**CITY OF SAN BUENAVENTURA**

**MINIMUM ELIGIBILITY REQUIREMENTS FOR POTENTIAL PURCHASERS OF INCOME-RESTRICTED AFFORDABLE HOUSING UNITS**

The following eligibility standards shall be used to evaluate the qualifications of households interested in purchasing an income-restricted housing unit in one of the affordable developments above.

## A. Household Income Limits

See the definition of "Eligible Household" in the Resale Restriction s and Affordability Agreement Secured by Deed of Trust.

## B. Down Payment and Closing Costs

Applicants must provide a 3% minimum down payment toward the purchase. Gift letters are acceptable in meeting a portion of this requirement as long as there are no repayment terms. However, the applicant must provide a minimum of one-half of the down payment requirement from their own personal assets. No portion of the applicant's down payment may be borrowed. Homebuyers will also be required to follow the down payment guidelines of the primary lender.

## C. Treatment of Assets

When a household has net household assets in excess of $5,000, then gross income shall include a 2% (Passbook rate) of the value of all such assets.

If the assets are less than $5,000 no income is counted from assets. If the assets are $5,000 or greater, count the income from ail of the assets. Note it is the income from the assets that is counted, not the value of the assets. If there is no regular income from assets, the income is imputed to be 2%.

**Note:** if the assets are $5,000 or more, but they are scheduled to be liquidated for the down payment, and they are deposited in escrow, they need not be counted in the income verification. Any assets not used for down payment must be considered.

**Household assets:** All checking and savings accounts, money market accounts, stocks, bonds and other forms of capital investments. Retirement accounts are not counted as assets for Income verification, if they are not accessible to the applicant, without penalty, retiring or terminating employment.

## D. Debt-to-Income Ratio

The overall applicant's debt-to-income ratio shall not exceed 45%. The debt-to-income ratio will be based on the applicant monthly housing cost and all other monthly debt.

## E. Co-Signer

All applicants must qualify for both the primary and secondary source of financing utilizing the household's income only. The Program does not allow for cosigners to assist in qualifying the program.

## F. Homebuyer Seminar

Applicants will be required to attend a seminar/workshop designed to provide information about becoming a homebuyer. Applicants must attend a HUD Certified home buyer seminar and submit evidence of attendance prior to receiving an approval from the City/Agency, preferably before making an offer to purchase a property.

## G. Primary Loan and Other Loans

- **Loan Type**

  The Primary Loan must be a fully amortized fixed rate loan. No negative amortization financing or stated income primary loans will be permitted and no balloon payments will be allowed.

- **Loan Status**

  Buyers will be required to provide authorization, with their application, to permit the City to receive information at any time regarding the status of the primary loan, including monthly payments on the first trust deed loan recorded against the property.

- **Request for Notice**

  Escrow will be required to record a Request for Notice of Default in favor of the City.

## H. Principal Residence

The buyer/owner shall use and occupy the affordable unit as its principal place of residence. Buyers of an affordable unit cannot own another home at the time of escrow closing on the affordable unit.