

**CITY OF CERES  
HOUSING REHABILITATION  
PROGRAM  
POLICIES & PROCEDURES  
MANUAL**

**CITY OF CERES**

**February 2009**

PART ONE  
HOUSING REHABILITATION PROGRAM LOAN AND GRANT POLICIES

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**ATTACHMENTS:**

    “A” Income Guidelines

PART ONE

HOUSING REHABILITATION PROGRAM

LOAN AND GRANT POLICIES

# I INTRODUCTION

The purpose of the City's Housing Rehabilitation Program is to improve the quality of life of low-income households by providing low interest loans and grants with which to rehabilitate the homes owned or rented by eligible households.

The City determined that applicants owning properties within the City's limits who meet the eligibility requirements in this document may apply for funds from the Housing Rehabilitation Program.

This program is intended to be a useful tool in helping to maintain and upgrade the housing stock within the City of Ceres, particularly by helping to stabilize and enhance older neighborhoods. It is also intended that the program will be broad in scope and terms to help a range of households of low income, as well as financially prudent to insure the security of the investment and be acceptable to a broad cross-section of the community.

As loans are repaid, the principal and interest will be returned to the loan account, creating a revolving pool of money available for future eligible applicants. With judicious qualifying of applicants and careful monitoring of outstanding loans, the original account may be used to continue to fund loans in perpetuity.

The following program has been designed to provide three types of loans, which are intended to correct housing deficiencies for low-income owners who would otherwise not be able to receive conventional home repair loans in the open market. Special consideration will be given to households with special housing needs as identified in the City's most current Housing Element, such as the elderly, persons with disabilities, large households, and single-headed households, as well as households on fixed incomes.

The program will offer three types of loans:

- A. Amortized Loan: A three percent (3%) loan, which is amortized monthly over a period not to exceed twenty (20) years. For details, see Part One, Section IV-B.
- B. Deferred Payment Loan: A three percent (3%) loan, which requires no monthly payments. These loans will be repaid only when property is sold, transferred to persons other than the owner of such property at the time the loan is approved, or is refinanced. For details, see Part One, Section IV-C.
- C. Partially Deferred Payment Loan: A three percent (3%) loan, which is divided into two types of loans, as follows:
  1. A loan amount, with payments not to exceed thirty percent (30%) of the household's annual adjusted gross income, shall be amortized monthly at a rate of three percent (3%) over a period not to exceed twenty (20) years.

2. The balance of the loan will be deferred at three percent (3%) interest and will be repaid only when property is sold, transferred to persons other than the owner of such property at the time the loan is approved, or is refinanced. For details, see Part One, Section IV-D.

NOTE: The above-described loans are not assumable.

In addition, the program will offer a limited number of grants:

D. Grants: Up to \$6,000 for households of very low income and below, giving priority to households with special housing needs, such as the elderly, persons with disabilities, large households, and single-headed households, as well as households on fixed incomes.

## II DEFINITIONS

The following definitions shall apply to this document unless another meaning is clearly apparent from the context:

Amortized Loan shall mean a loan that has regular periodic payments, which include amounts for both principal and interest.

Assets shall mean the value of, or equity in real property, savings, bonds, stocks and other forms of capital ownership. The value of clothing, furniture, automobiles and other personal belongings is to be disregarded in determining Assets or Net Assets. The word "Assets" as herein used also means "Net Assets."

Borrower shall mean the recipient of a rehabilitation loan.

CDBG shall mean Community Development Block Grant.

City shall mean the City of Ceres, California. When determinations, approvals or interpretations are intended, "City" shall mean the City staff persons designated.

City Council shall mean the City Council of the City of Ceres.

Code Violations shall mean infractions against the applicable codes contained in the Housing Rehabilitation Standards (see Part Two).

City Manager shall mean the person employed by the City of Ceres to be the administrative head with responsibility for the Housing Programs.

Contractor shall mean a general building contractor, licensed by the State of California.

Contract of Sale shall mean a contract ordinarily used in connection with the sale of property in cases where the seller does not wish to convey title until all or a certain part of the purchase price is paid by the buyer. This procedure is sometimes referred to as a land contract.

Credit shall mean financial or commercial trustworthiness, as determined by the applicant's previous performance of the payment of debts.

Deed of Trust shall mean deed given by borrower to trustee to be held pending fulfillment of an obligation, which is ordinarily repayment of loan to a beneficiary. Further, a Deed of Trust shall mean an instrument recognized by law and recorded with the County Recorder's Office by which to secure the payment of debt or obligation; property is pledged by one party to another to secure the payment of a debt or obligation; procedure for foreclosure in event of default is established by statute.

Deferred Payment Loan shall mean a loan that is not liquidated on a monthly installment basis.

Designated Areas shall mean those geographic areas designated by the City Council of the City of Ceres for rehabilitation assistance.

Dwelling Unit shall mean a single owner-occupied or rental unit providing complete, independent living facilities for one or more persons including permanent provisions for living, sleeping, eating, cooking and sanitation. (Owner-occupied units include those that are owned free and clear as well as those with liens.) Dwelling Unit, as used in these policies, shall not include hotel or motel rooms, or rooming or boarding houses. Further, those single-family dwelling units that have been converted to house additional families or single persons may, on approval of the City staff, qualify as a dwelling unit.

Equity shall mean the value of a home and lot. In determining “equity” in such property, all claims or liens against same shall be subtracted from the value at the time such equity calculations are made.

Family shall mean all individuals who reside in a dwelling unit related by blood or marriage.

General Property Improvements shall mean improvements other than code violations and incipient code violations that are eligible for rehabilitation loan money.

HCD shall mean Department of Housing and Community Development, a department of the State of California.

Household shall mean all individuals who reside in and have an ownership interest in a dwelling unit regardless of family ties.

Household Income shall mean the annual gross income of all individuals who reside in an owner-occupied or rental dwelling who are related by blood or marriage and/or individuals who reside in an owner-occupied dwelling and who have ownership interest in such a dwelling regardless of their family ties. For details, see Part One, Section III-E.

Housing and Community Development Act of 1974, as amended shall mean the Federal enabling legislation that provides funding for the current program of Housing and Community Development in the City of Ceres.

Housing Programs shall mean a department (among several) within the official governmental and administrative structure of the City of Ceres, California.

Housing Rehabilitation Specialist shall mean a person or persons employed by the Housing Authority of Stanislaus County who provides technical building trade assistance and advice to home owners pursuant to the policies, regulations and provisions of the City.

HUD shall mean Housing and Urban Development, a department of the Federal Government.

Incipient Code Violations shall mean a condition or element of a structure which, in the judgment of the Housing Rehabilitation Specialist, will deteriorate into an actual violation within a short period of time of inspection.

Income/Housing Expenses shall mean the ratio of annual gross income to housing expenses.

Interest shall mean a charge for borrowed money, repaid with the amount of the loan.

Leverage Agreement shall mean operating agreement between a financial institution and City of Ceres, which purpose is for the financial institution to provide City of Ceres with services in accordance with these policies.

Lien shall mean a form of encumbrance against the property which provides security for the payment of a debt or discharge or an obligation. Example: judgment taxes, mortgage, deed of trust.

Monthly Housing Expenses shall mean those necessary and reasonable as listed on Part One, Section III-G, Items 1-6.

Mortgage shall mean the same as "Deed of Trust."

Non-Conforming Residential Uses and Structures shall mean those residential uses and structures that are not permitted but exist in any given zone by reason of use, improper setback or improper lot size as per the City of Ceres Municipal Code §9-2-402(a),(b).

Owner-Builder shall mean a home owner performing his own work as qualified by the Housing Rehabilitation Specialist (see Part Three, Section B-7 and C).

Owner-Occupant shall mean a family or individual, regardless of family ties, who occupies and owns or is buying a unit or units of residential property.

Owner-Investor shall mean a family or individual, regardless of family ties, who owns or is buying a unit or units or residential property and who rents these units to a tenant who is under 80% of median income for Stanislaus County. (See attachment A).

Partially Deferred Payment Loan shall mean a loan partially liquidated on a monthly installment basis and the balance deferred until a later date.

Program Income shall mean funds generated from the repayment of loans previously made with Community Development Block Grant funds which are eligible to be loaned again for a like activity.



Redevelopment & Economic Development Manager shall mean the person employed by the City of Ceres under the supervision of the City Manager and with direct responsibility for the Housing Programs.

Housing Coordinator shall mean a person or entity designated by the City of Ceres who provides assistance and advice to homeowners pursuant to these policies and regulations of the City's Housing Programs Division.

Rehabilitation Costs shall mean the total cost of repair and improvements and other costs of rehabilitation to be incurred by the applicant that are included in a rehabilitation loan or grant.

Sub-Contractor shall mean any licensed trade contractor that is not the prime contractor, i.e. Electrical contractor, Plumbing contractor, Mechanical contractor.

Title I, Community Development shall mean that portion of the Housing and Community Development Act of 1974, as amended, which provides for general improvements in the community and particularly for home rehabilitation and loan monies to complete same.

Title II, Section 8 shall mean that portion of the Housing and Community Development Act of 1974, as amended, which states that housing assistance payments may be made for new or substantially rehabilitated housing. In these policies, HUD income guidelines are used.

Uniform Housing Code shall mean the current published edition by the International Conference of Building as adopted by the City Council.

Utilities shall mean gas, electricity, water, sewage disposal, refuse collection and T.V. cable. (Does not include telephone).

### III GENERAL ELIGIBILITY REQUIREMENTS

- A. Location Rehabilitation loans will be made only in areas designated by the City Council (see Part One, Section I) to correct code violations and to make general improvements to the dwelling units and property as defined in Part II of the Housing Rehabilitation Program Standards.
- B. Owner-Occupant To be eligible for a rehabilitation loan, the applicant must be an individual, individuals or family who owns a home and who is of low income or below as defined by HUD income guidelines (see Attachment A). One or more of the applicants must reside in such home.
- C. Owner-Investor To be eligible for a rehabilitation loan, the applicant must be an individual, individuals or family who owns or is buying a home but does not occupy it and whose tenant's income falls within the HUD guidelines for very low and low income households (see Attachment A).
- D. Income-Housing Expenses To be eligible for either of the rehabilitation loans covered by this document, the applicant must meet the following requirements regarding their housing expense-to-income ratio.

Be advised that these requirements may be amended periodically based on changes to HUD standards in respect to many factors, including the cost of living prevailing at the time. In adopting these home rehabilitation loan policies, the City Manager and City Council automatically include the current HUD family income guidelines for Stanislaus County, and hereby authorizes and directs the City Manager to automatically include such subsequent officially issued HUD schedules as an integral inclusion to this part of these policies.

Unless otherwise provided for herein, an applicant must meet the conditions set forth in Item 1 below and shall not exceed the HUD income guidelines (Attachment A).

- 1. Annual gross household income for all types of loans funded shall not exceed the HUD income guidelines (Attachment A).
- 2. The ratio of housing expenses to annual gross household income for households which qualify for an "Amortized Loan" shall not exceed thirty percent (30%).
- 3. The ratio of housing expenses to annual gross household income for households which qualify for "Partially Deferred Loans" shall not exceed thirty percent (30%).

4. The ratio of housing expenses to annual gross household income for households which qualify for “Deferred Payment Loans” shall not exceed thirty percent (30%).
- E. Determination of Annual Gross Income In calculating annual gross income, all of the income of the applicant or applicants in cash or in kind shall be considered for all types of loans according to HUD income guidelines (see Attachment A).
- F. Use A rehabilitation loan shall be issued to correct code violations and to make general improvements to the dwelling unit and the property as defined in the Housing Rehabilitation Program Standards and Part One, Section V of these policies.
- G. Housing Expenses The following expenses shall be included in housing expenses to determine the ratio set forth in D above:
  1. Mortgage payments, including principal, interest and service charges, and including the rehabilitation loan payments.
  2. Mortgage insurance premium.
  3. Hazard insurance.
  4. Real estate taxes and special assessments.
  5. Maintenance and repairs.
  6. Utilities.
- H. Credit A rehabilitation loan may be denied if the applicant’s credit record shows substantial disregard for former or existing obligations, particularly to mortgage payments. The Redevelopment & Economic Development Manager shall consider such factors in determining final approval.
- I. Equity The applicant or applicants shall have no less than a ten percent (10%) equity in the property being rehabilitated after rehabilitation.
- J. Assurance of Completion In some cases, the rehabilitation costs may exceed the maximum (as per these guidelines) amount of a rehabilitation loan. In such instances, a rehabilitation loan will not be made unless the applicant can provide whatever additional amount is needed to assure completion of the work so that the improvements made as a part of this program will comply with minimum City codes and ordinances on the portions which are to be rehabilitated. If the owner is to provide funds in addition to the rehabilitation loan amount to complete the total rehabilitation, satisfactory evidence such as a cashier’s check shall be delivered to the City, for deposit into owner’s escrow account prior to the approval of the

City's loan. This amount shall be disbursed by the City as part of the construction loan.

K. Criteria for Establishing Priorities of Eligible Households for Issuance of Housing Rehabilitation Loan or Grant

This procedure is to be used for determining priority for loans and grants to eligible households:

1. Eligible home owner occupied households in which all of the following conditions are found to exist shall be provided priority status:
  - (a) Where the deficiencies of the home are such that the health and safety of its occupants are seriously endangered and where such deficiencies can be corrected within the scope and with the funds allotted by this program; and
  - (b) Where one or more of the owners is considered to be elderly (62 years of age or older) or considered to be disabled according to the criteria established by the Social Security Administration, or considered to be another type of special needs household according to the City's most current Housing Element, or all of the above; and
  - (c) Where the household is considered to be of very low income (at or below fifty [50%] percent of area median income – see attachment A).
  
2. Eligible rental properties in which all of the following conditions are found to exist shall be provided priority status:
  - (a) Where the deficiencies of the home are such that the health and safety of its occupants are seriously endangered and where such deficiencies can be corrected within the scope and with the funds allotted by this program; and
  - (b) Where units are occupied by very low or low income households (HUD guidelines – see Attachment A); and
  - (c) Where, in the judgment of the Redevelopment & Economic Development Manager, the greatest overall need exists.

Loans to improve investor-owned housing shall also be conditional on the following:

- (a) Monthly rental payment shall not be increased above the amount required to amortize the loan, and normal rental increase as

determined by HUD's Fair Market Rent Rates or the California Consumers Price Index for the past twelve months.

- (b) The grantee enters into and records an agreement whereby the above obligation passes on to heirs and successors in the property or interest.
4. Where a multiplicity of the above priority conditions exists, the Redevelopment & Economic Development Manager shall place applicants in the most appropriate priority order after conferring with the City Manager.
  5. Where unusual circumstances are found to exist in addition to those listed above, such as serious health conditions of the household's principal income earner, or the victim of a natural disaster, or such other conditions of sufficient magnitude to cause a serious problem for the occupant of the home, the Redevelopment & Economic Development Manager shall have the authority to weigh the circumstances and judiciously and equitably place an applicant in a higher priority status than a household in similar but less serious circumstances after conferring with the City Manager.

**IV**  
**DESCRIPTION OF LOAN PROGRAM**

A. Loan Amount

The amount of a rehabilitation loan shall not exceed the lesser of:

1. The actual (and approved) cost of repairs and improvements.
2. \$40,000 for a single-family unit.
3. \$15,000 per unit for a multi family apartment, up to a maximum of ten units under one roof line, or \$150,000.

B. Amortized Loans (Three Percent [3%])

1. Purpose The purpose of an amortized rehabilitation loan is to pay the costs of rehabilitation in those cases where household income is adequate to meet the increase in monthly housing expense due to a rehabilitation loan payment.
2. Eligibility In order to qualify for an amortized rehabilitation loan, the applicant must meet all of the applicable eligibility requirements. The applicant's total indebtedness should not exceed three times his or her gross yearly income and his or her housing expenses should not exceed thirty (30%) percent of his gross income.
3. Repayment All rehabilitation loans shall be repaid. However, the borrower shall not be required to pay housing expenses including rehabilitation loan payments in excess of thirty (30%) percent of family gross income. The loan may be prepaid in whole or in part at any time without prepayment penalty.
4. Terms and Conditions
  - a. A rehabilitation loan shall be amortized in not more than twenty years and shall bear interest at a rate of three percent (3%).
  - b. A rehabilitation loan shall be secured by a note and a deed of trust on the property.
  - c. There shall be a title insurance policy on the property which secures the loan supplied to the lending institution for the value of the property at the time of approval of the loan.
  - d. Installments shall be due monthly.

C. Deferred Payment Loans (Three Percent [3%])

1. Purpose The purpose of a deferred payment rehabilitation loan is to pay the costs of rehabilitation in those cases where household income is not adequate to meet the increase in monthly housing expense due to a rehabilitation loan payment, particularly for those households with special needs.
2. Eligibility To qualify for a deferred payment loan, the applicant must meet all of the applicable eligibility requirements. Note that the applicant's monthly housing expenses shall not exceed thirty (30%) percent of gross income.
3. Terms and Conditions
  - a. A deferred payment loan shall bear interest at the rate of three (3%) percent and shall be non-interest bearing after ten years.
  - b. The loan shall be repaid when the property is sold, refinanced or transferred to a person other than the owner(s) for such property existing at the time the loan is approved. Provided, however, that when property title transfer is to a surviving co-borrower who can meet the eligibility requirements for a deferred or partial deferred payment loan, then the loan may be continued or converted, as the case may be, to the appropriate loan in conformity with applicable policies as set forth herein.
  - c. The entire amount of a deferred payment loan shall be secured by a note and a deed of trust on the property.
  - d. There shall be a title insurance policy on the property that secures the loan supplied to the lending institution for the value of the property at the time of approval of the loan.

D. Partially Deferred Payment Loans (Three Percent [3%])

1. Purpose The purpose of a partially deferred payment loan is to pay the costs of rehabilitation in those cases where household income is not adequate to meet the increase in monthly housing expense and where the applicant does not qualify for an amortized loan or fully deferred loan.
2. Certification An applicant for a rehab loan may have a portion of the monthly loan payment deferred. If their housing expense, including the monthly loan payment, exceeds thirty percent (30%) of gross income, the amount of the loan, which causes this excess, shall be considered a deferred payment loan, but in no event shall the borrower be permitted to defer more than (80%) percent of such loan.
3. Repayment The amortized portion of a partially deferred payment loan shall be repaid monthly. The loan shall bear interest at the rate of three percent

(3%). The non-amortized portion of the loan shall be non-interest bearing after ten years, and fall due and become payable under the same terms and conditions as a fully deferred payment loan.

4. Conversion When or if the borrower's circumstance is substantially improved, the loan shall be converted to a straight amortized loan or paid in full. Borrower's circumstance shall be deemed substantially improved when his housing expenses do not exceed thirty percent (30%) of his gross income.
5. Terms and Conditions
  - a. The entire amount of a partially deferred payment loan shall become due and payable if the borrower sells the property, when title is transferred, or property is refinanced. The loan can be refinanced and transferred to a new owner if he or she qualifies in accordance to these policies.
  - b. A partially deferred payment loan shall be secured by a note and a deed of trust on the property.
  - c. There shall be a title insurance policy on the property which secures the loan supplied to the lending institution for the value of the property at the time of approval of the loan.



V  
**ELIGIBLE COSTS**

- A. Code and Rehabilitation Requirements A rehabilitation loan or grant may be made to cover the cost of rehabilitation necessary to correct hazards to health and safety, halt deterioration of the structure, and correct potential building and housing code violations. After rehabilitation, the property, with normal maintenance, shall be capable of providing a safe and habitable dwelling for a substantial period of time.

For clarification, exterior painting is herein included as weather-proofing as described in the current Uniform Building Code. As such, exterior painting and stucco when needed, in the opinion of the Housing Rehabilitation Specialist, shall be considered a code requirement.

B. Room Additions

1. Bedroom additions may only be allowed for owner-occupied single-family homes and under the following circumstances:
  - a. In cases of overcrowding, as defined by the U.S. Department of Housing and Urban Development.
  - b. Where the existing room sizes do not conform to Part Two, Section III of these policies.
  - c. If loan or grant amounts allow such an addition, all monies must be used first for code violations.
2. An additional bathroom may be allowed when a single bathroom is not adequate for household size, as determined by the Housing Rehabilitation Specialist. Criteria for determination include:
  - a. Size of existing bathroom.
  - b. Number of household members living in the home.

- C. Rehabilitation Objectives In addition to compliance with code and rehabilitation requirements set forth in the Housing Rehabilitation Standards of the City (see Part Two, Sections II and III of these policies), certain objectives are encouraged. The following objectives are not mandatory provisions; they have been included as desirable improvements to properties:

1. Each living unit should have a minimum of eight linear feet of kitchen work counter space not including the sink. Minimum areas of kitchen storage should be:
  - a. Total shelving in wall and base cabinets, 20 square feet.

- b. Drawer area, 2 square feet.
  - c. All one-bedroom and efficiency units should have not less than one-half of the above requirements.
  - 2. Each dwelling unit should have at least 80 cubic feet of enclosed general storage on the property. All bedrooms should have closet space that is either a built-in or portable enclosure insuring adequate private clothes storage for occupants. Closets should provide a minimum of twelve square feet of area per bedroom, not less than two feet deep, and, if not contained within bedroom, should be reasonably accessible.
  - 3. Floors in kitchens and bathrooms should be of durable, waterproof, non-absorptive materials, such as asphalt, vinyl tiles, vinyl plastic or rubber. Wood finish flooring tile will not be used in these rooms.
- D. General Property Improvements After the property has been rehabilitated to conform with the current Housing Uniform Code and/or applicable codes (Part Two Sections II and III), loan money not to exceed Two Thousand Five Hundred Dollars (\$2,500) may be used for, but not limited to, the following improvements:
- 1. Minor remodeling may be done in order to make a dwelling more functional or attractive.
  - 2. Repairs that are not code violations.
  - 3. To improve the visual quality of the neighborhood environment, landscaping may be provided. Where the quality or quantity of landscaping is below that generally found in the City, the following may be provided.
    - a. A maximum of three trees.
    - b. A maximum of six shrubs.
    - c. Grass, ivy, or other ground cover.
    - d. New Fencing, (except wrought iron or brick material).
  - 4. Those items other than the above approved by the City Manager or the Redevelopment & Economic Development Manager.
- E. Building Permits The City shall require building permits on all projects which would normally require permits. Building permits will be paid for with CDBG Program Income funds, not to be included in the loan amount.
- F. Related Costs A rehabilitation loan or grant may include funds to cover certain costs and charges relating to processing the loan application and closing.

Accordingly, a rehabilitation loan or grant may provide for the cost of the following:

1. Appraisals
2. Preliminary title reports
3. Filing and recording fees
4. Title insurance
5. Hazard insurance, flood insurance (if required)
6. Unpaid property taxes
7. Certain liens on the property
8. Pest Control report
9. Plans and/or blueprints
10. HVAC (Heating & Air) and /or Chimney Inspection and Reports

The City will advance funds as necessary for appraisal and preliminary title report prior to the final approval of the application. When the loan is approved, the City shall be reimbursed from the proceeds of the loan at the time of the loan closing. If the loan is not approved, if the application is withdrawn, or in the case of the elderly or disabled where it is determined by the City that an extreme hardship exists, advances shall be paid by the City from Program Income funds.

## VI INELIGIBLE COSTS

The following costs are not eligible for a rehabilitation loan or grant:

- a. New construction or the finishing of such construction, unless otherwise stated in this text. (Expansion of the structure must be approved by the City Manager as per these policies and shall not be considered new construction.)
- b. Materials, fixtures, equipment or landscaping of a type and quality which requires excessive maintenance or that is not customarily used for properties of the same general type.
- c. Acquisition of land.
- d. Purchase, installation or repair of furnishings or fixtures (such as intercom systems, rugs, portable fans, etc.).
- e. Appliances with exception of kitchen stove and refrigerator as approved by City Manager or the Redevelopment & Economic Development Manager.
- f. Fences other than as specified in Section V-D-3d
- g. Fireplaces (other than repairs required to existing fireplace)
- h. Barbecue pits
- i. Bathhouses
- j. Greenhouses
- k. Swimming pools, saunas or spas, or their heating systems
- l. Valance or cornice boards or draperies
- m. Recessed light fixtures, or photoelectric censored yard lights
- n. Lawn sprinklers
- o. Any other improvements not considered standard by F.H.A. definitions
- p. Any costs deemed unnecessary by Redevelopment & Economic Development Manager as per these policies

## VII PROCESSING APPLICATIONS

The following offers a brief outline of the steps necessary to process an application. It is not intended to detail all the mechanics of the process. See Part Three for details.

- a. Interview applicant and determine basic eligibility.
- b. Obtain credit check (appraisal as necessary).
- c. Verify all information on application.
- d. Perform on-site preliminary inspection of property, including pest inspection.
- e. Prepare work write-up and estimate based on property inspection.
- f. Redevelopment & Economic Development Manager approval or denial.
- g. Prepare all applicable loan/grant documents.
- h. The applicant will be informed in writing if a loan/grant application is turned down. The applicant may correct or exhibit a valid explanation of these disqualifications and resubmit the application. Upon resubmission, the application will be re-evaluated by the Redevelopment & Economic Development Manager. Further, an applicant whose application has been denied may, at their discretion, appeal such determination directly to the City Council of the City of Ceres. The appeal must be made within ten (10) days after denial by the Redevelopment & Economic Development Manager.

## VIII COMPLETING A HOME REHABILITATION

Once a loan has been processed and approved, the following activities shall take place. This is not intended to detail the process of completing a home rehabilitation; it is only a summary of the steps to be taken. See Part Three for details.

- a. Prepare all documents necessary to open the loan/grant.
- b. Determine method of rehabilitation and prepare contracts with borrower and contractor or other.
- c. Execute and record loan/grant documents.
- d. Open escrow.
- e. Oversee work in progress and provide regular inspections of work for code compliance and home improvement program compliance.
- f. Make progress payments to contractor(s) for rehabilitation work.
- g. Upon completion, after final inspection and sign-off, file notice of completion, obtain lien releases.
- h. Upon completion, and expiration of 30 calendar days, make final hold-back payments to contractor(s) for rehabilitation work.
- i. Close Escrow.

## IX GENERAL CONDITIONS

The following general conditions are part of these policies:

- A. Civil Rights The City of Ceres will comply with all HUD requirements with respect to Title VI of the Civil Rights Act of 1964, as amended, to not discriminate upon... “the basis of race, color, creed, sex, or national origin in sale, lease, rental, use of occupancy of the subject property.”
- B. Equal Employment Opportunity The City of Ceres and Borrower must comply with Executive Order 11246 and HUD equal opportunity requirements.
- C. Use of Proceeds Loan and grant proceeds shall be used only to pay for costs of services and materials necessary to carry out the rehabilitation work for which the application will be approved as per these policies.
- D. Disbursement of Funds Rehabilitation loan funds shall be disbursed in the manner defined by these policies and procedures.
- E. Completion of Work The City assures that rehabilitation work will be carried out promptly and efficiently, through a written contract between Borrower and Contractor, set with prior concurrence of the City.
- F. Inspection of the property will be done by the City or its designee, the rehabilitation work and all contract, materials, equipment, payrolls and conditions of employment pertaining to the work.
- G. Loan Security The applicant must agree to provide security for a loan in a form and amount acceptable to the Redevelopment & Economic Development Manager as per these policies. Such security shall be drawn in favor of the City of Ceres.
- H. Maximum Term A rehabilitation loan shall be the maximum term for twenty (20) years. Loans may be repaid in full at any time within the twenty (20) year period without penalties. Unsecured loans shall be for a maximum term of seven years.
- I. Non-conforming Dwelling Unit Requests for assistance where non-conforming dwelling units exists shall be referred to the Redevelopment & Economic Development Manager for review and approval. Approval may be made at the discretion of the Redevelopment & Economic Development Manager to alleviate emergency conditions such as hazardous wiring, unsanitary plumbing and /or other conditions detrimental to the health, safety and welfare of the community within the city limits. All requests must be reviewed and approved by the City Manager of the City of Ceres.

ATTACHMENT "A"

**CITY OF CERES**

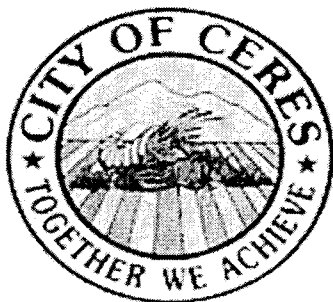
**2008 INCOME LIMITS BY HOUSEHOLD SIZE  
FOR STANISLAUS COUNTY**

The Department of Housing and Urban Development issues revised income limits each year. The relevant income limits established at the time of application shall be applied.

<b>Income Category</b>	<b>Persons Per Household</b>							
	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>7</b>	<b>8</b>
Extremely Low	\$11,850	\$13,550	\$15,250	\$16,950	\$18,300	\$19,650	\$21,000	\$22,350
Very Low	\$19,800	\$22,600	\$25,450	\$28,250	\$30,500	\$32,750	\$35,050	\$37,300
Low	\$31,650	\$36,150	\$40,700	\$45,200	\$48,800	\$52,450	\$56,050	\$59,650
Median	\$39,600	\$45,200	\$50,900	\$56,500	\$61,000	\$65,500	\$70,100	\$74,600
Moderate	\$47,500	\$54,200	\$61,000	\$67,800	\$73,200	\$78,600	\$84,100	\$89,500

Source: U.S. Department of Housing and Urban Development, issued by State of California Department of HCD on February 28, 2008.





## **First Time Homebuyer Downpayment Assistance Program Administrative Procedures**

### **A. Introduction**

#### **1. Program Summary**

It is the intent of the City of Ceres to offer first-time homebuyer downpayment assistance to very low and low-income households for the purchase of qualified homes in the City of Ceres. The City of Ceres' First Time Homebuyer Downpayment Assistance Program (DAP) supports first time homebuyers purchasing market rate homes in Ceres with assistance up to the DAP maximum loan limit, currently \$80,000, in order to provide a larger downpayment contribution, therefore lowering the monthly mortgage payment.<sup>1</sup>

Funding for this program may come from either of two sources: the HOME Investment Partnerships Program (HOME) and the CalHome Program. HOME funds are provided by the California Department of Housing and Community Development (HCD) and made available by the U.S. Department of Housing and Urban Development (HUD).<sup>2</sup> CalHome funds are made available through HCD.<sup>3</sup>

The Administrative Procedures are also available on the City's website at [www.ci.ceres.ca.us](http://www.ci.ceres.ca.us). These Procedures may be amended and updated from time to time. Please refer to the City's website to determine the most current version of these Procedures.

#### **2. Document Organization**

This manual is organized into the following sections:

- A. Introduction and Summary of Programs
- B. Program Descriptions
- C. Overview of Eligibility Requirements
- D. Description of Attachments and Forms
- E. Borrower (Homebuyer) Procedures
- F. City Procedures

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<sup>1</sup> Current limit approved by the Ceres City Council. Limits may be modified in the future by the City Council.

<sup>2</sup> HOME funds are to be used for purposes set forth in regulations Title 24, Code of Federal Regulations, Part 92, and Title 25, California Code of Regulations, commencing with Section 8200.

<sup>3</sup> Established by SB 1656 and added to Part 2 of Division 31 the Health and Safety Code.

## G. Lender Procedures

The appendices include detailed requirements and forms as outlined below:

- Appendix A provides documents outlining borrower (homebuyer) requirements and forms required for completing the borrower (homebuyer) process.
- Appendix B includes information for City Staff and sample City loan documents.
- Appendix C contains an outline of the City loan process and forms for approved lenders.

## B. Program Descriptions

### 1. Downpayment Assistance Program (DAP)

This program is designed for qualified very low and low-income first time homebuyers requiring assistance to purchase market rate homes. The program would assist the homebuyer by providing a larger downpayment, thereby lowering the first mortgage and the associated monthly mortgage payment.

#### a. Loan Terms and Repayment.

The maximum loan would be twenty percent (20%) of purchase price up to the DAP maximum loan limit, which is currently set at \$80,000 and may be modified in the future. Loans offered through the DAP will accrue at a three percent (3%) simple interest rate and have a 30 year term.

## C. Overview of Eligibility Requirements

The following is a brief description of the requirements for eligibility for the DAP. The full description of eligibility requirements may be found in Attachment A-1.

1. First Time Homebuyer—The DAP is intended for homebuyers who have not owned a primary residence in the State of California within the past three years.
2. Household Composition and Eligibility—A household is comprised of one or more persons who may or may not be related and will live together in the unit. Every person who will be on title to the property must apply. Married couples must apply as co-applicants and both be on title.
3. Income Limits—Program participation is limited to very low and low-income households, as defined by the U.S. Department of Housing and Urban Development and the State of California Department of Housing and Community Development.
4. Required Personal Contribution—The borrower (homebuyer) must have sufficient readily available assets for required personal contribution to downpayment and closing costs in the amount defined in Attachment A-1.
5. Asset and Gift Limits—Gift amounts to the borrower (homebuyer) and borrower (homebuyer) liquid assets have maximum amounts as defined in Attachment A-1. If liquid cash assets are not sufficient to meet the required personal contribution as described above, the borrower (homebuyer) will need to demonstrate that the personal contribution can be met from some other cash assets.
6. Owner Occupied—Within 60 days of close of escrow, the borrower (homebuyer) must occupy the unit as his or her primary residence and remain in residence with the entire household listed on the application.
7. City Homebuyer Classes—All borrowers (homebuyers) will be required to participate in two City-sponsored First Time Homebuyer Classes.

8. Residency/Work Status Preferences—Preference is given to Ceres residents, full time workers in the City of Ceres, local emergency services personnel and local school district employees.

## **D. Description of Appendices**

The bulk of the regulations governing the DAP may be found in the appendices. Generally, Appendix A includes documents relating to borrower (homebuyer) procedures, Appendix B includes information for City Housing Division Staff and sample City loan documents, and Appendix C contains forms and attachments for approved lenders. Summaries of the documents found in the appendices are as follows:

### **1. Appendix A: Borrower (Homebuyer) Attachments and Forms**

#### Attachments

- Attachment A-1: Eligibility Requirements—Details regarding eligibility for participation in City of Ceres First Time Homebuyer Programs.
- Attachment A-2: Verifiable Documentation of Income, Assets and Preferences—Definitions of what to include and exclude in calculating household income and assets and examples of types of documentation that may be required to verify income, assets and preferences.
- Attachment A-3: Resident Selection Plan—Overview of City process used to select eligible borrowers (homebuyers) to receive funding.
- Attachment A-4: Eligible Residences—Details of what type of homes may be purchased and requirements regarding the use of real estate brokers.
- Attachment A-5: Financing and Legal Requirements—List of City approved lenders, City loan terms and information on defaults and foreclosures.
- Attachment A-6: Maintaining the Unit—Details on living in the unit after purchase.
- Attachment A-7: Selling and Transferring the Unit—Instructions on selling the unit and details on permissible transfers of title to the property.

#### Forms

- Form A-1: Initial DAP Interest List Application—Application form submitted to City for borrowers (homebuyers) interested in purchasing market rate units to be placed on the interest list.
- Form A-2: Verifiable Document Checklist—Checklist of documents that the borrower (homebuyer) must bring copies of to the first mandatory First Time Homebuyer Class.
- Form A-3: Uniform Residential Loan Application 1003—Standard mortgage application form that borrowers (homebuyers) must submit to approved lenders after selection by City to become pre-qualified.
- Form A-4: DAP Interest List Recertification—Certification form to be completed on at least an annual basis by borrowers (homebuyers) interested in purchasing market rate units who have not yet become homebuyers.
- Form A-5: Final City DAP Application—Application to be completed and sent to City by approved lender after borrower (homebuyer) has been selected to receive a DAP loan.

- Form A-6: Sellers Lead-Based Paint Disclosure—Disclosure of information on lead-based paint and/or lead-based paint hazards to be signed by seller and homebuyer.
- Form A-7: Homebuyer Program Lead Compliance Checklist—A list of documents to be included in each homebuyer (borrower) unit file to document compliance with lead-based paint requirements.
- Form A-8: Acquisition Notice—Disclosure to seller with voluntary, arm's length purchase offer.
- Form A-9: Notice to Sellers of Existing Homes—This form requires that the seller make all necessary repairs to the property prior to the close of escrow at the seller's expense.
- Form A-10: City Legal Document Overview—Synopsis of City legal documents requiring borrower (homebuyer) signature in order to complete purchase of the home.
- Form A-11: Owner Occupant Affidavit—Form to be completed by homeowners on at least an annual basis that certifies continued owner occupancy (requires witness of notary public).

## **2. Appendix B: City Attachments and Forms**

### Attachments

None

### Forms

- Form B-1: Certificate of Completion—Sample copy of certificate given to borrower (homebuyer) after completion of mandatory First Time Homebuyer classes.
- Form B-2: DAP Loan Documents—Sample copy of DAP loan documents, including Loan Agreement, Promissory Note and Deed of Trust.

## **3. Appendix C: Lender Forms and Attachments**

### Attachments

- Attachment C-1: City Loan Commitment—Explanation of City loan process and responsibilities of lender to complete City loan.

### Forms

- Form C-1: Lender Participation Agreement—Form to be signed by lender in order to participate as an approved lender in the DAP.
- Form C-2: Lender Quality Commitment—Statement of commitment to quality to be attached as an addendum to the Lender Participation Agreement.
- Form C-3: Funding Request and Escrow Information Sheet—Form to be completed by lender to provide instruction to City for issuing DAP funds to escrow.

## E. Borrower (Homebuyer) Procedures

1. Initial Application—In order to be placed on the interest list during an open period, prospective borrowers (homebuyers) who meet the eligibility criteria must submit *Form A-1: Initial DAP Application*. The borrower (homebuyer) will be notified within 14 days of their status. Applicants should review requirements for verifiable documentation and prepare to assemble their records.
  - Complete Form A-1: Initial DAP Application
  - Read Attachment A-1: Eligibility Requirements
  
2. First Mandatory First Time Homebuyer Class—Eligible borrowers (homebuyers) with confirmed status on the interest list will be contacted to attend the first of two mandatory City-approved First Time Homebuyer classes. Borrowers (homebuyers) will be asked to bring *Form A-2: Verifiable Document Checklist* along with verifiable documentation to support eligibility, preferences and availability of required personal contribution to the first class. Borrowers (homebuyers) should not bring original documents as supporting documentation.
  - Complete Form A-2: Verifiable Document Checklist
  - Read Attachment A-2: Verifiable Documentation of Income, Assets and Preferences
  
3. Lender Pre-Qualification—In the event that the number of eligible borrowers (homebuyers) on the interest list is much larger than the level of annual funding, the City reserves the right to use preferences and a lottery, if needed, to select the appropriate number of eligible borrowers (homebuyers) to become pre-qualified. Selected eligible borrowers (homebuyers) will be referred to an approved lender to complete *Form A-3: Uniform Residential Loan Application 1003* and become pre-qualified for the first mortgage. Borrowers (homebuyers) must submit a copy of the pre-qualification letter to the City. Borrowers (homebuyers) have 60 days after selection from the interest list to become pre-qualified or they will forfeit their eligibility. Completing this step does not guarantee placement in a home or receipt of funding. However, borrowers (homebuyers) will be offered funding on a first come first served basis determined by the submission date of the pre-qualification letter.
  - Complete Form A-3: Uniform Residential Loan Application 1003
  - Read Attachment A-3: Resident Selection Plan
  
4. Interest List Recertification—To remain on the interest list, borrowers (homebuyers) must maintain eligibility. At least once each year, the City will contact borrowers (homebuyers) who have not yet become homebuyers to request certification of continuing eligibility and household composition by completing *Form A-4: DAP Interest List Recertification*. If a borrower (homebuyer) does not complete the Recertification within the requested time frame, he or she will be removed from the interest list. Borrowers (homebuyers) must keep the City informed about current mailing address, telephone contact information, changes in place of employment, household composition, or any substantial increase of income that may affect eligibility.
  - Complete Form A-4: DAP Interest List Recertification

5. Second Mandatory First Time Homebuyer Class/Final City Application—Available City funding will be offered on a first come first served basis determined by the submission date of the pre-qualification letter. Within 60 days a funding offer, borrowers (homebuyers) must attend a second City-approved First Time Homebuyer class, obtain a first mortgage from a City-approved lender and submit the final application. Borrowers (homebuyers) should be ready to supply credit information, employment and income data, asset and other information for the City loan and/or the first mortgage application(s). Every member of the household 18 years of age or older who intends to live in the unit must submit their income and asset information and state the amount of their personal contribution in *Form A-5: Final City DAP Application*. Interest list status and allocation of funds will be maintained by the City only. Within 60 days of funding offer, borrowers (homebuyers) must also select an eligible property. Final application for a DAP loan must be submitted to the City by the approved lender.
  - Complete Form A-5: Final City DAP Application, Form A-6: Sellers Lead-Based Paint Disclosure, Form A-7: Homebuyer Program Lead Based Paint Compliance Checklist, Form A-8: Acquisition Notice, and Form A-9: Notice to Sellers of Existing Homes.
  - Read Attachment A-4: Eligible Residences and Attachment A-5: Financing and Legal Requirements
  
6. Finalize City Documents—All borrowers (homebuyers) must sign City documents, including a Deed of Trust. The City will provide these documents after approval of the final City application. Borrowers (homebuyers) must also sign the City Loan Agreement and Promissory Note.
  - See Form A-10: City Legal Document Overview
  
7. Required Owner Occupancy—Prior to close of escrow and on an annual basis, borrowers (homebuyers) must provide a notarized certification that the unit has been purchased and shall be maintained as the homebuyer’s primary place of residence. Other documentation will be required to verify owner occupancy. If the City determines that a borrower (homebuyer) has willfully made false statements or misrepresented any facts on this annual certification in order to appear eligible to retain ownership of their unit, the City will treat this as a breach of the Deed of Trust and/or Refinance and Resale Limitation Agreement and Option to Purchase and will force loan repayment and/or the sale of the unit.
  - Complete Form A-11: Owner Occupant Affidavit
  
8. Maintenance—Homeowners are responsible for maintaining their units in a sound and sanitary condition.
  - Read Attachment A-6: Maintaining the Unit
  
9. Transferring or Selling the Unit—Units may be only sold or transferred according to the specific provisions in the City’s Deed of Trust. Units may be sold at any time and any City loans will be due and payable.
  - Read Attachment A-7: Selling and Transferring the Unit

See Appendix A for relevant attachments and forms.

## F. City Procedures

The City of Ceres, Housing Division (City) is the designated program administrator for the First Time Homebuyer Programs. The City may delegate part of its administrative functions to participating lenders through *Form C-1: Lender Participation Agreement* and *Form C-2: Lender Quality Commitment*.

1. Opening of the Interest List— The City shall be responsible for administration of the interest list of eligible participants. When appropriate, the City will exercise its discretion to open the interest list, solicit applications to the interest list and close the interest list according to the availability of funds. The City will advertise the opening of the interest list via the City's website and program brochures. During the open interest list period, the City will accept and review *Form A-1: Initial DAP Application*. The City will notify applicants within 14 days of submittal of their application and provide information of their status on the interest list.
2. 1<sup>st</sup> First Time Homebuyer Class—The City will contact eligible borrowers (homebuyers) with confirmed status on the interest list to attend a mandatory City-approved First Time Homebuyer class and bring *Form A-2: Verifiable Document Checklist* along with verifiable documentation. City (or consultant) will issue *Form B-1: Certificate of Completion* at the end of the class.
3. Preliminary Eligibility Determination—The City will perform preliminary determination of borrower (homebuyer) eligibility and preferences through document review.
4. Referral to Approved Lender—In the event that the number of eligible borrowers (homebuyers) on the interest list is much larger than the level of annual funding, the City will use preferences and a lottery, if needed, to select the appropriate number of eligible borrowers (homebuyers) to become pre-qualified. Selected eligible borrowers (homebuyers) will be referred to an approved lender to complete *Form A-3: Uniform Residential Loan Application 1003* and become pre-qualified for the first mortgage. Borrowers (homebuyers) will have 60 days to become pre-qualified and must submit a copy of the pre-qualification letter to the City. Borrowers (homebuyers) will be offered funding on a first come first served basis determined by date of submission of the pre-qualification letter.
5. 2<sup>nd</sup> First Time Homebuyer Class / Final Application—Available City funding will be offered on a first come first served basis determined by the submission date of the pre-qualification letter. Within 60 days of a funding offer, borrowers (homebuyers) must attend a second City-sponsored First Time Homebuyer class, obtain a first mortgage from a City-approved lender and submit the final application. The City will accept and review the final applications and make a determination as to completeness and accuracy. The City will receive *Form A-5: Final City DAP Application* from an approved lender on behalf of the borrower (homebuyer). The City will also receive *Form A-6: Sellers Lead-Based Paint Disclosure*, *Form A-8: Acquisition Notice*, and *Form A-9: Notice to Sellers of Existing Homes* from the borrower and seller of the home.
6. DAP City Loan Commitment—After the Final City DAP Application has been approved, the City will issue a City Loan Commitment to the lender. Completion of the Commitment reserves City funds for that purchase. The City will maintain a cumulative total of loan amounts reserved. When program funds are about to be depleted, City will notify approved lenders.

7. City Documents and Escrow—The City will forward appropriate City loan documents to a selected escrow officer with instruction for closing the loans. The City will issue First-Time Homebuyer funds by check as instructed on *Form C-3: Funding Request and Escrow Information Sheet*. Borrowers (homebuyers) must sign *Form B-2: DAP Loan Documents*, and applicable attachments.
8. Interest List Recertification—At least once each year, the City will contact borrowers (homebuyers) on the interest list who have not yet become homebuyers to request certification of continuing eligibility by completing *Form A-4: DAP Interest List*. Ineligible borrowers (homebuyers) will be removed from the interest list.
9. Monitoring—The City will monitor and audit compliance with program requirements. At least annually City Housing Division staff will contact homeowners to complete *Form A-11: Owner Occupant Affidavit* to verify continued owner occupancy.

## G. Lender Procedures

A lender is defined as a financial institution, whether broker, retail, or wholesale, licensed to make first mortgage loans in the state of California. All brokers, retail and wholesale lenders who wish to participate in the City program must be enrolled as an approved lender. To enroll and maintain active status as an approved lender, a lender must do the following:

1. Initial Commitment—In order to become an approved lender, a financial institution must sign *Form C-1: Lender Participation Agreement* with *Form C-2: Lender Quality Commitment* attached, designate a contact person for the program, and perform its lending duties in accordance with the Lender Quality Commitment.
  - Complete Form C-1: Lender Participation Agreement and Form C-2: Lender Quality Commitment
2. Lender Training—All lending personnel involved with the City program must apply procedures described in the City of Ceres First Time Homebuyer Program Administrative Procedures Manual. All loan processors must be provided a copy of the City of Ceres First Time Homebuyer Program Administrative Procedures.
3. Pre-qualification Process—Lender will work with eligible borrowers (homebuyers) who have been referred by the City to complete *Form A-3: Uniform Residential Loan Application 1003* and become pre-qualified for the first mortgage. The lender will qualify the borrower (homebuyer) for the first mortgage using standard underwriting procedures. Lender will issue a pre-qualification letter to borrower, and borrower must submit a copy of their letter to the City. Lender should describe parameters of the City programs to borrowers (homebuyers) and verify eligibility.
4. First Mortgage and City Loan Application—The first mortgage must be obtained from an approved lender. The lender will qualify the borrower (homebuyer) for the first mortgage using standard underwriting procedures. If needed, the lender must submit the DAP applications to the City on behalf of the borrower. *Form A-5: Final City DAP Application* must be submitted to the City by the approved lender for a DAP loan. The lender must certify to the best of the lender's knowledge that the borrower's (homebuyer's) statements are true, correct and consistent with the information submitted in connection with the City loan application.



5. DAP City Loan Commitment—Upon borrower (homebuyer) approval, the City will issue a City Loan Commitment that is valid for 120 calendar days. Prior to expiration of the Commitment, the lender must either: submit the closing package; submit written notice of loan cancellation; or request a 30-day extension.
  - Read Attachment C-1: City Loan Commitment
  
6. Finalize All Loan Documents—Lender will forward first mortgage loan documents and City will forward appropriate City loan documents or resale restrictions, as applicable, to selected escrow officer with instruction for closing the loans. (See *Form B-2: DAP Loan Documents*.) Before the expiration of the 120-day commitment and prior to recordation, escrow officer forwards copies of the executed Loan Documents (both Lender and City, if applicable and resale restrictions, if applicable) back to the City. These documents will include, as applicable: conformed copy of Deed of Trust, conformed copy of Refinance and Resale Limitation Agreement and Option to Purchase, original Promissory Note, Truth in Lending Statement, and all outstanding loan conditions listed on the City Loan Commitment Letter.<sup>4</sup>
  
7. Funding Request and Escrow Information—Lender/Escrow will send City instruction for issue of City loan funds using *Form C-3: Funding Request and Escrow Information Sheet*. Any secondary fund issuances that are issued due to errors on behalf of the Lender, Escrow or Title Company will require a \$30.00 re-issue fee and shall be paid by the party at fault.
  - Complete Form C-3: Funding Request and Escrow Information Sheet

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<sup>4</sup> Escrow officer sends original Deed of Trust and Refinance and Resale Limitation Agreement and Option to Purchase to County Recorder's Office.



## FIRST TIME HOMEBUYER DOWNPAYMENT ASSISTANCE PROGRAM ELIGIBILITY REQUIREMENTS

### 1. First Time Homebuyer

Borrowers (homebuyers) must be first time homebuyers. The borrower (homebuyer) shall be considered a first-time homebuyer if they have not had an ownership interest in any principal residence (a home in which they lived) during the three-year period prior to the execution of the mortgage loan. Owners of mobile homes without permanently affixed foundations qualify as first time homebuyers. In addition, the following individual or individuals may not be excluded from consideration as a first-time homebuyer under this definition:

- A displaced homemaker who, while a homemaker, 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;
- 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;
- An individual or individuals who owns or owned, as a principle residence during the three-year period before the purchase of a home with program assistance, a dwelling unit whose structure is: (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.

### 2. Household Composition

A household is comprised of one or more persons who may or may not be related and will live together in the unit. All members of the household must include their income in the total annual household income. Every person who will be on title must meet all eligibility requirements, go through every step of the application and purchase process, and agree to comply with the program requirements. The City will accept applications from more than one adult who will live together in the unit as co-applicants. Married couples must apply as co-applicants and both must be on title unless they are legally separated. The combined income and assets of all adult household members must not exceed the maximum income and asset limits of the program. If the borrowers (homebuyers) are proposing to combine households with the

purchase of the unit, each household must meet minimum eligibility requirements and their combined income must meet the household income limits.

An adoption in process will be counted in family size with verification of the adoption process. A child will be considered part of the household when the child lives with a single parent for at least 75% of the time or in instances of joint custody, at least 50%. The borrower (homebuyer) will need to submit a copy of the divorce decree and/or child custody agreement as verifiable documentation. If a divorce is in process and support has not been agreed to and recorded in Court, it may not be possible to qualify a borrower (homebuyer) because household size and financial status is unclear.

**3. Maximum Income Limits**

**All Programs**

The Ceres City Council established the First Time Homebuyer Downpayment Assistance Program (DAP) with the principle that assistance shall be provided only to very low or low-income households.

The maximum income limits that define very low and low-income households are updated annually by the U.S. Department of Housing and Urban Development (HUD) and the State of California Department of Housing and Community Development (HCD). (See Attachment A-2 for a description of income inclusions and exclusions.)

As of 2008, the following maximum income limits apply:<sup>1</sup>

	Maximum Allowable Income by Household Size							
	1	2	3	4	5	6	7	8
<b>DAP</b>	\$31,650	\$36,150	\$40,700	\$45,200	\$48,800	\$52,450	\$56,050	\$59,650

The DAP will be limited to very low and low-income households, as defined by HCD, using HUD standards.

**4. Required Personal Contribution**

The borrower (homebuyer) must have sufficient readily available assets for personal contribution in the required amount as described below. Verification of total assets will be required. (See Attachment A-2 for a description of allowable assets and verifiable documents.)

At the time of purchase of a unit, the borrower (homebuyer) must have a minimum of 3 percent of the purchase price in readily available funds to pay toward the down payment and closing costs. The borrower (homebuyer) may use other approved assistance programs to assist in obtaining the funding needed to pay for the total cost of the downpayment and/or closing costs.

**5. Asset and Gift Limits**

Gifts of funds are included in eligibility considerations and may not exceed a total of \$11,000. Gifts may be used for the borrower’s personal contribution. The borrower (homebuyer) must submit a “gift letter” signed by the grantor stating that the money is a gift that is not to be repaid.

<sup>1</sup> These limits are updated annually. Please contact the Housing Division for updated income limits.

Assets included in eligibility considerations are separated into liquid assets and other cash assets. The sum of liquid and other cash assets is used to determine availability of required personal contribution. (See Attachment A-2 for a description of liquid assets.) If liquid cash assets are not sufficient to meet the required personal contribution as described above, the borrower (homebuyer) will need to demonstrate that the cash requirement can be met from some other cash assets. (See Attachment A-2 for a description of other cash assets). Liquid assets (including the required personal contribution) may not exceed the greater of \$15,000 or 10 percent of the purchase price.

## 6. Owner Occupied

Within 60 days of close of escrow, the borrower (homebuyer) and the entire household must occupy the unit as their primary residence and remain in the residence throughout the term of the loan. Any residential unit where more than 15 percent of the total area of the residence will be used for a trade or business and which qualifies the borrower (homebuyer) for a tax deduction for business expenses for business use of the residence under Section 280A of the IRS code is not eligible.

Occupancy is defined as a minimum stay of ten months in every twelve month period. If an employer requires the borrower (homebuyer) to work at another location outside of Ceres on a short-term temporary basis, and the borrower (homebuyer) needs to relocate his/her residence temporarily (more than two months), the borrower (homebuyer) must contact the City prior to the relocation to notify them of the temporary involuntary relocation and provide all documentation requested.

The borrower (homebuyer) may not terminate occupancy of the unit or allow the occupancy of the unit by anyone who is not a member of the borrower's household. All borrowers (homebuyers) who are on title to the unit must occupy the unit. If the borrower (homebuyer) violates these occupancy restrictions, the City will pursue its available remedies, including loan repayment and/or sale of the unit.

The unit may not be rented. The City will require the borrower (homebuyer) to reimburse the City for all rent that was collected or the amount of any presumed rent, based upon established market rents. In any instance that the City determines that the unit has been rented, the City will pursue its available remedies, including loan repayment and/or the sale of the unit.

## 7. City Homebuyer Classes

All borrowers (homebuyers) will be required to participate in two City-approved First Time Homebuyer Classes. After the borrower (homebuyer) is determined to be eligible for a first time homebuyer program the borrower (homebuyer) is required to attend a pre-purchase education program offered by an agency approved by the City of Ceres. Borrowers (homebuyers) will be asked to bring Form A-3: Verifiable Document Checklist along with verifiable documentation to support eligibility, preferences and availability of required personal contribution to the first class. Borrowers (homebuyers) should not bring original documents for supporting documentation. Borrowers (homebuyers) who have been selected to purchase a home must attend a second City-approved First Time Homebuyer class.

The borrower (homebuyer) must complete the pre-purchase education classes within a reasonable timeframe established by the City, or they will be removed from the list. At the end of each class, the borrower (homebuyer) will receive a certificate of completion. The certificates of completion must be submitted as proof of participation in the program.

## **8. Residency/Work Status Preferences**

Preference is given to Ceres residents, full time workers in the City of Ceres, local emergency services personnel, local school district employees and veterans. Residency in Ceres requires living at a specific address in the City of Ceres for at least six months prior to submitting a wait list application. Actual residency in Ceres, not legal residency, is required. Those who simply have a post office box, park overnight or visit in the City are not considered residents. Full-time employment in the City of Ceres requires 40 hours per week within the City of Ceres for at least six months prior to submitting a wait list application.

The City will require documentation to verify the claims on the application. Intentionally false statements to gain priority ranking will result in removal of the applicant from the waiting list and permanent ineligibility from the program. (See Attachment A-2 for examples of preference characteristics and verifiable documents.)



**FIRST TIME HOMEBUYER DOWNPAYMENT ASSISTANCE PROGRAM  
VERIFIABLE DOCUMENTATION OF INCOME, ASSETS AND PREFERENCES**

**1. Documentation to Support Sources of Income**

The gross annual income of all adult household members is considered when determining eligibility. The definition of what is and is not included in annual income follows the current definition used by the California Housing Finance Agency. **The following table presents what to INCLUDE in your annual income. The types of income to be verified and the type of documentation that must be provided, if applicable, include signed copies of the past three years of Federal Income Tax Returns, as well as:**

<b>General Category</b>	<b>Description</b>	<b>Documentation</b>
1. Income from Wages, Bonus, Salaries, Commissions	The gross amount of wages and salaries, before payroll deductions or un-reimbursed employee expenses, commissions, fees, tips, bonuses, gambling winnings, prizes, and other compensation for personal services. (IRS Form 2106 un-reimbursed business expenses CANNOT be deducted from gross income.)	Copies of the last 2 months pay stubs; contract from employer stating wages.
2. Assets and Business Income	(1) All interest and/or dividends earned on assets. (2) The net income from the operation of a business or profession or from the rental of real or personal property. For this purpose, if this operation results in a loss, the loss may not be used to offset income generated from other sources. Any shareholder that owns ten percent or more of any outstanding class of stock in a corporation shall also be deemed to have received income in its proportionate share of net earnings not otherwise distributed in salaries or dividends. (3) The distributive share of partnership income. (4) Periodic payments from a trust fund.	<b>Interest &amp; Dividend Income:</b> Copies of 2 recent statements. <b>Business Income:</b> 2 prior years of tax returns or 1 year of verification of income by a certified public accountant or bookkeeper including profit/loss statements and financial statement.
3. Human Assistance & Services	(1) The full amount of periodic payments received from social security (unless deferred or paid in a lump sum), housing assistance payments, annuities, insurance policies, retirement funds, pensions, disability or death benefits, and other similar types of periodic receipts. (2) Payments in lieu of earnings, such as unemployment and disability compensation, worker's compensation, and severance pay. (3) The full amount of public assistance payments.	<b>Retirement &amp; insurance income:</b> Consistent monthly deposits; statements from institution; Social Security documentation. <b>Unemployment &amp; disability income:</b> Award letter from the State Disability institution. <b>Welfare income:</b> Agency Documentation.

4. Alimony, Child Support & Contributions	(1) Periodic determinable allowances, such as alimony and separate maintenance payments received, housing allowances received, and regular contributions or gifts received from persons not residing in the dwelling, where such sums are received on a recurrent basis and which may be reasonably expected to continue. (2) Child support payments received by an applicant for the benefit of the applicant's child or children.	<b>Alimony &amp; Child Support:</b> Interlocutory decree that indicates specified payment or proof of non-payment; agreement reached and recorded separately from divorce decree. <b>Gift Income:</b> Institution, account number and letter signed by grantor.
5. Military	All regular pay, special pay and allowances of a member of the Armed Forces (whether or not living in the dwelling) who is the head of the household or spouse (or other persons whose dependents are residing in the unit) who will have a vested interest in the property and receive such pay up to the time of closing.	Copies of last two pay stubs; W-2; Contract signed by military or reserves.

**The following table presents what to EXCLUDE from your Annual Income:**

General Category	Description
1. Gifts & Service Payments	(1) Casual, sporadic, or irregular gifts. (2) Resident service payments in an amount received by a resident for performing a service for the housing authority or owner, on a part-time basis that enhances the quality of life in the development, if it does not exceed \$200 per month.
2. Medical	Amounts that are specifically for, or in reimbursement of, the cost of medical expenses.
3. Lump Sums	Lump-sum additions (other than regular payments) to household assets, such as inheritances, insurance settlements (including payments under health and accident insurance and worker's compensation), capital gains, student financial assistance, settlements for personal or property losses, and property tax rebates.
4. Education	(1) Amounts of education scholarships paid directly to the student or to the educational institution and amounts paid by the Government to a Veteran, for the "cost of attendance" at an education institution. "Cost of attendance" covers not only tuition, but also includes fees, books and miscellaneous expenses for material. (Non-school related veteran's benefits are included in the income calculations). (2) Payments received from the Workforce Investment Act or State or local job training programs. (3) Amounts of scholarships funded under Title IV of the Higher Education Act of 1965, including awards under federal work-study programs or under Bureau of Indian Affairs student assistance programs.
5. Foster Care, Adoption, Minors & Students	(1) Foster child care payments or adoption assistance payments, if not used to credit qualify for the loan. (2) Income from employment of minor dependents not on title. (3) Earnings in excess of \$480 for each full-time student 18 years old or older (excluding the head of household and spouse).
6. Human Assistance & Services	(1) The value of coupon allotments for the purchase of food pursuant to the Food Stamp Act of 1977 U.S.C. Sections 2011 and 2027, which is in excess of the amount actually charged the eligible household. (2) Payments to volunteers under the Domestic Volunteer Service Act of 1973. (3) Payments of Allowances made under the Department of Health and Human Services Low-Income Home Energy Assistance Program. (4) Home care payments for developmentally disabled children or adult family members. (5) Deferred periodic payments of supplemental security income and social security benefits that are received in a lump sum. (6) Income of a live-in aide, as defined in 24 CFR §5.403. (7) Adoption assistance payments in excess of \$480 per adopted child.

	<p>(8) Amounts specifically excluded by any other Federal statute from consideration as income for purposes of determining eligibility or benefits under a category of assistance programs that includes assistance under any program to which the exclusions set forth in 24 CFR 5.609(c) apply. A notice will be published in the Federal Register and distributed to PIHAs and housing owners identifying the benefits that qualify for this exclusion.</p> <p>(9) The value of any child care provided or arranged (or any amount received as payment for such care or reimbursement for costs incurred for such care) under the Child Care and Development Block Grant Act of 1990.</p>
7. Government Payments & Credits	<p>(1) Amounts received by the family in the form of refunds or rebates under State or local law for property taxes paid on the dwelling unit.</p> <p>(2) Reparation payment paid by a foreign government pursuant to claims filed under the laws of that government by persons who were persecuted during the Nazi era.</p> <p>(3) Payments received from programs funded under Title V of the Older Americans Act of 1985.</p> <p>(4) Payments received on or after January 1, 1989, from the Agent Orange Settlement Fund or any other fund established pursuant to the settlement in In Re Agency product liability litigation.</p> <p>(5) Earned income tax credit (EITC) refund.</p> <p>(6) The special pay to a family member serving in the Armed Forces who is exposed to hostile fire.</p> <p>(7) Any amount of crime victim compensation (under the Victims of Crime Act) received through crime victim assistance (or payment or reimbursement of the cost of such assistance) as determined under the Victims of Crime Act because of the commission of a crime against the applicant under the Victims of Crime Act.</p>
8. Native Americans	<p>(1) Payments received under the Alaska Native Claims Settlement Act.</p> <p>(2) Income derived from certain submarginal land of the United States that is held in trust for certain Indian tribes.</p> <p>(3) Income derived from the disposition of funds to the Grand River Bank of Ottawa Indians.</p> <p>(4) The first \$2000 of per capita shares received from judgment funds awarded by the Indian Claims commission for the U.S. Claims Court, the interests of individual Indians in trust or restricted lands, including the first \$2000 per year of income received by individual Indians from funds derived from interests held in such trust or restricted lands.</p> <p>(5) Payments received under the Maine Indian Claims Settlement Act of 1980.</p> <p>(6) Payments by the Indian Claims Commission to the Confederated Tribes and Bands of Yakima Indian Nation or the Apache Tribe of Mescalero Reservation.</p>
9. Allowances & Compensation	<p>(1) Allowances, earnings and payments to AmeriCorps participants under the National and Community Service Act of 1990.</p> <p>(2) Any allowance paid under the provisions of 38 U.S.C. 1805 to a child suffering from spina bifida who is a child of a Vietnam veteran.</p> <p>(3) Allowances, earnings and payments to individuals participating in programs under the Workforce Investment Act of 1998.</p>

**2. Assets**

An asset is a cash or non-cash item that can be converted to cash. The value of necessary items such as furniture and automobiles is not included. An asset’s cash value is the market value less reasonable expenses required to convert the asset to cash, including penalties or fees for converting financial holdings and costs for selling real property. The cash value (rather than the market value) of an item is counted as an asset. The definition of what is and is not included in assets follows the current definition described in the U.S. Code of Federal Regulations and provided on the website of the U.S. Department of Housing and Urban Development:

<http://www.hud.gov/offices/cpd/affordablehousing/training/calculator/definitions/treatment/inclusions.cfm>

Assets are separated into liquid assets and other cash assets. Liquid assets may not exceed a certain amount for borrower (homebuyer) eligibility while the sum of liquid and other cash assets is used to determine availability of required personal contribution. (See Attachment A-1: Eligibility Requirements.)



**a. Documentation to Support Liquid Assets**

The liquid assets of all household members are considered when determining eligibility. Liquid assets may not exceed the amount as outlined in Attachment A-1: Eligibility Requirements. Following are the types of assets to be verified and the type of documentation that will be requested:

<b>Liquid Asset</b>	<b>Documentation</b>
1. Cash held in savings accounts, checking accounts, safe deposit boxes, homes, etc.	Copies of two most recent statements indicating balances.
2. Equity in rental property or other capital investments. Equity is the estimated current market value of the asset less the unpaid balance on all loans secured by the asset and all reasonable costs (e.g., broker fees) that would be incurred in selling the asset. Other capital investments include the cash value of stocks (including options), bonds, Treasury bills, certificates of deposit and money market accounts.	Copy of certificate or proof of purchase and statement of current value; for stock prices attach a copy of recent dated newspaper or online source that shows the value of each company's stocks; copies of two most recent statements indicating balances.
3. Cash value of revocable trusts available to the applicant.	Copies of two most recent statements indicating balances.
4. Personal property held as an investment such as gems, jewelry, coin collections, antique cars, etc.	Certified appraisals.
5. Lump sum or one-time receipts, such as inheritances, capital gains, lottery winnings, victim's restitution, insurance settlements and other amounts not intended as periodic payments	Gift letter; letter from institution; loan agreement.

**b. Other Cash Assets**

If liquid cash assets are not sufficient to meet the minimum participant contribution, the borrower (homebuyer) will need to demonstrate that the cash requirement can be met from some other source(s). Assets that may be included are:

<b>Other Cash Asset</b>	<b>Documentation</b>
1. Individual retirement and Keogh accounts (even though withdrawal would result in a penalty); retirement and pension funds.	Copies of two most recent statements indicating balances, interest rates, documentation stating penalties for withdrawal.
2. Cash value of life insurance policies available to the individual before death (e.g., surrender value of a whole life or universal life policy).	Copy of Policy and most recent statements.
3. Individual Development Account Match.	Copy of two most recent statements.
4. Other.	Verification.

\*\*\*While mortgages or deeds of trust held by an applicant would be included in the definition of total assets, ownership of property in the past three years would exclude borrower (homebuyer) eligibility for City of Ceres First Time Homebuyer Downpayment Assistance Program.\*\*\*

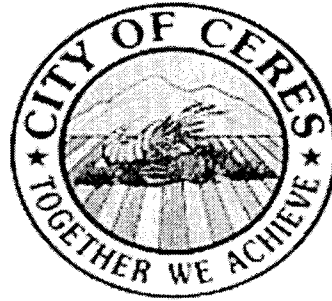
The following table presents what to EXCLUDE from assets:

1. Necessary personal property, except as noted in number 4 of Liquid Assets, such as clothing, furniture, cars and vehicles specially equipped for persons with disabilities.
2. Interest in Indian trust lands.
3. Assets not effectively owned by the applicant. That is, when assets are held in an individual's name, but the assets and any income they earn accrue to the benefit of someone else who is not a member of the household and that other person is responsible for income taxes incurred on income generated by the asset.
4. Equity in cooperatives in which the family lives.
5. Assets not accessible to and that provide no income for the applicant.
6. Term life insurance policies (i.e., where there is no cash value).
7. Assets that are part of an active business. "Business" does not include rental of properties that are held as an investment and not a main occupation.

### 3. Documentation for Preferences

The following are current preference characteristics and the type of documentation that the City will consider as verifiable proof:

Preference Characteristic	Documentation
Reside in Ceres: Minimum of 6 months	Copies of current and past leases; utility bills at home address; signed tax returns; written statement from the landlord or property manager indicating length of time at that address; cancelled checks or bank statements showing consistent payment each month.
Work in Ceres: Minimum of 6 months	Copies of pay stubs; W-2s or 1099 Forms; Employment Verification Statement(s).
Emergency services personnel: Ceres Emergency Services Division Ceres Police Department EMT / medical personnel	Copy of pay stub; statement from Human Resources regarding tenure.
School District employee: Ceres Unified School District	Copy of pay stub; statement from Human Resources regarding tenure.
United States Armed Services Veteran	



## FIRST TIME HOMEBUYER DOWNPAYMENT ASSISTANCE PROGRAM RESIDENT SELECTION PLAN

### 1. First Time Homebuyer Selection Process

- In order to be placed on the interest list during an open period, prospective borrowers (homebuyers) who meet the eligibility criteria must submit Form A-1: Initial DAP Application to the City.
- The borrower (homebuyer) will be notified within 14 days of their status;
- When the City determines that the borrower (homebuyer) may be eligible, the borrower will be invited by the City to attend the first of two mandatory First Time Homebuyer classes. The borrower needs to bring Form A-3: Verifiable Document Checklist and documents to support eligibility, preferences and availability of required personal contribution.
- After document verification, borrowers (homebuyers) will be selected by priority status as stated below and a lottery, if necessary, for referral to a City approved lender for pre-qualification. In the event that the City determines the need for a lottery, it will be conducted as follows:
  - Eligible priority applicants will be placed in a single lottery pool, to which approximately forty percent of the available pre-qualification slots shall be first made available.
  - Eligible non-priority applicants will then be placed in the pool of remaining priority applicants for the remainder of the pre-qualification slots.
- Selected eligible borrowers (homebuyers) will be referred to an approved lender to complete Form A-4: Uniform Residential Loan Application 1003 and become pre-qualified for the first mortgage. Borrowers (homebuyers) must submit a copy of the pre-qualification letter to the City. Borrowers (homebuyers) have 60 days after selection from the interest list to become pre-qualified or they will forfeit their eligibility. Completing this step does not guarantee placement in a home or receipt of funding.
- Available City funding will be offered on a first come first served basis determined by the submission date of the pre-qualification letter. Within 60 days of a funding offer, borrowers (homebuyers) must attend a second City-approved First Time Homebuyer class, obtain a first mortgage from a City-approved lender and submit the final application. Within 60 days of funding offer, borrowers (homebuyers) must also select an eligible property. Final application for a DAP loan must be submitted to the City by the approved lender.
- Selected pre-qualified borrowers (homebuyers) will be given two opportunities to refuse funding. After the second refusal, the borrower (homebuyer) will be removed from the interest list. Borrowers (homebuyers) may apply to future interest lists.

- All borrowers (homebuyers) must sign City documents and a notarized certification that the unit has been purchased and shall be maintained as the homebuyer's primary place of residence.

## 2. Priorities For Eligibility

Preference is given to Ceres residents, full time workers in the City of Ceres, emergency services personnel and school district employees. Residency in Ceres requires living at a specific address in the City of Ceres for at least six months prior to submitting an interest list application. Actual residency in Ceres, not legal residency, is required. Those who simply have a post office box, park overnight or visit in the City are not considered residents. Full-time employment in the City of Ceres requires 40 hours per week within the City of Ceres for at least six months prior to submitting an interest list application.

All of the above preferences will be weighted on an equal basis, regardless of the number of criteria met by a single applicant.

The City will require documentation to verify the claims on the application. Intentionally false statements to gain priority ranking will result in removal of the applicant from the interest list and permanent ineligibility from the program. (See Attachment A-2 for examples of preference characteristics and verifiable documents.)

**Note: Funds and are limited. Therefore, the number of loans approved/distributed will depend on the amount of eligible applications received and the amount of funding available.**



### **FIRST TIME HOMEBUYER DOWNPAYMENT ASSISTANCE PROGRAM ELIGIBILITY OF PROPOSED HOME**

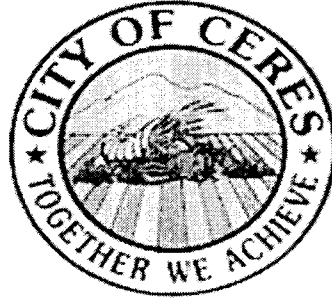
The borrower (homebuyer) must obtain the services of a licensed real estate broker or consultant approved by the City to assist with the purchase. In the event of new construction, the borrower (homebuyer) may use the builder's sales office. Within 60 days of close of escrow, the borrower (homebuyer) who is listed on the title to the property must occupy the unit as their primary residence and remain in residence. Any residential unit where more than 15% of the total area of the residence will be used for a trade or business and which qualifies the borrower (homebuyer) for a tax deduction for business expenses for business use of the residence under Section 280A of the IRS code is not eligible.

- The maximum purchase price is determined by the California Housing Finance Agency. As of March 27, 2008, the maximum price is \$429,691 for a new or resale home.<sup>1</sup>
- Loans will be made on residential properties within Ceres city limits.
- Properties can be new or resale single family homes, including detached homes, condominiums, townhouses, half-plexes or manufactured homes that meet FNMA guidelines and are considered real property. The purchase of a multiple unit building is not allowed.
- Properties purchased with City assistance must be owner-occupied or vacant. The City will not incur costs for tenant relocation.
- Properties purchased with City assistance must meet City of Ceres building code regulations for health and safety upon occupancy. To determine compliance with necessary local codes, the City of Ceres Building Department or its representative will inspect existing homes. In addition, a licensed inspector shall make a pest inspection of the property. Any work required to correct existing conditions shall be made prior to the close of escrow. Said repairs and re-inspection shall be made at the expense of the seller. New homes will be built under the requirements of the State of California Uniform Building Code and the Building Code of the City of Ceres. New homes must also meet the requirements of the current edition of the Model Energy Code published by the Council of American Building Officials. In addition, the builder must, if requested by a disabled person or their family, incorporate in the construction any needed handicap additions required by the disabled homebuyer.
- All properties built prior to January 1, 1978 will require a lead-based paint disclosure to be signed both by the borrower (homebuyer) and seller (Form A-6: Seller's Lead-Based Paint Disclosure).

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<sup>1</sup> These prices may be updated from time to time. Please contact the City for updated prices.

- **Notification:** Prior to making an offer to purchase a pre-1978 home, the Buyer will be given a copy of and asked to read the EPA pamphlet *“Protect Your family From Lead in Your Home”*. (EPA 747-K-94-001, April 1999) Evidence of providing this document will be maintained in homebuyer file as will be Form A-7: Homebuyer Program Lead Compliance Document Checklist.
  - **Inspections:** The Inspector shall conduct a “Visual Assessment” of all painted surfaces in order to identify deteriorated paint. All deteriorated paint will be stabilized in accordance with 24. CFR 35.1330 (a) and (b); and a Clearance shall be made in accordance with 24. CFR 35.1340 This assessment shall include all outbuildings and structures on the property.
  - **Abatement:** If abatement is required the contractor performing the abatement shall be given a copy of the Abatement Guidelines (24 CFR 35.1325 et seq.), a copy of the HUD publication *“Lead Paint Safety, A Field Guide for Painting, Home Maintenance, and Renovation Work”* and a list of the “Prohibited Methods of Paint Removal” (24 CFR 35.140).
- Prior to presenting an offer to purchase an existing home, the Buyer and/or the Buyer’s agent shall require the Seller to complete Form A-8: Acquisition Notice to Seller AND Form A-9: Notice to Sellers of Existing Homes.
    - Form A-8: Acquisition Notice to Seller includes: (a) certification that the purchaser has no power of eminent domain, (b) an estimate of the fair market value of the property and, (c) a statement that if an Acquisition Notice is not given prior to the acceptance of the purchase offer, the Seller may withdraw from the agreement after this information is provided.
    - Form A-9: Notice to Sellers of Existing Homes requires that the Seller make all necessary repairs to the property prior to the close of escrow at the Seller’s expense. Whether the home needs repairs or not, Buyers are required to purchase a Home Protection Plan. These plans provide insurance on all interior electrical, plumbing and appliances for the first twelve months. The cost of protection plans range from \$250 to \$300 and may be paid through escrow as a part of the closing costs.



## FIRST TIME HOMEBUYER DOWNPAYMENT ASSISTANCE PROGRAM FINANCING AND LEGAL REQUIREMENTS

Selected pre-qualified borrowers (homebuyers) will apply for the City of Ceres' First Time Homebuyer Downpayment Assistance Program (DAP) in conjunction with conventional mortgage loan application procedures. The final application for a City DAP loan must be submitted to the City by the approved lender.

**The City of Ceres First Time Homebuyer Downpayment Assistance Program may only be used with conventional, fixed-rate loans. The City of Ceres does not underwrite the loans.**

### 1. Financial Institution

Borrowers (homebuyers) must obtain financing from one of the lending institutions included on the California Housing Finance Agency (CalHFA) website - <https://wp11.calhfa.ca.gov/ApprovedLenders/>

### 2. City Loan Requirements and Loan Limits / Terms

The terms of the DAP loan are designed to encourage long-term residency in the program-assisted home.

- DAP loans may only be used with conventional, fixed-rate loans.
- Payment of the loan is deferred until the term of the loan. The loan shall become due and payable 30 years from the close of escrow, if the home is sold or transferred, if the home is no longer used as principal residence of the borrower (homebuyer), refinancing as described below, or upon the occurrence of any event of default.
- The loan is not assumable.
- The loan will be secured by a Promissory Note and Deed of Trust.
- Refinancing of the first loan is not permitted without the prior written approval of City. Refinancing will be approved if it is solely to achieve a lower interest rate. Refinancing that results in any release of funds, typically referred to as a "cash-out" loan, will make the City loan plus accrued interest due and payable.
- The maximum loan under this program shall be the lesser of twenty percent (20%) of sales price or \$80,000.
- The amount of repayment equals the DAP loan (principal) plus a three percent (3%) simple interest rate. The loan may be prepaid at any time without penalty.

### **3. Defaults and Foreclosures**

#### **All Programs**

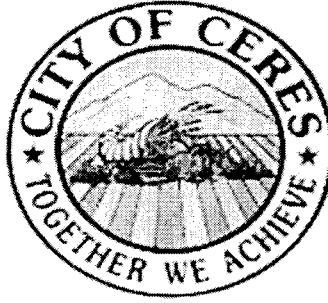
##### Violation/Breach of Deed of Trust

The City learns of violations of the Deed of Trust and program restrictions through periodic audits and other resources available to the City. The City may take all actions necessary to verify occupancy of the unit by the person(s) on the title to the unit. Breach of the Deed of Trust or program restrictions may force loan repayment and/or the sale of the unit.

##### Foreclosure

If a Notice of Default is recorded by a lender or other party on a unit, then a breach of the terms of the Deed of Trust has occurred. The owner's failure to cure the default may result in the City's enforcement of its right to exercise and declare a default.





**FIRST TIME HOMEBUYER DOWNPAYMENT ASSISTANCE PROGRAM  
SELLERS LEAD-BASED PAINT DISCLOSURE:  
DISCLOSURE OF INFORMATION ON LEAD-BASED PAINT AND/OR LEAD-  
BASED PAINT HAZARDS**

Every purchaser of any interest in residential real property on which a residential dwelling was built prior to 1978 is notified that such property may present exposure to lead from lead-based paint that may place young children at risk of developing lead poisoning. Lead poisoning in young children may produce permanent neurological damage, including learning disabilities, reduced intelligence quotient, behavioral problems, and impaired memory. Lead poisoning also poses a particular risk to pregnant women. The seller of any interest in residential real property is required to provide the buyer with any information on lead-based paint hazards from risk assessments or inspections in the seller's possession and notify the buyer of any known lead-based paint hazards. A risk assessment or inspection for possible lead-based paint hazards is recommended prior to purchase.

**Seller's Disclosure**

(a) Presence of lead-based paint and/or lead-based paint hazards (check (i) or (ii) below):

(i) \_\_\_ Known lead-based paint and/or lead-based paint hazards are present in the housing (explain). \_\_\_\_\_

(ii) \_\_\_ Seller has no knowledge of lead-based paint and/or lead-based paint hazards in the housing.

(b) Records and reports available to the seller (check (i) or (ii) below):

(i) \_\_\_ Seller has provided the purchaser with all available records and reports pertaining to

Lead-based paint and/or lead-based paint hazards in the housing (list documents below). \_\_\_\_\_

(ii) \_\_\_ Seller has no reports or records pertaining to lead-based paint and/or lead-based paint hazards in the housing.

**Purchaser's Acknowledgment (initial)**

(c) \_\_\_ Purchaser has received copies of all information listed above.

(d) \_\_\_ Purchaser has received the pamphlet Protect Your Family from Lead in Your Home.

(e) \_\_\_ Purchaser has (check (i) or (ii) below):

(i) \_\_\_ received a 10-day opportunity (or mutually agreed upon period) to conduct a risk assessment or inspection for the presence of lead-based paint and/or lead-based paint hazards;  
or

(ii) \_\_\_ waived the opportunity to conduct a risk assessment or inspection for the presence of Lead-based paint and/or lead-based paint hazards.

**Agent's Acknowledgment (initial)**

(f) \_\_\_ Agent has informed the seller of the seller's obligations under 42 U.S.C. 4852d and is aware of his/her responsibility to ensure compliance.

**Certification of Accuracy**

The following parties have reviewed the information above and certify, to the best of their knowledge, that the information they have provided is true and accurate.

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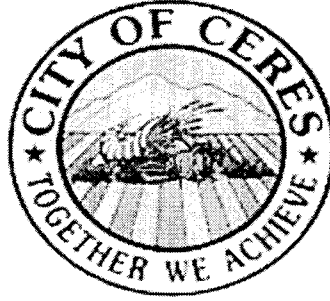
Seller	Date	Seller	Date
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Purchaser	Date	Purchaser	Date
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Agent	Date	Agent	Date
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**FIRST TIME HOMEBUYER DOWNPAYMENT ASSISTANCE PROGRAM  
HOMEBUYER PROGRAM LEAD COMPLIANCE DOCUMENT CHECKLIST**

The following documents should be in each homebuyer unit file to document compliance with the lead paint requirements:

<b>Document Name</b>	<b>Purpose</b>	<b>✓</b>
Lead Safe Housing Rule Screening Sheet	Documents exemptions	
Physical inspection form (HQS or equivalent)	Documents visual assessment results	
Seller Certification	Seller certifies that paint was stabilized by qualified workers and that safe work practices were followed during paint stabilization	
Clearance Report and Clearance Review Worksheet	Documents that unit passed clearance	
Disclosure Form	Documents that buyer received disclosure and pamphlet.	
Lead Hazard Reduction Notice	Documents that buyer received required lead hazard reduction notification.	



**FIRST TIME HOMEBUYER DOWNPAYMENT ASSISTANCE PROGRAM  
ACQUISITION NOTICE**

**Disclosure to Seller with Voluntary, Arm's Length Purchase Offer**

**Declaration**

This is to inform you that (name of buyers) \_\_\_\_\_ would like to purchase the property, located at (address) \_\_\_\_\_, if a satisfactory agreement can be reached. We are prepared to pay \$ \_\_\_\_\_ for a clear title to the property under conditions described in the attached proposed contract of sale.

Because Federal funds may be used in the purchase, we are required to disclose to you the following information:

The sale is voluntary. If you do not wish to sell, the buyer, \_\_\_\_\_, thru the agency, (name of agency/Sponsor) \_\_\_\_\_ will not acquire your property. The buyer does not have the power of eminent domain to acquire your property by condemnation (i.e. eminent domain) and the agency/Sponsor \_\_\_\_\_ will not use the power of eminent domain to acquire the property.

The estimated fair market value of the property is \$ \_\_\_\_\_ and was estimated by \_\_\_\_\_, to be finally determined by a professional appraiser prior to close of escrow.

Since the purchase would be a voluntary, arms length transaction you would not be eligible for relocation payments or other relocation assistance under the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (URA), or any other law or regulation. Also, as indicated in the contract of sale, this offer is made on the condition that no tenant will be permitted to occupy the property before the sale is completed.

Again, please understand that if you do not wish to sell your property, we will take no further action to acquire it. If you are willing to sell the property under the conditions described in the attached contract of sale, please sign the contract and return it to us at:

\_\_\_\_\_. If you have any questions about this matter, please contact \_\_\_\_\_ at \_\_\_\_\_.

Sincerely,

\_\_\_\_\_

Title

\_\_\_\_\_

*Buyer*

\_\_\_\_\_

Date

\_\_\_\_\_

*Buyer*

\_\_\_\_\_

Date

Form continues on next page with Seller's Acknowledgment

# Acknowledgement

As the Seller I/we understand that the (affiliation and title of inspector) will inspect the property for health and safety deficiencies. I/we also understand that public funds may be involved in this transaction and, as such, if the property was built before 1978, a lead-based paint disclosure must be signed by both the buyer and seller, and that a Visual Assessment will be conducted to determine the presence of deteriorated paint.

As the Seller, I/we understand that under the City's program, the property must be currently owner-occupied, vacant for four months at the time of submission of purchase offer, new (never occupied), or renter purchasing the unit. I/we hereby certify that the property is:

Vacant at least 3 months;  Owner-occupied;  New; or  Being Purchased by Occupant

***I/we hereby certify that I have read and understand this "Declaration" and  a copy of said Notice was given to me prior to the offer to purchase. If received after presentation of the purchase offer, I/We choose  to withdraw or  not to withdraw, from the Purchase Agreement.***

\_\_\_\_\_  
*Seller*

\_\_\_\_\_  
Date

\_\_\_\_\_  
*Seller*

\_\_\_\_\_  
Date



**FIRST TIME HOMEBUYER DOWNPAYMENT ASSISTANCE PROGRAM  
NOTICE TO SELLERS OF EXISTING HOMES**

This offer to purchase your property located at

\_\_\_\_\_

\_\_\_\_\_, is subject to the following terms and conditions:

1. Tenant occupied properties are not eligible for purchase with this program. In signing below you are certifying that this property has been owner occupied or vacant for the three months preceding the date of this notice.
2. The purchase price offered in the Purchase agreement is the Buyer's best estimate of the fair market value for this property. The offer is conditioned upon an appraisal made by a licensed appraiser and paid for by the Seller. Should the appraisal be for a value lower than the offer, the offered amount shall be reduced to the amount of the appraisal. If the amount of the appraisal is unacceptable to the Seller, he shall have the right to cancel the contract with no further obligations to the Buyer.
3. A pest inspection of your property shall be required and any work required to correct existing conditions shall be made prior to the close of escrow. Said repairs and re-inspection shall be made at the expense of the Seller.
4. Smoke detectors shall be installed in all the bedrooms, living and family rooms to conform to current local building codes.
5. Water heater installation shall meet current building codes and seismic requirements
6. House shall meet, as a minimum standard requirement, the Section 8 Housing Quality Standards as well as all applicable local codes and health and safety standards.
7. Any roof leaks, plumbing leaks, broken windows or broken doors must be repaired or replaced prior to the close of escrow.
8. Lead Based Paint Abatement. If your home was built before 1978 you will be required to have your home inspected by a State Licensed Lead-Based Paint Inspector. All defective paint must be abated at the expense of the Seller. Abatement must be performed by a State Licensed Abatement Contractor according to abatement guidelines (24CFR35.1325 et seq) and included in the HUD publication *Lead-Paint Safety, a field guide for painting, home maintenance, and renovation work*".

When all repairs have been made to the property the appraiser will re-inspect the property to insure that all the above conditions have been met. Seller shall furnish the appraiser with copies of all receipts for work done to correct the above requirements.

Sellers herein acknowledge receipt of this Notice:

Seller \_\_\_\_\_

Date \_\_\_\_\_

Seller \_\_\_\_\_

Date \_\_\_\_\_





**FIRST TIME HOMEBUYER DOWNPAYMENT ASSISTANCE PROGRAM  
MAINTAINING THE UNIT**

**A. Maintenance**

Owners are responsible for maintaining their units in a sound and sanitary condition. Owners are responsible for payment of homeowner association dues and assessments for general improvements at the housing development.

**B. Insurance**

Owners are responsible for obtaining hazard insurance and liability insurance. If the property is located in a flood plain, owners are responsible for obtaining flood insurance.

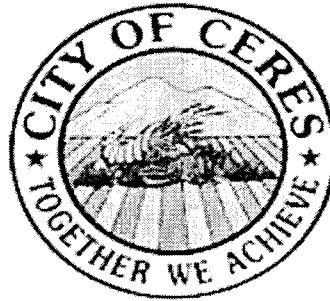
**C. Capital Improvements**

No restriction on capital improvements.



**FIRST TIME HOMEBUYER DOWNPAYMENT ASSISTANCE PROGRAM  
SELLING AND TRANSFERRING THE UNIT**

A unit purchased with the aid of a First-Time Homebuyer Downpayment Assistance Program (DAP) loan may be sold or transferred at any time. The loan is due and payable at the time of sale or transfer, according to the terms outlined in *Attachment A-5: Financing and Legal Requirements*. A borrower may, however, negotiate with the City the transfer of a loan to a third party, such as a child or spouse.



**FIRST TIME HOMEBUYER DOWNPAYMENT ASSISTANCE PROGRAM  
INITIAL INTEREST LIST APPLICATION**

**PLEASE READ THIS SECTION CAREFULLY. ANY OMISSION OF  
REQUESTED INFORMATION OR DOCUMENTS WILL BE CAUSE FOR  
REJECTION OF YOUR APPLICATION.**

1. **You must qualify under the income and first time homebuyer guidelines.** Please review the Administrative Manual or appropriate program brochure for information on the guidelines or contact (209) 538-5756.
2. Confirm your eligibility by completing the Downpayment Assistance Program (DAP) survey (page 1). Should you have any questions on your eligibility, please contact the City.
3. Complete the requested information on the application/interest form (page 2).
4. Certify your eligibility by reading and signing the statements on page 3.
5. Return your completed survey, application and certification to:

Bryan Briggs  
DAP Program Administrator  
City of Ceres  
2720 2<sup>nd</sup> Street  
Ceres, California 95307  
Fax: (209) 538-5650

For more information on the DAP visit the City's website [www.ci.ceres.ca.us](http://www.ci.ceres.ca.us) or call (209) 538-5756.

<p><b>For City use only:</b></p> <p>Date/time received: _____</p> <p>By (initials): _____</p>
---



**FIRST TIME HOMEBUYER DOWNPAYMENT ASSISTANCE PROGRAM  
INITIAL INTEREST LIST APPLICATION**

Are you ready to own your own home in the City of Ceres? The City's Downpayment Assistance Program (DAP) may be able to assist you in making homeownership a reality. *Funds are limited. Please read all of the information provided regarding the application and selection process.*

**COMPLETE THE THREE STEPS BELOW AND RETURN THIS FORM TO:**

Via Mail:  
 Bryan Briggs  
 DAP Program Administrator  
 City of Ceres  
 2720 2<sup>nd</sup> Street  
 Ceres, CA 95307

Via Fax:  
 Bryan Briggs  
 DAP Program Administrator  
 City of Ceres  
 (209) 538-5650

If you have any questions, please call (209) 538-5756.

***STEP 1: See if you are eligible by answering the following questions:***

- Yes!  Can you certify that you are a first-time homebuyer who has not owned a primary residence in California during the last three years?
- Yes!  Are you able to complete the City's two required first time homebuyer courses?
- Yes!  Will you purchase a home in the City of Ceres?
- Yes!  Do you plan to live in the home?
- Yes!  Are you able to contribute the required amount?
- Yes!  Do you meet the income guidelines? (See page 2)

*If you answered "yes" to all six questions, your next step is to complete the interest form on page 2 and certifications on page 3. Please print, complete, and fax or mail the form (address above).*

<p><b>ALL INCOME INFORMATION PROVIDED WILL BE SOLELY USED TO DETERMINE PROGRAM ELIGIBILITY AND WILL BE KEPT STRICTLY CONFIDENTIAL.</b></p>
--

**STEP 2: Complete the following information:**

**Part A: Residence/Employer.** Preference is given to Ceres residents or workers who have lived or worked in Ceres for at least six months prior to application to the program.

	<b>Applicant</b>	<b>Co-Applicant</b> (Person buying with applicant)
<b>Name</b>		
<b>Home Address</b>		
<b>City/State/Zip</b>		
<b>Contact Phone</b>		
<b>Years/months at address</b>		
<b>Employer Name</b>		
<b>Occupation</b>		
<b>Employer Address</b>		
<b>City/State/Zip</b>		
<b>Work Phone</b>		
<b>Years/months at job</b>		

**Part B: Income Eligibility.** Participants must be within the income guidelines described below. The definition of what is and is not included in annual income is based on the current guidelines published by the California Housing Finance Agency, and can be found in Attachment A-2. In summary, include the following: wages, salaries, tips, business income, interest and dividend income, retirement and insurance income, unemployment and disability income, welfare assistance, alimony, child support, and Armed Forces income. There are some items that you may deduct from household income.

**Total Annual Household Income (total of all adult household members):**

\$ \_\_\_\_\_

**Household Size (circle):**    1       2       3       4       5       6       7       8 or more

**Income Guidelines:**

You must have an annual household income that is less than 80% of the area median income, as shown below for 2008:<sup>1</sup>

<b>Household Size</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>7</b>	<b>8 or more</b>
<b>Income Limit</b>	\$31,650	\$36,150	\$40,700	\$45,200	\$48,800	\$52,450	\$56,050	\$59,650

<sup>1</sup> These limits are updated annually. Please contact the City for updated income limits.

**PART C. CERTIFICATION OF APPLICANT(S)**

I/WE UNDERSTAND THE FOLLOWING:

- THAT ANY AND ALL INFORMATION PROVIDED WILL BE USED TO DETERMINE ELIGIBILITY FOR SUBSTANTIAL PUBLIC BENEFITS AND ANY AND ALL INFORMATION CONTAINED IN THE RECORDS KEPT BY THE CITY CAN AND WILL BE USED FOR MONITORING, AUDITING AND ESTABLISHING (MY/OUR) ELIGIBILITY AND PRIORITY PREFERENCE FOR THE CITY OF CERES' DOWNPAYMENT ASSISTANCE PROGRAM.
- THAT I/WE WILL BE REQUIRED TO PROVIDE VERIFIABLE DOCUMENTATION TO SUPPORT THE STATEMENTS MADE HEREIN PRIOR TO PURCHASING A HOME THROUGH THE CITY OF CERES' DOWNPAYMENT ASSISTANCE PROGRAM.
- THAT IF THERE ARE ANY FALSE STATEMENTS OR MISREPRESENTATIONS ON THIS APPLICATION, I/WE WILL RELINQUISH ALL RIGHTS TO PARTICIPATE IN THE CITY OF CERES' DOWNPAYMENT ASSISTANCE PROGRAM.

I/WE CERTIFY THE FOLLOWING:

- THE INFORMATION PROVIDED IN THIS APPLICATION TO THE CITY OF CERES' DOWNPAYMENT ASSISTANCE PROGRAM IS TRUE AND CORRECT.
- MY/OUR COMBINED ANNUAL HOUSEHOLD INCOME IS BELOW THE INCOME LIMIT FOR OUR HOUSEHOLD SIZE.
- I/WE HAVE THE FUNDS AVAILABLE FOR THE REQUIRED DOWNPAYMENT AMOUNT;
- I/WE HAVE NOT OWNED A HOME IN THE STATE OF CALIFORNIA WITHIN THREE YEARS.
- I/WE WILL OCCUPY THE UNIT AS MY/OUR PRIMARY RESIDENCE.

---

Applicant Signature	Date	Co-Applicant Signature	Date
---------------------	------	------------------------	------

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Print Full Name	Print Full Name
-----------------	-----------------



**FIRST TIME HOMEBUYER DOWNPAYMENT ASSISTANCE PROGRAM  
VERIFIABLE DOCUMENT CHECKLIST**

Please bring this form and COPIES of documentation to verify your eligibility, preferences and availability of required personal contribution to the first mandatory First Time Homebuyer class.

**Please do not bring original documents for supporting documentation.**

**PROOF OF FIRST TIME HOMEBUYER STATUS**

- Federal Income Tax Returns for past three years

**DOCUMENTATION OF INCOME**

- Pay stubs for past two months or contract from employer stating wages
- Proof of child/spousal support, if applicable
- Proof of welfare assistance, if applicable
- Proof of unemployment and/or disability income, if applicable
- Proof of interest and/or dividend income, if applicable
- Proof of business income, if applicable
- Proof of retirement and/or insurance income, if applicable
- Proof of gift income, if applicable
- Proof of military income, if applicable

**DOCUMENTATION OF ASSETS**

- Bank account statements for past two months
- Proof of stock (including options), bond, Treasury bill, certificate of deposit and money market account value, if applicable
- Proof of personal property held as an investment value, if applicable
- Gift letter, if applicable

**DOCUMENTATION OF PREFERENCES**

- Live in Ceres (minimum six months), if applicable
- Work in Ceres (minimum six months), if applicable
- Emergency services personnel, if applicable
- School district employee, if applicable
- United States Armed Services veteran, if applicable

See Attachment A-2: Verifiable Documentation of Income, Assets and Preferences for detailed information about the documentation required to support your eligibility.



**FIRST TIME HOMEBUYER PROGRAMS  
UNIFORM RESIDENTIAL LOAN APPLICATION**

In the event that the number of eligible borrowers (homebuyers) on the wait list is much larger than the level of annual funding, the City reserves the right to use preferences and a lottery, if needed, to select the appropriate number of eligible borrowers (homebuyers) to become pre-qualified. Applicants should fill out Fannie Mae Form 1003 (Uniform Residential Loan Application), in preparation for pre-qualification from an approved lender. Completing this step does not guarantee receipt of funding. Available City funding will be offered on a first come first served basis determined by the submission date of the pre-qualification letter.

**ONCE YOU ARE PRE-QUALIFIED, SEND A COPY OF YOUR PRE-QUALIFICATION LETTER TO:**

Via Mail or In Person:  
Bryan Briggs  
DAP Program Administrator  
City of Ceres  
2720 2<sup>nd</sup> Street  
Ceres, CA 95307

Via Fax:  
Bryan Briggs  
DAP Program Administrator  
City of Ceres  
(209) 538-5650

If you have any questions, please contact the City at (209) 538-5756.

Borrowers (homebuyers) must obtain financing from one of the lending institutions included on the California Housing Finance Agency (CalHFA) website - <https://wp11.calhfa.ca.gov/ApprovedLenders/>



[INSERT FANNIE MAE FORM 1003]



**FIRST TIME HOMEBUYER DOWNPAYMENT ASSISTANCE PROGRAM  
DAP INTEREST LIST RECERTIFICATION**

Instructions: The information provided on this form will be used to determine your continued eligibility to purchase a home in the City of Ceres' Downpayment Assistance Program. To maintain continued status on the interest list, you must have sufficient funds available for the required downpayment contribution. You must also have attended the first City-sponsored First Time Homebuyer Class and continue to meet the income eligibility described below.

The Recertification Form consists of three parts:

- A. Applicant Contact and Employment Information
- B. Income Eligibility
- C. Certifications of Applicant(s)

Please submit the Recertification form by any of the following methods:

Via Mail or in Person:

Bryan Briggs  
DAP Program Administrator  
City of Ceres  
2720 2<sup>nd</sup> Street  
Ceres, CA 95307

Via Fax:

Bryan Briggs  
DAP Program Administrator  
City of Ceres  
(209) 538-5650

If you have any questions, please contact the City at (209) 538-5756.

**Part A: Applicant Contact and Employment Information.** *Preference is given to Ceres residents or workers who have lived or worked in Ceres for at least six months prior to application to the program.*

	<b>Applicant</b>	<b>Co-Applicant</b> (Person buying with applicant)
<b>Name</b>		
<b>Home Address</b>		
<b>City/State/Zip</b>		
<b>Contact Phone</b>		
<b>Years/months at address</b>		

	<b>Applicant</b>	<b>Co-Applicant</b> (Person buying with applicant)
<b>Employer Name</b>		
<b>Occupation</b>		
<b>Employer Address</b>		
<b>City/State/Zip</b>		
<b>Work Phone</b>		
<b>Years/months at job</b>		

**Part B: Income Eligibility.** *Participants must be within the income guidelines described below. The definition of what is and is not included in annual income is based on the current guidelines published by the California Housing Finance Agency, and can be found in Attachment A-2. In summary, include the following: wages, salaries, tips, business income, interest and dividend income, retirement and insurance income, unemployment and disability income, welfare assistance, alimony, child support, and Armed Forces income. There are some items that you may deduct from household income.*

**Total Annual Household Income (total of all adult household members):** \$ \_\_\_\_\_

**Household Size (circle):**      1      2      3      4      5      6      7      8 or more

**Income Guidelines:**

You must have an annual household income that is less than 80% of the area median income, as shown below for 2008:<sup>1</sup>

	<b>Maximum Allowable Income by Household Size</b>							
	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>7</b>	<b>8</b>
<b>DAP</b>	\$31,650	\$36,150	\$40,700	\$45,200	\$48,800	\$52,450	\$56,050	\$59,650

<sup>1</sup> These limits are updated annually. Please contact the City for updated income limits.

**PART C. CERTIFICATION OF APPLICANT(S)**

I/WE UNDERSTAND THE FOLLOWING:

- THAT ANY AND ALL INFORMATION PROVIDED WILL BE USED TO DETERMINE ELIGIBILITY FOR SUBSTANTIAL PUBLIC BENEFITS AND ANY AND ALL INFORMATION CONTAINED IN THE RECORDS KEPT BY THE CITY CAN AND WILL BE USED FOR MONITORING, AUDITING AND ESTABLISHING (MY/OUR) ELIGIBILITY AND PRIORITY PREFERENCE FOR THE CITY OF CERES'S DOWNPAYMENT ASSISTANCE PROGRAM.
- THAT I/WE WILL BE REQUIRED TO PROVIDE VERIFIABLE DOCUMENTATION TO SUPPORT THE STATEMENTS MADE HEREIN PRIOR TO PURCHASING A HOME THROUGH THE CITY OF CERES'S DOWNPAYMENT ASSISTANCE PROGRAM.
- THAT IF THERE ARE ANY FALSE STATEMENTS OR MISREPRESENTATIONS ON THIS APPLICATION, I/WE WILL RELINQUISH ALL RIGHTS TO PARTICIPATE IN THE CITY OF CERES'S DOWNPAYMENT ASSISTANCE PROGRAM.

I/WE CERTIFY THE FOLLOWING:

- THE INFORMATION PROVIDED IN THIS APPLICATION TO THE CITY OF CERES'S DOWNPAYMENT ASSISTANCE PROGRAM IS TRUE AND CORRECT.
- MY/OUR COMBINED ANNUAL HOUSEHOLD INCOME IS BELOW THE INCOME LIMIT FOR OUR HOUSEHOLD SIZE.
- I/WE HAVE THE FUNDS AVAILABLE FOR THE REQUIRED DOWNPAYMENT AMOUNT;
- I/WE HAVE NOT OWNED A HOME IN THE STATE OF CALIFORNIA WITHIN THREE YEARS.
- I/WE WILL OCCUPY THE UNIT AS MY/OUR PRIMARY RESIDENCE.

\_\_\_\_\_  
Applicant Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Co-Applicant Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Print Full Name

\_\_\_\_\_  
Print Full Name



**FIRST TIME HOMEBUYER DOWNPAYMENT ASSISTANCE PROGRAM  
FINAL CITY APPLICATION: DAP LOAN**

**BEFORE PROCEEDING, PLEASE READ THIS SECTION CAREFULLY AND REFER TO THE CITY'S FIRST TIME HOMEBUYER PROGRAM ADMINISTRATIVE MANUAL AND ATTACHMENTS. ANY OMISSION OF REQUESTED INFORMATION OR DOCUMENTS WILL BE CAUSE FOR REJECTION OF YOUR APPLICATION.**

1. **You must qualify under the income and first time homebuyer guidelines.** Please review the Administrative Procedures or appropriate program brochure for information on the guidelines or contact the City at (209) 538-5756.
2. Complete the requested information on the application form.
3. Certify your eligibility by reading and signing the statements on page 4.
4. **Required Attachments:** In addition to this completed form, signed by the Borrower(s) and Lender, the Application Package must include the attachments listed below. Please check the box next to documents attached to the application:
  - Certificates of completion of two mandatory First Time Homebuyer Classes approved by the City of Ceres.
  - Completed Uniform Residential Loan Application (Fannie Mae Form 1003) signed by the lender.
  - Executed purchase contract (copy).
  - Preliminary Title Report and fund issuance instructions.
5. Return your completed application and attachments to:

Bryan Briggs  
DAP Program Administrator  
City of Ceres  
2720 2<sup>nd</sup> Street  
Ceres, California 95307  
Fax: (209) 538-5650

All applications and certification forms must be fully completed and dated with original signature(s). Please complete all spaces on the form; if a space on the application does not apply, please write N/A (Not applicable).

If more than two borrowers are submitting an application, attach another sheet with the co-borrower information. Every member of the household 18 years of age or older who intends to live in the unit must submit income information.

Please contact the City at (209) 538-5756 with any questions.

**Part A: Borrower Contact and Employment Information.**

	<b>Borrower</b>	<b>Co-Borrower</b> (Person buying with borrower)
<b>Name</b>		
<b>Home Address</b>		
<b>City/State/Zip</b>		
<b>Contact Phone</b>		
<b>Years/months at address</b>		
<b>Employer Name</b>		
<b>Occupation</b>		
<b>Employer Address</b>		
<b>City/State/Zip</b>		
<b>Work Phone</b>		
<b>Years/months at job</b>		

**Part B: Eligibility Requirements.** See Attachment A-2 for what to include in assets and income.

**Total Annual Household Income (total of all adult household members):** \$ \_\_\_\_\_

**Household Size (circle):**      1      2      3      4      5      6      7      8 or more

**Total Liquid Assets (total of all adult household members):** \$ \_\_\_\_\_

Liquid assets may not exceed the greater of \$15,000 or 10 percent of the purchase price.

**Total Assets (total of all adult household members):** \$ \_\_\_\_\_

If liquid cash assets are not sufficient to meet the required personal contribution, you will need to demonstrate that the cash requirement can be met from some other cash assets.

**Borrower(s) please answer the following questions:**

1. Neither you nor your co-borrower(s) have owned a home within the last three years, as your primary residence, in the State of California. \_\_\_\_\_ True \_\_\_\_\_ False
2. The property to be purchased will be the primary residence for borrower and co-borrower(s) and is located in the City of Ceres. \_\_\_\_\_ True \_\_\_\_\_ False
3. The gross annual household income of your household does not exceed 80% of the annual median income of Stanislaus County (see table below). \_\_\_\_\_ True \_\_\_\_\_ False

**Income Guidelines:**

Annual household income must be less than 80% of the area median income, as shown below for 2008:<sup>1</sup>

	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>7</b>	<b>8</b>
<b>DAP</b>	\$31,650	\$36,150	\$40,700	\$45,200	\$48,800	\$52,450	\$56,050	\$59,650

**PART C: Property Information**

Address of Property to Be Purchased \_\_\_\_\_  
 Purchase price of Property \$ \_\_\_\_\_

Escrow Number: \_\_\_\_\_  
 APN: \_\_\_\_\_  
**DAP Maximum per CalHFA.** As of 03/08, new or resale home is \$429,691.

**PART D: Loan Information.** List all funding sources. **DAP loans may only be used with conventional, fixed-rate loans.**

	TYPE	AMOUNT	INTEREST	
Loan 1				Lender: _____
Loan 2				Lender: _____
Loan 3				Lender: _____
<b>City Loan Requested</b>				<b>DAP maximum:</b> lesser of 20% of purchase price or \$80,000.
Loan 4				Lender: _____
Loan 5				Lender: _____
Loan 6				Lender: _____

Est. Close of Escrow Date \_\_\_\_\_ Title Company: \_\_\_\_\_  
 Amount of Personal Contribution \_\_\_\_\_ Title Co. Phone: \_\_\_\_\_  
**DAP minimum:** 3% of purchase price.

Please provide all of the information requested below:

1. Type of Property (circle): Detached, Condominium, Townhouse, Half-plex or Manufactured
2. Is the property to be purchased (circle) New Construction or Previously Occupied?

**Lender Information**

Contact Name: \_\_\_\_\_ Phone: \_\_\_\_\_ Fax: \_\_\_\_\_  
 Contact Email Address: \_\_\_\_\_ Company Name: \_\_\_\_\_  
 Address: \_\_\_\_\_ City: \_\_\_\_\_ State: \_\_\_\_\_ Zip: \_\_\_\_\_

<sup>1</sup> These limits are updated annually. Please contact the City for updated income limits.

**Lender Certifications**

I, the Lender, hereby certify that to the best of my knowledge and belief each of the foregoing statements is true and correct, and each is consistent with the information submitted by the borrower(s) in connection with his/her/their application for assistance.

Lender Name \_\_\_\_\_ Lender Signature \_\_\_\_\_

Dated: \_\_\_\_\_, 20\_\_\_\_\_

**PART E. Certifications.** I (We) the undersigned Borrower(s), as part of my (our) application for the City of Ceres Downpayment Assistance Program, certify the following:

I (We) authorize the City of Ceres to verify any information contained in the Downpayment Assistance Program application package.

I/we understand the following:

- If I/we purchase a unit through a City of Ceres' Downpayment Assistance Program, we will be required to certify at least annually that we comply with program requirements and the City of Ceres will be continuously auditing and monitoring my/our compliance.
- The DAP loan is a secured, deferred payment loan which must be paid back either in 30 years, when the home is sold or transferred, or when the home is no longer used as my primary residence.
- The City Deed of Trust will be recorded against property being purchased in conjunction with this loan and the City Promissory Note must be executed by the borrower(s).
- If there are any false statements or misrepresentations on this application, I/we will relinquish all rights to participate in the City of Ceres' Downpayment Assistance Program.

I/we certify the following:

- I/we have provided verifiable documentation to support the statements made herein prior to purchasing a home and the information provided in this application is true and correct as of the date set forth opposite my/our signature(s) on this application.
- My/our current gross annual household income as stated in this application is true and correct.
- I/we have the funds available for the required downpayment amount.
- The residence to be purchased will not be used as an investment property, vacation home, or recreational home. I/we certify that I/we will notify the City of Ceres in writing if the residence ceases to be my/our primary residence.
- I/we have attended two mandatory First Time Homebuyer Classes and understand the Downpayment Assistance Program requirements and restrictions.
- I/we have received and read the First Time Homebuyer Program Administrative Procedures and understand my responsibility to comply with the requirements of the program described in the procedures.
- I/we understand that there are consequences for failure to comply with Downpayment Assistance Program requirements and I/we have been informed about those consequences.



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Borrower Signature	Date	Co-Borrower Signature	Date
--------------------	------	-----------------------	------

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Print Full Name	Print Full Name
-----------------	-----------------



**FIRST TIME HOMEBUYER DOWNPAYMENT ASSISTANCE PROGRAM  
CITY LEGAL DOCUMENT OVERVIEW**

City staff will provide borrowers (homebuyers) the appropriate City legal documents for their signature. The following is an overview of the City documentation that will be required. See *Form B-2: DAP Loan Documents* for sample City legal documents.

Borrowers (homebuyers) must sign the *City Loan Agreement*, which is a legal document that defines the rights and obligations of the borrower (homebuyer) and the City with respect to the City loan.

The *City Loan Agreement* also has the following attachments:

- *Property description*—A legal description of the property;
- *Promissory Note*—Document that outlines the loan terms, which must be signed by borrower; and
- *Deed of Trust, Security Agreement and Fixture Filing*—Document that secures the City loan, which must be signed by borrower and will be recorded against the residence.



**FIRST TIME HOMEBUYER DOWNPAYMENT ASSISTANCE PROGRAM  
OWNER OCCUPANT AFFIDAVIT**

**1. Owner-Occupied**

Within 60 days of close of escrow, the borrower (homebuyer) and the entire household must occupy the unit as their primary residence and remain in residence throughout the term of the loan. Any residential unit where more than 15 percent of the total area of the residence will be used for a trade or business and which qualifies the borrower (homebuyer) for a tax deduction for business expenses for business use of the residence under Section 280A of the IRS code is not eligible.

**2. Definition of Occupancy**

Occupancy is defined as a minimum stay of ten months in every twelve month period. If an employer requires the borrower (homebuyer) to work at another location outside of Ceres on a short-term temporary basis and the borrower (homebuyer) needs to relocate his/her residence temporarily (more than two months), the borrower (homebuyer) must contact the City prior to the relocation to notify them of the temporary involuntary relocation and provide all documentation requested.

**2. Occupancy Restrictions**

The borrower (homebuyer) may not terminate occupancy of the unit or allow the occupancy of the unit by anyone who is not a member of the borrower's household. All borrowers (homebuyers) who are on title to the unit must occupy the unit. If the borrower (homebuyer) violates these occupancy restrictions, the City will pursue its available remedies, including loan repayment and/or sale of the unit.

The unit may not be rented. The City will require the borrower (homebuyer) to reimburse the City for all rent that was collected or the amount of any presumed rent, based upon established market rents. In any instance that it is determined that the unit has been rented, the City will pursue its available remedies, including loan repayment and/or the sale of the unit.

**STEP 1. SIGN THE ATTACHED AFFIDAVIT AND HAVE YOUR SIGNATURE(S) ON THE AFFIDAVIT WITNESSED BY A NOTARY PUBLIC.**

**STEP 2. REQUIRED ATTACHMENTS:** In addition to this completed form, notarized and signed by the Owner(s), you must include the attachments listed below.

- A copy of your most current utility bill
- A current copy of the homeowner's exemption record of the County Tax Assessor

**STEP 3. RETURN OWNER OCCUPANT AFFIDAVIT AND ATTACHMENTS TO:**

Bryan Briggs  
DAP Program Administrator  
City of Ceres  
2720 2<sup>nd</sup> Street  
Ceres, California 95307  
Fax: (209) 538-5650

If the City determines that an owner has willfully made false statements or misrepresented any facts on this annual certification in order to appear eligible to retain ownership of their unit, the City will treat this as a breach of the Deed of Trust and will pursue its available remedies, including loan repayment and/or the sale of the unit.

If you have any questions, please contact the City (209) 538-5756.



**FIRST TIME HOMEBUYER DOWNPAYMENT ASSISTANCE PROGRAM  
OWNER OCCUPANT AFFIDAVIT**

I/We \_\_\_\_\_ hereby certify that I/we own,  
(names of owners on title)

and since the agreed upon occupancy start date, have continuously resided in the unit located at:  
\_\_\_\_\_ as the owners' primary  
(the unit),

principal residence. As further proof of continuous permanent occupancy, the owners attach a copy of the owner's most current utility bill and a current copy of the Homeowner's Exemption record of the Tax Assessor of Stanislaus County.

Date: \_\_\_\_\_

By: \_\_\_\_\_  
(signature of owner)

\_\_\_\_\_  
(type or print name)

By: \_\_\_\_\_  
(signature of owner)

\_\_\_\_\_  
(type or print name)

NOTE: All those named on the title must sign. Add more lines if needed.

**JURAT**

STATE OF \_\_\_\_\_ )

)ss.

COUNTY OF \_\_\_\_\_ )

Subscribed and sworn to (or affirmed) before me

This \_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_, by

Date                      Month                      Year

\_\_\_\_\_  
Name of Signer(s)

\_\_\_\_\_  
Name of Signer(s)

(Notary Seal)

\_\_\_\_\_  
Signature of Notary Public

**WARNING: Falsifying information on this certification is a felony. The City will prosecute false claims and statements. Conviction may result in criminal and/or civil penalties.**

# CERTIFICATE OF COMPLETION

*This certificate is awarded to*

**(Name of Recipient)**

Has satisfactorily completed the First Time Homebuyer seminar for the City of Ceres'

## Affordable Housing Program



DAP Administrator City of Ceres \_\_\_\_\_ Date \_\_\_\_\_

First Time Homebuyer Seminar Instructor \_\_\_\_\_ Date \_\_\_\_\_

LOAN AGREEMENT

CITY OF CERES
FIRST TIME HOMEBUYER ASSISTANCE PROGRAM
DOWNPAYMENT ASSISTANCE PROGRAM (DAP)

This Loan Agreement ("Agreement") is entered into as of \_\_\_\_\_, 20\_\_\_\_, by
and between the City of Ceres, a municipal corporation ("City") and \_\_\_\_\_,
("Borrower").

RECITALS

A. City has established a First Time Homebuyer Assistance Program ("Program")
for the benefit of first time homebuyers purchasing homes within the City of Ceres and earning
up to 80 percent of the Area Median Income (as calculated by the State of California,
Department of Housing and Community Development).

B. Borrower has applied for a Downpayment Assistance Program loan to assist in
Borrower's purchase of the real property commonly known and described as [insert address],
Ceres, California, and more particularly described in Attachment 1, attached hereto (the
"Property"). A residence that will be the principal residence of Borrower is located on the
Property (the "Residence").

C. The parties wish to enter into this Agreement to define the rights and obligations
of City and Borrower with respect to the Loan (as defined below).

NOW, THEREFORE, City and Borrower agree as follows:

AGREEMENT

1. Definitions.

"Agreement" means this Loan Agreement between Borrower and City.

"Borrower" means \_\_\_\_\_.

"City" means the City of Ceres, a municipal corporation.

"Conditions Precedent to Loan Disbursement" is defined in Section 4.

"Deed of Trust" is defined in Section 3.2 below.

"Escrow Holder" means [insert name of escrow company], the escrow holder
handling the purchase of the Property by Borrower.

"Event of Default" is defined in Section 7.1 below.



"**First Loan**" is defined in Section 3.3 below.

"**Lender's Policy of Title Insurance**" is defined in Section 4.3.

"**Loan**" is defined in Section 2 below.

"**Loan Documents**" is defined in Section 3.2 below.

"**Maturity Date**" is defined in Section 2.1 below.

"**Note**" is defined in Section 3.1 below.

"**Permitted Exceptions**" is defined in Section 3.2 below.

"**Program**" is defined in Recital A.

"**Property**" is defined in Recital B.

"**Ownership Interest**" means and includes fee simple, joint tenancy, tenancy in common, life estate, shareholder in a cooperative or interest held in trust for Borrower that would continue on ownership if held by the Borrower.

"**Residence**" is defined in Recital B.

"**Senior Deed of Trust**" is defined in Section 3.2 below.

"**Term**" is defined in Section 2.1 below.

2. Loan. Subject to the terms and conditions set forth herein, City agrees to loan Borrower a principal amount not to exceed \$ \_\_\_\_\_ (the "**Loan**") to enable Borrower to purchase the Property.

2.1. Term of Loan; Commencement and Maturity Date. The term (the "**Term**") of the Loan shall commence on the date of execution of the Note and shall end on the earlier of: (a) 30 years; or (b) the date Borrower sells, transfers, assigns or conveys, whether voluntarily or involuntarily, the Property, in whole or in part.

2.2. Repayment of the Loan. So long as Borrower is not in default under this Agreement or any of the Loan Documents, no payments shall be due hereunder, and the entire outstanding unpaid principal and interest of the Loan shall be due and payable in full on the Maturity Date. The Loan may be prepaid at any time without penalty.

2.3. Interest. The Loan shall bear simple interest at a rate of three percent (3%) per annum from the date of disbursement.

2.4. Use of Proceeds; Disbursement to Escrow Holder. Proceeds of the Loan shall be used only for the purchase of the Property and payment of closing and escrow costs required to be paid by Borrower pursuant to section 4.6 below. Upon satisfaction or waiver by

City of all of the Conditions Precedent to Loan Disbursement set forth in section 4 below, City shall deliver the proceeds of the Loan to the Escrow Holder, to be applied directly to the purchase of the Property. In no event shall the proceeds of the Loan be disbursed to Borrower.

3. Note, Security Documents and Refinancing.

3.1. Promissory Note. As evidence of Borrower's obligation to repay the Loan, Borrower shall execute and deliver to the Escrow Holder, a promissory note in favor of City in the form attached hereto as Attachment 2 (the "**Note**").

3.2. Deed of Trust Encumbering Property. As security for Borrower's performance of its obligations hereunder, Borrower shall execute and deliver to the Escrow Holder, a recordable Deed of Trust in favor of City in the form attached hereto as Attachment 3 (the "**Deed of Trust**"). The Deed of Trust shall be subject and subordinate only to (a) the deed(s) of trust made by Borrower to *[insert name of primary lenders]*, the first lender(s) (the "**Senior Deed of Trust**"); (b) the lien for current real property taxes not yet due and payable; and (c) existing easements over the Property for public utilities and other purposes (the "**Permitted Exceptions**"). The Note and the Deed of Trust may hereinafter be collectively referred to as the "**Loan Documents**."

3.3. Refinancing. Borrower shall not refinance the loan(s) secured by the Senior Deed of Trust (the "**First Loan**") without the prior written approval of City. City shall approve refinancing if it is solely to achieve a lower interest rate. However, City shall not approve any refinancing that results in any release of funds to Borrower, typically referred to as a "cash-out" loan, unless Borrower agrees to repay the Loan, plus accrued interest, with the proceeds.

4. Conditions Precedent to Loan Disbursement. City's obligation to disburse the Loan is conditioned upon the satisfaction or waiver by City of each and all of the conditions precedent described below (the "**Conditions Precedent to Loan Disbursement**"), which are solely for the benefit of City.

4.1. No Default. Subject to the expiration of any applicable cure period, Borrower shall not be in default of any of its obligations under the terms of this Agreement and all representations and warranties of Borrower contained herein shall be true and correct.

4.2. Execution of Loan Documents. Borrower shall have executed the Note and shall have executed and acknowledged the Deed of Trust in recordable format.

4.3. Lender's Policy of Title Insurance. Escrow Holder shall be unconditionally and irrevocably committed to issuing a CLTA Lender's policy of title insurance to City insuring City in the principal amount of the Loan and the validity and priority of the Deed of Trust as a lien upon the Property, subject only to the Permitted Exceptions, and showing fee simple title to the Property in the name of Borrower ("**Lender's Policy of Title Insurance**").

4.4. Prepared to Close Escrow. Borrower shall have executed and acknowledged, where necessary, all documents and shall be in a position to close escrow on the Property.

4.5. Recordation of Documents. The Deed of Trust shall have been recorded against the Property in the Stanislaus County Recorder's Office.

4.6. Payment of Escrow Fees and Costs. Borrower shall have paid all escrow fees and closing costs for the purchase of the Property and the premium for the Lender's Policy of Title Insurance, which may be paid for out of the proceeds of the Loan.

5. Representations and Warranties. Borrower represents and warrants that the matters addressed in subsections 5.1 through 5.8 below are true and correct.

5.1. No Conflicts. The execution, delivery, and performance of this Agreement and of any instrument or agreement required by this Agreement are not in conflict with any law or any indenture, agreement, or undertaking to which Borrower is a party or by which Borrower is bound or affected.

5.2. Enforceability. This Agreement is a legal, valid and binding agreement of Borrower, enforceable against Borrower in accordance with its terms, and any instrument or agreement required under this Agreement, when executed and delivered, will be similarly legal, valid, binding and enforceable.

5.3. No Event of Default. No event has occurred and is continuing or would result from the extension of credit under this Agreement which constitutes or would constitute an Event of Default or which, upon a lapse of time or notice or both, would become an Event of Default.

5.4. Other Obligations. Borrower is not in default under any other agreement involving the borrowing of money, the extension of credit, or the lease of real or personal property to which Borrower is a party as borrower, guarantor, installment purchaser or lessee.

5.5. No Other Liens. Other than the Senior Deed of Trust, Borrower is not encumbering the Property with any other lien, deed of trust or security interest.

5.6. First Time Homebuyer. Borrower has not had any Ownership Interest in the State of California in his, her or their primary residence in the three years preceding the date of application to participate in the Program, except for an Ownership Interest in a primary residence that was terminated or extinguished due to divorce or marital dissolution.

5.7. Application Information. All of the information provided by Borrower in the Program loan application, including, without limitation, income criteria, is true and accurate.

5.8. Attended Class. Borrower has attended a First Time Homebuyer Education Class offered by City or City's designee.

6. Covenants. Borrower promises to keep each of the covenants set forth below, unless City has waived compliance in writing.

6.1. Compliance with Laws. Borrower shall at all times comply with, or cause to be complied with, all federal, state and local laws, statutes, rules, regulations, ordinances, orders and directions affecting the Property.

6.2. Occupy as Principal Residence. Borrower shall occupy the Residence as Borrower's principal residence and shall reside in the Residence on a full-time basis.

6.3. Taxes and Other Liabilities. Borrower shall pay all taxes and other governmental or regulatory assessments assessed and levied against the Property at least ten calendar days prior to delinquency and shall timely file all required tax returns.

6.4. Liens and Other Indebtedness. Other than the Senior Deed of Trust, Borrower shall not encumber the Property with any other lien, deed of trust or security interest without the prior written approval of City.

6.5. Refinancing. Borrower shall comply with the refinancing provisions set forth in Section 3.3 above.

6.6. No Lease. Borrower shall not assign or lease the whole or any part of the Property.

6.7. Attend Classes. Borrower shall attend any follow-up First Time Homebuyer Education Classes offered by City or City's designee.

7. Default and Remedies.

7.1. Events of Default. The occurrence of any of the following events, and the continuation thereof beyond the corresponding cure period (if any) set forth below, shall constitute an "Event of Default" under this Agreement:

(a) Borrower fails to make any payment as and when due under the Loan Documents, where such failure continues beyond ten calendar days after written notice from City specifying the general nature and the amount of the overdue payment.

(b) Borrower fails to comply with any provision contained in this Agreement or the Loan Documents, other than provisions governing repayment of the Loan, and does not cure that failure within 30 calendar days after written notice from City.

(c) Any representation or warranty of Borrower set forth in this Agreement or the Loan Documents, or any information delivered by Borrower to City pursuant to this Agreement, proves to be false or misleading in any material respect.

(d) Under any of the Loan Documents, an event of default or default (as defined in that document) occurs.

7.2. Remedies. If an Event of Default occurs under this Agreement or any of the Loan Documents, City may exercise any right or remedy which it has under any of the documents, or which is otherwise available at law, in equity or by statute, and all of City's rights and remedies shall be cumulative. Upon the occurrence of any Event of Default, all of Borrower's obligations under the Loan Documents may become immediately due and payable without notice of default, presentment or demand for payment, protest or notice of nonpayment or dishonor, or other notices or demands of any kind or character, all at City's option, exercisable in its sole discretion.

7.3. Interest Upon Event of Default. At all times when Borrower is in default by reason of Borrower's failure to pay principal or interest due under this Agreement, the interest rate on the sums to which Borrower is in default, shall be the lower of the highest rate then allowed by law or five percent over the prime interest rate announced by Bank of America N.T.&S.A., as of the date of the Event of Default. If Bank of America N.T.&S.A. no longer exists or fails to announce a prime interest rate, the prime interest rate announced by the largest bank, in terms of total assets, of the member banks of the Eleventh District Federal Reserve Bank that announce a prime interest rate, shall be applicable for purposes of this section 7.3.

8. No Assignment. The qualifications and identity of Borrower are of particular concern to City. It is because of those unique qualifications and identity that City has entered into this Agreement with Borrower. No voluntary or involuntary successor in interest of Borrower shall acquire any of Borrower's rights or powers under this Agreement.

9. Miscellaneous.

9.1. Joint and Several Liability. All covenants and agreements of Borrower shall be the joint and several obligations of all signatories, makers, sureties, guarantors and endorsers and shall be binding upon them.

9.2. Further Assurances. The parties shall execute, acknowledge, file or record such other instruments and statements and shall take such additional action as may be necessary to carry out the purpose and intent of this Agreement.

9.3. Binding Effect. Subject to the prohibitions against assignment set forth in section 8 above, this Agreement shall bind and inure to the benefit of the parties hereto and their respective successors and assigns.

9.4. Governing Law. This Agreement shall be construed and interpreted in accordance with and shall be governed and enforced in all respects according to the laws of the State of California, without regard to conflict of laws principles.

9.5. Time of the Essence. Time is of the essence of each and every provision of this Agreement.

9.6. Integration. This Agreement contains the entire understanding between the parties relating to the transaction contemplated by this Agreement. All prior or

contemporaneous agreements, understandings, representations and statements, oral or written, are merged in this Agreement and shall be of no further force or effect.

9.7. Notices. All written notices required to be given pursuant to the terms hereof shall be either (i) personally delivered, (ii) deposited in the United States express mail or first class mail, registered or certified, return receipt requested, postage prepaid, (iii) delivered by overnight courier service, or (iv) delivered by facsimile, provided that the original of such facsimile notice is sent by certified U.S. mail, postage prepaid, no later than one business day following such facsimile. All such notices shall be deemed delivered upon actual receipt (or upon the first attempt at delivery pursuant to the methods specified in clauses (i), (ii) or (iii) above if the intended recipient refuses to accept delivery). All such notices shall be delivered to the following addresses, or to such other address as the receiving party may from time to time specify by written notice to the other party:

To City: City of Ceres  
 Attn: DAP Program Administrator  
 2720 Second Street  
 Ceres, CA 95307  
 Telephone No.: \_\_\_\_\_  
 Fax No.: \_\_\_\_\_

To Borrower: \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 Telephone No.: \_\_\_\_\_  
 Fax No.: \_\_\_\_\_

9.8. Severability. The illegality or unenforceability of any provision of this Agreement or any instrument or agreement required hereunder shall not in any way affect or impair the legality or enforceability of the remaining provisions of this Agreement or any instrument or agreement required hereunder.

9.9. No Waiver. A waiver by any party of a breach of any of the covenants, conditions or agreements under this Agreement to be performed by another party shall not be construed as a waiver of any succeeding breach of the same or other covenants, agreements, restrictions or conditions of this Agreement.

9.10. Rights Cumulative. All rights and remedies existing under this Agreement are cumulative to, and not exclusive of, any other rights or remedies available under contract or applicable law.

9.11. Modifications and Amendments. This Agreement may be amended only in writing signed by the parties.

9.12. Cooperation. Each party agrees to cooperate with the other in this transaction and, in that regard, shall execute any and all documents which may be reasonably

necessary, helpful, or appropriate to carry out the purposes and intent of this Agreement including, but not limited to, releases or additional agreements.

9.13. Captions. Titles and captions are for convenience of reference only and do not define, describe or limit the scope or the intent of this Agreement or of any of its terms. Reference to section numbers are to sections in this Agreement, unless expressly stated otherwise.

9.14. Computation of Time. The time in which any act is to be done under this Agreement is computed by excluding the first day (such as the day escrow opens), and including the last day, unless the last day is a holiday or Saturday or Sunday, and then that day is also excluded. The term "holiday" shall mean all holidays as specified in Sections 6700 and 6701 of the California Government Code. If any act is to be done by a particular time during a day, that time shall be Pacific Time Zone time.

9.15. Incorporation of Recitals and Exhibits. All recitals and exhibits attached hereto are incorporated into this Agreement by reference as if set forth fully herein.

*[Signatures follow on next page]*

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first written above.

BORROWER

\_\_\_\_\_

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

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

CITY

City of Ceres, a municipal corporation

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
City Manager

Attest:

By: \_\_\_\_\_  
City Clerk

Approved as to Form:

By: \_\_\_\_\_  
City Attorney

ATTACHMENT 1

Legal Description of the Property

[To be inserted]

FOR REVIEW ONLY



ATTACHMENT 2

**PROMISSORY NOTE**

**CITY OF CERES  
FIRST TIME HOMEBUYER ASSISTANCE PROGRAM  
DOWNPAYMENT ASSISTANCE PROGRAM (DAP)**

Not to Exceed \_\_\_\_\_, 20\_\_\_\_  
\$ \_\_\_\_\_ Ceres, California

**NOTICE TO MAKER: THE LOAN EVIDENCED BY THIS NOTE IS SECURED BY A DEED OF TRUST THAT PROVIDES FOR AN INTEREST RATE OF 3, 5 OR 7 PERCENT DEPENDENT UPON YOUR LENGTH OF OWNERSHIP AND A LUMP SUM PAYMENT OF PRINCIPAL AND INTEREST AT MATURITY.**

FOR VALUE RECEIVED, \_\_\_\_\_, \_\_\_\_\_ ("Borrower"), having an address of \_\_\_\_\_, promises to pay the CITY OF CERES ("City"), having an address of 2720 Second Street, Ceres, CA 95307, the principal sum of \_\_\_\_\_ DOLLARS (\$ \_\_\_\_\_), pursuant to the terms and conditions set forth below.

1. Loan. This Promissory Note (the "Note") is made pursuant to Section 2.1 of that certain Loan Agreement (the "Agreement") between Borrower and City, dated \_\_\_\_\_, 20\_\_\_\_. This is a promissory note for the repayment to City of the \_\_\_\_\_ Dollar (\$ \_\_\_\_\_) loan provided by City to Borrower (the "Loan") in order to enable Borrower to purchase that certain real property described in Attachment 1 of the Agreement (the "Property"). Capitalized terms not otherwise defined herein shall have the meanings ascribed to such terms in the Agreement.

2. Disbursement. The Loan shall be disbursed in accordance with and subject to the Conditions Precedent to Loan Disbursement set forth in Section 3 of the Agreement.

3. Deed of Trust. Payment of this Note is secured by a deed of trust, security agreement and fixture filing (the "Deed of Trust") executed by Borrower to \_\_\_\_\_, as Trustee, for the benefit of City, which Deed of Trust shall be recorded against the Property.

4. Repayment. So long as Borrower is not in default under this Note or any of the Loan Documents, no payments shall be due hereunder, and the entire outstanding unpaid principal and interest of the Loan shall be due and payable in full on the earlier of: (a) 30 years; or (b) the date Borrower sells, transfers, assigns or conveys, whether voluntarily or involuntarily, the Property, in whole or in part.

5. Interest. The Loan shall bear simple interest at a rate of three percent (3%) per annum from the date of disbursement.

6. Place of Payment. Payment shall be made in lawful money of the United States to City, City of Ceres at the following address: 2720 Second Street, Ceres, California 95307. The place of payment may be changed from time to time as the City may designate in writing.

7. Non-Negotiability; Transfer. This Note is non-negotiable and not transferable by Borrower. Borrower, at its option, may negotiate transfer or assumption of this Note.

8. Prepayment. Borrower shall have the right to prepay, at any time and from time to time, all or any portion of the amounts owing under this Note without any premium or penalty.

9. Event of Default. The occurrence of any of the following shall constitute an event of default under this Note: (a) Borrower fails to pay any amount due hereunder within ten calendar days of its due date; or (b) any default by Borrower under the Deed of Trust, the Agreement or any other loan or other document affecting the Property, including, but not limited to, refinancing the Loan in violation of the terms of the Agreement, subject to any applicable cure periods provided therein.

10. Payment Upon Default. At the option of City and without notice, the entire unpaid principal and interest owing on this Note shall become immediately due and payable (a) upon the occurrence of any event of default, or (b) upon the sale, transfer, assignment, conveyance or lease of the Property, in whole or in part, prior to repayment of the principal and interest owing on this Note. This option may be exercised at any time following any such event, and the acceptance of one or more installments thereafter shall not constitute a waiver of City's option. City's failure to exercise such option shall not constitute a waiver of such option with respect to any subsequent event. City's failure in the exercise of any other right or remedy hereunder or under any agreement which secures the indebtedness or is related thereto shall not affect any right or remedy and no single or partial exercise of any such right or remedy shall preclude any further exercise thereof.

11. Interest Upon Default. At all times when Borrower is in default hereunder by reason of Borrower's failure to pay principal or interest due under this Note or any amounts due under any loan documents securing this Note, the interest rate on the sums as to which Borrower is in default, shall be the lower of the highest rate then allowed by law or five percent over the prime interest rate announced by Bank of America N.T.&S.A., as of the date of the default. If Bank of America N.T.&S.A. no longer exists or fails to announce a prime interest rate, the prime interest rate announced by the largest bank, in terms of total assets, of the member banks of the Eleventh District Federal Reserve Bank that announce a prime interest rate, shall be applicable for purposes of this section.

12. Waiver of Presentment. Borrower and any endorsers hereof and all others who may become liable for all or any part of this obligation, severally waive presentment for payment, demand and protest and notice of protest, and of dishonor and nonpayment of this Note, and expressly consent to any extension of the time of payment hereof or of any installment hereof, to the release of any party liable for this obligation, and any such extension or release may be made without notice to any of said parties and without any way affecting or discharging this liability.

13. Attorney Fees. Borrower agrees to pay immediately upon demand all costs and expenses of City including reasonable attorneys' fees, (a) if after an event of default this Note is placed in the hands of an attorney or attorneys for collection, (b) if after an event of default hereunder, City finds it necessary or desirable to secure the services or advice of one or more attorneys with regard to collection of this Note against Borrower, any guarantor or any other party liable therefor or to the protection of its rights under this Note, the Deed of Trust, the Agreement, or other loan document, or (c) if City seeks to have the Property abandoned by or reclaimed from any estate in bankruptcy, or attempts to have any stay or injunction prohibiting the enforcement or collection of the Note or prohibiting the enforcement of the Deed of Trust or any other agreement evidencing or securing this Note lifted by any bankruptcy or other court. If City shall be made a party to or shall reasonably intervene in any action or proceeding, whether in court or before any governmental Agency, affecting the Property or the title thereto or the interest of the City under the Deed of Trust, including, without limitation, any form of condemnation or eminent domain proceeding, City shall be reimbursed by Borrower immediately upon demand for all costs, charges and attorneys' fees incurred by City in any such case, and the same shall be secured by the Deed of Trust as a further charge and lien upon the Property.

14. Notices. All notices required to be given pursuant to the terms hereof shall be either (i) personally delivered, (ii) deposited in the United States express mail or first class mail, registered or certified, return receipt requested, postage prepaid, or (iii) delivered by overnight courier service. All such notices shall be deemed delivered upon actual receipt (or upon the first attempt at delivery if the intended recipient refuses to accept delivery). All such notices shall be delivered to the addresses set forth above, or to such other address as the receiving party may from time to time specify by written notice to the other party.

15. Successors and Assigns. This Note shall be binding upon Borrower, its successors and assigns.

16. Governing Law. This Note shall be construed in accordance with and be governed by the laws of the State of California, without regard to conflict of laws principles.

17. Severability. If any provision of this Note is declared invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired.

18. Construction with Agreement. In the event of any inconsistency between this Note and the Agreement, the terms of this Note shall prevail.

19. Joint and Several Liability. All covenants and agreements of Borrower shall be joint and several obligations.

BORROWER

\_\_\_\_\_

By: \_\_\_\_\_

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

By: \_\_\_\_\_

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

FOR REVIEW ONLY

ATTACHMENT 3

Deed of Trust

RECORDING REQUESTED BY )  
 AND WHEN RECORDED MAIL TO: )  
 )  
 City of Ceres )  
 2720 Second Street )  
 Ceres, California 95307 )  
 Attn: DAP Program Administrator )  
 )  
 )

---

This document is exempt from the payment of a recording fee pursuant to Government Code § 6103.

**DEED OF TRUST, SECURITY AGREEMENT AND FIXTURE FILING**

**CITY OF CERES  
 FIRST TIME HOMEBUYER ASSISTANCE PROGRAM  
 DOWNPAYMENT ASSISTANCE PROGRAM (DAP)**

**NOTICE TO BORROWER: THE LOAN SECURED BY THIS DEED OF TRUST PROVIDES FOR AN INTEREST RATE OF 3, 5 OR 7 PERCENT DEPENDENT UPON YOUR LENGTH OF OWNERSHIP AND A LUMP SUM PAYMENT OF PRINCIPAL AND INTEREST AT MATURITY.**

This Deed of Trust, Security Agreement and Fixture Filing is made as of \_\_\_\_\_, among \_\_\_\_\_, \_\_\_\_\_ ("Borrower"), whose address is \_\_\_\_\_, \_\_\_\_\_, a \_\_\_\_\_ ("Trustee"), whose address is \_\_\_\_\_, \_\_\_\_\_, and the City of Ceres, a California municipal corporation ("City"), whose address is 2720 Second Street, Ceres, California 95307.

Borrower irrevocably grants, conveys, transfers and assigns to Trustee in trust, with power of sale and right of entry and possession, all of Borrower's estate, right, title and interest in, to and under the following property (collectively, "Property"): (a) the real property in Stanislaus County, California, described on Exhibit A attached hereto and incorporated herein by this reference, together with all existing and future easements and rights affording access to it ("Land"), (b) together with all buildings, structures and improvements now existing or hereafter constructed thereon ("Improvements"), (c) together with all articles of personal property now or hereafter attached to, placed upon for an indefinite term, or used in connection with the Land and/or Improvements, together with all goods and other property that are, or at any time become, so related to the Property that an interest in them arises under real estate law, or they are otherwise adjudged to be a "fixture" under applicable law (each a "Fixture," collectively

"Fixtures"), (d) together with all other property and interests of any kind or character which may be reasonably necessary or desirable to promote the present and future beneficial use and enjoyment of such real property and improvements.

1. Secured Obligations. Borrower makes the grant, conveyance, transfer and assignment herein for the purpose of securing the following obligations ("Secured Obligations"): (a) payment of the sum of \_\_\_\_\_ DOLLARS (\$\_\_\_\_\_) together with interest on the unpaid principal balance according to the terms of a promissory note ("Note") of even date herewith and the Loan Agreement ("Loan Agreement") dated \_\_\_\_\_, by and between Borrower and City and any amendment, modification, extension, rearrangement, restatement, replacement, substitution or renewals thereof; (b) payment of such further sums as the then record owner of the Property may borrow from City, when evidenced by a promissory note or notes reciting that they are secured by this Deed of Trust; and (c) performance of each agreement of Borrower incorporated by reference or contained herein or in the Note or the Loan Agreement.

2. Maintenance and Repair. Borrower shall (a) keep the Property in good condition and repair and not remove or demolish any building; (b) complete or restore promptly and in good and workmanlike manner any building which may be constructed, damaged or destroyed; (c) pay when due all claims for labor performed and materials furnished; (d) comply with all laws affecting the Property or requiring any alterations or improvements to be made; (e) not commit or permit waste; (f) cultivate, irrigate, fertilize, fumigate, prune and do all other acts which from the character or use of the Property may be reasonably necessary; and (g) not cause or permit any Hazardous Materials (as hereinafter defined) to be brought upon, kept or used in or about the Property by Borrower, its agents, employees, contractors or invitees. If Borrower breaches the obligations stated in this Section 2, then Borrower shall indemnify, defend (with counsel approved by City) and hold City harmless from and against any and all claims, judgments, damages, penalties, fines, costs, liabilities and losses (including, without limitation, diminution in value of the Property, and sums paid in settlement of claims, attorneys' fees, consultant fees and expert fees) which arise during or after the term of this Deed of Trust as a result of such breach, contamination, discharge, or release. This indemnification of City by Borrower includes, without limitation, costs incurred in connection with any investigation of site conditions or any cleanup, remedial, removal or restoration work required by any federal, state or local governmental agency or political subdivision because of Hazardous Materials present in, on or under the Property or adjacent property caused by, or as a result of, Borrower's activities. This indemnification specifically excludes Hazardous Materials brought on the Property by prior occupants. For the purpose of this Section 2, the term "Hazardous Materials" includes, without limitation, any flammable explosives, radioactive materials, hazardous materials, hazardous wastes, hazardous or toxic substances, or related materials defined in the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended (42 U.S.C. §9601 et seq.), the Hazardous Materials Transportation Act, as amended (49 U.S.C. §1801 et seq.), the Resource Conservation and Recovery Act of 1976, as amended (42 U.S.C. §6901 et seq.), Section 25117 of the California Health & Safety Code, Section 25316 of the California Health & Safety Code, and in the regulations adopted and publications promulgated pursuant to them, or any other federal, state, or local environmental laws, ordinances, rules, or regulations concerning the environment, industrial hygiene or public health or safety now in effect or

enacted after this date.

3. Insurance. Borrower shall maintain hazard insurance against loss by fire, hazards included with the term "extended coverage," and any other hazards for which City requires insurance, and liability insurance. The insurance carrier and the insurance policies and amounts of coverage shall be acceptable to City, the policies shall name City as a loss payee or an additional insured, as applicable, the policies shall include City as an additional insured, as applicable, and shall require 30 calendar days' prior notice to City before the policy is modified or terminated.

4. Defense of Security. Borrower shall appear in and defend any action or proceeding purporting to affect the security or the rights or powers of City or Trustee. Borrower shall pay all costs and expenses, including costs of evidence of title and attorneys' fees, in any such action or proceeding in which Trustee or City may appear, and in any suit brought by City to foreclose this Deed of Trust.

5. Payment of Taxes and Liens. Borrower shall pay (a) at least 10 calendar days before delinquency, all taxes and assessments affecting the Property, including water stock assessments; (b) when due, all encumbrances, charges and liens, with interest, on the Property; and (c) upon demand all costs, fees and expenses of this Deed of Trust. If Borrower fails to make any payment or to do any act provided for in this Deed of Trust, then City or Trustee may, without obligation to do so, and with or without notice to or demand upon Borrower, and without releasing Borrower from any obligation under this Deed of Trust: (w) make or do the same in such manner and to such extent as either may deem necessary to protect the security, City or Trustee being authorized to enter upon the Property for such purposes; (x) appear in or commence any action or proceeding purporting to affect the security, or the rights or powers of City or Trustee; (y) pay, purchase, contest or settle any encumbrance, charge or lien which in the judgment of either appears to be senior to this Deed of Trust; and (z) in exercising any such powers, pay allowable expenses, including attorneys' fees.

6. Reimbursement of Costs. Borrower shall pay upon demand all sums expended by City or Trustee provided for in this Deed of Trust or allowed by law, with interest from date of expenditure at the maximum rate provided in the Note.

7. Borrower Not Released; Forbearance by City Not a Waiver. By accepting payment of any sum after its due date, City does not waive its right either to require prompt payment when due of all other sums or declare a default for failure to pay. Extension of the time for payment, acceptance of a renewal note or notes, release of any person from liability, modification of the payment terms and conditions, or modification or amortization of the sums secured by this Deed of Trust granted by City to any successor in interest of Borrower shall not operate to release, in any manner, the liability of the original Borrower and Borrower's successors in interest. City shall not be required to commence proceedings against such successor or refuse to extend time for payment, accept a renewal note or notes, release any person from liability, otherwise modify the payment terms and conditions, or modify amortization of the sums secured by this Deed of Trust by reason of any demand made by the original Borrower and Borrower's successors in interest. Any forbearance by City in exercising

any right or remedy hereunder, or otherwise afforded by applicable law, shall not be a waiver of or preclude the exercise of any such right or remedy.

8. Reconveyance. That upon written request of City stating that all sums secured hereby have been paid, and upon surrender of this Deed of Trust and the Note to Trustee for cancellation and retention or other disposition as Trustee in its sole discretion may choose and upon payment of its fees, Trustee shall reconvey, without warranty, the property then held hereunder. The grantee in such reconveyance may be described as "the person or persons legally entitled thereto."

9. Occupancy of Property; No Rental. Borrower shall occupy, establish and maintain the use of the Property as Borrower's principal residence throughout the term of the Note securing this Deed of Trust. There shall be no rental of the Property.

10. Default and Foreclosure. Upon default by Borrower in payment or performance of any Secured Obligation, subject to any applicable cure period, City may declare all sums secured immediately due and payable by delivery to Trustee of a declaration of default and demand for sale and of a notice of default and of a notice of sale, which notice Trustee shall cause to be filed for record. City also shall deposit with Trustee this Deed of Trust, said Note and all documents evidencing expenditures secured by this Deed of Trust. Upon default of any obligation secured by this Deed of Trust and acceleration of all sums due, City may instruct Trustee to proceed with a sale of the Property under the power of sale granted in this Deed of Trust, noticed and held in accordance with California Civil Code Sections 2924, et seq., as such statutes may be amended from time to time. Borrower waives all rights it may have to require marshaling of assets or to require sales of assets in any particular order, including any rights under California Civil Code Sections 2899 and 3455.

11. Substitution of Trustee. City, or any successor in ownership of any Secured Obligations, may from time to time, by instrument in writing, substitute a successor or successors to any Trustee named herein or acting hereunder, which instrument executed by the City and duly acknowledged and recorded in the Stanislaus County Recorder's Office, shall be conclusive proof of proper substitution of such successor Trustee or Trustees, who shall, without conveyance from the Trustee predecessor, succeed to all its title, estate, rights, powers and duties. Said instrument must contain the name of the original Borrower, Trustee and City hereunder, the book and page where this Deed of Trust is recorded and the name and address of the new Trustee.

12. Successors and Assigns. This Deed of Trust applies to, inures to the benefit of, and binds all parties hereto, their heirs, legatees, devisees, administrators, executors, successors and assigns. The term "City" shall mean the owner and holder, including pledgees, of the Note, whether or not named as City herein.

13. Trustee Acceptance. Trustee accepts this trust when this Deed of Trust, duly executed and acknowledged, is made a public record as provided by law. Trustee is not obligated to notify any party hereto of pending sale under any other deed of trust or of any action or proceeding in which Borrower, City or Trustee shall be a party unless brought by Trustee.



14. Further Assurances. Borrower shall, at its own cost and expense, do, execute, acknowledge, and deliver all and every such further acts, deeds, conveyances, mortgages, assignments, notices of assignments, transfers, and assurances as Trustee or City shall from time to time require, for better assuring, conveying, assigning, transferring, and confirming unto Trustee the Property and rights hereby conveyed or assigned or intended now or hereafter so to be, or which Borrower may be or may hereafter become bound to convey or assign to Trustee, or for carrying out the intention or facilitating the performance of the terms of this Deed of Trust, or for filing, registering, or recording this Deed of Trust. Borrower shall, on demand, execute and deliver, and hereby authorizes Trustee and City, or either of them, to execute in the name of Borrower, to the extent it may lawfully do so, one or more financing statements, chattel mortgages, or comparable security instruments, to evidence more effectively the lien hereof. Immediately upon the execution and delivery of this Deed of Trust, and thereafter from time to time, Borrower shall cause this Deed of Trust, and any security instruments creating a lien or evidencing the lien hereof upon any property and each instrument of further assurance, to be filed, registered, or recorded in such manner and in such places as may be required by any present or future law in order to publish notice of and fully to protect the lien hereof upon, and the title of Trustee to, the Property encumbered hereby.

15. Condemnation and Insurance Proceeds. Immediately upon obtaining knowledge of the institution of any proceedings for the condemnation or other taking of all or any portion of the Property, or knowledge of any casualty damage to the Property, or damage in any other manner, Borrower shall immediately notify City thereof. Borrower hereby authorizes and empowers City as attorney-in-fact for Borrower to make proof of loss, to adjust and compromise any claim under the insurance policies covering the Property, to appear in and prosecute any action arising from such insurance policies, to collect and receive insurance proceeds, and to deduct therefrom City's expenses incurred in the collection of such proceeds; provided, however, that nothing contained in this Section shall require City to incur any expense or take any action hereunder. Borrower hereby authorizes and empowers City, at City's option, as attorney-in-fact for Borrower, to commence, appear in and prosecute, in City's or Borrower's name, any action or proceeding relating to any condemnation or other taking of all or any part of the Property, whether direct or indirect, and to settle or compromise any claim in connection with such condemnation or other taking. The proceeds of any award payment or claim for damages, direct or consequential, in connection with any condemnation or other taking, whether direct or indirect, of the Property, or any part thereof, or for conveyances in lieu of the Property, or any part thereof, shall be paid to City. The foregoing powers of attorney are coupled with an interest and are irrevocable. Borrower hereby authorizes City to apply such awards, payments, proceeds or damages relating to condemnation of the Property and insurance covering the Property, after the deduction of City's expenses incurred in the collection of such amounts, subject to the requirements of applicable law and the provisions hereof, to restoration or repair of the Property or to payment of the sums secured by this Deed of Trust. City shall be under no obligation to question the amount of any compensation, awards, proceeds, damages, claims, rights of action, and payments relating to condemnation or other taking of the Property or insured casualty affecting the Property, and may accept the same in the amount in which the same shall be paid. Borrower shall execute such further evidence of assignment of any awards, proceeds damages or claims arising in connection with such condemnation or taking or such insurance as City may

require. Notwithstanding the above, the City shall release all insurance and condemnation proceeds to Borrower to be used to reconstruct the improvements on the Property provided that City determines that such restoration, repair or rebuilding is economically feasible. If such insurance proceeds shall be insufficient for such purposes, Borrower shall make up the deficiency. If the Property is subject to a partial condemnation or taking, then the proceeds received therefrom shall be applied to restore the Property taken, provided the City determines that such restoration is economically feasible and no default exists under the Loan Agreement, the Note, this Deed of Trust, and all other instruments or agreements required to be executed by Borrower or any guarantor in connection with the Loan (collectively, "Loan Documents") following the expiration of all applicable cure periods. If the Property is subject to a total condemnation, or if City determines that restoration of the Property is not feasible following a partial condemnation, or if a default exists then the proceeds from any condemnation award or claim for damages shall be used first to repay all sums under the Note, with the excess, if any, paid to Borrower.

16. Estoppel Certificate. Borrower shall, within ten calendar days of a written request from City, furnish City with a written statement, duly acknowledged, setting forth the sums secured by this Deed of Trust and any right of set-off, counterclaim or other defense which exists against such sums and the obligations of this Deed of Trust.

17. California Uniform Commercial Code Security Agreement; Fixture Filing. Borrower hereby grants City a security interest in all fixtures of Borrower now owned or hereafter in existence, acquired or created on, of or relating to the Property, and all substitutions, replacements, additions, accessions and proceeds (including insurance proceeds) of all of the foregoing (collectively, "Secured Property"). City may file this Deed of Trust, or a reproduction hereof, in the real estate records or other appropriate index, as a financing statement for the Secured Property. Any reproduction of this Deed of Trust or of any other security agreement or financing statement shall be sufficient as a financing statement. In addition, Borrower shall execute and deliver to City, upon City's request, any financing statements, as well as extensions, renewals and amendments thereof, and reproductions of this Deed of Trust in such form as City may require to perfect a security interest with respect to the Secured Property. Borrower shall pay all costs of filing such financing statements and any extensions, renewals, amendments and releases thereof, and shall pay all reasonable costs and expenses of any record searches for financing statements City may reasonably require. Without the prior written consent of City, Borrower shall not create or suffer to be created pursuant to the California Uniform Commercial Code any other security interest in the Secured Property. Upon Borrower's breach of any covenant or agreement of Borrower contained in this Deed of Trust, including the covenants to pay when due all sums secured by this Deed of Trust, City shall have the remedies of a secured party under the California Uniform Commercial Code and, at City's option, may also invoke any remedies provided in this Deed of Trust as to the Secured Property. In exercising any of such remedies, City may proceed against the Property and any of the Secured Property separately or together and in any order whatsoever, without in any way affecting the availability of City's remedies under the California Uniform Commercial Code or the remedies provided in the Deed of Trust. This Deed of Trust also covers goods which are or which are to become fixtures on the Property and constitutes and is filed as a fixture filing under the California Uniform Commercial Code.

18. Due-On-Sale or Encumbrance. If all or any part of the Property, or any interest therein, or any beneficial interest in Borrower (if Borrower is not a natural person or persons but is a corporation, partnership, trust, limited liability company or other legal entity), is sold, transferred, mortgaged, assigned, pledged, or further encumbered, whether directly or indirectly, whether voluntarily or involuntarily or by operational law, City may, at City's option, declare all of the sums secured by this Deed of Trust to be immediately due and payable, and City may invoke any remedies permitted by this Deed of Trust.

19. Subordination. City and Borrower acknowledge and agree that this Deed of Trust is subject and subordinate in all respects to the liens, terms, covenants and conditions of the senior deed of trust in favor of \_\_\_\_\_ in the amount of \_\_\_\_\_ DOLLARS (\$ \_\_\_\_\_) existing as of the date hereof ("Senior Deed of Trust"), and to those advances heretofore made or which may hereafter be made pursuant to the Senior Deed of Trust for the purpose of protecting or further securing the lien of the Senior Deed of Trust, or curing defaults by the Borrower under the Senior Deed of Trust. Borrower may refinance the loan secured by the Senior Deed of Trust only in accordance with Section 2.3 of the Loan Agreement. Notwithstanding anything to the contrary in the Note, Loan Agreement, or this Deed of Trust, the status of this Deed of Trust as a lien and security interest on the Property shall be second only to the Senior Deed of Trust.

20. No Discrimination. Borrower covenants that there shall be no discrimination against or segregation of any person or group of persons on account of race, color, creed, religion, sex, sexual preference, age, marital status, physical handicap, medical condition, disability, national origin or ancestry in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the Property, nor shall the Borrower itself or any person claiming under or through it establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees or vendees in the Property.

21. Authorization; Joint and Several. Each individual or entity executing this Deed of Trust on behalf of Borrower represents and warrants that he or she or it is duly authorized to execute and deliver this Deed of Trust on behalf of Borrower and that such execution is binding upon Borrower. If Borrower consists of more than one person, the obligation of all such persons shall be joint and several, with each person who signs this Deed of Trust being fully and personally obligated to keep all of the promises made in this Deed of Trust, including the promise to pay the full amount owed. City, in City's sole discretion, may enforce its rights under this Deed of Trust against any person individually or against all Borrowers together.

22. Waiver of Statute of Limitations. The pleading of any statute of limitations as a defense to the obligations evidenced by this Deed of Trust is waived to the fullest extent permissible by law.

23. Notices. All notices required to be given pursuant to the terms hereof shall be either (i) personally delivered, (ii) deposited in the United States express mail or first class mail, registered or certified, return receipt requested, postage prepaid, or (iii) delivered by overnight

courier service. All such notices shall be deemed delivered upon actual receipt (or upon the first attempt at delivery if the intended recipient refuses to accept delivery). All such notices shall be delivered to the addresses set forth above, or to such other address as the receiving party may from time to time specify by written notice to the other parties.

24. Remedies. In the event of default under the Loan Documents, City may exercise any right or remedy which it has under any or all of the Loan Document(s), or which is otherwise available at law or in equity or by statute, and all of City's rights and remedies shall be cumulative.

25. Modifications. Any waiver, change, modification or discharge of this Deed of Trust may be made only by the prior written consent of City and Borrower. No alteration, amendment or waiver of any provision of this Deed of Trust, or any other agreement or instrument evidencing or providing security for this Deed of Trust, made by agreement of City, the holder hereof or any other person or party, shall constitute a waiver of any other term hereof, or otherwise release or discharge the liability of Borrower under this Deed of Trust.

26. Severability; Construction; Governing Law. If any provision of this Deed of Trust or the application of any such provision shall be held by a court of competent jurisdiction to be invalid, void or unenforceable to any extent, the remaining provisions of this Deed of Trust and the application thereof shall remain in full force and effect and shall not be affected, impaired or invalidated. This Deed of Trust shall be construed and enforced in accordance with the laws of the State of California without reference to its choice of laws principles. Section headings have been inserted solely as a matter of convenience and are not intended to define or limit the scope of any of the provisions contained therein.

27. Integration. The Note, this Deed of Trust, and the Loan Agreement embody the agreement between City and Borrower for the Loan and its terms and conditions. If any term of this Deed of Trust is inconsistent with any term of the Note or the Loan Agreement, the terms of the Note shall govern.

The undersigned Borrower requests that a copy of any Notice of Default and of any Notice of Sale hereunder be mailed to Borrower at Borrower's address hereinbefore set forth.

BORROWER

\_\_\_\_\_

By: \_\_\_\_\_

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

By: \_\_\_\_\_

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

EXHIBIT A

The real property referred to herein is situated in the City of Ceres, Stanislaus County, California, and is commonly known as \_\_\_\_\_, and more particularly described as follows:

[To be inserted]

FOR REVIEW ONLY

STATE OF CALIFORNIA )  
 ) ss.  
COUNTY OF \_\_\_\_\_ )

On \_\_\_\_\_, 20\_\_\_\_, before me, \_\_\_\_\_, the undersigned, personally appeared \_\_\_\_\_,

( ) personally known to me  
( ) proved to me on the basis of satisfactory evidence

to be the person(s) whose name(s) (is/are) subscribed to the within instrument and acknowledged to me that (he/she/they) executed the same in (his/her/their) authorized capacity(ies), and that by (his/her/their) signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal:

Signature: \_\_\_\_\_

STATE OF CALIFORNIA )  
 ) ss.  
COUNTY OF \_\_\_\_\_ )

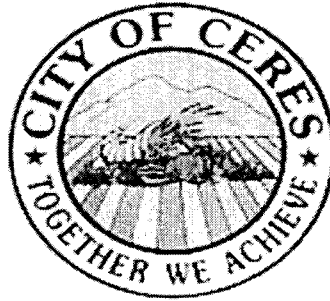
On \_\_\_\_\_, 200\_\_\_\_, before me, \_\_\_\_\_, the undersigned, personally appeared \_\_\_\_\_,

( ) personally known to me  
( ) proved to me on the basis of satisfactory evidence

to be the person(s) whose name(s) (is/are) subscribed to the within instrument and acknowledged to me that (he/she/they) executed the same in (his/her/their) authorized capacity(ies), and that by (his/her/their) signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal:

Signature: \_\_\_\_\_



**FIRST TIME HOMEBUYER DOWNPAYMENT ASSISTANCE PROGRAM  
CITY LOAN COMMITMENT**

**Time Frame**

Lenders must adhere to the time frame of the City processing period, promptly notifying the City in writing of any loan cancellations and/or request for reservation or commitment extensions.

Upon borrow (homebuyer) approval, the City will issue a loan Commitment that is valid for 120 calendar days. Prior to expiration of the Commitment, the lender must either: submit the closing package; submit written notice of loan cancellation; or request a 30-day extension.

City loan documents are only good during the month that they are drawn and any delays may require the preparation of all City final loan documents with a corrected date.

**City Loan Cancellation and Commitment Expirations**

- Cancellations: When a decision is made to cancel a City application, written notice must be received at the City prior to the expiration of the Commitment. The notice must include the reason for the cancellation and the signatures of both the Lender and the Applicant.
- Expiration of Commitment: Before the Commitment has expired, the Lender must either:
  - Submit the closing phase package;
  - Submit a request for a 30-day extension and estimate of closing date to City; or
  - Submit a notice of cancellation as described above.

If 120 days has passed since the Commitment was issued and no extension was requested, Lender must submit an entirely new City loan application with current income verification with a letter of explanation for the delay.

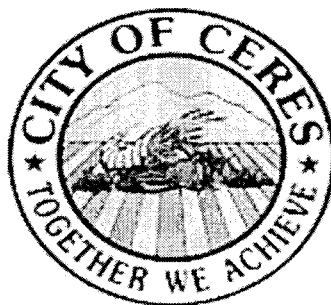
In all cases, expiration of the Commitment without the required action by the Lender will result in the Lender being placed on "Inactive Status", and the Lender may submit no new City applications until the problem has been resolved. Failure to comply may result in the Lender's removal from the Approved Lender List and program.

**Escrow**

The City will issue First-Time Homebuyer funds by check as instructed on the Funding Request and Escrow Information Sheet. Any secondary checks that are issued due to errors on behalf of the Lender, Escrow or Title Company will require a \$30.00 re-issue fee and shall be paid by the party at fault.

If the Lender assigns responsibility of execution of City loan forms to Escrow or Title Office personnel, the Lender assumes full responsibility for training the personnel to comply with the requirements of this administrative manual.





**FIRST TIME HOMEBUYER DOWNPAYMENT ASSISTANCE PROGRAM  
LENDER PARTICIPATION AGREEMENT**

**THIS AGREEMENT** made and entered into as of the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_, by and between the City of Ceres (hereinafter referred to as "CITY") and \_\_\_\_\_ (hereinafter referred to as the "LENDER").

WITNESSETH:

**WHEREAS**, on February █, 2009, the Ceres City Council established the First Time Homebuyer Downpayment Assistance Program (the "Program"); and

**WHEREAS**, the LENDER wishes to participate in the Program administered by the CITY in connection with the purchase of affordable units and/or mortgage loans it will make available for the acquisition of new and existing single-family housing.

**NOW, THEREFORE**, in consideration of the promises set forth herein, the parties agree as follows:

1. The CITY hereby designates the LENDER as its agent for receipt and processing of applications for the Program.
2. The LENDER agrees to prepare its representatives to work on the Program by providing them with CITY training and/or CITY materials.
3. The LENDER will make information regarding the Program available to potential borrowers. The LENDER will process and review the application for any potential borrower in order to determine eligibility for the Program.
4. The LENDER will obtain from the borrower all documents and information required for the application for (and receipt of) a loan as directed by the CITY.
5. The LENDER will perform all investigation and verification that it would normally perform for underwriting a mortgage not provided in connection with the City. The LENDER will notify the borrower and the CITY in writing of any decision to cancel processing of the loan.
6. The LENDER will conduct such reasonable investigation as is necessary to certify that the applicant has satisfied all requirements of the City Program eligibility requirements.
7. The LENDER warrants that it is familiar with the City Program guidelines established by the CITY. The LENDER hereby agrees to comply with all provisions of applicable federal and state law, and said regulations and guidelines.
8. The LENDER will charge a potential borrower participating in the City Program only those fees allowed by the California Housing Finance Agency.
9. The LENDER hereby agrees to adhere to the attached statement of "Quality Commitment."

- 10. This Agreement shall remain in full force and effect until terminated. The LENDER may terminate this Agreement, without cause, upon thirty (30) days written notice to the CITY. The CITY may immediately terminate this Agreement and prohibit the LENDER from participation in the City program upon the LENDER's failure to comply with the terms and conditions of this Agreement or amendments to this Agreement, upon written notice by the CITY. For any LENDER terminated from participation in the Program, it shall be at the discretion of the CITY to allow future participation in the Program and a new LENDER Participation Agreement and related documentation may be required.
- 11. No amendment to this Agreement shall be effective unless in writing and signed by both parties hereto.

**THIS AGREEMENT** is entered into as of the day and year written above.

Lender Company: \_\_\_\_\_ Address: \_\_\_\_\_

Authorized Agent: \_\_\_\_\_ City / Zip \_\_\_\_\_

Authorized Agent Title: \_\_\_\_\_ Phone: \_\_\_\_\_

Company Status:     Broker     Mortgage Lender     Mortgage Banker     Corporation     Other  
(check one or more, as applies)

Lender List Contact: \_\_\_\_\_ Fax: \_\_\_\_\_

Email: \_\_\_\_\_ Cell/Other: \_\_\_\_\_

Application Status     New     Lender Name     Authorized Agent     Lender List  
(check one):            Lender            Change/Merger            Change            Contact Change

CITY OF CERES:

By: \_\_\_\_\_  
DAP Administrator or Designee

**Note: when submitting this agreement to the City, please attach Form C-2: Lender Quality Commitment.**



**FIRST TIME HOMEBUYER DOWNPAYMENT PROGRAM  
LENDER QUALITY COMMITMENT**

- Lending company personnel must receive training for the program before being assigned to prepare loan packages. This training includes:
  - City lender training sessions (if applicable);
  - Knowledge of City of Ceres First Time Homebuyer Program Administrative Manual;
  - Knowledge of City-provided update letters.
- Each lender enrolled in the program designates a City Contact Person for each participating branch. The Contact's responsibilities include:
  - Making lender update letters (including attachments) available to all City housing personnel in a timely manner;
  - Attending at least one training session per year (if applicable);
  - Notifying City of Ceres housing staff of any re-assignment of Contact person and/or changes in company location and or status.
- The lender must obtain the City's Commitment to issue the loan before funding the loan.
- Expiration of a City Loan Commitment without submission of the required paperwork must be addressed a timely manner by: submitting the documents necessary to make the file current, closing the loan, or canceling the pending loan with notification to the City.
- Each lender ensures that the closing or funding department of their company is aware of their obligations under the City program and is prepared to submit all necessary closing documentation in a timely manner.
- Buyers must be treated fairly and receive a full and accurate explanation about the City loan(s) and resale restriction, as applicable. For questions that the lender cannot answer, the buyer is referred to City of Ceres staff.



**FIRST TIME HOMEBUYER DOWNPAYMENT ASSISTANCE PROGRAM  
FUNDING REQUEST AND ESCROW INFORMATION SHEET**

The following information must be provided in order to process the City loan:

**Escrow Company:**

Address:

Telephone:

Fax:

Escrow Officer:

Escrow number/  
COE Date:

**Title Company:**

Address:

Telephone:

Fax:

Title Officer:

Title Order No:

**Fund Issuance Information:**

Bank:

Address:

ABA No:

Account No:

Reference:

**Borrower's exact vesting** \_\_\_\_\_

**Legal description** \_\_\_\_\_

(you may attach a separate sheet with legal description)

**Do I need to have a house chosen and a purchase contract signed?**

No, you do not need to have entered into an agreement to sign up for the Downpayment Assistance Program (DAP).

**How long will funds be available?**

Funds are limited and available on a first-come, first-served basis.

**How do I apply?**

Please submit a completed application to:

**Bryan Briggs**

**DAP Program Administrator**

**City of Ceres**

**2720 2nd Street**

**Ceres, CA 95307**

**For a list of eligible lenders, please refer to the California Housing Finance Agency website:**

<https://wp11.calhfa.ca.gov/ApprovedLenders/>

**Who do I contact for more information?**

Check our website at:

<http://www.ci.ceres.ca.us/> or contact the

City (209) 538-5756.

\*For the most up to date information, please visit the City's website or call (209) 538-5756.



**City of Ceres**

City of Ceres  
Housing Programs  
2720 2nd Street  
Ceres, CA 95307

Phone: (209) 538-5756  
Fax: (209) 538-5650  
Email: <http://www.ci.ceres.ca.us/>



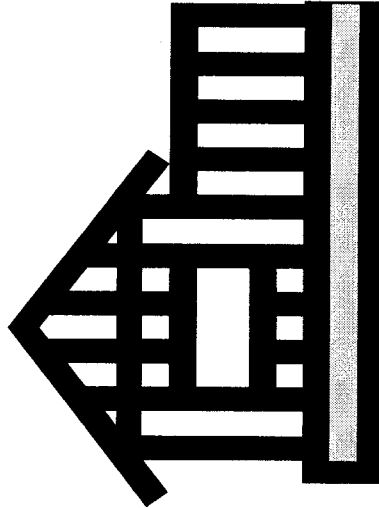
**City of Ceres**

**First-Time Homebuyer**

**Downpayment**

**Assistance**

**Program**



**Housing Programs**

**Bryan Briggs, Program Administrator**  
(209) 538-5756

### **What is the Downpayment Assistance Program (DAP)?**

It is a deferred payment loan program to help qualified low-income households purchase their first home. DAP funds are to assist with your downpayment and/or closing costs.

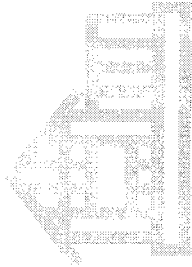
### **How much can I borrow?**

The maximum loan amount is \$60,000.

### **What kind of home can I buy?**

Any home that you can afford to own and will occupy within the City of Ceres. For 2008, the maximum purchase price of a home is \$429,691.\*

\*Maximum purchase price is updated annually. Please contact the DAP Program Administrator for the most current price.



### **Who is eligible?**

1. First-time homebuyer who has not owned a primary residence in California during the last three (3) years.\*
2. Successfully completes two first-time homebuyer workshops approved by the City.
3. Personally contributes at least a 3% downpayment.
4. Has a household income that is equal to or less than 80% of area median income. For 2008, maximum income limits by household size for Stanislaus County are:

### **Household Size Max Income Limit\*\***

1	\$31,650
2	\$36,150
3	\$40,700
4	\$45,200
5	\$48,800

\* See City of Ceres First-Time Homebuyer Downpayment Assistance Program Manual for more information on eligibility.

\*\* Limits are updated annually. Please contact the DAP Program Administrator for updated income limits.

### **What are the loan terms?**

The loan has a 30 year term and accrues interest at a 3% simple interest rate.

### **How do I pay off the loan?**

No payments are required until the term of the loan is reached, the home is sold or transferred, the home is no longer used as your principal residence, or any event of default. At that time, you must repay the City's loan plus accrued interest.



# Uniform Residential Loan Application

This application is designed to be completed by the applicant(s) with the Lender's assistance. Applicants should complete this form as "Borrower" or "Co-Borrower," as applicable. Co-Borrower information must also be provided (and the appropriate box checked) when  the income or assets of a person other than the Borrower (including the Borrower's spouse) will be used as a basis for loan qualification or  the income or assets of the Borrower's spouse or other person who has community property rights pursuant to state law will not be used as a basis for loan qualification, but his or her liabilities must be considered because the spouse or other person has community property rights pursuant to applicable law and Borrower resides in a community property state, the security property is located in a community property state, or the Borrower is relying on other property located in a community property state as a basis for repayment of the loan.

If this is an application for joint credit, Borrower and Co-Borrower each agree that we intend to apply for joint credit (sign below):

Borrower	Co-Borrower
<b>I. TYPE OF MORTGAGE AND TERMS OF LOAN</b>	

Mortgage Applied for:	<input type="checkbox"/> VA <input type="checkbox"/> FHA	<input type="checkbox"/> Conventional <input type="checkbox"/> USDA/Rural Housing Service	<input type="checkbox"/> Other (explain):	Agency Case Number	Lender Case Number
Amount \$	Interest Rate %	No. of Months	Amortization Type:	<input type="checkbox"/> Fixed Rate <input type="checkbox"/> GPM	<input type="checkbox"/> Other (explain): <input type="checkbox"/> ARM (type):

<b>II. PROPERTY INFORMATION AND PURPOSE OF LOAN</b>	
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Subject Property Address (street, city, state & ZIP)					No. of Units
Legal Description of Subject Property (attach description if necessary)					Year Built
Purpose of Loan			Property will be:		
<input type="checkbox"/> Purchase <input type="checkbox"/> Refinance			<input type="checkbox"/> Construction <input type="checkbox"/> Construction-Permanent		
<input type="checkbox"/> Other (explain):			<input type="checkbox"/> Primary Residence <input type="checkbox"/> Secondary Residence <input type="checkbox"/> Investment		
<i>Complete this line if construction or construction-permanent loan.</i>					
Year Lot Acquired	Original Cost \$	Amount Existing Liens \$	(a) Present Value of Lot \$	(b) Cost of Improvements \$	Total (a + b) \$
<i>Complete this line if this is a refinance loan.</i>					
Year Acquired	Original Cost \$	Amount Existing Liens \$	Purpose of Refinance	Describe Improvements	<input type="checkbox"/> made <input type="checkbox"/> to be made
Title will be held in what Name(s)			Manner in which Title will be held		Estate will be held in: <input type="checkbox"/> Fee Simple <input type="checkbox"/> Leasehold (show expiration date)
Source of Down Payment, Settlement Charges, and/or Subordinate Financing (explain)					

Borrower	Co-Borrower
<b>III. BORROWER INFORMATION</b>	

Borrower's Name (include Jr. or Sr. if applicable)				Co-Borrower's Name (include Jr. or Sr. if applicable)			
Social Security Number	Home Phone (incl. area code)	DOB (mm/dd/yyyy)	Yrs. School	Social Security Number	Home Phone (incl. area code)	DOB (mm/dd/yyyy)	Yrs. School
<input type="checkbox"/> Married <input type="checkbox"/> Separated		Dependents (not listed by Co-Borrower) no.   ages		<input type="checkbox"/> Married <input type="checkbox"/> Separated		Dependents (not listed by Borrower) no.   ages	
Present Address (street, city, state, ZIP) <input type="checkbox"/> Own <input type="checkbox"/> Rent ___ No. Yrs.				Present Address (street, city, state, ZIP) <input type="checkbox"/> Own <input type="checkbox"/> Rent ___ No. Yrs.			
Mailing Address, if different from Present Address				Mailing Address, if different from Present Address			

*If residing at present address for less than two years, complete the following:*

Former Address (street, city, state, ZIP) <input type="checkbox"/> Own <input type="checkbox"/> Rent ___ No. Yrs.	Former Address (street, city, state, ZIP) <input type="checkbox"/> Own <input type="checkbox"/> Rent ___ No. Yrs.
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Borrower	Co-Borrower
<b>IV. EMPLOYMENT INFORMATION</b>	

Name & Address of Employer		<input type="checkbox"/> Self Employed	Yrs. on this job	Name & Address of Employer		<input type="checkbox"/> Self Employed	Yrs. on this job
			Yrs. employed in this line of work/profession				Yrs. employed in this line of work/profession
Position/Title/Type of Business	Business Phone (incl. area code)			Position/Title/Type of Business	Business Phone (incl. area code)		

*If employed in current position for less than two years or if currently employed in more than one position, complete the following:*



Borrower		IV. EMPLOYMENT INFORMATION (cont'd)		Co-Borrower	
Name & Address of Employer	<input type="checkbox"/> Self Employed	Dates (from - to)	Name & Address of Employer	<input type="checkbox"/> Self Employed	Dates (from - to)
		Monthly Income			Monthly Income
		\$			\$
Position/Title/Type of Business	Business Phone (incl. area code)		Position/Title/Type of Business	Business Phone (incl. area code)	
Name & Address of Employer	<input type="checkbox"/> Self Employed	Dates (from - to)	Name & Address of Employer	<input type="checkbox"/> Self Employed	Dates (from - to)
		Monthly Income			Monthly Income
		\$			\$
Position/Title/Type of Business	Business Phone (incl. area code)		Position/Title/Type of Business	Business Phone (incl. area code)	

**V. MONTHLY INCOME AND COMBINED HOUSING EXPENSE INFORMATION**

Gross Monthly Income	Borrower	Co-Borrower	Total	Combined Monthly Housing Expense	Present	Proposed
Base Empl. Income*	\$	\$	\$	Rent	\$	
Overtime				First Mortgage (P&I)		\$
Bonuses				Other Financing (P&I)		
Commissions				Hazard Insurance		
Dividends/Interest				Real Estate Taxes		
Net Rental Income				Mortgage Insurance		
Other (before completing, see the notice in "describe other income," below)				Homeowner Assn. Dues		
				Other:		
<b>Total</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>Total</b>	<b>\$</b>	<b>\$</b>

\* Self Employed Borrower(s) may be required to provide additional documentation such as tax returns and financial statements.

Describe Other Income

**Notice:** Alimony, child support, or separate maintenance income need not be revealed if the Borrower (B) or Co-Borrower (C) does not choose to have it considered for repaying this loan.

B/C	Monthly Amount
	\$

**VI. ASSETS AND LIABILITIES**

This Statement and any applicable supporting schedules may be completed jointly by both married and unmarried Co-Borrowers if their assets and liabilities are sufficiently joined so that the Statement can be meaningfully and fairly presented on a combined basis; otherwise, separate Statements and Schedules are required. If the Co-Borrower section was completed about a non-applicant spouse or other person, this Statement and supporting schedules must be completed about that spouse or other person also.

Completed  Jointly  Not Jointly

ASSETS	Cash or Market Value	LIABILITIES		
Description		Liabilities and Pledged Assets. List the creditor's name, address, and account number for all outstanding debts, including automobile loans, revolving charge accounts, real estate loans, alimony, child support, stock pledges, etc. Use continuation sheet, if necessary. Indicate by (*) those liabilities, which will be satisfied upon sale of real estate owned or upon refinancing of the subject property.		
Cash deposit toward purchase held by:	\$			
<i>List checking and savings accounts below</i>		Name and address of Company	Monthly Payment & Months Left to Pay	Unpaid Balance
Name and address of Bank, S&L, or Credit Union			\$ Payment/Months	\$
Acct. no.	\$	Acct. no.		
Name and address of Bank, S&L, or Credit Union		Name and address of Company	\$ Payment/Months	\$
Acct. no.	\$	Acct. no.		
Name and address of Bank, S&L, or Credit Union		Name and address of Company	\$ Payment/Months	\$
Acct. no.	\$	Acct. no.		

**VI. ASSETS AND LIABILITIES (cont'd)**

Name and address of Bank, S&L, or Credit Union		Name and address of Company		\$ Payment/Months	\$
Acct. no.	\$	Acct. no.			
Stocks & Bonds (Company name/number & description)		Name and address of Company		\$ Payment/Months	\$
		Acct. no.			
Life insurance net cash value		Name and address of Company		\$ Payment/Months	\$
Face amount: \$					
<b>Subtotal Liquid Assets</b>					
Real estate owned (enter market value from schedule of real estate owned)					
Vested interest in retirement fund					
Net worth of business(es) owned (attach financial statement)		Acct. no.			
Automobiles owned (make and year)		Alimony/Child Support/Separate Maintenance Payments Owed to:		\$	
Other Assets (itemize)		Job-Related Expense (child care, union dues, etc.)		\$	
		<b>Total Monthly Payments</b>		\$	
<b>Total Assets a.</b>	\$	<b>Net Worth (a minus b)</b>	\$	<b>Total Liabilities b.</b>	\$

Schedule of Real Estate Owned (If additional properties are owned, use continuation sheet.)

Property Address (enter S if sold, PS if pending sale or R if rental being held for income)	Type of Property	Present Market Value	Amount of Mortgages & Liens	Gross Rental Income	Mortgage Payments	Insurance, Maintenance, Taxes & Misc.	Net Rental Income
		\$	\$	\$	\$	\$	\$
	<b>Totals</b>	\$	\$	\$	\$	\$	\$

List any additional names under which credit has previously been received and indicate appropriate creditor name(s) and account number(s):

Alternate Name	Creditor Name	Account Number

**VII. DETAILS OF TRANSACTION**

**VIII. DECLARATIONS**

VII. DETAILS OF TRANSACTION		VIII. DECLARATIONS					
a. Purchase price	\$	If you answer "Yes" to any questions a through i, please use continuation sheet for explanation.		Borrower		Co-Borrower	
b. Alterations, improvements, repairs		Yes	No	Yes	No	Yes	No
c. Land (if acquired separately)		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
d. Refinance (incl. debts to be paid off)		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
e. Estimated prepaid items		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
f. Estimated closing costs		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
g. PMI, MIP, Funding Fee		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
h. Discount (if Borrower will pay)		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
i. Total costs (add items a through h)		(This would include such loans as home mortgage loans, SBA loans, home improvement loans, educational loans, manufactured (mobile) home loans, any mortgage, financial obligation, bond, or loan guarantee. If "Yes," provide details, including date, name, and address of Lender, FHA or VA case number, if any, and reasons for the action.)					

**VII. DETAILS OF TRANSACTION**

**VIII. DECLARATIONS**

		If you answer "Yes" to any questions a through i, please use continuation sheet for explanation.	Borrower		Co-Borrower	
			Yes	No	Yes	No
j.	Subordinate financing					
k.	Borrower's closing costs paid by Seller	f. Are you presently delinquent or in default on any Federal debt or any other loan, mortgage, financial obligation, bond, or loan guarantee? If "Yes," give details as described in the preceding question.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
l.	Other Credits (explain)	g. Are you obligated to pay alimony, child support, or separate maintenance? h. Is any part of the down payment borrowed?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
m.	Loan amount (exclude PMI, MIP, Funding Fee financed)	i. Are you a co-maker or endorser on a note?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
		j. Are you a U.S. citizen?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
n.	PMI, MIP, Funding Fee financed	k. Are you a permanent resident alien?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
		l. Do you intend to occupy the property as your primary residence? If "Yes," complete question m below.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
o.	Loan amount (add m & n)	m. Have you had an ownership interest in a property in the last three years?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
p.	Cash from/to Borrower (subtract j, k, l & o from i)	(1) What type of property did you own—principal residence (PR), second home (SH), or investment property (IP)? (2) How did you hold title to the home—solely by yourself (S), jointly with your spouse (SP), or jointly with another person (O)?	_____	_____	_____	_____

**IX. ACKNOWLEDGEMENT AND AGREEMENT**

Each of the undersigned specifically represents to Lender and to Lender's actual or potential agents, brokers, processors, attorneys, insurers, servicers, successors and assigns and agrees and acknowledges that: (1) the information provided in this application is true and correct as of the date set forth opposite my signature and that any intentional or negligent misrepresentation of this information contained in this application may result in civil liability, including monetary damages, to any person who may suffer any loss due to reliance upon any misrepresentation that I have made on this application, and/or in criminal penalties including, but not limited to, fine or imprisonment or both under the provisions of Title 18, United States Code, Sec. 1001, et seq.; (2) the loan requested pursuant to this application (the "Loan") will be secured by a mortgage or deed of trust on the property described in this application; (3) the property will not be used for any illegal or prohibited purpose or use; (4) all statements made in this application are made for the purpose of obtaining a residential mortgage loan; (5) the property will be occupied as indicated in this application; (6) the Lender, its servicers, successors or assigns may retain the original and/or an electronic record of this application, whether or not the Loan is approved; (7) the Lender and its agents, brokers, insurers, servicers, successors, and assigns may continuously rely on the information contained in the application, and I am obligated to amend and/or supplement the information provided in this application if any of the material facts that I have represented herein should change prior to closing of the Loan; (8) in the event that my payments on the Loan become delinquent, the Lender, its servicers, successors or assigns may, in addition to any other rights and remedies that it may have relating to such delinquency, report my name and account information to one or more consumer reporting agencies; (9) ownership of the Loan and/or administration of the Loan account may be transferred with such notice as may be required by law; (10) neither Lender nor its agents, brokers, insurers, servicers, successors or assigns has made any representation or warranty, express or implied, to me regarding the property or the condition or value of the property; and (11) my transmission of this application as an "electronic record" containing my "electronic signature," as those terms are defined in applicable federal and/or state laws (excluding audio and video recordings), or my facsimile transmission of this application containing a facsimile of my signature, shall be as effective, enforceable and valid as if a paper version of this application were delivered containing my original written signature.

**Acknowledgement.** Each of the undersigned hereby acknowledges that any owner of the Loan, its servicers, successors and assigns, may verify or reverify any information contained in this application or obtain any information or data relating to the Loan, for any legitimate business purpose through any source, including a source named in this application or a consumer reporting agency.

Borrower's Signature <b>X</b>	Date	Co-Borrower's Signature <b>X</b>	Date
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**X. INFORMATION FOR GOVERNMENT MONITORING PURPOSES**

The following information is requested by the Federal Government for certain types of loans related to a dwelling in order to monitor the lender's compliance with equal credit opportunity, fair housing and home mortgage disclosure laws. You are not required to furnish this information, but are encouraged to do so. The law provides that a lender may not discriminate either on the basis of this information, or on whether you choose to furnish it. If you furnish the information, please provide both ethnicity and race. For race, you may check more than one designation. If you do not furnish ethnicity, race, or sex, under Federal regulations, this lender is required to note the information on the basis of visual observation and surname if you have made this application in person. If you do not wish to furnish the information, please check the box below. (Lender must review the above material to assure that the disclosures satisfy all requirements to which the lender is subject under applicable state law for the particular type of loan applied for.)

<b>BORROWER</b> <input type="checkbox"/> I do not wish to furnish this information		<b>CO-BORROWER</b> <input type="checkbox"/> I do not wish to furnish this information		
Ethnicity: <input type="checkbox"/> Hispanic or Latino <input type="checkbox"/> Not Hispanic or Latino		Ethnicity: <input type="checkbox"/> Hispanic or Latino <input type="checkbox"/> Not Hispanic or Latino		
Race: <input type="checkbox"/> American Indian or Alaska Native <input type="checkbox"/> Native Hawaiian or Other Pacific Islander <input type="checkbox"/> Asian <input type="checkbox"/> Black or African American <input type="checkbox"/> White		Race: <input type="checkbox"/> American Indian or Alaska Native <input type="checkbox"/> Native Hawaiian or Other Pacific Islander <input type="checkbox"/> Asian <input type="checkbox"/> Black or African American <input type="checkbox"/> White		
Sex: <input type="checkbox"/> Female <input type="checkbox"/> Male		Sex: <input type="checkbox"/> Female <input type="checkbox"/> Male		
<b>To be Completed by Interviewer</b> This application was taken by: <input type="checkbox"/> Face-to-face interview <input type="checkbox"/> Mail <input type="checkbox"/> Telephone <input type="checkbox"/> Internet	Interviewer's Name (print or type)		Name and Address of Interviewer's Employer	
	Interviewer's Signature			Date
	Interviewer's Phone Number (incl. area code)			

**CONTINUATION SHEET/RESIDENTIAL LOAN APPLICATION**

Use this continuation sheet if you need more space to complete the Residential Loan Application. Mark **B** for Borrower or **C** for Co-Borrower.

Borrower:		Agency Case Number:
Co-Borrower:		Lender Case Number:

I/We fully understand that it is a Federal crime punishable by fine or imprisonment, or both, to knowingly make any false statements concerning any of the above facts as applicable under the provisions of Title 18, United States Code, Section 1001, et seq.

Borrower's Signature <b>X</b>	Date	Co-Borrower's Signature <b>X</b>	Date
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