City of Oceanside

Neighborhood Services Department

CalHome First-Time Homebuyer Program

Program Description

February, 2014

I. QUALIFICATION OF HOMEBUYER

The CalHome Program requires that the combined gross income of all members of the household who will be living in the unit and/or on title to the Property must be below 80% of County Median Income (HCD Income Limits) adjusted for family size, referred to below as the Maximum Income, The Minimum Income necessary to apply for CalHome assistance is 70% of County Median Income.

Family Size	Minimum Income (as of February 28, 2014)	Maximum Income (as of February 28, 2014)
1	$40,460	$46,250
2	$46,270	$52,900
3	$52,010	$59,500
4	$57,820	$66,100
5	$62,440	$71,400
6	$67,060	$76,700
7	$71,680	$81,950
8	$76,300	$87,250

OTHER HOMEBUYER QUALIFICATIONS

(1) The applicant(s) must be a first-time homebuyer who neither has, nor has had, an ownership interest in any home at any time during the three-year period prior to the date of application to the CalHome Program.

(2) The applicant(s) must live in the City of Oceanside or be continuously employed by an Oceanside employer for the past 3 years.

(3) The applicant(s) will be required to contribute at least $5000 of personal funds towards downpayment and closing costs.

II. ELIGIBLE PROPERTIES

A. Eligible properties for homebuyer assistance must be located within the corporate boundaries of the City of Oceanside and may include: single homes on single lots, condominiums, townhomes, PUD properties, and manufactured homes on permanent foundations secured by real property.

B. The property that the applicant(s) wishes to purchase must be owner-occupied, vacant, or a unit occupied by the borrower. Tenant – occupied properties are ineligible.

III. UNDERWRITING CRITERIA

A. The First Trust Deed Lender shall be responsible for qualifying the applicant to available market programs (FHA, CalHFA, VA, Fannie Mae, Freddie Mac, conventional, etc.) with regard to the following guidelines:

1. Front-end Debt Ratios must be between 28% minimum and 35% maximum.
2. Back-end Debt Ratios must not exceed 41% maximum.

3. Loan-to-Value (LTV) Ratio, when combined with all other indebtedness to be secured by the property, cannot exceed one hundred (100) percent of the sales price plus a maximum of five (5) percent of the sales price to cover closing costs.
4. Credit history will be evaluated by the Lender for applicability to low-income, first-time homebuyer, available market programs.
5. Neighborhood Services Department staff shall qualify applicants as to income eligibility with CalHome guidelines.
6**.** Neighborhood Services Department staff shall monitor the Lender for reasonableness of fees and charges and to prevent predatory lending practices.

B. The First Trust Deed Lender shall apply for a Mortgage Credit Certificate (MCC) on behalf of each approved CalHome Borrower, where feasible to do so.

IV. CALHOME LOAN TERMS AND CONDITIONS

A. The CalHome loan cannot exceed $56,000

B. When considered with other available financing and assistance, the CalHome loan must not exceed the minimum amount necessary to ensure affordable monthly mortgage payments in accordance with program underwriting requirements.

C. Loans can only be made to first-time homebuyers for mortgage assistance as permanent financing and must be on a unit ready for occupancy or a unit being acquired and rehabilitated by the homebuyer (i.e., with a 203(k) first mortgage loan). The unit must be owner-occupied or vacant. Units with tenants do not qualify except a tenant may purchase the home they are renting using a CalHome loan. The CalHome loan shall be secured by the real property.

D. CalHome loan principal and interest payments shall be deferred for the term of the CalHome loan and bear simple interest at 3% per annum. Accrued interest will be forgiven after 15 years. Loan principal will not be forgiven.

E. Loans shall be repayable upon sale or transfer of the property, when the property ceases to be owner-occupied, upon the CalHome loan maturity date, or upon repayment or refinancing of the first mortgage (i.e., subordination of the CalHome loan is prohibited).

F. By statute, CalHome loans are not assumable.

G. The following transfers of interest shall not require the repayment of the loan:
a. transfer to a surviving joint tenant by devise, descent, or operation of law on the death of a joint tenant;
b. a transfer, in which the transferee is a person who occupies or will occupy the property, which is:
i. a transfer where the spouse becomes an owner of the property;
ii. a transfer resulting from a decree of dissolution of marriage, legal separation agreement, or from an incidental property settlement agreement by which the spouse becomes an owner of the property; or
iii. a transfer into an inter vivos trust in which the homebuyer is and will remain the beneficiary and occupant of the property.

H. The term for the CalHome first-time homebuyer mortgage assistance loan shall be 30 years.

I. A borrower may pay a portion of, or the entire deferred payment loan amount at any time without penalty. If paid within the first fifteen years of the loan closing date, principal plus accrued interest will be due and payable. If paid after the first fifteen years of the loan closing date, principal only will be due and payable.

V. OTHER CALHOME REQUIREMENTS

A. Maximum home appraised value at time of purchase shall not exceed 100% of median sales price for the City of Oceanside. The median sales price shall be reviewed and adjusted annually. The current limit for single-family residences in Oceanside is $408,500.

B. With the exception of financing provided by the first mortgage lender, all other financing provided shall defer all principal and interest payments for the term of the Cal Home loan.

C. First mortgage lenders shall be required to collect and manage impound accounts for payment of taxes, assessments and property insurance for the term of the first mortgage.

D. CalHome funds cannot be used for Loan closing costs.

E. No cash out of escrow to the borrower is allowed. Excess cash remaining in escrow shall be paid to the City of Oceanside and placed in the reuse account and credited as a principal reduction to the homebuyer's loan.

F. Prior to close of escrow, an appraisal shall be mandatory and shall be prepared by an independent, State- licensed appraiser, who has the knowledge and experience necessary to appraise residential property and is acceptable to the first mortgage lender. The appraised value cannot exceed the limits set forth in A of this section.

G. Homebuyer education classes will be provided and must be attended by all applicants. Successful completion of the class will be mandatory for continuation in the homebuying process.

H. All eligible properties, considered for purchase by the borrower that were built prior to 1978, shall be given notice of Lead Paint Hazard in accordance with State and Federal regulations. Any lead paint abatement procedures and required clearance testing shall be at the expense of the seller.

I. A physical inspection shall be performed on the escrowed property prior to close of escrow. The inspection shall be performed by a qualified Home Inspector, acceptable to the Neighborhood Services Department. Any deficiencies noted on the inspection shall be reviewed by the Neighborhood Services Department and become the seller's responsibility to clear as a condition of closing escrow.