

RESOLUTION NO. 2001-057

ADOPTED BY THE REDEVELOPMENT AGENCY OF THE CITY OF SACRAMENTO

ON DATE OF
NOV 20 2001

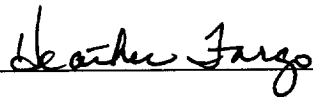
**MODIFICATION OF THE FIRST-TIME HOME BUYER PROGRAM
AND THE OAK PARK FIRST-TIME HOME BUYER PROGRAM, THE FRANKLIN
BOULEVARD FIRST-TIME HOME BUYER PROGRAM, AND THE SOUTHSIDE
PARK FIRST-TIME HOME BUYER PROGRAM**

BE IT RESOLVED BY THE REDEVELOPMENT AGENCY OF THE CITY OF
SACRAMENTO:

Section 1. The Executive Director is authorized to modify the First-Time Home Buyer Program, so as to allow funding from Community Development Block Grant funds, by changing the required borrower contribution and modifying the First-time Home Buyer Program to require full repayment of funds without forgiveness, as further described in the Program Guidelines attached as Attachment I and incorporated in this resolution.

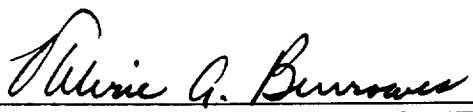
Section 2. The Executive Director is authorized to modify the Oak Park First-Time Home Buyer Program, the Franklin Boulevard First-Time Home Buyer Program, and the Southside Park First-Time Home Buyer Program to remove the requirement that the homebuyer be a first-time homebuyer requirement, as further described in the Target Area Home Buyer Program Guidelines, attached as Attachment II and incorporated in this resolution.

Section 3. The Executive Director is authorized to make technical changes to the program guidelines and program loan documents as necessary to comply with changes in the law and to fully implement the program.



CHAIR

ATTEST:



SECRETARY

FOR CITY CLERK USE ONLY

RESOLUTION NO.: 2001-057
DATE ADOPTED: NOV 20 2001



**FIRST-TIME HOME BUYER PROGRAM
ADMINISTRATIVE GUIDELINES**

I. PROGRAM DESCRIPTION AND GOAL

A. Program Description

The Sacramento City Council and the Sacramento County Board of Supervisors have authorized the First-Time Home Buyer Program (FTHB) to help home buyers purchase homes by providing financial assistance towards down payment and closing costs.

B. Goal

The goal of the FTHB program is to help first-time, low income home buyers purchase homes which they can afford with a minimal amount of Agency assistance in order to promote home ownership.

II. PROGRAM TERMS AND CONDITIONS

A. Form of Assistance – A deferred payment loan secured by a deed of trust.

B. Calculation of Assistance – The assistance is calculated at four percent (4%) of the value of the property, as defined herein and subject to the limitations below.

C. Maximum Assistance Amount – The maximum amount of assistance is \$5,000.

D. Interest Rate – There is no interest charged on this loan.

E. Term – The loan has a 30-year (30) term or is due upon sale or transfer. Refinances must be approved by the Agency subject to the Agency Loan Servicing/Subordination Policy.

F. Loan-To-Value – The total of all loans secured by the property shall not exceed 102% of value. On FHA financing, the mortgage insurance premium is not included in this calculation. "Value" shall mean the lesser of the appraised value of the property or the unsubsidized sales price. Waivers may be granted for non-Agency subordinate financing.

FOR CITY CLERK USE ONLY

RESOLUTION NO.: 2001-057
DATE ADOPTED: NOV 20 2001

- G. Use of funds** – The funds may be used to pay up to 50% of the buyer’s down payment and the remainder may be used to pay the buyer’s customary closing costs.
- H. Borrower Contribution** – The applicant/borrower must contribute 50% of the down payment. Applicant/borrower contribution may be from gift funds or other secured financing.
- I. Application Fee** – There is a \$75 application fee to reserve FTHB funds. This is a non-refundable fee.
- J. Other terms**
 - 1. Loans may be secured by a subordinated deed of trust on the property.
 - 2. Borrowers must maximize their use of funds provided by the first mortgage lender. This may be evidenced by either 1) a housing ratio of greater than or equal to 30% or 2) a loan-to-value ratio of the first mortgage of greater than or equal to 95%.
 - 3. Funding is contingent upon the applicant/borrower obtaining a first mortgage loan.
 - 4. First mortgage financing may be FHA insured mortgages, CHFA mortgages, conventional mortgages, PERS mortgages.
 - 5. All applicants must attend two homebuyer education classes, including “The Home Buying Process” (or equivalent) and “Home Maintenance/Good Neighbors”, and receive completion certificates for each class.
 - 6. Agency loans are assumable by qualified purchasers, subject to Agency approval.
 - 7. Loan funds may be used in conjunction with Mortgage Credit Certificates only in Agency-designated target areas.
 - 8. Non-occupant co-mortgagors are not allowed. A co-signor may be allowed. The co-signor may not be on title.

III. APPLICANT ELIGIBILITY

A. First-Time Home Buyer

The applicant/borrower must be a first-time home buyer, which means that he/she has not owned a home as his/her principal residence within the preceding three (3) years. The applicant/borrower will be required to submit three years certified Federal tax returns to show compliance with this requirement.

FOR CITY CLERK USE ONLY

RESOLUTION NO.: 2001-057

DATE ADOPTED: NOV 20 2001

1. The "first-time home buyer" requirement is waived in the following cases:
 - a. Greenfair's Homeowners who purchase a home in the City of Sacramento

B. Qualifying Income Limits

The qualifying income* of an applicant/borrower must not exceed 80% of the area median, adjusted for family size as determined by HUD. As of April 6, 2001, the 80% of median income figures are as follows:

<u>Household Size</u>	<u>80% of Median</u>
1	\$31,550
2	\$36,050
3	\$40,550
4	\$45,050
5	\$48,650
6	\$52,250

*Qualifying income is calculated by totaling current gross income for all persons 18 years of age or older who will occupy the residence. The income is annualized forward over a twelve-month period. Income includes all salaries, wages, overtime, and bonuses before payroll deductions. It also includes earnings from interest on savings and checking accounts, dividend payments, retirement/pension payments, annuity payments, social security payments, unemployment, disability, public assistance, alimony, child support or regular gifts. Imputed income from assets in excess of \$5,000 will be included in qualifying income.

IV. PROPERTY GUIDELINES

- A. The property must be located within the City or County of Sacramento. The property may also be located in the cities of Elk Grove, Folsom, Isleton, and Galt. The program may be available in Citrus Heights subject to a funding set-aside.
- B. The property may be a single family dwelling or condominium unit. Duplexes, fourplexes, or mobile homes are not eligible.
- C. Properties that are tenant-occupied at the time of sale are not eligible for assistance under the First-Time Home Buyer Program. The property must be either vacant, occupied by the seller, or occupied by the buyer at the time the sales contract is fully executed. A "Seller's Additional Representations and Warranties" form is required.

FOR CITY CLERK USE ONLY

RESOLUTION NO.: 2001-057

DATE ADOPTED: NOV 20 2001

- D. The property must be occupied by the borrower as his/her principal residence for the term of the Agency loan. The home may not be rented without prior approval of the Agency.
- E. The appraised value may not exceed the HUD Section 203(b) mortgage limit for the area, which is currently \$188,100.
- F. The property must meet minimum housing quality standards. A property inspection will be required. (On FHA first mortgages, the FHA appraisal will be accepted in place of an Agency property inspection.) Any items not meeting minimum housing quality standards must be repaired prior to close of escrow.
- G. Lead-based Paint

New Lead-Based Paint regulations went into effect on September 15, 2000. These regulations apply to the FTHB program funded with HOME or CDBG funds. Please refer to "Lead-Based Paint Hazard Procedures First-Time Homebuyer Program and Homebuyer Assistance Program" for these requirements and procedures.

- H. Flood Insurance

If the property is located in a special flood hazard area, flood insurance will be required.

V. APPLICATION PROCEDURES

The first-time home buyer applies through one of the participating lenders for assistance under the FTHB Program.

A. Reservation Process

In order to reserve funding under the FTHB program for a specific home buyer, the lender needs to submit the following to SHRA as soon as possible after loan application has occurred:

1. FTHB Reservation Request Form
2. Check for \$75 made payable to SHRA
3. Copy of lender's loan application
4. HOME Eligibility Release Form (signed by all household members 18 years old or older)
5. Attachment to Loan Application
6. Notice of Access of Information
7. Supplement to Application for Financial Assistance
8. Application Disclosure for FTHB Loans
9. Fully executed Purchase Agreement

FOR CITY CLERK USE ONLY

RESOLUTION NO.: 2001-057
DATE ADOPTED: NOV 20 2001

10. Lead Based Paint Hazard Disclosure Addendum to Purchase Contract (pre-1978 houses only)
11. Seller's Additional Representations and Warranties

B. SHRA staff will then review the information, and if complete, issue a reservation for funds which is valid for 60 days. This is not an approval, but a reservation for the funds. The reservation is faxed to the lender. The reservation may be extended for an additional 30 days upon request of the lender.

VI. COMMITMENT PROCESS

- A.** To obtain a Commitment for the FTHB loan, the lender must submit the following documentation at least two (2) weeks prior to the anticipated close of escrow. This time is needed in order to review and approve (or deny) the loan, prepare the loan documents, and order the funding check:
1. FTHB Commitment Request Form
 2. Community Home Buyer Certificate
 3. Property Maintenance/Good Neighbor Training Certificate
 4. Lender's loan approval for the first mortgage and underwriter's evaluation
 5. Good Faith Estimate
 6. Mortgage Credit Analysis Worksheet (MCAW) – signed by the underwriter
 7. Income Verification (for all household members 18 years old or older):
 - VOE and current pay stub (dated within 30 days of submission)
 - Current award letter for SSI or SSA income
 - Current Aid Verification Summary for AFDC income
 - Alimony/child support – provide a copy of the court order or cancelled checks
 8. Last three (3) years Federal tax returns, re-signed with applicant's "wet" signature or a processor's certification. SHRA will not accept incomplete tax returns; SHRA will not accept a U.S. Individual Income Tax Declaration for Electronic Filing without the supporting tax filing information. Please note: Applicants may obtain, free of charge, a printout of their tax returns from the local IRS office. (In the period from January 1 thru April 15, SHRA will accept an Income Tax Affidavit with W-2 and/or year-end pay stub in lieu of the preceding year tax return, if not yet filed.)

FOR CITY CLERK USE ONLY

RESOLUTION NO.: 2001-057
DATE ADOPTED: NOV 20 2001

9. Copy of applicant's credit report
10. Preliminary title report
11. Copy of the complete property appraisal report
12. Appraiser Certification Form (if pre 1978)

B. SHRA staff will review the tax returns and calculate income to ensure that the applicant/borrower meets the eligibility requirements of the program. The appraisal is reviewed (along with the Agency property inspection if applicable) to ensure that the property meets the requirements of the program.

C. If all documentation is complete and the applicant and property are eligible, the FTHB Commitment is completed and referred to the Loan Processing Unit Manager, or designee, for review and approval. The Loan Processing Unit Manager, or designee, may add conditions to the loan approval. The FTHB loan approval is faxed to the lender.

VII. DOCUMENT PREPARATION AND LOAN SETTLEMENT

A. After FTHB loan approval, SHRA staff will prepare the following documents and forward them to the title company for loan settlement:

1. Promissory Note
2. Deed of Trust
3. Loan Agreement
4. Request for Copy of Notice of Default
5. Truth in Lending Disclosure
6. Escrow Instructions

B. The title company is instructed to provide a copy of the insurance policy and the estimated HUD I for SHRA's review prior to SHRA releasing funds.

C. SHRA will forward FTHB loan funds to the title company after lender provides all prior to funding conditions.

Notice: These are not the complete requirements for the FTHB loan, some of which are dependent upon the applicable funding source. Full requirements are in the loan documents available from SHRA.

FOR CITY CLERK USE ONLY

RESOLUTION NO.: 2001-057

DATE ADOPTED: NOV 20 2001



**TARGET AREA HOME BUYER PROGRAM
ADMINISTRATIVE GUIDELINES**

I. PROGRAM DESCRIPTION AND GOAL

A. Program Description

The Sacramento City Council and the Sacramento County Board of Supervisors have authorized the following Target Area Home Buyer Programs (TAHB) to help home buyers purchase homes by providing financial assistance towards down payment and closing costs:

- Oak Park Home Buyer Program
- Franklin Boulevard Home Buyer Program
- Del Paso Heights Home Buyer Program
- North Sacramento Home Buyer Program
- Southside Park Home Buyer Program

B. Goal

The goal of the TAHB program is to help low- to moderate-income home buyers purchase homes in target areas which they can afford with a minimal amount of Agency assistance in order to promote home ownership in these areas.

II. PROGRAM TERMS AND CONDITIONS

- A. Form of Assistance** – A forgivable promissory note in favor of the Agency.
- B. Calculation of Assistance** – The assistance is calculated at five percent (5%) of the value of the property, as defined herein and subject to the limitations below.
- C. Maximum Assistance Amount** – The maximum amount of assistance is \$5,000.
- D. Interest Rate** – The interest rate is five percent (5%) per annum, simple.
- E. Term** – The loan has a ten year (10) term or is due upon sale or refinancing of the property. (Sale prior to year 10 may be subject to recapture provisions).
- F. Loan-To-Value** – The total of all loans secured by the property shall not exceed 102% of value. On FHA financing, the mortgage insurance premium is not

(20

FOR CITY CLERK USE ONLY

RESOLUTION NO.: 2001-057

DATE ADOPTED: NOV 20 2001

of the property or the unsubsidized sales price. Waivers may be granted for non-Agency subordinate financing.

- G. Use of funds** – The funds may be used to pay for a portion of the buyer’s down payment and closing costs.
- H. Borrower Contribution** – The applicant/borrower must contribute a minimum cash amount towards the purchase price to be determined by the first mortgage lender. The minimum cash contribution required by the FTHB program is \$500.
- I. Application Fee** – There is a \$75 application fee to reserve TAHP funds. This is a non-refundable fee.
- J. Other terms**
 - 1. Loans may be secured by a subordinated deed of trust on the property.
 - 2. The principal amount of the promissory note and proportionate share of accrued interest shall be forgiven for properties located: 1) Oak Park, Del Paso Heights, North Sacramento and Southside Park at the rate of 12.5% per year, beginning in the third year of the loan; 2) Franklin Boulevard, at the rate of 10% per year, beginning in the first year of the loan.
 - 3. Borrowers must maximize their use of funds provided by the first mortgage lender. This may be evidenced by either 1) a housing ratio of greater than or equal to 30% or 2) a loan-to-value ratio of the first mortgage of greater than or equal to 95%.
 - 4. Funding is contingent upon the applicant/borrower obtaining a first mortgage loan.
 - 5. First mortgage financing may be FHA insured mortgages, CHFA mortgages, conventional mortgages, PERS mortgages.
 - 6. All applicants must attend two homebuyer education classes, including “The Home Buying Process” (or equivalent) and “Home Maintenance/Good Neighbors”, and receive completion certificates for each class.
 - 7. Agency loans are assumable by qualified purchasers, subject to Agency approval.
 - 8. Loan funds may be used in conjunction with Mortgage Credit Certificates only in Agency-designated target areas.
 - 9. Non-occupant co-mortgagors are not allowed. A co-signor may be allowed. The co-signor may not be on title.

FOR CITY CLERK USE ONLY

RESOLUTION NO.: 2001-057

DATE ADOPTED: NOV 20 2001

III. APPLICANT ELIGIBILITY

A. Qualifying Income Limits

The qualifying income* of an applicant/borrower must not exceed 120% of the area median, adjusted for family size as determined by HUD. As of April 6, 2001, the 120% of median income figures are as follows:

<u>Household Size</u>	<u>120% of Median</u>
1	\$47,300
2	\$54,050
3	\$60,800
4	\$67,550
5	\$72,950
6	\$78,350

*Qualifying income is calculated by totaling current gross income for all persons 18 years of age or older who will occupy the residence. The income is annualized forward over a twelve-month period. Income includes all salaries, wages, overtime, and bonuses before payroll deductions. It also includes earnings from interest on savings and checking accounts, dividend payments, retirement/pension payments, annuity payments, social security payments, unemployment, disability, public assistance, alimony, child support or regular gifts. Imputed income from assets in excess of \$5,000 will be included in qualifying income.

IV. PROPERTY GUIDELINES

- A. The property must be located within the designated target area.
- B. The property may be a single family dwelling or condominium unit. Duplexes, fourplexes, or mobile homes are not eligible.
- C. Properties that are tenant-occupied at the time of sale are not eligible for assistance under the Target Area Home Buyer Program. The property must be either vacant, occupied by the seller, or occupied by the buyer at the time the sales contract is fully executed. A "Seller's Additional Representations and Warranties" form is required.
- D. The property must be occupied by the borrower as his/her principal residence for the term of the Agency loan. The home may not be rented without prior approval of the Agency.
- E. The appraised value may not exceed the HUD Section 203(b) mortgage limit for the area, which is currently \$188,100.

FOR CITY CLERK USE ONLY

RESOLUTION NO.: 2001-057
DATE ADOPTED: NOV 20 2001

F. The property must meet minimum housing quality standards. A property inspection will be required. (On FHA first mortgages, the FHA appraisal will be accepted in place of an Agency property inspection.) Any items not meeting minimum housing quality standards must be repaired prior to close of escrow.

G. Flood Insurance

If the property is located in a special flood hazard area, flood insurance will be required.

V. APPLICATION PROCEDURES

The homebuyer applies through one of the participating lenders for assistance under the TAHB Program.

A. Reservation Process

In order to reserve funding under the TAHB program for a specific homebuyer, the lender needs to submit the following to SHRA as soon as possible after loan application has occurred:

1. TAHBReservation Request Form
2. Check for \$75 made payable to SHRA
3. Copy of lender's loan application
4. Attachment to Loan Application
5. Notice of Access of Information
6. Supplement to Application for Financial Assistance
7. Application Disclosure for TAHB Loans
8. Fully executed Purchase Agreement
9. Seller's Additional Representations and Warranties

B. SHRA staff will then review the information, and if complete, issue a reservation for funds which is valid for 60 days. This is not an approval, but a reservation for the funds. The reservation is faxed to the lender. The reservation may be extended for an additional 30 days upon request of the lender.

VI. COMMITMENT PROCESS

A. To obtain a Commitment for the TAHB loan, the lender must submit the following documentation at least two (2) weeks prior to the anticipated close of escrow. This time is needed in order to review and approve (or deny) the loan, prepare the loan documents, and order the funding check:

1. TAHB Commitment Request Form
2. Community Home Buyer Certificate
3. Property Maintenance/Good Neighbor Training Certificate

FOR CITY CLERK USE ONLY

RESOLUTION NO.: 2001-057

DATE ADOPTED: NOV 20 2001

4. Lender's loan approval for the first mortgage and underwriter's evaluation
5. Good Faith Estimate
6. Mortgage Credit Analysis Worksheet (MCAW) – signed by the underwriter
7. Income Verification (for all household members 18 years old or older):
 - VOE and current pay stub (dated within 30 days of submission)
 - Current award letter for SSI or SSA income
 - Current Aid Verification Summary for AFDC income
 - Alimony/child support – provide a copy of the court order or cancelled checks
8. Copy of applicant's credit report
9. Preliminary title report
10. Copy of the complete property appraisal report

- B.** SHRA staff will review the income documentation and calculate income to ensure that the applicant/borrower meets the eligibility requirements of the program. The appraisal is reviewed (along with the Agency property inspection if applicable) to ensure that the property meets the requirements of the program.
- C.** If all documentation is complete and the applicant and property are eligible, the TAHB Commitment is completed and referred to the Loan Processing Unit Manager, or designee, for review and approval. The Loan Processing Unit Manager, or designee, may add conditions to the loan approval. The TAHP loan approval is faxed to the lender.

VII. DOCUMENT PREPARATION AND LOAN SETTLEMENT

- A.** After TAHB loan approval, SHRA staff will prepare the following documents and forward them to the title company for loan settlement:
1. Promissory Note
 2. Deed of Trust
 3. Loan Agreement
 4. Request for Copy of Notice of Default
 5. Truth in Lending Disclosure
 6. Escrow Instructions

FOR CITY CLERK USE ONLY

RESOLUTION NO.: 2001-057
DATE ADOPTED: NOV 20 2001

- B. The title company is instructed to provide a copy of the insurance policy and the estimated HUD I prior to SHRA releasing funds.
- C. SHRA will forward TAHB loan funds to the title company after lender provides all prior to funding conditions.

Notice: These are not the complete requirements for the FTHB loan, some of which are dependent upon the applicable funding source. Full requirements are in the loan documents available from SHRA.

FOR CITY CLERK USE ONLY

RESOLUTION NO.: 2001-057

DATE ADOPTED: NOV 20 2001