

CITY OF COLUSA
FIRST-TIME HOMEBUYER PROGRAM INFORMATION & CHECKLIST

(This information is subject to change without prior notice)

BASIC PROGRAM INFORMATION

- Program is available to income-eligible applicants that have not owned a home within the last three years prior to applying for the program
- A minimum one thousand dollars (\$1,000) is required as down payment from the borrower(s). City will accept seller's credit or gifted funds as the down payment. If gifted, the borrower(s) must provide a letter.
- City will loan up to 50% of the home's purchase price
- 2% simple interest with payments deferred for 30 years
- First and second mortgage loans cannot exceed 100% of the property's appraised value
- Married applicants are required to apply jointly on both mortgage loan applications
- Income requirements are based on total household size and cannot exceed 80% area median income as published by the U.S. Department of Housing & Urban Development (HUD)
- Income and assets will be verified for all household members as required by HUD
- The City will first verify income prior to incurring any fees to the borrower(s)

ITEMS NEEDED FROM APPLICANT/BORROWER

- City loan application
- Copy of drivers license for each applicant
- Three (3) years income taxes with W-2's from borrower(s) and all household members that file income taxes
- Three (3) months current income pay stubs (all household members)
- Bank statements for all accounts (all household members)
 - Checking account(s): provide the last 6 months of statements
 - Savings account(s): provide current statement (1 month)
 - All other bank accounts (money market, CD, IRA , etc.): provide current statement (1 month)

- Race and Ethnicity Form HUD-27061 must be filled out by each household member, parent must fill out form for children under 18
- Purchase Agreement / Sales Contract
 - Purchase Agreement must contain the following information: ***“The sales contract will be contingent on the family and property meeting City HOME guidelines and receiving HOME loan approval.”*** The Purchase Agreement will not be accepted without this clause.
 - Purchase Agreement must be valid at all times. If there are additions or amendments to the Purchase Agreement, please provide the City with an updated copy.
- Disclosure to Seller with Voluntary, Arm’s Length Purchase Offer (borrower/seller/agents)
 - The Disclosure to Seller with Voluntary, Arm’s Length Purchase Offer must be signed by the buyer, seller and agents for each, and included in the Purchase Agreement. If the Disclosure is not given and signed by the seller at the time or the purchase offer, then the Disclosure must be attached as a rider to the Purchase Agreement.
- Homebuyer Education Certificate of Completion
 - This is a one-day class that is offered on Saturdays. Please call one of the following locations to sign up for a course:
 - Community Housing & Credit Counseling Center (free)
1001 Willow Street
Chico, CA 95928
(530) 891-4124
 - Home Loan Counseling Center of Sacramento
1800 Tribute Road, Suite 150
Sacramento, CA 95815
(916) 646-2005

ITEMS NEEDED FROM FIRST LENDER

- Signed copy of first lender’s mortgage application
- Pre-approval letter
- Mortgage Credit Analysis Worksheet (MCAW)
- Signed copy of first mortgage Deed of Trust
- Signed copy of first mortgage Promissory Note
- Preliminary Title Report
- Appraisal

- Good Faith Estimate (GFE)
 - Please make sure the GFE is accurate and that the copy provided to the City is the final version. The City cannot accept any changes to the GFE once the City loan has been approved.
- Credit report
 - Any negative credit items must be explained and justified in writing by the applicant(s). If the applicant(s) have poor credit, the City may require them to attend a Financial Management Seminar.
- Pest inspection report
 - Section 1 pest report findings must be cleared prior to purchase. Section 2 pest report findings must be cleared at the City’s discretion.

OTHER PROGRAM INFORMATION

- All documentation must be dated within 6 months prior to loan closing. If the City’s loan does not close within the 6-month time frame, the applicant(s) will need to submit new updated information.
- Primary loan/first mortgage must be a 30-year fixed interest rate conventional mortgage loan. The first mortgage interest rate must not exceed the current market rate as established by an index identified in the most recent HOME NOFA. No temporary interest rate buy-downs are permitted.
- An impound account is required for the primary mortgage loan.
- Title Company must be in California.
- City inspection of the property is required, and any findings must be cleared prior to purchase.
- Lead-based paint inspection is required for pre-1978 homes, and any findings must be cleared prior to purchase.
- 72-hour public notice is required prior to City Loan Review Committee Meetings. City cannot provide estimated closing date or commitment date until Loan Review Committee approves the loan.
- After the loans close and property is purchased, the City will verify the homeowner’s occupancy on an annual basis.

SAMPLE LOAN CALCULATION

A. Purchase Price	\$ 175,000
B. First Mortgage Loan Amount	\$ (110,000)
C. Borrower’s Minimum Down Payment	<u>\$ (1,000)</u>
D. GAP financing amount Borrower needs to purchase the property*:	\$ 64,000

*The City’s First Time Homebuyer Program will lend up to this amount provided it does not exceed 50% of the purchase price.