or recertification.

B. ASSETS DO NOT INCLUDE:

1. Necessary personal property, except as noted in A.7. Excluded assets include furniture, cars, and vehicles specially equipped for persons with disabilities.
2. Interest in Indian trust lands.
3. Assets that are a part of an active business or farming operation.
NOTE: Rental properties are considered personal assets held as an investment rather than business assets, unless real estate is the applicant's/tenant's main occupation.
4. Assets that are not accessible to the family and which provide no income for the family.
5. Vehicles especially equipped for the handicapped.
6. Equity in owner-occupied cooperatives and manufactured homes in which the family lives.
7. Term life insurance policies (where there is no value).
8. Equity in cooperatives in which the family lives.

Community Development Program SUBORDINATION POLICY

Subordination will be considered only in circumstances relating to the needs of the Borrower.

The borrower shall provide, in writing, the request for subordination at least two weeks (ten business days) before the scheduled closing. The request for subordination must provide the following information: current value of the home; current balance of the mortgage; current mortgage rate and reason for the request. Each subordination request must meet the following conditions:

1. The refinancing of the first mortgage must be a tangible benefit to the borrower such as:
 - A) lower interest rate
 - B) removal or buyout of co-borrower from title (with court order or evidence that the co-borrower no longer resides at property)
 - C) to convert from an ARM to a fixed rate
 - D) to eliminate future balloon obligation
 - E) refinance from Interest Only or Payment Option ARM to a fully amortized product
 - F) shorten loan term to accelerate principal reduction
 - G) extend term to decrease payment

2. The amount of the refinanced loan shall be for the amount equal to and not exceeding the outstanding balance of the loan being refinanced plus reasonable and customary closing costs and fees, including:
 - A) Credit Reports – only the actual cost identified on the credit report(s) may be charged
 - B) Automated Underwriting Fees – The automated underwriting loan review fee cannot exceed the actual amount charged to the lender
 - C) Origination Fee – not to exceed 1% of the original principal amount of the mortgage excluding financed mortgage insurance or guarantee fees
 - D) \$150 transfer fee
 - E) \$150 tax service fee
 - F) .25% adverse market fee (conventional loans only)

3. Restrictions:
 - A) Under no circumstances should the closing costs total more than 6% of the total loan amount.
 - B) Under no circumstances can the homeowner get cash out of through refinancing and be approved to subordinate the City of Kettering loan.
 - C) Under no circumstance can the homeowner refinance from a fixed loan to an ARM loan, unless the ARM final interest rate is equal to or less than the current fixed rate.

4. The Mortgagor is performing and complying with all the terms and conditions outlined in the subject Promissory Note and Mortgage, including but not limited to timely loan payments, maintaining the mortgage premises in good repair and in compliance with all governmental requirements.

If the City agrees to consider the requested subordination, then copies of the loan agreement, HUD-1 and associated loan-closing documents must be reviewed by the City of Kettering Planning and Development Department and the Law Department for final determination.

CITY OF KETTERING
DOWN PAYMENT ASSISTANCE PROGRAM
STATEMENT OF UNDERSTANDING

*This form must be transmitted from purchaser to seller
prior to the loan closing/transfer of title.
A copy must be provided to the City of Kettering.*

For the property situated at : _____,

- 1. It is acknowledged that gap financial assistance was requested from the City of Kettering. Even though the City of Kettering is involved, they will not be listed on the property deed, as an owner of record. Furthermore, the purchase of this property was not accomplished with any form of Eminent Domain.
- 2. The down payment assistance program is available for properties that are either (1) vacant, (2) owner-occupied, or (3) being purchased by residing tenant. It is hereby confirmed that no tenants have been relocated because of this purchase.
- 3. The property will be inspected by the City of Kettering for identification of any immediate health and safety problems as well as any additional code violations. A report will be prepared identifying these problems or code violations requiring repair. Funding of the assistance will not be granted until repairs are made and a follow-up inspection report reflects no findings.
- 4. The Seller nor Purchaser has no knowledge of existing lead paint in the property.

By signing this Statement of Understanding, purchaser and seller acknowledge the facts are true.

Purchaser:

Seller:

Date: _____

Date: _____

Witness:

Witness:

Down Payment Assistance Affordability Worksheet ATTACHMENT E

HOME BUYER MORTGAGE ANALYSIS		Key
	Project: <input style="width: 100%;" type="text" value="0"/>	White spaces indicate data entry
	Buyer: <input style="width: 100%;" type="text"/>	
House Information		
Purchase Price	<input style="width: 100%;" type="text"/>	
Appraised Value	<input style="width: 100%;" type="text"/>	
Bank Requirements		
Bank Ratio Front End	<input style="width: 100%;" type="text" value="30%"/>	
Back End	<input style="width: 100%;" type="text" value="42%"/>	
Annual Interest Rate	<input style="width: 100%;" type="text"/>	
Loan Term (Years)	<input style="width: 100%;" type="text" value="30"/>	
Constant Annual Percent	<input style="width: 100%;" type="text" value="0.0333"/>	
Loan to Value	<input style="width: 100%;" type="text"/>	
Closing Costs	<input style="width: 100%;" type="text"/>	
Family Information		
Annual Income	<input style="width: 100%;" type="text"/>	\$0.00 Monthly Income
Annual Taxes	<input style="width: 100%;" type="text"/>	\$0.00 Monthly Taxes
Annual Insurance	<input style="width: 100%;" type="text"/>	\$0.00 Monthly Insurance
Total Credit Card Debt	<input style="width: 100%;" type="text"/>	
Debt Capacity		
Monthly Income x Front Ratio	\$ -	Debt Service for Loan Using LVR
- Taxes	\$ -	+ Monthly Taxes
- Insurance	\$ -	+ Monthly Insurance
- Other Monthly Housing Cost	\$ -	= Monthly Mortgage Payment
= Max. Monthly Debt Service-Front	\$ -	
Monthly Income x Back Ratio	\$ -	
- Taxes	\$ -	
- Insurance	\$ -	
- Other Monthly Housing Cost	\$ -	
- Loan Payments	<input style="width: 100%;" type="text"/>	
- Credit Card Payments	\$ -	
- Other Monthly Obligation	<input style="width: 100%;" type="text"/>	
= Max. Monthly Debt Service-Back	\$ -	
Maximum Monthly Debt Service	\$ -	
Maximum Loan Using Front/Back	\$ -	
Maximum Loan Using LVR	\$ -	
Maximum Loan	\$ -	
Permanent Mortgage		
Purchase Price	\$ -	
Loan Amount	\$ -	
Equity Needed	\$ -	
Closing Costs	\$ -	
Cash Available from Buyer	<input style="width: 100%;" type="text" value="\$ 1,000"/>	
Home Buyer Subsidy	\$ -	

City of Kettering

First Time Homebuyer Inspection Guidelines

Property Maintenance:

-In addition to the items listed in these guidelines, all structures and premises shall conform to the City of Kettering's Property Maintenance Code concerning health and safety issues, as applicable.

-There shall be no tripping or falling hazards. Handrails and guardrails shall be installed, where required, and adequately secured.

Deteriorated Paint:

-All painted surfaces shall be free of peeling, flaking or otherwise deteriorated paint.

Deteriorated paint (on structures built prior to 1978) shall be assumed to contain lead-based paint, unless a lead assessment by a licensed lead-based paint risk assessor is conducted and found to be lead safe. Surfaces known or assumed to contain lead paint shall be stabilized and painted by workers certified by HUD or the EPA for Lead Safety for Renovation, Repair, and Painting, and all work done using lead-safe work practices. A Lead Clearance must be obtained after stabilization is complete. The condition causing the deteriorated paint shall also be corrected.

Permits:

-All witnessed new installations of components requiring permits (water heater, furnace, electric or plumbing work, etc.) shall have a record of those permits and passing inspections on file with the city. Installed components without record of permits shall have a permit taken out and all inspections completed.

Electric:

-Kitchen countertops, bathroom, unfinished basement, garage, exterior and any other outlet within six feet of a sink shall be GFCI-protected.

-All outlets shall be properly wired and installed.

-All splices shall be enclosed in approved junction boxes with covers.

-The main electric panel shall be properly grounded.

Plumbing:

-Constant leaking in water supply lines shall be repaired.

-Leaking drain lines, especially those causing damage to other components (mold, rot, etc.) shall be repaired.

-Kitchen and bathroom faucets shall function properly.

-Water heaters shall have a T&P discharge tube.

HVAC:

- The heating system shall be capable of supplying heat to all habitable rooms.
- HVAC components (furnace, A/C, ductwork, vents, baseboard heaters, etc.) shall be properly installed.
- Combustion gas venting shall comply with code.

Roofs & Chimneys:

- Roofs shall not leak.
- Areas of missing shingles or other roof covering shall be repaired.
- All flashings and drip edges shall function properly.
- Masonry chimneys shall have sound concrete caps.
- Fireplaces shall have functioning dampers and be free of hazards.

Windows:

- Bedroom windows shall open and function properly.
- Cracked or broken glazing shall be replaced.

Doors:

- Exterior doors shall have functioning locks and hardware.
- Bathrooms and bedrooms shall have doors with functioning hardware.

Bathrooms:

- Bathrooms with a bathtub or shower shall have a working window, or a functioning exhaust fan.

Basements & Crawl Spaces:

- Basements and crawl spaces shall be free of extreme moisture and mold.

Environmental:

- Suspected asbestos shall be free of damage and non-friable. A licensed, certified or otherwise approved worker shall complete repairs or removal of suspected asbestos-containing items.
- Extreme mold shall be removed and conditions causing the moisture shall be corrected.

Smoke & CO Detectors:

- Smoke detectors shall be installed in each sleeping room, outside the sleeping room areas, and on each habitable level of the house. Smoke detectors shall be, at a minimum, battery operated and installed according to the manufacturer's instructions.
- A carbon monoxide detector shall be installed outside the sleeping room areas. CO detectors shall be, at a minimum, battery operated and installed according to the manufacturer's instructions. Plug-in type detectors are prohibited.

Miscellaneous:

- Any witnessed items that present a probable health, safety or structurally deficient condition shall be corrected.

Disclaimer:

-The FTHB inspection does not include environmental testing for radon, mold, lead-based paint, asbestos, carbon monoxide, natural gas or any other hazardous material, gas or fume.

-The FTHB inspection does not guarantee any aspect of the safety, structural soundness, environmental health or compliance with applicable codes and regulations concerning the inspected property.

-The FTHB inspection does not guarantee the efficiency or proper function of the HVAC system, water heaters or any other appliance or mechanical system.

-The FTHB inspection is conducted for the City of Kettering's purposes only and does not take the place of normal pre-sale inspections the buyer may perform or want performed by a private home inspection service.