

City of Alameda First-Time Homebuyer Program

Down Payment Assistance Loan for Low to Moderate Income Households

The City of Alameda is now accepting applications for its down payment assistance loan. The purpose of this program is to help first-time homebuyers, at low and moderate income levels purchase homes in Alameda that they otherwise would not be able to afford. For more information, or to have specific program questions answered, please contact Matt Warner with Hello Stewardship at (415) 689-7746 or by email to matt@hellohousing.org.

Applicants may submit a complete application by mail to Hello Stewardship, 1230 Market St #309, San Francisco, CA 94102 or by email to matt@hellohousing.org.

Summary of Guidelines to Qualify for the Program

- Home being purchased must be located in the City of Alameda
- Property **must** be purchased as a principal, owner-occupied residence.
- Applicant **must** not exceed the annual household income limits by household size as shown in the table below.
- Applicant **must** provide a minimum 1% down payment
- Applicant **must** attend an 8-hour HUD-certified Homebuyer Education class.
- All household members **must** be first-time home buyers. (Exception for displaced spouses)
- Applicant's monthly debt, including the first loan, should not exceed 45% of the gross income.
- Applicant **must** have a minimum 620 FICO score.
- Maximum loan amounts are based on household income detailed below.
- Other guidelines may apply so please have your lender contact Hello Stewardship for a complete list of program parameters

Household Size	80% Income Limit
1	\$45,750
2	\$52,300
3	\$58,850
4	\$65,350
5	\$70,600
6	\$75,850
7	\$81,050

For households earning 80% or below of Area Median Income, the max loan amount is not to exceed \$80,000; actual loan amount determined by borrower's financial need.

Household Size	81%-120% Income Limit
1	\$78,600
2	\$89,760
3	\$101,040
4	\$112,200
5	\$121,200
6	\$130,200
7	\$139,200

For households earning between 81% and 120% of Area Median Income, the max loan amount is not to exceed \$50,000; actual loan amount determined by borrower's financial need.

City of Alameda Down Payment Assistance Loan Application

Please Print.

Fill out below information for all household members over the age of 18.

Attach additional pages if more than two adults.

APPLICANT INFORMATION			
Applicant		Co-Applicant	
Name _____	Name _____	Present Address _____	Present Address _____
City _____ State _____ Zip Code _____	City _____ State _____ Zip Code _____	Preferred contact phone (_____) _____	Preferred contact phone (_____) _____
Email _____	Email _____	Social Security # _____	Social Security # _____
No. of dependents _____	Ages _____	No. of dependents _____	Ages _____
EMPLOYMENT INFORMATION			
If employed in more than one (1) position please provide a second page with the information below. Self-Employed Borrower(s) may be required to provide additional documentation such as tax returns and financial statements.			
Applicant		Co-Applicant	
Name & Address of Employer _____	Name & Address of Employer _____	Employer Phone # _____	Employer Phone # _____
Dates of Employment from _____ to _____	Dates of Employment from _____ to _____	Years employed in line of work _____	Years employed in line of work _____
Position/Type of Business _____	Position/Type of Business _____	Gross Yearly Income _____	Gross Yearly Income _____
OTHER INCOME			
Unemployment, Child Support, Alimony, Retirement/Pension, Social Security, Disability, etc. Attach additional pages if more accounts than spaces provided below.			
Applicant		Co-Applicant	
Source	Monthly Amount	Source	Monthly Amount
\$		\$	
\$		\$	

ASSET TEST

- Please note that an asset test will be performed to determine imputed income from assets. The amount calculated in this test will be included in Total Gross Annual Income for the household.
- Any household assets greater than \$20,000 will be multiplied by 10% and that amount will be added onto the household's total income.
- Total household assets may not exceed 50% of the purchase price.

ASSET INFORMATION

Savings, Checking, Credit Union, CD's, Stocks, Bonds, Mutual Funds, Retirement/401k/IRA, Cash etc.

Attach additional pages if more accounts than spaces provided below.

Owner	Type of Asset	Account Name	Account #	Amount	Statement Date
<i>Example: Applicant</i>	<i>Savings</i>	<i>Bank of Alameda</i>	<i>12345</i>	<i>\$10,000</i>	<i>1/1/2012</i>

GIFT FUNDS

List the amount of gift funds from family/friends, not yet received, that you intend to use to purchase your unit.

This amount is considered an asset and will be counted in the income/asset calculation to determine program eligibility.

Applicant		Co-Applicant	
Source/Name	Amount	Source/Name	Amount
	\$		\$

APPLICANT(S) ACKNOWLEDGMENT

- I agree to provide documentation required by the City to verify program eligibility of all household members.
- I have listed ALL persons in my household.
- I have provided acceptable verification of ALL current income.
- I have also disclosed ALL assets held by each household member, and have provided documentation thereof.
- I understand that providing false representations herein constitutes an act of fraud. False, misleading or incomplete information may result in the termination of the purchase. I declare under penalty of perjury that the information on this application is true, correct and complete to the best of my knowledge.

SIGNATURES

Applicant Signature
 Co-Applicant Signature
 Date

REQUIRED DOCUMENT CHECKLIST (PRE-CONTRACT)

Must submit documentation for ALL adults (aged 18 and over) in the household

- Completed and signed Program Application (pgs.2&3)
- Signed Disclosure Statement (pg.5)
- Current pre-qualification letter from a lender
- Current credit report (No older than 90 days)
- First-time homebuyer workshop certificate
- Two most recent consecutive paystubs
- Two most recent years W-2s
- Three most recent years tax returns
- Copies of one most recent statement for all accounts, all pages.
(checking, savings, certificates of deposits, stocks, bonds, mutual funds and retirement accounts etc.)
- Copies of documentation for any other sources of income, all pages
(unemployment, social security, disability, annuities, pension, etc.)
- Copy of court ordered divorce settlement, if applicable, indicating child custody terms, alimony and child support.

REQUIRED DOCUMENT CHECKLIST (ONCE IN CONTRACT ON A HOME)

- Copy of executed purchase contract
- Copy of 1003 completed loan application
- Copy of 1008
(Loan underwriting form indicating amounts and terms of other financing, including City Down Payment Assistance Loan, and debt-to-income ratios.)
- Preliminary title report (generated by the Title Company)
- Appraisal
- Preliminary HUD 1 (generated by the Title Company prior to closing)
- Final HUD 1 (generated by the Title Company after closing)

CITY OF ALAMEDA DOWN PAYMENT ASSISTANCE PROGRAM DISCLOSURE STATEMENT

PLEASE READ CAREFULLY

This loan is being made as part of the City of Alameda's Down Payment Assistance Program. The purpose of this program is to help first-time homebuyers at low to moderate income levels purchase homes that they otherwise would not be able to afford. **The following restrictions on occupancy and transfer of this home are part of the Program and must be strictly followed.** These restrictions are recorded against the property in the City's Deed of Trust. They shall remain in effect until this deferred loan is paid and may not be waived.

- The home purchased using the City of Alameda down payment assistance funds must be occupied by the homebuyer as their principal residence. The homebuyer may not rent the property to third persons, or use it primarily for commercial purposes. The City will send out periodic monitoring correspondence to ensure this occupancy requirement is satisfied.
- This loan must be repaid in 15 years. Instead of paying interest on the loan, the homebuyer will owe the City a portion of the increased value of the home at the time the loan is paid back. This is called a Shared Appreciation loan. If the loan is repaid within 5 years, there is no interest or share of the appreciation due and Homebuyer only has to pay back the principal.
- Renting, selling, transferring the home, or refinancing the first mortgage except for the purpose of reducing interest rates and or lowering monthly loan payments, will require repayment of the loan in full, including any Shared Appreciation due, even if this occurs before the 15-year loan due date.
- There are no limits placed on the original or resale price of the home, unless the borrower is using the funds to assist with the purchase of a City BMR program home. When you repay the loan plus Shared Appreciation, the City will use these funds to help other low to moderate income first-time homebuyers.
- The homeowner must obtain homeowner's insurance as a condition of the loan; and must maintain insurance coverage for the life of the loan. Default or cancellation of the insurance may cause the loan to become due. As part of the City's periodic monitoring correspondence you may be asked to submit proof of insurance.

Borrower Signature

Date

Co-Borrower Signature

Date

CITY OF ALAMEDA DOWN PAYMENT ASSISTANCE LOAN FREQUENTLY ASKED QUESTIONS

1. What is the interest rate? What are my monthly payments?

This loan does not have a traditional interest rate. For the first five years of the loan term, there is no interest (0%). After five years, the loan becomes a “shared appreciation” loan. There are no monthly payments. All payments are deferred. There is one payment for the full amount (also called a “balloon payment”) made when the loan is paid off.

2. What is shared appreciation?

Appreciation is the increase in value of your home over time. For example a house purchased at \$300,000 and 10 years later the home is worth \$400,000, the appreciation is \$100,000.

Shared appreciation means that you share a percentage of the increase in value of your home back with the City who loaned it to you when the loan comes due. The percentage of appreciation is equal to the percentage of loan the City gave to the purchase price of the home.

Example: Home increases in value

Purchase price:	\$300,000
Alameda Down Payment Assistance Loan:	\$30,000
Alameda’s “share” of the sales price:	10%
Sales price:	\$350,000
Appreciation:	\$50,000
Alameda’s “share”:	\$5,000
Total owed to Alameda:	\$35,000 (original loan \$30,000 + Alameda’s share of the appreciation \$5,000).

Remember, if you pay off the loan within the first five years, there is no shared appreciation, so you would just repay the principal amount of the loan (\$30,000 using the numbers from the example above).

_____ Applicant Initials
 _____ Applicant Initials

3. What happens if the value of my house goes down?

If the value of your house goes down, you only owe the original loan amount (principal) back.

Example: Home decreases in value

Purchase price:	\$300,000
Alameda Down Payment Assistance Loan:	\$30,000
Alameda's "share" of the sales price:	10%
Sales price:	\$250,000
Appreciation:	\$-50,000
Alameda's "share":	\$0
Total owed to Alameda:	\$30,000 (original loan \$30,000)

4. When can I pay off the loan? Is there a prepayment penalty?

The loan is due in 15 years, but you can pay it off at any time. There is no prepayment penalty.

5. What happens after 15 years? What if I can't pay it back in 15 years?

After 15 years, the loan is due in full. The City will calculate your home's new value based on an appraisal. You will need to pay back the loan amount plus the City's share of the appreciation. If you are financially unable to pay back or refinance the loan, the City will consider extending the loan for an additional year on a case-by-case basis.

6. Will this loan affect my mortgage?

Mortgage lenders will want to know about this loan and make sure that it is compatible with their lending guidelines. If you later want to refinance your first mortgage, you will have to pay off the City of Alameda Down Payment Assistance Loan except in the event of loan modification, and/or refinancing for the purpose of reducing interest rates and/or lowering monthly payments.

7. Are there any ongoing requirements in this program?

Yes. You must occupy your home as your primary residence, and maintain insurance on the property. The City of Alameda will periodically mail you monitoring letters to make sure that the home remains your principal residence, and that you have insurance for the home. The City may also require that you attend post-loan training and/or counseling to inform and educate you about home maintenance and the loan repayment process.

_____ Applicant Initials

8. What happens if I sell or move?

If you sell or move you must pay back the loan plus the City's share of appreciation.

9. Can I add my child to the title while I'm still living in the home?

You may add your child to the title, but any transfer of ownership other than by inheritance will cause the loan to become due.

10. Do I have to pay anything fees for this loan?

A \$500 fee will be due upon closing of the loan in order to cover a portion of the costs associated with loan processing, review, underwriting, and the preparation of loan documents. In addition you will be required to pay a small fee equal to the City's loan set-up costs. Both fees will be paid with other closing costs through escrow.

_____ Applicant Initials

_____ Applicant Initials

Provisions for Persons with Disabilities

If any person with an interest in participating in a Community Development Block Grant (CDBG) / HOME program and is a person with a disability as defined by Section 504 of the Rehabilitation Act of 1974 who requires an accommodation to participate or take interest, that person must make a request for accommodation to Rosemary Valeska, (510) 747-4316 or email [rvaleska @ci.alameda.ca.us](mailto:rvaleska@ci.alameda.ca.us). Such request shall include a description of the accommodation sought, along with a statement of the impairment that necessitates the accommodation. Any request for accommodation shall be reviewed and a response provided within five business days of receipt of such request. Notice of any accommodation granted will be promptly provided to the requester. Please contact the City at (510) 747-4316 (Voice) (510) 522-8467 (TDD) or e-mail [rvaleska @ci.alameda.ca.us](mailto:rvaleska@ci.alameda.ca.us) to request any other reasonable accommodations that may be necessary. The CDBG/HOME Section 504 coordinator is Michael T. Pucci. Mr. Pucci can be reached at (510) 747-4325 or [mpucci @alamedahsg.org](mailto:mpucci@alamedahsg.org). A copy of the City's 504 grievance procedure can be found online at www.alamedahsg.org.

Provisions for Non-English Speaking Residents

The City of Alameda has a network of employees speaking some 45 languages who can act as interpreters for residents seeking information regarding CDBG/HOME programs. If notified five business days in advance, the City will arrange to have an interpreter available. Please contact the City at (510) 747-4316 (Voice) (510) 522-8467 (TDD) or e-mail ([rvaleska @ci.alameda.ca.us](mailto:rvaleska@ci.alameda.ca.us)).

Non-Discrimination Policy

The City of Alameda does not discriminate against any persons on the grounds of race, color, national origin, religion, sex or age, per Title VI of the Civil Rights Act, Section 109.

