CalHOME Down Payment Assistance Program

Community Development Department – Housing Authority Division

2015 Lender Training

OVERVIEW

- Purpose
- Eligibility Requirements
- CalHOME Terms & Conditions
- Income Qualifying
- Roles and Responsibilities
- Application Processing

CalHOME Program

- State Department of Housing and Community Development
  - To support existing homeownership programs targeted at lower and very-low income households and operated by private nonprofits and local governments agencies…"
    - Mortgage Assistance Program (DPA)
    - Owner-Occupied Rehabilitation Program

Eligibility Requirements

Household Income	At or below 80% AMI
Sales Price	Not to exceed $305,000
Maximum Subsidy Amount	Up to 25% of sales price or $50,000 (whichever is less)
Eligible Properties	Single-family homes, townhomes/condominiums, and manufactured homes located in the Riverside city limits
Homeowner Contribution	Applicant must be able to contribute a minimum of 3% of the purchase price
First Time Homebuyer	Applicant cannot have owned a home in the last three years
Owner-Occupancy	Home must remain owner-occupied during the life of the loan
FICO Credit Score	580 minimum (or consistent with FHA guidelines)

2015 Maximum Annual Household Income Limits

Household Size	80% AMI
1	$37,550
2	$42,900
3	$48,250
4	$53,600
5	$57,900
6	$62,200
7	$66,500
8	$70,800

Eligible Properties

- Located within the Riverside city limits
- Meet City Permit Standards
- Property Types:
  - Single-family homes
  - Townhomes/condominiums
  - Manufactured homes
    - Fixed to a Permanent Foundation

** Pre-approval must be obtained first before an offer is made on a property*

Eligible Properties (Cont'd)

- Standard Sales
- Real Estate Owned (REO)
  - Vacant for 90 days
- In Danger of Foreclosure
- Short Sale (voluntary sale)
- Owner-occupied only

Property Standards

- Housing Quality Standards
- Free of health and safety issues
- Code violations

For rehabilitation funds, please check with a lender to qualify for HUD's 203(k) rehabilitation loan.

Buyer Contribution $$

- 3% of Purchase Price
  - May include Gift Funds not to Exceed 2%
- 1% Reserve of purchase price for contingencies prior to the close of escrow
  - Applicant must provide funding statements with a minimum balance of 4% with application packet and at the close of escrow
- Family Assets Shall Not Exceed 12 months of household's income

First Time Homebuyer Criteria

- No Prior Home Ownership for Past 3 Years
  - Last 3 Years Tax Return for Verification
- Must be a US Citizen or Qualified Alien
- Must attend an in-person HUD-Approved 8-hour Homebuyer Education Class

Credit Score

- Minimum Credit Score:
  - 580 or Consistent with FHA
- Bankruptcy Discharged 4 Years
- Judgments, Collection, Involuntary Liens Paid
- No Delinquencies in the past 24 months
- No Past Due Accounts

Loan Terms and Conditions

- First Mortgage Loans:
  - 30-year term
  - Fixed interest rate at or below market rate
  - Not more than 95% of median purchase price
  - Shall not include:
    - Provisions for negative amortizations
    - Principal increases of deferred interest
    - Graduated payment loans

Loan Terms and Conditions

- CalHOME Loans:
  - 30-Year Term @ 3% interest rate
  - Payments deferred for the term of loan
  - Loan Payable upon:
    - Sale or transfer of property
    - When property is no longer owner-occupied
    - The loan maturity date
  - Shall be secured by the property
  - CalHOME financing is intended to be "gap" financing….!

Closing Costs

DPA funds can be used to pay for the buyer's closing costs providing the cost does not exceed 3% of the loan amount…

Calculating Income

- Underwriting Procedures
- Current gross earnings - annualize forward 12 months
  - OT, Commission, Tips/Bonuses and Fees
- Income verification must be current
  - Not more than six months at time of loan approval

Calculating Income…

- Self-employed Borrower
  - Use net income
- Seasonal workers
  - Determine flow of pay and use YTD

Other Income…

- Interest and Dividends
- Periodic Payments
- Unemployment/Disability Payments
- Public Assistance

Debt Ratios

- Housing Ratio (Front End):
  - Min - 28%
  - Max - 35%
- Debt-to-income Ratio (Back End):
  - Max Debt-to-Income Ratio - 42%
- Included in the Debt-to-Income Ratio:
  - Co-signed, Deferred & Secured Loans

Lender's Role

- Lender Participation Agreement
  - Signed by two Corporate Officers (Attachment)
  - Corporate Resolution required
- Lender Participation Fee
  - $100 per Loan Officer
  - $50 for amendments (moves) where Loan Officers paid with personal funds

Lender's Role

- Pre-qualifies borrowers simultaneously for both loans
- Informs all parties involved about the DPA Program details and guidelines
  - Borrower, Realtor, etc.
- Submits DPA application to the City staff for review and approval

Borrower Requirements

- Application fee of $100
  - *Refunded if application not approved*
- Additional information as needed
- Homebuyer Education Class
- CalHOME DPA Program Documents:
  - Promissory Note
  - Deed of Trust
  - Loan Agreement
  - Disclosure Statement

Application Processing

- 10 Business Day Review
- Selection of Property - Phase II
- Applications on First-Come, First-Served Basis
- From City Approved Lenders Only
- Only complete applications will be accepted

Questions

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Contact Information:

Community Development Dept.

3900 Main Street, 3rd Fl.

Riverside, CA 92522

(951) 826-5371

www.riversideca.gov/housing/downpaymentassistance.asp