



City of Oxnard

Homebuyer Assistance Program Guidelines



City of Oxnard
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**CITY OF OXNARD HOMEBUYER ASSISTANCE PROGRAM
GUIDELINES**

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I. CITYWIDE HOMEBUYER LOAN – (HOME FUNDS)

PROGRAM DESCRIPTION	<p>The City of Oxnard’s Affordable Housing and Rehabilitation Division (City) has a Citywide Homebuyer Loan available to income-qualified families to purchase their first home in the City of Oxnard. The Program will provide assistance in the form of a forgivable loan to potential homebuyers to make homeownership more attainable. The Program is funded by the Home Investment Partnership Program (HOME).</p>
BORROWER ELIGIBILITY	<ul style="list-style-type: none"> • The combined annual gross household income may not exceed eighty (80%) of the Area Median Incomes (AMI). • All members of the household are required to submit full income and assets documentation. • Borrowers and co-borrowers are required to submit an executed Uniform Residential Loan Application (Fannie Mae Form 1003). • Applicants must be First-Time Homebuyers. • Applicants must be Oxnard residents at time of application. • Applicants must occupy the property as their primary residence for the term of the Loan. • All members of the household must be citizens or other nationals of the United States or qualified aliens as defined by the federal Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA) and 8 U.S.C 1611 et. Seq. The residency status of a qualified alien must be continuous in nature, as required under 24 CFR 92.254 and CH&SC Section 33413 (b) (2) (C).
INCOME LIMITS	<p>Income Limits are based on eighty percent (80%) of the Ventura County Metropolitan Statistical Area Median Income, adjusted for family size appropriate for the unit in question as set forth in Section 6932 of Title 25 of the California Code of Regulations (“AMI”), as determined annually by the United States Department of Housing and Urban Development (HUD) and may be amended from time to time. See Appendix “E” for maximum Income Limits per household.</p>
ELIGIBLE DWELLINGS	<ul style="list-style-type: none"> • Any single-family residence, condominium unit, cooperative unit, or manufactured home. • The assisted property must be located in the City of Oxnard (as defined by the Oxnard Planning Boundaries or you may refer to the most current Thomas Guide, Santa Barbara, San Luis Obispo & Ventura Counties, Street Guide published by Rand

	McNally).
PURCHASE PRICE LIMITS	The maximum purchase price cannot exceed HOME Value Limits (See Appendix "F").
PROPERTY STANDARDS	<ul style="list-style-type: none"> • HOME assisted projects, including manufactured housing, must meet applicable state or local codes. • All properties built prior to January 1, 1978 will be presumed to contain lead-based paint on either interior or exterior surfaces or both. In order to implement the federal guidelines certain procedures have been implemented for properties receiving federal assistance. • The City will conduct a lead based paint, asbestos, and HQS Inspection prior to buyer's approval. Property must pass inspection by the City of Oxnard Affordable Housing Inspector. • The property must be free from any defects that pose a danger to the health or safety of occupants prior to the close of escrow. Minimum property standards are found in the <i>Housing Quality Standards (HQS)</i>. Any incipient building code violations must be corrected prior to sale or occupancy.
TRANSACTION TYPE	Purchase transactions only.
LOAN TERM	<ul style="list-style-type: none"> • The term of the Loan is 5 years if the Loan amount is up to \$15,000 and 10 years if the Loan amount is up to \$30,000. The Loan is forgivable at the end of the Loan term, but shall be due and payable to the City, if the homebuyer defaults on any of the Loan terms before the term expires. • No payments are required until sale, transfer, conveyance, unauthorized refinance, and/or owner non-occupancy of the property for the term of the loan. • The Loan has 3% annual deferred interest forgiven on a sliding scale as described in the Note and Truth In Lending Disclosure Statement. • Owner-occupancy is required until the term expires.
MINIMUM LOAN AMOUNT	\$1,000
MAXIMUM ASSISTANCE	<ul style="list-style-type: none"> • The Program will provide a Loan of up to \$30,000 for down payment and/or closing costs. The Loan provides a 3 to 1 match of the homebuyer's contribution. <i>For example: If the buyer contributes \$3,000, the City may contribute up to \$9,000; if the buyer contributes \$5,000, the City may contribute up to</i>

	<p style="text-align: center;">\$15,000.</p> <p>The City reserves the right to adjust the Loan amounts and percentages based on the type and amount of funds available in all funding sources.</p>
USE OF FUNDS	<p>Program funds may be used for the down-payment and/or non-recurring closing costs.</p> <p style="text-align: center;">For example: credit report, escrow fee, closing fee, recording, title insurance, etc.</p>
PROCESSING PRIORITY	Funds are available on a first qualified, first served basis.
PRE-APPROVAL/ ESCROW/ APPROVAL	<ul style="list-style-type: none"> • To determine eligibility, the borrower must submit an application package to include at a minimum the following: Fannie Mae Form 1003, credit report, full income and asset documentation, bank statements, HUD-approved homebuyer education certificate and Good Faith Estimate (GFE). • Upon review and approval of the documentation submitted, the City will issue a Pre-Approval Letter to the Borrower which may be submitted with an offer to purchase. • Escrow must close within one hundred eighty (180) days from the date of the pre-approval letter. • Final Loan Approval will be granted upon receipt of the Estimated Settlement Statement (HUD-1) and the property passing the required inspections.
FIRST TRUST DEED LOAN TERMS	<ul style="list-style-type: none"> • <u>First Mortgage Product Type:</u> fixed rate 30-year fully amortized loans only. Balloon, interest-only, adjustable rate, negatively amortizing loans, temporary buy-downs, or loans with prepayment penalties are not allowed. • <u>Maximum Loan Amount:</u> determined by the lender (limited by Program's maximum debt ratios.) • <u>Additional Liens:</u> must be approved by the City. • <u>Impounds:</u> not required • <u>Lender Fees:</u> must be reasonable and customary based on industry standards. • <u>FHA Loans:</u> <ol style="list-style-type: none"> 1) Closing costs can be charged to the borrower per FHA closing cost allowances; and 2) The maximum front end ratio [Principal Interest Title and Insurance (PITI)] shall be 35%.
PROPERTY TAX AND INSURANCE CALCULATIONS	When determining the monthly amount of property taxes, fire and mortgage insurance premiums on all down payment assistance loans, the following standard factors will be used, unless documentation can be provided to justify actual

	<p>figures:</p> <ul style="list-style-type: none"> • Property Taxes: .0125 of the purchase price, adjusted monthly. • Hazard Insurance Premiums: are estimated at .03 of the loan amount, adjusted monthly. • Private Mortgage Insurance (PMI) or Mortgage Insurance (MI): actual amount, adjusted monthly.
MAXIMUM FRONT END RATIO	Under the Program, HOME does not place restrictions on the minimum front end ratio, therefore assistance will be provided to the extent that will ensure that the household's front end ratio does not exceed 35% of their income.
MAXIMUM BACK END RATIO	<ul style="list-style-type: none"> • 45% of the applicant(s) monthly income • Co-signed; Deferred and Secured Loans shall be included in the determination of the debt-to-income ratio unless paid or refinanced by a joint responsible party prior to or at close of escrow.
MAXIMUM COMBINED LOAN-TO-VALUE (CLTV)	100% of the purchase price or appraised value, whichever is less.
HOME BUYER EDUCATION	<ul style="list-style-type: none"> • The course must be attended in person, through a HUD-approved Homebuyer Education Provider located within Ventura County. • A Homebuyer Education Certificate must be issued for all buyers within the last 12 months from the date of application.
NON PURCHASING SPOUSE	The income, assets, debts, and liabilities of the non-purchasing spouse will be considered in qualifying the household. For purposes of the Program, if the information of a spouse is not included on the Fannie Mae Form 1003, a separate Fannie Mae Form 1003, income, asset, and credit report documentation must be provided. First-Time Homebuyer status must also be met in addition to all requirements.
COSIGNERS / COMORTAGORS / COBORROWERS	Must meet borrower eligibility requirements.
SUBORDINATION	See APPENDIX "B" for Subordination Requirements.
CITY FEES	No City or Lender fees will be charged for the origination of a Program Loan.
PAYMENT OF LOAN	The Program Loan (principal, and interest) payments will be deferred for the term of the loan.
ACCELERATION	<p>The Program Loan, shall become due and immediately payable upon the occurrence of any one of the following events prior to the expiration of the Loan term:</p> <ul style="list-style-type: none"> • Sale of the Property; • Unauthorized refinancing;

	<ul style="list-style-type: none"> • Borrower non-occupancy; • Changes/transfers of title; • Fails to maintain hazard insurance; • Fails to pay property taxes; • An uncured default by Borrower under the Agreement, the Note or the Deed of Trust; • An uncured default by Borrower on the Promissory Note evidencing or Deed of Trust securing any loan. <p>The acceleration clause will be in effect: upon discovery of willful misrepresentation or fraud in connection with the Program. Borrower non-occupancy of the property is prohibited and will cause the loan to be accelerated.</p>
ASSUMABILITY	The Loan is not assumable.
PENALTIES FOR APPLICANT/ LENDER MISREPRESENTATION	Any person making a material misstatement or misrepresentation in any affidavit or certification made in connection with the application for the Program loan shall be subject to all applicable fines and penalties.
APPEALS/ EXCEPTIONS	The City will review any appeals of rejected Loans only if the review is requested in writing by the applicant and received within ten (10) days from the date of the denial letter.

Appendix "A"

DEFINITIONS: AFFORDABLE HOUSING ASSISTANCE PROGRAMS

<i>APPLICANT</i>	Any person who applies for a loan with the Affordable Housing & Rehabilitation Division.
<i>AREA MEDIAN INCOMES (AMI)</i>	The Ventura County Metropolitan Statistical Area Median Income, adjusted for family size appropriate for the unit in question as set forth in Section 6932 of Title 25 of the California Code of Regulations ("AMI"), as determined annually by the United States Department of Housing and Urban Development (HUD).
<i>ASSETS</i>	Cash or non-cash items that can be converted to cash. Assets exclude necessary personal property.
<i>BACK-END-RATIO OR DEBT-TO-INCOME RATIO</i>	The ratio between the monthly household income and monthly housing costs plus all payments on long-term installment debt; including revolving debt payments.
<i>CITY</i>	The City of Oxnard.
<i>CLOSING COSTS</i>	Any non recurring closing costs (i.e. credit report, escrow, closing, recording, title insurance, etc.)
<i>COMPLETE APPLICATION</i>	A fully executed (completely filled out and having all required signatures) application with all supporting documents requested on the application.
<i>EIGHTY PERCENT (80%) OF AREA MEDIAN INCOMES (AMI)</i>	Annual gross income up to eighty percent (80%) of the Area Median Income, adjusted for family size (see Appendix "E").
<i>ELIGIBLE BORROWER</i>	Any person meeting the criteria for an eligible borrower set forth in these guidelines, who is in the process of securing financing for the purchase of a principal residence.
<i>ELIGIBLE DWELLING</i>	<ul style="list-style-type: none"> Any single-family residence, condominium unit, cooperative unit, or manufactured homes that meet HUD conventional guidelines.

	<ul style="list-style-type: none"> • The assisted property must be located in the City of Oxnard (as defined by the Oxnard Planning Boundaries or you may refer to the most current Thomas Guide, Santa Barbara, San Luis Obispo & Ventura Counties, Street Guide published by Rand McNally).
<i>FIRST QUALIFIED-FIRST SERVED</i>	<p>Complete applications will be processed prior to incomplete applications to determine program eligibility and upon pre-approval, funds will be reserved.</p>
<i>FIRST-TIME HOMEBUYER</i>	<p>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, except that the following individual or individuals may not be excluded from consideration as a first-time homebuyer under this definition:</p> <ol style="list-style-type: none"> 1. A displaced homemaker who is an adult, while a homemaker, who has not owned a home with his or her spouse or resided in a home owned by the spouse. A displaced homemaker is an adult who has not, within the preceding two years, worked on a full-time basis as a member of the labor force for a consecutive twelve-month period and who has been unemployed or underemployed, experienced difficulty in obtaining or upgrading employment and worked primarily without remuneration to care for his or her home and family; 2. A single parent who, while married, owned a home with his or her spouse or resided in a home owned by the spouse. A single parent is an individual who is unmarried or legally separated from a spouse and has one or more minor children for whom the individual has custody or joint custody or is pregnant; or

	<p>3. An individual or individuals who owns or owned, as a principal residence during the three-year period before the purchase of a home with assistance, a property unit whose structure is:</p> <ul style="list-style-type: none"> a. Not permanently affixed to a permanent foundation in accordance with local or state regulations; or b. Not in compliance with state, local, or model building codes and cannot be brought into compliance with such codes for less than the cost of constructing a permanent structure.
FRONT-END RATIO	<p>The ratio between monthly household income and monthly housing costs, including first mortgage principal, interest, taxes and insurance (PITI). The ratio shall also include HOA dues, lease payments or space rent, mortgage insurance and subordinate lien payments, as applicable.</p>
GIFT FUNDS	<p>Bonafide gift funds are allowed for the borrower contribution toward down-payment/ closing cost requirement if received from immediate family members (parent, sibling, and grandparent), domestic partner, church, employer or a non-profit agency, with documentation and no expectation of repayment. Gift funds cannot be obtained from any loan source.</p>
HOME FUNDS	<p>Funds received pursuant to the HOME Investment Partnership Program under the Department of Housing and Urban Development (HUD), codified at 42 U.S.C. Section 12701, et seq., 24 CFR Part 92, to provide funds for affordable housing.</p>
HOUSEHOLD	<p>One or more persons occupying the same housing unit (including foster care children).</p>

<i>HOUSEHOLD MEMBERS</i>	An individual, or two or more persons related by blood or marriage, or a group of unrelated individuals living together and bearing the generic character of a relatively permanent housekeeping unit in a property unit as defined by HUD. See also "Household."
<i>INCOME CALCULATION METHOD</i>	Annual income is calculated using the gross amount of income of all adult household members that is anticipated to be received during the coming 12-month period, as described in 24 CFR Part 5.
<i>LENDER</i>	<ul style="list-style-type: none"> • A financial institution, whether broker, retail, or wholesale, licensed to provide mortgage loans in the State of California. • The institution must meet all the requirements established by the City to participate as a lender in the City Programs.
<i>LIQUID ASSETS</i>	Shall be defined as savings, checking, money market or stock accounts that are non-retirement, life insurance, non-loan or gift related.
<i>LOAN</i>	Financing provided to an Eligible Borrower for the purchase of an Eligible Dwelling.
<i>LOW-INCOME</i>	A household with income up to eighty percent (80%) of the Area Median Incomes (AMI), as defined under HOME and by California State Law.
<i>MAXIMUM PURCHASE PRICE VALUE LIMIT</i>	The maximum purchase price cannot exceed HOME Value Limits.
<i>MAXIMUM SUBSIDY LIMITS</i>	The maximum subsidy amount cannot exceed the HOME Investment Partnership Program 221(d) (3) Maximum Per Unit Subsidy Limits; see Exhibit "D."
<i>MODERATE-INCOME</i>	A household with income up to one hundred and twenty percent (120%) of the Area Median Incomes (AMI), as defined under HOME and by California State Law.
<i>OWNERSHIP</i>	Any of the following interests in residential property: fee simple interest;

	joint tenancy; tenancy in common; interest of a tenant-shareholder in a cooperative; life estate; interest held in trust for the Applicant that would constitute a present ownership interest if held by the Applicant.
<i>PRIMARY RESIDENCE</i>	The property occupied by the applicant(s).
<i>PROPERTY STANDARDS</i>	The minimum performance standards a property must meet for program eligibility. Standards are established in 24 CFR Part 882 (Housing Quality Standards). In addition, any incipient building code violations must be corrected prior to sale or occupancy.
<i>PROPERTY VALUE</i>	The value of the eligible property as determined by sales price and/or a certified appraisal.
<i>PURCHASE PRICE</i>	The cost of acquiring the residence. (Cost excluding usual and reasonable settlement or finance costs and the value of services performed by borrower in completing the acquisition).
<i>SELLER'S APPLICABLE CLOSING COSTS</i>	Include those costs of broker's commissions, escrow fees, title costs and fees, recording fees, etc.
<i>SELLER'S CASH CONTRIBUTION</i>	Any credits from the seller to the borrower.
<i>SINGLE-FAMILY RESIDENCE</i>	A housing unit intended and used for occupancy of a household.

Appendix "B"

LOAN SUBORDINATIONS
(CITYWIDE HOMEBUYER ASSISTANCE PROGRAM)

The City of Oxnard's Affordable Housing & Rehabilitation Division will consider subordination if the result is to allow the homebuyer to obtain a lower monthly payment and lower interest rate, with no increase in the principal loan amount and no cash out.

Appendix "C"

INCOME CALCULATION WORKSHEET

1. Name: <u>DOE, JOHN AND JANE</u>		2. Program: <u>HOME BUYER PROGRAM</u>			
ASSETS					
Family Member	Assets Description	Current Cash Value of Assets	Actual Income from Assets		
JOHN/JANE	CHECKING	\$7,247.00	\$0		
JOHN/JANE	SAVINGS	\$4,765.00	\$2.36		
JOHN/JANE	RETIREMENT/SAVINGS	\$6,037.00	\$25.64		
3. Net Cash Value of Assets.....		\$18,049.00			
4. Total Actual Income from Assets.....			4. \$28.00		
5. If line 3 is greater than \$5,000, multiply line by <u>.02%</u> (Passbook Rate) and enter the results here; otherwise, leave blank.			5. \$361.00		
ANTICIPATED ANNUAL INCOME					
Family Member	Wages/ Salaries	Benefits/ Pensions	Public Assistance	Other Income	Asset Income
Richard	\$43,160				Enter the greater of lines 4 or 5 from above in e.
Lisa	\$13,260				
6. Totals.....	a. \$56,420	b.	c.	d.	e. \$361.00
Enter total of items from 6a. through 6.e This is Annual Gross Income.					\$56,781

Reviewed by: _____ Date: _____

HOME Program Eligibility Release Form Income Calculation Worksheet
 Verifications of Employment Verifications of Assets on Deposit
 Other: Verif of Unemployment Benefits

\$ 70,000 Income Limit
 \$ 56,781 Income of Household

Approved by: _____ Date: _____

Appendix "D"

**HOME INVESTMENT PARTNERSHIP PROGRAM
221(D) (3) MAXIMUM PER UNIT SUBSIDY LIMITS
EFFECTIVE JANUARY 1, 2010**

Bedrooms	HOME Maximum Subsidy
0	\$125,928
1	\$144,355
2	\$175,536
3	\$227,086
4+	\$249,271

Appendix "E"

**FY 2010 Income Limits Documentation System
FY 2010 Income Limits Summary**

Ventura County, California										
FY 2010 Income Limit Area	Median Income	FY 2010 Income Limit Category	1 Person	2 Person	3 Person	4 Person	5 Person	6 Person	7 Person	8 Person
Ventura County	\$86,700	<u>Low (80%) Income Limits</u>	\$48,300	\$55,200	\$62,100	\$68,950	\$74,500	\$80,000	\$85,500	\$91,050
		<u>Very Low (50%) Income Limits</u>	\$30,350	\$34,700	\$39,050	\$43,350	\$46,850	\$50,300	\$53,800	\$57,250
		<u>Extremely Low (30%) Income Limits</u>	\$18,200	\$20,800	\$23,400	\$26,000	\$28,100	\$30,200	\$32,250	\$34,350

Appendix "F"

**MAXIMUM PURCHASE PRICE/AFTER-REHAB VALUE LIMIT FOR
VENTURA COUNTY
(HOME Value Limits as of 1/1/2011)**

COUNTY NAME	One-Family
VENTURA	\$427,500