

Effective June 12, 2014

First Time Home Buyer Assistance Program

Information Summary

The First Time Home Buyer Assistance Program (FTHB) is designed to promote home ownership for low-income, first time homebuyers. Assistance is in the form of a deferred loan (second mortgage), due and payable upon sale, default or transfer of property. The amount of assistance cannot exceed \$100,000 and no more than forty percent (40%) of a home's value. **The maximum sales price shall not exceed \$258,000 for resale homes using federal funds and \$300,000 for newly constructed homes using federal funds and \$300,000 for existing or new construction homes using state funds.** The combined loan to value cannot exceed 97%.

Housing Ratio

Housing expenses for PITI (Principal, Interest, Taxes, Insurance, Mello Roos, Mortgage Insurance, Homeowner Association Dues) are to be between 30% and 35% of gross monthly household income. Debt Ratio shall not exceed 47%. Please note this is the County's program requirement and the first mortgage underwriter may have more stringent ratios (See FHA Regulations 4155.1 Revision 4 for ratio limits). The participant will be subject to the more stringent lenders ratio requirement. The combined loan to value cannot exceed 97%.

Income Eligibility

Eligible participants must have annual gross household income at or below eighty percent of the median income for Placer County adjusted for family size 2014 annual income limits are listed in the table below: **Effective May 1, 2014, the annual income limits for federally funded programs, with loans up to \$100,000 have been reduced from 2013 levels. State funded program limits remain the same as 2013, these state funds are for loans up to \$50,000.**

FEDERAL INCOME LIMITS EFFECTIVE MAY 2014 (loans up to \$100,000)

1 person	2 persons	3 persons	4 persons	5 persons	6 persons	7 persons	8 persons
38,550	44,050	49,550	55,050	59,500	63,900	68,300	72,700

STATE INCOME LIMITS EFFECTIVE FEBRUARY 2014 (loans up to \$50,000)

1 person	2 persons	3 persons	4 persons	5 persons	6 persons	7 persons	8 persons
42,650	48,750	54,850	60,900	65,800	70,650	75,550	80,400

First Time Home Buyer

Eligible participants (both applicant and co-applicant) must meet one of the definitions of a first time Home Buyer as described below:

1. Applicant(s) shall not have owned a home, except a mobile home not affixed to a permanent foundation, during the three years prior to applying for assistance under the County's Assistance Program; or
2. A displaced homemaker who, while a homemaker, owned a home with his or her spouse or resided



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in a home owned by the spouse. A displaced homemaker is an adult who has not, within the preceding 2 years, worked on a full-time basis as a member of the labor force for a consecutive twelve-month period and who has been unemployed or under-employed, experienced difficulty in obtaining or upgrading employment and worked primarily without remuneration to care for his or her home and family; or

3. A single parent who, while married, owned a home with his or her spouse or resided in a home owned by the spouse. A single parent is an individual who is unmarried or legally separated from a spouse and has one or more minor children for whom the individual has custody or joint custody or is pregnant; or

4. An individual or individuals who owns or owned, as a principal residence during the 3-year period before the purchase of a home with HOME assistance, a dwelling unit whose structure is not permanently affixed to a permanent foundation in accordance with local or state regulations; or not in compliance with state, local, or model building codes and cannot be brought into compliance with such codes for less than the cost of constructing a permanent structure.

Additional Requirements

Borrower Investment

Borrowers must invest a minimum of 3% of the purchase price towards the sales transaction. This must be from the borrower's own funds or a personal gift of funds. Gifts of the sales transaction are not allowed for this purpose.

First Time Home Buyer Education

Participants in the County's First Time Homebuyer Assistance Program are required to complete Home Buyer's Education Training. Neighbor Works is the approved provider, to schedule your training contact Neighbor Works at www.nwsac.org/workshops. Prior to close of escrow, participant(s) must provide Home Buyer's Seminar certificate of completion for all three classes (Home Buying Process, Budgeting, Home Maintenance/Good Neighbor), for a total of 8 hours of class training.

Selection of a Home

The home selected must be located within unincorporated Placer County (No homes within an incorporated area of Placer County such as Roseville, Rocklin, Loomis, Auburn, Colfax, etc. are eligible). For information on other housing programs:

Roseville www.roseville.ca.us/housing,

Rocklin www.rocklin.ca.gov/government/development/housing,

Lincoln www.ci.lincoln.ca.us/home.cfm.

The home must be owner-occupied or the home must be vacant for a minimum of three months. For sale, rental property, occupied by a tenant is not eligible for the County's Assistance Program, unless the current tenant is the home purchaser.

Type and Condition of Home

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Single-family dwellings, condominiums, half-plexes, and manufactured homes on permanent foundations are eligible for purchase under the Program. Any dwelling purchased with a loan under this Program must be of appropriate size and number of bedrooms for the number of persons in the purchaser's household.

Owner-Occupancy Restrictions

The property being assisted with County funds is restricted to owner occupancy for the 30-year term of the loan. If, during the loan period the property is sold, title is transferred to someone other than the original spouse, the property becomes a rental or the borrower is in default of any terms of loan agreements, the loan becomes due and payable along with any interest due.

The County will inspect the dwelling for compliance with Housing Quality Standards (basic health and safety requirements). A pest control report and clearance of Section 1 repairs are required. Any violation of the health and safety or pest control standards must be corrected prior to County's final approval of a loan for the unit. (NOTE: Exceptions can be made if homebuyer is using 203(k) financing, for the first mortgage. 203(k) is a federally funded program which allows the homebuyer to finance both a mortgage and a rehabilitation loan into one primary loan.)

Loan Terms

The County's 3% simple interest loan is a deferred payment, 30-year loan, secured by a promissory note and deed of trust. The loan for the first mortgage **must** be a minimum 30-year, fixed term loan; an exception may be made when combined with a USDA Rural Development loan.

The County's note becomes due and payable if the home owner defaults on the terms of the loan, sells the property, rents the property, no longer owner occupies the property, adds someone to title without the County's authorization, changes the use from single family residential, or 30 years, whichever occurs first. The note becomes due and payable upon refinance, if the refinance is not approved by the County or the refinance exceeds the homeowner's equity at the time of refinance.

Monitoring

The County will monitor annually to ensure the home has remained the program participant's primary residence. This monitoring may require contacting the homeowner annually or the homeowner providing an annual signed certification to the County.

Recapture of Investment

Term: The Promissory Note shall be for a term of Thirty (30) years at which time all unpaid principal and interest will be due and payable. Said maturity shall be on the same day of the year as the Date of the Note.

How to Apply

Fill out an interest form. When we have received your completed interest form and you meet the program requirements you or your lender will be sent an application packet.

