



**REDEVELOPMENT AGENCY
FIRST-TIME HOMEBUYER GRANT PROGRAM
ADMINISTRATIVE PROCEDURE AND POLICY MANUAL**

I. PURPOSE

The intent of the First-Time Homebuyer Grant Program is to provide up to \$30,000 in assistance to low to moderate income households, who would not otherwise be able to secure the down payment and closing costs to qualify for a loan on a single-family residence. The grants can be used for down payments, loan costs such as fees or points and nonrecurring closing costs including escrow fees and documentary recording taxes.

II. POLICY

A. Applicant Eligibility

1. Applicant must be a citizen or legal resident of the United States.
2. The applicant may not have owned real property within the past 36 months, unless the applicant qualifies as a displaced spouse.
3. Applicant's gross family income may not exceed the moderate income limit, in effect at the time of application, established by the California Department of Housing and Community Development, adjusted for family size.
4. Applicant must use the home purchased as their primary place of residence.
5. Applicant may only receive one First-Time Homebuyer Grant per lifetime. In addition, only one grant may be received per home.
6. Applicant must meet and comply with all selected loan program and lender underwriting criteria.
7. Applicant must demonstrate credit worthiness through a credit report and references obtained by the primary lender.
8. The applicant must need the assistance of the program to obtain home ownership, and provide a statement from their primary lender indicating that requested assistance is needed to assure reasonable prospects of a successful loan.
9. Applicant must provide a minimum of \$1,000 down payment towards the purchase of the property from personal assets and/or gift funds.
10. Applicant should complete an approved homebuyer education course.

B. Property Eligibility

1. The home must be located within the City Limits of Lemoore.
2. The home must be a single-family residence (it does not have to be detached).
3. The purchase price cannot exceed \$237,360.
4. Any existing houses and up to 25% of the houses in any new housing subdivision will be eligible for assistance.
5. The house must be sound and free of local code-related and health and safety deficiencies as verified by the appraisal.

C. Loan Eligibility

1. The primary loan shall be for the maximum mortgage amount for which the buyer qualifies and the monthly payment shall be affordable to the household.
2. The loan must be a fully amortizing 30-year fixed rate mortgage.
3. Primary loans underwritten by CalHFA, FHA, or VA will be acceptable to establish credit worthiness, repayment ability and dependability of income.
4. The total housing payment **must** qualify as affordable housing according to Redevelopment Law. Affordability is defined as 30% of 50% area median income adjusted for family size appropriate for the unit for Very-Low Income Households; 30% of 70% area median income adjusted for family size appropriate for the unit for Low Income Households; and 35% of 110% area median income adjusted for family size appropriate for the unit for Moderate Income Households.
5. The total debt ratio shall not exceed 45% of the applicant's gross monthly income.
6. Cosigners are not allowed.
7. The buyer must contribute at least \$1,000 towards the purchase of the home and the buyer cannot receive a refund that would reduce their contribution to less than \$1,000.
8. The primary loan must have impound accounts established for the payment of property taxes and insurance.

D. Insurance

The owner shall maintain fire insurance on the property for the duration of the Resale Restriction and Affordability Agreement. This insurance must be an adequate amount to cover all encumbrances on the property. The insurer must identify the Lemoore Redevelopment Agency as a Loss Payee for the amount of assistance provided. A current insurance binder shall be provided to the Agency annually and be maintained in the purchaser's file.

Housing units located within a 100-year flood zone will be required to provide proof of flood insurance in order to close escrow. This insurance must be an adequate amount to cover all encumbrances on the property. The insurer must identify the Lemoore Redevelopment Agency as a Loss Payee for the amount of assistance provided. A current insurance binder shall be provided to the Agency annually and be maintained in the purchaser's file.

E. Authorized Use of Funds and Maximum Grant Limits

Assistance will be limited to \$30,000. Grant funds may be used to pay down payment, loan costs and closing costs. Assistance will be granted for the actual amount necessary for the applicant to obtain a primary mortgage loan and for the total housing cost to qualify as affordable housing.

F. Terms of First-Time Homebuyer Grant Program

1. Grant Term

To take full advantage of the First-Time Homebuyer Grant Program the grantee must own and occupy the property for at least forty-five (45) years. If the property is sold, transferred, refinanced for reasons other than rate or term or converted to rental property, all or a portion of the grant must be returned as explained under the repayment terms below.

2. Deed Restriction

A deed restriction will be recorded as part of the final grant documents. The restriction requires full or partial repayment of the grant if within forty-five (45) years the property is sold, transferred, refinanced for reasons other than rate or term or converted to rental property.

3. Repayment

- a. Repayment of the grant is deferred until the sale, transfer, refinance for reasons other than rate or term or converting to rental property.
- b. All or a portion of the grant is due and payable upon sale, transfer, refinance for reasons other than rate of term or converting to rental property. Repayment is calculated as follows:
 - For the first 14 years following the date the deed restriction is recorded 100% of the grant principal is due.
 - From years 15 through 24, 75% is due.
 - From years 25 through 34, 50% is due.
 - From years 35 through 44, 25% is due.
 - At the end of year 45, the grant is forgiven.
- c. There is no prepayment penalty. Homeowners may apply payment at any time during the term of the grant.
- d. Upon, or provided that, full grant repayment has been made, the grantee will be free to sell or transfer the property as he/she may please.

4. Grant Assumability

All or a portion of an outstanding homebuyer grant may be assumed subject to:

- a. Assuming household meets all eligibility criteria for the program as set forth in this document; and
- b. Verification of household income by the Lemoore Redevelopment Agency.

5. Forgiveness Provision

The program will grant a maximum of \$30,000 and the grant shall be forgiven forty-five (45) years from the date that the deed restriction is recorded. The grantee must remain in full compliance with all grant conditions to be eligible for this provision.

G. Funding Level

1. The Redevelopment Agency will allocate funding for this program consistent with the Agency's priorities and total fund availability.
2. Current fund availability for the program may be obtained from the Redevelopment Agency.

H. Reporting

Staff shall maintain annual reports on program performance.

I. Lifetime Eligibility

1. In order to assist the maximum number of households possible, an individual may only receive one First-Time Homebuyer Grant per lifetime. In addition, only one grant may be received per home.

J. Disqualification from the Program

Applicants and lenders will, at the discretion of the Redevelopment Agency Staff, be disqualified from receiving grants and participating in the First-Time Homebuyer Grant Program if he/she/they make misrepresentations, whether intentionally or negligently, during the grant application process.

III. PROCEDURES

A. Program Marketing

Marketing activities will be directed to local realtors, lending institutions, building developers and contractors, and the general population.

B. Application Process

1. Initial Application

- a. Applicant submits a completed application and requested verifications.
- b. Lender advises the Redevelopment Agency of the preliminary loan approval and verifies the applicant's need for assistance in relation to credit analysis. Redevelopment Agency Staff determines the amount of assistance consistent with the policies set forth in this document.
- c. Redevelopment Agency Staff determines eligibility of applicant based on eligibility criteria.

2. Grant Approval

The Redevelopment Project Manager will approve grants in the order completed applications are received by staff. Final grant processing is subject to fund availability and the approval of the warrant register including funding for the Program by the Redevelopment Agency Board of Directors.

3. Grant Closing

- a. Applicant meets all primary lender conditions and requirements.
- b. Redevelopment Agency deposits grant funds with grant documents and appropriate instructions in escrow (instructions include provision that buyer must contribute at least \$1,000 towards the purchase of the home and cannot receive a refund that would reduce their total contribution below \$1,000).
- c. Grant documents, including deed restriction, are signed by the applicant and recorded concurrently with loan documents from the primary lender.
- d. Agency must be provided an ALTA Lender's Policy of Title Insurance in the amount of grant funds.

- e. Agency must be listed on any property insurance policies as loss payee.

4. Grant Servicing

- a. Annual monitoring to confirm program compliance will be performed by the Redevelopment Agency.
- b. Grant repayment will be calculated by the Redevelopment Agency and processed by the Finance Department.
- c. All recaptured grant funds shall be deposited into the Redevelopment Agency Low and Moderate Income Housing Fund for reuse to assist future low to moderate income families achieve affordable housing.

5. Equal Credit Opportunity Act

The City of Lemoore Redevelopment Agency will not discriminate against any applicant on the basis of race, color, creed, religion, national origin, ancestry, age, sex, marital status, or physical or mental disability.

C. Conflict of Interest

No persons in the following positions or members of their households may receive First-Time Homebuyer Grant Assistance:

Redevelopment Agency Board of Directors
Redevelopment Agency Executive Director
Redevelopment Agency Staff designated as administrators of the First-Time Homebuyer Grant Program.