

CITY OF SHASTA LAKE HOMEBUYER PROGRAM  
GENERAL PROGRAM GUIDELINE INFORMATION

As a participating buyer, lender, or realtor, you should be aware of these procedural requirements of the City of Shasta Lake Homebuyer Program (HP). These are general guidelines any may vary or change periodically.

Eligible applicants for the HP Program must be a First Time Homebuyer (FTHB). FTHB means an individual or individuals or an individual and his or her spouse who have not owned a home during the three-year period before the purchase of a home with subsidy assistance, exceptions are if the applicant qualifies as a displaced homemaker, single parent, or personal living in an eligible substandard home.

The HP participant must obtain a first mortgage purchase loan and **must borrow the maximum that the lender will allow**. HP requires the **Front End Ratio** (Housing Cost PITI) shall be between **25-32%** of the buyers' gross monthly income, and the **Back End Ratio** (PITI + other debt) **not to exceed 28-42%** of the buyers' gross monthly income. The actual amount of a buyer's HP Program Loan shall be computed according to the housing ratio parameters, maximum amount the primary lenders loan, and the borrower's minimum contribution. Each borrower shall receive only the subsidy (loan) needed to allow them to become homeowners ("the Gap") while keeping their housing costs affordable. **Not to exceed \$56,500.**

The primary mortgage must be fully amortizing and have a fixed rate that does not exceed the current market rate, as established by the 90-day "posted yield" for thirty year fixed rates, as established by Fannie Mae at: <http://www.efanniemae.com/syndicated/documents/mbs/apeprices/archives/cur30.html> plus 100 basis points.

The maximum purchase price for a single family dwelling as of **August 14, 2013** is **\$165,000.00**. However, the appraised value will be compared to the purchase price to ensure that the combination of the first mortgage and HP loan do not exceed 100% of the appraised value. The program loans term shall be for at least as long as the primary loan (30 years). Interest Rate shall be 0%. All HP program loan payments shall be deferred. **Loans are due upon sale or transfer of title or when borrower no longer occupies the home as his/her principal residence or upon loan maturity. The loan will be in default if the borrower fails to maintain required fire or flood insurance or fails to pay property taxes.**

An applicant for HP must be low-income per 2014 State CDBG and HOME's Income limits (# of persons/max income): **1/\$30,700; 2/\$35,100; 3/\$39,500; 4/\$43,850; 5/\$47,400; 6/\$50,900; 7/\$54,400; 8/\$57,900**. The first time homebuyer must have a source of eligible income and must contribute at least three (3%) percent of the purchase price, this can be gifted from a relative.

Eligible properties for this program must be located in the City limits of the City of Shasta Lake, be for the buyer's personal residence, and cost no more than the maximum purchase price allowed. Home to be purchased may be a newly constructed or pre-existing home, condominium, or manufactured home on a permanent foundation; the home must be modest, so it may not exceed three bedrooms and two bathrooms unless there is documented extenuating circumstances (creating over crowded situation); **the home must be owner occupied or vacant for 90 days prior to signing the contract, HOMES CANNOT BE OCCUPIED BY TENANTS (PLEASE VERIFY BEFORE ANY PURCHASE AGREEMENT IS EXECUTED).**

#### Application Process:

1. HP applicants will complete a City of Shasta Lake Homebuyer Program Interest form. This will enable the housing staff to quickly review preliminary information, and send the applicant a full application package which includes the following:
  - a. Application Instructions, Required Documentation Checklist, and Housing Programs Application
2. Only original applications and all supporting documentation will be accepted and must disclose realtor and lender information. If application is incomplete or applicant is ineligible, a letter will be sent to that effect.
3. If applicant is determined to be eligible, a meeting between the applicant and program staff will be scheduled and a **Letter of Eligibility** will be provided to the applicant. At this meeting, staff will discuss the program requirements and answer applicant's questions. The letter will have an expiration date of 90 days from the date of issuance and will state

further information necessary for you to obtain a HP loan approval. **This letter is for eligibility to program, not a loan commitment.**

4. In addition to the eligibility letter, the buyer will obtain three notices. The Seller Affidavit states: the home was either owner-occupied or vacant (90) days prior to execution of the purchase offer. A property not meeting this condition is ineligible. The Acquisition Notice to Seller states: the purchaser has no power of eminent domain and, therefore, will not acquire the property if negotiations fail to result in an amicable agreement. The Lead Paint Notice requires Buyer, Seller, and Agent to complete and sign.
5. The purchased unit must pass a Code Compliance Inspection (CCI) before the loan will be approved. Please submit purchase contracts at the time of execution allowing two weeks for the CC inspection.
6. When the eligibility letter is issued, applicant can then enter into a contract to purchase a home contingent upon receiving first mortgage and HP financing. **No purchase contract dated prior to the eligibility letter will be accepted.**
7. The HP program requires all HP loan borrowers to complete an eligible First Time Homebuyer Seminar prior to close escrow. Program Staff will provide a schedule to applicant of the scheduled seminar dates.
8. Any purchase agreements must state that the purchase is conditional upon final approval of the HP Loan. **Final approval of the loan comes from the HP Loan Committee.** No funds are obligated until the loan is approved.
9. **Before the loan can be presented to committee, the City of Shasta Lake must be provided with:**
  - 1} a copy of the completed purchase agreement (a 45-day escrow is recommended);
  - 2} signed loan approval from first lender;
  - 3} a copy of the appraisal with original photos;
  - 4} a preliminary title report;
  - 5} a standard flood hazard determination;
  - 6} a good faith estimate with all fees from the lender and title;
  - 7} a copy of inspections as applicable (pest, septic, well)
  - 8} Any other documents that is required for loan approval.
10. Loan Committee Meetings are scheduled on an as need basis, please allow 10 working days for meeting scheduling.
11. Following HP loan approval by committee, HP loan documents and escrow instructions will be sent to the title company. The executed documents must be received back to the HP Program Staff for review prior to release of funds.
12. To Order Funds into escrow, the City of Shasta Lake will submit escrow instructions to the escrow officer, which will describe all required documentation to be, submitted prior funds release. This process, once the instructions are received, takes a minimum of one (1) week for the funds to be deposited into escrow.

*Please Note: This is a summary of the Program Guidelines for the HP Program. Full Program Guidelines can be available upon request.*

**City of Shasta Lake contact information:**

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