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ATTACHMENT 1

DRAFT

**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 using 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

50 applicant holds more than one job, the employment in the City of Calistoga
51 must be the job providing the greater percentage of income to the applicant.
52 If the applicant does not have a fixed place of employment (e.g., delivery
53 personnel, repair persons), but spends at least 50% of his or her time
54 employed in the City of Calistoga, the applicant will be determined to be
55 employed in the City of Calistoga.

56
57 **4. Home Requirements**

- 58
59 A. To be eligible for assistance through this program, the home being
60 purchased must be located within the incorporated limits of the City of
61 Calistoga.
62
63 B. The types of homes eligible for assistance through this program
64 include new or existing single-family detached residences,
65 condominiums and townhomes, or manufactured homes on a lot of
66 record with a permanent foundation. Mobile homes are not eligible for
67 assistance through this program.
68
69 D. A home being purchased with assistance through this program must
70 pass a *Housing Quality Standards* inspection.
71

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

- 73
74 A. Loan Amount. The maximum loan amount per household is \$15,000
75 or 4% of the purchase price, whichever is less.
76
77 B. Restriction on Loan Proceeds. Financial assistance received through
78 this program cannot be used as borrower's reserves, to offset payment
79 of borrower's bills or to pay for property repairs.
80
81 C. Interest Rate. The annual interest rate on loans made through this
82 program is 3%.
83

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

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86 A. Loan Period. Loans shall be structured as deferred payment loans for
87 30 years.
88
89 B. Deferral. Loan repayment is deferred until year 30.
90
91 C. Repayment. Payment of principal (the amount borrowed) plus accrued
92 interest is due and payable at year 30 of the loan.
93
94 D. Sale of Property. The borrower must pay the full loan balance,
95 including interest at the time the property is sold. The City may, at its
96 discretion, provide down payment assistance to purchaser if qualified.
97

- 98 E. Conversion of Property. The borrower must pay the full loan balance,
99 including interest at the time the property ceases to be occupied as the
100 principle residence of the borrower.
101
102 F. Recording. The down payment assistance loan is recorded as a
103 second mortgage against the property.
104

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

- 106
107 A. Prequalification. An applicant must first be pre-qualified by an
108 institutional mortgage lender for a primary mortgage.
109
110 B. Application. The borrower sends a completed City application packet
111 to the City's designated agent, who will review and process all loan
112 documentation for City Manager review and approval. Loan proceeds
113 are sent directly to the title company.
114
115 C. Application Fee. Applicant's will be charged a fee of **\$TBD** to obtain a
116 down payment assistance loan from the City. The fee is due at the
117 time the application is submitted, must be from the borrowers own
118 funds, and is not reimbursable.
119
120 D. Administration. The City or the City's designated agent will administer
121 the City's down payment assistance loans, including compliance
122 monitoring and processing of loan documents at the time of transfer.
123
124 E. Approval Authority. The City Manager or his/her designee will have
125 signature authority to approve loan applications, associated loan
126 documents and/or other administrative papers related to the
127 processing or administration of the loan.
128

129 **8. Program Administration and Guidelines**

130
131 The Down Payment Assistance Program shall be administered in accordance
132 with the provisions outlined above and in conformance with the attached
133 Program Guidelines.