

# RESOLUTION NO. 98-011

ADOPTED BY THE REDEVELOPMENT AGENCY OF THE CITY OF SACRAMENTO

ON DATE OF FEB 03 1998

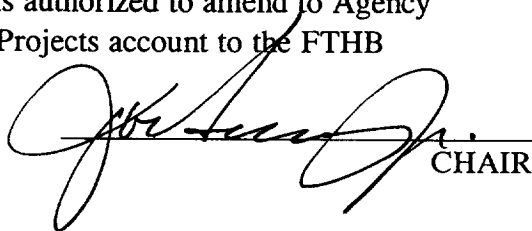
## FIRST-TIME HOME BUYER PROGRAM FUNDING APPROPRIATION AND PROGRAM MODIFICATION

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

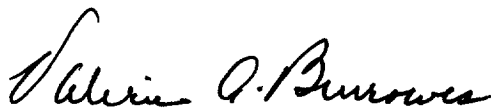
Section 1. The Sacramento Housing and Redevelopment Agency's ("Agency") First Time Home Buyer ("FTHB") Program Guidelines attached as Attachment I are approved as modified.

Section 2. The Executive Director is authorized to approve loans, execute the loan agreements and related documents and to enter into agreements, modify guidelines, and perform other actions necessary to provide said assistance under the FTHB Program in accordance with the FTHB Guidelines, and the rules and regulations of the HOME program and to ensure appropriate repayment of HOME monies, including without limitations, subordination, extensions, reconveyance, assignments, and restructuring of repayments, all as approved by Agency Counsel.

Section 3: The Executive Director is authorized to amend to Agency budget to transfer \$150,000 from the HOME Special Projects account to the FTHB Program.

  
CHAIR

ATTEST:



SECRETARY

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# Fact Sheet

P.O. BOX 1834, SACRAMENTO, CA 95812-1834

**FIRST-TIME HOME BUYER PROGRAM GUIDELINES**

General Information

- Program Description:** The First-Time Home Buyer (FTHB) program helps home buyers purchase homes by providing financial assistance towards down payment and closing costs.
- Program Goals:** 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 .
- Form of Assistance:** A forgivable promissory note in favor of the Agency.
- Calculation of Assistance:** ~~Five~~ ~~four~~ percent (5 ~~4~~%) of the value of the property as defined herein and subject to the limitations below.
- Maximum Assistance:** \$5,000
- Interest Rate:** Five percent (5%) per annum, simple.
- Term:** Ten (10) years or due upon sale or refinancing of the property. (Sale prior to year 10 may be subject to recapture provisions)
- Loan-To-Value:** The total of all loans secured by the property shall not exceed 102% of value. "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. However on FHA financing, the second mortgage when combined with the first may not exceed the estimated value of the property including all closing costs.
- Use of Funds:** Funds may be used to pay for a portion of the buyer's down payment, and closing costs.
- 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 applicant cash contribution required \$500. ~~Payment of appraisal, credit report, escrow set-up, and SHLCC Maintenance course fees is presumed to meet this requirement.~~
- Other Terms:** The principal amount of the promissory note and proportionate share of accrued interest shall be forgiven for properties located:  
1) in the City of Sacramento at the rate of 12.5%, beginning in the third year of the loan; 2) in the County of Sacramento at the

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- rate of 10% per year, beginning in the first year of the loan.
- Loans may be secured by a subordinated deed of trust on the property.
- 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 loan of greater than or equal to 95%.
- Agency Loans are assumable by qualified purchasers, subject to Agency approval.
- Funding is contingent upon the applicant/borrower obtaining a first mortgage loan.
- All applicants must attend home buyer education classes and receive community home buyer certification. Such classes will include training stressing proper property maintenance and "good neighbor" practices.
- Loan funds may be used in conjunction with Mortgage Credit Certificates only in Agency-designated target areas.

**ELIGIBILITY**

Applicant:

The applicant must be a first-time home buyer or must not have owned a home as his/her principal place of residence within the preceding 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 January 1, 1997, the 80% of median income figures are as follows:

Household Size	80% of Median
1	\$27,100
2	\$31,000
3	\$34,900
4	\$38,700
5	\$41,800
6	\$44,900

\* Qualifying income is calculated by totalling current gross income for all person 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.

Property:

- The property must meet minimum housing quality standards. A home inspection will be required.
- The property must be occupied by the applicant/borrower as his/her principal residence for the term of the Agency loan. The home may not be rented without the prior approval of the Agency.
- The appraised value may not exceed the HUD 203(b) mortgage limit for the area, which currently is \$151,050.

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