South Coast Workforce Homebuyer Program

Homebuyer Orientation Packet

2021

Housing Trust Fund of Santa Barbara County

P. O. Box 60909
Santa Barbara, CA 93160-0909

Workforce Homebuyer Office
(805) 845-3585

Main Office
(805) 685-1949
www.sbhousingtrust.org

South Coast Workforce Homebuyer Program
Application Process Steps

STEP 1

- **Complete a Homebuyer Education Training Course**
- Take an online course offered by a Housing Trust Fund (HTF) approved Community Partner and receive your certificate of completion.

STEP 2

- **Obtain Pre-Approval for a First Mortgage Loan**
- Apply for a First Mortgage loan from an HTF-approved lender* to obtain your pre-approval letter. The Lender will give you a Down Payment Loan application.

STEP 3

- **Complete Your Income Certification**
- You must have your income certified by a HTF-approved Community Partner to verify that you are an eligible workforce household. This is separate from qualifying for the First Mortgage loan.

STEP 4

- **Locate Your Home**
- Work with your Realtor or Broker to find the home you would like to purchase.
- Execute a sales contract to buy the home, contingent on the down payment loan.

STEP 5

- **Submit Your Down Payment Loan Application**
- Submit your Down Payment Loan application and documentation to your First Mortgage lender, who will forward your application to HTF for processing.

STEP 6

- **Down Payment Loan Commitment**
- HTF will review your complete loan application within 10 - 12 working days. If you qualify, HTF will issue you a loan commitment.

STEP 7

- **Escrow and Loan Closing**
- Loan documents will be prepared for your signature.
- HTF will coordinate with the First Mortgage Lender and Title Company to fund and close your home purchase.

**The Housing Trust Fund (HTF) has an approved list of First Mortgage Lenders where you can obtain your First Mortgage Loan and receive assistance in applying for a South Coast Workforce Homebuyer Program down payment loan (see Appendix D). You may use any realtor or broker you choose to locate your home; it is helpful if your realtor has attended an informational workshop and is familiar with HTF's down payment loan program.*

Housing Trust Fund of Santa Barbara County

South Coast Workforce Homebuyer Program

I. PROGRAM OVERVIEW

The South Coast Workforce Homebuyer Program is a program of the Housing Trust Fund of Santa Barbara County (HTF), in collaboration with Community Partners, to expand workforce homeownership opportunities in the South County region of Santa Barbara County. The program helps bridge the homeownership affordability gap for local residents by providing 10-year or 15-year[1] interest-only down payment loans **up to $125,000** per household to assist first-time workforce homebuyers in purchasing an entry-level home in the South Coast or designated Santa Ynez Valley communities. Funds can be used for down payment costs for low, moderate, and upper moderate-income households who earn up to 210% of the Area Median Income (AMI), adjusted for household size category. The loans are currently **4.50%** fixed rate, simple annual interest only and are repaid upon sale, transfer or refinancing of the home or at the end of the loan term. Funding for the program has been provided through American Riviera Bank, Community West Bank, Montecito Bank & Trust, Pacific Premier Bank, Mechanics Bank and HTF.

The program removes financial barriers to the dream of homeownership by lowering home acquisition and carrying costs. The program enables qualified families to purchase a home that provides a stable residence that strengthens the family, the neighborhood and the community.

II. HOMEBUYER ELIGIBILITY REQUIREMENTS

Homebuyers seeking a down payment loan must meet the following minimum criteria:

- Applicants must work within Santa Barbara County.
- Applicants must be U.S. Citizens, Naturalized Citizens or permanent resident aliens.
- Applicants must be a First-Time Homebuyer and not have owned a principal residence within three (3) years from the date of program application or be eligible under a program exception[2].
- The Applicant household income cannot exceed 210%[3] of Area Median Income, based on household size, and borrowers must have their income certified by a Community Partner.
- Borrowers may not own other residential property when they apply and for the duration of the loan (some exceptions apply, please see Appendix E).
- The homebuyer must occupy the home as the primary residence for the duration of the loan. HTF does not allow non-occupant borrowers or co-signers on the applicant loan.
- Applicants must complete an HTF-approved Homebuyer Education Training class.
- Applicants must secure pre-approval of a 15-year or 30-year fixed rate First Mortgage loan from an HTF-approved lender and have satisfactory credit and job/income stability.
- Applicants must contribute at least 3.5%[4] of the home purchase price and must invest any other liquid assets in excess of $30,000[5] for the purchase of the home.

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[1] Loans to first-time low-to-moderate income homebuyers who purchase affordable resale restricted homes will have 15-year terms.

[2] Some exceptions are allowed, such as for displaced homemakers, prior owners of mobile homes in mobile home rental parks where the land was not owned, and borrowers who have previously owned resale restricted affordable homes. The First-Time Homebuyer definition is provided in Appendix A.

[3] Borrowers purchasing resale restricted affordable homes must meet the household income requirements of the local jurisdiction operating the affordable housing program.

[4] Some first mortgage lenders may require a minimum 5% contribution from the homebuyer.

[5] Retirement accounts do not count as liquid assets.

III. ELIGIBILITY OF THE HOME

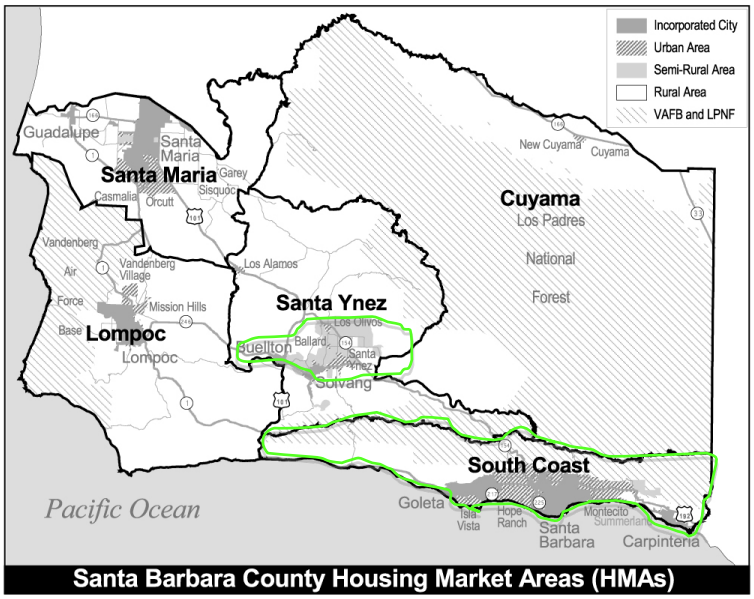
Location: Homebuyers may apply for a down payment loan to purchase market-rate homes located within the South Coast region that extends from the Gaviota Coast to Carpinteria Valley. Homebuyers may also purchase homes in the communities of Buellton, Solvang, Santa Ynez and the immediate surrounding areas. Please see the map below that depicts eligible home purchase areas. Affordable below market-rate homes with resale restrictions are eligible, provided an approved first mortgage lender will fund the purchase[6].

Eligible Home Types: Eligible homes include detached or attached single-family homes[7]; units in Planned Developments; townhomes; condominiums[8]; and, modular or mobile homes on a permanent foundation that have an individual deed to the property.

Home Habitability: Homes eligible for acquisition under the South Coast Workforce Homebuyer Program must be completed and ready for occupancy. Homes must meet local building, health and safety code standards, including no peeling lead paint, and have no deficiencies or conditions that affect the home's structural integrity. Homes that require substantial rehabilitation are ineligible for the program. The home size must be sufficient for the household so that there is no overcrowding.

Home Health & Safety Repairs: HTF requires that the borrower submit a Home Inspection Report performed by a professional home inspection service as part of the application packet. HTF will require the repair of health, safety, security and soundness defects and local code violations prior to funding of the down payment loan. Generally, HTF does not require the repair of minor defects, deferred maintenance and normal wear as a condition of the loan. However, HTF will follow the FHA standard that the roof must have a minimum remaining life of two years.

South Coast Workforce Homebuyer Program – Eligible Housing Market Areas
(Homes must be located within green highlighted areas)



[6] Down payment loans made to homebuyers who purchase resale restricted affordable homes will have a 15-year term.

[7] Single-family homes that have second units are also eligible, except that any potential income from use of the second unit as a rental will not be included in calculating the borrower's initial income for loan qualification.

[8] Homebuyers should be aware that First Mortgage Lenders typically require that 70% of the units in a condominium project be owner occupied in order for the unit to be eligible for a First Mortgage loan.

IV. HOUSEHOLD INCOME TARGETING

Applicants for South Coast Workforce Homebuyer Program down payment assistance must have combined household incomes that do not exceed **210%**[9] of Area Median Income, based on the household size category.

Area Median Income is determined annually by the U.S. Department of Housing and Urban Development and adopted by the State Department of Housing and Community Development, using a 'hold harmless' policy that does not lower maximum incomes if the area median income declines. Santa Barbara County Area Median Income is currently $90,100[10] for a family of four; therefore, an eligible family of four could earn a maximum of $189,210 annually or rounded to $184,200. The Housing Trust Fund uses two household size categories for the South Coast Workforce Homebuyer Program, as follows:

1-4 Person Households: **$189,200** maximum income (income rounded to nearest $100)
5-8 Person Households: **$249,800** maximum income (income rounded to the nearest $100)

The combined income of all household members 18 years old or older who will be living in the home must be included in calculating the applicant's total household income. To be considered a member of the household, individuals must be either:

- On the title and loan of the home;
- Claimed as a dependent on the tax returns of the household member who will appear on the title and HTF loan (a spouse is not a dependent; he or she must be on the title and loan of the property); or
- Any other household member 18 years of age or older earning an income. However, the income of full-time students who are dependents is excluded.

NOTE: If an applicant is purchasing a resale restricted affordable home located within the City of Santa Barbara or South Coast County area, then the applicant generally must be a low to upper moderate-income household and their household income cannot exceed 80%, 120%, 160% or 200% of the Area Median Income, adjusted for household size, depending on the program. Please check with the local jurisdiction for their maximum income guidelines.

V. DOWN PAYMENT LOANS

Interest-only Secondary Loan: The down payment loans offered under this program are subordinate financing, secured by a second lien on the home. The loans are not amortized but are simple annual interest only, with monthly interest payments, with the principal payment due at the end of the loan terms or upon sale, transfer or refinancing of the home. The borrower(s) may make a monthly pay down on the principal amount at any time, if they so choose. The loan will become due when the borrower sells or transfers the property, ceases to maintain the residence as his/her primary residence, converts the home to a rental property or refinances the first mortgage. Loans do not generally become due in the case of death or divorce when the beneficiary or remaining spouse uses the home for his/her primary residence.

[9] Borrowers purchasing resale restricted affordable homes must meet the household income requirements of the local jurisdiction operating the affordable housing program.
[10] The South Coast Workforce Homebuyer Program will use the State HCD 'Hold Harmless Policy' which protects program maximum income limits from decreases in the Area Median Income.

Maximum Loan Amount: The maximum down payment loan amount under this program will be 16.5% of the home purchase price, up to a limit of **$125,000**. The amount of the individual homebuyer loan will be based on the home purchase price, homebuyer income and need. The down payment loan may not be for more than the homebuyer needs to purchase the home with affordable monthly payments. The Housing Trust Fund may from time to time adjust the maximum loan amount, based on program experience.

Loan Fees and Closing Costs: Applicants will be charged a .25% loan origination fee for processing of the down payment loan and will also pay for the actual cost of any document preparation fees, title fees and other loan closing costs. The cost of such fees may be paid from the down payment loan proceeds. The homebuyer should expect to pay other fees and costs associated with the First Mortgage loan at or before the close of escrow, such as loan origination or processing fees, appraisal, credit reports, prepaid hazard insurance and property taxes, title and escrow fees. Homebuyers must also pay for the cost of the required Homebuyer Education course, Income Certification and Home Inspection as part of applying for the Housing Trust Fund down payment loan. The Housing Trust Fund and the First Mortgage lender will provide Loan Estimates to the borrower and the Title Company will provide a settlement statement of total transaction costs.

No Non-Occupant Borrowers or Co-signers: HTF does not allow co-signers or non-occupant borrowers on the applicant's loan. There are no exceptions to this policy.

VI. REPAYMENT OF THE LOAN

Down payment loans will be repaid at the end of the 10-year loan term (15-year term for resale restricted affordable homes)[11]. Borrowers may prepay the down payment loan at any time without incurring any prepayment penalties. Borrowers may also make a monthly pay down of the loan principal at any time. Loan repayment may be accelerated and would be immediately due and payable under any of the following occurrences:

- Sale, transfer, reconveyance or alienation of the home;
- Failure to occupy the home as a principal residence;
- An Event of Default (either on the first mortgage or down payment loan); or
- Refinance of the First Mortgage Loan.

VII. HOMEBUYER DISCOUNTS

Homebuyers who purchase a home within the Housing Trust Fund with a down payment loan from the South Coast Workforce Homebuyer Program may be eligible for discounts on First Mortgage loan processing and credit report fees, the buyer's Real Estate Broker commission and Home Inspection fees if their employer is a member of the Coastal Housing Partnership. The Coastal Housing Partnership is one of the Housing Trust Fund's community partners. To determine if your employer is a member of Coastal Housing Partnership, you can contact info@CoastalHousing.org or call (805) 969-1025. More information about the Coastal Housing Partnership is located online at: http://www.coastalhousing.org.

[11] HTF in may extend the term of the loan up to two years upon written request of the borrower, in cases where there are extenuating circumstances that would result in borrower hardship. The decision to extend the loan term is at the sole discretion of the Housing Trust Fund. Loans to low-to-moderate income homebuyers who purchase of resale restricted affordable homes will have 15-year terms.

VIII. Home Acquisition and Loan Repayment Example

The following example shows how the borrower should be able to repay the Housing Trust Fund down payment loan if you decide to sell, transfer or refinance your home, or at the end of the loan term. When you repay the Housing Trust Fund down payment loan, you will repay the principal amount plus any unpaid interest. The example shows the original purchase financing and the repayment financing at the end of ten years. The example is a simplified model only, not an actual loan transaction, therefore loan transaction and closing costs (realtor commissions, title and escrow fees, etc.) are not shown. For modeling purposes, numbers are rounded.

1. Acquisition Example: The loan model shown here is for a workforce family of three that earns $135,000 annually that purchases a $685,000 2-3-bedroom, 2-bath condominium. Using about 35% of income for all housing costs, they can afford a maximum of $3,938 for all housing costs, including the first mortgage payment, the Housing Trust Fund secondary loan interest payment, property taxes, Homeowner's Association fees and insurance. The Housing Trust Fund would contribute $113,025 of the home purchase price or 16.5% and the homebuyer would contribute $23,975 or 3.5%. In addition, the homebuyer will have to pay closing cost expenses, which may typically be 2-3% of the home purchase price.

In this example the first mortgage loan would be approximately $548,000. For modeling purposes, we have used 3.25% for the first mortgage interest rate and the current 4.50% Housing Trust Fund secondary loan interest rate. However, we note that interest rates may vary depending on the homebuyer qualifications and housing market conditions; therefore, the specific numbers shown in this example may also change.

This acquisition model is just one example. Borrowers may be able to purchase homes at varying prices, depending upon their income, household size and equity resources.

There are other examples of home purchases in the South Coast Workforce Homebuyer Program Guidelines.

Homebuyer Purchase Model – 10-Year Down Payment Loan

South Coast Workforce Homebuyer Model 20% Down Payment - Conventional Financing	**Homebuyer 1**
Workforce Family of Three	
Annual Household Income	$135,000
Percentage of Median Income	167%
2-3 bedroom 2 Bath Condo/Townhome	1100-1900 sq.ft.
Purchase Price	$685,000
Employee Income & Housing Cost:	
Annual Income	$135,000
Housing cost/income ratio	35%
Maximum housing payment	$3,938
Association Fees & Insurance (Interior/Exterior)	($425)
Monthly FHA Mortgage Insurance -.8-1.05%	$0
HTF Down Payment Loan -Interest Only @ 4.50%	($424)
Property Tax Payments -1.125%	($703)
Amount Available for 1st Mortgage Payment	$2,386
Mortgage interest Rate*	3.25%
First Mortgage Loan Amount	$548,000
Downpayment Requirements:	
Downpayment	20.0%
Homebuyer Down Payment/Equity – 3.5%	$23,975
HTF Down Payment Loan – 16.5%	$113,025
Total Downpayment/Equity - 20%	$137,000
Down Payment Plus First Mortgage	$685,000
*Interest rate may be higher or lower depending upon homebuyer qualifications	

2. Repayment Model Assumptions: When the loan is due in 10 years, the homeowner should be able to repay the down payment loan by refinancing the home or taking out a home equity loan, based solely on the homeowner's increased home equity over time. The financial model does not count on home appreciation and works even in a flat housing market.

While we cannot predict future interest rates and housing market conditions, we can make reasonable assumptions based on historic trends. For purposes of this model, we have assumed conservatively that the homebuyer is able to refinance the home with a new 30-year first mortgage loan at 7.00% interest or take out a 15-year home equity loan at 9% interest. We also assume property tax increasing 2% annually and insurance and HOA costs increasing 2.5% annually. Finally, we project that the homebuyer's income increases on the average 2% annually over the 10 years, a rate lower than thirty-year historic patterns.

The future interest rates and housing costs shown here are hypothetical and used to show that the down payment loan could be repaid through refinancing even if interest rates are significantly higher. However, the Housing Trust Fund makes no promise or guarantee about future interest rates and the borrower should be advised that interest rates in 10 years may be higher or lower than current rates.

This example shows how a $113,025 down payment loan is repaid by a workforce homebuyer who has an initial annual household income of $135,000 and purchased a $685,000 home. This model shows that at the end of 10 years, the homeowner should be able to repay the down payment loan and still have monthly housing costs of about 35-36% of household income.

There are other examples of loan repayment in Appendix I of the South Coast Workforce Homebuyer Program Guidelines.

Refinance Model in 10 Years

Acquisition Financing	
Home Purchase Price	$685,000
Down Payment Loan Amount	$113,025
Original Mortgage Amount:	$548,000
Homebuyer Annual Income	$135,000
Monthly mortgage payment-30 years @ 3.5%	$2,386
Property taxes, insurance, HOA, down payment loan	$1,552
Total housing costs @ 35%-36% income for housing	$3,938
Homeowner Refinance in year 10	
Principal balance on original mortgage	$420,476
Down payment loan principal	$113,025
Total Amount to be financed	$533,501
New Monthly Mortgage payment - 30-years @ 7.00%	$3,549
Property Tax, insurance, HOA (2-2.5% annual increase)	$1,375
Total monthly housing costs	$4,924
Annual Income Needed @ 35-36% income for housing	$166,450
Projected income - 2% annual average increase	$164,564
Total available for housing costs @ 35%-36% income	$4,868
Percentage of needed income	99%
Percentage homeowner income for housing	36%
Alternative Home Equity Loan Refinance:	
Home equity loan (15 years @ 9%)	$113,025
Monthly home equity payment	$1,146
Original mortgage monthly payment	$2,386
Property Tax, insurance, HOA	$1,375
Total housing costs:	$4,907
Income needed at 35%-36% income for housing	$165,883
Projected income - 2% annual average increase	$164,564
Percentage of needed income	99%
Percentage homeowner income for housing	36%

IX. Community Partners

A. Homebuyer Education Providers

Prior to applying for a loan, you must successfully complete a Homebuyer Education Training course and receive a certificate of completion. The following agencies are approved by HTF to provide Homebuyer Education Training. You can contact these agencies by phone or email to enroll in an online or regular course.

Peoples' Self-Help Housing
3533 Empleo Street
San Luis Obispo, CA 93401
Contact: John Clendening
Housing Specialist
(805) 540-2446
Email: johnc@pshhc.org
Website: www.pshhc.org

Ventura County Community Development Corporation
2231 Sturgis Road, Suite A
Ventura, CA 93030
Contacts:
Laura Cabrera, Deputy Director
(805) 273-7805
Email: lrocha@vccdc.org
Website: www.vccdc.org

B. Income Certification Providers

When you apply for the Workforce Homebuyer Down Payment Loan, you must first establish that you are an eligible low to upper-moderate income household based on Area Median Income standards through verification of your household income. You may have your income certified for a fee by these community partners. The cost of the household income certification may be included in your down payment loan if your loan is approved.

Housing Authority of the City of Santa Barbara
808 Laguna Street
Santa Barbara, CA 93101
Contact: Veronica Loza, Director of Housing Programs
(805) 897-1032 or 965-1071
VLoza@hacsb.org

Peoples' Self-Help Housing
3533 Empleo Street
San Luis Obispo, CA 93401
Contact: John Clendening
(805) 540-2446
Email: johnc@pshhc.org
Web-site: http://www.pshhc.org

C. Participating First Mortgage Lenders

You may contact the following participating lenders by phone or email to arrange an appointment to be pre-approved for a First Mortgage and obtain an application for the Workforce Homebuyer Down Payment Loan.

Chase Home Lending
Contact: Heather Barrow (805) 687-5350
Mortgage Banker NMLS #909
(805) 910-9154
Email: heather.barrow@Chase.com

Cornerstone Home Lending, Inc.
1826 State Street, Santa Barbara, CA 93101
Contact: Kelly Marsh
Vice President/California NMLS #245822
(805) 563-1100 Email: kmarsh@houseloan.com
Contact: Mark Johnson
Senior Loan Originator NMLS #451091
(805) 563-1100 Email: MJohnson@houseloan.com

Draper and Kramer Mortgage Corp.
1602 State Street,
Santa Barbara, CA 93101(805) 351-2834
Contact: Ruben Lopez
Branch Manager NMLS #254614 (805) 351-2833
ruben.lopez@dkmortgage.com

Todd Hull NMLS #258825 (805) 351-2834
todd.hull@dkmortgage.com

Rick Wilson NMLS #704134 (805) 351-2875
rick.wilson@dkmortgage.com

Eagle Home Mortgage
25000 Avenue Stanford Ste 222 Valencia, CA 91355
Contact: Patrick Hartman NMLS #260083 (661) 476-1691
PatrickHartman@eaglehm.com

Finance of America Mortgage
1129 State Street, Suite 8, Santa Barbara, CA 93101
Contact: Matt Genovese
Mortgage Advisor MLO-1047256
(805) 979-9595 (office); (805) 886-0878 (cell)
Email: mgenovese@alpinemc.com

Contact: Susan Bonanno
Mortgage Advisor MLO-245778
(office) (805) 979-9598; (cell) 805 252-6324
Email sbonanno@financeofamerica.com

Guarantee Mortgage
736 State St Santa Barbara, CA 93101
Contact: Guy Rivera
Branch Manager NMLS# 57662
805 687-6282 x13
Email rivera@gmwestsb.com

Guaranteed Rate
809 De La Vina St Santa Barbara, CA 93101
Contact: Jeff Bochsler
Branch Manager/VP of Mortgage Lending NMLS #770636
(805) 335-8753
Jeff.Bochsler@rate.com

Christian Menard 805 690-4303
Associate VP NMLS #1470201
(805) 690-4303
Christian.Menard@rate.com

Guild Mortgage Company
2236 S Broadway, Ste B, Santa Maria, CA 93454
(805) 361-0355

LoanDepot
1000 Town Center Dr., Suite 300
Oxnard, CA 93036
Contact: Brian Peck
Branch Manager #238741
(805) 290-5715
BPeck@loandepot.com

Mechanics Bank
Contact: Edna Donner
(805) 614-5355

RPM Mortgage
319 E. Carrillo Street, Suite 100, Santa Barbara, CA 93101
Contact: Gayle Nagy
Executive Loan Advisor NMLS #251258
(805) 770-5515
Email: gnagy@rpm-mtg.com

Contact: Michele Herrera
Loan Advisor NMLS #321843
(925) 770-5527
Email: mherrera@rpm-mtg.com

Synergy One Lending
Contact: Scott Bradley
Branch Manager, NMLS #260962
1250 Coast Village Rd., Suite G
Santa Barbara, CA 93108
(805) 403-4012
Email: sbradley@s1lending.com

Wintrust Mortgage
3700 State Street Ste.240, Santa Barbara, CA
Liz Heitmann (805)856-9746
Branch Manage, Sr Mortgage Consultant, NMLS #777583
Email: lheitmann@wintrustmortgage.com

Mishelle Chavez (805) 953-2264
Senior Mortgage Consultant, NMLS #1727105
Email: mchavez@wintrustmortgage.com

D. Title Companies and Approved Escrow Officers

Fidelity National Title Insurance and Chicago Title Company
3700 State Street, Suite 100, Santa Barbara, CA 93105
1225 Coast Village Rd., Suite E, Montecito, CA 93108
Contacts:
Anna Wines, Escrow Officer (805) 963-8661
Email: WinesA@CTT.com
Griselda Madrigal, Escrow Officer (805) 879-9400
Email: gmadrigal@fnf.com
Janice Bowie, Escrow Officer (805) 845-7902
Email: Janice.bowie@fnf.com

First American Title Company
3780 State Street
Santa Barbara, CA 93105
Contacts:
Gina Ornales, Escrow Officer (805) 569-6163
gornelas@firstam.com
Kris Randolph, Escrow Officer (805)569-6129
krandolph@firstam.com

E. Homebuyer Discounts

Available to borrowers working for employers who are members of Coastal Housing Partnership

Coastal Housing Partnership
P.O. Box 50807
Santa Barbara, CA 93150
Contact: Corby Gavin Gage, Executive Director (805) 969-1025
Email: corby@coastalhousing.org

X. South Coast Workforce Homebuyer Program Loan Underwriting Standards Summary

PLEASE REVIEW THE WORKFORCE HOMEBUYER DOWN PAYMENT PROGRAM GUIDELINES AND DISCLOSURE FOR INFORMATION ON LOAN REQUIREMENTS.

I. HOMEBUYER QUALIFYING STANDARDS

First-Time Homebuyer: The borrower may not have owned a principal place of residence within the last three (3) years prior to application for the loan (with certain exceptions such as displaced homemakers, mobile home owners in rental parks or previous owners of resale restricted homes), nor have ownership in other residential properties. *Please see Appendices A & E of the Program Guidelines.*

Homebuyer Education Training: The borrower must have successfully completed Homebuyer Education Training by an approved Community Partner prior to applying for a down payment loan.

Workforce Household Income: The combined income of all household members cannot exceed 210% of Area Median Income, adjusted for household size. [Income limits for homebuyers who purchase resale restricted homes are different and set by the local city.] *Please see Appendix B of the Program Guidelines.*

Income Certification: The borrower(s) must have their income certified as an eligible low to upper moderate-income household by an approved Community Partner prior to applying for a down payment loan. The income certification is in addition to qualifying for the first mortgage loan.

Residency Requirements: Borrowers must be U.S. citizens or permanent alien residents and occupy the home as their primary residence for the duration of the loan. HTF does not allow co-signers on the loan.

Employment/Income/Credit: Applicants must secure pre-approval of a fully amortized 15 or 30-year fixed rate First Mortgage loan from a participating lender and have satisfactory credit and income stability. Generally, applicants must demonstrate 12 months continuous employment.

II. PROPERTY ELIGIBILITY

Location: Properties must be purchased within the boundaries of South Santa Barbara County or in the communities of Buellton, Solvang and Santa Ynez and immediately surrounding areas. *Please see Appendix C of the Program Guidelines for a description and map of eligible areas.*

Eligible Housing Types: Market-rate detached or attached single-family homes (with second units okay), units in Planned Developments, townhomes, condominiums and mobile homes that are on a permanent foundation and have an individual deed to the property. Affordable below market-rate homes with resale restrictions are also eligible for the program. Contact HTF re: resale restricted homes or second units.

Physical Condition: The home must be ready for occupancy and have no building, health and safety code violations or deficiencies or lead paint. The Housing Trust Fund requires a Home Inspection Report performed by a professional home inspection service. The roof must have a minimum 2-year remaining life.

Occupancy Requirements: The borrower and co-borrower must establish residency within 60 days of loan closing and occupy the home as a primary place of residence for a minimum of 10 months each year for the duration of the loan.

Rental & Boarders: Homeowner may not lease or rent the home to another party during the term of the HTF loan, except for approved good cause (*see Appendix E in Guidelines*). Homeowners may rent out a room or a second unit on the property provided all borrowers continue to reside in the home (unless prohibited by the First Mortgage Lender).

III. FINANCIAL

Down Payment Loan: Maximum 16.5% of the home purchase price, up to $125,000, and based on homebuyer need. Loans will be structured as 10-year interest-only secondary loans[12].

Assistance CAP: There is a maximum equity Cap of 40%, including the homebuyer equity, HTF loan and other financing. The HTF loan will be reduced accordingly if the Cap is exceeded (*see Program Guidelines*).

Homebuyer Financing Requirements: Borrowers must contribute at least 3.5% of the home purchase price and closing costs and invest other liquid assets[13] in excess of $30,000 for the purchase of the home[14]. Some lending partners may require a 5% minimum down payment from the borrower.

First Mortgage Loan Requirements: 15 or 30-year fixed rate, fully amortized; no balloon payments; no negative amortization; establishment of an impound account for property taxes and insurance; no prepayment penalty. The First Mortgage lender must be an approved HTF Community Partner (*see list*).

Debt Ratios: Front-end housing costs no less than 25% and no more than 38% and back-end housing and all other debt no greater than 45%. HTF retains its right to disapprove a loan if it finds the debt ratios unaffordable for the homebuyer. HTF at its sole discretion may approve exceptions to the ratio guidelines.

Loan-to-Value: The down payment loan plus the First Mortgage may not exceed 100% of the appraised value of the home. In certain cases (e.g., other deferred subordinate debt), the combined loan-to-value ratio may exceed 100%, provided the HTF loan and senior debt does not exceed the home's appraised value.

Appraisal: HTF will rely on a full appraisal commissioned by the First Mortgage Lender. The appraisal must support the home purchase price. If the purchase price exceeds the appraised value, HTF at its sole discretion may approve exceptions to the appraisal guideline, provided that the combined first mortgage and HTF loan do not exceed 100% of the appraised home value, the homebuyer contributes the additional cash and the carrying costs of the home are affordable to the homebuyer.

Loan Repayment: Due at the end of the 10-year or 15-year term or upon sale, transfer, rental or refinance of the home (certain exceptions apply), or failure to occupy as a primary residence or upon default.

IV. USE OF DOWN PAYMENT LOAN

Nonrecurring Closing Costs:

- Credit Report – credit for the borrower cost[15]
- Home appraisal – credit for the borrower cost
- Loan origination fee
- Title, Escrow, Recording and Notary fees
- Loan Interest Rate Buy-down up to a maximum of one-half point (.5%)
- Home Inspection Report and Home Warranty – credit for the borrower cost

Recurring Costs and Impounds:

- Property Tax Impound – maximum six months
- Prepaid Homeowner's Association fee
- Prepaid home insurance

Loan Qualification Costs:

- Credit for Homebuyer Education Course– maximum of $150
- Credit for Homebuyer Income Certification – maximum of $300

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[12] Loans for affordable resale restricted homes will have 15-year terms.
[13] Liquid Assets do not include retirement accounts.
[14] Homebuyers may use gifts from relatives, friends and employers as a portion their own cash if satisfactory documentation is provided and the homebuyer has held these funds for at least 45 days in their own account. HTF at its sole discretion may waive the 45-day account seasoning requirement for gifts from immediate relatives, provided documentation is provided. In all cases the homebuyer must contribute a minimum of 1% of the cash investment from their own resources rather than gifts.
[15] Borrowers can receive credit towards their minimum 3.5% down payment requirement for certain home acquisition costs. However, the borrower will not receive any cash back in escrow for the expense.

XI. For More Information: Please contact the Housing Trust Fund's South Coast Workforce Homebuyer Program Office.

Contact: Yvette Lounsbury, Homebuyer Loan Administrator
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The South Coast Workforce Homebuyer Program complies with Fair Housing and Equal Housing Opportunity Laws.