



City of Oceanside Housing & Neighborhood Services Department

Oceanside Moderate-Income Homeownership Program

Homebuyer Assistance Program Manual

"Offering housing programs that strengthen communities"

The City of Oceanside Housing and Neighborhood Services Department offers variety of programs to assist residents and strengthen communities. The Department's goals are to increase home ownership opportunities, especially for moderate-income and low-income families; preserve existing owner-occupied and rental housing stock; increase availability of affordable housing opportunities; and support neighborhood and community-based preservation and revitalization efforts.



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Contact Information and Office Schedule

Oceanside Housing Authority

Hours of Operation

321 N. Nevada Street

Monday through Thursday

Friday

Oceanside, CA 92054

7:30 a.m. to 5:00 p.m.

7:30 – 4:00

Phone: 760.435.3378

oceansidehomeownership@oceansideca.org

City of Oceanside Moderate-Income Homeownership Program

For the 2020-2021 program year the City of Oceanside’s Housing & Neighborhood Services Department has been tasked with the purpose of providing home ownership opportunities for moderate-income families. The Oceanside Moderate-Income Homeownership (OMIH) Program is designed to provide down payment, closing cost assistance and principle reduction to moderate-income homebuyers purchasing an already existing or newly constructed home within the city limits of Oceanside.

1. OMIH loans are deferred 30-year-loan that bears simple interest at 3% per annum. Accrued interest will be forgiven after 15 years. Loan principal must be repaid.
2. Repayment is due on sale or transfer of the property, when the property ceases to be owner-occupied, upon the loan maturity date, or upon repayment or refinancing of the first mortgage. Subordination of the Moderate-Income Homeownership Program loan is prohibited unless the subordination meets the following guidelines:
 - No cash out to the homeowner
 - Lower interest rates
 - Reasonable closing costs
 - Term of the new senior lien must be at least for the period of the loan
 - Negative amortization, balloon payments, or changes in payments are not allowed
3. Moderate-Income Homeownership Program loans are not assumable.
4. A borrower may pay a portion of or the entire deferred payment loan amount at any time without penalty.
5. The homebuyer assistance will be provided at closing.
6. Unallowable: High Cost or Sub-Prime Loans, Adjustable Rate Mortgages (ARM), Interest only loans, Discount Points paid by Borrower, and Cash Back at Closing.
7. Homebuyers are required to sign homebuyer written agreements for the assistance provided.

ANNUAL HOUSEHOLD INCOME

Combined gross income of all members of the household who will be living in the unit and/or on title to the property shall be above 80% of County Median Income adjusted for family size, referred to below as the Minimum Income. The Maximum Income permitted to qualify for Moderate-Income Homeownership Program-Pilot assistance is up to 115% of County Median Income. Referred to below as the Maximum Income.

The table below illustrates the household taxable income requirements for each family size.

<u>Family Size</u>	<u>Minimum Income is over*</u> (April 2021)	<u>Maximum Income is up to*</u> (April 2021)
1	\$67,900	\$97,600
2	\$77,600	\$111,550
3	\$87,300	\$125,550
4	\$97,000	\$139,450

5	\$104,800	\$150,650
6	\$107,200	\$161,350
7	\$112,250	\$172,950
8	\$128,050	\$184,050

Eligible Applicant Requirements

- Applicant must be U.S. citizens or permanent residents, and possess a valid Social Security Administration issued Social Security Card.
- Permanent residents must provide a copy of both sides of their unexpired permanent resident card from the Immigration and Naturalization Services.
- Applicant must have continuous, satisfactory employment history for the past six months.
- Applicant must be pre-qualified for a mortgage loan by an OMIH approved lender.
- The applicant(s) are required to contribute at least 1% and a maximum of 20% of the home acquisition price (subject to first Mortgage requirements) of personal funds towards down payment and closing costs. • Applicant must have acceptable credit. Funding cannot be used to artificially reduce buyers' payments, particularly when a buyer's ability to qualify for a loan is the result of excessive consumer debt.
- The applicant(s) must be a first-time homebuyer who has had no ownership interest in any home at any time during the three-year period prior to the date of application to the Moderate-Income Homeownership Program - Pilot Program.
- The applicant(s) must live in the City of Oceanside or be continuously employed by an Oceanside employer, for the past 2 years.

Funding Determination

The maximum assistance available for a buyer is based on need as determined by the following underwriting criteria.

- A. The Moderate-Income Homeownership Program - Pilot loan cannot exceed 20% of the acquisition price. Down payment and closing costs may be included as a part of the loan. Loan amount will not exceed \$120,000.
- B. Purchase Price Limits:
 - \$600,000 Single Family Detached Homes
 - \$450,000 Condominium, Townhome, or duplexes

- C. When considered with other available financing and assistance, the Moderate-Income Homeownership Program loan must not exceed the minimum amount necessary to ensure affordable monthly mortgage payments in accordance with program underwriting requirements.
- D. Subsidies are subject to fund availability on a first-come, first-served basis and/or random lottery selection. Acceptance of an application for OMIH in no way constitutes a commitment or obligation on the part of the City of Oceanside. No commitment is made or implied until the City of Oceanside has approved funding for each application. Due to funding limitations, no applicant should assume any commitment even when an applicant must expend personal funds to meet application requirements.

Debt to Income Ratios

- First mortgage amount must have a front-end ratio of 28% - 35%.
- Be qualified by their lender to spend at least 28% of their monthly gross income on their housing.
- Combined Debt to income ratio (Including principal, interest, taxes, insurance, mortgage insurance, and HOA) must not exceed 45% of borrowers qualifying income. All debts are considered, including non-borrowing spouse/partner.

City of Oceanside Homebuyer Assistance Program Underwriting Guidelines

To balance these priorities, the City has developed these underwriting guidelines, which are based on the following key principles.

- Assisted buyers should have good credit and qualify for competitive lending products on par with those offered to credit-worthy unassisted buyers in the local market. Buyers who can only qualify for subprime loans are not only less likely to sustain homeownership.
- Assisted buyers should make reasonable and meaningful contributions to their home purchase in terms of both up-front investments and monthly payment without being overburdened by their monthly payment or left without cash reserves after closing. **OMIH assistance should not be used to artificially reduce buyers' payments, particularly when a buyer's ability to qualify for a loan is the result of excessive consumer debt.**

OTHER MODERATE-INCOME HOMEOWNERSHIP PROGRAM REQUIREMENTS

- Maximum home-appraised value at time of purchase shall not exceed 100% of median sales price for the City of Oceanside.
- 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 loan.
- 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.
- There will be no cash out of escrow to the borrower. Excess cash remaining in escrow after close is re-paid to the City of Oceanside.

- Homebuyer education - The applicant(s) must participate in an approved 8-hour in-person, or online homebuyer education class. Successful completion of the class will be mandatory for continuation in the home buying process.
- Applicant(s) must occupy the home as their principal residence within 60 days of close and maintain the home as their principal residence. Applicant must annually verify on-going occupancy. No part of the home may be leased at any time.
- If a property was built before 1978, the homebuyer shall be given notice of Lead Paint Hazards in accordance with State and Federal regulations. Any lead paint abatement procedures and required clearance testing shall be at the expense of the seller.
- The property may be subject to an inspection by the City of Oceanside in coordination with the First Trust Deed Lender. Any deficiencies noted on the inspection shall be reviewed by the Neighborhood Services Department and become the seller's responsibility to cure, as a condition of closing escrow.

Buyer Expectations

To ensure that buyers are likely to sustain homeownership, assisted buyers must:

- Be purchasing the home for a reasonable price that does not exceed the fair market value as determined by an independent appraisal.
- Have household incomes of 81% to 115% of the Area Median Income (AMI) as adjusted for household size. Homeownership requires buyers to have sufficient discretionary income to maintain their homes over time, absorb increases in taxes and insurance, and otherwise address unexpected expenses.
- Contribute at least \$1,000 toward down payment and closing costs. Additionally, buyers should have sufficient cash resources (including savings, checking, money market, or other similar non-retirement accounts) such that after closing they have savings of at least two (2) times their total monthly payment, including principal, interest, taxes, insurance, and any association fees.
- Obtain a loan whose monthly payment (i.e. front-end ratio) is at least 28% and not exceed 35% of monthly income. Buyers should be qualified by their lender to spend at least 28% of their monthly gross income on their housing. While the recent foreclosure crisis has reduced the availability of lending products that allow buyers to take on excessive monthly payments, some such products are still available.
- Complete [Preapplication](#) and submit it during the applicable period.
- Obtain a mortgage or senior loan that meets the requirements outlined below from a participating lender.

Pre-Purchase Counseling Requirement

To ensure that buyers receive are informed consumers, the City of Oceanside requires:

- Attend pre-purchase homeownership counseling course by all adult household members who will hold title and be party to the senior loan; **and**
- That such counseling consists of at least 8 hours of instruction by a HUD-certified counselor.

Primary Loan Expectations

To ensure that buyers receive high quality loans that are sustainable over time, the City of Oceanside requires that any buyer receiving assistance towards closing costs, down payment, or a portion of the purchase price receive a senior loan (i.e. first mortgage) meeting the following criteria:

- The loan must be a conventional, FHA, VA or portfolio loan from an approved lender. The loan cannot be a High Cost or Sub-Prime Loans, Adjustable Rate Mortgages (ARM), Interest only loans, Discount Points paid by Borrower, and Cash Back at Closing.
- Interest rates must be competitive and must NOT be a “Higher Priced” loan as defined by CFPB. Higher priced loans are those that exceed the Average Prime Offer Rate by more than 2.0% as of the date of the loan’s rate lock. Loans can be checked against the Average Prime Offer Rate by visiting the following website: <http://www.ffiec.gov/ratespread/newcalc.aspx>
- Lending products should be fully amortizing 30-year fixed rate loans.
- Loan products used must generally allow loan-to-value (LTV) ratios of at least 95%. While assisted buyers are not required to be approved for loan amounts equal to 95% of the purchase price.

Subordination of City of Oceanside Funded Liens

After providing assistance to eligible homebuyers the City of Oceanside has ongoing interests in the success of those buyers.

- The new loan must be for the sole purpose of improving the rate and/or extending the term of the existing loan and must result in a low monthly payment for the homeowner. The City of Oceanside will not subordinate for “cash out” refinancing.
- The proposed new loan must meet all requirements in the Primary Loan Expectations section above.

The proposed new loan must result in a lower monthly payment for the assisted owner.

Income Calculation

Income of ALL household members who will be in residence or part of the household must be documented and will be used to determine the Annual Household Income. Income eligibility will be determined by using the Part 5 Income Method.

Type of Income	Source / Third Party Documentation
The full amount, before any payroll deductions, of wages and salaries, overtime pay, commissions, fees, tips and bonuses, and other compensation for personal services.	<p>Copy of the most recent filed and signed Federal Income Tax Return with all schedules, attachments, W-2s, etc.</p> <p>A minimum of three (3) months consecutive paystubs.</p>
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.	<p>Copies of the last two (2) most recent filed and signed Federal Income Tax Returns with all schedules, attachments, W-2s, etc.</p> <p>A minimum of three (3) months consecutive paystubs.</p>

The Part 5 Income Determination is a 12-month projection of a household's gross income. The first step in the process is to ask applicants to declare their household's gross income (and the source of each type of income) on the program application or client intake form. Then, based on the type and source of income declared, source or third-party documentation must be collected for the file to substantiate each type of income listed on the program application or client intake form. Such documentation may not be dated more than six (6) months prior to the date of the income determination. The following list includes many of the common types of source or third-party documentation that should be obtained to substantiate the income declared by an applicant.

PART 5 - SOURCE DOCUMENTATION

<p>Interest, dividends, and other net income of any kind from real or personal property. Expenditures for amortization of capital indebtedness shall not Interest 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.</p>	<p>A minimum of three (3) months consecutive statements for all asset accounts.</p>
<p>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 for certain exclusions, listed in "Part 5 - Income Exclusions," number 14).</p>	<p>A copy of the annual letter received from Social Security listing the gross monthly payment. A copy of the three (3) most recent consecutive months of payment checks or statements indicating the gross amount of the payment.</p>
<p>Payments in lieu of earnings, such as unemployment and disability compensation, worker's compensation, and severance pay (except for certain exclusions, as listed in "Part 5 - Income Exclusions," number 3).</p>	<p>A copy of the three (3) most recent consecutive months of payment checks or statements indicating the gross amount of the payment.</p>

<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"> • Qualify as assistance under the TANF program definition at 45 CFR 260.31; and • Are otherwise excluded from the calculation of annual income per 24 CFR 5.609(c). <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"> • the amount of the allowance or grant exclusive of the amount specifically designated for shelter or utilities; plus • 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. 	<p>A letter from the household's case worker indicating the amount of assistance provided and the nature of the assistance, including specific amounts designated for shelter or utilities.</p>
<p>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.</p>	<p>A copy of the divorce decree / judgment listing the amount, period, and duration of alimony payments. A copy of the court order for child support payments, including the amount, period and duration of child support payments.</p> <p>A letter from the individual or organization outside of the household that provides a periodic payment. The letter should include the reason, amount, period and duration that the payments are expected to continue.</p>

<p>All regular pay, special pay, and allowances of a member of the Armed Forces (except as provided in number 8 of Income Exclusions).</p>	<p>A minimum of three (3) months consecutive paystubs</p>
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It is recommended that agencies request the following documents with the program application or client intake form: Copy of the most recent filed and signed Federal Income Tax Return with all schedules, attachments, W-2s, etc. Three (3) months consecutive statements for all asset accounts (checking, savings, CDs, Annuities, trusts, stocks, bonds, etc.)

PART 5 - INCOME INCLUSIONS

1. The full amount, before any payroll deductions, of wages and salaries, overtime pay, commissions, fees, tips and bonuses, and other compensation for personal services.
2. 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.
3. 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.
4. 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 for certain exclusions, listed in "Part 5 - Income Exclusions," number 14).
5. Payments in lieu of earnings, such as unemployment and disability compensation, worker's compensation, and severance pay (except for certain exclusions, as listed in "Part 5 - Income Exclusions," number 3).
6. Welfare Assistance. Welfare assistance payments made under the Temporary Assistance for Needy Families (TANF) program are included in annual income:
 - Qualify as assistance under the TANF program definition at 45 CFR 260.31; and

- Are otherwise excluded from the calculation of annual income per 24 CFR 5.609(c).

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:

- the amount of the allowance or grant exclusive of the amount specifically designated for shelter or utilities; plus
- 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.

7. 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.

8. All regular pay, special pay, and allowances of a member of the Armed Forces (except as provided in number 8 of Income Exclusions).

PART 5 - INCOME EXCLUSIONS

1. Income from employment of children (including foster children) under the age of 18 years.
2. 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).
3. 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).
4. Amounts received by the family that are specifically for, or in reimbursement of, the cost of medical expenses for any family member.
5. Income of a live-in aide (as defined in 24 CFR 5.403).
6. The full amount of student financial assistance paid directly to the student or to the educational institution.
7. The special pay to a family member serving in the Armed Forces who is exposed to hostile fire.
8. (a) Amounts received under training programs funded by HUD.

(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).

(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.

(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.

(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.

9. Temporary, nonrecurring, or sporadic income (including gifts).

10. 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.

11. Earnings in excess of \$480 for each full-time student 18 years old or older(excluding the head of household or spouse).

12. Adoption assistance payments in excess of \$480 per adopted child.

13. Deferred periodic amounts from supplemental security income and social security benefits that are received in a lump sum amount or in prospective monthly amounts.

14. 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.

15. 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 the developmentally disabled family member at home.

16. 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 set forth in 24 CFR 5.609(c) apply. A notice will be published in the Federal Register and distributed to housing owners identifying the benefits that qualify for this exclusion.

Updates will be published and distributed when necessary. The following is a list of income sources that qualify for that exclusion:

- The value of the allotment provided to an eligible household under the Food Stamp Act of 1977;
- Payments to volunteers under the Domestic Volunteer Service Act of 1973 (employment through AmeriCorps, VISTA, Retired Senior Volunteer Program, Foster Grandparents Program, youthful offender incarceration alternatives, senior companions);
- Payments received under the Alaskan Native Claims Settlement Act;
- Income derived from the disposition of funds to the Grand River Band of Ottawa Indians;
- Income derived from certain sub-marginal land of the United States that is held in trust for certain Indian tribes;
- Payments or allowances made under the Department of Health and Human Services' Low- Income Home Energy Assistance Program;
- Payments received under the Maine Indian Claims Settlement Act of 1980 (25 U.S.C. 1721);
- 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;

- Amounts of scholarships funded under Title IV of the Higher Education Act of 1965, including awards under the Federal work-study program or under the Bureau of Indian Affairs student assistance programs;
- Payments received from programs funded under Title V of the Older Americans Act of 1985 (Green Thumb, Senior Aides, Older American Community Service Employment Program);
- 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.);
- Earned income tax credit refund payments received on or after January 1, 1991, including advanced earned income credit payments;
- 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;
- 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);
- Payments by the Indian Claims Commission to the Confederated Tribes and Bands of Yakima Indian Nation or the Apache Tribe of Mescalero Reservation;
- Allowances, earnings, and payments to AmeriCorps participants under the National and Community Service Act of 1990;
- 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;
- 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 Act; and
- Allowances, earnings, and payments to individuals participating in programs under the Workforce Investment Act of 1998.

PART 5 - NET FAMILY ASSET 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 balance. Assets held in foreign countries are considered assets.
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.
4. Cash value of stocks, bonds, Treasury bills, certificates of deposit, mutual funds, and money market accounts.
5. Individual retirement, 401(K), 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.

PART 5 - NET FAMILY ASSET 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. 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.

Definition of Household

Household members include:

- Related and unrelated household members (must be on the application)
- Temporarily absent household members

- Students temporarily away at school
- Incarcerated for a short time and will return to the household
- Seasonal workers who will return to the household
- Active military members who will return to the household
- Shared custody children
- Must live in the household at least 50% of the time. Supporting source documentation must be submitted.

Supporting documentation for dependents must include legal documents such as:

- | | |
|------------------------|-------------------------------------|
| ▪ Birth Certificate | ▪ Marriage Certificate |
| ▪ Social Security Card | ▪ Court Ordered Custodial Agreement |

Dependents Not Counted:

- Foster children
- Live-in aides and children of live-in aides
- Unborn children
- Children being pursued for legal custody or adoption

Property Requirements

- Properties must be located within the City Limits of Oceanside. This may be verified by entering the property address at [Oceanside GIS map](#). This property search system will provide the Oceanside City Council District that covers such property.
- Properties must be single-family, detached structures; condominium units; town houses; or duplexes.
- Properties may be occupied by the owner or borrower. Owners may not enter into a contract for a period of at least 60 days after tenant vacates the property.
- The Borrower must sign Notification: *Watch Out for Lead-Based Paint Poisoning*.
- Borrower must receive a copy of *Protect Your Family from Lead in Your Home, EPA747-K99-001* available at www.hud.gov/offices/lead. The booklet may also be reproduced from the OMIH web site.
- Borrower must deliver to Seller, who must sign “Notice to Real Property Owner/Seller.”
- HUD Real Estate Owned (REO) Properties built after January 1, 1978 are eligible for OMIH subsidy.
- All MHS required repairs must be completed prior to submission of OMIH loan file.
- FHA 203K loans are not eligible for OMIH funding.

Property Review

- A. The goal of OMIH is to provide decent, safe, and sanitary housing. The property may be subject to an inspection by the City of Oceanside in coordination with the First Trust Deed Lender. Any deficiencies noted on the inspection shall be reviewed by the Neighborhood Services Department and become the seller's responsibility to cure, as a condition of closing escrow.

The City of Oceanside does not warranty or guarantee any repair, hidden deficiency or adverse condition of the property before, during or after closing.

All repairs must be completed prior to closing. Homebuyers are not allowed to make required repairs to the purchased property.

It is *highly* recommended that applicants obtain a California Real Estate Commission (CREC) property inspection, but it is not a requirement to access OMIH. Information obtained in the CREC inspection does not have any bearing on the OMIH application. The applicant may select any CREC licensed inspector. Should questions surface about information contained in such CREC inspection, before or after the purchase of the home, the matter should be resolved between the CREC inspector and the applicant. It is not the responsibility of the City of Oceanside to address such questions or resolve any issues associated with a CREC inspection.

Review Process

Initial Review

- Once the purchase contract has been executed, OMIH lenders will be allowed to register a homebuyer with OMIH.

Loan Processing Procedures

Lenders must advise the borrower to contact OMIH to schedule an in-office appointment for applicant pre-qualification of income eligibility.

Applicants will be assigned a case number through the City of Oceanside Neighborly Software System. Upon prequalification for OMIH, an email will be sent to the lender with the applicant's case number and the Neighborly link: i (link to be assigned later)

Once the applicant has an executed sales contract, approved underwritten loan documents for the primary mortgage loan must be uploaded into the Neighborly System. Lenders must register for the software using the above link.

The OMIH Lender Loan Submission Form, along with the program application and forms is located (link inserted later) , click the Homebuyer Window then Exhibits and Forms link.

Funding is available on a first come/first service basis.

Lenders who wish to withdraw a OMIH Loan Registration must notify the City by directing an email to sharder@oceansideca.org.

Closing and Funding Procedures

1. After the complete loan package has been submitted to the City by the lender and has been underwritten and pre-approved for eligibility by the City, homebuyers will be contacted to sign City of Oceanside Homebuyer Written Agreements prior to closing. All loan files are subject to a final review process and the Homebuyer Written Agreements must be fully executed by the City before closing can be set. The process is approximately 45 days from receipt of an approved primary loan submission package, at which time the lender will receive a Notification of Loan Approval by email. Once the lender receives the Notification of OMIH Loan Approval, the lender must contact the City to set a firm closing date.
2. The City will forward the OMIH lender's request for closing documents to its attorney who will prepare and forward closing documents to the title company performing the closing of the OMIH transaction. OMIH closing documents will be sent to the title company on Mondays and Thursdays only so closing instructions must be submitted to the OMIH staff at least 48 hours in advance.^[SH1]
3. Preliminary Closing Disclosure for the 1st lien mortgage and the HUD-1 or Settlement Statement for the OMIH loan must be submitted by the title company to the OMIH staff prior to closing for review.
4. Only OMIH participating lender approved title companies will perform the closing of OMIH transactions. The wire will be made available for the day of the closing.
5. The title company must email a copy of the fully executed Closing Disclosure Form and all other required documents specified in the closing instructions to sharder@oceansideca.org. If all documents are complete, the City will give the title company a funding authorization number to close and fund the loan. **No loan will be funded without a funding authorization number from the City. Title companies will be personally liable for the full amount of the OMIH loan if it is funded without the City's authorization.**
6. On the title commitment, "The City of Oceanside, a municipal corporation organized and existing under the laws of the State of California" must be reflected as a Second Mortgagee.
7. On the Hazard Insurance Policy, 2nd Mortgagee Clause as follows:
8. City of Oceanside Housing & /Neighborhood Services
300N. Coast Highway
Oceanside, CA 92054

Attn: Oceanside Homebuyer Assistance Program