

HOUSING PROGRAM GUIDELINES EFFECTIVE JANUARY 1, 2009

These guidelines include several provisions which allow the terms of the housing programs to meet changing market conditions. The Housing Department will establish specific program requirements that are within the parameters established by these Guidelines. Any adjustments to the programs will be made available in writing at least ten days in advance of the effective date.

Guidelines applicable to all Housing Department Programs:

- **Income Limits:** Based on household size as established by the U. S. Department of Housing and Urban Development or the State of California Department of Housing and Community Development, as appropriate.
- **Interest Rate:** A range of zero to three percent.
- **Repayment:** Established as one of these three methods:
 - 1) payment in full deferred until end of loan period; or
 - 2) monthly amortized payments; or
 - 3) monthly payments of interest only.

Note that possible payment of monthly impounds for taxes and insurance may be required in some situations.
- **Length of Loans:** 30 years; 5 to 10 years for forgivable loans.
- **Property Inspection:** Inspection by City staff for compliance with local building and safety codes.
- **Compliance with Funding Sources:** Transaction must comply with the appropriate U.S. Department of Housing and Urban Development guidelines, along with any requirements established by other available departmental funding sources.
- **Recapture and Resale Restrictions:** Recapture and resale of loan funds are determined by the funding source and by the U.S. Department of Housing and Urban Development. For those funding sources offering a resale or recapture option, the Housing Department will recapture funding and place the funds into the appropriate reuse or revolving accounts.
- **Subordinations for Refinancing Original Mortgage:** Subordinations only when the owner is not increasing the remaining balance of the original loan. Owner must pay all associated transaction costs as an out-of-pocket expense. In other words, the owner cannot take cash/equity out for any reason.

- **Assumptions:** Housing loans are assumable by income-qualified households. The new buyer must meet the underwriting guidelines in effect at the time the assumption is requested.
- **Short Sales:** City does not reduce the principal and interest in order to assist the re-sale of the property.
- **Establish Age for Seniors:** Set at 65 years.

Program Specific Loan Terms:

Down Payment Assistance Program:

- o Residency/Employment: One year of residency or one year of employment within the city limits of Stockton.
- o Maximum Purchase Price: The lesser of 1) the amount of a first mortgage that the homebuyer can qualify for based on their income and household size assuming debt to income ratios that do not exceed 35-41% (35% housing debt to income; 41% total debt to income) with flexibility to decrease or increase ratios by no more than 5% based on major economic changes, or 2) a maximum value of 95% set by the U. S. Department of Housing and Urban Development's published FHA mortgage limit for the Stockton Metropolitan Statistical Area, as revised from time to time.
- o Maximum Assistance: Up to 10% of the purchase price plus closing costs.
- o Minimum Investment from Buyer: At least 1.5% of the purchase price.
- o Grant or Forgivable Feature: No funds are granted or forgiven for this program.
- o Home Buyer Training: Eight hours of education by a certified home buyer's training organization and verified by a certificate of completion.

All Rehabilitation, Emergency and Accessibility, and Reconstruct Programs:

- o Grant or Forgivable Feature: Only the Emergency and Accessibility Repair Program and Neighborhood Improvement Program loans are forgiven at end of the five to ten years for "special needs" persons and seniors.
- o Debt ratio: 55% (total debt to income) with ability to decrease or increase ratio by no more than 5% based on major economic changes.
- o Maximum Value of Rehabilitated House: A maximum value of 95% set by the U. S. Department of Housing and Urban Development's published FHA mortgage limit for the Stockton Metropolitan Statistical Area, as revised from time to time.