

CITY OF ESCONDIDO
HOMEBUYER ENTRY LOAN PROGRAM
(HELP)

Information & Program Guidelines
(Revised July 2011)

Introduction

HELP is a program designed to provide qualified applicants with trust deed loans to be used toward downpayment or closing costs when purchasing their first home.

The HELP loan amount is limited to the lesser of 5% of the purchase price or a maximum amount of \$25,000. Repayment of the loan will be deferred until sale, transfer, refinance or when the HELP assisted buyer no longer occupies the property.

To be eligible for the loan, borrowers' income must be at or below 80% of the currently published San Diego County area median income, adjusted for household size, as defined by the U.S. Department of Housing and Urban Development and/or the California Department of Housing & Community Development.

1. Eligible Properties

- (A) Loans will only be made on residential properties within the city limits of Escondido.
- (B) Properties can be new or resale single-family homes including detached homes, condominiums, half-plexes, townhouses or manufactured homes on a permanent foundation. Duplexes, triplexes or four-plexes do not qualify as eligible properties.
- (C) Properties purchased with HELP assistance must be owner-occupied or vacant at the time of the purchase offer, in order to avoid the potential cost of relocating tenants.**
- (D) Properties purchased with HELP assistance must meet minimum code, health and safety standards upon occupancy.**

2. Household Eligibility Requirements

- (A) Households shall have sufficient income and credit worthiness to qualify for primary financing from one of the participating program lenders and who have not owned a home during the previous three years.

3. Income Qualification Criteria

Household adjusted gross income shall not exceed 80% of the San Diego area median income adjusted for family size.

NUMBER IN HOUSEHOLD	MAXIMUM YEARLY HOUSEHOLD INCOME¹
1 PERSON	\$45,850
2 PERSON	\$52,400
3 PERSON	\$58,950
4 PERSON	\$65,500
5 PERSON	\$70,750
6 PERSON	\$76,000
7 PERSON	\$81,250
8 PERSON	\$86,500

effective 07-2011

¹ Figures based on HUD & HCD published 2011 area median income limits for San Diego County.

4. Maximum Purchase Price

The maximum purchase price for a single family residence or condominium is \$362,790.

5. Loan Limits and Terms

- (A) The maximum loan available under this program shall be limited to the lesser of 5% of the purchase price or a maximum amount of \$25,000.
- (B) The terms of the City's Trust Deed loan were designed to encourage long term residency in the program-assisted home. Interest on the City's loan will descend and may ultimately be forgiven based on the number of years the assisted household resides in the home. If the property is sold, transferred, refinanced or the assisted borrower no longer occupies the property within years 1-5 from the date the Deed of Trust is executed, the simple interest rate at payback will be 6%, during years 6-10 the simple interest rate will be 3%. After 10 years of owner-occupancy, all interest will be forgiven.
- (C) The loan shall become due and payable at the time of the property's transfer or sale, or when the acceleration clause is triggered.
- (D) The acceleration clause will be in effect when the property is no longer the assisted borrower's principal place of residency, or upon discovery of willful misrepresentation or fraud in connection with the program. Rental of the property is prohibited and will cause the loan to be accelerated.
- (E) The loan is not assumable.
- (F) The loan will be secured by a promissory note and deed of trust.
- (G) Refinancing of the property will accelerate the loan except in the case of a Streamline Refinance with **no cash out**.

6. Eligible Borrowers/Borrower Priority

The program is for first-time homebuyers.

- (A) Priority will be given to residents of Escondido and households who are employed in businesses within the City of Escondido.
- (B) City of Escondido employees (except for Housing Division employees) are eligible to participate.
- (C) Applications will be accepted from households who have not owned a home for at least three years.

7. Agency Loan Procedures

- (A) **All buyers receiving loans through the City's program are required to participate in an eight hour HUD approved Homebuyer Training Program.** The training can be accomplished in one-on-one meetings, or group meetings periodically provided by various organizations. Before receiving a City loan, the participant must present a certificate of completion of the homebuyer training.
- (B) Homebuyers will apply for HELP through an approved program lender. Lender will determine applicant's eligibility for funding based on City's guidelines.

CITY OF ESCONDIDO

HOME OWNERSHIP MADE EASY LOAN PROGRAM
(HOME)

Information & Program Guidelines

(Revised July 2011)

Introduction

HOME is a program designed to provide qualified applicants with trust deed loans to be used toward downpayment and/or closing costs when purchasing their first home.

The HOME loan amount is limited to the lesser of 5% of the purchase price or a maximum amount of \$25,000. Repayment of the loan will be deferred until sale, transfer, refinance or when the HOME assisted buyer no longer occupies the property.

To be eligible for the loan, borrowers' income must be between 81% and 120% of the currently published San Diego County area median income, adjusted for household size, as defined by the State Department of Housing & Community Development.

1. Eligible Properties

- (A) Loans will only be made on residential properties within the city limits of Escondido.
- (B) Properties can be new or resale single-family homes including detached homes, condominiums, half-plexes, townhouses or manufactured homes on a permanent foundation. Duplexes, triplexes or four-plexes do not qualify as eligible properties.
- (C) Properties purchased with HOME assistance must be owner-occupied or vacant at the time of the purchase offer, in order to avoid the potential cost of relocating tenants.**
- (D) Properties purchased with HOME assistance must meet minimum code, health and safety standards upon occupancy.**

2. Household Eligibility Requirements

- (A) Households shall have sufficient income and credit worthiness to qualify for primary financing from one of the participating program lenders and not have owned a home in the past three years.

3. Income Qualification Criteria

Household adjusted gross income shall be between 81% and 120% of the San Diego area median income adjusted for family size.

NUMBER IN HOUSEHOLD	MAXIMUM YEARLY HOUSEHOLD INCOME ¹
1 PERSON	\$62,950
2 PERSON	\$71,900
3 PERSON	\$80,900
4 PERSON	\$89,900
5 PERSON	\$97,100
6 PERSON	\$104,300
7 PERSON	\$111,500
8 PERSON	\$118,650

Effective 07-2011

¹ Figures based on HUD & HCD published 2011 area median income limits for San Diego County.

4. Maximum Purchase Price & Maximum Monthly Housing Costs

(A) The maximum purchase price for a single family residence or condominium is \$362,790.
(Established by Policy)

(B) Maximum Monthly Housing Costs

UNIT SIZE	MAXIMUM MONTHLY HOUSING COSTS
0 BEDROOM	\$1,682.75
1 BEDROOM	\$1,921.03
2 BEDROOM	\$2,162.42
3 BEDROOM	\$2,403.08
4 BEDROOM	\$2,595.58
5 BEDROOM	\$2,788.08

5. Loan Limits and Terms

- (A) The maximum loan under this program shall be limited to the lesser of 5% of the purchase price or a maximum amount of \$25,000.
- (B) The terms of the City's Trust Deed loan were designed to encourage long term residency in the program-assisted home. Interest equity on the City's loan will descend and may ultimately be forgiven based on the number of years the assisted household resides in the home. If the property is sold, transferred, refinanced or the assisted borrower no longer occupies the property within 5 years from the date the Deed of Trust is executed, the interest equity rate at payback will be 6%, during years 6-30 the interest equity rate will be 3% and during years 31-45 the portion will be 1%. If the note is repaid upon the Maturity Date, no Interest Equity will be due.
- (C) The loan shall become due and payable at the time of the property's transfer or sale, or when the acceleration clause is triggered.
- (D) The acceleration clause will be in effect when the property is no longer the assisted borrower's principal place of residency, or upon discovery of willful misrepresentation or fraud in connection with the program. Rental of the property is prohibited and will cause the loan to be accelerated.
- (E) The loan is not assumable.
- (F) The loan will be secured by a promissory note and deed of trust.
- (G) Refinancing of the property will accelerate the loan except in the case of a Streamline Refinance with **no cash out**.

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- (C) Applications will be accepted from households who have not owned a home for at least three years.

7. Agency Loan Procedures

- (A) **All buyers receiving loans through the City's program are required to participate in an eight hour HUD approved Homebuyer Training Program.** The training can be accomplished in one-on-one meetings, or group meetings periodically provided by various organizations. Before receiving a City loan, the participant must present a certificate of completion of the homebuyer training.
- (B) Homebuyers will apply for HOME through an approved program lender. Lender will determine applicant's eligibility for funding based on City's guidelines.