



# CITY OF SOUTH EL MONTE

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## FIRST TIME HOMEBUYER LOAN PROGRAM GUIDELINES (CalHome Program)

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City of South El Monte  
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# CITY OF SOUTH EL MONTE FIRST TIME HOMEBUYER PROGRAM (CalHOME Program)

## **MISSION**

The City of South El Monte's mission is to increase home ownership by providing financial assistance to low-income families seeking to purchase a home. To support this effort, the City of South El Monte First Time Homebuyer Program ("Program") provides first-time homebuyers with down-payment assistance in the form of zero interest, deferred loan with a 30 year term secured by a deed of trust. The Program is funded by the CalHome Program.

## **PROGRAM GUIDELINES AND REQUIREMENTS**

### **PROPERTY REQUIREMENTS**

- ELIGIBLE AREAS:** Within South El Monte's City limits
- ELIGIBLE PROPERTIES:** The home may either be a new or existing single-family home, townhouse or condominium.
- HOME INSPECTION:** Prior to the issuance of an approval on a loan, the applicant must arrange for a City inspection of the home to ensure that the home meets Federal Housing Quality Standards (HQS), and conforming building health and safety standards as defined in Section 17.04.800 of the South El Monte Municipal Code. In addition, the buyer must purchase a one-year home warranty plan prior to close of escrow.
- PURCHASE OFFER:** The purchase offer must be contingent upon receiving the City financial assistance.

### **APPLICANT GENERAL REQUIREMENTS**

#### **FIRST TIME HOMEBUYER:**

The applicant must be a first time homebuyer. A "first time homebuyer" is an applicant who has not owned a home within three years prior to the date of the applicant's application except that the following individuals will not be excluded from consideration as a first time homebuyer: (a) 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 enumeration to care for his or her home and family; (2) 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; or (3) an individual or individuals who owns or owned, as a principal residence within three years from the date of the individual's application, 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. Legal and valid documentation will be requested to verify satisfaction of this requirement.

**CITIZENSHIP:**

The applicant (s) must either be a U.S. Citizen or possess valid permanent residency status. Legal and valid documentation will be requested to verify meeting this requirement.

**PRIORITY CONDITIONS:**

Applicants who have resided in South El Monte for at least one year shall be given priority over all other applicants. Document verification will be requested and reviewed for priority consideration.

**PRINCIPAL PLACE OF RESIDENCE:**

The home must be occupied by the owner as the owner's principal place of residence for the loan term of 30 years. Annual documentation will be requested to verify meeting this requirement.

**LOAN TERMS**

**MAXIMUM LOAN AMOUNT:**

The down payment loan cannot exceed the lesser of (i) the amount necessary to ensure affordable monthly housing costs or (ii) \$25,000 for existing home and \$50,000 for new constructed home.

**INTEREST RATES:**

The interest rate shall be 0% for the 30 year term. In addition, the interest rate on the senior lender's loan can only be a fixed rate.

**OTHER LOAN TERMS AND CONDITIONS:**

1. No monthly payments are required.
2. The home must be owner-occupied during the term of the loan
3. The loan amount is payable in full upon the earlier of: (1) 30 years from the date of the promissory note, (2) the sale or transfer of the property except for permitted transfers, (3) the date the owner ceases to occupy the property as owner's principal residence, or (4) an event of default under the loan documents.

**LOAN DOCUMENTS:**

1. Promissory Note
2. Deed of Trust
3. Loan Agreement
4. Truth in Lending Disclosure Statement

**APPLICATION REVIEW PROCESS**

1. The Community Development Department Director (CDDD) will review each application.
2. If the application is found to be incomplete and/or inaccurate, the application and documents will be returned with instructions for proper completion and resubmission.
3. Each application will be reviewed for eligibility requirements by the City's First Time Homebuyer Review Committee Members (HBRC).
4. Upon reviewing each application, the HBRC members will render a decision and mail a letter to each applicant. Applicants that are denied funding may appeal their application to the committee for a second and final review within ten days from the date of the letter. Each applicant's appeal will be reviewed for an oversight discrepancy and a second and final decision will be rendered and once again a letter will be mailed to each applicant's home address.

## **QUALIFIED APPLICANTS POSTPONED**

Should an applicant meet program requirements and qualify for funding, but the loan is not funded within the applicable Fiscal Year, the applicant must apply once again for the new Fiscal Year, and comply with any and all new guidelines. In addition, in the event, that the City has more qualified candidacy than funding available, qualified applicants will be selected based upon a lottery.

## **FINAL RECERTIFICATION**

Prior to opening escrow, all applicants must agree to undergo a final re-certification process to assure continued eligibility for the First Time Homebuyer's Program. The re-certification process will require copies of the following up-to-date documents: (1) the most current three pay stubs, (2) the most current three bank statements, and (3) the most current Federal and State Income Tax Forms.

## **APPLICANT FINANCIAL REQUIREMENTS/OBLIGATIONS**

### **LOAN-TO-VALUE REQUIREMENTS**

The loan-to-value ratio for all indebtedness secured by the property must not exceed one hundred (100) percent of the sales price plus a maximum of up to five (5) percent of the sales price to cover actual closing costs.

### **CLOSING COST REQUIREMENTS**

The applicant must pay for all required closing costs associated with either a Federal Housing Act (FHA) or Conventional (CONV) loan under the guidelines and requirements for those loan programs except to the extent the seller agrees to pay for such closing costs. Legal and valid documentation will be requested to verify closing costs and/or the seller's payment of closing costs.

### **UNDERWRITING CRITERIA**

The applicant must meet the senior lender's credit, income and loan requirements in order to qualify for the First Time Homebuyer Program.

### **INSURANCE**

Applicants must maintain insurance on the property in an amount at least equal to the replacement value of the improvements. The insurance policy must name the City as additional loss payee.

### **MORTGAGE CREDIT CERTIFICATE (MCC)**

The City of South El Monte is a participating member of the Los Angeles County Mortgage Credit Certificate (MCC) program that offers first time homebuyers a Federal Income Tax Credit of up to 15%; applicants that qualify are strongly encouraged to consult your lender and/or contact LAC Community Development Commission.

### **HOMEBUYER EDUCATION REQUIREMENT**

All approved applicants must complete, prior to the close of escrow, an 8 hour First Time Homebuyer Program seminar offered which will be offered by the City of South El Monte. A First Time Homebuyer Program seminar, and proof of completion is required to receive funding of the loan.

**ELIGIBLE INCOME CRITERIA**

The gross income of all household residents eighteen (18) years old or older cannot exceed the Los Angeles County Area Income Limits listed below:

2014

NUMBER OF PERSONS IN THE FAMILY

	1	2	3	4	5	6	7	8
Lower:	47,850	54,650	61,500	68,300	73,800	79,250	84,700	90,200

**NOTE:**

Qualifying income levels are determined and revised annually by the United States Department of Housing and Urban Development (HUD); the phrase “persons and families of lower income” as used in these First Time Homebuyer Loan Program Guidelines include extremely low, very low, and lower income households.



## CITY OF SOUTH EL MONTE FIRST TIME HOMEBUYERS PROGRAM

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### INSTRUCTIONS FOR COMPLETING PRE-QUALIFICATION FORM

1. Please print or type the information requested.
2. Ensure all questions are completed. If any question is not applicable to you, please indicate, by responding "N/A".
3. The applicant (s) must sign the form.
4. Submit completed form to:  
Attn: Housing Division – First Time Homebuyers Program  
City of South El Monte  
1415 N. Santa Anita Avenue  
South El Monte, CA. 91733
5. Please use the "Application Checklist" to assure that all required items are attached with this form.
6. If you have any questions, please call the City's Housing Division at (626) 579-6540.



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## APPLICATION CHECKLIST

*Please provide the City with the Following Documents for Application Review and Funding Consideration*

- Application: Completed and Signed by all Participants
- Homebuyers Affidavit Signed by all Participants
- Three (3) Most Recent Pay Check Stubs or other Verifications of Income, such as
  - ✓ Social Security Award Letter
  - ✓ Private Sector Pension Trust Fund
  - ✓ Other Government Financial Assistance
- State Tax Returns for the last 3 years
- Federal Tax Returns for the last 3 years
- Three (3) Most Recent Monthly Bank Statements
- Three (3) Most Current Rent Payment Receipts
- Three (3) Most Current Utility Bills, such as
  - ✓ Water Bill
  - ✓ Gas Bill
  - ✓ Electricity Bill
- Proof of Citizenship
  - ✓ US Immigration Green Card
  - ✓ Copy of US Citizenship Certificate
  - ✓ Official County Birth Certificate
- Proof of Family Size Substantiated by the following Information
  - ✓ Federal and State Income Tax Forms for the past 3 years
  - ✓ California Identification Card
  - ✓ Social Security Card

**Copy of a Satisfactory Credit Report**

**Copy of a Lender Pre-qualified Letter**

COMMENTS:

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The City will consider an application complete when all required documents above have been submitted.



# CITY OF SOUTH EL MONTE FIRST TIME HOMEBUYERS PROGRAM

## HOUSING PRE-QUALIFICATION FORM

### PERSONAL INFORMATION

Applicant Name: \_\_\_\_\_  
Last First Social Security Number

Co-Applicant Name: \_\_\_\_\_  
Last First Social Security Number

Address: \_\_\_\_\_  
Number Street Apt. Number

City State Zip Code Home Phone Number/Cell Phone

Email Address: \_\_\_\_\_

### HOUSEHOLD MEMBERS

1. Spouse's Name \_\_\_\_\_ Social Security # \_\_\_\_\_ Age \_\_\_\_\_  
Gross Annual Income \_\_\_\_\_
2. Name \_\_\_\_\_ Relationship \_\_\_\_\_ Age \_\_\_\_\_  
Gross Annual Income \_\_\_\_\_
3. Name \_\_\_\_\_ Relationship \_\_\_\_\_ Age \_\_\_\_\_  
Gross Annual Income \_\_\_\_\_
4. Name \_\_\_\_\_ Relationship \_\_\_\_\_ Age \_\_\_\_\_  
Gross Annual Income \_\_\_\_\_
5. Name \_\_\_\_\_ Relationship \_\_\_\_\_ Age \_\_\_\_\_  
Gross Annual Income \_\_\_\_\_

How many years have you resided in the City of South El Monte? \_\_\_\_\_

As a 1<sup>st</sup> Time Homebuyer, do you have the minimum 3% (FHA) or 5% (CONV) down payment? Yes \_\_\_ No \_\_\_

Are you or any member of your household currently receiving Social Security and/or SSI? \_\_\_ Yes \_\_\_ No  
If yes, list monthly amount: \$ \_\_\_\_\_

Are you a U.S. Citizen or Legal Resident? \_\_\_ Yes \_\_\_ No

How did you find out about this program?

\_\_\_ Advertisement \_\_\_ Flyer \_\_\_ Neighbor Other (Please Specify) \_\_\_\_\_

I DECLARE UNDER PENALTY OF PERJURY THAT THE STATEMENTS MADE ON THIS APPLICATION ARE TRUE AND CORRECT. IN ADDITION, ANY PERSON, UNDER PENALTY OF PERJURY, WHO WILLFULLY STATES AS TRUE ANY MATERIAL MATTER, WHICH HE/SHE KNOWS TO BE FALSE, CAN BE FOUND GUILTY OF PERJURY, AND AUTOMATICALLY DISQUALIFIED FOR THIS PROGRAM OR ANY OTHER CITY HOUSING PROGRAM INDEFINITELY.

**I DWELLING SIZE PREFERENCE**

Please indicate the number of bedrooms you would prefer in the home you might purchase:

One \_\_\_\_ Two \_\_\_\_ Three \_\_\_\_ Four or More \_\_\_\_

**II GENERAL INCOME INFORMATION**

Gross Household Income – Combined Income of All Household Members Over 18: \$ \_\_\_\_\_

Household Size – Number of Occupants Expected to Dwell in Purchased Home \_\_\_\_\_

In total, how much in personal funds do you have available? \$ \_\_\_\_\_

Do you have the required closing costs to close escrow? Yes \_\_\_\_ No \_\_\_\_

Have you owned a home within the past three years? Yes \_\_\_\_ No \_\_\_\_

I certify that I (we) have not had an ownership interest in a residence (including a single-family home, condominium, townhouse, manufactured home, mobile home, that is customarily used in a fixed location, or a unit within a housing cooperative) within the last 3 years.

I (We) understand that I (we) am (are) not eligible for the First Time Homebuyer Program from the City of South El Monte if found individually or together to have a present or any past (within the last 3 years) ownership interest in a residence.

I (We) further understand that I (we) cannot have an ownership interest in a residence between the date of application and closing.

I (We) certify that I (we) have listed below all places of residence, whether owned or not, for the five-year period prior to \_\_\_\_\_ (date of this application).

**III PREVIOUS RESIDENCES**

For each place of residence, please provide the following information for reference and verification purposes.

ADDRESS	CITY, STATE, ZIP CODE	BEGINNING/ENDING DATE OF RESIDENCY	LANDLORD NAME	LANDLORD TELEPHONE NUMBER
1.				
2.				
3.				
4.				
5.				

**IV PROPERTY INFORMATION**

Have you identified a potential home to be purchased? Yes \_\_\_\_ No \_\_\_\_

If yes, home street address: \_\_\_\_\_ Purchase price of home: \$ \_\_\_\_\_

Number of Bedrooms: \_\_\_\_\_



# CITY OF SOUTH EL MONTE FIRST TIME HOMEBUYERS PROGRAM

## PROGRAM AGREEMENT (Please Read and Sign)

1. I (We) certify that the residence to be purchased will be occupied and used as my (our) principal place of residence. I (We) certify that the residence will not be used as an investment property, vacation home, or recreational home. I (We) certify that I (we) will notify the City of South El Monte in writing if the residence ceases to be my (our) principal residence.
2. I (We) certify that the total purchase price will be the lowest negotiated price attained between buyer(s) and the seller(s). I (We) further certify that the seller will receive only the full amount stated, and will not receive any additional money or other consideration as part of this purchase.
3. I (We) understand that if the down payment loan exceeds 25% of the purchase price of the property, it is subject to review and further approval by the Agency.
4. I (We) understand and agree that the loan proceeds received from the City of South El Monte will be used exclusively towards the purchase of the home, and that the loan is not transferable. I (We) understand that if the title is altered in any way (i.e., deletion of a name), the City of South El Monte will be entitled to immediate full payment of the loan.
5. I (We) understand that in the event I (we) encumber or refinance the residence in violation of the loan document, then all amounts owing under the Note will be immediately due and payable.
6. I (We) acknowledge that a material misstatement fraudulently or negligently made in this affidavit or in the application, or in any other statement made to me (us) in connection with an application for the Program may constitute a criminal violation and may result in the denial of my (our) application, or if discovery of a false statement occurs after acceptance into the Program, may result in immediate cancellation of loan documents which would make the balance of the loan immediately payable, and may be in addition to any criminal penalty imposed by law.
7. I (We) understand that annually I (we) will be asked to provide documentation to verify adhering to certain applicant requirements for a period of 30 years from the date of purchase. Should the review prove non-compliance with the provisions of the loan documents, the loan shall be payable in full to the City immediately.

Signature of Applicant: \_\_\_\_\_

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

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

Signature of Co- Applicant: \_\_\_\_\_

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

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