



Down Payment Assistance Program Guidelines BEGIN

The program provides financial assistance to low to moderate income first time home buyers in the form of a 3% deferred loan.

Borrower Qualifications

<u>Household Size</u>	<u>Income Limit</u>
1	\$70,400
2	\$80,500
3	\$90,500
4	\$100,600
5	\$108,600

Maximum Loan Amount: \$30,000

Borrowers must be qualified first time homebuyers who are in the process of purchasing a single family home in the City of Livermore. A first time homebuyer is an individual or household that has not owned a home as their primary residence for the last three years.

Borrower shall use the home purchased under this program as their primary residence.

Borrower must meet the income eligibility limits set by the program in order to qualify for City assistance. Maximum loan amounts are determined by household size and income. Households earning less than 120% of the median household income shall be eligible for up to \$30,000 in down payment assistance. Loan amounts are limited to a maximum of 20% of the purchase price

Borrower must provide sufficient documentation of income to the City for use in determining the borrower's income level. Final determination of an applicant's income level and program eligibility shall be the sole discretion of the Housing and Human Services Manager.

Total Household Income means the total income of all residents of the household.

Borrower must submit a complete application to the City's Housing Division at least four weeks prior to their scheduled close of escrow. Upon determination of eligibility for the Program borrower shall receive a letter stating the maximum amount of loan funds a buyer is eligible for. *This letter determines loan eligibility only.* Since funding is limited and is available on a first come first serve basis, a letter of eligibility is not a guarantee that funds will be available to the borrower when requested.

Borrower must provide funds in an amount equal to a minimum of 3% of the purchase price for use as a down payment. Funds used to provide the borrower's down payment must be seasoned for a minimum of three months. These funds must be placed into escrow prior to close and proof of availability of funds sent to the City before disbursement of City funds.

An exception to the borrower's down payment requirement of 3% funds may be made, at the sole discretion of the City's Housing and Human Services Manager, if borrower has a FICO score of greater than 700.

Homebuyer must successfully complete a City approved first time homebuyer training program prior to the close of escrow.

Priority shall be given to persons who live and/or work in the City of Livermore.

Home Purchase Qualifications

Homes purchased must be existing single family residences located in the City of Livermore. Homes purchased in other cities or in the unincorporated area within or surrounding the City of Livermore do not qualify for the program.

Homes purchased must be single-family residences. This includes condominiums, mobile homes, townhouses, and single units that are part of a couplet or duet. Multi-unit structures (Duplexes, triplexes etc.) where more than one unit is being purchased are not eligible.

The first mortgage obtained for the purchase of the residence must be of a fixed interest rate over the life of the loan with no negative amortization, balloon payments or adjustable rate features.

Termite and roof clearances must be obtained prior to the close of escrow.

Buyer must obtain a written property inspection report from a qualified home inspection company prior to the close of escrow. This report must cover all major systems in the house including but not limited to electrical, plumbing, foundations, drainage systems, paint, and all built-in appliances. Buyer must show evidence that City permits have been issued for all work requiring such a permit.

Buyer must purchase a 1 year home warranty from a City approved home warranty provider covering all major systems in the home including built-in appliances, air conditioners, and water heating systems.

Loan Qualifications

Borrower shall enter into a loan agreement with the City of Livermore covering the total amount of funds lent by the City. A promissory note between the buyer and the City describing the loan terms shall be executed as well as a deed of trust with resale restrictions. Failure by borrower to make timely loan payments to the City may result in the default of the City's loan and forfeiture of ownership by the borrower.

- Funds may be used as down payment assistance and/ or to pay for nonrecurring closing costs not to exceed 2% of the purchase price.
- Total down payment assistance shall not exceed 20% of the purchase price of the home.

Loan funds may be used only to purchase a house and to pay for any nonrecurring closing costs associated with purchasing the home. Buyer shall not use loan funds to finance repairs, room additions or to purchase any non-real property. No cash out allowed.

Total loan amounts and closing costs may not exceed the lesser of either 97% of the appraised value of home or 97% of the purchase price. This must be confirmed prior to the close of escrow through the submission of an appraisal report prepared by a licensed real estate appraiser. The appraisal must have been completed less than six months prior to the close of escrow.

Borrower must have sufficient creditworthiness to qualify for a first mortgage from a City approved lender. Creditworthiness includes not having filed bankruptcy in the last 3 years. First mortgages must be fixed rate loans with no negative amortization, balloon payments or adjustable rate features

Borrower's total debt to income ratio may not exceed 40% of the Borrower's total income. At the sole discretion of the City's Housing Coordinator, this ratio may be adjusted if the buyer's down payment exceeds the 3% minimum requirement.

Borrower may use a cosigner when qualifying for the first mortgage. However, the cosigners' total household income shall be included as part of the buyer's total income when determining the borrower's income eligibility level.

Execution of the City's second mortgage documents shall be performed at close of escrow by the Escrow Company.

Fulfilling the above requirements is the sole responsibility of the homebuyer. Failure to fully satisfy the above Program requirements as determined by the City's Housing and Human Services Manager may result in a delay in funding or in loan denial.

LOAN DISBURSMENT GUIDELINES

To reserve funds for 60 days:

Items to be sent to the City of Livermore:

- Copy of the executed purchase agreement
- Copy of loan qualification letter for first mortgage
- Evidence of borrower's 3 % down payment
- Copy of First Time Homebuyer training certificate

To disburse funds into escrow:

- Title Company name, address, contact person, phone number, and escrow number
- Wire instructions to transfer funds to escrow account (instruction must be on Title Company letterhead, signed by the escrow officer handling transaction)
- Itemization sheet
- Evidence of buyer's down payment in escrow
- Appraisal
- Termite clearance
- Roof clearance

After escrow closes:

- Title insurance naming City as a beneficiary
- Proof of Home Warranty
- Copy of Property Inspection report

Borrower acknowledges receipt of the City of Livermore Down Payment Assistance Program Guidelines:

Applicant

Date

Applicant

Date