

**La Quinta Redevelopment Agency**

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# **La Quinta Housing Program**

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Home Purchase  
Second Trust Deed Loan Program

The purpose of the Home Purchase Second Trust Deed Loan Program funded by the La Quinta Redevelopment Agency (the "Agency") is to provide silent second trust deed mortgages to fund the difference between market sales prices, and a mortgage amount which will provide housing costs that are affordable to very low, low, and moderate income households in the purchase of a residence. The Agency loan program was developed to provide "gap" funding; it funds the difference between the maximum first loan a buyer can obtain and the purchase price less down payment, up to the maximum for the buyer's income category.

**The 2003-04 Fiscal Year program incorporated the following program revisions:**

- **The maximum Agency loan for low income households has been revised to \$85,000. There are no changes to very low income, which is a maximum of 60% of the purchase price less down payment, or moderate income households which is a maximum of \$40,000 as long as the total monthly housing costs are within the allowance provided under Redevelopment Law. Complete details and an example may be found under the Section titled "Program Description".**
- **Agency loans will only be provided to potential buyers having a primary lender qualifying ratio of not less than 25% nor greater than 35% of the borrower's gross monthly income.**
- **As in past years, the purchase must take place at a monthly affordable housing cost to the buyer. This monthly not-to-exceed amount limits the size of the first mortgage and, when combined with the Agency loan and buyer's down payment, will result in a sales price that is affordable to the buyer's income category under California Redevelopment Law. Complete details may be found in the following description under the Section titled "Program Description".**

In order to avoid an overconcentration of loans in any one neighborhood, or with one builder / developer, selling realtor or lender, this year, the Agency will again limit the number of loans that one entity may obtain during the first six (6) months of each funding cycle to six (6) loan packages. If unexpended funds remain in this account by the seventh month of each fiscal year, then entities who previously reached their loan limit may apply for and receive additional loans employing unexpended funds.

**Potential purchase properties must be located in one of the La Quinta Redevelopment Agency's two Redevelopment Project Areas (map attached).**

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# Program Description

- ☑ **Eligible Households** - Home purchase loans will be available to very low, low, and moderate income households. The applicable income limits are provided in the attached income limit chart.
  
- ☑ **First Mortgage** - **Before** applying for an Agency second trust deed loan, prospective buyers must receive preliminary loan approval from their first trust deed lender for a fixed rate 30-year mortgage loan. The loan amount must result in a principal and interest payment which, when added to the monthly cost of property taxes and insurance, mortgage insurance or homeowner's association fees (if applicable) and a reasonable utility allowance, results in a total monthly payment that is within the applicable housing cost allowance based on the number of bedrooms or family size whichever is applicable. (Refer to Income Limit Chart definitions). All applications for home buyer assistance must include a copy of the first trust deed lender's loan package, mortgage analysis worksheet and lender's approval letter.
  
- ☑ **Eligible Properties** - Prospective home buyers may consider a single-family, townhome, or condominium unit that is currently for sale in one of the two (2) Redevelopment Project Areas in the City of La Quinta. Properties with pools are not eligible. Funds may only be used to purchase newly constructed units or units which have been substantially rehabilitated.

**Newly constructed homes** are homes which are under construction at least to the framing stage or are newly constructed and vacant. Evidence of construction is required as part of the loan package. Homes where a lease purchase option agreement was executed by the applicant at the time the unit was newly constructed are also eligible. In such cases, the applicant will be requested to provide a copy of the executed agreement as part of the loan package.

**Substantially rehabilitated units** are homes where either the seller or buyer can demonstrate that the property has been upgraded by the addition of improvements which are equal to 25% of the property's "after rehab" value, including the value of the land. The improvements must be completed prior to submission of the application for the Agency loan, be documented, and have been made within the past year.

- ☑ **Agency Loan Amounts** - The maximum loan amounts for the home purchase loans are as follows:

<b>Moderate Income Households:</b>	<b>\$40,000</b>
<b>Low Income Households:</b>	<b>\$85,000</b>
<b>Very Low Income Households</b>	<b>60% of the purchase price less down payment</b>

The Agency loan is used to fund the gap between the maximum mortgage loan for which the buyer qualifies and the purchase price of the home less the buyer's down payment up to the maximum amount for their income category. The applicable maximum Agency loan amounts are not to be considered a fixed amount. In determining the actual Agency loan amount, first deduct the down payment from the sales price, then the maximum mortgage loan which can be extended to the buyer. The remainder is the amount of the Agency loan up to the maximum for the applicable income category.

**Example #1: a low income family of 4 persons purchasing a new 3 bedroom home at \$185,000 - their total monthly housing costs could not exceed \$892.50 monthly.**

If this buyer were making the minimum 3% down payment and could obtain a conventional loan of \$94,450 at 7% for 30 years and an Agency loan of \$85,000, their monthly housing costs would be approximately \$936 monthly (this amount includes the mortgage principal and interest payment, mortgage insurance, property taxes and insurance, and the \$75 utility allowance). Since this amount exceeds the monthly allowance, this Agency loan request cannot be approved. The solution would be for

the buyer to contribute a larger downpayment, in this case 7%. The first mortgage loan amount would be reduced to \$87,50 and would provide monthly housing costs of approximately \$887 which would meet program criteria.

For low and moderate income households, the Agency loan must be in an amount which is at least \$1,000 less than the first mortgage loan. An exception applies for very low income households where the Agency loan amount may be greater than the first mortgage loan to provide a greater home purchase opportunity for households who fall in this income category.

- Affordability Covenants** - In order to ensure that the unit remains affordable to an eligible very low, low, or moderate income household for a minimum of 30 years, affordability covenants will be recorded against the unit when the home purchase loan is funded.
  - Agency Loan Funds** - Funds will only be reserved for applications that are complete on submittal pending completion of construction. The Agency loan funds will be disbursed through escrow to borrowers who meet the eligibility requirements described in the Eligible Households Section, have obtained loan approval from their first trust deed lender, and have sufficient funds for their down payment and closing costs.
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## Agency Loan Description

- Monthly principal and interest payments are not required.
- The Agency loan will be structured as a “silent” second trust deed mortgage under the following restrictions:
  - The principal and shared appreciation payments are deferred and shall be forgiven as long as the unit remains affordable to a very low, low, or moderate income household for a thirty (30) year term.
  - In the event of a resale during the term of the loan, the property must be sold to a buyer of the same income category as the initial owner at a sales price that results in an affordable housing cost at the time of the sale.
  - The Agency retains first right to purchase unit from the owner if they are unable to sell the property to an income eligible household at an affordable housing cost to retain the affordability covenants before agreeing to allow the original owner to sell the property at a market sales price. In this event, the principal and shared appreciation payment will be due on sale.
- The loan-to-value ratio shall not exceed 97% of the value of the unit to be purchased. For this purpose:
  - The loan amount will be the combined total of the home buyer’s first trust deed and the Agency second trust deed.
  - The value of the unit will be the purchase price plus applicable closing costs.
- Prospective home buyers must first receive preliminary loan approval from their first trust deed lender for a fixed rate 30-year mortgage loan **before** applying to receive an Agency second trust deed.
- Prospective home buyers must have sufficient funds for their down payment and any buyer paid closing costs. The use of gift funds as down payment assistance is allowed but must be evidenced by a gift letter.
- A portion of the non-recurring closing costs may be funded as part of the Agency loan if allowed by the primary lender. In such cases, the Agency’s loan-to-value ratio must be met and the total Agency loan must be less than the maximum allowed for that income category. The closing cost assistance amount will be included in the second trust deed loan.

- All applications for home buyer assistance must include a copy of the first trust deed lender's loan package. **Funds will only be reserved for loan packages which are complete on receipt; details are contained in the Submittal Requirements Section.**

The Agency will agree to subordinate to a refinancing of the first mortgage loan only to another **FIXED RATE** mortgage loan in order to reduce the interest rate on that mortgage; the owner will not be allowed to remove equity or pay off other debt with the proceeds of a refinancing. The original first mortgage amount may not be exceeded during the term of the Agency loan. These second trust deeds **will not** subordinate to any subsequent second deeds of trust that may be filed against the property.

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## Eligible Households

In order to use Housing Fund monies, the Agency must follow the income and affordable housing cost criteria set forth in the California Redevelopment Law.

- The attached chart presents the 2007 income limits for each family size based on the median income for Riverside County and the maximum affordable housing cost allowance that will apply based on the income category, family size or number of bedrooms in the unit.
- To be eligible for housing assistance, a purchaser (or borrower):
- must have an accepted sales contract for the purchase of a home;
  - must have sufficient income and a credit rating that will qualify them to receive a first trust deed loan in the appropriate amount;
  - have gross household income equal to or less than the 2007 income limits for their household size; and
  - the transaction must take place at an affordable housing cost. Total housing costs include the first mortgage principal and interest, property taxes and insurance, mortgage insurance and HOA fee (if applicable) and a reasonable utility allowance. Monthly housing costs must be equal to or less than the amount allowed for the applicable bedroom size and the income category.
- Asset Limitation Requirements:

The purpose of an asset limitation for the Agency's affordable housing programs is to implement the City and Agency policy that affordable housing be made available only to those individuals and households that are truly in need of assistance to purchase a dwelling unit. The La Quinta Housing Program was designed to assist both first time home buyers and current property owners to secure improved housing, thereby mandating reasonable controls for eligibility.

The liquid asset maximum for the buyer of a "for sale" unit is the sum of:

- 1) The buyer's portion of the down payment plus the buyer's portion of the closing costs,
- 2) An amount equal to six (6) months of reserves for mortgage payments, taxes, homeowner's association dues, if any, and insurance, and
- 3) \$5,000.

In determining the foregoing, liquid assets include assets such as, but not limited to:

- 1) Cash deposited in bank accounts, savings accounts, money market fund accounts, and similar type accounts,
- 2) Value of mutual funds, stocks, bonds, savings certificates, and other investment accounts,
- 3) Interest and dividends,
- 4) Value of trusts available to the household,
- 5) Government disbursements such as social security payments,
- 6) Any payments or disbursements such as from annuities, retirement accounts, inheritances, lottery winnings, capital gains, insurance settlements, etc.,
- 7) Lump sum receipts such as from inheritances, lottery winnings, capital gains, insurance settlements, etc, and
- 8) Cash gifts to the applicant or the proceeds from gifts in lieu of cash to the applicant.

Excluded from liquid assets are: The monies in retirement accounts, such as the principal and/or interest from annuities, IRAs, 401(k) or Keogh plans, that are not periodically disbursed; provided, however, that any hardship or other non-periodic payments, disbursements, or withdrawals, including in the form of a loan, from any of the foregoing type accounts, or any other accounts, permitted to be used for the purchase of housing shall be considered a liquid asset.

Although not considered liquid assets, for the purpose of determining total assets in compliance with this policy, the Agency will also include the net value of other real estate owned (current market value less outstanding loan balances) which will not be sold concurrently with the purchase of the property for which the home purchase loan is being secured. However, if other real property is owned and being sold concurrently, the net proceeds from such a sale will be included as an asset.

Notwithstanding the foregoing, any applicant having liquid assets of \$50,000 or more at the time of the purchase of a dwelling unit (i.e. immediately following the close of escrow for the purchase of the unit) will not be eligible for a loan through the La Quinta Housing Program.

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## Submittal Requirements

- In order to determine a purchaser's or borrower's eligibility, the information listed below should be submitted to the Agency's housing coordinator:
  - Completed Agency loan application
  - A copy of the lender's completed loan application (1003), mortgage credit analysis worksheet (MCAW) or 1008, and the lender's prequalification loan approval letter providing the following information:
    - ✓ Name and age of each person who will live in the home.
    - ✓ Present home address and telephone number.
    - ✓ Employer name, address and telephone number for each employed member of the household.
    - ✓ Anticipated annual gross income from all sources for each employed member of the household, including:
      - 1) Wages, salaries, overtime pay, commissions, etc., including unemployment and disability compensation or public assistance.
      - 2) Interest income or income from business or rental property.
      - 3) Periodic receipts such as social security, annuities, pensions or retirement funds, alimony, child support, etc.

- Last two pay stubs for each employed member of the household or year to date profit and loss statement for self-employed individuals. Documentation to support all other income.
  - Last two years federal income tax returns, including W-2's.
  - Last two bank statements for all checking and/or savings accounts.
  - Accepted sales contract for the purchase of a qualified property.
  - Evidence that construction is at least to the framing stage in the form of a copy of the job site City Building Department inspection card.
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## **Implementation Process**

In order to use Housing Fund monies, the La Quinta Redevelopment Agency (the "Agency") must follow the income and affordable housing cost criteria set forth in the California Redevelopment Law.

The 2007 income limit chart presents maximum allowable incomes for each family size based on the median income for Riverside County and the maximum affordable housing cost allowance that will apply based on the income category and number of bedrooms in the unit.

To be eligible for housing assistance, a purchaser (or borrower):

- Must have gross household income equal to or less than the 2007 income limits for their household size;
- Must be able to qualify for a first trust deed loan in an amount, which when added to the anticipated loan provided by the Agency, and at least a 3% down payment, will equal the purchase price of the home;
- Must have an accepted sales contract for the purchase of a home; and
- The transaction must take place at a monthly affordable housing cost to that household. Total housing costs include the first mortgage principal and interest, property taxes and insurance, mortgage insurance and HOA fee (if applicable), and a reasonable utility allowance. Monthly housing costs must be equal to or less than the amount allowed for the applicable bedroom size and the income category.

The exact amount of the Agency loan is the difference between the purchase price of the home less the maximum first mortgage the applicant can obtain and the down payment being made, up to the maximum loan which can be provided to the applicant's income category, i.e. very low, low or moderate income. If a purchaser can qualify for a first mortgage loan equal to or greater than the purchase price, they are not eligible for Agency home purchase loan assistance.

### **Submittal Requirements**

In order to determine a purchaser's or borrower's eligibility for a home purchase loan through the La Quinta Housing Program, the information listed below should be submitted to the Agency's housing coordinator. The application package should be submitted as soon as the lender feels they will be able to provide a loan to the applicant. It is not necessary to have full and final first loan approval before submitting the package to the Agency's housing consultant for eligibility review for the Agency loan. It is extremely important that if the applicant is not eligible at the income level anticipated, or if the applicant exceeds the moderate income limit, everyone involved has the opportunity to be made aware before the applicant has made financial and life changing decisions regarding the proposed home purchase.

The loan package should contain:

- Completed Agency loan application
- A copy of the lender's completed loan application (1003), mortgage credit analysis worksheet (MCAW) or 1008, and the lender's prequalification loan approval letter providing the following information:
  - ✓ Name and age of each person who will live in the home.
  - ✓ Present home address and telephone number.
  - ✓ Employer name, address and telephone number for each employed member of the household.
  - ✓ Anticipated annual gross income from all sources for each employed member of the household, including:
    - 1) Wages, salaries, overtime pay, commissions, etc., including unemployment and disability compensation or public assistance.
    - 2) Interest income or income from business or rental property.
    - 3) Periodic receipts such as social security, annuities, pensions or retirement funds, alimony, child support, etc.
- Last two pay stubs for each employed member of the household or year to date profit and loss statement for self-employed individuals. Documentation to support all other income.
- Last two years federal income tax returns, including W-2's.
- Last two bank statements for all checking, savings, and/or investment accounts.
- Accepted sales contract for the purchase of a qualified property.
- If the property is new construction - evidence that construction is at least to the framing stage in the form of a copy of the job site City Building Department inspection card.
- If the property is a resale that has been substantially rehabilitated, copies of all receipts substantiating that the property improvements are at least equal to 25% of the current market value of the property.

### **Eligibility Review Process**

Another very important step in the approval process is for the realtor and lender to ensure that the applicant is aware that there are two levels of approval; the first is the lender's approval for the first mortgage loan and the second is the eligibility approval for the Agency's second trust deed loan. If a realtor or lender advises an applicant that they are eligible for the Agency loan, it is their personal opinion, not a fact. Approval for the first mortgage loan does not automatically mean that the applicant is eligible for the second trust deed loan unless the lender has been advised in writing by the Agency's housing consultant.

All applications for Agency loans are date and time stamped on receipt by the Agency's housing consultant to ensure that they are processed in the order received. Funds may only be reserved, pending completion of the eligibility review, for applications that are complete. If a loan package is not complete on receipt, a FAX is sent immediately to the lender requesting the missing documentation. Funds will be reserved, pending completion of the eligibility review, when the missing documentation has been received.

The review process consists of the following determinations made through the completion of a worksheet with information taken from the applications and back-up documentation contained in the loan application package. We are required to ensure that the loan will be provided in compliance with the requirements of Redevelopment Law for the use of the Housing Fund monies. The requirements are: 1) that the household's gross income be within the limits established annually from Riverside County median income and adjusted by family size, and 2) that the transaction take place at an affordable housing cost to that household.

The steps in the eligibility review process are to:

1. Review the application package to determine whether it contains all of the required documentation as listed above and on the Agency application
2. Confirm applicant(s) name(s); household size, ages, and relationship; number of employed persons
3. Determine the subject property address, sales price, down payment, 1<sup>st</sup> loan amount and the requested Agency loan amount
4. Determine gross household income:
  - From current pay check stubs: calculate current year gross income for all members of the household having an income. If an applicant indicates that he/she will be working fewer hours in the future, the new income basis must be established for at least 3 months before an eligibility determination can be made. In this case, income will be calculated by the total of the year-to-date gross and the remainder of the year will be projected based upon the 3 month demonstrated gross income.
  - For self-employed persons, net income from that business is used to determine the amount that will be reasonably expected for the year. A year to date profit and loss statement is required which will provide the basis for projecting the net income for the remainder of the year.
  - From prior year tax returns and W-2's: determine the income history and whether other types of income have been received; i.e. interest / dividends, pensions, self employment earnings, rental property income. Documentation that has not been provided will be requested.
  - From other income documentation: Amount received annually
  - Determine amount and frequency other income, i.e. child support, SSI payments, etc.
  - Gross household income is determined by projecting or annualizing the current gross income from all sources. If a bonus is received but not guaranteed, this amount is not annualized; the total is included in the estimated gross. The same holds true for overtime income which may or may not be annualized, depending on the frequency of overtime worked.
5. Determine amount of assets:
  - Verify that the applicant appears to have the funds for the down payment and closing costs. From bank statements and tax returns, determine the estimated amount of interest income that will be earned.
  - Calculate total assets pursuant to the Asset Limitation policy.
6. Housing Cost Allowance Calculations:

The gross household income calculations provide a determination as to the household's income category, i.e. very low, low or moderate income. If a household's gross income exceeds the limit for moderate income (120% of Riverside County median income), they do not qualify for an Agency loan.

Redevelopment Law provides that the applicable monthly housing cost allowance for a 2 bedroom unit is the allowance established for a 3 person household, a 3 bedroom unit is the allowance for a 4 person household and a 4 bedroom unit is the allowance for a 5 person household even if the home is being purchased by a smaller household.

The actual monthly housing costs are determined from the Mortgage Credit Analysis Worksheet ("MCAW") or 1008 form and verified by the reviewer's calculations. This amount must be less than the monthly housing cost allowance for the household's income category.

The Law also provides that moderate income households may not have monthly housing costs that are less than 28% of their gross income nor exceed 35% of 110% of median income adjusted for the number of bedrooms.

Once the eligibility review has been completed and the housing consultant has determined that the applicant household is income eligible and that the transaction will take place at an affordable housing cost for their income category, an eligibility approval letter will be issued. This approval only applies to the information provided in the application package, including the family size, borrower and co-borrower income, the property sales price, the first mortgage loan amount, interest rate and mortgage payment. Any changes subsequent to the eligibility approval require further review by the Agency housing consultant.

If an applicant wishes to purchase a different property than the property covered by their eligibility approval, the previous approval is rescinded and the funds reserved for that loan are cancelled. When updated application information on the new property has been received, a new eligibility approval will be required and if funds are available at that time, they will be reserved for the revised application.

### **Loan Document Preparation / Escrow Closing**

Prior to preparation of the Agency loan documents, the approval letter requests copies of the:

- Appraisal,
- Preliminary Title Report,
- Escrow instructions and amendments for vesting, the final first loan amount and interest rate, and the second trust deed loan in favor of the City of La Quinta Redevelopment Agency, and
- A copy of the City Building Department's Certificate of Occupancy if the property is new construction.

Once the above have been received, every effort is made to prepare the Agency loan documents concurrently with the preparation of the first lender's loan documents. All transfers of loan documents are made by overnight mail to ensure timely escrow processing. When ready, the Agency loan documents are forwarded to escrow, who obtains the buyer signatures and the Agency's housing consultant requests the City funds be transferred to the title company pursuant to the instructions in the Preliminary Title Report. Escrow then forwards the document package to the City for signature on behalf of the Redevelopment Agency. The City returns the original documents to the housing consultant for verification that they are fully executed; and the recordable documents are then returned to escrow for loan closing and recordation.

Enclosures:

Approved Lenders/Escrow Companies  
Project Area Map  
2007 Income Limits/Affordable Housing Cost Allowances  
Timeline – Application Approval Process  
Application

## **APPROVED LENDERS**

De Oro Home Loans  
81703 Highway 111  
Indio, CA 92201  
Phone: (760) 347-4938

First Pacific Financial, Inc.  
77-980 Highway 111  
Indian Wells, CA 92210  
Phone: (760) 837-1006

Provident Bank Mortgage  
51-105 Avenida Villa  
La Quinta, CA 92253  
Phone: (760) 771-6974

Wells Fargo Home Mortgage, Inc.  
1595 Spruce Street  
Riverside, CA 92507  
Phone: (909) 786-6235

Canyon Mortgage, Inc.  
41865 Boardwalk, Suite 120  
Palm Desert, CA 92211  
Phone: (760) 340-2631

Rossi Financial  
41530 Woodhaven Drive E.  
Palm Desert, CA 92260  
Phone: (760) 345-2865

Countrywide Home Loans  
1515 Walnut Grove Ave., Rm. 99  
Rosemead, CA 91770  
Phone: (626) 927-3759

Desert Lenders, Inc.  
78-401 Highway 111, Suite F  
La Quinta, CA 92253  
Phone: (760) 564-5257

Marina Mortgage  
74890 Highway 111, Suite A  
Palm Desert, CA 92210  
Phone: (760) 341-7500

Tiger Mortgage  
73-550 El Paseo, Suite 204  
Palm Desert, CA 92260  
Phone: (760) 776-8087

Sterling Capital Mortgage Company  
45200 Club Drive, Suite D  
Indian Wells, CA 92210  
(760) 772-6606

First Mutual Mortgage, Inc.  
10681 Foothill Blvd. #101  
Rancho Cucamonga, CA 91730  
Phone: (909) 989-7455

Washington Mutual Bank  
1215 4th Avenue FCB1620  
Seattle, WA 98101  
Phone: (619) 687-0202

Mortgage Express Services  
47050 Washington Street #3202  
La Quinta, CA 92253  
Phone: (760) 771-2137

General Realty Group, Inc.  
14914 Burbank Blvd.  
Sherman Oaks, CA 91411  
Phone: (818) 778-1112 ext. 49

Mission Hills Mortgage Bankers  
44-300 Monterey Avenue, Suite A  
Palm Desert, CA 92260  
Phone: (760) 779-7629

Total Financial Services, Inc.  
73-261 Highway 111, Suite 7  
Palm Desert, CA 92260  
Phone: (760) 773-9535

The Mortgage Center  
73-200 El Paseo, 2C  
Palm Desert, CA 92260  
(760) 773-2811

National City Mortgage  
5225 Canyon Crest Drive, #450  
Riverside, CA 92507  
Phone: (760) 772-1054

California Empire Financial Group  
49906 Jefferson, Suite 100  
Indio, CA 92210  
Phone: (760) 777-7901

## **APPROVED ESCROW COMPANIES**

Dixie Escrow  
43-725 Monterey Avenue, Suite G  
Palm Desert, CA 92253  
Phone: (760) 568-2521

Foresite Escrow  
41-995 Boardwalk, Suite G-2  
Palm Desert, CA 92211  
Phone: (760) 773-5333

RE/MAX Real Estate Consultants  
74-199 El Paseo, Suite 200  
Palm Desert, CA 92253  
Phone: (760) 862-2961

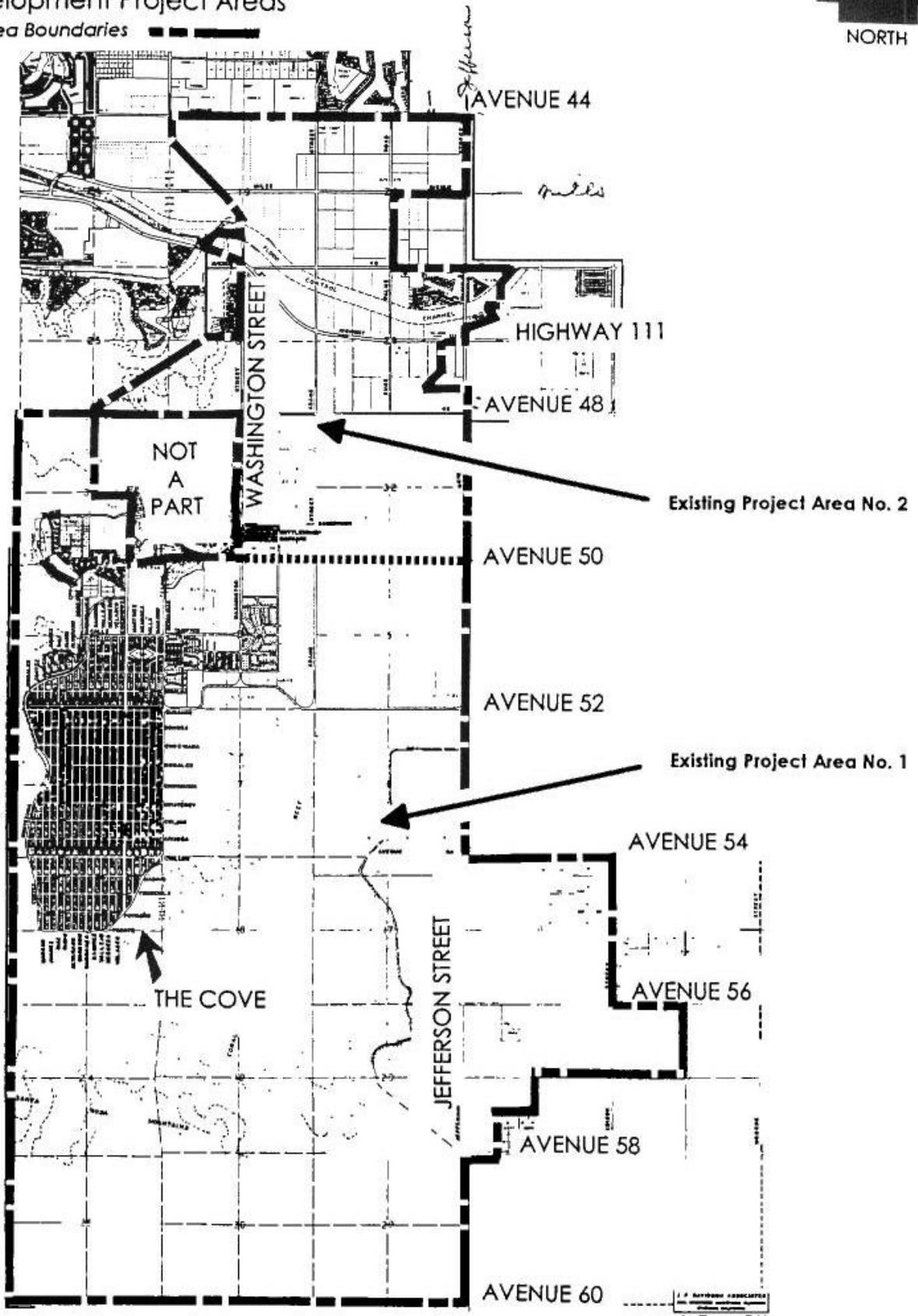
Pacific Coast Escrow  
74-920 Highway 111  
Indian Wells, CA 92210  
(760) 568-0344

Old Republic Title Company  
3400 Central Avenue, Suite 100  
Riverside, CA 92506  
(800) 223-2725

LA QUINTA REDEVELOPMENT AGENCY

Redevelopment Project Areas

Project Area Boundaries 



# Income Limits

**LA QUINTA REDEVELOPMENT AGENCY - RIVERSIDE COUNTY**  
**2007 Affordable Housing Costs for Home Purchase Programs**

*(Income figures based on Department of Housing and Community Development Income Limits dated April 18, 2007)*

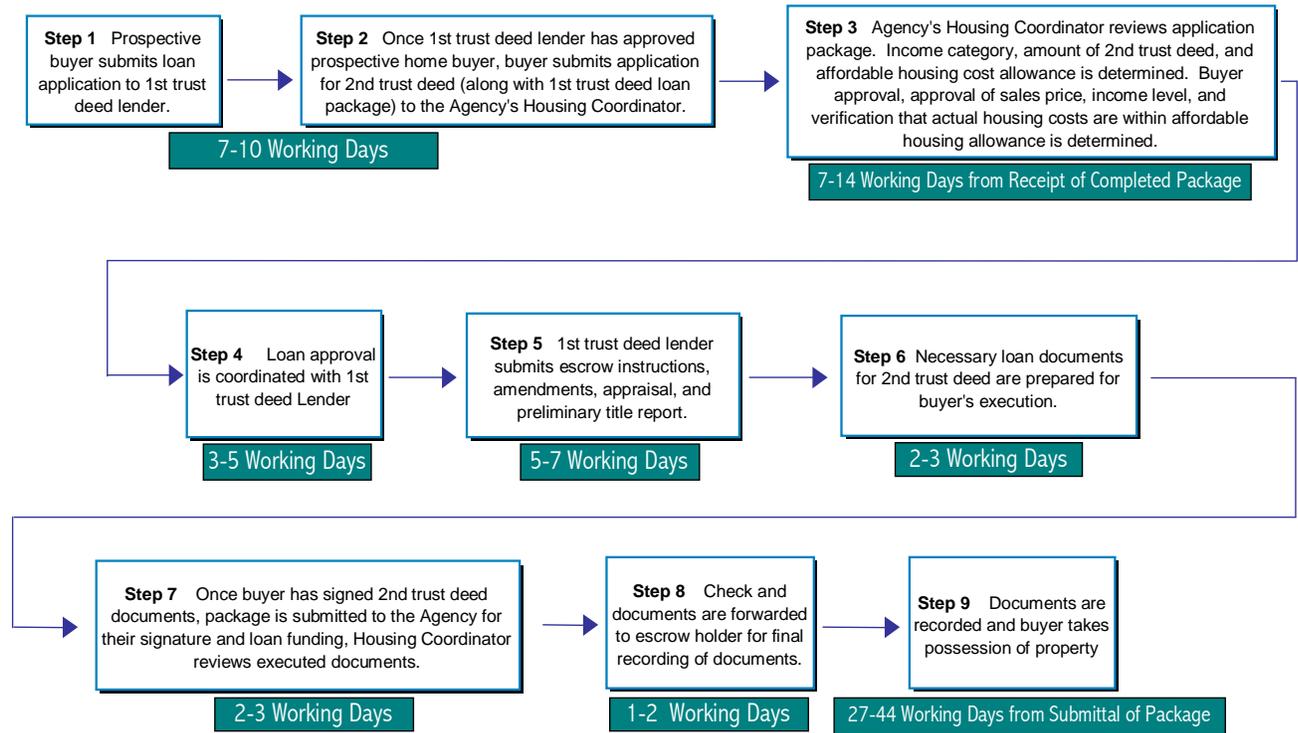
1 Person Household			2 Person Household			3 Person Household			4 Person Household		
Median Income: \$41,400			Median Income: \$47,400			Median Income: \$53,300			Median Income: \$59,200		
Income Category	Annual Income <sup>(1)</sup>	Monthly Affordable Housing Cost <sup>(2)</sup>	Income Category	Annual Income	Monthly Affordable Housing Cost	Income Category	Annual Income	Monthly Affordable Housing Cost	Income Category	Annual Income	Monthly Affordable Housing Cost
Very Low	\$20,700	\$518	Very Low	\$23,700	\$593	Very Low	\$26,650	\$666	Very Low	\$29,600	\$740
Low <sup>(3)</sup>	\$33,150	\$725	Low	\$37,900	\$830	Low	\$42,600	\$933	Low	\$47,350	\$1,036
Moderate <sup>(4)</sup>	\$49,700	\$1,328	Moderate	\$56,800	\$1,521	Moderate	\$63,900	\$1,710	Moderate	\$71,000	\$1,899

5 Person Household			6 Person Household			7 Person Household			8 Person Household		
Median Income: \$63,900			Median Income: \$68,700			Median Income: \$73,400			Median Income: \$78,100		
Income Category	Annual Income	Monthly Affordable Housing Cost	Income Category	Annual Income	Monthly Affordable Housing Cost	Income Category	Annual Income	Monthly Affordable Housing Cost	Income Category	Annual Income	Monthly Affordable Housing Cost
Very Low	\$31,950	\$799	Very Low	\$34,350	\$859	Very Low	\$36,700	\$918	Very Low	\$36,050	\$976
Low	\$51,150	\$1,118	Low	\$54,950	\$1,202	Low	\$58,700	\$1,285	Low	\$62,500	\$1,367
Moderate	\$76,700	\$2,050	Moderate	\$82,400	\$2,204	Moderate	\$88,000	\$2,355	Moderate	\$93,700	\$2,506

**DEFINITIONS**

1. Annual Income: Gross income from all sources for all members of the household.
2. Monthly Housing Costs: Amount of mortgage payment principal and interest, mortgage insurance, property taxes, and property insurance.
3. Low Income Affordable Housing Costs: Assumes affordable housing costs computed at 30% of 70% of median income.
4. Moderate Income Affordable Housing Costs: Assumes affordable housing costs computed at 35% of 110% of median income; may not be less than 28% of household's gross income.

# Application Approval Process





Name: \_\_\_\_\_

Age: \_\_\_\_\_ Estimated Annual Income: \_\_\_\_\_

Name of Employer: \_\_\_\_\_

Address: \_\_\_\_\_ Telephone No.: \_\_\_\_\_

Name: \_\_\_\_\_

Age: \_\_\_\_\_ Estimated Annual Income: \_\_\_\_\_

Name of Employer: \_\_\_\_\_

Address: \_\_\_\_\_ Telephone No.: \_\_\_\_\_

Name: \_\_\_\_\_

Age: \_\_\_\_\_ Estimated Annual Income: \_\_\_\_\_

Name of Employer: \_\_\_\_\_

Address: \_\_\_\_\_ Telephone No.: \_\_\_\_\_

Name: \_\_\_\_\_

Age: \_\_\_\_\_ Estimated Annual Income: \_\_\_\_\_

Name of Employer: \_\_\_\_\_

Address: \_\_\_\_\_ Telephone No.: \_\_\_\_\_

Name: \_\_\_\_\_

Age: \_\_\_\_\_ Estimated Annual Income: \_\_\_\_\_

Name of Employer: \_\_\_\_\_

Address: \_\_\_\_\_ Telephone No.: \_\_\_\_\_

Name: \_\_\_\_\_

Age: \_\_\_\_\_ Estimated Annual Income: \_\_\_\_\_

Name of Employer: \_\_\_\_\_

Address: \_\_\_\_\_ Telephone No.: \_\_\_\_\_

\*\*\*\*\*

4. **ASSETS**

**Real Property Owned:**

**Address:** \_\_\_\_\_

**Value of Property:** \_\_\_\_\_

**Financed by:** \_\_\_\_\_

**Address:** \_\_\_\_\_

**Mortgage Balance: \$** \_\_\_\_\_

**Address:** \_\_\_\_\_

**Value of Property:** \_\_\_\_\_

**Financed by:** \_\_\_\_\_

**Address:** \_\_\_\_\_

**Mortgage Balance: \$** \_\_\_\_\_

**Other Assets:** (include the amount of any savings or checking accounts, mutual funds, pension or retirement funds, stocks, bonds, etc.)

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**Personal Property:** (Include the approximate value of automobiles, furniture, antiques, jewelry, etc.)

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

5. **The proposed purchaser/transferee represents, warrants and covenants the following:**

- (a) The Property will be the principal residence of the proposed purchaser/transferee.
- (b) The combined maximum annual income in the current year for all household members of the proposed purchaser/transferee is \$\_\_\_\_\_. (This figure **must** reflect income from **all** sources.)

**6. The terms of the proposed transfer are:**

(a) Sales price of \$\_\_\_\_\_. The sales price is based on the maximum price at which the Purchase Housing Cost of the Proposed Purchaser/Transferee would not exceed Affordable Housing Cost.

**IN ORDER TO ANSWER QUESTION 6(a) YOU MUST CALCULATE THE PROPOSED SALES PRICE BASED ON AFFORDABLE HOUSING COST, TAKING INTO CONSIDERATION ALL ITEMS LISTED IN THE DEFINITION OF PURCHASE HOUSING COST.**

(b) Price of any *personal* property being sold by the Owner to the proposed purchaser/transferee:  
\$\_\_\_\_\_ If none, so state: \_\_\_\_\_

(c) The price to be paid by the proposed purchaser/transferee for any services of Owner:  
\$\_\_\_\_\_ If none, so state: \_\_\_\_\_

(d) All other amounts of money or other consideration, if any, concerning the Property or any other matter to be paid by the proposed purchaser/transferee to the Owner:  
\$\_\_\_\_\_ If none, so state: \_\_\_\_\_

(e) Sources of payment of sales price:

Sales Price.....	\$ _____
Cash down payment .....	\$ _____
1st Loan .....	\$ _____
2nd loan .....	\$ _____
Other (describe _____) .....	\$ _____
Total .....	\$ _____

(f) The financing obtained by the proposed purchaser/transferee to purchase the Property is as follows:

**1st Loan:**

Loan amount..... \$ \_\_\_\_\_  
Monthly payments .....

Interest Rate .....	_____ %
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If variable interest, describe adjustment mechanism  
\_\_\_\_\_

Due date .....

Balloon payment amount.....	\$ _____
Points and fees.....	\$ _____

Lender: \_\_\_\_\_  
Lender's Address: \_\_\_\_\_

**2nd Loan:**

Loan amount..... \$ \_\_\_\_\_  
Monthly payments ..... \$ \_\_\_\_\_  
Interest Rate ..... %  
If variable interest, describe adjustment mechanism  
\_\_\_\_\_

Due date ..... \_\_\_\_\_  
Balloon payment amount ..... \$ \_\_\_\_\_  
Points and fees ..... \$ \_\_\_\_\_  
Lender: \_\_\_\_\_  
Lender's Address: \_\_\_\_\_

**Other Loans:**

\_\_\_\_\_  
(describe; if none, so state)

(g) The monthly Purchase Housing Cost to be paid by the proposed purchaser/transferee:

1st loan monthly payment..... \$ \_\_\_\_\_  
2nd loan monthly payment ..... \$ \_\_\_\_\_  
Other loans monthly payment..... \$ \_\_\_\_\_  
Taxes and assessments  
(1/12 of yearly taxes and assessments) ..... \$ \_\_\_\_\_  
Insurance (1/12 of yearly premium..... \$ \_\_\_\_\_  
Homeowners Association dues..... \$ \_\_\_\_\_  
Total \$ .....

7. A true and correct copy of the purchase and sale or other agreement between the owner and the proposed purchaser/transferee is attached hereto.

**COPIES OF THE FOLLOWING DOCUMENTS MUST BE SUBMITTED WITH THIS APPLICATION:**

- (a) Name and address of employer of each household member (who is not a full time student and is still claimed as a dependent) if not provided on page 1.
- (b) Last two pay stubs for each employed member of the household or year to date profit and loss statement for self-employed individuals.
- (c) True and correct copies of the federal tax returns for the last two years, including W-2 forms.
- (d) Documentation to substantiate all other income, i.e. child or spousal support payments, social security, retirement or pension, dividend and/or interest income, public assistance, etc. Please include all taxable and non-taxable income.
- (e) Last two bank statements for all checking and savings accounts.
- (f) Lender's pre-qualification letter stating the maximum loan amount which can be obtained.

- (g) Copy of lender's 1003 loan application accompanied by either a 1008 Underwriter's Summary or Mortgage Credit Analysis Worksheet (MCAW) on the proposed mortgage loan.
- (h) Accepted sales contract for the purchase of a qualified property.
- (i) Evidence that the construction is at least to the framing stage in the form of a copy of the job site City Building Department inspection card.

**I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct.**

**PROPOSED PURCHASER/TRANSFeree:**

<i>Date</i>		
<i>Signature</i>	<i>Signature</i>	
<i>Print Name</i>	<i>Print Name</i>	
<i>Street Address</i>	<i>Telephone</i>	
<i>City</i>	<i>State</i>	<i>Zip Code</i>