



## DOWN PAYMENT ASSISTANCE PROGRAM FOR THE CITY OF CALISTOGA



The City Council of the City of Calistoga recognizes that the cost of housing in the city is consistently higher than that which is affordable to most families in the community. To expand homeownership opportunities for low- and moderate-income households, the City of Calistoga has established the following Down Payment Assistance Program to assist those who live or work in the community with the purchase of a home.

### 1. Eligibility

- A. Applicant's for down payment assistance must live or work within the incorporated limits of the City of Calistoga.
- B. Applicants for down payment assistance must have a household income that does not exceed 150% of the Area Median Income, adjusted by household size (income limits will be determined based upon the U.S. Department of Housing and Urban Development (HUD) guidelines).
- C. Applicants for down payment assistance must be a first-time homebuyer or a household that has not owned its principal place of residence within the last three years.
- D. Applicants for down payment assistance must provide a minimum investment of 2% of the purchase price toward the home being purchased.
- E. The home being purchased with assistance through this program must be occupied as the principal place of residence by the applicant.

### 2. Residency

For purposes of this program, an applicant will be determined to live within the City of Calistoga if the applicant has lived in the City of Calistoga for three consecutive months or longer. The applicant must produce evidence of residency in the City of Calistoga. This evidence can be a copy of a deed, lease, rental agreement, rent receipt, utility bill, driver's license, or other documentation that indicates residency.

### 3. Employment

For purposes of this program, an applicant will be determined to work in the City of Calistoga if the primary place of employment for at least one member of the applicant's household is located in the City of Calistoga. If the applicant holds more than one job, the employment in the City of Calistoga must be the job

providing the greater percentage of income to the applicant. If the applicant does not have a fixed place of employment (e.g., delivery personnel, repair persons), but spends at least 50% of his or her time employed in the City of Calistoga, the applicant will be determined to be employed in the City of Calistoga.

**4. Home Requirements**

- A. To be eligible for assistance through this program, the home being purchased must be located within the incorporated limits of the City of Calistoga.
- B. The types of homes eligible for assistance through this program include new or existing single-family detached residences, condominiums and townhomes, or manufactured homes on a lot of record with a permanent foundation. Mobile homes are not eligible for assistance through this program.
- C. A home being purchased with assistance through this program must pass a Housing Quality Standards inspection.

**5. Loan Amount, Restrictions and Interest Rate**

- A. Loan Amount. The maximum loan amount per household is \$15,000 or 4% of the purchase price, whichever is less.
- B. Restriction on Loan Proceeds. Financial assistance received through this program cannot be used as borrower's reserves, to offset payment of borrower's bills or to pay for property repairs.
- C. Interest Rate. The annual interest rate on loans made through this program is 3%.

**6. Loan Term, Repayment, Property Transfer and Recording**

- A. Loan Period. Loans shall be structured as deferred payment loans for 30 years.
- B. Deferral. Loan repayment is deferred until year 30.
- C. Repayment. Payment of principal (the amount borrowed) plus accrued interest is due and payable at year 30 of the loan.
- D. Sale of Property. The borrower must pay the full loan balance, including interest at the time the property is sold. The City may, at its discretion, provide down payment assistance to purchaser if qualified.

- E. Conversion of Property. The borrower must pay the full loan balance, including interest at the time the property ceases to be occupied as the principle residence of the borrower.
- F. Recording. The down payment assistance loan is recorded as a second mortgage against the property.

**7. Loan Term, Repayment, Property Transfer and Recording**

- A. Prequalification. An applicant must first be pre-qualified by an institutional mortgage lender for a primary mortgage.
- B. Application. The borrower sends a completed City application packet to the City's designated agent, who will review and process all loan documentation for City Manager review and approval. Loan proceeds are sent directly to the title company.
- C. Application Fee. Applicant's will be charged a fee of \$400.00 to obtain a down payment assistance loan from the City. The fee is due at the time the application is submitted, must be from the borrowers own funds, and is not reimbursable.
- D. Administration. The City or the City's designated agent will administer the City's down payment assistance loans, including compliance monitoring and processing of loan documents at the time of transfer.
- E. Approval Authority. The City Manager or his/her designee will have signature authority to approve loan applications, associated loan documents and/or other administrative papers related to the processing or administration of the loan.

**8. Program Administration and Guidelines**

The Down Payment Assistance Program shall be administered in accordance with the provisions outlined above and in conformance with the attached Program Guidelines.