

**Town of Paradise**  
***First Time Home Buyer Program***

**Loan Procedures**

1. Applicant(s) works with lender of choice to obtain the primary lender's pre-qualification.
2. Applicant(s) works with real estate agent to select home.
3. Applicant selects home and enters into a purchase contract, contingent upon receiving Town program loan approval. Agent obtains signatures of both Buyer and Seller on Town of Paradise disclosure statement (*Disclosure to Seller with Voluntary, Arm's Length Purchase Offer*) and includes it as part of the purchase agreement.
4. Lender provides Town of Paradise with a copy of:
  - Town of Paradise *Interest Form* (to be submitted within 5 days of application to lender)
  - Residential loan application
  - Credit report
  - Verified income documentation: 3 months pay stubs + 3<sup>rd</sup> party verification from all employers.
  - Asset documentation: 6 months bank statements (checking and savings); Statements from all cash or market assets (CD's, IRA's, Stocks, etc.).
  - Income Tax Statements + W-2's for the 3 most previous years. Forms must be signed by Applicant(s).
  - Proof of personal funds for participation in program, including gift letter, when applicable.
  - Breakdown of closing costs
  - Homebuyer's Workshop *Certificate of Achievement*
  - Appraisal with photos, supporting sales price
5. Town reviews and approves Lender's loan packet.
6. A *Letter of Eligibility* is sent to Applicant, with copy to Lender, along with the following documents which will need Applicant's completion and signature(s).
  - Race and Ethnic Data Reporting Form
  - State of California Fair Lending Notice
  - Lead Base Paint booklet and Receipt for same

Town staff addresses any consultation items with Applicant.

7. Real estate agent provides Town with a copy of:
  - *Escrow Information Sheet* (submitted to Town within 5 days of escrow opening)
  - Fully executed Real estate *Purchase Agreement* and any subsequent addendums
  - Structural pest control report and clearance.
  - Lead based paint inspection report and clearance for homes older than 1978.
  - Town's Disclosure Statement (*Disclosure to Seller with Voluntary, Arm's Length Purchase Offer*) signed off by both Buyer and Seller. This document needs to be submitted with Purchase Agreement.

8. Escrow officer provides Town with a copy of:
  - Preliminary Title Report
9. Town staff inspects home to meet program compliance. Notice of any deficiencies/ needed corrections are given to participant's real estate agent, with recommended course of action.
10. Escrow officer provides the Town with copy of:
  - Preliminary HUD-1 Settlement Statement. This document is required prior to loan being approved.
11. Town reviews paperwork to determine program eligibility and financing affordability for participant, etc.
12. Town prepares loan document packet consisting of *Deed of Trust*, *Promissory Note*, *Notice of Default* and *Truth in Lending Statement* and submits packet for loan approval.
13. Once approved:
  - Approval letter is issued to first Lender indicating any outstanding conditions for approval or funding.
  - Loan Documents are delivered to Escrow.
14. Check is ordered by Town for funding of loan
15. Loan documents are signed by Applicant(s) in escrow and original documents, as well as copies of documents to be recorded, evidence of homeowner's insurance, and copies of 1<sup>st</sup> lenders Promissory Note and Deed of Trust are returned to Town.
16. Before funding, Lender provides the Town with copies of:
  - Typed Loan Application (Fannie Mae #1003) signed by Buyer
  - Underwriting/Loan approval document signed by Lender
17. Upon final review and approval of packet, Town releases funds to escrow.
18. Escrow records all applicable legal documents and provides Town with final closing Statement (HUD-1), and Final Title Insurance Policy.
19. Town closes out the loan file.