

RESOLUTION NO. 2003-236

ADOPTED BY THE SACRAMENTO CITY COUNCIL

ON DATE OF


**ADOPTION OF THE MORTGAGE ASSISTANCE PROGRAM AND  
THE PROGRAM LAYERING POLICY**

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF SACRAMENTO:


Section 1. The "Mortgage Assistance Program" as described in Attachment III, Program Guidelines, attached to the staff report that accompanies this resolution, is adopted and the Executive Director is authorized to make technical changes to the guidelines and program loan documents as necessary to comply with applicable law and to fully implement the policy, subject to approval of Agency counsel.

Section 2. A public hearing having been held, the 2003 Community Development Block Grant Action Plan to reflect the creation of the Mortgage Assistance Program, as provided in the staff report that accompanies this resolution.

Section 3. The Program Layering Policy as described in Attachment V to the staff report that accompanies this resolution is adopted and the Executive Director is authorized to make technical changes to this policy as necessary to comply with applicable law and to fully implement the policy, subject to approval of Agency counsel.

  
MAYOR

ATTEST:

  
CITY CLERK

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FOR CITY CLERK USE ONLY

RESOLUTION NO.: 2003-236  
DATE ADOPTED: APR 29 2003



# Fact Sheet

1013-7th Street, Suite 200  
SACRAMENTO, CA 95814 (916) 264-1500

## Mortgage Assistance Program PROGRAM GUIDELINES

<b>Mortgage Assistance</b>	The Mortgage Assistance Program helps low-income first-time home buyers by providing assistance which reduces the amount of the first mortgage.
Form of Assistance:	A deferred payment loan secured by a deed of trust.
Maximum Amount of Assistance	The maximum amount of assistance is \$20,000. However, the assistance will be determined based upon the minimum amount needed to achieve affordability.
Interest Rate:	The interest rate will be three percent (3%), simple interest.
Loan Term:	Thirty (30) years or due upon sale or transfer of the property. Refinances must be approved by the Agency subject to Agency subordination policy.
Loan-To-Value:	The total of all loans secured by the property shall not exceed 105% of value.
Use of Funds:	Funds may only be used to reduce the amount of the first mortgage, including 50% of the required down payment.
Housing Debt Ratio:	<p>Monthly housing costs shall be no less than 28% of the borrower's gross monthly income and no more than 35%. However, with compensating factors the housing costs can exceed 35%, but not 40%. The total debt ratio may be determined by the lender's underwriting guidelines.</p> <p>However, if tax increment funds are used, the affordability standard will be determined compliance with State redevelopment law.</p>
Borrower's Contribution	The applicant/borrower must contribute 50% of the required down payment. Applicant/borrower contribution may be from gift funds or other secured financing (other than Agency funds).
Other Terms:	<ul style="list-style-type: none"> <li>• Loans will be secured by a subordinated deed of trust on the property.</li> <li>• Funding is contingent upon the applicant/borrower obtaining a first mortgage loan.</li> <li>• First mortgage financing may be FHA insured mortgages or conventional mortgages.</li> <li>• All applicants must attend two homebuyer education classes including "The Home Buying Process" (or equivalent) and "Home Maintenance" and receive certifications of completion.</li> <li>• Agency loans are assumable by qualified purchasers, subject to Agency approval.</li> <li>• Non-occupant co-mortgagors are not allowed. A co-signer may be allowed. The co-signer must not be on title or occupy the property.</li> <li>• The property will be subject to a 45-year regulatory agreement if tax increment funds are used. Recapture shall consist of the original Agency funding plus the accrued interest as a share of the net equity.</li> </ul>

**Eligibility of Applicant:**

The applicant must be a first-time homebuyer or must not have owned a home as his/her principal place of residence within the proceeding three (3) years.

The qualifying income\* of a borrower/applicant must not exceed 80% of the area median income, adjusted for family size as determined by HUD. As of February 20, 2003, the 80% of median income figures are as follows:

<u>Household Size</u>	<u>80% of Median</u>
1	\$33,500
2	\$38,250
3	\$43,050
4	\$47,850
5	\$51,650
6	\$55,500

\* 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, unemployment, disability, public assistance, alimony, child support or regular gifts. Actual, or imputed, interest income from assets over \$5,000 will be included in qualifying income.

**Property:**

The property must be located within the City or County of Sacramento. This program is not available in Citrus Heights or Elk Grove.

The property may be a single family dwelling or condominium unit. Duplexes, fourplexes or mobile homes are not eligible.

Properties that are tenant-occupied at the time of sale are not eligible for assistance under the Mortgage Assistance Program. The property must be either vacant, occupied by the seller, or occupied by the buyer at the time the buyer first makes an offer on the property. The seller must provide a representations and warranties statement regarding the occupancy status of the property.

The property must be occupied by the applicant/borrower as his/her principal residence for the term of the Agency loan.

The appraised value may not exceed the HUD 203(b) mortgage limit for the area, which currently is \$261,609. If tax increment funds are used, the cost of the property must not exceed the affordable housing cost as determined at the time. The property must meet minimum housing quality standards. An inspection will be required if the loan is conventional. If the loan is an FHA loan, the appraisal may be used in the place of an inspection.

Properties built prior to 1978 are subject to the Lead-Based Paint regulations.

**Application Procedures:**

To apply for the program please contact any of the lenders on the attached list. For additional information or questions call SHRA at (916) 264-1500, or visit our web site at [www.shra.org](http://www.shra.org).



Equal Housing Opportunity

**SHRA Homebuyer Assistance Programs  
Program Layering Policy**

The purpose of this policy is to maximize and target the benefits of the Agency homebuyer assistance programs to the lower-income homebuyers and/or to properties which are located in Agency target areas or low-income areas. This policy does this by allowing Agency programs to be combined as follows:

Households up to 60% area median income or property located in target area may layer three programs:

- MAP, plus FTHB (or HAP), and MCC
- CalHome plus FTHB (or HAP) and MCC

60% - 80% area median may combine any of the two following programs

- MAP plus MCC
- MAP plus FTHB (or HAP)
- FTHB (HAP) plus MCC, or
- CalHome plus FTHB (HAP)
- CalHome plus MCC
- HCV plus FTHB
- Expanded Teacher Home Purchase Program (MCC plus \$7,500)

80% + area median as program guidelines allow:

- Target Area Program plus MCC (properties located in target areas)
- MCC Alone
- Expanded Teacher Home Purchase Program (MCC plus \$7,500)

**Target Area Definitions:**

City target areas include residential redevelopment areas including: Alkali Flat, Del Paso Heights, North Sacramento, Oak Park, Army Depot, Franklin Boulevard, and Stockton Boulevard. In addition to established redevelopment areas, the target areas also include Northgate, Weed and Seed neighborhood, and Parker Homes/McClellan Heights neighborhood. Target areas will include new or revised redevelopment areas as they are adopted. City target areas also include the MCC and CalHome federally designated target areas. These census tracts are on file in the Loan Processing Department.

County target areas include all census tracts that have been designated as low-moderate income and the federally designated target areas. County target areas also include the MCC and CalHome federally designated target areas. These census tracts are on file in the Loan Processing Department.

### **Combined Loan- to-Value**

To enable the multiple layering of various down payment, closing costs, and mortgage assistance programs, the Agency will allow a maximum combined loan-to-value ratio not to exceed 105% on the FTHB, Target Area and MAP programs. This not only includes Agency assistance, but other assistance programs as well. The maximum ratio does not include the mortgage insurance premium or Energy Efficient Mortgage.

Existing FTHB and Target Area Home Buyer Program Guidelines contain a provision which states “borrowers must maximize their use of funds provided by the first mortgage lender by either 1) housing ratio of greater than or equal to 30% or a 2) loan-to-value ratio of the first mortgage of greater than or equal to 95%”. The purpose of this guideline is to demonstrate a “need” of the borrower for Agency assistance. When there are multiple loans securing the property, this guideline shall encompass all secured mortgages on the property (excluding Agency financing).