



**First-Time Homebuyer Program
Certification Workshop**

Welcome!

Business & Housing Staff

- Jim Goodwin, Town Manager (x104)
- Nadia Alekseev, Housing Manager (x126)
- Sarah Richter, Housing Technician (x130)
- Brianna Ray, Office Assistant (x179)

Agenda

- Overview of programs (HOME and CalHome)
- Review The Loan Procedure (who does what, how, when, where, and why)
- Understand your responsibilities
- Resources: guidelines, brochures, forms, etc.
- Answer any questions or concerns you may have

Overview of Programs

- **Gap financing** – Our homebuyer programs are designed to provide assistance, in the form of deferred payment “silent” second priority loans as “Gap” financing, toward the purchase price and closing costs (up to 105% of CLTV) of owner-occupied, affordable housing units.
 - HOME: federally-funded for lower-income families (80% of median income)
 - CalHome: state-funded for lower-income families (80% of median income)
 - CalHome: state-funded for disaster-affected families (120% of median income) **UNTIL END OF 2025**

Town of Paradise
Income Limits for Housing Programs
(Income limits are updated around May or June of every year)

Butte County	2025 Income Limits								
		1 Person	2 People	3 People	4 People	5 People	6 People	7 People	8 People
	Low Income (80% AMI)	52,600	60,100	67,600	75,100	81,150	87,150	93,150	99,150
	Moderate Income (120% AMI) <i>for Disaster Affected Households only</i>	81,150	92,700	104,300	115,900	125,150	134,450	143,700	153,000

Notable Loan Terms

- Mortgage Assistance loan is deferred for 30 years.
- It is not forgivable or assumable.
- Due at the end of 30-years, upon refinance*, sale of property, or when household stops living at the residence as their principal residence.
- There are no resale restrictions or pre-payment penalties.
- Simple interest accrues at 1% for the first 10-years only.
- HOME program requires owner-occupancy of the residence for up to 15-years only.

**we will allow refinance for rate and term only with prior approval.*

Who is a First-Time Home Buyer?

- **Eligible buyer** – Anyone who has NOT been on title to a home for the past three (3) years and meets certain income limits. They must qualify for a first mortgage, provide 2% of sales price, have a minimum credit score of 620 and attend the Town of Paradise's Homebuyers workshop.
 - **Exceptions** – 1) a displaced homemaker who has not, within the preceding two years, worked on a full-time basis for a consecutive 12-month period; 2) a single parent who is unmarried or legally separated and has one or more minor children for whom the individual has at least 50% joint custody; and 3) 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 either not permanently affixed to a permanent foundation in accordance with local or state regulations or not in compliance with state, local or model building codes and cannot be brought into compliance for less than the cost of constructing a permanent structure.
 - **Please Note** – People who are on title to property that lacks a habitable dwelling **are** eligible as First-Time Home Buyers. (*This means people who own empty lots in Paradise are eligible*).

Income limits

- **Household income** – the annual gross income of all adult household members that is projected to be received during the coming 12-month period. Including:
 - Child support, tips, overtime, bonuses, periodic and determinable gifts, side-hustles, retirement distributions, etc. AND;
 - Income from assets – interest and dividends
 - Does not include retirement accounts not accessible to the applicant without ending employment

Self-Employment: *If a person is self-employed, we will use the net income of the business.*

See more here: <https://www.ecfr.gov/current/title-24/subtitle-A/part-5/subpart-F/subject-group-ECFR174c6349abd095d/section-5.609>

(Google 24 CFR 5.609)

Property Eligibility

- **Eligible property** – A home, at or below the maximum purchase price located in the town limits of Paradise, which is habitable based on Section 8 standards, (if HOME, has been vacant for 90 days, is new construction, owner-occupied, or being purchased by the current tenant), which will be the primary residence (e.g., SFR, Condo, Townhouse, MHL).
- The home must obtain clearance of Section I pest (and, if HOME, lead-based visual assessment which the Town conducts). *Not required for new construction, but still recommended.*
- Septic clearance and weed clearance are also required by the Town of Paradise for all sales.
- Certificate of Occupancy must be issued before Close of Escrow.
- Housing staff will need to conduct Health & Safety Inspection during inspection period. Habitability is a condition of funding.

What is the Max Purchase Price?

The maximum purchase price is set annually under the HOME program and monthly under the CalHome program. The 2024 HOME limit is \$392,000 for NEW homes and \$375,000 for Existing homes. The CalHome limit shall not exceed the highest local median sales price of a single-family home during the past 6 months, as published by the California Association of Realtors.

<https://www.car.org/marketdata/data/countysalesactivity>

Go to: CAR.org

>Industry 360

>Data & Statistics

>Current Sales & Price Statistics

Far North	Apr-25	Mar-25		Apr-24		Price MTM% Chg	Price YTY% Chg
Butte	\$465,000	\$444,000		\$450,000		4.7%	3.3%
Lassen	\$305,000	\$219,000		\$205,000		39.3%	48.8%
Plumas	\$495,000	\$290,000		\$320,000		70.7%	54.7%
Shasta	\$374,380	\$375,000		\$360,000		-0.2%	4.0%

Other Requirements

- **Primary loan** – The first mortgage must be at least a 30-year, fixed interest rate note that is fully-amortized and can be underwritten by FHA, FNMA, FHLMC, Cal HFA, VA, etc., for the maximum amount that the Buyer qualifies. The first lender must be a commercial institution – not a private lender. Impound accounts are required.
- **Town's loan** – Deferred; no payments are required. The note is due-and-payable when the property is sold, refinanced, no longer a primary residence, or at the end of the 30-year term.
 - HOME and CalHome: 30 year, 1% simple interest loan. Interest accrues for 10 years only. No forgiveness of interest or principal.

Important Note: there is NO short sale option for a CalHome loan.

Ratios

Town of Paradise Program Ratios – Front-end: minimum 25% up to 35%; Back-end: up to 45%

- Town and First lender can have different income calculations and different ratios. See example:
- Town counts income of all adult household members – Applicant and daughter and says income is \$65,000 annually.
- \$5,416 per month means PITI must be between \$1,354 (25%) and \$1,895 (35%).
- First lender counts income of applicant only, but allows a front-end ratio of 38%. First lender calculates income at \$55,000 annually.
- \$4,583 per month and has PITI at \$1,741 (38%).

Rate restrictions

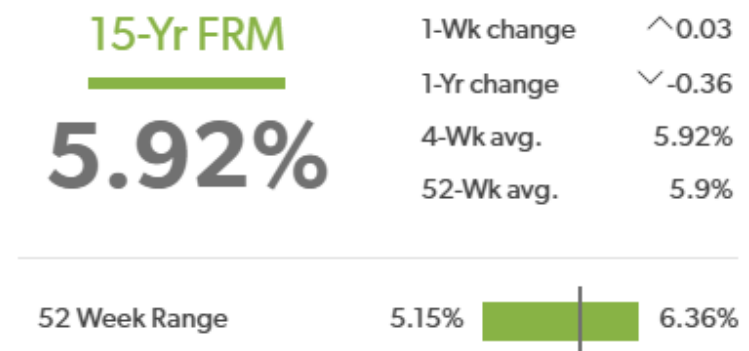
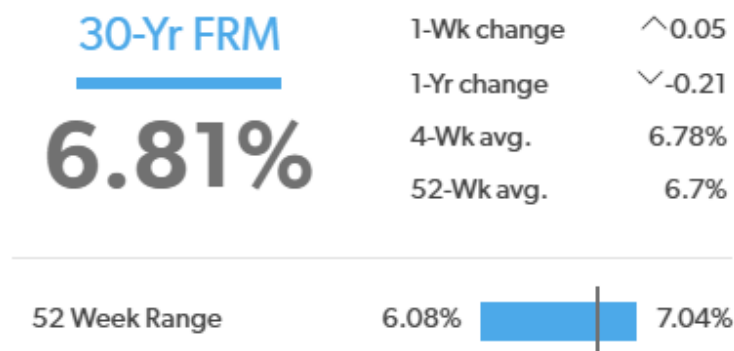
HOME requirement:

The primary loan must have a fixed interest rate that does not exceed, by greater than one percent, the Freddie Mac 30-year Fixed Rate Mortgage rate at

<https://www.freddiemac.com/pmms>.

Primary Mortgage Market Survey®

U.S. weekly averages as of 05/15/2025



The Loan Procedures

1. Applicant(s) works with a certified lender of choice to obtain the primary lender's pre-approval letter. (If applicant is lower-income, has funds and needs \$100K or less for a purchase already identified, then send them directly to the Town).
2. The first lender submits pre-approval letter with program interest form to the Town. The Town will contact the Applicant and provide them with an application.
3. Based on the information provided by the applicant (application, 3 mos. of pay stubs, 3 mos. of bank statements, current statement of any investments, 3 yrs. of tax returns), Town staff will determine if it is likely that the applicant(s) qualify for assistance. For those who appear eligible, the Town will provide a *Letter of Pre-Approval*. **The Letter of Pre-Approval does not mean that the applicant is approved for funding.**
4. Applicant works with a certified real estate agent to select a home and enter into a purchase contract, contingent upon receiving Loan Approval from the Town. For HOME program only- 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.
5. **Real estate agent** provides Town with a copy of the Escrow Information Sheet, Purchase Agreement w/addendums, and Disclosures **ASAP**. The Town will conduct Health & Safety Inspection and order and pay for the LBP Report, if applicable. Buyer's agent shall provide Town with pest inspection when completed if applicable.

The Loan Procedures (continued)

5. Applicant(s) updates all application information with the Town. Applicant must attend a Homebuyer Workshop before the close of escrow.
6. Town staff reviews of all income and assets **and** gets verifications from third-party sources. Lets lender know what final income is determined to be – *sometimes different than what is on pre-approval.*
7. Lender provides Town of Paradise with their credit report, loan application, preliminary underwriting statement, appraisal, gift letter (if applicable), and vesting information. Lender must provide escrow with GFE.
8. Escrow officer provides Town with the Preliminary Title Report and an estimated closing statement. (*Estimated closing statement is needed to request check from Finance*)
9. Town staff inspects home to meet program compliance. Notice of any necessary corrections are given to participant's real estate agent.
10. Town reviews paperwork to determine financing affordability for applicant(s) and submits packet for loan approval from Town Manager.

The Loan Procedures (continued)

11. Once approved, a *Letter of Approval* is issued to first Lender indicating any outstanding conditions for approval or funding (signed 1003, 1008, and copy of homeowners insurance naming Town of Paradise as additional insured).
12. Town prepares loan document packet consisting of *Deed of Trust*, *Promissory Note*, *Notice of Default* and *Truth in Lending Statement*.
13. Check is ordered by Town for funding of loan and loan documents are delivered to Escrow.
14. Loan documents are signed by Applicant(s) in escrow and original documents, as well as copies of documents to be recorded, copies of first Lender's Promissory Note and Deed of Trust are returned to Town. Before funding, Lender provides the Town with copies of the Loan Application signed by Buyer, the Underwriting/Loan approval document signed by Lender, and an Evidence of Insurance which lists the Town as an additional mortgagee.
15. Upon final review and approval of packet, Town releases funds to escrow.
16. Escrow records all applicable legal documents and provides Town with final closing disclosure.

Your Responsibilities...

- **Buyer's responsibilities:** Provide necessary documents to first lender and town, shop for a home, enter into a purchase agreement, review inspection reports, attend a homebuyer workshop, sign documents in escrow and provide funds.
- **Town's responsibilities:** Collect necessary documents, establish eligibility, review first lender figures, perform inspection, order LBP report (if applicable), approve loan, send loan docs to escrow, order funds, review signed docs, and authorize recording/release of funds.
- **Lender responsibilities:** Pre-qualification letter, Interest Form, preliminary application, underwriting summary, appraisal, send GFE to escrow, signed application, signed underwriting summary and Evidence of Insurance listing the Town as an additional mortgagee.
- **Realtor responsibilities:** Escrow Information Sheet, purchase contract w/disclosure, pest report and clearance.
- **Escrow Officer responsibilities:** Preliminary title report, estimated closing statement, follow escrow instruction and final closing statement.

How you can help your buyer

- The Town needs from **ALL** adults in a household:
 - 3 months of all bank statements,
 - 3 months of statements from CashApp, Venmo etc.
 - 3 months of paystubs,
 - 3-years of tax returns,
 - Current statement from all investment and retirement accounts,
 - Explanation of all cash deposits

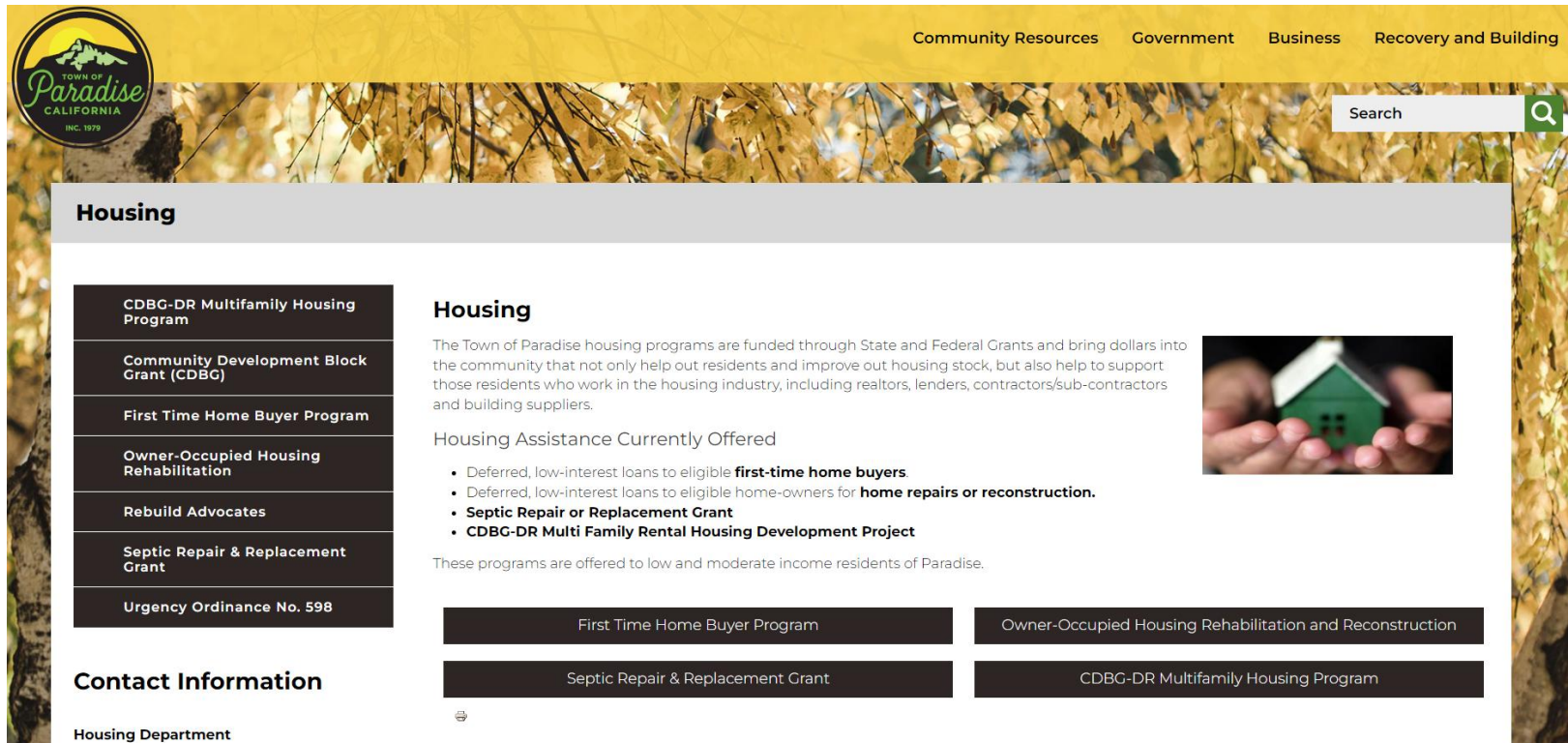
Important Things to Remember:

- Buyer must contribute 2% towards purchase. Seller credit does not count. POCs do not count except Fair Plan upfront premium.
- Purchase price limit changes.
- Buyer may not payoff other debts through escrow.
- First lender income calculations and ratios do not have to match Town income calculations and ratios.
- The Town does not gross up non-taxable income without the buyer meeting specific criteria.
- The Town has to count the income from all adults in the household, not just the applicant.
- Buyer must complete CalHome FTHB workshop before COE.
- Certificate of Occupancy must be issued before COE.
- Receipt of *signed* 1003 and 1008, and insurance certificate with Town of Paradise as additional insured are conditions of funding.
- Principal loan amounts are never forgiven.
- Housing staff is here to answer program questions – especially weird ones!

Resources

Town of Paradise website:

<https://www.townofparadise.com/housing>



The screenshot shows the Town of Paradise website's Housing page. The header is yellow with the town logo on the left and navigation links (Community Resources, Government, Business, Recovery and Building) on the right. A search bar is also present. The main content area has a grey header with the word "Housing". On the left is a sidebar with a list of programs. The main text area describes the housing programs, lists the assistance currently offered, and includes a photo of hands holding a small house. At the bottom, there are four buttons for specific programs.

Town of Paradise
CALIFORNIA
INC. 1979

Community Resources Government Business Recovery and Building

Search

Housing

- CDBG-DR Multifamily Housing Program
- Community Development Block Grant (CDBG)
- First Time Home Buyer Program
- Owner-Occupied Housing Rehabilitation
- Rebuild Advocates
- Septic Repair & Replacement Grant
- Urgency Ordinance No. 598


Housing

The Town of Paradise housing programs are funded through State and Federal Grants and bring dollars into the community that not only help out residents and improve out housing stock, but also help to support those residents who work in the housing industry, including realtors, lenders, contractors/sub-contractors and building suppliers.

Housing Assistance Currently Offered

- Deferred, low-interest loans to eligible **first-time home buyers**.
- Deferred, low-interest loans to eligible home-owners for **home repairs or reconstruction**.
- **Septic Repair or Replacement Grant**
- **CDBG-DR Multi Family Rental Housing Development Project**

These programs are offered to low and moderate income residents of Paradise.



First Time Home Buyer Program

Owner-Occupied Housing Rehabilitation and Reconstruction

Septic Repair & Replacement Grant

CDBG-DR Multifamily Housing Program

Contact Information

Housing Department

Primary Contact

- E-mail: housing@townofparadise.com
- On the phone: Housing Department at 872-6291x122
- In-person: Town Hall, 5555 Skyway, Business & Housing
- Via fax: (530)871-2263 (dedicated for Housing)



Questions?

Questions or concerns?

Gap Financing

This example is based on a four-person household with an annual gross income of \$70,000 (\$5,833 monthly income)

HOUSING PAYMENTS (PITI)

Principal & Interest payment	\$1,398.83
Insurance	\$ 229.17
Property tax	\$ 125.00
PMI	0.00
Total Housing Expense (PITI or “ front-end ratio ” is 30.96% of \$5,000)	\$1,749.99

OTHER HOUSEHOLD DEBT SERVICE

Car payment	\$400.00
Credit card payment	\$ 55.00
Total Other Debt	\$455.00

TOTAL OVERALL PAYMENTS

Housing	\$1,749.99
Other debt service	\$ 455.00
Total overall payments (overall debt or “ back-end ratio ” is 37.8% of \$5,833)	\$2,204.99

SUBSIDY CALUCATION

Purchase price of property	\$300,000.00
Less primary loan amount (first mortgage)	(\$194,000.00)
Less down payment of 2% (provided by homebuyer)	(\$6,000.00)
Equals “GAP”	\$100,000.00

Calculating Income

Family Members	Position in Family	Age	Income Source
Jane Smith	Head	38	Earns \$2,000 twice a month as a manager of Dollar General, and receives \$100/mo in child support.
John Doe	Boyfriend	36	Earns \$1800/month as a part-time instructor at Butte College for 9 months/year, and he's a bartender all year long, making \$160 a week in wages and \$90 a week in tips on average.
Bobby Smith	Son	13	Former child actor, makes \$3,000 in residuals annually.
Betty Smith	Daughter	12	No income.

Under the Town's program, the Income Limit for a family of four in the jurisdiction is \$75,100. Is this household eligible for assistance?

Go figure...

Jane– Annual wage income is \$2,000 semi-monthly x 24 periods/yr, or \$48,000. In addition, she receives \$100/mo x 12 months = \$1,200/yr.

John– Annual income is based on 9 months of work as an instructor: \$1,800 x 9 mo/yr, or \$16,200 annually; plus \$160 in wages and \$90 in tips weekly: \$250 x 52 weeks, or \$13,000.

Bobby – Annual income is \$3,000, but it is not counted because he is a minor.

ANTICIPATED ANNUAL INCOME				
Household Member	a. Wages/ Salaries	b. Benefits/ Pensions	c. Other Income	d. Asset Income
Jane	\$48,000		\$1,200.00	Income from Assets
John	\$8,320			
John	\$4,680			
4. Totals	a. \$61,000	b.	c. \$1,200.00	d. ???
5. Enter total of items from 4a. through 4d. This is <i>Annual Income</i> .				5. \$62,200

That's not all; we need to look at the assets...

Calculating Asset Income

Family Members	Position in Family	Age	Asset & Value
Jane Smith	Head	38	Checking Account -- \$3,695 average 6-month balance in a non-interest-bearing account CD opened one month ago with \$100,000 and 18-month term and 4% interest
John Doe	Boyfriend	36	Savings Account –current balance is \$6,305 at 0.05% IRA – current balance \$15,600 with an annual rate of return of 7.6%
Bobby Smith	Son	3	Savings account with \$5,000 and a .1% interest rate. Mom is co-owner of the account.
Betty Smith	Daughter	2	No accounts.

Passbook rate is .4%. Calculate the asset income.

Passbook rate and asset threshold changes annually.

Go figure...

ASSETS				
Household Member	Assets Description	Current Cash Value of Assets		Actual Income from Assets
Jane	Checking Account	\$3,695.00		\$0.00
Jane	CD – open 1 month ago	\$100,000.00		\$0 (interest not expected within 12 months)
John	Savings Account	\$6,305.00		\$3.15
John	IRA Account	\$15,600.00		Excluded
Bobby	Savings Account	\$5,000.00		\$5
1. Net Cash Value of Assets		1. NA		
2. Total Actual Income from Assets			2.	\$8.15

Imputed income with passbook rate is now only on assets over \$50,000 and when actual income can not be calculated.

Total Income

ANTICIPATED ANNUAL INCOME				
Household Member	a. Wages/ Salaries	b. Benefits/ Pensions	c. Other Income	d. Asset Income
Jane	\$48,000		\$1,200.00	Income from Assets
John	\$8,320			
John	\$4,680			
4. Totals	a. \$61,000.00	b.	c. \$1,200.00	d. \$8.15
5. Enter total of items from 4a. through 4d. This is <i>Annual Income</i> .				5. \$62,208.15

Based on the Income Limit for a family of four in this jurisdiction (\$75,100), this family is eligible for assistance.



Questions?

Questions or concerns?



Thank you for attending. Be sure to...

- Fill out and return your Registration Form, **we will be publishing this information.** (If we don't get your form, you aren't certified.)
- Put through lots of loans!!

We look forward to working with you.