

City of Riverside
Development Department

Down Payment Assistance Program **POLICY, PROCEDURES, AND GUIDELINES**

Housing & Neighborhoods Division

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1) INTRODUCTION

- a) **Purpose.** The City of Riverside Development Department Housing & Neighborhoods (H&N) has a Down Payment Assistance (DPA) Program available to eligible first time homebuyers. The primary objective of the DPA Program is to provide housing inventory on a continuing basis, which will be available for purchase by low to moderate income first time homebuyers. The Program will be available only to first time homebuyers who have not owned a home in the last three years. There are actually two different loan products within the DPA Program. The Level I program is for families earning at or below 80% of the Area Median Income (AMI); Level II is for families earning more than 80% but less than 120% of AMI. The program is funded with HOME Investment Partnership (HOME), CalHome, and the City's Redevelopment Housing funds. These funds are restricted to assisting households that fall within the income limits identified above. A brief summary of the differences are illustrated below. For details, please refer to the appropriate section of these guidelines.

| | Level I | Level II |
|---|---|-----------------------------|
| Funding Source | HOME & CalHome | Redevelopment Housing Funds |
| Family Income | At or below 80% AMI | Between 80% and 120% AMI |
| Sales Price | Not to exceed \$200,000 | Not to exceed \$250,000 |
| Maximum Subsidy Amount | 25% of the sales price (CalHome funds cannot exceed \$40,000 per household. Applicants can use a combination of CalHome and HOME funds.) | 25% of the sales price |
| Period of Affordability Covenant | Fifteen years | Forty five years |

- i) The Annual Income of the household receiving HOME funds shall not exceed 80% of AMI published by HUD, as may be amended from time to time.
- ii) The Annual Income of the households receiving CalHome shall not exceed 80% of AMI and households receiving Redevelopment Housing funds shall be between 80% and 120% of AMI published by the State of California Housing & Community Development (Section 50079.5 of the Health and Safety Code).
- iii) The DPA Program will provide down payment assistance as a silent-second loan to low to moderate income first time home buyers in an amount not to exceed 25% of the purchase price. The maximum amount of assistance is the gap financing limit such that the housing payment to income ratio (back end ratio) is between the range of 25% and 35% for households at or below 80% AMI and between the range of 28% and 35% for households between 80% and 120% AMI. The total amount of down payment assistance can not exceed \$50,000. The first loan must be a fully amortized, fixed rate; thirty-year mortgage and H&N Assistance will be secured by a deed of trust recorded in second position to the first mortgage.
- iv) All buyers participating in the DPA Program shall agree to the terms and conditions of an Affordability Period.
- v) The Affordability Period provides that if the property is re-sold within the period of affordability, it will be offered or otherwise be made available for purchase by qualified low to moderate income families. If the property is no longer maintained as the principal residence of the buyer or is sold prior to the end of the Affordability Period, and the purchaser is not eligible for this Program, all County funds invested in the property must be repaid. Properties that remain affordable to program participants throughout the Affordability Period will have the Agency's investment converted to a grant. This program is available to homes being purchased within the unincorporated areas of Riverside County and the cooperating cities listed in Appendix B.

b) **HOME Program**

- i) HOME is a federally funded, large scale grant program for housing. Funds are allocated by formula to participating State and local governments. The HOME program is designed as a partnership among the Federal government, state and local governments and those in the for-profit and non-profit sectors who build, own, manage, finance and support low income housing initiatives.
 - ii) The City of Riverside is a designated participating jurisdiction under the HOME Program. The City receives an annual formula allocation for use in city limits. The DPA Program is one of the activities that the City is funding with HOME funds. The City also issues periodic Notices of Funding Availability (NOFA's) to solicit applications under the HOME Program. Due to the use of HOME funds to operate the DPA Program, a number of federal requirements apply to this program, as explained in this manual.
- c) **CalHome Program.** The Program is funded with an allocation of funds from the California Department of Housing & Community Development ("HCD") pursuant to Chapter 6 of Part 2 of Division 31 of the Health and Safety Code, commencing with Section 50650 (the "CalHome statutes") and regulations found in Title 25 of the California Code Regulation, Division 1, Chapter 7, Subchapter 9 commencing with Section 7715 (the "CalHome Regulations"), all as amended and in effect from time to time. The City of Riverside received a grant from the CalHome Program to fund Mortgage Assistance loans. Due to the use of CalHome funds to operate the DPA Program, a number of state requirements apply to this program, as explained in this manual.
- d) **Redevelopment Housing Program.** The Redevelopment Agency of the City of Riverside has the ability to provide down payment assistance to moderate income households utilizing Redevelopment Housing funds. Pursuant to California Redevelopment Law, Redevelopment Agencies are required to set-aside 20 percent of their tax increment revenue received for the purpose of preserving, creating, and/or improving access to affordable housing for low- to moderate-income households. Loans funded with Redevelopment Housing funds are restricted to first time homebuyers with household incomes between 80% and 120% AMI.

2) **GENERAL ELIGIBILITY REQUIREMENTS**

a) **Eligible Properties**

- i) **Location.** The DPA Program is only available within the City of Riverside city limits.
- ii) **Price Limits.** To be eligible for the DPA Program, the maximum property value shall not exceed 95% of the FHA 203b loan limit for Riverside County. Both the appraised value of the home and the actual purchase price cannot exceed this limit.
- iii) **Type of Home.** The DPA program may be used to purchase any new or resale single family home, condominium /town home or a new manufactured home that meets all of the following minimum criteria:
 - (1) Real Estate Owned (REO), foreclosed properties, or City of Riverside owned property
 - (2) The home is permanently fixed to a permanent foundation; and
 - (3) A manufactured home in a mobile home park, if the park meets Riverside City permit standards, and the manufactured home has received an installation acceptance permit. The manufactured home has to be new (never occupied); and have a lease for a minimum term of the required affordability period.
 - (4) The home is currently occupied by the Seller or vacant. **Vacant properties which were previously occupied by tenants must have been vacant for at least 90 days prior to purchase offer or they are ineligible. Tenant occupied properties are always ineligible, unless the tenant is purchasing the unit in which they reside.**

(5) In addition, the following additional criteria apply to newly constructed homes:

- (a) The value of a newly constructed home shall be established by an appraisal prepared by a qualified appraiser on Fannie Mae Form 1004. Whenever possible comparative properties should include homes located outside of the subject tract. Master Endorsements of Value will not be accepted.
 - (b) The home must be in sound condition and meet the Housing Quality Standard as determined by H&N. The purchaser must reside in the home as his or her **principal** residence within sixty (60) days of purchase and the home shall not be used as a business, rental nor as a vacation (second) home.
- iv) **Home Condition.** A home shall not be eligible for purchase under this program unless it is in standard condition and suitable for occupancy upon purchase. Under no circumstances shall a home be modified or altered to qualify a home that is otherwise an ineligible property after submittal of a DPA application to H&N. The following procedures will be used to determine if the home meets these requirements:

(1) **Existing Homes**

- (a) All purchasers of existing homes must obtain a home inspection report prepared according to industry standards. Any deficient items affecting habitability of the home noted in the home inspection and the purchase agreement shall be corrected prior to the close of escrow. If the home inspection report indicates that the home has serious deficiencies, H&N may inspect the home to determine if it meets the Housing Quality Standard (HQS). The Housing Quality Standard (HQS) is a basic standard of livability based on health and safety standards. The HQS Checklist is attached in Appendix E. Any home, which does not meet HQS, will be disqualified from purchase under this program.
- (b) **Inspection Process.** Home Inspections are to be performed by qualified Home Inspection Professionals in accordance with industry standards. Home Inspectors who are members of the California Real Estate Inspectors Association, the American Society of Home Inspectors or the International Conference of Building Officials will be presumed to be qualified. Typically, Home Inspections are 7 to 15 pages in length, and utilize a checklist with explanations of any items that need work or are not in standard condition. It is strongly advised that the home buyer accompany the Home Inspector during the inspection. The Home Inspector will provide guidance on maintenance requirements, and will explain any items that need work.
- (c) **Repair Requirements.** H&N will review the Home Inspection Report and will prepare a list of required repairs. A copy of the Home Inspection Report and list of required repairs is sent to the buyers. The buyer also needs to ensure that the home meets their requirements and that the repairs have been completed to their satisfaction. H&N will only review the Inspection Report for safety and habitability concerns, not cosmetic items.
- (d) **Lender Certification.** The Lender is required to certify that any H&N required repairs have been completed pursuant to the Home Inspection Report prior to close of escrow. The Lender is also responsible for ensuring that the repairs have been completed to the buyer's satisfaction. The Lender needs to satisfy itself that the repairs have been done before making this certification. In order to make this certification, the Lender will need to provide a letter from a licensed contractor or inspector to ascertain that the work has been done.

(2) **New Homes**

- (a) All newly constructed homes shall receive a Certificate of Occupancy. Certificate of Occupancy must be submitted prior to the request for funding. In addition, the Seller must agree to have all operating systems and fixtures (plumbing, electricity, etc.), as well as floor coverings and similar items, installed and fully operational prior to the close of escrow.

Newly constructed homes shall be subject to a H&N inspection to confirm that they comply with building codes and standard building practices.

- v) H&N will perform inspections on all resale homes to verify that homes purchased through the Program meet HQS and are in standard condition and suitable for occupancy.
- vi) **Occupancy Standard.** One of the purposes of the DPA Program is to address persistent conditions of housing overcrowding in the County. Therefore, the County is requiring that all homes have a minimum of two bedrooms in order to be eligible for this Program. In addition, The Housing Quality under 982.401 (1) states that "The dwelling unit must have at least one bedroom or living / sleeping room for each two persons. Children of opposite sex, other than very young children, may not be required to occupy the same bedroom or living / sleeping room."

b) **Characteristics of the Home Buyer**

- i) **Income Limits.** In order to be eligible for this program, the purchasers' annual income shall not exceed 80% of the area median income for the **Level I Program** and 120% of the area median income for the **Level II Program**, as determined by HUD or the State of California, adjusted for family size. In addition, family assets, excluding personal property, funds in restricted retirement accounts, and funds to be used for the home purchase, shall not exceed a 12 month reserve based on the maximum income for the family size. The income and assets of all persons age 18 and older who will reside in the home must be included in the calculation to determine income eligibility. The current income limits are shown in Appendix A. See item c below for instructions on calculating annual income.
- ii) **Co-owners.** Co-owners are only permitted if they will occupy the home as their principal residence and qualify as first time buyers. The income of all co-owners will be included in determining if the household income qualifies as noted in 1 above. Non occupying co-signers are not permitted.
- iii) **Minimum Buyer Investment.** The buyer shall provide from their own funds a minimum investment of three percent of the purchase price of which two percent can be gifted. The party providing the gifted funds must sign an affidavit stating that the funds are to be gifted and not repaid. The buyers' contribution may be used toward the down payment or closing costs, at their discretion and in accordance with the requirements of the first mortgage.
- iv) **Credit Score.** The credit history of all mortgagors and their spouses will be required to submit a 3-merge credit report that shows the following:
 - (1) a minimum credit score of 640 (consistent with FHA's guidelines).
 - (2) A Bankruptcy must be discharged for a minimum of 4-years (or 2-years if an exception from the City is obtained due to an extenuating circumstance).
 - (3) Judgments, collections, involuntary liens must be paid in full.
 - (4) No delinquencies in the past 24 months and no accounts can be currently past due.
 - (5) Limited or no credit will require non-traditional or alternative credit report from at least 4-creditors.
 - (6) A credit report of all persons taking title and non-purchasing spouses will be required.
- v) **Prior Home Ownership Criteria.** In order to qualify as a first time home buyer, the purchaser cannot have owned a home for the previous three years from the date of application to the DPA Program. The purchaser must attest that they have not owned a home in the last three years. The applicant's last three years tax returns will be reviewed to ascertain that no mortgage interest or real estate tax deductions have been claimed.
- vi) All applicants must be either a US Citizen or a qualified alien as per Section 431 of the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA).

vii) Applicants credit score cannot be less than FHA's minimum credit score requirement.

viii) **Assets/Reserve Limitations:** One percent (1%) of the purchase price in borrower liquid assets must be in reserves after close of escrow. These funds can be gifted. There must be proper documentation to verify that the gifted funds are not loans.

c) **Determination of Adjusted Gross Income**

- i) The DPA Program is limited to buyers with the following annual incomes:
- **Level I:** 80% or less of AMI, as determined by HUD (HOME funds) or the State of California (CalHome funds)
 - **Level II:** between 80% and 120% of AMI, as determined by the State of California

Annual income is the gross amount of income anticipated to be received by all adults in a family during the twelve months following the effective date of the determination. Anticipated income is generally determined by annualizing current income for the next twelve months. The annual income for purposes of qualifying for the DPA Program includes all income and may be higher or lower than the income amount utilized by the lender to underwrite the first mortgage.

ii) Annual income includes anticipated income from assets. Please see Appendix A for an explanation of how to determine income from assets. The current passbook rate established by HUD is 3.50%.

iii) For a detailed explanation of how to calculate various types of income, please see Appendix C.

d) **Assets.** In addition to income, family assets (excluding personal property, funds in restricted retirement accounts, and funds to be used for the home purchase) shall not exceed a 12 month reserve based on the maximum income for the family size. See Appendix C for a detailed explanation of the items to be included and excluded from assets.

3) **GENERAL LOAN REQUIREMENTS.** The following minimum requirements shall apply to all purchases receiving assistance through the DPA Program.

a) **First Loan Requirements**

- i) The purchaser shall apply for a first mortgage from a participating lender and provide a minimum investment of the amount required by the applicable federal state. The first mortgage must be a fully amortized, fixed rate, thirty-year term mortgage. The DPA Program also accepts the California Housing Finance Agency (CalHFA) 40-year fixed rate loan. The purchaser must accept the highest first mortgage amount (principal amount at going interest rate) for which they can qualify. Lenders should provide buyers with the best possible interest rate available at the time their loan rate is locked. In general, the participating lender shall be responsible for determining the buyers' creditworthiness and qualifications for obtaining the first mortgage. However, the following minimum criteria must be satisfied:

The buyer shall provide a minimum investment of the amount required by the first mortgage. This minimum investment may be applied to the down payment and/or closing costs, at the discretion of the borrower and in accordance with the requirements of the first mortgage. The lender shall verify that the buyer has sufficient funds to meet this requirement. In cases where a borrower has saved cash at home, the lender shall document these savings in accordance with standard underwriting practices.

- (1) The first loan amount shall be the maximum amount for which the borrower can qualify, based on their income, debts, and current interest rates. The total monthly payment (principal, interest, taxes, insurance {PITI} PMI, and HOA, if applicable) shall not be less than the following:

- **Level I Program:** 25% nor more than 35% of the borrowers gross monthly income for a 30-year loan or CalHFA 40-year fully amortized fixed rate loan.
 - **Level II Program:** 28% nor more than 35% of the borrowers gross monthly income for a 30-year loan or CalHFA 40-year fully amortized fixed rate loan.
- ii) The participating lender may only assess those usual and customary fees and charges that would be assessed for a buyer with the same type of first mortgage who is not participating in the DPA Program. No additional lender fees may be charged for processing of a loan in conjunction with the DPA Program.
- b) **Affordability Period.**
- i) **Level I Program**
- (1) **HOME funded loans.** In exchange for receiving funds to assist in the purchase of a home, the purchaser must sign DPA loan documents, including a Promissory Note, Note Rider, Deed of Trust, and Affordable Loan Agreement, which will provide that, upon sale, transfer, lease or any other disposition, including refinancing or incurring of additional debt secured by the home, within 30 years of purchase, the principal amount in addition to the equity share is to be repaid to H&N. If the property owner sells the property within the 15 year affordability period to a non-income qualified first time homebuyer for the appraised value, the homeowner will be required to pay H&N the principal amount, equity share and affordability exit fee. If the property owner sells the property to an income qualified homebuyer for an affordable sales price, there will be no affordability exit fee. The transaction must be approved by H&N staff to ensure that that the affordability restrictions remain in effect for the 15 year affordability period.
- (2) **CalHome funded loans.** In exchange for receiving funds to assist in the purchase of a home, the purchaser must sign DPA loan documents, including a Promissory Note, Deed of Trust, and Loan Agreement which will provide that, upon sale, transfer, lease or any other disposition, including refinancing or incurring of additional debt secured by the home, within 30 years of purchase, the principal amount and interest accrued is due and payable to H&N. The CalHome loan is has a term of 30 years at a 3% simple interest.
- ii) **Level II Program.** In exchange for receiving funds to assist in the purchase of a home, the purchaser must sign DPA loan documents, including a Promissory Note, Deed of Trust, and Loan Agreement which will provide that, upon sale, transfer, lease or any other disposition, including refinancing or incurring of additional debt secured by the home, within 30 years of purchase, the principal amount and equity share us to be repaid to H&N. If the property owner sells the property within the 45 year affordability period to a non-income qualified first time homebuyer for the appraised value, the homeowner will be required to pay H&N the principal amount and equity share. If the property owner sells the property to an income qualified homebuyer for an affordable sales price, fifty percent (50%) of the equity share will be forgiven. The transaction must be approved by H&N staff to ensure that the buyer and sales price are affordable under the program guidelines and that the affordability restrictions remain in effect for the 45 year affordability period.
- c) **Home Buyer Education.** In order to be eligible for participation in the DPA Program, prospective purchasers must complete the minimum requirements of 8 hour Homebuyer Education course provided by a HUD and H&N approved trainer. Buyers should complete this requirement as soon as possible in the purchase process. Participating lenders may contact H&N for the names of agencies offering approved Homebuyer Education courses. On-line homebuyer education is only acceptable for the hearing impaired.
- d) **Types of Down Payment Assistance.** The DPA financial assistance can be provided as down payment assistance. Buyer(s) must make a minimum contribution necessary to comply with any applicable federal or state requirements. In addition, the buyer needs to satisfy the requirements of the first mortgage, which may require the borrower to pay a minimum down payment and certain other costs.

- e) **Minimum and Maximum Assistance.** The minimum amount of DPA that may be provided for the Level I Program is \$1,000 per household I Program and \$2,000 per household for the Level II Program. The maximum amount of assistance is the gap financing limit such that the housing payment to income ratio is between the following ranges:
- i) **Level I Program:** 25% and 35% with an absolute maximum amount of 25% of the purchase price for down-payment assistance. CalHome loans cannot exceed \$40,000 per household. Applicants are able to use a combination of CalHome and Home funds.
 - ii) **Level II Program:** 28% and 35% with an absolute maximum amount of \$50,000 in down-payment assistance
- f) **Notifications**
- i) The following notifications are required for participation in this program:
 - (1) *Homeownership Notice to Sellers and Disclosure of Information on Lead-Based Paint and Lead-Based Paint Hazards (DPA-6).* This notice shall be provided to the Sellers at the time a purchase offer is initiated or at the earliest possible date following acceptance of the purchase offer. The Seller and Buyer shall complete and sign this notice. Compliance with this requirement shall be demonstrated by submission of a fully executed Form DPA-6 at the time the Lender submits the Property Information (DPA-5) to H&N for approval. This Notice will be used to determine if the home is eligible for purchase under the DPA Program. For properties constructed prior to 1978, this notice will also provide the Seller's disclosure and Buyer's acknowledgment of any possible Lead Based Paint Hazards.
 - (2) *Lead-Based Paint Hazard Notice.* The purchasers of all homes constructed prior to 1978 shall be provided with a Lead-Based Paint Hazard Notice and the publication "Protect Your Family from Lead in Your Home" (available at www.epa.gov/lead/pubs/leadprot.htm). The Notice shall be provided to the purchasers' prior to close of escrow and shall be signed by the purchasers. A copy of this signed notice shall be provided to H&N with the closing package.
 - (3) *Disclosure Statement.* This notice discloses to the purchasers the terms of the DPA Assistance. This form is to be signed and notarized at the settlement appointment and submitted to H&N with the closing package.
 - g) **Confidentiality.** DPA Applications are subject to confidentiality requirements and will only be discussed with representatives of the buyer including their lender, real estate agent, escrow agent, and home inspector. DPA applications will not be discussed with seller representatives or other outside interests. Items containing confidential information (i.e. tax returns, pay stubs, employment verification) should be emailed. If company policies do not allow for these types of documents to be emailed then faxes will be accepted.
 - h) **Resales.** A sale, transfer and/or conveyance of the property during shall trigger repayment of the DPA loan as detailed in the loan documents. If the property is sold to a non-income eligible homebuyer during the affordability period, the DPA loan will be due and payable as detailed in the loan documents.
 - i) **Subordination.** The DPA loan shall be recorded in second position to the first mortgage on the property. The DPA loan shall remain in second position and will not be subordinated to any additional debt. Notwithstanding the above, the DPA loan will subordinate to CalHFA financing or any other loans provided by the City of Riverside. In those instances, the DPA loan shall be recorded in the third position. H&N will not agree to subordinate the DPA loan to any other indebtedness with the following exceptions: (1) the first mortgage obtained concurrently with the DPA to purchase the home; and (2) limited refinancing as detailed in the following section.
 - j) **Refinancing.** Subordination for refinancing is only permitted with the prior authorization of H&N and for purposes of reducing the carrying costs of the borrower. H&N shall not authorize refinancing for any of the following purposes: (1) to remove equity from the property; (2) to consolidate debts; (3) to consolidate the first mortgage with any junior liens or obligations; and/or (4) to increase the principal

indebtedness amount of the first mortgage (except for the amount of the reasonable and usual costs associated with the refinancing).

- k) **Title Insurance.** The lender will order the title insurance for the property, listing the City of Riverside (Level I Program) or Redevelopment Agency of the City of Riverside (Level II Program) as an "additional-insured".

- l) **Property Maintenance Requirement**

- i) *Maintenance.* The borrower shall agree to maintain the home in standard condition for the term of the CCRs. To this end, the purchaser shall be required to obtain a one-year home warranty as part of the home purchase. The costs of the home warranty are eligible for financial assistance under the DPA program. For newly constructed homes, the builder shall warranty the home for a minimum of one year from date of purchase. In the absence of a written warranty from the builder, the buyer shall obtain a one year home warranty from an independent company.
- ii) *Hazard Insurance.* The purchaser shall obtain and maintain, for the term of the City's assistance, a hazard insurance policy for the property, listing the City of Riverside (Level I Program) or Redevelopment Agency of the City of Riverside (Level II Program) as "additional-insured." The hazard insurance policy shall be of a sufficient amount to cover the City's interest in the home. Full insurance for the amount of the first and second loans, or a Guaranteed Replacement Cost policy, is acceptable.
- iii) *Flood Insurance.* Properties located in a flood hazard zone shall obtain flood insurance listing the City of Riverside (Level I Program) or Redevelopment Agency of the City of Riverside (Level II Program) as "additional-insured."

- m) **Loss Payee**

- i) The City of Riverside (Level I Program) or Redevelopment Agency of the City of Riverside (Level II Program) shall be listed on the hazard insurance, flood insurance, and title insurance as the loss payee in the following manner:
 - (1) City of Riverside (Level I Program) or Redevelopment Agency of the City of Riverside (Level II Program), its successors and assignees
 - (2) 3900 Main Street, 2nd Floor, Riverside, CA 92522 Attn: Down Payment Assistance Program Administrator

- n) **Auditing/Monitoring**

- i) All participating lenders shall maintain complete files for each Program participant for at least seven (7) years. The City will maintain records for each Program participant for the term of DPA Loan, plus three (3) years.
 - ii) The City may conduct random audits of lender files to ascertain compliance with the DPA Program. This may include review of participant files, and review of lender information to document compliance with all lender requirements. In addition to participant files, participating lenders shall maintain records of affirmative marketing efforts, Community Reinvestment Act (CRA) compliance, bi-lingual (Spanish speaking) staffing, and efforts to provide assistance with minimal inconvenience to the borrower.
 - iii) The City may also conduct surveys of program participants to obtain their input on the program, the processing of their application, and their level of satisfaction with the results. The results of any such surveys will be shared with the Participating Lenders. Complaints about particular individuals or lenders will be investigated and, if necessary, corrective action may be taken.
- o) **Conflict of Interest.** DPA shall not be provided to any person or the immediate family of any person who is in a decision-making position relative to any aspect of the DPA Program or the associated first mortgage. This includes, but is not limited to, employees and immediate family members of employees

of the City of Riverside, Redevelopment Agency of the City of Riverside, and Housing Authority of the City of Riverside and participating lenders.

4) **PARTICIPATING LENDERS**

- a) **Requirement.** The City will only accept DPA applications from approved Participating Lenders who have entered into a Lender Participation Agreement with the City for the DPA Program.
- b) **Selection**
 - i) The City shall establish minimum criteria for the selection of participating lenders for the DPA Program. All selected lenders shall enter into a lender participation agreement with the City and shall agree to abide by the City's procedures for all borrowers participating in the DPA Program. The minimum lender criteria for the Down Payment Assistance Program are as follows:
 - (1) Participating lenders can be direct lenders with the ability to originate and service loans. Loan brokers are not eligible for approval as a participating lender.
 - (2) Participating lenders shall provide application assistance with minimal inconvenience to the borrower. Application assistance shall be provided at a time and place convenient to the borrower. This may include evenings and weekends and travel throughout the City.
 - (3) Participating lenders shall demonstrate a commitment to Community Reinvestment Act (CRA) and affirmative marketing requirements, and outreach to minority and low income communities. Lenders shall agree to proactively market the Program to low to moderate income and minority people. All advertising to the general public shall be complimented with advertising targeted to these groups, including, but not limited to, minority newspaper, television, and radio advertisements. The City will monitor all marketing efforts and will require periodic updates on the marketing efforts of participating lenders.
 - (4) Participating lenders shall have demonstrable experience in down payment assistance programs.
 - (5) The selection of participating lenders shall be at the sole discretion of the City of Riverside. The City reserves the right to limit the number of approved participating lenders.
- c) **Brokers.** Mortgage Brokers are not eligible for designation as participating lenders in the DPA Program. Participating Lenders may enter into arrangements with brokers to process DPA applications. However, the Participating Lender shall remain responsible for all submittals to the City and for verifying that all aspects of the purchase meet the DPA Program requirements.
- d) **Removal**
 - i) H&N may suspend or remove participating lenders from the DPA Program in accordance with the terms of the Lender Participation Agreement. Lenders may be suspended or removed from the Program based on, but not limited to, the following violations:
 - (1) Failure to follow the DPA Program Guidelines.
 - (2) Failure to submit all outstanding documentation within ten (10) days of loan closing.
 - (3) Withholding information that would result in applicant or property disqualification from the program.
 - (4) Negligent or fraudulent misstatements or actions in regard to the Program.
 - (5) Failure to conduct reasonable verification of applicant qualifications for the Program.
 - (6) Failure to maintain complete applicant records for minimum of (7) years after loan closing.

e) Authorized Lender Staff

- i) Staff members of participating lenders that have completed the annual DPA Lender Training Session are authorized to sign all DPA forms and to make submissions to the Program. H&N will maintain the list of Lender Training Participants indicating that they have completed the necessary training to participate in the DPA Program.
- ii) Staff that has not completed the training may only participate in the Program under the supervision of a staff member who has attended the lender training. Staff that has not completed the training are not authorized to sign the form or to make submissions to the Program.

- 5) **PROCESSING PROCEDURES.** DPA applications will be processed by the City on a first-come, first-served basis, in chronological order as received from participating lenders. The City will maintain a running balance of funds available, and once funds are exhausted, the City will stop accepting applications and notify the participating lenders that the Program is out of funds. It is the participating lender's responsibility to verify the availability of funds prior to loan application submitted. The following procedures are to be followed for DPA applications.

The DPA program will not accept any forms with whiteout. This includes the required City DPA forms and all subsequent items that are requested to fund the DPA loan. If any changes need to be made to forms please lineout and initial the change. Please note, any document submitted that are incomplete or contains whiteout will cause the file to be returned back to the lender without being processed. This procedure is in place to maintain the validity of all documents submitted to the City and allow other homebuyers with complete paperwork to be pre-approved for funding.

a. Pre-Qualification Phase (Part I)

- i) Potential buyer contacts participating lender.
- ii) Participating lender takes a loan application and pre-qualifies buyer for the maximum first loan that they can afford given their income, debts and prevailing interest rates. First loan must be a thirty-year, fully amortized, fixed rate loan, or a CalHFA forty-year loan.
- iii) Participating lender screens the buyer for program eligibility (income & first-time buyer status).
- iv) Lender assists the buyer in filling out and submitting the DPA application.
- v) H&N will review the DPA Application within **ten (10) working days** and issue a pre-approval letter for funding or reject the applicant's request for funding. The transaction must be completed within ninety (90) days of the pre-approval letter issuance. Requests for extensions of time shall be submitted in writing at least ten working days prior to expiration date and shall include the reason for the extension. H&N will evaluate the request for reasonableness and will approve or deny the extension in writing.
- vi) Buyer attends a H&N approved 8 hour Homebuyer Education course and receives a Certificate of Completion. The buyer is encouraged to complete this requirement as soon as possible in the home purchase process. A copy of the Certificate of Completion certifying that the buyer has completed this requirement is needed for the House Selection/Closing Phase (Part II).

b. House Selection/Closing Phase (Part II)

- i) Buyer locates a home and enters into a purchase agreement. Buyer provides Homeownership Notice to Sellers (DPA-6) as an addendum to the purchase contract for the Seller to sign at acceptance of purchase offer.
- ii) Lender submits a Property Information Form (DPA-5) to H&N for approval. Incomplete forms will not be accepted. The lender must submit the following documents with the DPA-5 form:

- (1) Copy of signed Purchase Contract, or equivalent, including all counter offers and the Real Estate Transfer Disclosure Statement.
 - (2) Homeownership Notice to Sellers (Form DPA-6) fully signed and dated.
 - (3) Copy of recent Appraisal (within 60 days of executed Purchase Contract).
 - (4) Copy of Home Inspection. NOTE: The Home Inspection Report should be submitted to H&N as soon as it is available. Based on an evaluation of this Report, H&N may require repairs to be completed prior to close of escrow. H&N will mail a copy of this Report to the borrowers, for their information.
 - (5) Copy of the full Escrow Instructions.
 - (6) Copy of the complete Preliminary Report of Title.
 - (7) Copy of fully completed and signed Loan Application.
 - (8) Copy of the 1008 or FHA Loan Underwriting Transmittal Summary (FLUTS) signed and dated by the underwriter.
 - (9) Copy of the Standard Flood Hazard Determination (FEMA Form 81-93) or copy of the FEMA website determination.
- iii) H&N will review the Property Information Form (DPA-6) and additional documents submitted and within **ten (10) working days** will issue a loan commitment or reject the proposed property. The review period of 10 days is waived if the property is greater than 50 (fifty) years old in which case the minimum review period is 20 days. Funding requests will be processed on a first-come, first-served basis. Funding requests may be rejected for the following reasons:
- (1) Buyer or home does not meet the Program Requirements.
 - (2) Property Information package is incomplete; or
 - (3) H&N does not have sufficient funds to provide the requested amount of assistance.

c. Request for Funding Phase

- i) Upon final loan approval, **at least fifteen (15) working days prior to scheduled funding**, Lender submits the following:
 - (1) Copy of Certificate indicating buyer's completion of the Home Buyer Education class.
 - (2) Copy of Certificate of Occupancy for newly constructed homes.
 - (3) Written proof that any items listed in the Home Inspection or purchase agreement that were to be completed prior to occupancy has been completed.
 - (4) Copy of appraisal establishing property value and purchase price not exceeding 95% of the 203b loan limits.
 - (5) Any outstanding items noted in the written Pre-approval or Property Approval letter issued by H&N.
 - (6) Written request from escrow officer for DPA funds to be deposited into escrow, including instructions for wire transfer, if applicable. Wire instructions are to be submitted legible with a minimum 10 point font size and include the bank name, bank address, ABA number, account

number, escrow/title number, client vesting, and tax identification number. **The City requires a minimum of five (5) working days, excluding holidays, to process a claim and wire funds to escrow.** This time period begins when the confirmation letter is issued.

- ii) H&N reviews the aforementioned items within **five (5) working days**. If all items have been satisfied, H&N will issue a confirmation letter to the Lender and Escrow Company approving the DPA and designating the date that funds will be deposited into escrow.

d) Closing Phase

- i) Buyer(s) attend settlement appointment and sign all loan closing documents including all legal documents prepared by H&N. H&N documents to be signed at closing are as follows:
 - (1) Down Payment Assistance Program Disclosure Statement.
 - (2) Promissory Note.
 - (3) Deed of Trust.
 - (4) Loan Agreement
 - (5) CCRs
 - (6) Itemization of Amount Financed
 - (7) Lead-Based Paint Notice for homes constructed before 1978.
 - (8) Escrow Officer Checklist (to be initialed and signed by the Escrow Officer)
- ii) After the buyer has signed off on the loan documents, they routed to the appropriate signatories. The City has **seven (7)** days to obtain all City officials' signatures. The documents are then forwarded to the escrow company.
- iii) Down Payment Assistance Program Disclosure Statement (Form FTHB-7), Promissory Note, Lead-Based Paint Notice (if required), and Escrow Officer Checklist and proof of property insurance to EDA as soon as they are executed.
- iv) Escrow submits a copy of the Estimated HUD-1 Statement with copies of the signed first trust deed loan documents and proof of property insurance to H&N as soon as they are executed.
- v) H&N reviews Estimated HUD-1 Statement and executed loan documents and issues funding approval via fax to Escrow.
- vi) Loans are funded and home purchase closes.
- vii) Escrow submits a copy of the Final HUD-1 Statement to H&N.
- viii) Title Company provides H&N with a copy of the Title Insurance Policy insuring the City's interest in the property.
- ix) FAILURE TO SUBMIT CLOSING DOCUMENTS WITHIN THIRTY (30) DAYS OF CLOSING WILL RESULT IN SUSPENSION OF LENDER, INCLUDING ALL BRANCHES, FROM THE DPA PROGRAM. CLOSING DOCUMENTS INCLUDE, THE PROOF OF PROPERTY INSURANCE, FINAL HUD-1, TITLE POLICY, AND H&N LOAN DOCS. H&N WILL NOT ACCEPT FUNDING REQUESTS FROM SUSPENDED LENDERS.
- x) Escrow/Title Company closes out the DPA File and records a Request for Notice.

e) Resubmission of Denied Applications.

- i) The City will only process resubmissions of denied applications if it can be demonstrated that the reasons for denial were based on inaccurate or missing information. Back-up documentation to support all such resubmissions shall be submitted, and the Application will be processed as indicated above. For example, if an application was denied for not being a first-time home buyer, the resubmission shall include evidence that the buyer did not have any ownership interest in their principal residence. Examples of such evidence may include, but are not limited to, a chain of title, copies of deeds, copies of divorce papers or other legal documents showing ownership of property.

f) Changes in Information. In some cases there may be changes in the

- i) In some cases there may be changes in information between the date of the pre-approval letter, the Property Information submittal, and the date of the closing. All such changes shall be handled in the following manner:
 - (1) Change in Home Being Purchased. In order to change the home being purchased, the documentation listed under b. Housing Selection/Closing Phase (Part II) will need to be resubmitted with the new property information. The new submittal will also need to include a cover letter from the Lender describing the change and why it occurred;
 - (2) The City will evaluate these materials and determine if the property and buyer meet all of the Program Requirements. This determination of approval or denial of the change will be provided to the Lender in writing. Denial may occur if the home is not located in the City of Riverside city limits, if the home value exceeds the program limit, if the home is determined to not be in standard condition, if the home is occupied by a tenant or has been vacant for less than 60 days, if there is an increase in the amount of assistance required and this amount exceeds the program limits or if the City has insufficient funds to increase the amount of assistance, or if there are any other changes which affect eligibility of the buyer or property.
 - (3) Changes in Income. The initial income determination is valid for six months. A re-verification of income will be required if more than six months elapse from date of income determination. Any changes in income that increase the household income must be re-submitted for an eligibility determination. This includes the addition of additional household members age 18 and older, or increases in the income of any household member. Changes in income shall be immediately reported by submitting a new, fully signed, Certification of Applicant (Form DPA-2).
 - (4) Marriage and/or the Addition of New Adult Household Members. The addition of any new adults to the household shall be immediately reported by submitting a new, fully signed, Certification of Applicant (Form DPA-2), as well as the last three years tax returns for the new family members. All new adult household members must meet the first time home buyer requirement, and the income of all adult household members shall be included in determining income eligibility.
 - (5) Homeownership Interest. If the applicants acquire an ownership interest in their principal residence at any time prior to closing, the household no longer meets the first time buyer requirement and is ineligible for the Program. The Application and Reservation are automatically denied if this should occur.
 - (6) Increase in Price. If the price of the home increases, or the amount of assistance needed changes, the City must be notified immediately. Revised forms noting the changes shall be submitted as soon as possible. The home may become ineligible if the home value as established by the appraisal exceeds the maximum value limitation. In addition, any increase in the amount of assistance needed must comply with the maximum assistance amounts and is dependent upon availability of sufficient Program funds.
 - (7) Decrease in Price. If the price of the home decreases, the amount of City assistance will decrease. H&N shall be notified no later than the Request for Funding Phase. The Lender shall note the decrease on the Request for Funding Cover Sheet and shall include the new price in the Lender's Certification.

APPENDICES

- A. INCOME LIMITS
- B. ELIGIBLE CLOSING COSTS
- C. CALCULATING ANNUAL INCOME
- D. DEFINITIONS
- E. HOUSING QUALITY STANDARD CHECKLIST
- F. CITY OF RIVERSIDE DOWN PAYMENT ASSISTANCE APPLICATION PACKET
- G. PROGRAM SUMMARY
- H. FEE SCHEDULE
- I. PROGRAM COMPARISON
- J. FREQUENTLY ASKED QUESTIONS
- K. SUBRODINATION REQUIREMENTS

APPENDIX A

INCOME AND PROPERTY VALUE LIMITS

| Maximum Annual Household Income Adjusted for Family Size Effective March 2009 | | |
|--|---|--|
| Household Size | Level I Program Maximum Annual Income | Level II Program Annual Income Range |
| 1 | \$37,300 | \$37,300 - \$54,200 |
| 2 | \$42,650 | \$42,650 - \$61,900 |
| 3 | \$47,950 | \$47,950 - \$69,650 |
| 4 | \$53,300 | \$53,300 - \$77,400 |
| 5 | \$57,550 | \$57,550 - \$83,600 |
| 6 | \$61,850 | \$61,850 - \$89,800 |
| 7 | \$66,100 | \$66,100 - \$96,000 |
| 8 | \$70,350 | \$70,350 - \$102,150 |

MAXIMUM PROPERTY VALUE

The property value shall be established by an appraisal prepared according to industry standards for appraisals. This value shall be the after-rehabilitation value, if any improvements are included in the purchase transaction. Neither the property value, as established by the appraisal, nor the purchase price shall exceed 95% of the FHA 203 (b) Loan Limit for Riverside County. The maximum purchase price for the property value should not exceed \$200,000 for the Level I Program and \$250,000 for the Level II Program.

ASSETS

In addition to income, family assets (excluding personal property, funds in restricted retirement accounts, and funds to be used for the home purchase) shall not exceed a 12 month reserve based on the maximum income for the family size. For example, a family of four shall have a maximum of \$53,300 in assets, excluding personal property (such as automobiles and furniture), funds in restricted retirement accounts, and funds to be used in the home purchase. See Appendix D for a detailed explanation of how to calculate income and the items to be included and excluded from assets.

APPENDIX B

CLOSING COSTS ELIGIBLE FOR AGENCY ASSISTANCE

City of Riverside Down Payment Assistance may be utilized to pay the following closing costs, as defined by the Program, and subject to the maximum assistance limits of the program:

Abstract or Title Search, Title Examination, Title Insurance Binder.
Appraisal Fee.
Assumption Fee.
Credit Report Fee.
Document Preparation.
Flood Certification.
Funding Fee.
Government Recording and Transfer Charges.
Guarantee Fee.
Home Inspection Fee.
Home Warranty Fee.
Lender's Inspection Fee.
Loan Origination Fees and Discount Points.
Mortgage Insurance Premium.
Notary Fees.
Pest and Other Inspections.
Points Paid in Advance to Buy-Down the Interest Rate.
Processing Fee.
Property Survey Fees.
Settlement or Closing Fees.
Survey.
Tax Service Fee.
Title Charges.
Title Insurance (both owner's and lender's).
Underwriting Fee.
Wire Transfer Fees.
Annual Assessments.
Attorney's Fees.
City/County Property Taxes.
Hazard Insurance.
Homeowners or Property Owners Association Fees and Dues.
Interest.
Mortgage Insurance.
Mortgage Insurer Application Fee.
Other Recurring Costs Required by Lender To Be Paid In Advance.
Reserves Deposited With Lenders.

APPENDIX C CALCULATING ANNUAL INCOME

- 1) Annual income is the gross amount of income anticipated to be received by all adults in a family during the 12 months following the effective date of the determination. Anticipated income is generally determined by annualizing current income for the next 12 months. Annual income includes anticipated income from assets. The following chart generally describes how to calculate various types of income. A more detailed explanation is provided in the subsequent paragraphs.

| Source of Income | Guidance for Calculation |
|--|--|
| Earned Income | Use current circumstances to anticipate future earnings. Include all family members over age 18, including income of a temporarily absent spouse or other usual family member. Make sure to use annual figures. If wages are paid hourly, assume 2080 hours for full time employment. |
| Income from Assets (interest earning bank accounts, stocks and bonds, CDs, IRAs, Keogh accounts, etc.) | If under \$5,000, use the actual income. If over \$5,000, use the greater of the actual or the imputed income based on the passbook rate established by HUD. Assets disposed of for less than fair market value are counted for two years. The current HUD Passbook rate is 3.5%. |
| Contributions and gifts | Include as income if contributions are made on a regular basis. |
| Alimony and child support | Include if the support is actually being provided. |
| Income from a business | Generally, this is gross income less expenses. |
| Insurance settlements, inheritances, proceeds from sale of property and other lump sum payments | Generally, these are assets and not income. |
| Income from welfare assistance | Count the basic welfare grant, and in states with separate "welfare rents", the maximum allowed for shelter and utilities. |
| Periodic payments, such as social security, pensions, etc. | Make sure to calculate the annual value of periodic payments. Lump sum payments are treated as assets. |

- 2) The following income is to be included when calculating annual income:
- a) All wages and salaries, overtime pay, commissions, fees, tips and bonuses, and other compensation for personal services (before any payroll deductions);
 - b) Net income from the operation of a business or profession. Expenditures for business expansion or amortization of capital indebtedness cannot be used as deductions in determining net income; however,

an allowance for depreciation of assets used in a business or profession may be deducted, based on straight line depreciation, as provided in Internal Revenue Service regulations. Any withdrawal of cash or assets from the operation of a business or profession is included in income, except to the extent the withdrawal is reimbursement of cash or assets invested in the operation by the Family;

- c) Interest, dividends, and other net income of any kind from real or personal property. Expenditures for amortization of capital indebtedness cannot be used as a deduction in determining net income. An allowance for depreciation is permitted only as authorized in paragraph (b) of this section. Any withdrawal of cash or assets from an investment will be included in income, except to the extent the withdrawal is reimbursement of cash or assets invested by the Family. Where the Family has Net Family Assets in excess of \$5,000, Annual Income includes the greater of the actual income derived from Net Family Assets or a percentage of the value based on the current passbook savings rate, as determined by HUD;
 - d) All gross periodic payments received from social security, annuities, insurance policies, retirement funds, pensions, disability or death benefits, and other similar types of periodic receipts, including a lump-sum payment for the delayed start of a periodic payment (except social security);
 - e) Payments in lieu of earnings, such as unemployment, worker's compensation and severance pay (but see paragraph (3c) under Income Exclusions);
 - f) Welfare Assistance. If the Welfare Assistance payment includes an amount specifically designated for shelter and utilities that is subject to adjustment by the Welfare Assistance agency in accordance with the actual cost of shelter and utilities, the amount of Welfare Assistance income to be included as income consist of:
 - i) The amount of the allowance or grant exclusive of the amount specially designated for shelter or utilities; plus
 - ii) The maximum amount that the Welfare Assistance agency could in fact allow the Family for shelter and utilities. If the Family's Welfare Assistance is ratably reduced from the standard of need by applying a percentage, the amount calculated under this paragraph is the amount resulting from one application of the percentage;
 - g) Periodic and determinable allowances, such as alimony and child support payments, and regular contributions or gifts received from persons not residing in the dwelling. Alimony and child support amounts awarded as part of a divorce or separation agreement are included as income unless the applicant (1) certifies that the income is not being provided, and (2) takes all reasonable legal actions to collect amounts due; and
 - h) All regular pay, special pay, and allowances of a member of the Armed Forces (whether or not living in the dwelling) who is head of the Family, spouse, of other person whose dependents are residing in the unit (but see paragraph (g) under Income Exclusions);
- 3) The following income is to be excluded when calculating income:
- a) Income from employment of children (including foster children) under the age of 18 years;
 - b) Payments received for the care of foster children;
 - c) Lump-sum additions to Family assets, such as inheritances, insurance payments (including payments under health and accident insurance and worker's compensation), capital gains and settlement for personal or property losses (but see paragraph (e) of Income Inclusion);
 - d) Amounts received by the Family that are specifically for, or in reimbursement of, the cost of Medical Expenses for any Family member;
 - e) Income of a live-in aide;

- f) Amounts of educational scholarships paid directly to the student or to the educational institution, and amounts paid by the Government to a veteran, for use in meeting the costs of tuition, fees, books, equipment, materials, supplies, transportation, and miscellaneous personal expenses of the student. Any amount of such scholarships or payments to a veteran not used for the above purchases that is available for subsistence are to be included in income;
- g) The special pay to a Family member serving in the Armed Forces who is exposed to hostile fire;
- h) Amounts received under training programs funded by HUD;
- i) Amounts received by a Disabled person that are disregarded for a limited time for purposes of Supplemental Security Income eligibility and benefits because they are set aside for use under a Plan to Attain Self Sufficiency (PASS); or
- j) Amounts received by a participant in other publicly assisted programs that are specifically for, or in reimbursement of, out-of-pocket expenses incurred (special equipment, clothing, transportation, child care, etc.) and that are made solely to allow participation in a specific program;
- k) Temporary, non-recurring, or sporadic income (including gifts);
- l) Reparation payments from foreign governments in connection with the Holocaust;
- m) Lump sum payments of SSI and Social Security benefits; or
- n) Amounts specifically excluded by other Federal Statute for consideration as income for purposes of determining eligibility or benefits under a category of assistance programs that includes assistance under the 1937 Act, including:
 - i) The value of the allotment provided to an eligible household under the Food Stamp Act of 1977;
 - ii) Payments to volunteers under the Domestic Volunteer Act of 1973 (employment through VISTA Retired Senior Volunteer Program, Foster Grandparents Program, youthful offenders incarceration alternatives, and senior companions);
 - iii) Payments received under the Alaska Native Claims Settlement Act (43 U.S.C. 1626 (a));
 - iv) Income derived from certain submarginal land of the United States that is held in trust for certain Indian tribes (25 U.S.C. 259e);
 - v) Payments of allowances made under the Department of Health and Human Services' Low Income Home Energy Assistance Program (42 U.S.C. 8624 (f));
 - vi) Payments received under programs funded in whole or in part under the Workforce Investment Act;
 - vii) Income derived from the disposition of funds of the Grand River Band of Ottawa Indians;
 - viii) The first \$2,000 of per capita shares received from judgment funds awarded by the Indian Claims Commission, or the Court of Claims (25 U.S.C. 1407-1408), or from funds held in trust for an Indian tribe by the Secretary of Interior (25 U.S.C. 117);
 - ix) Amounts of scholarships funded under Title IV of the Higher Education Act of 1965, including awards under the Federal work-study program or under the Bureau of Indian Affairs student-assistance programs (20 U.S.C. 1087 uu);
 - x) Payments received from program funded under Title V of the Older Americans Act of 1965 (42 U.S.C. 3056 (f));
 - xi) Any earned income tax credit;

- xii) Payments received after January 1, 1989 from the Agent Orange Settlement Funds or any other funds established pursuant to the settlement in Re Agent Orange product liability litigation, MDL No. 381 (E.D.N.Y.);
 - xiii) The value of any child care provided or arranged (or any amount received as payment for such care or reimbursement for costs incurred for such care) under the Child Care and Development Block Grant Act of 1990 (42 USC 9858q); and
 - xiv) Payments received under the Maine Indian Claims Settlement Act of 1980.
- 4) Income from assets is to be included when determining total income. The income to be counted is: (a) the actual income from assets if total assets are \$5,000 or less; or (b) If assets are more than \$5,000, the greater of the actual income from assets, or the total assets times the passbook rate.
- 5) Assets include the following items:
- a) Amounts in savings and checking accounts.
 - b) Stocks, bonds, savings certificates, money market funds and other investment accounts.
 - c) Equity in real property or other capital investments. Equity is the estimated current market value of the assets less the unpaid balance on all loans secured by the asset and reasonable costs (such as broker fees) that would be incurred in selling the asset.
 - d) The cash value of trusts that are available to the household.
 - e) IRA, Keogh and similar retirement savings accounts, even though withdrawal will result in a penalty.
 - f) Contributions to company retirement/pension funds that can be withdrawn without retiring or terminating employment.
 - g) Assets which, although owned by more than one person, allow unrestricted access by the applicant.
 - h) Lump sum receipts such as inheritances, capital gains, lottery winnings, insurance settlements, and other claims.
 - i) Personal property held as an investment such as gems, jewelry, coin collections, antique cars, etc.
 - j) Cash value of insurance policies.
 - k) Assets disposed of for less than fair market value during two years preceding the income determination.
- 6) Assets do not include the following items:
- a) Necessary personal property, except as noted in 5. i. above.
 - b) Interest in Indian trust lands.
 - c) Assets that are part of an active business or farming operation. Note: Rental properties are considered personal assets held as an investment rather than business assets unless real estate is the applicant's main occupation.
 - d) Assets not accessible to the family and which provide any income to the family.
 - e) Vehicles especially equipped for the handicapped.
 - f) Equity in owner-occupied cooperatives and manufactured homes in which the family lives.

APPENDIX D

DEFINITIONS

Abstract or Title Search, Title Examination, Title Insurance Binder. These charges cover the costs of the search and examination of records of previous ownership, transfers, etc., to determine whether the seller can convey clear title to the property, and to disclose any matters on record that could adversely affect the buyer or the lender. Examples of title problems are unpaid mortgages, judgment or tax liens, conveyances of mineral rights, leases, and power line easements or road right-of-ways that could limit use and enjoyment of the real estate. In some areas, a title insurance binder is called a commitment to insure.

Additional Settlement Charges. The lender or the title insurance company may require that a surveyor conduct a property survey to determine the exact location of the home and the lot line, as well as easements and rights of way. This is a protection to the buyer as well. Usually the buyer pays the surveyor's fees, but sometimes this may be handled by the seller.

Amortization. The gradual repayment of a mortgage with equal monthly payments over the life of the loan.

Annual Assessments - Recurring. This reserve item covers assessments that may be imposed by subdivisions or municipalities for special improvements (such as sidewalks, sewers or paving) or fees (such as homeowner's association fees).

Annual Income. Gross amount of income anticipated to be received by all adults in a household during the 12 months following the effective date of the determination. Anticipated income is generally determined by annualizing current income for the next 12 months. See Appendix C for income to be included and excluded from the annual income calculation.

Appraisal Fee. The fee charged for the preparation of an appraisal of property value.

Appraisal. An estimate of property value prepared in accordance with accepted practices and standards by an independent appraiser who is licensed by the State of California. The appraiser inspects the house and the neighborhood, and considers sales prices of comparable houses and other factors in determining the value. The appraisal report may contain photos and other information of value to you. It will provide the factual data upon which the appraiser based the appraised value.

Assumption Fee. This fee is charged for processing papers for cases in which the buyer takes over the payments on the prior loan of the seller.

Attorney's Fees. You may be required to pay for legal services provided to the lender in connection with the settlement, such as examination of the title binder or sales contract. Occasionally this fee can be shared with the seller, if so stipulated in the sales contract. If a lawyer's involvement is required by the lender, the fee will appear on this part of the form. The buyer and seller may each retain an attorney to check the various documents and to represent them at all stages of the transaction, including settlement. Where this service is not required and is paid for outside of closing, the person conducting settlement is not obligated to record the fee on the settlement form.

California Housing Finance Agency (CalHFA). California Housing Finance Agency (CalHFA) assists first-time homebuyers by providing financing and programs that create safe, decent and affordable housing opportunities for individuals within specified income ranges. CalHFA was chartered as the State's affordable housing bank to make below market-rate loans through the sale of tax-exempt bonds. A completely self-supporting State agency, bonds are repaid by revenues generated through mortgage loans, not taxpayer dollars.

City/County Property Taxes - Recurring. The lender may require a regular monthly payment to the reserve account for property taxes.

Closing Costs. Fees and expenses, in addition to the down payment, that is required to complete a real estate transaction. Closing costs may be non-recurring or recurring. Non-recurring costs are only paid once and include, but are not limited to items such as loan origination fees, points, title fees, recording fees, transfer taxes.

Non-recurring costs are eligible for payment by the Program. Recurring costs are paid at closing and will be incurred again after purchase. Examples of recurring costs are property taxes, hazard insurance, interest, mortgage insurance and mortgage insurance premiums, and annual assessments. Recurring costs are not eligible for payment by the Program. For specific costs which are payable by the Program, see Appendix B.

Closing. The final step in transferring ownership of a property from seller to buyer.

Credit Report Fee. This fee covers the cost of the credit report, which shows how you have handled other credit transactions. The lender uses this report in conjunction with information you submitted with the application regarding your income, outstanding bills, and employment, to determine whether you are an acceptable credit risk and to help determine how much money to lend you. When credit reporting problems are encountered, you have protection under the Fair Credit Laws.

Deed. A legal document conveying title to a property.

Displaced homemaker. An individual who, (1) is an adult; (2) has not worked full-time, full-year in the labor force for a number of years but has, during such years, worked primarily without enumeration to care for the home and family; and (3) is unemployed or underemployed and is experiencing difficulty in obtaining or upgrading employment.

Document Preparation. There may be a separate document fee that covers preparation of final legal papers, such as a mortgage, deed of trust, note, or deed. You should check with the settlement agent to see that these services, if charged for, are not also covered under some other service fees.

Eligible Property. A property to be used as the buyer's principal residence which is located in a participating location and has an appraised property value that does not exceed the property value limit established by the Program.

Equity. The owner's value or interest in a property. Equity is computed as the difference between the market value of a property and the owner's indebtedness incurred against the property.

Escrow. The placement of money or documents with a third party for safekeeping pending the fulfillment or performance of a specific act or condition.

Existing Home. Any residence that has been previously occupied for residential purposes.

FHA Mortgage. A mortgage loan insured by the Federal Housing Administration.

Fannie Mae. A nickname for the Federal National Mortgage Association (FNMA), a tax paying corporation created by Congress to support the secondary mortgage insured by FHA or guaranteed by VA, as well as conventional home mortgages.

First Mortgage. A mortgage, the proceeds of which are used to purchase the property, issued by a participating lender and recorded in first position on the deed.

First-Time Home Buyer. An individual or an individual and his or her spouse who have not owned their principal residence during the three-year period before the purchase of a home with HOME assistance, except that the following persons shall not be excluded from consideration as a first-time Home Buyer:

A person who owns or owned a principal residence during the three year period which is (a) not permanently affixed to a permanent foundation in accordance with local or other applicable regulations, or (b) is not in compliance with State, local or model building codes, or other applicable codes, and cannot be brought into compliance with such codes for less than the cost of constructing a permanent structure.

Freddie Mac. A nickname for the Federal Home Loan Mortgage Corporation (FHLMC), a federally controlled and operated corporation to support the secondary mortgage market. Freddie Mac purchases and sells conventional home mortgages.

Government Recording and Transfer Charges. These fees may be paid either by borrower or seller, depending upon your contract when you buy the home or accept the loan commitment. The borrower usually pays the fees for legally recording the new deed and mortgage. These fees collected when property changes hands or when a mortgage loan is made, may be quite large and are set by State and/or local governments. City, County and/or State tax stamps may have to be purchased as well.

Hazard Insurance Premium - Recurring. This premium prepayment is for insurance protection for you and the lender against loss due to fire, windstorm, and natural hazards. This coverage may be included in a homeowner's policy which insures against additional risks which may include personal liability and theft. Lenders often require payment of the first year's premium at settlement. A hazard insurance or homeowner's policy may not protect you against loss caused by flooding. If your mortgage is federally insured and your property is within a special flood hazard area identified by FEMA, you may be required by Federal law to carry flood insurance on your home. Such insurance may be purchased in participating communities under the National Flood Insurance Act.

Hazard Insurance - Recurring. The lender determines the amount of money that must be placed in the reserve in order to pay the next insurance premium when due.

Home. A one-unit dwelling, including a single family home, condominium or manufactured home on a permanent foundation that will be the buyers' permanent residence.

HOA. A **homeowners' association** (abbrev. **HOA**) is the legal entity created by a real estate developer for the purpose of developing, managing and selling a community of homes. It is given the authority to enforce the covenants, conditions, and restrictions (CC&Rs) and to manage the common amenities of the development. It allows the developer to legally exit responsibility of the community typically by transferring ownership of the association to the homeowners after selling off a predetermined number of lots. Most homeowners' associations are non-profit corporations, and are subject to state statutes that govern non-profit corporations and homeowners' associations.

Home Buyer Education. A course or class designed to prepare persons for homeownership. Topics covered include the home buying process, obtaining a loan, and responsibilities associated with homeownership, including, but not limited to, maintenance and payment obligations.

Home Inspection Report. A pre-purchase inspection prepared by a qualified home inspector which documents the condition and working order of the home and all fixtures included in the home purchase agreement. The inspection and report shall be prepared in accordance with industry standards. The report shall list any and all conditions which impair the habitability of the unit. The Home Inspection Report is used to determine that the home is in standard-condition and will comply with Housing Quality Standards upon occupancy.

Home Warranty. A warranty provided by an independent company that provides for the repair of specified items in a home during the warranty period, usually for a small deductible.

Homeownership. Ownership in fee simple title or a 99 year leasehold interest in a one to four unit dwelling or in a condominium unit, or ownership or membership in a cooperative. The ownership interest may be subject only to mortgages, deeds of trust, or other liens or instruments securing debt on the property; resale restrictions imposed through this Program; or any other restrictions or encumbrances that so not impair the good and marketable nature of title to the ownership interest.

Household. One or more persons occupying a housing unit.

Housing Quality Standard. A minimum standard of habitability established by the Public Housing Authority.

HUD. The United States Department of Housing and Urban Development, a federal governmental agency established to implement certain federal housing and community development programs.

Impound Account. That portion of a mortgagor's monthly payment held in trust by the lender to pay for taxes, hazard insurance, mortgage insurance, lease payments, and other recurring items, as they become due. Also referred to as an escrow payment.

Interest - Recurring. Lenders usually require that borrowers pay at settlement the interest that accrues on the mortgage from the date of settlement to the beginning of the period covered by the first monthly payment. For example, suppose your settlement takes place on April 16 and your first regular monthly payment will be due June 1 to cover interest charges for the month of May. On the settlement date, the lender will collect interest for the period from April 16 to May 1. If you borrowed \$60,000 at 12 percent interest, the interest item would be \$303.30.

Items Required by Lender to Be Paid In Advance. You may be required to prepay certain items, such as interest, mortgage insurance premium and hazard insurance premium, at the time of settlement.

Lender's Inspection Fee. This charge covers inspections, often of newly constructed housing made by personnel of the lending institution or an outside inspector.

Lender's Title Insurance. A one time premium may be charged at settlement for a lender's title policy which protects the lender against loss due to problems or defects in connection with the title. The insurance is usually written for the amount of the mortgage loan and covers losses due to defects or problems not identified by title search and examination. The borrower may pay all, a part of, or none of this cost depending on the terms of the sales contract or local custom.

Lien. A legal claim against a property that must be paid when property is sold.

Loan Origination Fee. The charge assessed by a lender for processing a mortgage.

Loan-to-Value Ratio. The ratio of the mortgage loan principal (amount borrowed) to the property's appraised value (selling price).

Mortgage. A lien on real estate given by the buyer as security for money borrowed from a lender.

Mortgagee. The lender of money or the receiver of the mortgage document.

Mortgagor. The borrower of money of the giver of a mortgage document.

Mortgage Insurance Premium Recurring. Mortgage insurance protects the lender from loss due to payment default by the borrower. The lender may require you to pay your first premium or a lump sum premium covering the life of the loan in advance, on the day of settlement. The premium may cover a specific number of months, a year in advance or the total amount. With this insurance protection, the lender is willing to make a larger loan, thus reducing your down payment requirements. This type of insurance should not be confused with mortgage life, credit life, or disability insurance designed to pay off a mortgage in the event of physical disability or death of the borrower.

Mortgage Insurance Recurring. The lender may require that part of the total annual premium be placed in the reserve account at settlement. The portion to be placed in reserve may be negotiable.

Mortgage Insurer Application Fee. This fee covers processing the application for private mortgage insurance which may be required on certain loans. It may cover both the appraisal and application fee.

New Home. A residence that has received a certificate of occupancy but has never been previously occupied for residential purposes by any person. Also referred to as newly constructed.

Non Recurring Closing Costs. One-time fees and expenses paid at the time of closing. Nonrecurring costs are paid in full at the time of closing.

Notary Fee. This fee is charged for the cost of having a licensed person affix his or her name and seal to various documents authenticating the execution of these documents by the parties.

Note. A written promise to pay a certain amount of money.

Owner's Title Insurance. This charge is for owner's title insurance protection and protects you against losses due to title defects. In some areas it is customary for the seller to provide the buyer with an owner's policy and for the seller to pay for this policy. In other areas, if the buyer desires an owner's policy he or she must pay for it.

Pest and Other Inspections. This fee is to cover inspections for termite or other pest infestation of the home. This may be important if the sales contract included a promise by the seller to transfer the property free from pests or pest-caused damage. Be sure that the inspection shows that the property complies with the sales contract before you complete the settlement. If it does not, you may wish to require a bond or other financial assurance that the work will be completed. This fee can be paid either by the borrower or seller depending upon the terms of the sales contract. Lenders vary in their requirements as to such an inspection.

Point. One percent of the loan amount.

Principal and Interest Payment (P&I). - A periodic (usually monthly) payment that includes the interest charges for the period plus an amount applied to amortization of principal balance.

Principal, Interest, Taxes, and Insurance Payment (PITI). The periodic payment that includes a principal and interest payment plus a contribution to the escrow account set up by the lender to pay insurance premiums and property taxes on the mortgage property.

Principal Residence. The primary dwelling unit in which a family resides. The residence can be a single family property, a 2-4 unit property, a condominium unit, a manufactured home on a permanent foundation or a cooperative unit.

Professional Property Inspection. A pre-purchase inspection that is conducted to determine the condition of a property prior to purchase. See also Home Inspection Report.

Property Value. The total value of a property as established in an appraisal by a qualified appraiser. The property value, not the purchase price, shall not exceed 95 % of the area median purchase price for that type of housing, as annually determined by the United States Department of Housing and Urban Development (HUD).

Reserves Deposited With Lenders. Reserves (sometimes called "escrow" or "impound" accounts) are funds held in an account by the lender to assure future payment for such recurring items as real estate taxes and hazard insurance.

Settlement or Closing Fee. This fee is paid to the settlement agent. Responsibility for payment of this fee should be negotiated between the seller and buyer at the time the sales contract is signed.

Single family home. A one-unit dwelling, detached, on a permanent foundation, that will be the buyer's permanent residence.

Single Parent. An individual who is (1) unmarried or legally separated from a spouse and (2) has one or minor children for whom the individual has custody or joint custody, or (3) is pregnant.

Survey. The lender or the title insurance company may require that a surveyor conduct a property survey to determine the exact location of the home and the lot line as well as easements and right's of way. This is a protection to the buyer as well. Usually the buyer pays the surveyor's fees, but sometimes this may be handled by the seller.

Title. The accumulation of all rights in a property, often used interchangeably with the word ownership. Also refers to the document that is evidence of ownership.

Title Charges. Title charges may cover a variety of services performed by title companies and others and include fees directly related to the transfer of title (title examination, title search, document preparation) and fees for title insurance, legal charges, which include fees for lender's, seller's or buyer's attorney or the attorney preparing title work and fees for settlement agents and notaries. Due to the great diversity in practice from area to area, your particular settlement may not include all of these items or may include others not listed. Ask your settlement agent to explain how these fees relate to services performed on your behalf.

Title Insurance. The total cost of owner's and lender's title insurance is shown here. The borrower may pay all, a part or none of this cost depending on the terms of the sales contract or local custom.

Title Search. A check of title records to identify liens, encumbrances and ownership rights to the property.

VA Mortgage. A mortgage loan guaranteed by the Veterans Administration, an agency of the federal government that provides services for eligible veterans.

APPENDIX E

HOUSING QUALITY STANDARD CHECKLIST

The following checklist will be utilized by the City to determine a minimum level of habitability for all homes purchased through the DPA Program.

Home inspectors should not use this form - it is provided here for informational purposes only. Home inspectors should prepare their reports in accordance with industry standards for that profession, and should use forms and methods in accordance with those standards.

Client # _____

Housing Quality Standards (HQS) Inspection Form

A. General Information

Date of Inspection: _____

Address of Inspected Unit: _____

City: _____ County: _____ State: _____

Zip: _____

Name of Family: _____

Current Address of Family: _____

City: _____ County: _____ State: _____ Zip: _____

Current Telephone of Family: _____

B. How to Fill Out This Checklist

Proceed through the inspection as follows:

| Area | Checklist Category |
|--------------------------|---|
| Room by Room | 1. Living Room 2. Kitchen 3. Bathroom 4. All Other Rooms Used for Living 5. All Secondary Rooms Not Used for Living |
| Outside | 6. Building Exterior |
| Basement or Utility Room | 7. Heating and Plumbing |
| Overall | 8. General Health and Safety |

Each part of the checklist will be accompanied by an explanation of the item to be inspected.

Important: For each item numbered on the checklist, check one box only (e.g., check one box only for item 1.4 "Security," in the Living Room).

In the space to the right of the description of the item, if the decision on the item is "Fail," write what repairs are necessary.

Also, if "Pass" but there are additional code items or items not consistent with rehab standards or area codes, write these in the space to the right.

1. LIVING ROOM

For each item numbered, check one box only.

| Item # | Description | DECISION | | Repairs Required |
|-------------|---|--------------|-------------|------------------|
| | | Yes, PASS | No, FAIL | |
| 1.1 | LIVING ROOM PRESENT Is there a living room? | | | |
| 1.2 | ELECTRICITY Are there at least two working outlets or one working outlet and one working light fixture? | | | |
| 1.3 | ELECTRICAL HAZARDS Is the room free from electrical hazards? | | | |
| 1.4 | SECURITY Are all windows and doors that are accessible from the outside lockable? | | | |
| 1.5 | WINDOW CONDITION Is there at least one window, and are all windows free of signs of severe deterioration or missing or broken out panes? | | | |
| 1.6 | CEILING CONDITION Is the ceiling sound and free from hazardous defects? | | | |
| 1.7 | WALL CONDITION Are the walls sound and free from hazardous defects? | | | |
| 1.8 | FLOOR CONDITION Is the floor sound and free from hazardous defects? | | | |
| 1.9 | LEAD PAINT Are all interior surfaces either <i>free</i> of cracking, scaling, peeling, chipping, and loose paint or <i>adequately treated and covered</i> to prevent exposure of the occupants to lead based paint hazards? | | | |
| 1.10 | WEATHER STRIPPING Is weather stripping present and in good condition on all windows and exterior doors? | | | |
| 1.11 | OTHER | | | |
| 1.12 | OTHER | | | |

Notes: (Give Item #)

2. KITCHEN

For each item numbered, check one box only.

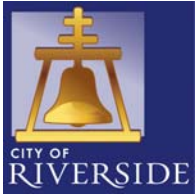
| Item # | Description | DECISION | | Repairs Required |
|-------------|---|--------------|-------------|------------------|
| | | Yes, PASS | No, FAIL | |
| 2.1 | KITCHEN AREA PRESENT Is there a kitchen? | | | |
| 2.2 | ELECTRICITY Is there at least <i>one</i> working electric outlet and <i>one</i> working, permanently installed light fixture? | | | |
| 2.3 | ELECTRICAL HAZARDS Is the kitchen free from electrical hazards? | | | |
| 2.4 | SECURITY Are <i>all</i> windows and doors that are accessible from the outside lockable? | | | |
| 2.5 | WINDOW CONDITION Are all windows free of signs of deterioration or missing or broken out panes? | | | |
| 2.6 | CEILING CONDITION Is the ceiling sound and free from hazardous defects? | | | |
| 2.7 | WALL CONDITION Are the walls sound and free from hazardous defects? | | | |
| 2.8 | FLOOR CONDITION Is the floor sound and free from hazardous defects? | | | |
| 2.9 | LEAD PAINT Are all interior surfaces either <i>free</i> of cracking, scaling, peeling, chipping, and loose paint or <i>adequately treated and covered</i> to prevent exposure of the occupants to lead based paint hazards? | | | |
| 2.10 | STOVE OR RANGE WITH OVEN Is there a working oven and a stove (or range) with top burners that work? | | | |
| 2.11 | REFRIGERATOR Is there a refrigerator that works and maintains a temperature low enough so that food does not spoil over a reasonable period of time? | | | |

2. KITCHEN**For each item numbered, check one box only.**

| | | | | |
|-------------|---|--|--|--|
| 2.12 | SINK Is there a kitchen sink that works with hot and cold running water? | | | |
| 2.13 | SPACE FOR STORAGE AND PREPARATION OF FOOD Is there space to store and prepare food? | | | |
| 2.14 | WEATHER STRIPPING Is weather stripping present and in good condition on all windows and exterior doors? | | | |
| 2.15 | OTHER | | | |
| 2.16 | OTHER | | | |

Notes: (Give Item #)

APPENDIX F



City of Riverside Development Department
Housing & Neighborhoods Division

Down Payment Assistance Program **APPLICATION FORMS**

3900 Main Street, 2nd Floor
Riverside, CA 92522
(951) 826-5879
Facsimile: (951) 826-2233
mdavis@riversideca.gov

CITY OF RIVERSIDE
DOWN PAYMENT ASSISTANCE PROGRAM APPLICATION CHECKLIST

All applications must be typed or printed neatly. All forms should be filled out completely. Make sure applications are signed, and notarized, where required. **Incomplete applications will not be accepted.** All items must be included in initial submittal - faxes will not be accepted for the Reservation Phase. Reservations that are missing any required items or contain white-out will not be processed and will be returned to the Lender.

The DPA Program uses a three-phase process: pre-approval, request for funding, and closing. The items required for each phase are as follows:

Part II. The following items are required in order to reserve funds for a specific borrower. DPA Reservations are accepted on a first come, first served basis. The DPA Program Administrator will review the following items according to the DPA Program Manual guidelines and respond to any reservation request within ten (10) working days.

- ☐ Cover Letter indicating mortgage company name and address, contact person, phone and fax numbers, email address, name of applicant, location (address) of home and any other information regarding the loan terms and/or homebuyers
- ☐ Copy of applicant(s) drivers' license and social security card
- ☐ Down Payment Assistance Reservation (DPA -1) with original, wet signature
- ☐ Certification of Applicant (DPA-2) with original, wet signature
- ☐ Down Payment Assistance Program Financing Worksheet (DPA-3) with original, wet signature
- ☐ Income Affidavit (DPA-4) – (if applicable) with original, wet signature
- ☐ Last three (3) years of federal tax returns (all pages and schedules) and W-2s
PLEASE NOTE: For each year of tax returns submitted the statement “This is a true and exact copy of the tax returns submitted to the IRS” must be added to each tax return with the applicant’s original, wet signature next to the statement.
- ☐ A minimum of 30 days paycheck stubs and/or documentation for other household income (ex. Social Security, disability payments, pension, child support, alimony, self-employment, bonuses, and other income where applicable)
- ☐ Last 3 month’s of bank statements and any other statements showing the required down payment from the borrowers own funds (3%)
- ☐ Copy of tri-merged credit report with credit scores
- ☐ Copy of Fully Completed and Signed Loan Application
- ☐ Copy of the Good Faith Estimate signed by the buyer(s)
- ☐ Copy of Home Inspection for existing homes (if applicable)
- ☐ DU/LP Underwriting Findings or Lender’s approval letter

Part II. Once the client has located a property, please immediately submit all documentation listed below to Housing & Neighborhoods staff for review. If staff approves the property purchase, staff will issue loan documents and submit down payment assistance funds to escrow.

- ☐ Property Information Form (DPA-5)
- ☐ Copy of Signed Sales Agreement, including all counter offers and Transfer Disclosure Statements
- ☐ Homeownership Notice to Sellers and Disclosure of Information on Lead-Based Paint and Lead-Based Paint Hazards (DPA-6) with original, wet signature
- ☐ Copy of recent Appraisal (within 60 days of executed Purchase Contract)
- ☐ Copy of Home Inspection
- ☐ Copy of 1008 or FHA Loan Underwriting Transmittal Summary (FLUTS) with underwriter's signature and date
- ☐ Copy of Standard Flood Hazard Determination (FEMA Form 81-93) or copy of FEMA website determination
- ☐ Copy of Escrow Instructions
- ☐ Copy of Complete Preliminary Title Report
- ☐ Copy of the Certificate(s) of Completion from a HUD certified Homebuyer Education course. (Buyers will be required to attend a Post Purchase Education course prior to the close of escrow.)

**CITY OF RIVERSIDE
DOWN PAYMENT ASSISTANCE PROGRAM**

RESERVATION COVER LETTER

(Lenders should use this form or provide their own cover letter containing all of the following information.)

Date Submitted: _____

Lender Submitting DPA Reservation:

Contact Person: _____

Address: _____

Telephone: _____ Fax : _____

Cell Phone: _____

E-mail Address: _____

Applicant Information:

Applicant's Name: _____

Mailing Address: _____

Telephone Number: _____

Cell Number: _____

Email Address: _____

Address and of Home Being Purchased:

(Street Number, Street, City and Zip Code)

Special Comments or Notes:

**CITY OF RIVERSIDE, DEVELOPMENT DEPARTMENT
HOUSING & NEIGHBORHOODS DIVISION
3900 Main Street, 2nd Floor
Riverside, CA 92522
(951) 826-5879
Down Payment Assistance Program**

Reservation

| | | |
|---|----------------|--|
| Lender: | | |
| Lender Address: | | |
| Lender Telephone: | Email Address: | |
| Name of Authorized Lender Representative: | | |
| Are you on the list of approved agents to submit application?: <input type="checkbox"/> Yes <input type="checkbox"/> No – If the answer is “no” you will not be able to an application. | | |
| Cell Number: | | |

We are processing a mortgage loan application for the below listed applicant(s). Our preliminary review indicates that this household meets the eligibility for First Down Payment Assistance Program as set forth in the Program Guidelines established by the City of Riverside.

The following applicant(s) are requesting Down Payment Assistance Program funds:

| | | | |
|--|----|-----------------|--|
| Name of Applicant(s): | | | |
| Current Address: | | | |
| Applicant's Work- Phone Number: | | | |
| Applicant's Home/cell Phone Number: | | | |
| Address of Property Being Purchased: | | | |
| Assessor Parcel Number (APN): | | | |
| Initial Purchase Price: | | | |
| Gross Annual Household Income: | | Monthly Income: | |
| Down Payment Assistance Requested *Level I - Cannot exceed 25% of the purchase price *Level II – Cannot exceed \$50,000) | \$ | | |

Is applicant applying for the Riverside County Mortgage Credit Certificate Program?

☐ Yes ☐ No

Is the applicant a participant in the Riverside County Housing Authority Family Self Sufficiency (FSS) Program?

☐ Yes ☐ No

Is the household income within the Program Limits? ☐ Yes ☐ No

Property being purchased is located in the City Limits: ☐ Yes ☐ No

Status of Prior Home Ownership:

☐ First Time Home Buyer Last Date of Home Ownership: _____

Citizenship Status

Applicant 1: ☐ US Citizen ☐ Qualified Alien
☐ Neither (Applicant does not qualify)

Applicant 2: ☐ US Citizen ☐ Qualified Alien
☐ Neither (Applicant does not qualify)

Applicant 3: ☐ US Citizen ☐ Qualified Alien
☐ Neither (Applicant does not qualify)

Applicant 4: ☐ US Citizen ☐ Qualified Alien
☐ Neither (Applicant does not qualify)

Applicant Information

(For Statistical Purposes Only)

Marital Status:

Family Size _____

Married ☐Single ☐Divorced ☐

Age of applicant(s) and all household members:

(Please use the letter "H" to signify head of household, and the letter "X" for each family member)

_____ Under 20

_____ 36-40

Head of Household:

_____ 20-25

_____ 41-50

Male ☐

_____ 26-30

_____ 51-60

Female ☐

_____ 31-35

_____ Over 61

Hispanic: ☐ Yes ☐ No**Race:** ☐ Black or African American ☐ White ☐ Asian☐ Native Hawaiian/Pacific Islander☐ American Indian/Alaskan Native and White☐ Asian and White☐ Black/African American and White☐ American Indian/Alaskan Native and Black/African American☐ American Indian or Alaskan Native☐ Other

Date: _____

Authorized Lender Signature: _____

Printed Authorized Lender Name: _____

Title: _____

Address _____

Telephone (_____) _____

Email address: _____

Appendix “B”

DPA-2 (2009/2010)

**City of Riverside, Development Department
Housing & Neighborhoods Division
3900 Main Street, 2nd Floor
Riverside, CA 92522
951-826-5879**

Certification of Applicant

- 1) The undersigned, has applied for Down Payment Assistance from the City of Riverside Development Department Housing & Neighborhoods Division, hereinafter referred to as H&N, in conjunction with the Down Payment Assistance Program (DPA) Program, and hereby acknowledges and understands the following:
 - a) The DPA Program is to be used in conjunction with a mortgage loan for the purchase of a single-family residence, which is required to be used as your principal residence within sixty (60) days after the closing of the mortgage loan. The home shall not be used as a business or as a vacation (second) home.
 - b) The decision to grant the first mortgage loan is completely within the discretion of the mortgage lender to whom you have applied. H&N makes no decision in regard to the approval of any first mortgage loan.
 - c) The decision to fund Down Payment Assistance is within the sole discretion of the H&N, and is dependent upon your application meeting all requirements of the City of Riverside’s Down Payment Assistance Program, as well as the availability of funds.
 - d) The decision of which home to buy is within the sole discretion of the buyer and the buyer understands that Down Payment Assistance is not limited to specific homes. The buyer has performed their investigation of the home market, and has independently selected a home to purchase.
 - e) The buyers shall satisfy themselves as to the condition of the home prior to closing escrow. The buyer shall confirm that requested repairs are complete prior to close of escrow, and that all systems are operating properly. H&N shall not be responsible for any repairs to the home at any time.
 - f) The buyers understand that they shall attend an 8 hour Homebuyer Education Course as soon as possible in the purchase process. Down Payment Assistance funds will not be released until the buyer has attended this course. To schedule the Homebuyer Education Course, please contact Fair Housing Council of Riverside County at (800) 655-1812 or Neighborhood Housing Service at (951) 300-1757. Other HUD approved providers certificates are acceptable.

Listed below are the names of all persons who intend to reside in the residence and include the income of all adults age 18 and older:

| Name | Relation to Head of Household | Age | Social Security Number | Employer/Source of Income | Annual Income |
|------|-------------------------------|-----|------------------------|---------------------------|---------------|
| | | | | | \$ |
| | | | | | \$ |
| | | | | | \$ |
| | | | | | \$ |
| | | | | | \$ |
| | | | | | \$ |
| | | | | TOTAL | \$ |

| | |
|---|----|
| The total household gross annual income is: | \$ |
| The number of family members is: | |

You certify the following as listed above:

- 2) You certify that you have not had a previous ownership interest in a principal residence during the last three (3) years. Down Payment Assistance will not be granted if you have had a previous ownership interest in a principal residence during the last three (3) years. In connection with the requirement listed above, you will be required to submit copies of your previous three (3) years federal income tax returns, and if unavailable, you will cooperate with the lender to submit alternative documentation acceptable to the lender and the City of Riverside.
- 3) You certify that you have provided to the lender all required information to enable lender to determine your total income and assets.
- 4) You acknowledge that a material misstatement **negligently** made in any statement by you in connection with an application for Down Payment Assistance will constitute a violation of law punishable by a fine; and a material misstatement **fraudulently** made by you will constitute a violation of law punishable by a fine and a revocation of the Down Payment Assistance, in addition to any criminal penalty imposed by law.

5) If the loan is approved the buyer’s vesting on the property will be:

6) By affixing your signature to this document, you acknowledge that you have read and understand all of the elements as indicated, and give your consent to proceed with the application for Down Payment Assistance through the City of Riverside.

Date: _____

Signature of Applicant _____

Printed Name: _____

Signature of Applicant _____

Printed Name: _____

Signature of Applicant _____

Printed Name: _____

Signature of Applicant _____

Printed Name: _____

Name of Participating Lender: _____

Signature of Authorized Lender Representative _____

Printed Name: _____

Title: _____

PLEASE SUBMIT ORIGINAL TO H&N STAFF AND GIVE THE BORROWERS A COPY OF THIS FORM

FINANCING WORKSHEET

City of Riverside, Development Department
Housing & Neighborhoods Division
3900 Main Street, 2nd Floor
Riverside, CA 9222
(951) 826-5879

**Down Payment Assistance Program
Financing Worksheet**

BUYER NAME:

| |
|--|
| |
|--|

1. PURCHASE PRICE (must not exceed \$292,686) = (Max. Sales Limit):

| | |
|---|--|
| 1 | |
| 2 | |

2. **Down Payment Assistance Requested:**

FINANCING:

3. First Trust Deed Amount:

| | |
|---|--|
| 3 | |
| 4 | |
| 5 | |

4. DPA Loan Amount:

5. Funding from Other Assistance Programs

6. **Total Funding** (add lines 3, 4 and 5)

6 \$ -

The next sections will show the details of the above listed totals.

Please complete the following, giving best estimate and matching Good Faith Estimate (GFE) figures:

7. First Mortgage, Interest Rate:

| | | |
|---|--|---|
| 7 | | % |
| 8 | | |
| 9 | | |

8. First Mortgage Loan Type (FHA, VA, Cal-HFA, etc.):

9. Term of Loan (30-yr. loan, CalHFA 35-yr. loan, or CalHFA 40-yr. loan):

1st TRUST DEED:

10. Base 1st Mortgage Amount

| | |
|----|--|
| 10 | |
| 11 | |

11. Additional Amount Financed (PMI, funding fees, etc.)

12. **First Trust Deed Total** (add lines 10 and 11; total should match line 3)

12 \$ -

DOWN PAYMENT:

13. Down payment from Buyer

14. Down payment from Other Ass't Programs (List other Programs & Amounts on pg. 2)

15. Down payment from DPA Program *

16. **Total Down Payment** (add lines 13, 14 and 15; must match GFE)

| | |
|----|-------------------------|
| 13 | |
| 14 | |
| 15 | |
| 16 | \$ - |

CLOSING COSTS:

17. Closing Costs Paid by Buyer

18. Closing Costs Paid by Seller

19. Closing Costs financed in Loan (PMI, etc.)

20. Closing Costs Paid by other Ass't Programs (List other Programs & Amounts on pg. 2)

21. **Total Closing Costs** (add lines 17 thru 20; must match GFE)

| | |
|----|-------------------------|
| 17 | |
| 18 | |
| 19 | |
| 20 | |
| 21 | \$ - |

* Line 15 is for Level I – up to 25% of the purchase price, must be at least \$1,000 and Level II cannot exceed \$50,000.

LENDER CERTIFICATION

The amounts above indicate my best possible estimate at this time.

| |
|--|
| |
|--|

(Lender Signature)

| |
|--|
| |
|--|

(Date)

FINANCING WORKSHEET

ALL ASSISTANCE PROGRAMS: (including the DPA)

| | AMOUNT | (Dollar Amount) PORTION TOWARD DOWN PAYMENT | (Dollar Amount) PORTION TOWARD CLOSING COSTS: |
|---------------------|--------------------------|--|--|
| 2nd POSITION | | | |
| NAME OF PROGRAM: | DPA | | |
| Loan or Grant: | Loan | | \$ 0.00 |
| CITY/COUNTY/STATE: | Riverside, Riverside, CA | | |
| 3rd POSITION | | | |
| NAME OF PROGRAM: | | | |
| Loan or Grant: | | | |
| CITY/COUNTY/STATE: | | | |
| 4th POSITION | | | |
| NAME OF PROGRAM: | | | |
| Loan or Grant: | | | |
| CITY/COUNTY/STATE: | | | |
| 5th POSITION | | | |
| NAME OF PROGRAM: | | | |
| Loan or Grant: | | | |
| CITY/COUNTY/STATE: | | | |
| 6th POSITION | | | |
| NAME OF PROGRAM: | | | |
| Loan or Grant: | | | |
| CITY/COUNTY/STATE: | | | |
| TOTAL: | | \$ - | \$ 0.00 |

LENDER CERTIFICATION

(Lender Signature)

(Date)

(Lender Name)

PROGRAM RATIO WORKSHEET

DPA-3 (2009/2010)

MONTHLY INCOME:

| | Base Income | Other Income (Overtime, Bonuses, Commissions, etc.) |
|--------------|-------------------------|--|
| Applicant #1 | 1a <input type="text"/> | 1b <input type="text"/> |
| Applicant #2 | 2a <input type="text"/> | 2b <input type="text"/> |
| Applicant #3 | 3a <input type="text"/> | 3b <input type="text"/> |
| Applicant #4 | 4a <input type="text"/> | 4b <input type="text"/> |

TOTAL MONTHLY INCOME:

| | | | |
|--|---|----|---|
| 5. BASE INCOME (add lines 1a, 2a, 3a and 4a) | 5 | \$ | - |
| 6. OTHER INCOME (add lines 1b, 2b, 3b and 4b) | 6 | \$ | - |
| 7. ASSET INCOME | 7 | | |
| 8. TOTAL INCOME (add lines 5, 6 and 7) | 8 | \$ | - |

Ratios: Please include the MCC credit in calculating the ratios, if receiving the MCC credit.

Proposed Monthly Payments

Borrower's Primary Residence
(Subtract the MCC credit from the Monthly Housing Expense)

| | | |
|--|----|------|
| 9. First Mortgage P & I (30-year or CalHFA 40-year only): | 9 | |
| 10. First Mortgage P & I - 6th year (CalHFA 35-year loan only): | 10 | |
| 11. Second Mortgage P & I (if applicable): | 11 | |
| 12. Hazard Insurance: | 12 | |
| 13. Taxes: | 13 | |
| 14. Mortgage Insurance: | 14 | |
| 15. HOA Fees: | 15 | |
| 16. Other: | 16 | |
| 17. Primary Housing Expense (add lines 9 thru 16): | 17 | \$ - |
| 18. Monthly MCC Credit Amount: | 18 | \$ - |
| 19. Total Primary Housing Exp. (add lines 17-18): | 19 | \$ - |

Monthly Housing Expense

| | | |
|--|----|------|
| 20. Total Primary Housing Expense (from line 19) | 20 | \$ - |
|--|----|------|

Monthly Household Income

| | | |
|--|----|-----------|
| 21. Total Gross Monthly Income (from line 8) | 21 | \$ - |
| 22. Front End Ratio "Housing Ratio" (line 19 divided by line 21) | 22 | #DIV/0! % |

Front end ratio minimum: 28%

Front end ratio maximum: 35%

LENDER CERTIFICATION

(Lender Signature)

(Date)

(Lender Name)

**City of Riverside, Development Department
Housing & Neighborhoods Division
3900 Main Street, 2nd Floor
Riverside, CA 92522
951-826-5879**

**Income Affidavit
(must attach a copy of the signed IRS Form 4506-T)**

- ☐ 1. I (We) hereby certify that I (we) was (were) not required by law to file a Federal Income Tax Return for the following year(s) for the reason(s) stated below:

☐ NO INCOME: _____

☐ OTHER: _____

- ☐ 2. I (We) acknowledge and understand that this Affidavit will be relied upon for purposes of determining my (our) eligibility for Down Payment Assistance. I (We) acknowledge that a material misstatement negligently made in any statement by me (us) in connection with an application for Down Payment assistance will constitute a federal violation punishable by a fine; and a material misstatement fraudulently made in any statement by me (us) in connection with an application for Down Payment Assistance will constitute a federal violation punishable by a fine and repayment of all Assistance received, which will be in addition to any criminal penalty imposed by law.
- ☐ 3. In addition, I (we) hereby acknowledge and understand that any false pretense, including false statement or representation, or the fraudulent use of any instrument, facility, article or other valuable thing or service pursuant to participation in any City of Riverside program is punishable by imprisonment or by a fine.

| | | |
|------------------------|--------------|------|
| Signature of applicant | Printed Name | Date |
| Signature of applicant | Printed Name | Date |
| Signature of applicant | Printed Name | Date |

EMPLOYMENT AND INCOME INFORMATION**Applicant:**

Employer: _____ Length of Employment: _____

Address: _____

City: _____ State: _____ Zip Code: _____

Phone Number: (____) _____ Monthly Gross Income: _____

Previous Employer: _____ Length of Employment: _____

Address: _____

City: _____ State: _____ Zip Code: _____

Phone Number: (____) _____ Monthly Gross Income: \$ _____

Other income (include pension plans, annuities and child support): _____

Co-Applicant:

Employer: _____ Length of Employment: _____

Address: _____

City: _____ State: _____ Zip Code: _____

Phone Number: (____) _____ Monthly Gross Income: \$ _____

Previous Employer: _____ Length of Employment: _____

Address: _____

City: _____ State: _____ Zip Code: _____

Phone Number: (____) _____ Monthly Gross Income: \$ _____

Other income (include pension plans, annuities and child support): _____

EMPLOYMENT AND INCOME INFORMATION**Co-Applicant:**

Employer: _____ Length of Employment: _____

Address: _____

City: _____ State: _____ Zip Code: _____

Phone Number: (____) _____ Monthly Gross Income: _____

Previous Employer: _____ Length of Employment: _____

Address: _____

City: _____ State: _____ Zip Code: _____

Phone Number: (____) _____ Monthly Gross Income: \$ _____

Other income (include pension plans, annuities and child support): _____

Co-Applicant:

Employer: _____ Length of Employment: _____

Address: _____

City: _____ State: _____ Zip Code: _____

Phone Number: (____) _____ Monthly Gross Income: \$ _____

Previous Employer: _____ Length of Employment: _____

Address: _____

City: _____ State: _____ Zip Code: _____

Phone Number: (____) _____ Monthly Gross Income: \$ _____

Other income (include pension plans, annuities and child support): _____

INCOME VERIFICATION AUTHORIZATION

Applicants to Complete:

I hereby grant my employer permission to disclose my income to the City of Riverside in order that they may determine my income eligibility for the Down Payment Assistance Program.

Applicant Name (Please Print)

Applicant Signature

Date

Name and Address of Employer:

Co-Applicant Name (Please Print)

Co-Applicant Signature

Date

Name and Address of Employer:

**INCOME VERIFICATION
(For Employers Only)**

To Whom It May Concern:

The undersigned has applied for the City of Riverside Down Payment Assistance Program. Every income statement of the applicant must be verified. Please indicate below the employee's current annual gross income from wages, overtime, bonuses, commissions, or any other form of compensation received on a regular basis.

Employer to Complete:

Annual Gross Wages: \$ _____

Overtime: \$ _____

Bonuses: \$ _____

Commissions: \$ _____

Other: \$ _____

Total Current Income: \$ _____

I hereby certify that the above statements are true and accurate to the best of my knowledge.

Authorized Employer Name (Please Print)

Title (Please Print)

Authorized Signature

Date

**CITY OF RIVERSIDE, DEVELOPMENT DEPARTMENT
HOUSING & NEIGHBORHOODS DIVISION**

3900 Main Street, 2nd Floor

Riverside, CA 92522

(951) 826-5879

Down Payment Assistance Program

Property Information

It is imperative that Seller, Seller's or Buyer's agents are notified in advance of the time of application and provide the following information:

Primary Contact:

Secondary Contact:

Does the property have a lockbox? ☐ Yes ☐ No

If yes, will you provide access to H&N staff to inspect the house? ☐ Yes ☐ No

Lock Box # _____

Type of property being purchased: ☐ Single Family Detached ☐ Planned Unit Development

☐ Condominium

☐ Manufactured Home
(☐ New ☐ Resale)

Is the home an REO or foreclosed?: ☐ Yes ☐ No

| | | | |
|------------------------|---|--|---------------------------------|
| Name: | | | |
| Relationship-Check one | <input type="checkbox"/> Seller's Agent | <input type="checkbox"/> Buyer's Agent | <input type="checkbox"/> Lender |
| Phone Number: | | Email Address: | |
| Cell Number: | | | |

Number of
Bedrooms:

_____ Number of Bathrooms: _____

| | | | |
|------------------------|---|--|---------------------------------|
| Name: | | | |
| Relationship-Check one | <input type="checkbox"/> Seller's Agent | <input type="checkbox"/> Buyer's Agent | <input type="checkbox"/> Lender |
| Phone Number: | | Email Address: | |
| Cell Number: | | | |

In-ground
Pool/Spa
☐ Yes

☐ No

Newly Constructed ☐ Yes ☐ No

If yes, date of issuance of occupancy permit: _____

If no, Year Constructed: _____

Property Information

Is the property vacant? ☐ Yes ☐ No

If Yes, Date Property Last Occupied: _____

Is the property occupied by the seller: ☐ Yes ☐ No

Is the property occupied by a tenant who is purchasing the property?: ☐ Yes ☐ No

Is the property occupied by a tenant who is not purchasing the property: ☐ Yes ☐ No

(If Yes, do not submit file. Properties that are currently tenant occupied and the tenant is not purchasing the subject property are not eligible for DPA.)

**City of Riverside, Development Department
Housing & Neighborhoods Division
3900 Main Street, 2nd Floor
Riverside, CA 92522
951-826-5879**

HOMEOWNERSHIP NOTICE TO SELLERS

| Name of Seller(s) | Name of Buyer(s) |
|-------------------|------------------|
| | |
| | |
| | |

Property address located at: _____

Before a binding sales contract may be executed between the Seller(s) and the Buyer(s), as listed above, the parties warrant that the following is true:

Seller's Disclosure:

- 1) Seller(s) has/have been advised that the property is being purchased with Federal assistance.
- 2) Seller(s) is/are voluntarily selling the property.
- 3) Seller(s) acknowledge the property is not a foreclosed/REO home.
- 4) Seller(s) acknowledge and certify that the property is either seller occupied, being purchased by the existing tenant, or has been vacant for at least ninety (90) days from the date of this letter.
- 5) Seller(s) has/have been advised that the Buyer(s) will apply to the City of Riverside Down Payment Assistance (DPA) Program for financial assistance in purchasing the Property, and that said assistance is subject to both the Buyer(s) and the Property qualifying for the DPA. Property must be in standard condition and ready for occupancy upon close of escrow, as determined by the DPA Program.
- 6) Property is presently (check one):

☐ Occupied by Seller
☐ Occupied by Buyer

☐ Occupied by Tenant
☐ Never Previously Occupied

☐ Vacant – Last Date Occupied: _____
(month/year)

* The home must be vacant for at least ninety (90) days prior to the purchase offer or the property is ineligible.

* Verification of last date of occupancy must accompany DPA-3 to certify vacancy.

Disclosure of Information on Lead-Based Paint and Lead-Based Paint Hazards for Properties Constructed before 1978. Answer and complete the following questions regardless of the age of the property being purchased.

7) Seller(s) Lead Based Paint Disclosure (Please initial): _____

(a) Presence of lead-based paint and/or lead-based paint hazards (check one below):

- ☐ Is present in the property to be purchased (Please explain).
- ☐ Seller has no knowledge of lead-based paint and/or lead-based paint hazards in the property to purchased.

(b) Records and reports available to the seller (check one below):

- ☐ Seller has provided the Buyer with all available records and/or reports pertaining to lead-based paint and/or lead-based paint hazards in the property to be purchased (list all documents below):
- ☐ Seller has no reports or records pertaining to lead-based paint and/or lead-based paint hazards in the property to be purchased.

(c) Seller understands and acknowledges that the responsibility of any paint stabilization (treatment of defective paint) and/or lead hazard control is solely by mutual agreement between the Seller and Buyer. At a minimum, paint stabilization is removal of the defective paint and repainting of the surface using Safe Work Practices described in 24CFR 35.1350 and may be performed by a licensed painting contractor.

8) Buyer's Lead Based Paint Acknowledgement: _____

(a) Lead Warning Statement. Every purchaser of any interest in residential real property on which a residential dwelling was built prior to 1978 is notified that such property may present exposure to lead from lead-based paint that may place young children at risk of developing lead poisoning. Lead poisoning in young children may produce permanent neurological damage, including learning disabilities, reduced intelligence quotient, behavioral problems, and impaired memory. Lead poisoning also poses a particular risk to pregnant women. The seller of any interest in residential real property is required to provide the buyer with any information on lead-based paint hazards from risk assessments or inspections in the seller's possession and notify the buyer of any known lead-based paint hazards.

(b) Visual Assessment for Lead Based Paint Compliance. In each unit receiving down payment assistance through the Down Payment Assistance Program, all intact and non-intact interior and exterior surfaces must be inspected for presence of defective paint, i.e. cracking, scaling, chipping, peeling, or loose paint. This visual assessment will be required in addition to the Home Inspection Report at the Request for Funding DPA-6 (2009/2010)

Phase. Where defective paint is found, it must be treated to eliminate immediate hazards. At a minimum, treatment is removal of the defective paint and repainting of the surface.

Buyer's Lead Based Paint Acknowledgment (Please initial): _____

(d) Buyer has received copies of all information listed above in (b) above, if applicable.

(e) Buyer will receive the pamphlet *Protect Your Family from Lead in Your Home* (available at www.epa.gov/lead/pubs/leadprot.htm) upon verification of eligibility for the Down Payment Assistance Program and prior to close of escrow.

(f) Buyer has (check one below):

- ☐ Exercised a 10-day option (or mutually agreed upon period) to request a risk assessment (\$300) or lead inspection/testing (\$400) conducted by a Risk Assessor certified under a State program authorized by the Environmental Protection Agency or for the presence of lead-based paint and/or lead based paint hazards at the Buyer's expense; or
- ☐ Waived the opportunity to request a risk assessment or inspection for the presence of lead-based paint and/or lead-based paint hazards.

(g) Buyer understands and acknowledges that the responsibility of any paint stabilization (treatment of defective paint) and/or lead hazard control is solely by mutual agreement between the Seller and Buyer. At a minimum, paint stabilization is removal of the defective paint and repainting of the surface using Safe Work Practices described in 24 CFR 35.1350 and may be performed by a licensed painting contractor.

9) Counterparts:

This notice may be signed by the different parties hereto in counterparts, each of which shall be an original but all of which together shall constitute one and the same notice.

DPA-6 (2009/2010)

I, _____ the Seller(s), certify that I / we have reviewed this notice and agree to the above conditions regarding the selling of my/our property located

at _____
(address)

to the above-noted buyers who are participating in the City of Riverside Down Payment Assistance Program.

Signature of Seller

Date

Signature of Seller

Date

Signature of Seller

Date

Signature of Seller's Real Estate Agent

Date

THIS NOTICE **MUST BE ATTACHED** TO THE PURCHASE AGREEMENT AND EXECUTED PRIOR TO OR CONCURRENT WITH SELLERS ACCEPTANCE OF PURCHASE OFFER. FAILURE TO DO SO WILL RESULT IN BUYERS DISQUALIFICATION FROM THE CITY OF RIVERSIDE DOWN PAYMENT ASSISTANCE PROGRAM.

APPENDIX G

SECTION 1

Level I Down Payment Assistance

LEVEL I DOWN PAYMENT ASSISTANCE PROGRAM REQUIREMENTS (HOME AND CALHOME FUNDS)

| | |
|--|--|
| PROGRAM DESCRIPTION | The City of Riverside's Downpayment Assistance Program provides <u>multiple</u> sources of funds for down payment assistance available to income-qualified families to purchase their first home in the City of Riverside. With the cost of homeownership still out of reach for a number of lower income households, this program will provide the necessary assistance to bring a median price home within affordability limits. The Level I Down Payment Assistance program is funded by HOME and CalHOME funds. |
| BORROWER ELIGIBILITY | <ul style="list-style-type: none"> The <u>Annual Income</u> of the household receiving HOME and CalHome funds shall not exceed 80% of AMI for the Riverside-San Bernardino-Ontario Metropolitan Statistical Area (MSA) published by HUD (HOME loans) or the State of California (CalHome loans) , as may be amended from time to time; <u>All members of the household over age 18 that will be a co-borrower are required to submit a 1003, full income and assets documentation.</u> Household must be a first-time homebuyer or cannot have owned a home in the last three (3) years. Household cannot own any other real property. Household credit must meet City's Program Guidelines (consist with FHA's guidelines). Households will be required to provide down payment. A minimum buyer contribution of 3% of the total purchase price of the property will be required from the borrower's personal liquid assets for borrower cash reserves: <ol style="list-style-type: none"> Gift funds <u>may</u> be used to meet this requirement not to exceed 2% Gift funds may come from immediate family, employer, or non-profit agency with documentation Gift funds cannot come from any loan source Borrower reserves must be seasoned for at least a full 3-month period and shall be based on the average daily balance of the account. The household must occupy the property as its primary residence. Each household member must be a citizen or other national of the United States or a qualified alien as defined by the federal Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA) and 8 U.S.C. 1611 et. seq. The residency status of a qualified alien must be continuous in nature and equal to or exceed the period of affordability (equity share period) required under 24CFR 92.254 and CH&SC Section 33413(b)(2)(C), as may be amended from time to time. |
| INCOME LIMITS | The <u>Annual Income</u> ¹ of assisted households cannot exceed 80% of the AMI for the Riverside-San Bernardino-Ontario metropolitan statistical area (MSA) as determined annually by HUD (HOME loans) or the State of California (CalHome loans) and may be amended from time to time. See APPENDIX A for Annual Income limits. |
| MORTGAGE CREDIT CERTIFICATE PROGRAM | In order to be eligible for the Level I program, applicants are encouraged to submit an application for the Mortgage Credit Certificate (MCC) Program to the Riverside County Economic Development Agency. Award of down payment assistance is not contingent upon approval of MCC application. For program information please call (951) 955-3389 or visit the web at http://www.rivcoeda.org/Default.aspx?tabid=1194 . |

¹ Annual Income is defined for purposes of reporting as income and exclusions set forth in the 1990 Census Long Form. See **Appendix "C"** for details.

LEVEL I DOWN PAYMENT ASSISTANCE PROGRAM REQUIREMENTS (HOME AND CALHOME FUNDS)

| | |
|---------------------------------------|--|
| ELIGIBLE PROPERTIES | <ul style="list-style-type: none"> Any single-family residence, condominium unit, cooperative unit, or manufactured homes that meet United States Department of Housing & Urban Development (HUD) conventional guidelines and are considered real property. The assisted property <u>must</u> be located in the City of Riverside. The assisted property <u>must</u> be a residential unit that has been foreclosed upon (bank-owned), is in foreclosure, or is owner-occupied and in danger of being lost to foreclosure or residential owned properties acquired and rehabilitated by the City of Riverside and Redevelopment through the Neighborhood Stabilization Program and the Targets of Opportunity Program. |
| SALES PRICE LIMITS | <p>The maximum purchase price cannot exceed \$200,000.</p> <p>NOTE: The City will not fund any loan where a previously accepted Purchase Contract has been amended to increase the sales price in exchange for sales concessions or credit for closing costs, etc.</p> |
| CONTRIBUTIONS | <p>Contributions by Interested Parties such as sellers or builders are allowable. Furthermore, all Contributions/Concessions made by interested parties for the payment of closing costs, prepaids or property upgrades shall not exceed 3% in the event the Combined Loan-To-Value ratio (CLTV) exceeds 90% or 6% in the event the CLTV is between 76 to 90% of the purchase price or appraised value, whichever is less. Upgrades shall be completed prior to close of escrow or placed in an escrow account pending completion. Contributions cannot be used for the payment of debt, reserves or down payment. In the event a non-interested party makes the contribution, requirements for "Gifted funds" shall apply.</p> |
| PROPERTY STANDARDS | <p>The property must be free from any defects that pose a danger to the health or safety of occupants prior to the close of escrow. Minimum property standards are found in the <u>Housing Quality Standards</u> contained in this document. Any incipient building code violations must be corrected prior to sale or occupancy.</p> <p>NOTE: An exception would be made in the case of a FHA 203-k loan whereby Housing Quality Standards may be corrected subsequent to close of escrow. The applicant would then be required to complete improvements as stated in the FHA Rehabilitation Loan Agreement, and fulfill all other regulatory and occupancy requirements as determined by HUD.</p> |
| TRANSACTION TYPE | Purchase transactions only |
| LOAN TERM | <ul style="list-style-type: none"> 30 years No payments until sale, rental, refinance, transfer, or conveyance of property Proportional equity share in lieu of interest. Please note that the CalHOME grant is not subject to equity share provisions and will have a simple, low interest rate of 3% once repayment commences. Owner-occupancy is required. |
| EQUITY-SHARE VS. INTEREST RATE | <p>HOME: No interest is charged on the loan. Instead, the program is based on an equity share. The amount of equity due to the City is based on the percentage of down payment provided at purchase and the equity earned at payoff. The equity appreciation for both program options shall be calculated by subtracting the seller's applicable closing costs, seller's cash contribution in the original purchase price, and the documented value of capital improvements from the gross appreciation amount. Upon sale of the unit, the City's principal will be repaid and a proportional share of the equity appreciation, based on the City's initial down payment contribution as a percent of the original purchase price. The equity share period will be in effect for 30 years. The home must remain affordable for a 15 year period. There is an affordability exit fee if the home is sold to a non-income eligible homebuyer within</p> |

**LEVEL I DOWN PAYMENT ASSISTANCE PROGRAM
REQUIREMENTS (HOME AND CALHOME FUNDS)**

| | |
|--|---|
| | <p>the 15 year period.</p> <p>CalHOME- No interest will be charged to the loan during the deferment period. When repayment commences, a low interest rate will be applied to the principle balance on the loan.</p> |
| MINIMUM LOAN AMOUNT | \$1,000 |
| MAXIMUM ASSISTANCE | <ul style="list-style-type: none"> The City will provide no more than 25% of the sales price. CalHome funds cannot exceed \$40,000 per household. Applicants can use a combination of CalHome and HOME funds. <p>The City reserves the right to adjust loan amounts and percentages based on the type and amount of funds available in all funding sources.</p> <ul style="list-style-type: none"> Funds are available on a first-come, first-serve basis No City funds can be used for the payment of debt |
| FIRST TRUST DEED LOAN TERMS | <ul style="list-style-type: none"> <u>First Mortgage Product type</u>: fixed rate 30-year and 40-year fully amortizing loans only. Balloon, interest-only, adjustable rate, negatively amortizing loans, temporary buy-downs, or loans with prepayment penalties are not allowed. Please contact the City for more information. <u>Maximum Loan Amount</u>: shall not exceed 95% of the FHA 203B loan limit for Riverside County for a similar single family residence in the Riverside area. <u>Additional Liens</u>: liens other than the approved First Trust Deed and the City loan(s) are not allowed. <u>Impounds</u>: Are required on the first mortgage loan. <u>Lender Fees</u>: Maximum fees to the Buyer of 1.25% origination, discount points for below par pricing only and \$350 processing only. No other Broker or Admin type fees allowed. Other 3rd party fees that are reasonable and customary are allowable. <u>FHA Loans</u>: <ol style="list-style-type: none"> Closing costs can be charged to the borrower per the FHA closing cost allowances; and The maximum housing ratio (PITI) is 29%, unless otherwise approved by Delegated Underwriting (DU) or equivalent. |
| PROPERTY TAX AND INSURANCE CALCULATIONS | <p>When determining the monthly amount of property taxes, fire and mortgage insurance premiums on all down payment assistance loans, the following standard factors will be used, unless documentation can be provided to justify actual figures:</p> <ul style="list-style-type: none"> Property Taxes: 1.25% of the purchase price, adjusted monthly Fire Insurance Premiums: .3% (.003) of the loan amount, adjusted monthly PMI or MI: actual amount, adjusted monthly |
| MINIMUM HOUSING RATIO | 25% of the applicant(s) monthly annual income |
| MAXIMUM HOUSING RATIO | 35% of the applicant(s) monthly annual income. |
| MAXIMUM DEBT-TO-INCOME RATIO | <ul style="list-style-type: none"> 42% of the monthly income. Co-signed, Deferred and Secured Loans shall be included in the determination of the debt-to-income ratio unless paid or refinanced by a joint responsible party prior to/or at close of escrow. |
| MAXIMUM COMBINED LOAN-TO-VALUE (CLTV) | 100% of the purchase price or appraised value, whichever is less. |
| HOMEBUYER EDUCATION | <ul style="list-style-type: none"> In person education required through a HUD-approved Homebuyer Education |

**LEVEL I DOWN PAYMENT ASSISTANCE PROGRAM
REQUIREMENTS (HOME AND CALHOME FUNDS)**

| | |
|------------------------------------|---|
| | <p>Provider.</p> <ul style="list-style-type: none"> ▪ A list of HUD-approved Homebuyer Education Provider's will be available to the Homebuyer by the City. ▪ A Certificate must be issued within the last 6 months. |
| ASSETS/RESERVE LIMITATIONS: | One percent (1%) of the purchase price in borrower liquid assets must be in <u>reserves</u> after close and can be gifted. There must be proper documentation to verify that the gifted funds are not loans. |
| NON-PURCHASING SPOUSE | The income, assets, debts, and liabilities of the non-purchasing spouse must be considered in qualifying the household. If the information of a spouse is not included on the 1003, a separate 1003, income, asset, and credit documentation must be provided. First-Time Homebuyer status must also be met. |
| COSIGNERS / COMORTGAGORS | Co-signers and Co-mortgagors who do not intend to occupy the property are prohibited. |
| CREDIT | <p>The credit history of all mortgagors and their spouses must meet the following:</p> <ul style="list-style-type: none"> ▪ A 3-merge credit report is required; ▪ Minimum FICO score of 640 (consistent with FHA's guidelines); ▪ A Bankruptcy must be discharged for a minimum of 4-years (or 2-years if an exception from the City is obtained due to an extenuating circumstance); ▪ Judgments, collections, involuntary liens must be paid in full; ▪ No delinquencies in the past 24 months and no accounts can be currently past due; ▪ Limited or no credit will require non-traditional or alternative credit report from at least 4-creditors; ▪ A credit report of all persons taking title and non-purchasing spouses will be required. |
| SUBORDINATION | See Page 8 of the Policy, Procedures and Guidelines for Subordination Requirements. |
| CITY FEES | The City charges a \$100 application fee. If the applicant does not qualify, the \$100 is refundable. No lender fees will be charged for the origination of a Down Payment Assistance loan. |
| PRE-QUALIFICATION | <p>The City will require the applicant to submit the following documentation with the DPA application:</p> <ol style="list-style-type: none"> 1. Cover Letter indicating mortgage company name and address, contact person, phone and fax numbers, email address, name of applicant, location (address) of home and any other information regarding the loan terms and/or homebuyers. 2. Copy of applicant(s) drivers' license and social security card. 3. Application Processing Fee of \$100 from buyer's funds made payable to the City of Riverside. If the application is denied, the \$100 fee will be refunded to the applicant. 4. Down Payment Assistance Reservation (DPA -1) with original, wet signature 5. Certification of Applicant (DPA-2) with original, wet signature 6. Down Payment Assistance Program Financing Worksheet (DPA-3) with original, wet signature. |

**LEVEL I DOWN PAYMENT ASSISTANCE PROGRAM
REQUIREMENTS (HOME AND CALHOME FUNDS)**

| | |
|--|--|
| | <ol style="list-style-type: none"> 7. Income Affidavit (DPA-4) – (if applicable) with original, wet signature 8. Last three (3) years of federal tax returns (all pages and schedules) and W-2s 9. A minimum of 30 days paycheck stubs and/or documentation for other household income (ex. Social Security, disability payments, pension, child support, alimony, self-employment, bonuses, and other income where applicable) 10. Last 3 month's of bank statements and any other statements showing the required down payment from the borrowers own funds (3%) 11. Copy of tri-merged credit report with credit scores 12. Copy of Fully Completed and Signed Loan Application 13. Copy of the Good Faith Estimate signed by the buyer(s) 14. Copy of Home Inspection for existing homes (if applicable) 15. DU/LP Underwriting Findings or Lender's approval letter <p>Upon review and approval of the documentation submitted, the City will issue a Pre-qualification Letter to the Participating Lender and Borrower that may be submitted with an offer to purchase.</p> <p>Pre-qualifications are good for 90-days from the earliest document dated in the pre-qualification package.</p> |
| PRE-APPROVAL COMMITMENT | A Pre-approval Commitment will be issued after the applicant has been prequalified by City staff. The applicant will have 90 days to locate a property. |
| LOAN COMMITMENT | <p>A Tentative Loan Commitment will be issued with either prior-to-doc (PTD) or (PTC) conditions on a first-come, first-serve basis to households who have been Pre-qualified by the City.</p> <ul style="list-style-type: none"> ▪ The Loan Commitment has an expiration of 45 days: <ul style="list-style-type: none"> ▪ After 45 days, the Loan Commitment funds are disencumbered and made available to the next qualified applicant. ▪ A Tentative Loan Commitment cannot be issued to pre-reserve funds without a property. |
| REPAYMENT OF LOAN | <p>The Down Payment Assistance funded loan (principal, equity-share) shall be due and payable at the earlier of the following events (unless approved in writing by the City):</p> <ul style="list-style-type: none"> ▪ Sale, transfer, conveyance, payoff or refinance, and rental of the property. |
| ASSUMABILITY | The loan is not assumable. |
| FORGIVENESS OF EQUITY SHARE | The equity share provision will remain in effect for the entire period of occupancy. It <u>will not</u> be forgiven unless approved by the City. |
| ACCELERATION | <ul style="list-style-type: none"> ▪ The acceleration clause will be in effect when the property is no longer the principal place of residency of the eligible homebuyer, or upon discovery of willful misrepresentation or fraud in connection with the program. ▪ Rental of the property is prohibited and will cause the loan to be accelerated. |
| PENALTIES FOR APPLICANT/ LENDER MISREPRESENTATION | Any person making a material misstatement or misrepresentation in any affidavit or certification made in connection with the application for the City loan shall be subject to all applicable fines and penalties. |

**LEVEL I DOWN PAYMENT ASSISTANCE PROGRAM
REQUIREMENTS (HOME AND CALHOME FUNDS)**

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|---------------------------|---|
| APPEALS/EXCEPTIONS | The City will review any appeals of rejected loans only if the review is requested by the applicant and the applicant has at least met all minimum eligibility requirements. |
| QUESTIONS | <p>Questions regarding the Downpayment Assistance Program can be directed to the City of Riverside Housing & Neighborhoods Division:</p> <ul style="list-style-type: none"> ▪ 3900 Main Street, 2nd Floor, Riverside, CA 92522 ▪ Phone: (951) 826-5879 Fax: (951) 826-2233 ▪ http://www.riversideca.gov/housing/ ▪ Contact Person: Michelle Davis – Housing Coordinator ▪ mdavis@riversideca.gov |

SECTION II

Level II Down Payment Assistance

LEVEL II DOWN PAYMENT ASSISTANCE PROGRAM (AGENCY FUNDS) PROGRAM REQUIREMENTS

| | |
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| PROGRAM DESCRIPTION | The City of Riverside has the ability to provide down payment assistance to moderate income households between 80% to 120% percent of the AMI utilizing Redevelopment Housing funds. Pursuant to California Redevelopment Law, Redevelopment Agencies are required to set-aside 20 percent of their tax increment revenue received for the purpose of preserving, creating, and/or improving access to affordable housing for low- to moderate-income households. |
| BORROWER ELIGIBILITY | <ul style="list-style-type: none"> ▪ The annual Gross Income of the household shall be between 80% to 120% of the Area Median Income (AMI) for Riverside County published by the State of California Housing & Community Development, as may be amended from time to time; <ol style="list-style-type: none"> 1. <u>All household members over the age of 18 will require submission of a 1003, full income and asset documentation.</u> ▪ Household must be a first-time homebuyer or can not have owned a home in the last three (3) years ▪ Household cannot own any other real property ▪ Households credit-must meet this guideline. ▪ Households will be required to provide a minimum buyer contribution of 3% of the total purchase price for cash reserves. <ol style="list-style-type: none"> 1. Gift funds can be used to meet this requirement not to exceed 2% 2. Gift funds can come from immediate family, employer, or non-profit agency with documentation 3. Gift funds cannot come from any loan source 4. Reserve funds must be seasoned for at least a full-3 month period and based on average daily balance of account ▪ The household must occupy the property. ▪ Each household member must be a citizen or other national of the United States or a qualified alien as defined by the federal Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA) and 8 U.S.C. 1611 et. seq. The residency status of a qualified alien must be continuous in nature and equal to or exceed the period of affordability (equity share period) required under 24CFR 92.254 and CH&SC Section 33413(b)(2)(C), as may be amended from time to time. |
| INCOME LIMITS | The <u>Gross Income</u> ¹ of assisted households must be between 80% to 120% of the AMI for the Riverside County area as determined annually by HCD and as may be amended from time to time. See APPENDIX "A" for income limits. |
| MORTGAGE CREDIT CERTIFICATE PROGRAM | In order to be eligible for the Level II program, applicants are required to submit an application for the Mortgage Credit Certificate (MCC) Program to the Riverside County Economic Development Agency. Award of down payment assistance is not contingent upon approval of MCC application. For program information please call (951) 955-3389 or visit the web at http://www.rivcoeda.org/Default.aspx?tabid=1194 . |
| ELIGIBLE PROPERTIES | <ul style="list-style-type: none"> ▪ Any single-family residence, condominium unit, cooperative units, or manufactured homes that meet conventional guidelines and are considered real property. ▪ The assisted property <u>must</u> be located in the City of Riverside. ▪ The assisted property <u>must</u> be owner-occupied or vacant by execution of the purchase contract. ▪ The assisted property <u>must</u> be a residential unit that has been foreclosed upon (bank-owned), is in foreclosure, or is owner-occupied and in danger of being lost to foreclosure or residential owned properties acquired and rehabilitated by the City of Riverside and Redevelopment Agency through the Neighborhood Stabilization Program and Targets of Opportunity Program. |

¹ Gross Income is defined under Title 25, Division 1, Chapter 6.5, Subchapter 2, §6914.

**LEVEL II DOWN PAYMENT ASSISTANCE PROGRAM (AGENCY FUNDS)
PROGRAM REQUIREMENTS**

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| SALES PRICE LIMITS | <p>The maximum sales price can not exceed \$250,000.</p> <p>NOTE: The Agency will not fund any loan where a previously accepted Purchase Contract has been amended to increase the sales price in exchange for sales concessions or credit for closing costs, etc.</p> |
| CONTRIBUTIONS | <p>Contributions by Interested Parties such as sellers and builders are allowable. Furthermore, all contributions/Concessions made by interested parties for the payment of closing costs, prepaids or property upgrades shall not exceed 3% in the event the CLTV exceeds 90% or 6% in the event the CLTV is between 76 to 90% of the purchase price or appraised value, whichever is less. Upgrades shall be completed prior to close of escrow or placed in an escrow account pending completion. Contributions cannot be for the payment of debt, reserves or down payment. In the event a non-interested party makes the contribution, requirements for "Gifted funds" shall apply.</p> |
| PROPERTY STANDARDS | <p>The property must be free from any defects that pose a danger to the health or safety of occupants prior to the close of escrow. Minimum property standards are found in the <u>Housing Quality Standards</u> contained in this document. Any incipient building code violations must be corrected prior to sale or occupancy.</p> <p>NOTE: An exception would be made in the case of a FHA 203-k loan whereby Housing Quality Standards may be corrected subsequent to close of escrow. The applicant would then be required to complete improvements as stated in the FHA Rehabilitation Loan Agreement, and fulfill all other regulatory and occupancy requirements as determined by HUD.</p> |
| TRANSACTION TYPE | Purchase transactions only |
| LOAN TERM | <ul style="list-style-type: none"> ▪ 45 years ▪ No payments until sale, rental, refinance, transfer, conveyance of property, or upon increase of the household income beyond the income limit adjusted for family size. ▪ Proportional equity share in lieu of interest. See the Equity Share Example. ▪ Owner-occupancy is required. |
| EQUITY-SHARE VS. INTEREST RATE | <p>The terms of the Agency's second trust deed loan are designed to encourage long-term residency in the program-assisted home. No interest is charged on the loan. Instead, the program is based on an equity share. The amount of equity due to the City is based on the percentage of down payment provided at purchase and the equity earned at payoff. The equity appreciation for both program options shall be calculated by subtracting the seller's applicable closing costs, seller's cash contribution in the original purchase price, and the documented value of capital improvements from the gross appreciation amount. Upon sale of the unit, the City/Agency's principal will be repaid and a proportional share of the equity appreciation, based on the City/Agency's down payment contribution as a percent of the original purchase price.</p> |
| MINIMUM LOAN AMOUNT | \$2,000 |
| MAXIMUM LOAN AMOUNT | <p>The maximum loan under this program will be capped at \$50,000.</p> <p>The Agency reserves the right to adjust loan amounts and percentages based on the type and amount of funds available in all funding sources.</p> |
| FIRST TRUST DEED LOAN TERMS | <ul style="list-style-type: none"> ▪ <u>First Mortgage Product type</u>: Fixed rate 30-year loans only. Balloon, interest-only, adjustable rate, negatively amortizing loans, temporary buy-downs, or loans with prepayment penalties are not allowed. Please contact the City for more information. ▪ <u>Maximum Loan Amount</u>: shall not exceed what has been established as an affordable housing cost for an income-qualified household, adjusted by size and gross income. ▪ <u>Additional Liens</u>: liens other than the approved First Trust Deed and the City loan(s) are not |

**LEVEL II DOWN PAYMENT ASSISTANCE PROGRAM (AGENCY FUNDS)
PROGRAM REQUIREMENTS**

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| | <p>allowed.</p> <ul style="list-style-type: none"> ▪ <u>Impounds</u>: Are required on the first mortgage loan. ▪ <u>Lender Fees</u>: Maximum fees to the Buyer of 1.25% origination, discount points for below par pricing only and \$350 processing only. No other Broker or Admin type fees allowed. Other 3rd party fees that are reasonable and customary are allowable. ▪ <u>FHA Loans</u>: <ol style="list-style-type: none"> 1) Closing costs can be charged to the borrower per the FHA closing cost allowances; and 2) The maximum housing ratio (PITI) is 29%, unless otherwise approved by Delegated Underwriting (DU) or equivalent. |
| PROPERTY TAX AND INSURANCE CALCULATIONS | <p>When determining the monthly amount of property taxes, fire and mortgage insurance premiums on all City loans, the following standard factors will be used, unless documentation can be provided to justify actual figures:</p> <ul style="list-style-type: none"> • Property Taxes: 1.25% of the purchase price, adjusted monthly • Fire Insurance Premiums: .3% (.003) of the loan amount, adjusted monthly • PMI or MI: actual amount, adjusted monthly |
| MINIMUM HOUSING RATIO | <p>Down payment assistance financing is provided to ensure that the cost of housing is affordable; however the Housing Ratio of an assisted property <u>cannot be less than 28%</u> of the gross monthly Income of the household.</p> <p>If the Housing Cost Ratio (with Agency funds) is less than 28% of the household Gross Income, then assistance shall be reduced and the first mortgage financing shall be increased so that the Minimum Housing Ratio of 28% is met.</p> |
| MAXIMUM HOUSING RATIO | <p>The maximum Housing Ratio (Affordable Housing Cost ratio) cannot exceed 35% of the households Gross Income.</p> |
| MAXIMUM AFFORDABLE HOUSING COST | <p>Shall not exceed those limits established in California H&S Code Section 50052.5, as may be amended from time to time.</p> |
| MAXIMUM DEBT-TO-INCOME RATIO | <ul style="list-style-type: none"> • 42% of monthly gross income • Co-signed, Deferred and Secured Loans shall be included in the determination of the debt-to-income ratio unless paid or refinanced by a joint responsible party prior to/or at close of escrow. |
| MAXIMUM COMBINED LOAN-TO-VALUE (CLTV) | <p>The maximum CLTV (<i>combined loan-to-value</i>) of the Agency and new 1st Trust Deed loans shall not exceed 100% of the purchase price or appraised value, whichever is less.</p> |
| HOMEBUYER EDUCATION | <ul style="list-style-type: none"> ▪ In person education required through a HUD- approved Homebuyer Education Provider. ▪ A list of HUD-approved Homebuyer Education Provider's will be available on the City website. ▪ A Certificate must be issued within the last 6 months. |
| ASSETS/RESERVE LIMITATIONS: | <p>One percent (1%) of the purchase price in borrower liquid assets must be in <u>reserves</u> after close and can be gifted.</p> |
| NON-PURCHASING SPOUSE | <p>The income, assets, debts, and liabilities of the non-purchasing spouse must be considered in qualifying the household. If the information of a spouse is not included on the 1003, a separate 1003, income, asset, and credit documentation must be provided. FTHB status must also be met.</p> |

**LEVEL II DOWN PAYMENT ASSISTANCE PROGRAM (AGENCY FUNDS)
PROGRAM REQUIREMENTS**

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| COSIGNERS / COMORTGAGORS | Co-signers and Co-mortgagors who do not intend to occupy the property are prohibited. |
| CREDIT | <p>The credit history of all mortgagors and their spouses must meet the following:</p> <ul style="list-style-type: none"> ▪ A 3-merge credit report is required; ▪ Minimum FICO score of 580; ▪ A Bankruptcy must be discharged for a minimum of 4-years (or 2-years if an exception from the City is obtained due to an extenuating circumstance); ▪ Judgments, collections, involuntary liens must be paid in full; ▪ No delinquencies in the past 24 months and no accounts can be currently past due; ▪ Limited or no credit will require non-traditional or alternative credit report from at least 4-creditors; <p>A credit report of all persons taking title and non-purchasing spouses will be required.</p> |
| SUBORDINATION | See Page 8 of the Policy, Procedures and Guidelines for Subordination Requirements. |
| AGENCY FEES | The Agency charges a \$100 application fee. If the applicant does not qualify, the \$100 is refundable. No lender fees will be charged for the origination of a Down Payment Assistance loan. |
| PRE-QUALIFICATION | <p>The City will require the applicant to submit the following documentation with the DPA application:</p> <ol style="list-style-type: none"> 16. Cover Letter indicating mortgage company name and address, contact person, phone and fax numbers, email address, name of applicant, location (address) of home and any other information regarding the loan terms and/or homebuyers. 17. Copy of applicant(s) drivers' license and social security card. 18. Application Processing Fee of \$100 from buyer's funds made payable to the City of Riverside. If the application is denied, the \$100 fee will be refunded to the applicant. 19. Down Payment Assistance Reservation (DPA -1) with original, wet signature 20. Certification of Applicant (DPA-2) with original, wet signature 21. Down Payment Assistance Program Financing Worksheet (DPA-3) with original, wet signature. 22. Income Affidavit (DPA-4) – (if applicable) with original, wet signature 23. Last three (3) years of federal tax returns (all pages and schedules) and W-2s 24. A minimum of 30 days paycheck stubs and/or documentation for other household income (ex. Social Security, disability payments, pension, child support, alimony, self-employment, bonuses, and other income where applicable) 25. Last 3 month's of bank statements and any other statements showing the required down payment from the borrowers own funds (3%) 26. Copy of tri-merged credit report with credit scores 27. Copy of Fully Completed and Signed Loan Application 28. Copy of the Good Faith Estimate signed by the buyer(s) 29. Copy of Home Inspection for existing homes (if applicable) 30. DU/LP Underwriting Findings or Lender's approval letter <p>Upon review and approval of the documentation submitted, the City will issue a Pre-qualification Letter to the Participating Lender and Borrower that may be submitted with an offer to purchase.</p> |

**LEVEL II DOWN PAYMENT ASSISTANCE PROGRAM (AGENCY FUNDS)
PROGRAM REQUIREMENTS**

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| | Pre-qualifications are good for 90-days from the earliest document dated in the pre-qualification package. |
| PRE-APPROVAL COMMITMENT | A Pre-approval Commitment will be issued after the applicant has been prequalified by City staff. The applicant will have 90 days to locate a property. |
| LOAN COMMITMENT | <ul style="list-style-type: none"> ▪ A Tentative Loan Commitment will be issued with either prior-to-doc (PTD) or (PTC) conditions on a first-come, first-serve basis to households who have been Pre-qualified by the City. ▪ The Loan Commitment has an expiration of 45 days: <ul style="list-style-type: none"> ▪ After 45 days, the Loan Commitment funds are disencumbered and made available to the next qualified applicant. ▪ A Tentative Loan Commitment cannot be issued to pre-reserve funds without a property. |
| REPAYMENT OF LOAN | <p>Repayment of the AGENCY funded loan (principle, equity share) shall be due and payable at the earlier of the following events (unless approved in writing by the Agency):</p> <ul style="list-style-type: none"> ▪ Sale, transfer, conveyance, payoff or refinance, and rental of the property. |
| ASSUMABILITY | The loan is not assumable. |
| FORGIVENESS OF EQUITY SHARE | The equity share provision will remain in effect for 45 years. |
| ACCELERATION | <ul style="list-style-type: none"> ▪ The acceleration clause will be in effect when the property is no longer the principal place of residency of the eligible homebuyer, or upon discovery of willful misrepresentation or fraud in connection with the program. ▪ Rental of the property is prohibited and will cause the loan to be accelerated. |
| PENALTIES FOR APPLICANT/LENDER MISREPRESENTATION | Any person making a material misstatement or misrepresentation in any affidavit or certification made in connection with the application for the down payment assistance loan shall be subject to all applicable fines and penalties. |
| APPEALS / EXCEPTIONS | The Agency will review any appeals of rejected loans only if the review is requested by the applicant and the applicant has at least met all minimum eligibility requirements. |
| QUESTIONS/HOW TO APPLY | <p>Questions regarding the Downpayment Assistance Program can be directed to the City of Riverside Housing & Neighborhoods Division:</p> <ul style="list-style-type: none"> ▪ 3900 Main Street, 2nd Floor, Riverside, CA 92522 ▪ Phone: (951) 826-5879 Fax: (951) 826-2233 ▪ http://www.riversideca.gov/housing/ ▪ Contact Person: Michelle Davis – Housing Coordinator ▪ mdavis@riversideca.gov |

APPENDIX H

FEE SCHEDULE

| | Level I | Level II |
|--|----------------------------------|----------------|
| Lender Participation Fee – Initial | ←—————\$250.00 one-time fee————→ | |
| Lender Renewal Fee (billed annually) | ←————— \$100.00 per year —————→ | |
| Application Fees | \$100.00 | \$100.00 |
| Processing | No charge | No charge |
| Underwriting Fee | No charge | No charge |
| Document Preparation Fees | No charge | No charge |
| Wire Fees | \$8.00 | \$8.00 |
| Wire re-issuance (if original wire is returned) | No charge | No charge |
| Subordination Fees (per loan) | \$100.00 | \$100.00 |
| Subordination Re-Review Fee (after a Subordination has been issued) | \$50.00 | \$50.00 |
| Beneficiary's Statement Fee | No charge | No charge |
| Demand Fee | No charge | No charge |
| Reconveyance Fee | \$45.00 | \$45.00 |
| Loan Modification Fee | \$10 | \$10 |
| Loan Assumption Fee | Not allowed | Not allowed |
| Verification of Mortgage | No charge | No charge |
| Document Copies | \$.25 per page | \$.25 per page |
| Postage or Overnight Mail | As applicable | As applicable |

APPENDIX I

PROGRAM COMPARISON

| | Level I | Level II |
|--|---|---|
| Maximum Income | 80% AMI | 80% to 120% AMI |
| Maximum Purchase Price | \$200,000 | \$250,000 for households with one to five persons |
| Maximum Loan for Down Payment (sole source of City funding) | 25% of the sales price (CalHome funds cannot exceed \$40,000 per household. Applicants can use a combination of CalHome and HOME funds.) | \$50,000 |
| Housing Ratio (min) | = or > 25% | = or > 28% |
| Debt To Income | 42% | 42% |
| Max CLTV | 100% | 100% |
| Max Origination Points (fees) | 1.25% | 1.25% |
| Max Discount Points (fees) | For below par pricing only | For below par pricing only |
| Max Processing Fee | \$350 | \$350 |
| Broker and/or Admin Fees | Non-allowable (Unless for standard 3 rd party fees) | Non-allowable (Unless for standard 3 rd party fees) |
| 3rd Party Fees | Reasonable and customary | Reasonable and customary |
| City/Agency Fees (acquisition) | Non-allowable | Non-allowable |
| Pre-qualification review | Up to 10 days | Up to 10 days |
| Review for Tentative Loan Commitment | Up to 10 days ¹ | Up to days ³ |
| Issuance of Loan Documents | 48 hours after receipt of PTD conditions | 48 hours after receipt of PTD conditions |
| City to Execute Loan Documents | Up to 7 days | Up to 7 days |
| Wiring of Funds | 72 hours after receipt of all outstanding conditions | 72 hours after receipt of all outstanding conditions |

¹ Subject to staffing availability and workload

APPENDIX J

FREQUENTLY ASKED QUESTIONS (FAQS) - LEVEL I DOWN PAYMENT ASSISTANCE

Loan Terms

- ❖ **How long is the HOME and CalHOME loan for?**
 - The loan has a term of 30-years meaning that it will ultimately be paid to the City in 30 years. However, if the property is sold, rented or refinanced at anytime with City knowledge, the principal amount of the loan is due as well as a portion of the appreciated equity in proportion to the City's initial investment in the property.
- ❖ **How long is the affordability period for?**
 - The affordability period will not exceed 15 years depending on the amount of assistance provided to the homebuyer.
- ❖ **Are there any payments on this loan?**
 - No. The loan will be "silent" and will be completely deferred until sale, rental, refinance, conveyance, or transfer of the property.
- ❖ **If you use two different sources of funds, will my borrower have two different loans?**
 - Yes. If the City uses CalHOME and HOME funds, the CalHOME loan will go in second position on title to the property and HOME will go in third position. *The City reserves the right to adjust amounts, positions, and percentages based on the type and amount of funding available.*

Income Eligibility

- ❖ **All of my client's income is from disability. Will they qualify for this loan?**
 - Your borrower may qualify to purchase using this program; however you will need to make sure that all Level I program loan criteria are met.
- ❖ **Can my borrower have a co-signer to meet the housing and debt-to-income ratio requirements?**
 - Unfortunately not. We cannot use the income of anyone who will not be living in the property.
- ❖ **Why can't I give my borrower an adjustable rate loan on my first mortgage?**
 - The goal of the City is to allow first-time homebuyers to have the most predictable payment for the longest period of time and ARM loans generally conflict with this goal.

Homebuyer Eligibility

- ❖ **My applicant has owned a home before with an ex-spouse during the last 3-years, but the property was sold due to a divorce. Do they still qualify?**
 - Yes, but only if your borrower is a "Displaced Homemaker" or a "Single Parent". Documentation will be required.
- ❖ **If my client is not awarded assistance through the Mortgage Credit Certificate Program, do they become ineligible for down payment assistance?**
 - No. The requirement to apply for the Mortgage Credit Certificate (MCC) Program is to provide applicants with an additional means to further ensure affordability on their part. Even if applicants do not receive assistance through the MCC program, they are still eligible to receive down payment assistance.

Property Eligibility

- ❖ **Can my client buy a home that is not currently going into foreclosure with City assistance?**
 - No. This program is restricted only to properties that are owner-occupied in danger of going into foreclosure, currently in the foreclosure process, or have been foreclosed upon.

FREQUENTLY ASKED QUESTIONS (FAQS) – LEVEL II DOWN PAYMENT ASSISTANCE

Loan Terms

- ❖ **How long is the loan for?**
 - The Level II program loan has a term of 45-years with a proportional equity share in lieu of interest. If the property is sold, rented, or refinance the principal balance of the loan will be due and payable as well as a portion of the equity appreciation in proportion to the City's initial investment.
- ❖ **How long is the affordability period for?**
 - The Level II program loan is funded by Redevelopment Agency Set-Aside fund, which is intended for creating affordable housing opportunities for low- and moderate-income households. Senate Bill 701 (SB701) amended Section 33334.3 of the California Health & Safety Code in September 2002 requiring owner-occupied housing units assisted with set-aside funds is affordable and occupied by low- and moderate-income persons or households for not less than forty-five (45) years.
- ❖ **How can my client get out of paying the equity-share?**
 - The equity share will remain in place for the entire period of occupancy, unless the property is transferred to an Eligible Person of Family, in which case the equity-share requirement will be waived.
- ❖ **Are there any payments on this loan?**
 - No. The loan will be "silent" and will be completely deferred until sale, rental, refinance, conveyance, or transfer of the property.

Income Eligibility

- ❖ **All of my client's income is from disability. Can they qualify for this loan?**
 - Your client can qualify to purchase using this program, however you will need to determine their eligibility for financing using all income to make sure that their income and estimated Affordable Housing Cost meets program guidelines.
- ❖ **Can my client have a co-signer to meet the housing and debt-to-income ratio requirements?**
 - Unfortunately not. We cannot use the income of anyone who will not be living in the property.
- ❖ **Why can't I offer an adjustable rate loan on the first mortgage?**
 - The City has a legal requirement to ensure that a buyer maintains affordable housing costs for the "longest feasible time, but not less than 45-years". The City cannot guarantee that a payment is affordable for any length of time unless the buyer is qualified at a fixed interest rate which will remain so for at least 30 years.

Homebuyer Eligibility

- ❖ **My client has owned a home before with an ex-spouse during the last 3-years, but the property was sold due to a divorce. Do they still qualify?**
 - Yes, but only if your borrower is a "Displaced Homemaker" or a "Single Parent". Documentation will be required.
- ❖ **If my client is not awarded assistance through the Mortgage Credit Certificate Program, do I become ineligible for down payment assistance?**
 - No. The requirement to apply for the Mortgage Credit Certificate (MCC) Program is to provide applicants with an additional means to further ensure affordability on their part. Even if applicants do not receive assistance through the MCC program, they are still eligible to receive down payment assistance.

Property Eligibility

- ❖ **Can my client buy a home that is not currently going into foreclosure with City assistance?**

No. This program is restricted only to properties that are owner-occupied in danger of going into foreclosure, currently in the foreclosure process, or have been foreclosed upon.

APPENDIX K

SUBORDINATION REQUIREMENTS (ALL PROGRAMS)

This City of Riverside will subordinate Down Payment Assistance Program loans under the following conditions:

■ **New Loan Terms:**

FHA, VA, and Conventional no cash-out refinances where there is a reduction of PITI and an improvement in loan terms. Impounds on the new first mortgage will be required. In addition, the City will not subordinate to negatively amortizing, prepayment penalty, reverse mortgage loans, or financing subordinate to City liens.

■ **Cash Back/Cash-Out:**

Any loan proceeds in excess of 1% of the new loan amount must be applied as a principal-reduction payment to the new 1st mortgage balance at close of escrow.

■ **Documentation required for City review:**

- (1) Copy of the new lender application (1003)
- (2) Copy of the appraisal
- (3) Copy of the preliminary title report
- (4) Copy of an accurate estimated closing statement from escrow
- (5) Copy of escrow instructions
- (6) Copy of the 1st mortgage Note (and Riders, if applicable)
- (7) Copy of the 1st mortgage payoff demand
- (8) Subordination fee of \$100 per loan (effective May 15, 2003)
- (9) Any additional documentation that may be requested by the City/Agency

■ **Buy-Down Balances:**

If the payoff of the 1st mortgage has a remaining interest rate buy-down balance currently in escrow, those monies must be applied to the payoff balance at close of escrow and may not be refunded to the borrower.

■ **Exceptions:**

In the event an exception to these Subordination Requirements is requested and granted, the City may require execution and recording of a Loan Modification Agreement, including any/all other applicable documentation necessary for approval, through close of escrow.

■ **Re-Review after a Subordination Has Been Issued:**

If loan terms change after a Subordination Agreement has been issued to the refinance Lender, Escrow Company or Title Company, there will be an additional fee of \$50.00 for re-review of the proposed loan terms and issuance of a second or each subsequent Subordination Agreement.

■ **Send all documentation to the City as follows:**

CITY OF RIVERSIDE
DEVELOPMENT DEPARTMENT
3900 MAIN STREET, 5TH FLOOR
RIVERSIDE, CA 92522
(951) 826-5195
(951) 826-2233 fax
ATTN: Danielle Mendoza

The City will review the above documentation for compliance with existing guidelines and will generally render a decision within 3-7 business days of all requested documentation. A Subordination Agreement and any other applicable documentation will be issued by the City and will be forwarded to the escrow company with specific instructions for compliance, unless instructed otherwise.



