

# COUNTY OF MONTEREY

## First Time Homebuyer Program Lender Information

### **This packet includes the following information and forms:**

- 1 Lending Guidelines
- 2 Loan Processing Summary
- 3 Initial Eligibility Review Determination (Required Form)

### **Documents we will need from you:**

- 1 Universal Residential Loan Application (Form 1003)
- 2 Bank statements for last 3 months\*
- 3 CalHFA Borrower's Affidavit (if CalHFA loan)\*
- 4 CalHFA Approval with Conditions (if CalHFA loan)\*
- 5 Credit Report (run within previous 30-days)\*
- 6 Gift Letter with back up documentation (if needed)\*
- 7 Income Tax Returns, including supporting W-2s, 1099s, attachments, forms and worksheets (3 years)\*
- 8 Information on extraordinary income or expenses\*
- 9 Completed Initial Eligibility Review Determination Form
- 10 Pay Stubs for last two months and other income verification\*
- 11 Lender's Estimated Borrower's Statement
- 12 Uniform Underwriting Transmittal Summary (Form 1008)

\* Items 1-10 should all be information provided to you by the applicant as part of their loan application package.

## County of Monterey First Time Homebuyer Program Lending Guidelines

Household income cannot exceed 80% of the Area Median Income (AMI). Due to grant requirements, the County must document the income of all household members over 18-years of age (whether or not they will be signing the first mortgage) when determining eligibility for the First Time Homebuyer Program. The AMI figures are published annually by the California Department of Housing and Community Development (HCD). The current AMI figures are:

80% AMI by Household Size*								
Persons	1	2	3	4	5	6	7	8
Income	\$45,600	\$52,100	\$58,600	\$65,100	\$70,350	\$75,550	\$80,750	\$85,950

\*Effective June 15, 2017

### Loan Amounts

The Maximum Loan Amount may not exceed the lesser of the maximum loan amount, 20% of the purchase price, or the amount needed as determined by underwriting criteria. The maximum purchase prices and loan amounts are:

<b>Sub-Area: un-incorporated areas only</b>	Maximum Purchase Price	Maximum FTHB Loan
North County	\$333,000	\$66,600
South County	\$333,000	\$66,600
Salinas Area	\$333,000	\$66,600
Peninsula	\$333,000	\$66,600
Marina/Seaside/Ft. Ord	\$333,000	\$66,600

The County's Housing Loan Committee may approve exceptions in the loan amounts up to 10% above the standard limit on a case-by-case basis upon review of the applicant's circumstances and County funding priorities such as supporting farm workers, people with disabilities, and the elderly.

### Down Payment Requirements

A minimum 3.5% down payment of the purchase price is required for the FTHB loan unless the borrower demonstrates extreme financial hardship. Exceptions may be granted for special terms of other subsidized financing such as sweat equity or buyer investment in property repairs prior to close of escrow. CalHFA down payment assistance loans, in particular, are encouraged.

- An outright gift of funds to the borrower is acceptable for the down payment if the donor is a relative, employer, charitable organization, government or quasi-governmental agency or friend not otherwise party to the sales transaction.
- Loans for the required down payment from collateralized sources, such as retirement funds, life insurance, and deposited funds, are allowable as long as repayment of such loans may be provided by liquidating the asset which is the collateral.

**Housing Debt-to-Income Ratio**

In general, the total of principal and interest payments, real estate taxes, hazard insurance premiums and homeowner's association dues should be no less than 25% and no more than 30% of the household's income.

**Total Debt-to-Income Ratio**

- In addition to housing costs, the following types of liabilities are to be included in the calculation of total debt-to-income: installment loans, revolving charge accounts, child support, alimony, and any other debt lasting more than 12 months.
- Revolving accounts are calculated at five percent (5%) of the current balance unless the account shows a specific minimum payment.
- Contingent liabilities are included unless a 12 to 24 month history demonstrating payment by another party is provided.
- The total debt-to-income ratio should not exceed 42% unless there are substantial compensating factors.

**County of Monterey**  
**First Time Homebuyer**  
**Loan Processing Summary**

**Applicant Intake:**

1. Applicant completes Program Interest Form and returns it to County.
2. County completes initial eligibility screening and sends out Letter to the Applicant with Lender and Realtor Packets.
3. Applicant contacts lender and real estate agent.
4. Lender interviews Applicant, discusses First Time Homebuyer (FTHB) eligibility requirements, and has applicant complete the Applicant Certification of Eligibility form.
5. Lender reviews information and completes Initial Eligibility Review Determination form.
6. If the Applicant appears to meet all requirements, the lender will assist the Applicant in completing standard loan application forms and order a credit report. The Applicant is responsible for paying any fees for the report.
7. The lender forwards copies of the Initial Eligibility Review Determination form to the County and to the Applicant's realtor.

**Loan Processing:**

1. Applicant enters into a purchase agreement and submits completed application and documentation.
2. Lender follows standard processing and verification procedures.
3. Upon completion of loan underwriting, the Loan Package Checklist and all required forms and documentation are forwarded to the County for review.

**Loan Approval:**

1. Loan is approved by lender.
2. Loan Committee reviews staff recommendation for FTHB Loan.
3. County notifies Lender of approval.

**Loan Closing:**

1. Lender and County prepare Escrow Instructions.
2. Title Company schedules loan document signing with Applicant.
3. Applicant schedules loan document signing with County.
4. Applicant, Lender and County deposit funds into escrow.
5. Documents are recorded.
6. Applicant gets keys to their new home.

**County of Monterey**  
**First Time Homebuyer Program**  
**Initial Eligibility Review Determination**

1. **Contact Information**

- A. Applicant Name: \_\_\_\_\_  
 Current Address: \_\_\_\_\_  
 Daytime Phone/Cell Phone Number: \_\_\_\_\_  
 Email: \_\_\_\_\_  
 Fax Number: \_\_\_\_\_
- B. Lending Institution: \_\_\_\_\_  
 Loan Officer: \_\_\_\_\_  
 Telephone/Cell Phone: \_\_\_\_\_  
 Fax Number: \_\_\_\_\_  
 Email: \_\_\_\_\_  
 Loan Reference Number: \_\_\_\_\_
- C. Realtor: \_\_\_\_\_  
 Telephone/Cell phone: \_\_\_\_\_  
 Fax Number: \_\_\_\_\_  
 Email: \_\_\_\_\_
- D. Title Company: \_\_\_\_\_  
 Escrow Officer: \_\_\_\_\_  
 Telephone/Cell Phone: \_\_\_\_\_  
 Email: \_\_\_\_\_  
 Escrow Number: \_\_\_\_\_

2. **Eligibility Review**

Based upon prudent lending practices, the County's FTHB Program Underwriting Guidelines, and the applicant interview, and subject to acceptable documentation and credit status, the Applicant:

- |  |     |    |
|--|-----|----|
| A. Has 3.5% down payment available                         | Yes | No |
| B. Will Applicant apply for CalHFA down payment assistance | Yes | No |
| C. Or will the Applicant receive a gift                    | Yes | No |
| D. Qualifies for a maximum purchase price of               | \$  |    |
| E. Projected First Mortgage Loan                           | \$  |    |
| F. Projected FTHB Loan                                     | \$  |    |
| G. Projected Buyer Down payment                            | \$  |    |

Applicant is ineligible for the following reason/s: \_\_\_\_\_

\_\_\_\_\_/\_\_\_\_\_/\_\_\_\_\_  
**Loan Officer Signature** **Date**