

A Town of Paradise  
Sponsored "HOME" Program

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# **Mortgage Subsidy For First-Time Buyers**

## **Home Purchase Program Guidelines**

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January 2008

# **MORTGAGE SUBSIDY PROGRAM GUIDELINES**

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# MORTGAGE SUBSIDY PROGRAM GUIDELINES

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## 1.0. GENERAL

The Town of Paradise, hereinafter referred to as the “Sponsor” has entered into a contractual relationship with the California Department of Housing and Community Development (“HCD”) to administer one or more HCD-funded homebuyer programs. The homebuyer program described herein (the “Program”) is designed to provide assistance to eligible homebuyers in purchasing homes, also referred to herein as “housing units”, located within the Program’s eligible area, as described in Section 3.0. The Program provides this assistance in the form of deferred payment “silent” second priority loans as “Gap” financing toward the purchase price and closing costs of owner-occupied, affordable housing units. The Program will be administered by the Town of Paradise or its designee, (the “Program Operator”). (Note: Program Operator may be the Sponsor, or may be a named contractor, consultant, or subrecipient that has been approved by the Sponsor.)

## 1.1. PROGRAM OUTREACH AND MARKETING

All outreach efforts will be conducted in accordance with state and federal fair lending regulations to assure nondiscriminatory treatment, outreach and access to the Program. No person shall, on the grounds of age, ancestry, color, creed, physical or mental disability or handicap, marital or familial status, medical condition, national origin, race, religion, gender or sexual orientation be excluded, denied benefits or subjected to discrimination under the Program. The Sponsor will ensure that all persons, including those qualified individuals with handicaps have access to the Program.

- A. The Fair Housing Lender logo will be placed on all outreach materials. Fair housing marketing actions will be based upon a characteristic analysis comparison (census data may be used) of the Program’s eligible area compared to the ethnicity of the population served by the Program (includes, separately, all applications distributed and those receiving assistance) and an explanation of any underserved segments of the population. This information is used to show that protected classes (age, gender, ethnicity, race, and disability) are not being excluded from the Program. Flyers or other outreach materials, in English and any other language that is the primary language of a significant portion of the area residents, will be widely distributed in the Program-eligible area and will be provided to any local social service agencies. The Program may sponsor homebuyer classes to help educate homebuyers about the home buying process and future responsibilities. .
- B. The Program Operator will work closely with the local real estate and lending community to explain the Program requirements for eligible housing units and homebuyers, and to review Program processes. Local realtors and primary lenders will also be encouraged to have their customers participate in the Program.

- C. Section 504 of the Rehabilitation Act of 1973 prohibits the exclusion of an otherwise qualified individual, solely by reason of disability, from participation under any program receiving Federal funds. The Program Sponsor will take the appropriate steps to ensure effective communication with disabled housing applicants, advocate groups, residents and members of the public.

## 1.2. APPLICATION PROCESS AND SELECTION

An eligible property is any home, under the maximum sales price, in the incorporated area of the Town of Paradise that meets or exceeds health and safety and local codes. Eligible buyers will be qualified on a first-come first-served basis, *generally* according the following schedule:

NOTE: Homeownership training will be offered by the Town's consultant on a periodic basis. All applicants will be counseled about the home buying process and the responsibilities and benefits of home ownership.

- A. Applicant(s) works with Town-certified lender of choice to obtain the primary lender's pre-qualification.
- B. Applicant(s) works with real estate agent to select 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.
- C. Lender provides Town of Paradise with a copy of loan packet. Town performs an in-house income analysis to determine the homebuyer's eligibility, reviews and approves Lender's loan packet. 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). Town staff addresses any consultation items with Applicant.

## 1.3. THE HOME PURCHASE/LOAN APPROVAL PROCESS

The following is a simplified example of how a primary lender would analyze a homebuyer's finances to determine how much the homebuyer could afford to borrow from the primary lender.

This example is based on a four person household with  
an annual gross income of \$39,300 (\$3,275 monthly income)

### HOUSING PAYMENTS (PITI)

Principal & Interest Payment	\$1892.00
Insurance	79.00
Taxes	157.00
Total Housing Expense (PITI or "front end ratio" is 35% of \$3,275)	\$1146.00

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Total Housing Expense (PITI or "front end ratio" is 35% of \$3,275)	\$1146.00
<b><u>OTHER HOUSEHOLD DEBT SERVICE</u></b>	
Car Payment	\$200.00
Credit Card Payment	\$100.00
Total Other Debt	\$300.00
<b><u>TOTAL OVERALL PAYMENTS</u></b>	
Housing	\$1,146.00
Other Debt Service	300.00
Total Overall Payments (Overall debt or "back end ratio" is 44% of \$3,275)	\$1,448.00
<b>A \$1,146 per month loan payment equates to borrowing \$189,000 at 6% for a 30 year term.</b>	
<b><u>SUBSIDY CALCULATION</u></b>	
Purchase price of property	\$220,000.00
Less primary loan amount (first mortgage)	(189,000.00)
Less down payment of 2% (provided by homebuyer)	included
Equals "GAP"	31,000.00
Plus estimated allowable settlement charges	3,500.00
<b>TOTAL TOWN OF PARADISE SUBSIDY TO HOME BUYER</b>	<b>\$34,500.00</b>

- A. After being pre-qualified by a lender and given a loan amount based on applicant's income and program ratios, the applicant chooses a realtor to help him/her select a home. Front end ratios 30-35%\* and back end ratio up to 45%\* (\*may increase with compensating factors and Town approval).
- B. The housing unit selection process is conducted by the homebuyers. Prior to making an offer to purchase an eligible housing unit (see Section 3.0), the homebuyer shall provide seller with a disclosure containing the following provisions:
  1. Homebuyer has no power of eminent domain and, therefore, will not acquire the property if negotiations fail to result in an amicable agreement (Attachment F) and,
  2. Homebuyer's offer is an estimate of the fair market value of the housing unit, to be finally determined by a state licensed appraiser;
  3. Since the purchase is voluntary, the seller is not eligible for relocation payments or other relocation assistance;
  4. The seller understands that the housing unit must be either: owner-occupied, newly constructed, vacant for at least 90 days prior to

submission of the purchase offer, or being purchased by a renter currently occupying the unit;

5. If the seller is not provided with a statement containing the above cited provisions prior to the purchase offer, the seller has the right to withdraw from the agreement at such time this information is provided.
  6. The housing unit is subject to inspection. All housing units built prior to January 1, 1978 require a lead paint disclosure to be signed by both the homebuyer and Seller (Attachment E);
- C. At this point, an escrow will be opened and the realtor begins scheduling the required inspections and repairs.
  - D. Upon receipt of an accepted purchase agreement, the lender will process the loan and send the loan package to the Town of Paradise.
  - E. Upon receipt of the complete loan package, including required inspections/repairs the Town will review the package for compliance with program guidelines and submit the package and recommendation to the Town Manager, or his/her designee for approval. The Town of Paradise provides applicant with a decision letter. If the application is denied, the applicant receives a copy of the Town of Paradise appeal procedures.
  - F. When escrow is ready to close, the Town of Paradise will send loan instructions to the Title Company. The Town of Paradise shall be named as an additional loss payee on fire, flood, if required, and extended coverage insurance for the length of the loan and in an amount sufficient to cover all encumbrances or full replacement cost of the housing unit. Flood insurance is required for homes in the 100-year flood zones, naming the Town as additional insured. Each file will have documentation of flood zone status.
  - G. The Town of Paradise submits loan documents to the Title Company.
  - H. Escrow agent prepares both the primary loan and the Town of Paradise loan documents for execution and returns them to Town of Paradise for final review. Upon final Town of Paradise approval, a Town of Paradise check will be delivered to the Title Company.
  - I. Escrow closes, and the documents are recorded with the County. The Town of Paradise and the applicant receive copies of the recorded loan documents.
  - J. Applicants understand that the period of affordability per Section 8208 of the State HOME Regulations establishes the following period of affordability:

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Amount of HOME Funds Provided	Required Affordability Period
Less Than \$15,000	10
\$15,000 - \$40,000	15
Over \$40,000	20



- N. The applicant also understands that no additional HOME assistance may be provided during the period starting one year following the filing of the Project Completion Report through the end of the affordability period.
- O. Town of Paradise sets up an annual monitoring procedure to review recipient's compliance with loan terms and conditions.

#### 1.4. HOMEBUYER COSTS

- A. Eligible households must document that they have the funds necessary for their amount of the down payment and closing costs as required by the Primary Lender and the Town of Paradise.
- B. Homebuyer funds shall be applied to the purchase price of the home in the following order:
  - 1. Down payment - Minimum Requirement: 2% of sales price of the home. Note: This requirement applies regardless of the primary lender's down payment requirements.
  - 2. To the extent possible, after satisfying the down payment, loan origination fees; discount points customary to homebuyer closing costs; homebuyer's customary portion of the escrow fees; title insurance; and impound accounts for property taxes and insurance.
  - 3. After items 1 and 2 above are satisfied, any balance of homebuyer funds may be applied either to the purchase price or to reduce the interest rate of the primary loan as necessary. NOTE: No temporary interest buy-downs are permitted.
- C. If the items in B.2 cannot be satisfied with homebuyer funds, the Town of Paradise may provide Program loan assistance in amount not to exceed the remaining balance.

#### 1.5. HOMEBUYER EDUCATION

Buying a home can be one of the most confusing and complicated transactions anyone can make. By providing the future homebuyer with informative and relevant education and training, we can bring success to the Town of Paradise, the Program and, most importantly, the homebuyer. It has been documented that first-time homebuyers that have had homebuyer education have the ability to handle problems that occur with homeownership. All Program participants are required to attend a Town of Paradise-approved homebuyer education class, consistent with State Regulation 8207.1. The homebuyer education class will cover such topics as the following: preparing for

homeownership; available financing; credit analysis; loan closing; homeownership responsibilities; home maintenance; and loan servicing.

## 1.6. CONFLICT OF INTEREST REQUIREMENTS

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When the Sponsor's program contains Federal funds, the following shall be addressed: in accordance with title 24, Section 570.611 of the Code of Federal Regulations, no member of the governing body and no official, employee or agent of the local government, nor any other person who exercises policy or decision-making responsibilities (including members of the loan committee and officers, employees, and agents of the loan committee, the administrative agent, contractors and similar agencies) in connection with the planning and implementation of the Program shall directly or indirectly be eligible for this Program. This ineligibility shall continue for one year after an individual's relationship with the Sponsor ends. Exceptions to this policy can be made only after public disclosure and **an opinion of the local government's attorney stating that such interest for which the exception is sought would not violate State or local law.**

## 1.7. NON-DISCRIMINATION REQUIREMENTS

The Program is administered in accordance with the Town's commitment to non-discrimination and applicable Federal and State Regulations. No person shall be excluded from participation in, denied the benefit of, or be subject to discrimination under any program or activity funded in whole or in part with state/federal funds on the basis of his or her religion or religious affiliation, age, race, color, creed, gender, sexual orientation, marital status, familial status (children), physical or mental disability, national origin, or ancestry, or other arbitrary cause. Applicants receiving assistance or accommodations to complete the application process will be afforded such assistance/accommodation.

## 2.0 APPLICANT QUALIFICATIONS

### 2.1. CURRENT INCOME LIMITS FOR THE AREA BY HOUSEHOLD SIZE

The Town of Paradise determines eligibility for HOME assistance by projecting a household's income using the Part 5 (Section 8) method for income determination as described in HUD's "Technical Guide for Determining Income and Allowances for the HOME Program, Third Edition (HUD-1780-CPD, January 2005.)

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All applicants must certify that they meet the household income eligibility requirements for the applicable HCD program(s) and have their household income documented and verified. All applicants must have incomes at or below 80% of the County's area median income (AMI), adjusted for household size, as published by HCD each year. See Attachment I for current income limits for Butte County. **The income limits in place at the time of loan approval will apply when determining applicant income eligibility.**

**Determining Household Size:** The income limits are adjusted by household size, therefore, one of the first steps in determining eligibility is to determine the size of the applicant household.

Some households may include persons who are not considered as family members for the purposes of determining household size and income eligibility, including foster children, foster adults, live-in aides, and children of live-in aides.

These persons should not be counted as household members when determining household size, and their income, if any, is *not* included when calculating annual income.

A child who is subject to a shared-custody agreement in which the child resides with the household at least 50 percent of the time can be counted in the household.

## 2.2. INCOME QUALIFICATION CRITERIA

### A. ANNUAL PROJECTED INCOME

The Part 5 definition of annual income is the gross amount of income of all adult household members anticipated to be received during the coming 12 month period. HOME regulations require that, for determining eligibility for HOME assistance, you must project a household's income. To do so, a "snapshot" of the household's current circumstances is used to project a future income. Assume that today's circumstances would continue for the next 12 months unless there is verifiable evidence to the contrary.

Income includes wages, overtime, commissions, fees, tips and bonuses, interest, dividends or income from personal property, welfare assistance, alimony, child support payments, etc. Income will be verified by reviewing and documenting tax returns, copies of payroll receipts, subsidy checks, bank statements and third party verification of employment forms sent to employers. All documentation shall be dated within six months prior to loan closing and kept in the Homeowner's file and held in strict confidence

### See Attachment A: 24 CFR Part 5 Annual Income Inclusions and Exclusions

### B. ASSETS

There is no asset limitation for participation in the Program. Income from assets is, however, recognized as part of annual income under the Part 5 definition. An asset is a cash or non-cash item that can be converted to cash. The value of necessary items such as furniture and automobiles are not included.

An asset's cash value is the market value less reasonable expenses required to convert the asset to cash, including: Penalties or fees for converting financial holdings and costs for selling real property. The cash value (rather than the market value) of an item is counted as an asset.

**See Attachment B: Part 5 Annual Income Net Family Asset Inclusions and Exclusions**

**2.3. DEFINITION OF AN ELIGIBLE HOMEBUYER**

An eligible homebuyer means an individual or individuals or an individual and his or her spouse who meets the income eligibility requirements and is/are not currently on title to real property. Persons may be on title of a manufactured home unit, who are planning to sell the unit as part of buying a home located on real property. Documentation of homebuyer status will be required for all homebuyers.

The eligible applicant will have been a resident of Paradise or its Sphere of Influence for at least the last 12 months prior to applying for assistance. A full-time, permanent job in Paradise with a Paradise Employer fulfills the residence requirement.

“First-time homebuyer” means an individual or individuals or an individual and his or her spouse who have not owned a home during the three-year period before the purchase of a home with subsidy assistance, except that the following individual or individuals may not be excluded from consideration as a first-time homebuyer under this definition:

- A. A displaced homemaker who, while a homemaker, owned a home with his or her spouse or resided in a home owned by the spouse. A displaced homemaker is an adult who has not, within the preceding two years, worked on a full-time basis as a member of the labor force for a consecutive 12-month period and who has been unemployed or underemployed, experienced difficulty in obtaining or upgrading employment and worked primarily without remuneration to care for his or her home and family;
- B. A single parent who, while married, owned a home with his or her spouse or resided in a home owned by the spouse. A single parent is an individual who is unmarried or legally separated from a spouse and has one or more minor children for whom the individual has custody or joint custody or is pregnant; and
- C. An individual or individuals who owns or owned, as a principal residence during the three-year period before the purchase of a home with assistance, a dwelling unit whose structure is:
  - 1. not permanently affixed to a permanent foundation in accordance with local or state regulations; or
  - 2. not in compliance with state, local, or model building codes and cannot be brought into compliance with such codes for less than the cost of constructing a permanent structure.

### **3.0. HOUSING UNIT ELIGIBILITY**

#### **3.1. LOCATION AND CHARACTERISTICS**

- A. Housing units to be purchased must be located within the eligible area. The eligible area is described as follows: “Within the Paradise Town limits.”
- B. Housing unit types eligible for the homebuyer program are new or previously owned: single-family detached houses, condominiums, townhouses, units in residential loft structures or manufactured homes in a common-interest developments or on a single-family lot and placed on a permanent foundation system.
- C. All housing units must be either: owner-occupied, newly constructed, vacant for at least 90 days prior to submission of the purchase offer, or being purchased by a renter currently occupying the unit.
- D. All housing units must be in compliance with State and local codes and ordinances.

#### **3.2. CONDITION**

- A. Inspections and Determining Need for Repairs.

Once the participating homebuyer has executed a purchase agreement for a housing unit not requiring participation in Sponsor’s housing rehabilitation program, and prior to a commitment of Program funds, the following steps must be taken for the housing unit to be eligible for purchase under the Program:

- 1. The homebuyer is encouraged to obtain a complete home inspection at their cost to determine the condition of items such as the foundation, roof, doors, windows, plumbing, etc. This will ensure that the homebuyer will not purchase a substandard home or a home needing major repairs.
- 2. If the housing unit was constructed prior to 1978, the lead-based paint requirements of Section 3.2.C will apply.
- 3. A pest inspection report, free of defects, will be required for each housing unit. Smoke detectors must be installed by sellers if there are none in place. The Town of Paradise encourages each homebuyer to secure a homeowner’s warranty policy as part of the purchase of a resale housing unit.

4. The Town of Paradise Housing Coordinator will: 1) confirm that the housing unit is within the eligible area, 2) perform a Section 8 site inspection to ensure that any health and safety code deficiencies will be corrected before funding, 3) review each proposed housing unit to ensure that all required inspections have been conducted and that the homebuyer is provided a list of deficiencies, and 4) ensure that the housing unit meets all eligibility criteria before funding.
- B. Housing unit size shall be sufficient to meet the needs of the homebuyer household, without overcrowding. Generally, this means not more than two persons per bedroom or living room.
- C. Lead Based Paint Hazards: All housing units built prior to 1978 for which HOME or CDBG funding is anticipated are subject to the requirements of this section. Such homes must undergo a visual assessment by a person who has taken HUD's online Visual Assessment course. Deteriorated paint must be stabilized using work safe methods. Clearance must be obtained after paint stabilization by a DHS certified LBP Risk Assessor/Inspector.

***The following requirements must be met:***

**Notification:** a) Prior to homebuyer's obligation to purchase a pre-1978 home, the Buyer will be given a copy of and asked to read the EPA pamphlet "*Protect Your family From Lead in Your Home*". (EPA 747-K-94-001, **September 2001**) A signed receipt of the pamphlet will be kept in the Sponsor's homebuyer file; b) A notice to residents is required following a risk assessment/inspection using form DHS 8551 and 8552, which is provided by the DHS-certified Risk Assessor/Inspector; c) a notice to residents is required following lead-based paint mitigation work using Visual Assessment and Lead-based Paint Notice of Presumption and Hazard Reduction form, LBP – 1 (Attachment H).

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**Disclosure:** Prior to the homebuyer's obligation to purchase a pre-1978 housing unit, the HUD disclosure (Attachment H), "Seller's Lead-based Paint Disclosure" notice must be provided by the seller to the homebuyer.

**Inspections:** The Inspector shall conduct a "Visual Assessment" of all the dwelling unit's painted surfaces in order to identify deteriorated paint. All deteriorated paint will be stabilized in accordance with CFR 35.1330 (a) and (b); and a Clearance shall be made in accordance with CFR 35.1340.

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**Mitigation:** If stabilization is required, the contractor performing the mitigation work must use appropriately trained workers. Prior to the contractor starting mitigation work the Program Operator shall obtain copies of the contractor's and

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workers' appropriate proof of LBP training, as applicable to the job in order to assure that only qualified contractors and workers are allowed to perform the mitigation.

### **3.3 ANTI-DISPLACEMENT POLICY**

Only currently owner-occupied homes or homes that have been vacant for 90 days prior to the purchase agreement date are eligible under this program. However, the current tenant may purchase the home.

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### **3.4. PROPER NOTIFICATION AND DISCLOSURES**

- A. Upon selection of a housing unit, a qualified seller and homebuyer must be given the necessary disclosures for the Program. The homebuyer must read and sign all Program disclosure forms. Any and all property disclosures must be reviewed and signed by the homebuyer and seller.
- B. All owners who wish to sell their housing units must receive an acquisition notice (Attachment F) prior to submission of the homebuyer's original offer. This notice will be included in the contract and must be signed by all parties on title.

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### **4.0. PURCHASE PRICE LIMITS**

The property value at time of acquisition, to be determined by the first lender's appraiser during escrow, cannot exceed the maximum purchase price limits for this program. See Attachment J.

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### **5.0. THE PRIMARY LOAN**

Prior to obtaining a loan from the Town of Paradise, a homebuyer must provide evidence of financing for the maximum amount the primary lender is willing to loan (the "primary loan").

#### **5.1. QUALIFYING RATIOS**

Primary loans underwritten by FHA, USDA Rural Development, Fannie Mae, Freddie Mac, or CalHFA are acceptable to establish creditworthiness, repayment ability, and dependability of income. If none of these agencies are funding the primary loan, the lender shall qualify the homebuyers using the following ratios:

The front-end ratio shall be between 30% to 35% (may be higher with compensating factors and PRE-APPROVAL by the Town of Paradise). A front-end ratio is the percentage of gross monthly income (before deductions) available for the cost of PITI (loan principal and interest payment + property taxes + property insurance). *The minimum shall be 30%*

The back-end ratio shall be 45% (may increase with compensating factors) and is the percentage of a borrower's gross monthly income that would cover the cost of PITI plus any other monthly debt payments like car or personal loans and credit card debt.

## **5.2. INTEREST RATE**

The rate of interest shall be fixed (not an adjustable rate mortgage, ARM). If "Risk Rates" are applied (an interest rate that reflects the primary lender's loan risk) each loan shall be evaluated by the Sponsor on a case by case basis. No negative amortizations or interest only option loans are allowed.

## **5.3. LOAN TERM**

The Town's loan shall be a (minimum) 30 year deferred payment loan. The primary loan shall be fully amortized and have a term "all due and payable" in no fewer than 30 years. There shall not be a balloon payment due before the maturity date of the Program loan.

## **5.4. IMPOUND ACCOUNT**

All households are required to have impound accounts for taxes and insurance.

## **6.0. THE PROGRAM LOAN**

### **6.1. MAXIMUM AMOUNT OF PROGRAM ASSISTANCE**

The amount of financial assistance to a homebuyer toward the purchase of a home is limited to the "gap" financing needed to purchase the home. The maximum amount is \$40,000.00. In addition, when available, the Town may lend an additional \$10,000 in American Dream Down Payment Initiative Funding (ADDI). "Grants" for lead-based paint reduction activities shall be included in the total amount of down payment assistance paid to the homeowner but is not included in the loan portion. (See Attachment K HOME Program Subsidy Limits Per Unit – Section 221 (d) (3)).

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### **6.2. NON-ELIGIBLE COSTS**

Non-recurring costs such as escrow, closing and recording fees, and title report and title insurance, title updates, temporary interest rate buy-downs and/or related costs may be included in the Program loan. However, HOME funds cannot be used for reoccurring closing costs. Any costs paid-out-of-closing (POCs), such as credit report fee, etc., will not be included as part of the 2% down payment requirement.

### **6.3 AFFORDABILITY PARAMETERS FOR BUYERS**

The actual amount of a buyer's Program subsidy shall be computed according to the housing ratio parameters specified in Section 5.1. Each borrower shall receive only the subsidy needed to allow them to become homeowners ("the Gap") while keeping their

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housing costs affordable. The primary lender will use the “front-end ratio” of housing-expense-to-income to determining the amount of the primary loan and, ultimately, the Program subsidy amount required, bridging the gap between the purchase price (less down payment) and the amount of the primary loan.

#### **6.4. RATE AND TERMS FOR PROGRAM LOANS**

All Program assistance to individual households shall be made in a manner consistent with the State HOME Regulations at Section 8205(b)(1) and (2). All loans shall be in the form of deferred payment (interest and principal) loan. The Program loan term shall be a minimum of 30 years. No temporary interest rate buy-downs are permitted. The loan must be fully amortized and have a fixed interest rate that does not exceed the current market rate, established by the 90-day “posted yield” for thirty-year fixed rate loans as established by Fannie Mae plus 100 basis points. This means that loans that have an “interest-only” period are not eligible, even if they convert to a fully amortized loan at some point in the loan term. at least as long as the primary loan. The interest rate shall be 3% for ten years. After ten years there is no further interest charged to the loan. At the end of twenty years, if the homebuyer still occupies the property as his/her principal residence, the interest portion of the loan is forgiven. The original loan amount is required upon payoff. All Program loan payments shall be deferred because the borrowers will have their repayment ability maximized under the primary loan.

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#### **6.5. LOAN TO VALUE RATIO**

The loan-to-value ratio, when combined with all other indebtedness to be secured by the property, shall not exceed 100 percent of the sales price.

#### **7.0. PROGRAM LOAN REPAYMENT**

##### **7.1. PAYMENTS ARE VOLUNTARY**

Borrowers may begin making voluntary payments to the Town of Paradise at any time, upon notification to and approval of the Town of Paradise.

##### **7.2. RECEIVING LOAN PAYMENTS**

- A. Program loan payments will be made to: Town of Paradise, 5555 Skyway, Paradise, California 95969.
- B. The Town of Paradise will be the recipient of loan payments and will maintain a financial record-keeping system to record payments and file statements on payment status. Payments shall be deposited and accounted for in the Town of Paradise Program Income Account, as required by HCD. The Sponsor will accept loan payments from borrowers prepaying deferred loans, and from borrowers making payments in full upon sale or transfer of the property. All loan payments are payable to the Town of Paradise. The Town of Paradise may, at its discretion,

enter into an agreement with a third party to collect and distribute payments and/or complete all loan servicing aspects of the Program.

### **7.3. DUE UPON SALE OR TRANSFER/RECAPTURE RESTRICTIONS**

- A. Loans are due upon sale or transfer of title or when borrower no longer occupies the home as his/her principal residence or upon the loan maturity date. If the loan is repaid before the period of affordability and no longer is the principal residence of the buyer, any funds received by the Town are recaptured and are processed in accordance with State HOME regulations regarding program recapture funds. The loan will be in default if the borrower fails to maintain required hazard insurance or fails to pay property taxes. See Attachment C on loan defaults for further information on property restrictions.

- B. Program loans are not assumable.

### **7.4. LOAN SERVICING POLICIES AND PROCEDURES**

See Attachment C for local loan servicing policies and procedures. While the attached policy outlines a system that can accommodate a crisis that restricts borrower repayment ability, it does not negate the applicant's responsibility to repay the Town of Paradise loan. All available means to ensure the repayment of a delinquent loan as outlined in the Loan Servicing Policies and Procedures will be pursued.

### **7.5. LOAN MONITORING PROCEDURES**

Town of Paradise will monitor borrowers and their housing units to ensure adherence to Program requirements including, but not limited to, the following:

- A. Owner-occupancy
- B. Property tax payment
- C. Hazard insurance coverage
- D. Good standing on Primary loans
- E. General upkeep of housing units

### **8.0. PROGRAM LOAN PROCESSING AND APPROVAL**

- A. Loan Processing

All homebuyers or their representatives will be provided an eligibility packet with all the necessary forms, disclosures, information, and application. They should submit a complete application packet with all the Town of Paradise Program loan documents executed as well as all the information from the Primary Lender. The Primary Lender should submit: 1) accepted property sales contract with proper seller notification; 2) mortgage application with good faith estimates and first mortgage disclosures; 3) full mortgage credit report and rent verification; 4) current third party income verifications and verifications of assets; 5)

homeownership education certificate. Staff will work with local lenders to ensure qualified participants receive only the benefit from the Town's Program needed to purchase the housing unit and that leveraged funds will be used when possible, for example in many cases the primary lender will not require mortgage insurance with the Sponsor's second in place which will save on the homebuyer's monthly payment.

B. Credit worthiness

Qualifying ratios are a guideline in determining a potential borrower's credit-worthiness. Many factors such as credit history, amount of down payment, and size of loan will influence the decision to approve or disapprove a particular loan. The borrower's credit history will be reviewed by the Town and documentation of such maintained in the loan file. The Town of Paradise may elect to obtain a credit report or rely on a current copy obtained by the primary lender.

C. Documents from Primary Lender

After initial review of the qualified homebuyer's application packet, the Town of Paradise will request any additional documents needed. Documents may be faxed but originals shall be received through the mail before Program funds are committed to escrow. Based on receipt and review of the final documents, the Town of Paradise will complete an income certification (using most recent HCD program's guidance on income calculation and determination), and homebuyer certification (review of credit report and income taxes). Documentation of affordability will then be verified and subsidy requirement determined.

D. Disclosure of Program and Loan Information to Homebuyers

The Program's application and disclosure forms contain a summary of the loan qualifications of the borrower with and without Program assistance. Housing ratios with and without Program assistance are also outlined in these guidelines. Information on the Program's application will be documented with third party verifications in the file. For example, the sales contract will provide the final purchase price and outline how much of the closing costs are to be paid by the seller, etc. The appraisal, termite and title report will provide information to substantiate the information in the sales contract and guide the construction inspection. The Program loan application will provide current debt and housing information and will be documented by the credit report and income/asset verifications. The Primary Lender's approval letter and estimated closing cost statement should reflect all the information in the loan package and show any contingencies of loan funding. Reviewing the Primary Lender's loan underwriting documentation will provide basic information about the qualification of the applicant and substantiate the affordability provided by the Program loan. By reviewing and crosschecking all the Primary Lender information, the final

Program loan amount approved will fall within the affordability parameters of the Program.

#### **8.1. COMPLETION OF UNDERWRITING AND APPROVAL OF PROGRAM LOAN**

Once the loan approval package has been completed, the Town of Paradise will review the request and may approve it with or without conditions. Upon approval, a final closing date for escrow is set and Program funds are accessed for the homebuyer.

#### **8.2. PRIMARY AND PROGRAM LOAN DOCUMENT SIGNING**

The homebuyer(s) sign the Promissory Note, Deed of Trust, and statutory lending notices (Right of Rescission, Truth in Lending, etcetera). The Deed of Trust is recorded with the County Clerk/Recorder at the same time, and the Request(s) for Copy of Notice of Default is also recorded with the County Clerk/Recorder.

#### **8.3 ESCROW PROCEDURES**

The escrow/title company shall review the escrow instructions provided by the Town and shall issue a California Land Title Association (CLTA) and the American Land Title Association (ALTA) after closing. The CLTA policy is issued to the homebuyer and protects them against failure of title based on public records and against such unrecorded risks as forgery of a deed. The ALTA is issued to each lender providing additional coverage for the physical aspects of the property as well as the homebuyer's title failure. These aspects include anything which can be determined only by physical inspection, such as correct survey lines; encroachments; mechanics liens; mining claims and water rights. The Town instructs the escrow/title company in the escrow instructions as to what may show on the policy; the amount of insurance on the policy (all liens should be covered) and the loss payee (each lender should be listed as a loss payee and receive an original ALTA).

#### **9.0. SUBORDINATE FINANCING**

With today's housing costs, in order for a low-income household to obtain a home, several funding sources might be required. Subordinate loans may be used to cover mortgage subsidy costs that exceed the Program maximum loan amount. All subordinate liens must have the payments deferred and the term must be for at least as long as the term of the Program loan.

#### **10.0. EXCEPTIONS AND SPECIAL CIRCUMSTANCES**

##### **10.1. DEFINITION OF EXCEPTION**

An exception is any case in which a standard policy or procedure, as stated in the guidelines, does not apply, or in any case in which an applicant treated differently from others of the same class.

## **10.2. PROCEDURE FOR EXCEPTIONAL CIRCUMSTANCES**

- A. The Town of Paradise or its agent may initiate consideration of an exception and prepare a report. This report shall contain a narrative, including the Town of Paradise's recommended course of action and any written or verbal information supplied by the applicant.
- B. The Town of Paradise shall make a determination of the exception. The request can be presented to the Town of Paradise's loan committee and/or governing body for a decision.

## **11.0. SUBORDINATION POLICY**

In order for the Town of Paradise to subordinate to any first trust deed loan, the primary loan must have a fixed interest rate, be fully amortized, and provided by a bank, savings and loan, mortgage banker, or other institutional lender. No negative amortization financing will be permitted and no balloon payments will be allowed. This subordination process will only be permitted under the following circumstances:

- To reduce the interest rate and/or term of the first trust loan;
- To pay off documented and verified medical costs incurred by members of the subject household; or
- To pay off documented and verified costs of completed capital improvements on subject property.

Neither debt consolidation nor cash-out to the Homeowner are permitted. The newly financed first trust deed and the Town's second trust deed cannot exceed a 90% loan to value ratio.

## **12.0 DISPUTE RESOLUTION AND APPEALS PROCEDURE**

Any applicant denied assistance has the right to appeal. The appeal must be made in writing to the Town of Paradise. The Town has 30 days to review the appeal, seek recommendations from the loan committee, or if none, the Town of Paradise's governing body, and respond in writing to the applicant.

## ATTACHMENT A

### 24 CFR Part 5 ANNUAL INCOME INCLUSIONS AND EXCLUSIONS

#### **Part 5 Inclusions**

**This table presents the Part 5 income inclusions as stated in the Code of Federal Regulations.**

General Category	Statement from 24 CFR 5.609 paragraph (b) (April 1, 2004)
<b>1. Income from wages, salaries, tips, etc.</b>	The full amount, before any payroll deductions, of wages and salaries, overtime pay, commissions, fees, tips and bonuses, and other compensation for personal services.
<b>2. Business Income</b>	The net income from the operation of a business or profession. Expenditures for business expansion or amortization of capital indebtedness shall not be used as deductions in determining net income. 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 will be included in income, except to the extent the withdrawal is reimbursement of cash or assets invested in the operation by the family.
<b>3. Interest &amp; Dividend Income</b>	Interest, dividends, and other net income of any kind from real or personal property. Expenditures for amortization of capital indebtedness shall not be used as deductions in determining net income. An allowance for depreciation is permitted only as authorized in number 2 (above). 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 shall include the greater of the actual income derived from all net family assets or a percentage of the value of such assets based on the current passbook savings rate, as determined by HUD.
<b>4. Retirement &amp; Insurance Income</b>	The full amount of periodic amounts 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 amount or prospective monthly amounts for the delayed start of a periodic amount (except as provided in number 14 of Income Exclusions).
<b>5. Unemployment &amp; Disability Income</b>	Payments in lieu of earnings, such as unemployment and disability compensation, worker's compensation, and severance pay (except as provided in number 3 of Income Exclusions).
<b>6. Welfare Assistance</b>	<p>Welfare Assistance. Welfare assistance payments made under the Temporary Assistance for Needy Families (TANF) program are included in annual income:</p> <ul style="list-style-type: none"> <li>▶ Qualify as assistance under the TANF program definition at 45 CFR 260.31; and</li> <li>▶ Are otherwise excluded from the calculation of annual income per 24 CFR 5.609(c).</li> </ul> <p>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 shall consist of:</p> <ul style="list-style-type: none"> <li>▶ the amount of the allowance or grant exclusive of the amount specifically designated for shelter or utilities; <i>plus</i></li> <li>▶ 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 reduced from the standard of need by applying a percentage, the amount calculated under 24 CFR 5.609 shall be the amount resulting from one application of the percentage.</li> </ul>
<b>7. Alimony, Child Support, &amp; Gift Income</b>	Periodic and determinable allowances, such as alimony and child support payments, and regular contributions or gifts received from organizations or from persons not residing in the dwelling.
<b>8. Armed Forces Income</b>	All regular pay, special day and allowances of a member of the Armed Forces (except as provided in number 7 of Income Exclusions).

## Part 5 Exclusions

**This table presents the Part 5 income exclusions as stated in the Code of Federal Regulations.**

General Category	Statement from 24 CFR 5.609 paragraph (c) (April 1, 2004)
<b>1. Income of Children</b>	Income from employment of children (including foster children) under the age of 18 years.
<b>2. Foster Care Payments</b>	Payments received for the care of foster children or foster adults (usually persons with disabilities, unrelated to the tenant family, who are unable to live alone).
<b>3. Inheritance and Insurance Income</b>	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 (except as provided in number 5 of Income Inclusions).
<b>4. Medical Expense Reimbursements</b>	Amounts received by the family that are specifically for, or in reimbursement of, the cost of medical expenses for any family member.
<b>5. Income of Live-in Aides</b>	Income of a live-in aide (as defined in 24 CFR 5.403).
<b>6. Disabled Persons</b>	Certain increases in income of a disabled member of qualified families residing in HOME-assisted housing or receiving HOME tenant-based rental assistance (24 CFR 5.671(a)).
<b>7. Student Financial Aid</b>	The full amount of student financial assistance paid directly to the student or to the educational institution.
<b>8. Armed Forces Hostile Fire Pay</b>	The special pay to a family member serving in the Armed Forces who is exposed to hostile fire.
<b>9. Self-Sufficiency Program Income</b>	<ul style="list-style-type: none"> <li>a. Amounts received under training programs funded by HUD.</li> <li>b. Amounts received by a person with a disability 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).</li> <li>c. 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, childcare, etc.) and which are made solely to allow participation in a specific program.</li> <li>d. Amounts received under a resident service stipend. A resident service stipend is a modest amount (not to exceed \$200 per month) received by a resident for performing a service for the PHA or owner, on a part-time basis, that enhances the quality of life in the development. Such services may include, but are not limited to, fire patrol, hall monitoring, lawn maintenance, resident initiatives coordination, and serving as a member of the PHA's governing board. No resident may receive more than one such stipend during the same period of time.</li> <li>e. Incremental earnings and benefits resulting to any family member from participation in qualifying state or local employment training programs (including training not affiliated with a local government) and training of a family member as resident management staff. Amounts excluded by this provision must be received under employment training programs with clearly defined goals and objectives, and are excluded only for the period during which the family member participates in the employment training program.</li> </ul>
<b>10. Gifts</b>	Temporary, nonrecurring, or sporadic income (including gifts).
<b>11. Reparations</b>	Reparation payments paid by a foreign government pursuant to claims filed under the laws of that government by persons who were persecuted during the Nazi era.
<b>12. Income from Full-time Students</b>	Earnings in excess of \$480 for each full-time student 18 years old or older (excluding the head of household or spouse).

<b>13. Adoption Assistance Payments</b>	Adoption assistance payments in excess of \$480 per adopted child.
<b>14. Social Security &amp; SSI Income</b>	Deferred periodic amounts from SSI and Social Security benefits that are received in a lump sum amount or in prospective monthly amounts.
<b>15. Property Tax Refunds</b>	Amounts received by the family in the form of refunds or rebates under state or local law for property taxes paid on the dwelling unit.
<b>16. Home Care Assistance</b>	Amounts paid by a state agency to a family with a member who has a developmental disability and is living at home to offset the cost of services and equipment needed to keep this developmentally disabled family member at home.
<b>17. Other Federal Exclusions</b>	<p>Amounts specifically excluded by any other federal statute from consideration as income for purposes of determining eligibility or benefits under a category of assistance programs that includes assistance under any program to which the exclusions of 24 CFR 5.609(c) apply, including:</p> <ul style="list-style-type: none"> <li>▶ The value of the allotment made under the Food Stamp Act of 1977;</li> <li>▶ Payments received under the Domestic Volunteer Service Act of 1973 (employment through VISTA, Retired Senior Volunteer Program, Foster Grandparents Program, youthful offender incarceration alternatives, senior companions);</li> <li>▶ Payments received under the Alaskan Native Claims Settlement Act;</li> <li>▶ Income derived from the disposition of funds to the Grand River Band of Ottawa Indians;</li> <li>▶ Income derived from certain submarginal land of the United States that is held in trust for certain Indian tribes;</li> <li>▶ Payments or allowances made under the Department of Health and Human Services' Low-Income Home Energy Assistance Program;</li> <li>▶ Payments received under the Maine Indian Claims Settlement Act of 1980 ( 25 U.S.C. 1721);</li> <li>▶ The first \$2,000 of per capita shares received from judgment funds awarded by the Indian Claims Commission or the U.S. Claims Court and the interests of individual Indians in trust or restricted lands, including the first \$2,000 per year of income received by individual Indians from funds derived from interests held in such trust or restricted lands;</li> <li>▶ Amounts of scholarships funded under Title IV of the Higher Education Act of 1965, including awards under the Federal workstudy program or under the Bureau of Indian Affairs student assistance programs;</li> <li>▶ Payments received from programs funded under Title V of the Older Americans Act of 1985 (Green Thumb, Senior Aides, OlderAmerican Community Service Employment Program);</li> <li>▶ Payments received on or after January 1, 1989, from the Agent Orange Settlement Fund or any other fund established pursuant to the settlement in the In Re Agent Orange product liability litigation,M.D.L. No. 381 (E.D.N.Y.);</li> <li>▶ Earned income tax credit refund payments received on or after January 1, 1991, including advanced earned income credit payments;</li> <li>▶ 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;</li> <li>▶ Payments received under programs funded in whole or in part under the Job Training Partnership Act (employment and training programs for Native Americans and migrant and seasonal farm workers, Job Corps, veterans employment programs, state job training programs and career intern programs, AmeriCorps);</li> <li>▶ Payments by the Indian Claims Commission to the Confederated Tribes and Bands of Yakima Indian Nation or the Apache Tribe of Mescalero Reservation;</li> <li>▶ Allowances, earnings, and payments to AmeriCorps participants under the National and Community Service Act of 1990;</li> <li>▶ Any allowance paid under the provisions of 38 U.S.C. 1805 to a child suffering from spina bifida who is the child of a Vietnam veteran;</li> <li>▶ Any amount of crime victim compensation (under the Victims of Crime Act) received through crime victim assistance (or payment or reimbursement of the cost of such assistance) as determined under the Victims of Crime Act because of the commission of a crime against the applicant under the Victims of Crime</li> </ul>



	<p><b>Act; and</b></p> <p>▶ <b>Allowances, earnings, and payments to individuals participating in programs under the Workforce Investment Act of 1998.</b></p>
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## **ATTACHMENT B**

### **PART 5 ANNUAL INCOME NET FAMILY ASSET INCLUSIONS AND EXCLUSIONS**

This table presents the Part 5 asset inclusions and exclusions as stated in the Code of Federal Regulations. Statements from 24 CFR Part 5 - April 1, 1998

#### **Inclusions**

1. Cash held in savings accounts, checking accounts, safe deposit boxes, homes, etc. For savings accounts, use the current balance. For checking accounts, use the average 6-month balance.
2. Cash value of revocable trusts available to the applicant.
3. Equity in rental property or other capital investments. Equity is the estimated current market value of the asset less the unpaid balance on all loans secured by the asset and all reasonable costs (e.g., broker fees) that would be incurred in selling the asset. Under HOME, equity in the family's primary residence is not considered in the calculation of assets for owner-occupied rehabilitation projects.
4. Cash value of stocks, bonds, Treasury bills, certificates of deposit and money market accounts.
5. Individual retirement and Keogh accounts (even though withdrawal would result in a penalty).
6. Retirement and pension funds.
7. Cash value of life insurance policies available to the individual before death (e.g., surrender value of a whole life or universal life policy).
8. Personal property held as an investment such as gems, jewelry, coin collections, antique cars, etc.
9. Lump sum or one-time receipts, such as inheritances, capital gains, lottery winnings, victim's restitution, insurance settlements and other amounts not intended as periodic payments.
10. Mortgages or deeds of trust held by an applicant.

#### **Exclusions**

1. Necessary personal property, except as noted in number 8 of Inclusions, such as clothing, furniture, cars and vehicles specially equipped for persons with disabilities.
2. Interest in Indian trust lands.
3. Assets not effectively owned by the applicant. That is, when assets are held in an individual's name, but the assets and any income they earn accrue to the benefit of someone else who is not a member of the household and that other person is responsible for income taxes incurred on income generated by the asset.
4. Equity in cooperatives in which the family lives.
5. Assets not accessible to and that provide no income for the applicant.
6. Term life insurance policies (i.e., where there is no cash value).
7. Assets that are part of an active business. "Business" does not include rental of properties that are

held as an investment and not a main occupation.

## **Attachment C**

### **LOAN SERVICING POLICIES AND PROCEDURES FOR The Town of Paradise**

The Town of Paradise, here after called “Lender” has adopted these policies and procedures in order to preserve its financial interest in properties, who’s “Borrowers” have been assisted with public funds. The Lender will to the greatest extent possible follow these policies and procedures but each loan will be evaluated and handled on a case-by-case basis. The Lender has formulated this document to comply with state and federal regulations regarding the use of these public funds and any property restrictions, which are associated with them.

The policies and procedures are broken down into the follow areas: 1) making required monthly payments or voluntary payments on a loan’s principal and interest; 2) required payment of property taxes and insurance; 3) required Request for Notice of Default on all second mortgages; 4) loans with annual occupancy restrictions and certifications 5) required noticing and limitations on any changes in title or use of property; 6) required noticing and process for requesting a subordination during a refinance; 7) processing of foreclosure in case of default on the loan.

#### **1. Loan Repayments:**

The Lender will collect monthly payments from those borrowers who are obligated to do so under Notes, which are amortized promissory notes. Late fees will be charged for payments received after the assigned monthly date.

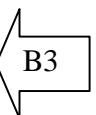
For Notes, which are deferred payment loans; the Lender may accept voluntary payments on the loan. Loan payments will be credited to the interest first and then to principal. The borrower may repay the loan balance at any time with no penalty.

#### **2. Payment of Property Taxes and Insurance:**

As part of keeping the loan from going into default, borrower must maintain property insurance coverage naming the Lender as loss payee in first position or additional insured if the loan is a junior lien. If borrower fails to maintain the necessary insurance, the Lender may take out forced place insurance to cover the property while the Borrower puts a new insurance policy in place. All costs for installing the necessary insurance will be added to the loan balance at time of installation of Borrower’s new insurance.

When a property is located in a 100 year flood plain, the Borrower will be required to carry the necessary flood insurance, naming the Town as additional insured. A certificate of insurance for flood and for standard property insurance will be required at close of escrow. The lender may verify the insurance on an annual basis. The project file will contain documentation of flood zone status.

Property taxes must be kept current during the term of the loan. If the Borrower fails to maintain payment of property taxes then the lender may pay the taxes current and add the balance of the tax payment plus any penalties to the balance of the loan. Wherever possible, the Lender encourages Borrower to have impound accounts set up with their first mortgagee wherein they pay their taxes and insurance as part of their monthly mortgage payment.



### 3. Required Request for Notice of Default:

When the Borrower's loan is in second position behind an existing first mortgage, it is the Lender's policy to prepare and record a "Request for Notice of Default" for each senior lien in front of Lender's loan. This document requires any senior lien holder listed in the notice to notify the lender of initiation of a foreclosure action. The Lender will then have time to contact the Borrower and assist them in bringing the first loan current. The Lender can also monitor the foreclosure process and go through the necessary analysis to determine if the loan can be made whole or preserved. When the Lender is in a third position and receives notification of foreclosure from only one senior lien holder, it is in their best interest to contact any other senior lien holders regarding the status of their loans.

### 4. Annual Occupancy Restrictions and Certifications:

On some owner occupant loans the Lender may require that Borrowers submit utility bills and/or other documentation annually to prove occupancy during the term of the loan. Other loans may have income and housing cost evaluations, which require a household to document that they are not able to make repayments, typically every five years. These loan terms are incorporated in the original note and deed of trust.

### 5. Required Noticing and Restrictions on Any Changes of Title or Occupancy:

In all cases where there is a change in title or occupancy or use, the Borrower must notify the Lender in writing of any change. Lender and borrower will work together to ensure the property is kept in compliance with the original Program terms and conditions such that it remains available as an affordable home for low income families. These types of changes are typical when Borrowers do estate planning (adding a relative to title) or if a Borrower dies and property is transferred to heirs or when the property is sold or transferred as part of a business transaction. In some cases the Borrower may move and turn the property into a rental unit without notifying the Lender. Changes in title or occupancy must be in keeping with the objective of benefit to low-income households (below 80 percent of AMI).

Change from owner-occupant to owner-occupant occurs at a sale. When a new owner-occupant is not low-income, the loan is not assumable and the loan balance is immediately due and payable. If the new owner-occupant qualifies as low-income, the purchaser may either pay the loan in full or assume all loan repayment obligations of the original owner-occupant, subject to the approval of the Lender's Loan Committee (depends on the HCD program).

### 6. Requests for Subordinations:

Conditional subordination will be consistent with the Town's current policy.

When a Borrower wishes to refinance the property, they must request a subordination request to the Lender. The Lender will only subordinate their loan when there is no "cash out" as part of the refinance. Cash out means there are no additional charges on the transaction above loan and escrow closing fees. There can be no third party debt pay offs or additional encumbrance on the property above traditional refinance transaction costs. All subordinations will be subject to the Town of Paradise Subordination Policy.

Upon receiving the proper documentation from the refinance lender, the request will be considered by the Program Operator for review and approval. Upon approval, the escrow company will provide the proper subordination document for execution and recordation by the Lender.

#### 7. Process for Loan Foreclosure:

Upon any condition of loan default: 1) non payment; 2) lack of insurance or property tax payment; 3) violation of rent limitation agreement; 4) change in title or use without approval; 5) default on senior loans, the Lender will send out a letter to the Borrower notifying them of the default situation. If the default situation continues then the Lender may start a formal process of foreclosure.

When a senior lien holder starts a foreclosure process and the Lender is notified via a Request for Notice of Default, the Lender, who is the junior lien holder, may cancel the foreclosure proceedings by "reinstating" the senior lien holder. The reinstatement amount or payoff amount must be obtained by contacting the senior lien holder. This amount will include all delinquent payments, late charges and fees to date. Lender must confer with Borrower to determine if, upon paying the senior lien holder current, the Borrower can provide future payments. If this is the case then the Lender may cure the foreclosure and add the costs to the balance of the loan with a Notice of Additional Advance on the existing note.

If the Lender determines, based on information on the reinstatement amount and status of borrower, that bringing the loan current will not preserve the loan, then staff must determine if it is cost effective to protect their position by paying off the senior lien holder in total and restructure the debt such that the unit is made affordable to the Borrower. If the Lender does not have sufficient funds to pay the senior lien holder in full, then they may choose to cure the senior lien holder and foreclose on the property themselves. As long as there is sufficient value in the property, the Lender can afford to pay for the foreclosure process and pay off the senior lien holder and retain some or all of their investment.

If the Lender decides to reinstate, the senior lien holder will accept the amount to reinstate the loan up until five (5) days prior to the set "foreclosure sale date." This "foreclosure sale date" usually occurs about four (4) to six (6) months from the date of recording of the "Notice of Default." If the Lender fails to reinstate the senior lien holder before five (5) days prior to the foreclosure sale date, the senior lien holder would then require a full pay off of the balance, plus costs, to cancel foreclosure. If the Lender determines the reinstatement and maintenance of the property not to be cost effective and allows the senior lien holder to complete foreclosure, the Lender's lien may be eliminated due to insufficient sales proceeds.

#### Lender as Senior Lien holder

When the Lender is first position as a senior lien holder, active collection efforts will begin on any loan that is 31 or more days in arrears. Attempts will be made to assist the homeowner in bringing and keeping the loan current. These attempts will be conveyed in an increasingly urgent manner until loan payments have reached 90 days in arrears, at which time the Lender may consider foreclosure. Lender's staff will consider the following factors before initiating foreclosure:

- 1) Can the loan be cured and can the rates and terms be adjusted to allow for affordable payments such that foreclosure is not necessary?
- 2) Can the Borrower refinance with a private lender and pay off the Lender?
- 3) Can the Borrower sell the property and pay off the Lender?
- 4) Does the balance warrant foreclosure? (If the balance is under \$5,000, the expense to foreclose may not be worth pursuing.)
- 5) Will the sales price of home "as is" cover the principal balance owing, necessary advances, (maintain fire insurance, maintain or bring current delinquent property taxes, monthly yard maintenance, periodic inspections of property to prevent vandalism, etc.) foreclosure, and marketing costs?

If the balance is substantial and all of the above factors have been considered, the Lender may opt to initiate foreclosure. The Borrower must receive, by certified mail, a thirty-day notification of foreclosure initiation. This notification must include the exact amount of funds to be remitted to the Lender to prevent foreclosure (such as, funds to bring a delinquent BMIR current or pay off a DPL).

At the end of thirty days, the Lender should contact a reputable foreclosure service or local title company to prepare and record foreclosure documents and make all necessary notifications to the owner and junior lien holders. The service will advise the Lender of all required documentation to initiate foreclosure (Note and Deed of Trust usually) and funds required from the owner to cancel foreclosure proceedings. The service will keep the Lender informed of the progress of the foreclosure proceedings.

When the process is completed, and the property has "reverted to the beneficiary" at the foreclosure sale, the Lender could sell the home themselves under a homebuyer program or use it for an affordable rental property managed by a local housing authority or use it for transitional housing facility or other eligible use. The Lender could contract with a local real estate broker to list and sell the home and use those funds for program income eligible uses.

**Attachment D**  
**SELLERS LEAD-BASED PAINT DISCLOSURE**  
**Disclosure of Information on Lead-Based Paint and/or Lead-Based Paint Hazards**  
**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. A risk assessment or inspection for possible lead-based paint hazards is recommended prior to purchase.

**Seller's Disclosure**

- (a) Presence of lead-based paint and/or lead-based paint hazards (check (i) or (ii) below):
- (i) \_\_\_\_ Known lead-based paint and/or lead-based paint hazards are present in the housing (explain).  
\_\_\_\_\_
- (ii) \_\_\_\_ Seller has no knowledge of lead-based paint and/or lead-based paint hazards in the housing.
- (b) Records and reports available to the seller (check (i) or (ii) below):
- (i) \_\_\_\_ Seller has provided the purchaser with all available records and reports pertaining to Lead-based paint and/or lead-based paint hazards in the housing (list documents below).  
\_\_\_\_\_
- (ii) \_\_\_\_ Seller has no reports or records pertaining to lead-based paint and/or lead-based paint hazards in the housing.

**Purchaser's Acknowledgment** (initial)

- (c) \_\_\_\_ Purchaser has received copies of all information listed above.
- (d) \_\_\_\_ Purchaser has received the pamphlet Protect Your Family from Lead in Your Home.
- (e) \_\_\_\_ Purchaser has (check (i) or (ii) below):
- (i) \_\_\_\_ received a 10-day opportunity (or mutually agreed upon period) to conduct a risk assessment or inspection for the presence of lead-based paint and/or lead-based paint hazards; or

**Agent's Acknowledgment** (initial)

- (f) \_\_\_\_ Agent has informed the seller of the seller's obligations under 42 U.S.C. 4852d and is aware of his/her responsibility to ensure compliance.

**Certification of Accuracy**

The following parties have reviewed the information above and certify, to the best of their knowledge, that the information they have provided is true and accurate.

_____ Seller	_____ Date	_____ Seller	_____ Date
_____ Purchaser	_____ Date	_____ Purchaser	_____ Date
_____ Agent	_____ Date	_____ Agent	_____ Date



## Attachment F

### Disclosure to Seller with Voluntary, Arm's Length Purchase Offer

#### DECLARATION

This is to inform you that (name of buyers) \_\_\_\_\_ would like to purchase the property, located at (address) \_\_\_\_\_, if a satisfactory agreement can be reached. We are prepared to pay \$\_\_\_\_\_ for a clear title to the property under conditions described in the attached proposed contract of sale.

Because Federal funds may be used in the purchase, however, we are required to disclose to you the following information:

1. The sale is voluntary. If you do not wish to sell, the buyer, \_\_\_\_\_, thru the agency, (name of agency/Sponsor) \_\_\_\_\_ will not acquire your property. The buyer does not have the power of eminent domain to acquire your property by condemnation (i.e. eminent domain) and the agency/Sponsor \_\_\_\_\_ will not use the power of eminent domain to acquire the property.
2. The estimated fair market value of the property is \$\_\_\_\_\_ and was estimated by \_\_\_\_\_, to be finally determined by a professional appraiser prior to close of escrow.

Since the purchase would be a voluntary, arms length, transaction you would not be eligible for relocation payments or other relocation assistance under the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (URA), or any other law or regulation. Also, as indicated in the contract of sale, this offer is made on the condition that no tenant will be permitted to occupy the property before the sale is completed.

Again, please understand that if you do not wish to sell your property, we will take no further action to acquire it. If you are willing to sell the property under the conditions described in the attached contract of sale, please sign the contract and return it to us at:

\_\_\_\_\_. If you have any questions about this matter, please contact \_\_\_\_\_ at \_\_\_\_\_.

Sincerely,

\_\_\_\_\_  
Title

\_\_\_\_\_  
Buyer

\_\_\_\_\_  
Date

\_\_\_\_\_  
Buyer

\_\_\_\_\_  
Date

Form continues on next page with Seller's Acknowledgment

## Disclosure to Seller with Voluntary, Arm's Length Purchase Offer (Page 2)

### Acknowledgement

As the Seller I/we understand that the (affiliation and title of inspector) \_\_\_\_\_ will inspect the property for health and safety deficiencies. I/we also understand that public funds may be involved in this transaction and, as such, if the property was built before 1978, a lead-based paint disclosure must be signed by both the buyer and seller, and that a Visual Assessment will be conducted to determine the presence of deteriorated paint.

As the Seller, I/we understand that under the (City's or County's) program, the property must be currently owner-occupied, vacant for at least 90 days at the time of submission of purchase offer, new (never occupied), or renter purchasing the unit. I/we hereby certify that the property is:

☐ Vacant at least 90 days; ☐ Owner-occupied; ☐ New; or ☐ Being Purchased by Occupant

***I/we hereby certify that I have read and understand this "Declaration" and ☐ a copy of said Notice was given to me prior to the offer to purchase. If received after presentation of the purchase offer, I/We choose ☐ to withdraw or ☐ not to withdraw, from the Purchase Agreement.***

\_\_\_\_\_  
Seller

\_\_\_\_\_  
Date

\_\_\_\_\_  
Seller

\_\_\_\_\_  
Date

## Attachment G

### Town of Paradise INSTRUCTIONS TO HOMEBUYER

1. Applicant(s) works with Town-certified lender of choice to obtain the primary lender's pre-qualification.
2. Applicant(s) works with Town-certified 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:
  - Residential loan application
  - Credit report
  - Verified income documentation: 3 months pay stubs + 3<sup>rd</sup> party verification from all employers.
  - Asset documentation: 3 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*
5. Town establishes income eligibility and 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 sameTown staff addresses any consultation items with Applicant.
7. Real estate agent provides Town with a copy of:
  - Real estate sales contract 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
8. Escrow officer provides Town with a copy of:

- Preliminary Title Report
9. Town reviews paperwork to determine program eligibility and financing affordability for participant, etc.
  10. Lender provides to Town copy of:
    - Appraisal with photos, supporting sales price.
  11. 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.
  12. Approval letter is issued to first Lender indicating any outstanding conditions for approval or funding.
  13. Lender provides the Town with copies of:
    - Typed Loan Application (Fannie Mae #1003) signed by Buyer
    - Underwriting/Loan approval document signed by Lender
  14. Escrow officer provides the Town with copy of:
    - Preliminary HUD-1 Settlement Statement.
  15. 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. Once approved, this packet, along with other required forms (*Race and Ethnic Data Reporting Form*, *Fair Lending Notice*, and the *Lead Based Paint Booklet* and sign off sheet), are delivered to Escrow Officer.
  16. Check is ordered by Town for funding of loan.
  17. Documents are signed by Applicant(s) in escrow office and original documents, as well as copies of documents to be recorded, are returned to Town, along with evidence of Homeowner's insurance.
  18. Upon final review and approval of packet, Town releases funds to escrow.
  19. Escrow records all applicable legal documents and provides Town with final closing Statement (HUD-1), and Final Title Insurance Policy.
  20. Town closes out the loan file.

## Attachment H LEAD-BASED PAINT

### VISUAL ASSESSMENT, NOTICE OF PRESUMPTION, AND HAZARD REDUCTION FORM

<b>Section 1: Background Information</b>			
Property Address:		No LBP found or LBP exempt <input type="checkbox"/>	
Select one:	Visual Assessment <input type="checkbox"/>	Presumption <input type="checkbox"/>	Hazard Reduction <input type="checkbox"/>

<b>Section 2: Visual Assessment.</b> Fill out Sections 1, 2, and 6. If paint stabilization is performed, also fill out Sections 4 and 5 after the work is completed.	
Visual Assessment Date:	Report Date:
Check if no deteriorated paint found <input type="checkbox"/>	
Attachment A: Summary where deteriorated paint was found. For multi-family housing, list at least the housing unit numbers and common areas and building components (including type of room or space, and the material underneath the paint).	

<b>Section 3: Notice of Presumption.</b> Fill out Sections 1, 3, 5, and 6. Provide to occupant w/in 15 days of presumption.	
Date of Presumption Notice:	
Lead-based paint is presumed to be present <input type="checkbox"/> and/or Lead-based paint <i>hazards</i> are presumed to be present <input type="checkbox"/>	
Attachment B: Summary of Presumption: For multi-family housing, list at least the housing unit numbers and common areas, bare soil locations, dust-lead location, and or building components (including type of room or space, and the materials underneath the paint) of lead-based paint and/or hazards presumed to be present.	

<b>Section 4: Notice of Lead-Based Paint Hazard Reduction Activity.</b> Fill out Sections 1, 4, 5, and 6. Provide to occupant w/in 15 days of after work completed.	
Date of Hazard Reduction Notice:	
Initial Hazard Reduction Notice? Yes <input type="checkbox"/> No <input type="checkbox"/>	Start & Completion Dates:
If "No", dates of previous Hazard Reduction Activity Notices:	
Attachment C: Activity locations and types. For multi-family housing, list at least the housing unit numbers and common areas (for multifamily housing), bare soil locations, dust-lead locations, and/or building components (including type of room or space, and the material underneath the paint), and the types of lead-based paint hazard reduction activities performed at the location listed.	
Attachment D: Location of building components with <u>lead-based paint remaining</u> in the rooms, spaces or areas where activities were conducted.	
Attachment E: Attach clearance report(s), using DHS form 8552 (and 8551 for abatement activities)	

<b>Section 5: Resident Receipt of Notice for Presumption or Lead-Based Paint Hazard Reduction Activity</b>		
Printed Name:	Signature:	Date:

<b>Section 6: Contact Information</b>		Organization:
Contact Name:	Contact Signature:	
Date:	Address:	Phone:

## Attachment I

### State CDBG's and HOME's Table of 2007 Income Limits

County	INCOME * CATEGORY	NUMBER OF PERSONS IN HOUSEHOLD							
		1	2	3	4	5	6	7	8
Alameda County	"30%" Limit	17,600	<b>20,100</b>	22,650	<b>25,150</b>	27,150	<b>29,150</b>	31,200	<b>33,200</b>
	"50%" Limit	29,350	<b>33,500</b>	37,700	<b>41,900</b>	45,250	<b>48,600</b>	51,950	<b>55,300</b>
	"60%" Limit	35,220	<b>40,200</b>	45,240	<b>50,280</b>	54,300	<b>58,320</b>	62,340	<b>66,360</b>
	"80%" Limit	46,350	<b>53,000</b>	59,600	<b>66,250</b>	71,550	<b>76,850</b>	82,150	<b>87,450</b>
Alpine County	"30%" Limit	13,850	<b>15,800</b>	17,800	<b>19,750</b>	21,350	<b>22,900</b>	24,500	<b>26,050</b>
	"50%" Limit	23,050	<b>26,300</b>	29,600	<b>32,900</b>	35,550	<b>38,150</b>	40,800	<b>43,450</b>
	"60%" Limit	27,660	<b>31,560</b>	35,520	<b>39,480</b>	42,660	<b>45,780</b>	48,960	<b>52,140</b>
	"80%" Limit	36,850	<b>42,100</b>	47,400	<b>52,650</b>	56,850	<b>61,050</b>	65,300	<b>69,500</b>
Amador County	"30%" Limit	13,350	<b>15,300</b>	17,200	<b>19,100</b>	20,650	<b>22,150</b>	23,700	<b>25,200</b>
	"50%" Limit	22,300	<b>25,500</b>	28,650	<b>31,850</b>	34,400	<b>36,950</b>	39,500	<b>42,050</b>
	"60%" Limit	26,760	<b>30,600</b>	34,380	<b>38,220</b>	41,280	<b>44,340</b>	47,400	<b>50,460</b>
	"80%" Limit	35,650	<b>40,750</b>	45,850	<b>50,950</b>	55,050	<b>59,100</b>	63,200	<b>67,250</b>
Butte County	"30%" Limit	10,900	<b>12,500</b>	14,050	<b>15,600</b>	16,850	<b>18,100</b>	19,350	<b>20,600</b>
	"50%" Limit	18,200	<b>20,800</b>	23,400	<b>26,000</b>	28,100	<b>30,150</b>	32,250	<b>34,300</b>
	"60%" Limit	21,840	<b>24,960</b>	28,080	<b>31,200</b>	33,720	<b>36,180</b>	38,700	<b>41,160</b>
	"80%" Limit	29,100	<b>33,300</b>	37,450	<b>41,600</b>	44,950	<b>48,250</b>	51,600	<b>54,900</b>
Calaveras County	"30%" Limit	12,350	<b>14,100</b>	15,900	<b>17,650</b>	19,050	<b>20,450</b>	21,900	<b>23,300</b>
	"50%" Limit	20,600	<b>23,550</b>	26,500	<b>29,450</b>	31,800	<b>34,150</b>	36,500	<b>38,850</b>
	"60%" Limit	24,720	<b>28,260</b>	31,800	<b>35,340</b>	38,160	<b>40,980</b>	43,800	<b>46,620</b>
	"80%" Limit	32,950	<b>37,700</b>	42,400	<b>47,100</b>	50,850	<b>54,650</b>	58,400	<b>62,150</b>
Colusa County	"30%" Limit	10,800	<b>12,350</b>	13,900	<b>15,450</b>	16,700	<b>17,900</b>	19,150	<b>20,400</b>
	"50%" Limit	18,050	<b>20,600</b>	23,200	<b>25,750</b>	27,800	<b>29,850</b>	31,950	<b>34,000</b>
	"60%" Limit	21,660	<b>24,720</b>	27,840	<b>30,900</b>	33,360	<b>35,820</b>	38,340	<b>40,800</b>
	"80%" Limit	28,850	<b>32,950</b>	37,100	<b>41,200</b>	44,500	<b>47,800</b>	51,100	<b>54,400</b>
Contra Costa County	"30%" Limit	17,600	<b>20,100</b>	22,650	<b>25,150</b>	27,150	<b>29,150</b>	31,200	<b>33,200</b>
	"50%" Limit	29,350	<b>33,500</b>	37,700	<b>41,900</b>	45,250	<b>48,600</b>	51,950	<b>55,300</b>
	"60%" Limit	35,220	<b>40,200</b>	45,240	<b>50,280</b>	54,300	<b>58,320</b>	62,340	<b>66,360</b>
	"80%" Limit	46,350	<b>53,000</b>	59,600	<b>66,250</b>	71,550	<b>76,850</b>	82,150	<b>87,450</b>
Del Norte County	"30%" Limit	10,800	<b>12,350</b>	13,900	<b>15,450</b>	16,700	<b>17,900</b>	19,150	<b>20,400</b>
	"50%" Limit	18,050	<b>20,600</b>	23,200	<b>25,750</b>	27,800	<b>29,850</b>	31,950	<b>34,000</b>
	"60%" Limit	21,660	<b>24,720</b>	27,840	<b>30,900</b>	33,360	<b>35,820</b>	38,340	<b>40,800</b>
	"80%" Limit	28,850	<b>32,950</b>	37,100	<b>41,200</b>	44,500	<b>47,800</b>	51,100	<b>54,400</b>
El Dorado County	"30%" Limit	14,100	<b>16,100</b>	18,150	<b>20,150</b>	21,750	<b>23,350</b>	25,000	<b>26,600</b>
	"50%" Limit	23,500	<b>26,900</b>	30,250	<b>33,600</b>	36,300	<b>39,000</b>	41,650	<b>44,350</b>
	"60%" Limit	28,200	<b>32,280</b>	36,300	<b>40,320</b>	43,560	<b>46,800</b>	49,980	<b>53,220</b>
	"80%" Limit	37,650	<b>43,000</b>	48,400	<b>53,750</b>	58,050	<b>62,350</b>	66,650	<b>70,950</b>
Fresno County	"30%" Limit	10,800	<b>12,350</b>	13,900	<b>15,450</b>	16,700	<b>17,900</b>	19,150	<b>20,400</b>
	"50%" Limit	18,050	<b>20,600</b>	23,200	<b>25,750</b>	27,800	<b>29,850</b>	31,950	<b>34,000</b>
	"60%" Limit	21,660	<b>24,720</b>	27,840	<b>30,900</b>	33,360	<b>35,820</b>	38,340	<b>40,800</b>
	"80%" Limit	28,850	<b>32,950</b>	37,100	<b>41,200</b>	44,500	<b>47,800</b>	51,100	<b>54,400</b>

\* Percentages may not be mathematically related to each other. Percents are used as names for the categories because programs' actual names for limits differ.

## Attachment J

### 2007 HOME Program

#### Maximum Purchase Price/After-Rehabilitation Value Limits

County Name	One-Family	Two-Family	Three-Family	Four-Family	Last Revised
<b>Alameda</b>	\$362,790	\$464,449	\$561,411	\$697,696	01/01/2006
<b>Alpine</b>	\$362,790	\$464,449	\$561,411	\$697,696	01/01/2007
<b>Amador</b>	\$337,250	\$385,200	\$468,000	\$540,000	01/01/2007
<b>Butte</b>	\$304,000	\$342,400	\$416,000	\$480,000	01/01/2007
<b>Calaveras</b>	\$362,790	\$418,350	\$508,300	\$588,750	01/01/2007
<b>Colusa</b>	\$302,100	\$340,250	\$413,400	\$477,000	06/18/2007
<b>Contra Costa</b>	\$362,790	\$464,449	\$561,411	\$697,696	01/01/2006
<b>Del Norte</b>	\$236,550	\$266,430	\$323,700	\$384,936	01/01/2007
<b>El Dorado</b>	\$362,790	\$446,190	\$542,100	\$625,500	01/01/2006
<b>Fresno</b>	\$289,750	\$326,350	\$396,500	\$457,500	01/01/2007
<b>Glenn</b>	\$218,000	\$256,248	\$309,744	\$384,936	06/18/2007
<b>Humboldt</b>	\$299,250	\$337,050	\$409,500	\$472,500	01/27/2006
<b>Imperial</b>	\$234,650	\$264,250	\$321,100	\$384,936	06/18/2007
<b>Inyo</b>	\$362,790	\$411,950	\$500,500	\$577,500	01/27/2006
<b>Kern</b>	\$280,250	\$315,650	\$383,500	\$442,500	01/01/2007
<b>Kings</b>	\$237,360	\$267,342	\$324,808	\$384,936	01/01/2006
<b>Lake</b>	\$304,950	\$343,470	\$417,300	\$481,500	01/01/2007
<b>Lassen</b>	\$216,600	\$256,248	\$309,744	\$384,936	10/22/2007
<b>Los Angeles</b>	\$362,790	\$464,449	\$561,411	\$697,696	01/01/2006
<b>Madera</b>	\$323,000	\$363,800	\$442,000	\$510,000	01/01/2007
<b>Marin</b>	\$362,790	\$464,449	\$561,411	\$697,696	01/01/2006
<b>Mariposa</b>	\$312,895	\$353,100	\$429,000	\$495,000	01/01/2007
<b>Mendocino</b>	\$362,790	\$428,000	\$520,000	\$600,000	05/18/2006
<b>Merced</b>	\$358,383	\$403,653	\$490,419	\$565,869	01/01/2007
<b>Modoc</b>	\$200,160	\$256,248	\$309,744	\$384,936	01/01/2006
<b>Mono</b>	\$362,790	\$464,449	\$561,411	\$697,696	01/01/2007
<b>Monterey</b>	\$362,790	\$464,449	\$561,411	\$697,696	01/01/2006
<b>Napa</b>	\$362,790	\$464,449	\$561,411	\$697,696	01/01/2006
<b>Nevada</b>	\$362,790	\$464,449	\$561,411	\$697,696	01/17/2006
<b>Orange</b>	\$362,790	\$464,449	\$561,411	\$697,696	01/01/2006
<b>Placer</b>	\$362,790	\$446,190	\$542,100	\$625,500	01/01/2006

## Attachment K

### HOME PROGRAM

#### SUBSIDY LIMITS PER UNIT – SECTION 221(d) (3)

(All limits are effective 5/8/07 except those which are highlighted and were effective 1/1/07)

COUNTY NAME	0-BDR	1-BDR	2-BDR	3-BDR	4-BDR
Alameda	\$115,048	\$131,880	\$160,367	\$207,461	\$227,731
Alpine	\$115,544	\$132,448	\$161,058	\$208,355	\$228,712
Amador	\$115,544	\$132,448	\$161,058	\$208,355	\$228,712
Butte	\$110,585	\$126,764	\$154,146	\$199,413	\$218,896
Calaveras	\$107,610	\$123,353	\$149,999	\$194,047	\$213,007
Colusa	\$112,569	\$129,038	\$156,911	\$202,990	\$222,823
Contra Costa	\$113,561	\$130,175	\$158,293	\$204,778	\$224,786
Del Norte	\$104,634	\$119,942	\$145,851	\$188,682	\$207,117
El Dorado	\$119,016	\$136,428	\$165,897	\$214,615	\$235,584
Fresno	\$101,163	\$115,963	\$141,012	\$182,422	\$200,246
Glenn	\$112,569	\$129,038	\$156,911	\$202,990	\$222,823
Humboldt	\$104,634	\$119,942	\$145,851	\$188,682	\$207,117
Imperial	\$119,016	\$136,428	\$165,898	\$214,615	\$235,584
Inyo	\$119,016	\$136,428	\$165,898	\$214,615	\$235,584
Kern	\$119,016	\$136,428	\$165,898	\$214,615	\$235,584
Kings	\$96,204	\$110,279	\$134,100	\$173,480	\$190,430
Lake	\$101,163	\$115,963	\$141,012	\$182,422	\$200,246
Lassen	\$114,552	\$131,311	\$159,676	\$206,567	\$226,749
Los Angeles	\$119,016	\$136,428	\$165,898	\$214,615	\$235,584
Madera	\$96,204	\$110,279	\$134,100	\$173,480	\$190,430
Marin	\$111,577	\$127,901	\$155,529	\$201,201	\$220,860
Mariposa	\$96,700	\$110,847	\$134,791	\$174,374	\$191,412
Mendocino	\$96,204	\$110,279	\$134,100	\$173,480	\$190,430
Merced	\$96,204	\$110,279	\$134,100	\$173,480	\$190,430
Modoc	\$114,552	\$131,311	\$159,676	\$206,567	\$226,749
Mono	\$119,016	\$136,428	\$165,898	\$214,615	\$235,584
Monterey	\$108,106	\$123,922	\$150,690	\$194,942	\$213,988
Napa	\$106,618	\$122,216	\$148,616	\$192,259	\$211,044
Nevada	\$115,544	\$132,448	\$161,058	\$208,355	\$228,712
Orange	\$119,016	\$136,428	\$165,898	\$214,615	\$235,584
Placer	\$119,016	\$136,428	\$165,897	\$214,615	\$235,584
Plumas	\$113,561	\$130,175	\$158,293	\$204,778	\$224,786