

FIRST TIME HOMEBUYER DOWNPAYMENT ASSISTANCE PROGRAM (FTHB DAP)

The Nevada County FTHB DAP provides financial assistance in the form of a low interest loan (currently at 3% simple interest) to be used for down payment and/or closing costs within certain limits. This program is designed exclusively for low to moderate income Nevada County residents who will live in the home.

The maximum amount of the loan is \$90,000 or 30% of purchase price, whichever is less. The maximum home purchase price is \$333,000.00.

Payment of the loan is deferred for up to 30 years. Interest accrues, but is also deferred for up to 30 years.

This program is for owner-occupied only. It is subject to income verification and all borrowers must meet the maximum income levels and debt ratios established.

Loan availability is limited and we are not able to serve individuals who do not have a pre-qualification letter from our office as this is a first come-first served program.

The following is meant to provide a brief overview of the program and application process. The complete program guidelines may be found at;

<http://www.mynevadacounty.com/nc/hhsa/housing/docs/Nevada%20County%20Homebuyer%20Acquisition%20Only%20FTHB%20Program%20Guidelines%202017%20approved%20by%20HCD.pdf>

Application Process

1. Complete and submit an application located at;

<http://www.mynevadacounty.com/nc/hhsa/housing/Documents/Fillable%20Housing%20Application.pdf>

2. You will be submitted on our waiting list once your application is complete.
3. Please be aware that a spot on the waiting list does not imply or guarantee that the County will be able to provide you with funding. The waiting list only represents the order complete applications were received from clients.
4. Once funding becomes available your application will be reviewed. If you are eligible you will be notified and you will be given a pre-qualification letter from our office. You may not enter into any escrow until you have the Pre-Qualification letter issued from our office. **Submitting an offer on a property prior to receiving the Pre-Qualification letter will result in you being ineligible for participation in the down payment assistance program.** We will not be able to provide you with any funds. Exceptions will be reviewed on a case by case basis; in no event will any applicant be advanced beyond the next available spot on the waiting list.
5. Once you are given the Pre-Qualification letter from our office, you will have 90 days to complete a purchase. If the purchase of a property is not completed in this time frame the client must submit a new complete application and once received they will be added to the bottom of the waiting list.
6. We understand that this is a difficult process and the timing is lengthy, but the benefits of the program are so great that the restrictions set by the California Department of Housing and Community Development are so beneficial, we believe that it is a worthwhile process.

7. Once you are notified that we have funds available for you, you will be required to provide the following before our Pre-Qualification Letter can be issued:

- Pre-qualification letter (from primary lender)
- Credit report (provided directly from primary lender)
- Copies of your last 3 months paychecks
- Copies of your last 3 years signed Federal tax returns, including all schedules & W-2's
- Copies of all assets (IRAS, saving account bank statements etc., last 6 months)
- Eligibility Release Form
- First time homebuyer's affidavit

Program Requirements

Annual income is defined as the *gross amount of income of all adult household members that is anticipated to be received* during the coming 12-month period. This amount cannot exceed the following limits for household size:

Family Size	1	2	3	4	5	6	7	8
Maximum Income	\$42,750	\$48,850	\$54,950	\$61,050	\$65,950	\$70,850	\$75,750	\$80,600

Once the County has established eligibility and issued a Pre-Qualification letter, the applicant will have 90 days in order to complete the following requirements and program terms. Loans are processed on a “first come, first served” basis.

1. Property eligibility

- ◆ Home selected must be located within the unincorporated area of Nevada County.
- ◆ A County HQS inspector will inspect the dwelling for compliance with basic health and safety requirements. Any violation of these standards must be corrected prior to County's final approval of down payment assistance for the dwelling.
- ◆ Termite report, if required by the primary lender
- ◆ Homes constructed before 1978 must meet the following additional requirements:
 - A lead based paint brochure entitled "Protect Your Family From Lead In Your Home" must be read and receipt acknowledged by borrowers
 - Each property must be inspected for defective paint surfaces by County inspector
 - If inspection reveals defective surfaces, an assessment must be done to determine whether or not there is lead-based paint in the home. If lead paint is found, it must be abated in order for the property to be eligible for the County's down payment assistance program. Seller or buyer must pay for the assessment and any cost to abate lead in home. The County will not be responsible for these costs.

2. Purchase Price/Ownership Requirements

- ◆ The purchase price/value of the house cannot exceed \$333,000.
- ◆ The purchase price cannot exceed the fair market value of the property as determined by an **appraisal** of the property obtained by the first mortgage lender.

- ◆ The seller of the property must sign a notice acknowledging:
 - (1) The home is either owner occupied, occupied by borrower or is vacant for 90 days prior to sale. Property cannot be occupied by a tenant not connected with sale at the time of offer.
 - (2) The purchaser has no power of eminent domain and will not acquire property if negotiations fail to reach a mutually acceptable agreement.
 - (3) The seller has been notified of the estimated fair market value of the dwelling.
 - (4) The sale of the property is voluntary. The seller may withdraw from the agreement prior to purchase if an acquisition notice has not been provided prior to the purchase offer.
- ◆ Ownership must be held in the form of fee simple title.

3. **Loan terms and underwriting guidelines**

- ◆ The borrower(s) must have a clean credit history and qualify for a first mortgage.
- ◆ **The borrower must contribute a minimum down payment of one (1%) percent.**
- ◆ The County will independently verify borrowers' employment and anticipated future income.
- ◆ The County's loan must be in second position, behind the first mortgage.
- ◆ **The primary loan shall be fully amortized and have a fixed interest rate that does not exceed the current Fannie Mae market rate by 1% when fixed and have a term "all due and payable" up to 45 years but not less than 30 years.** There shall not be a balloon payment due before the maturity date of the Program loan.
- ◆ **All households will be required to have impound accounts for the payment of taxes and insurance.**
- ◆ The County's loan is secured by a second deed of trust which has a deed restriction including mandatory borrower occupancy and insurance requirements.
- ◆ The borrower(s) must provide proof of home ownership education.
- ◆ The maximum amount of HOME assistance per family cannot exceed 30% of the purchase price or \$90,000, whichever is less.
- ◆ The combination of the first mortgage and the FTHB DAP loan cannot exceed 105% of the appraised value.
- ◆ Monthly housing payments (PITI) include: payments for mortgage principal, interest, homeowners insurance, taxes, and mortgage insurance and/or homeowner's association dues, if applicable. The total monthly housing payment must be between 28% and 40% of the borrowers' anticipated monthly gross income (based on a 12-month projection). The back-end ratio shall be between 35% and 50% and is the percentage of a borrower's gross monthly income that would cover the cost of PITI plus any other monthly debt payments.
- ◆ Loan terms are 3% interest with no monthly payments required during the deferral period. The note becomes due and payable when the borrower sells the home, rents the home, adds someone to title other than an immediate family member (defined as a parent, spouse or child), refinances without prior written approval from the County or changes the use from single family residential or 30 years.

If the County denies an application, the applicant will be notified in writing of the reason for the denial and the applicant will be given the opportunity to submit additional information which may allow the County to approve the application.