

**Neighborhood Stabilization Program
Down Payment Assistance
(NSP DPAP)**



INTRODUCTION

The City of Modesto Parks, Recreation & Neighborhoods Department has allocated \$1,271,031 in Neighborhood Stabilization Program (NSP) funds from the U.S. Department of Housing and Urban Development to assist program eligible low/moderate/middle income (LMMI) homebuyers to purchase vacant foreclosed properties in order to stabilize neighborhoods and to decrease the decline of house values of neighboring homes.

Funds can be utilized for down payment assistance, closing costs, and rehabilitation of foreclosed properties.

This program is authorized under Title III of the Housing and Economic Recovery Act of 2008.

For more information please contact:

Carol Averell, Senior Community Development Program Specialist
Parks, Recreation and Neighborhoods Departments
Phone: (209) 577-5310
Email: caverell@modestogov.com

PARTICIPANT ELIGIBILITY REQUIREMENTS

The current income eligibility for LMMI households:

HOUSEHOLD SIZE	INCOME LIMIT	HOUSEHOLD SIZE	INCOME LIMIT
1 Person	\$50,050	5 Person	\$77,200
2 Person	\$57,200	6 Person	\$82,950
3 Person	\$64,350	7 Person	\$88,650
4 Person	\$71,500	8 Person	\$94,400

- Participant(s) must qualify as LMMI household(s). To qualify under this criteria participant(s) annual income must not exceed 120% of the Area Median Income (AMI). This is adjusted for family size in Modesto at the time the household initially occupies the property, or at the time the City funds are invested, whichever is later. (See income limits).
- Participant(s) must live in the City of Modesto, including unincorporated areas/sphere of influence, with a Modesto address, for the past six (6) consecutive months, or been employed in the Modesto city limits for the past (6) months.
- Participant(s) must not currently have title on any other property.
- Participant(s) must obtain the maximum loan amount from the first mortgage loan. The City of Modesto will determine the loan amount or gap by calculating the difference between the home sales price and the base loan amount obtained from the first mortgage loan.
- Participant(s) must complete at least eight (8) hours of homebuyer counseling from a HUD-approved housing counseling agency prior to participating in the program. Certificate of completion must be submitted to the City of

Modesto.

- Eligible participant(s) must contribute a minimum investment of 1% of the sales price.
- Participant(s) FICO (Fair Isaac Company) scores must average 600 or higher with the three credit bureaus (TransUnion, Equifax and Experian).
- The housing ratio on the first mortgage loan, including taxes, property insurance, homeowner's dues and mortgage insurance should not exceed 31%.
- The participant(s) must obtain fire insurance coverage on the home from the date of closing. The City must be listed as lienholder on the policy and the policy must be sufficient to protect the City's full interest in the property.
- Participant(s) must occupy the property as a principal residence.

NOTE: Use of the property for rental purposes, including temporary leases, is not allowed under this program. If at any time during the loan term the property is no longer the participant's principal residence, the loan will become immediately due and payable in full.

When making eligibility decisions, only the household composition, employment data, or other relevant information as presented in the original application will be considered. Participant(s) will not be allowed to make any material changes in the application in an attempt to reverse a loan denial.

PROPERTY ELIGIBILITY

- The property may be a single family home, a condominium, or a planned unit development, or manufactured housing on its own lot and affixed to a permanent foundation.
- The property must be located in a residentially zoned area within Modesto city limits.
- The home must be a foreclosed home (i.e. bank owned).
- Each foreclosed upon home shall be purchased at a discount of at least 1 percent from current market-appraised value of the

home. Such discount should ensure that the homebuyer is paying below-market value for the home.

- The appraisal must be completed within 60 days of the final offer.
- The purchase price of the home or after-rehabilitation value must not exceed the actual 95% of median sales price for Modesto, which is currently \$228,000 for 1-unit as determined by HUD.
- Property must be vacant at the time of listing.
- The property must meet Housing Quality Standards, as defined by the HUD.
- If the home cannot meet Housing Quality Standards prior to the loan closing, a portion of the City loan can be used for rehabilitation of the property.

TERMS AND CONDITIONS

Loan Amount

The combined maximum loan amount for down payment assistance and rehabilitation of the property is up to \$125,000. A portion of the loan funds can be used to pay reasonable closing costs, and rehabilitation of the property to meet Housing Quality Standards.

Affordability Period

HUD requires Neighborhood Stabilization Program (NSP) funding to be expended on activities where continued affordability is ensured. The term of the affordability covenant depends on the total amount of financial assistance provided by the City.

If the homebuyer sells the home or ceases to use it as a principal residence within the affordability period, the loan amount shall be recaptured. The homebuyer is required to repay all or a portion of the subsidy.

The minimum length of affordability is as follows:

<u>Loan Amount</u>	<u>Affordability Period</u>
Less than \$15,000	5 years
\$15,000 - \$40,000	10 years
More than \$40,000	15 years

The affordability covenants for the City loans will be included in the loan documents and shall be recorded against the property. The covenants will run with the land and shall bind the participant(s) and successor(s) for the entire affordability period.

The affordability covenant is determined by the combined amount of the down payment and rehabilitation loans, and applies to both loans.

The participant(s) may transfer title or sell the property without any restrictions upon completion of the affordability covenants.

Terms

Down Payment Assistance Loan

- The loan shall not accrue interest during the first five (5) years of the term of the loan. In year six, the loan will begin to accrue interest at a rate of 2%. Payments will begin in year six.
- Payments will be amortized from year six through year thirty.
- The loan will remain due and payable by the participant during the affordability period. After 15 years and upon completion of the affordability period, the balance of down payment assistance loan could be forgiven. Homebuyers must be in good terms with the first mortgage lender and the City loans. Although the down payment assistance loan can be forgiven the rehabilitation loan must be repaid.
- The total amount of the loan, plus accrued interest, becomes due and payable during the affordability period, at the time of sale or transfer of ownership, refinancing of the property, or upon

change of use of the property, or if participant(s) is not using the property as a primary residence.

Terms

Rehabilitation Loan

- The loan shall not accrue interest during the first five (5) years of the term of the loan. In year six, the loan will begin to accrue interest at the rate of 2%. Payments will begin in year six.
- Payments will be amortized from year six through year thirty.
- The loan will remain due and payable by the participant during the affordability period.
- The total amount of the loan, plus accrued interest, becomes due and payable during the affordability period, at the time of sale or transfer of ownership, refinancing of the property, or upon change of use of the property, or if participant(s) is not using the property as a primary residence.
- There is no prepayment penalty. There is no charge or penalty for making full or partial payments on the loan.

CLOSING COST AND FIRST MORTGAGE LOAN TYPE LIMITATIONS

- **NSP DPAP loans cannot be used with variable rate loans** (first mortgage) or used to pay discount points on 3-2-1 interest-rate buy-downs. The only buy-downs allowed under the program are (1) one-year to three-year interest rate buy-downs under the FHA or CalHFA program, and (2) interest-rate buy-downs that offer a permanent rate reduction for the life of the first mortgage loan. Lenders must submit a copy of the buy-down agreement and calculation showing the actual cost of the interest rate buy-down.
- The term of the first mortgage cannot exceed 30 years and must be a fixed rate.
- NSP DPAP loans may be used to cover all reasonable closing costs the buyer is responsible for paying. Examples include (list not inclusive): loan origination fee, loan discount fee,

processing fee, appraisal fee, title report/insurance, credit report, professional home inspections, and other normal settlement charges.

CO-SIGNER

The NSP DPAP loan shall not be used to assist in the purchase of any home in which ownership in the property is granted to any party other than the participant(s) approved by the City of Modesto. The City does not accept co-signers as guarantors for any part of the purchase transaction.

DETERMINING ANNUAL INCOME

Section 8 income guidelines are used to calculate annual income to determine program eligibility. Annual income is defined as the “gross” amount of income of all adult household members, which are anticipated to be received during the coming 12-month period. The following are key to understanding the requirements for calculating annual income.

1. **Gross amount:** For those types of income counted, gross amounts (before any deductions have been taken) are used.
2. **Income of all adult household members:** Annual income contains income “inclusions” –types of income to be counted— and income “exclusions”—types of income that are not considered (e.g., income of minors); and
3. **Anticipated to be received:** Annual income is used to determine eligibility and a household’s expected ability to pay, rather than past earnings, and to estimate housing assistance needs.

Annual income shall be determined in accordance with the Code of Federal Regulations (CFR), Title 24, Part 5, Section 5.609(b). Additional information can be found in CRF24 Part 5 of the federal regulations.

DEBT RATIO GUIDELINES

Following are the two types of debt ratios the City of Modesto will use:

Housing Ratio (Front-End Ratio): a percentage comparing a participant(s) total monthly cost to buy a home to monthly income before deductions (mortgage principal and interest, real estate taxes, mortgage insurance and Homeowners Association dues (HOA)). The standard guideline is 31%.

Full Debt to Income (Back-end ratio): a ratio that compares the total of all monthly debt payments (mortgage, real estate taxes and insurance, car loans, and other consumer loans) to gross monthly income. The standard guideline is 43%.

Ratios in excess of 43% will be considered on an exception basis depending upon the overall strength of the application.

PROPERTY REQUIREMENTS FOR DOWN PAYMENT ASSISTANCE

- The property must be move in ready prior to the participant(s) signing the City loan documents. The property condition must meet Housing Quality Standards, as defined by the United States Department of Housing and Urban Development.
- A termite inspection and/or clearance may be required prior to the loan being submitted to the City’s Housing Rehabilitation Loan Committee. If the property is less than 5 years old and the first mortgage does not require a termite clearance, the City of Modesto may waive this requirement.
- Homes built prior to 1978 must be inspected for lead-based paint by a Certified Risk Assessor/Inspector. Proof of corrections or passing must be provided to the City prior to the participant signing City loan documents.
- The home must undergo a property inspection by a qualified property inspector. This report will give the homebuyer(s) a

better understanding of the quality and condition of the home. Items identified by City staff as potential health or safety risk, based on housing quality standards, must be corrected prior to signing loan documents. The cost of the report is the financial responsibility of the participant(s).

- If the participant(s) pays for any required inspection reports outside of escrow, the cost may be considered as part of the 1% required contribution. Proof of payment must be provided to the City.

PROPERTIES REQUIRING CITY FINANCED REPAIRS

- If the cost of repairs required by the City cannot be completed prior to the loan closing, money for rehabilitation work can be included in the City loan. The costs of required repairs must exceed \$1,000. The rehabilitation of the property must follow the City's current Housing Rehabilitation Programs policies.
- Health and safety violations must be corrected. Items that may present a potential hazard may be eligible for funding, as well as energy conservation items. Luxury items are not eligible. Luxury items include, but not limited to: Granite, quartz, or solid surface countertops and backsplashes, Washers, dryers, and dishwashers.
Jet or spa tubs
Windows with grids/grills
- A termite inspection report must be submitted to the City.
- A property inspection report must be submitted to the City.
- After the reports are submitted, staff will make an initial review of the reports.
- City staff will contact the buyer's realtor to arrange for an inspection of the property. Based on the information supplied in the termite report, property inspection report, and the inspection by City staff, the scope of work will be determined.
- The costs of required upfront inspection reports submitted to the City are the responsibility of the participant(s). However, the costs may be considered as part of the 1% contribution of the contract sales price. If considered as part of the 1% contribution, proof of payment must be provided to City staff. If the

participant has contributed more than 1%, and if there is sufficient value in the property, the excess contribution or a portion of it can be credited to the buyer in escrow.

- The participant(s) will NOT be allowed to move into the home until all substantial required health and safety repairs have been made. The City will determine what repairs are essential prior to the buyers moving into the property. This requirement will be reflected in the Real Property Improvement Agreement. Items such as window replacement can be completed after occupancy. The participant(s) will be responsible for any living arrangements and expenses prior to the property being ready for occupancy.
- The City may act as the escrow agent for the money to be disbursed for the rehabilitation of the property. All procedures will follow the City's current housing rehabilitation loan program procedures. Contractors must submit signed invoices upon completion. Payments to the contractor will be made after proper completion of the work and required inspections. The buyer's signature will be required for all payments made to the contractor.
- Any unused rehabilitation funds will be applied to the principal balance of the loan. The buyer(s) will be notified in writing of any remaining funds applied to the loan balance.

QUALIFICATION APPLICATION PROCESS

- Prospective homebuyer (Participant) contacts City of Modesto to determine if they meet basic program qualifications.
- Participant completes HUD approved housing counseling class and provides a certificate of completion.
- Participant works with a qualified lender to apply for a first mortgage and to complete a NSP DPAP application.
- Participants enters into sales contract on a foreclosed home subject to contingencies
 - The purchase price of the foreclosed home must be at a discount of at least 1% from the current market-appraised value of the home.

- Appraisal date that establishes market value of property not more than 60 days from date of final offer.
 - Approval of City loan.
- Lender submits application package to the City of Modesto, including contingent sales contract and first mortgage pre-qualification/credit package, subject to appraisal.
- City staff review package to verify buyer(s) and property meet NSP eligibility.
- City staff orders appraisal from City approved list of appraisers. The initial cost of the appraisal will be paid by the City of Modesto, but this expense will be included in the loan amount at closing.
- Participant/realtor shall purchase a home or residential property at a discount of at least 1 percent from the current market appraised value of the home.
- Lender submits loan package to City, with final sales contract.
- If property repairs are necessary and funded through this program, the rehabilitation process will be monitored from inspection to the complete execution of the Real Property Improvement Agreement. This agreement is between the Contractor and homeowner and overseen by City staff.
- City staff receives first mortgage formal loan approval, updated Loan Application (1003), Good Faith Estimate, and any other updated documents required by City.
- Loan is submitted to Housing Rehabilitation Loan Committee (HRLC) for approval.
- Participant(s) receives loan approval letter from the City with any conditions.
- Participant(s) signs documents for first mortgage and City loan documents.
- The City submits loan documents, along with escrow instructions, to the escrow/title company.
- City funds the Down Payment Assistance Program portion to the escrow/title company, while holding the funds for the rehabilitation loan.
- **Any material change in income, assets, household composition, or other eligibility determination occurring**

after application, but prior to closing, shall be immediately reported to the lender and the City for review.

RECERTIFICATION

Annually, the City will send the participant(s) an Owner Occupancy Certification Letter. The participant(s) must submit acceptable proof to the City that the participant(s) resides in the home purchased with NSP DPAP funds.

The City of Modesto shall be named as a beneficiary on hazard insurance policies and shall be notified of modifications or cancellations of insurance coverage.

VIOLATIONS AND PENALTIES

The acceleration clause shall be invoked if the participant willfully and knowingly makes a false statement or representation, or knowingly fails to disclose a material fact for the purpose of qualifying for the program, or, in completing certifications, affidavits, or recertification documents. The City of Modesto shall demand full repayment of principal and interest rate from the date of violation.

EQUAL CREDIT OPPORTUNITY ACT

This NSP DPAP will be implemented in ways consistent with the Home Investment Partnerships (HOME) guidelines for the commitment to Fair Housing. No person shall be excluded from participation in, denied the benefits of, or be subjected to discrimination under the program on the basis of race, color, ancestry, religion, sex, marital status, physical or mental disability (including AIDS and HIV diagnosis), national origin, familial status (children), age, sexual orientation, source of income or other arbitrary reason.

CONFLICT OF INTEREST

In accordance to title 24, Section 570.611 of the Code of the Federal Regulations, no member of the governing body and no official, employee or agent of the local government, nor any other person who exercises policy or decision-making responsibilities (including members of the loan committee and officers, employees and agents of the loan committee, the administrative agent, contractors and similar agencies) in connection with the planning and implementation of the program shall directly or indirectly be eligible for this program.



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NEIGHBORHOOD STABILIZATION PROGRAM

DOWN PAYMENT ASSISTANCE

1. Contact the City of Modesto (Parks, Recreation and Neighborhoods Department) at (209) 577-5311 to determine if the prospective homebuyer (Participant) meets the basic program qualifications.
2. Participant completes an eight-hour U.S. Housing and Urban Development Department (HUD) approved housing counseling class, and obtains a certificate of completion from the class provider. The certificate of completion must be given to the first mortgage lender as a part of the application.
3. Participant works with a lender to qualify for a first mortgage. Any lender can participate in the program.
4. Participant enters into a contingent purchase contract on a foreclosed home.
5. First mortgage lender submits application package to the City, including contingent sales contract and first mortgage prequalification/credit package.
6. City staff will review the application package to verify eligibility. City staff will order appraisal from City approved list.
7. Participant/realtor use appraisal to negotiate the foreclosed-upon home to purchase the property at a discount of at least 1 percent from current market-appraised value of the property.
8. Lender submits loan package to City with final purchase contract and first mortgage approval.
9. The loan for down payment assistance and for property repairs, if needed, will be submitted to the Housing Rehabilitation Loan Committee for approval.
10. If property repairs are necessary and funded through this program, the rehabilitation process will be monitored from inspection to the complete execution of the Real Property Improvement Agreement. This agreement is between the Contractor and homeowner and overseen by City staff.

INSTRUCTIONS FOR COMPLETING APPLICATION

APPLICANT: Please complete pages 2 through 4 of the application with the assistance of lender, (Applicant Portion). The lender will complete the remaining sections.

LENDER: Complete pages 5 through 9 of the application. Provide copies of the documents listed on the Transmittal Checklist Form (Page 10), and deliver the complete application package to the City of Modesto, Parks, Recreation and Neighborhoods Department, 1010 10th Street, Suite #4300, Modesto. If you are completing this application for the first time, please contact the Parks, Recreation and Neighborhoods Department at 577-5311 for assistance.





I. APPLICANT INFORMATION

Name: _____	Social Security No: _____
Address: _____	Daytime Phone No: _____
City, State, Zip: _____	Landlord Name: _____
<input type="checkbox"/> Own <input type="checkbox"/> Rent ___ No. of Years	Landlord Phone: _____
.....	
Present Employer: _____	Employer Phone: _____
Address: _____	How Long Employed: _____ Years _____ Months
City, State, Zip: _____	Monthly Gross Income: \$ _____
Position/Title: _____	Years in profession: _____

II. CO-APPLICANT INFORMATION

Name: _____	Social Security No.: _____
Address: _____	Daytime Phone No.: _____
City, State, Zip: _____	Landlord Name: _____
<input type="checkbox"/> Own <input type="checkbox"/> Rent ___ No. of Years	Landlord Phone: _____
.....	
Present Employer: _____	Employer Phone: _____
Address: _____	How Long Employed: _____ Years _____ Months
City, State, Zip: _____	Monthly Gross Income: \$ _____
Position/Title: _____	Years in profession: _____

III. OTHER HOUSEHOLD INCOME:

Do you have income from other sources: Please indicate yes or no _____

If yes, list source(s) and additional gross monthly income below:

1. Source: _____ Gross Monthly Income: \$ _____
2. Source: _____ Gross Monthly Income: \$ _____

IV. FAMILY INFORMATION (Complete for each non-applicant household member):

Name	Relationship	Age	Social Security Number
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____





V. PROGRAM ELIGIBILITY INFORMATION

1. Do you or your co-applicant own any real estate property? Please indicate yes or no _____
If yes, address of the property _____
2. How much money do you have available for:
 - (a) Down Payment: \$ _____ Source of Funds: _____
 - (b) Closing Costs: \$ _____ Source of Funds: _____

Total: \$ _____

VI. ASSET INFORMATION (List for applicant and co-applicant):

SOURCE	NAME OF BANK	BALANCE
Saving(s) Account(s)		
Checking Account(s)		
Money Market/CD's		
IRA/Retirement Accounts		
Stocks/Bonds		
Other		

VI. DEBT INFORMATION (List for applicant and co-applicant):

Current Rental Payment:	\$ _____	
Monthly Debt Obligations:		
	Minimum Payment:	Balance Owed:
Auto: Year/Make:	\$ _____	\$ _____
Auto: Year/Make:	\$ _____	\$ _____
Credit Card #1:	\$ _____	\$ _____
Credit Card #2:	\$ _____	\$ _____
Credit Card #3:	\$ _____	\$ _____
Credit Card #4:	\$ _____	\$ _____
Credit Card #5:	\$ _____	\$ _____
Total Other:	\$ _____	\$ _____
TOTAL (Excluding rent):	\$ _____	\$ _____





VII. ACKNOWLEDGEMENT:

I certify that the information provided in this application is true, correct and complete to the best of my knowledge and belief. I am aware of the Neighborhood Stabilization Program Down Payment Assistance eligibility requirements and certify to the best of my knowledge and belief that I am eligible for assistance under the Program.

Permission is granted to check my/our credit and/or verify any and all information in support of this application.

Applicant Signature: _____ Date: _____

Co-Applicant Signature: _____ Date: _____

AUTHORIZATION TO RELEASE INFORMATION

I hereby authorize _____
(Name of Participating Lender)

to release to the City of Modesto, or its designated agent, any and all information required in connection with my application for City assistance to purchase a home. Verification of information by the City of Modesto is necessary to determine my eligibility for the Neighborhood Stabilization Program Down Payment Assistance.

This form may be reproduced or faxed, with such copy being as effective consent as the original, which I (we) have signed.

Signature of Applicant: _____ Date: _____

Signature of Applicant: _____ Date: _____

AFFIRMATIVE ACTION INFORMATION

Applicant(s) is/are considered for assistance under the Neighborhood Stabilization Program Down Payment Assistance without regard to race, color, religion, sex, or national origin. To comply with Federal record keeping, reporting, and other legal requirements, please provide the information below:

Size of household (Circle one): 1 2 3 4 5 6 7 8 or more

Race of Head of Household (Check):

- White Black or African American Asian American Indian or Alaska Native
- Native Hawaiian or other/Pacific Islander American Indian or Alaska Native and White
- Asian and White Black or African American and White American Indian or Alaska Native and Black or African American Balance/ Other

Ethnicity of Head of Household (Check if also):

- Hispanic

Gender: (Check):

- Male Female Female Head of Household





To be completed by the Lender:

I. PARTICIPATING LENDER INFORMATION:

Lender Name:		Contact Person:	
Address:		Phone Number:	
City, State, Zip		Fax Number:	
Email:			

II. ESCROW INFORMATION

Company:		Contact Person:	
Address:		Phone Number:	
City, State, Zip:		Fax Number:	
Escrow No.		Email:	

III. REAL ESTATE INFORMATION

Real Estate Agency		Contact Person:	
Address:		Phone Number:	
City, State, Zip:		Fax Number:	
Email:			

IV. PROPERTY INFORMATION

Street Address:					
# of Bedrooms		# Baths		Square foot	
Purchase Price	\$	Appraised Value	\$	Year Built	

V. APPLICANT INCOME ELIGIBILITY:

The applicant must qualify as a low/moderate/middle income household as defined by Section 8 income guidelines, and cannot exceed the income limits for Modesto as listed on the attached Exhibit A. Income limits change on an annual basis.

Total Household Size: _____

Total Household Income: \$ _____



EXHIBIT "A"

QUALIFYING INCOME LIMITS

Household size	Income limit
1	\$50,050
2	\$57,200
3	\$64,350
4	\$71,500
5	\$77,200
6	\$82,950
7	\$88,650
8	\$94,400

Revised March 09



Form to be completed when the participant is in a **Contingent Purchase Contract** for a home. Please complete this page for *anticipated* loan amount.

VI. FINANCIAL PACKAGE –anticipated loan amount

Type of Loan: (FHA, CHFA, Conventional, etc.) _____

Total Loan Amount: \$ _____ Interest Rate: _____

Base Loan Amount: \$ _____ MIP/PMI: \$ _____

CHFA (One-year buy down) [] Yes [] No

Down Payment Amount required (per type of loan)

Indicate the full amount. \$ _____

Proposed Monthly Housing Costs:

- a. Mortgage Payment (P & I): \$ _____
- b. Property Taxes: \$ _____
- c. Homeowners Insurance: \$ _____
- d. Other _____ \$ _____
- e. Other _____ \$ _____
- f. Total Monthly Housing Costs (a) thru (e) \$ _____

SUBSIDY CALCULATION TO DETERMINE CITY LOAN AMOUNT-anticipated loan amount

A. Income and Debt Ratio

- a. Monthly Household Income \$ _____
- b. Total Housing Costs (from (f) above): \$ _____ % of Income
- c. Total Other Monthly Debt: \$ _____ % of Income
- Total Monthly Debt (b+c): \$ _____ % of Income

B. City Loan Amount

- a. Purchase Price \$ _____
- b. Estimated Pre Pairs \$ _____
- c. Estimated Closing Costs \$ _____

1. Total Acquisition Price (a) thru (c) \$ _____

Less

- d. Base Loan Amount \$ _____
- e. PMI, funding fee financed \$ _____
- f. Borrower's Funds \$ _____
- g. Seller Paid Closing Costs \$ _____
- h. Other Financing: Describe \$ _____

2. Requested City Loan for down payment \$ _____



Form to be completed when the participant is in a **Final Purchase Contract** for a home and the first mortgage loan is approved. Please complete this page for *actual* loan amount.

VII. FINANCIAL PACKAGE-actual loan amount

Type of Loan: (FHA, CHFA, Conventional, etc.) _____
 Total Loan Amount: \$ _____ Interest Rate: _____
 Base Loan Amount: \$ _____ MIP/PMI: \$ _____
 CHFA (One-year buy down) [] Yes [] No
 Down Payment Amount required (per type of loan)
Indicate the full amount. \$ _____

Proposed Monthly Housing Costs:

- a. Mortgage Payment (P & I): \$ _____
- b. Property Taxes: \$ _____
- c. Homeowners Insurance: \$ _____
- d. Other _____ \$ _____
- e. Other _____ \$ _____
- f. Total Monthly Housing Costs (a) thru (e) \$ _____

SUBSIDY CALCULATION TO DETERMINE CITY LOAN AMOUNT-actual loan amount

C. Income and Debt Ratio

- a. Monthly Household Income \$ _____
- b. Total Housing Costs (from (f) above): \$ _____ % of Income
- c. Total Other Monthly Debt: \$ _____ % of Income
- Total Monthly Debt (b+c): \$ _____ % of Income

D. City Loan Amount

- a. Purchase Price \$ _____
- b. Estimated Pre-Paid \$ _____
- c. Estimated Closing Costs \$ _____
- 1. Total Acquisition Price (a) thru (c) \$ _____**

Less

- d. Base Loan Amount \$ _____
- e. PMI, funding fee financed \$ _____
- f. Borrower's Funds \$ _____
- g. Seller Paid Closing Costs \$ _____
- h. Other Financing: Describe \$ _____
- 2. Requested City Loan for down payment \$ _____**



VIII. LENDER CERTIFICATION OF APPLICANT ELIGIBILITY

Based on the documentation submitted by the applicant and the verification of that information, I certify to the best of my knowledge and belief that the applicant(s) is eligible for assistance through the Neighborhood Stabilization Program Down Payment Assistance.

Lender Representative's Signature

Date

Print Name and Title

NOTE: LENDER MUST SUBMIT COPIES OF THE DOCUMENTS LISTED ON THE TRANSMITTAL CHECKLIST FORM (USE FORM AS COVER SHEET) ALONG WITH THIS COMPLETED APPLICATION.
.....





Reviewed By: _____

Approved By: _____

TO: Neighborhood Stabilization Program Down Payment Assistance
Parks, Recreation & Neighborhood s Department
1010 Tenth Street, Suite 4300
Modesto, California 95354 Phone: (209) 577-5311 Fax:(209) 544-3982

FROM: Lender: _____

RE: Applicant: _____ DATE: _____

NOTE: *Application packets provided with all the listed information are processed at a much quicker rate. The documents checked below should be enclosed in the following order:*

Lender City

Use Use

Items 1-14 are required for Initial Application

- 1. Neighborhood Stabilization Program Down Payment Assistance Application (Applicant and Lender Portion).
- 2. Homebuyer's Class Certificate of Completion.
- 3. First Mortgage Loan Application, signed by Lender and Applicant(s).
- 4. First Mortgage Pre-Approval Letter/Document.
- 5. Signed, Executed Purchase Contract with contingencies (appraisal, City approval).
- 6. Credit Report (for each adult applicant).
- 7. Verification of Employment for all adult wage earners in the applicant's household (if required for first mortgage).
- 8. Two (2) most recent wage stubs for all adult wage earners in the applicant's household.
- 9. Documentation of other income sources and asset information.
- 10. Statement under penalty of perjury of unemployment status for unemployed adults.
- 11. Copy of two previous years filed Federal tax return (**signed**) with all attachments.
- 12. Bank statements (last three months).
- 13. Good Faith estimate of settlement charges (**signed**).
- 14. Truth in Lending Disclosure Statement (**signed**).

Items 15-23 are required after the Participant is in final purchase contract on a home

- 15 Updated Neighborhood Stabilization Program Down Payment Assistance Application (Page 8).
- 16. Property Appraisal.
- 17. Signed, Executed, final Purchase Contract with any attachments/amendments.
- 18. Copy of First Mortgage Loan Approval, with conditions.
- 19. Preliminary Title Report.
- 20. Copy of CHFA Buy down Agreement (if applicable).
- 21. Termite Pest Inspection or Clearance, if available.
- 22. Property Inspection Report.
- 23. Lead Based Paint (LBP) Disclosure Statement (for homes built prior to 1978).

