



# South Coast Workforce Homebuyer Program Program Guidelines

2022



## **Housing Trust Fund of Santa Barbara County**

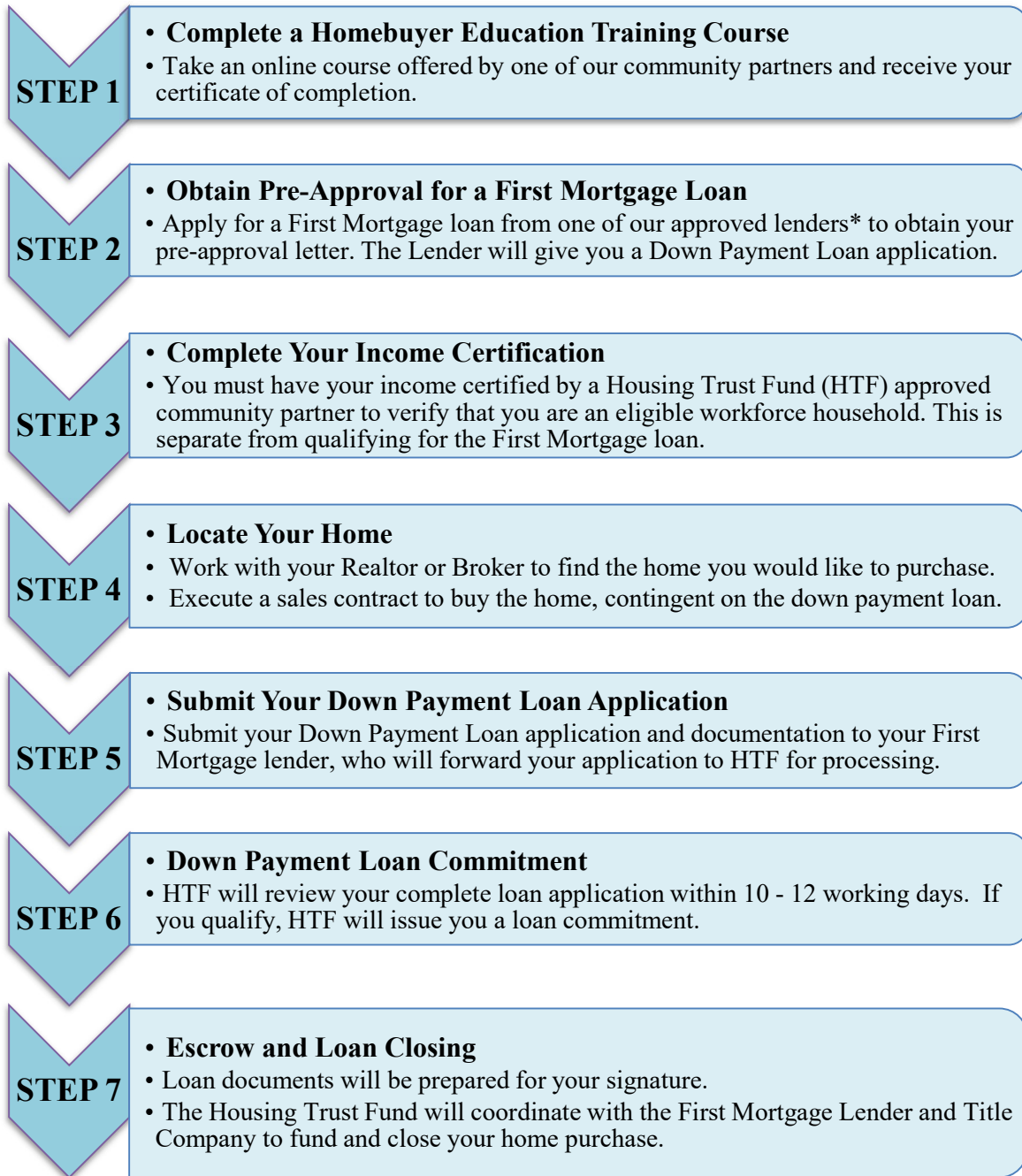
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## How to Apply for a South Coast Workforce Homebuyer Program Loan



*\*The Housing Trust Fund has an approved list of First Mortgage Lenders where you can obtain your First Mortgage Loan and receive assistance in applying for a South Coast Workforce Homebuyer Program down payment loan (see Appendix D). You may use any realtor or broker you choose to locate your home. It is helpful if your realtor has attended an informational workshop and is familiar with the Housing Trust Fund Workforce Homebuyer Program.*

**Housing Trust Fund of Santa Barbara County**  
**South Coast Workforce Homebuyer Guidelines**

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# **Housing Trust Fund of Santa Barbara County**

## **South Coast Workforce Homebuyer Program**

### **I. PROGRAM OVERVIEW**

The South Coast Workforce Homebuyer Program is a program of the Housing Trust Fund of Santa Barbara County (Housing Trust Fund or HTF), in collaboration with community partners, to expand homeownership opportunities in South Santa Barbara County. The program helps bridge the homeownership affordability gap for local working households by providing 10-year or 15-year<sup>1</sup> down payment loans up to \$125,000 per household to assist first-time low, moderate and upper moderate-income homebuyers in purchasing a home in South Santa Barbara County and the Santa Ynez Valley. Funds can be used for down payment and closing costs for households who earn up to 210% of the Area Median Income (AMI), adjusted for household size. The loans are not amortized and instead have monthly interest payments currently at **4.50%** fixed rate, simple interest annually, with the loan principal repaid upon sale, transfer or refinancing of the home or at the end of the loan term. Capital funding has been provided by HTF and our community investment partners, including American Riviera Bank, Community West Bank, Montecito Bank & Trust, Pacific Premier Bank and Mechanics Bank.

The program removes financial barriers to the dream of homeownership by lowering home acquisition and carrying costs and enabling qualified households to purchase an entry-level home in Southern Santa Barbara County so that they can live in the community where they work.

### **II. HOMEBUYER ELIGIBILITY REQUIREMENTS**

Homebuyers seeking a down payment loan must meet the following minimum criteria:

- Applicants must work within Santa Barbara County.
- Applicants must be U.S. Citizens, Naturalized Citizens or permanent resident aliens.
- Applicants must be a First-Time Homebuyer and not have owned a principal residence within three (3) years from the date of program application or be eligible under a program exception<sup>2</sup>.
- The Applicant household income cannot exceed 210% of Area Median Income<sup>3</sup>, based on household size, and borrowers must have their income certified by a Community Partner.
- Borrowers may not own other residential property when they apply and for the duration of the loan (some exceptions apply, please see Appendix E).
- The homebuyer must occupy the home as the primary residence for the duration of the loan. HTF does not allow non-occupant borrowers or co-signers on the applicant loan.
- Applicants must complete an HTF-approved Homebuyer Education Training class.
- Applicants must secure pre-approval of a 15-year or 30-year fixed rate First Mortgage loan from an HTF-approved lender and have satisfactory credit and job/income stability.
- Applicants must contribute at least 3.5% of the home purchase price and must invest any other liquid assets in excess of \$30,000 for the purchase of the home<sup>4</sup>.

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<sup>1</sup> Loans to first-time low-to-moderate income homebuyers who purchase affordable resale restricted homes will have 15-year terms.

<sup>2</sup> Some exceptions are allowed, such as for displaced homemakers, prior owners of mobile homes in mobile home rental parks that did not own the land, and borrowers who have previously owned resale restricted affordable homes. The First-Time Homebuyer definition is provided in Appendix A.

<sup>3</sup> Homebuyers who purchase resale restricted affordable homes may have different income limits and must meet the household income requirements of the local jurisdiction operating the affordable housing program.

<sup>4</sup> Some first mortgage lenders may require a minimum 5% from the homebuyer. Retirement accounts do not count as liquid assets.

### III. ELIGIBILITY OF THE HOME

Homebuyers may apply for down payment loan assistance to purchase market-rate homes located within South Santa Barbara County and the Santa Ynez Valley that meet the criteria outlined below. Homes that require substantial rehabilitation are ineligible for the program. Affordable below market-rate homes with resale restrictions are eligible, provided an approved first mortgage lender will fund the purchase. The home size must be sufficient for the household so that there is no overcrowding.

**A. Location of the Home:** The home must be located within the cities or unincorporated areas of South Santa Barbara County, which extends from the Gaviota coast to the Carpinteria Valley. Homes may also be located in the Santa Ynez Valley, which includes the communities of Buellton, Solvang, Santa Ynez and the immediately surrounding unincorporated areas (*please see Appendix C for a location map*).

**B. Type of Home:**

1. **Allowed Types:** Detached or attached single-family homes<sup>5</sup>; units in Planned Unit Developments; townhomes; condominiums<sup>6</sup> and mobile or modular homes that are on a permanent foundation and have an individual deed to the property.
2. **Ineligible Home Types:** Vacation homes, investment properties, multi-family buildings, duplexes, life care facilities and cooperatively owned or other forms of ownership where the homebuyer does not have an individual deed to the property.

**C. Home Inspection and Habitability:**

The Housing Trust Fund requires that homes eligible for acquisition under the South Coast Workforce Homebuyer Program be completed and ready for occupancy. Homes must meet local building codes, health and safety code standards, including no peeling lead paint, and have no deficiencies or conditions that affect the home's structural integrity. The home size must be sufficient for the household so that there is no overcrowding. The Housing Trust Fund requires that the borrower submit a Home Inspection Report performed by a professional home inspection service as part of the application packet. The Housing Trust Fund will require the repair of health, safety, security and soundness defects and local code violations prior to funding of the down payment loan. Generally, the Housing Trust Fund does not require the repair of minor defects, deferred maintenance and normal wear as a condition of the loan. However, the Housing Trust Fund will follow the FHA standard that the roof must have a minimum remaining life of two years.

*Please see Appendix G for a description of Home Inspection and Habitability requirements.*

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<sup>5</sup> Single-family homes that have second units are also eligible, except that any potential income from use of the second unit as a rental will not be included in calculating the borrower's initial income for loan qualification.

<sup>6</sup> Homebuyers should be aware that First Mortgage Lenders might have varying requirements that 50-70% of the units in a condominium project be owner occupied in order for the unit to be eligible for a First Mortgage loan.

## IV. HOUSEHOLD INCOME TARGETING

Applicants for homebuyer down payment assistance must have combined household incomes that do not exceed **210%**<sup>7</sup> of Area Median Income (AMI), based on the household size.

Area Median Income is determined annually by the U.S. Department of Housing and Urban Development and adopted by the State Department of Housing and Community Development, using a ‘hold harmless’ policy that does not lower maximum incomes if the area median income declines. Santa Barbara County Area Median Income is currently \$87,800<sup>8</sup> for a family of four; therefore, an eligible family of four could earn a maximum of \$184,380 annually or rounded to \$184,400. The Housing Trust Fund uses two household size categories for the South Coast Workforce Homebuyer Program, as follows:

**1-4 Person Households: \$189,200** maximum income (income rounded to nearest \$100)

**5-8 Person Households: \$249,800** maximum income (income rounded to the nearest \$100)

**NOTE:** An applicant who is purchasing a resale restricted affordable home located within the South Coast region or Santa Ynez Valley must meet the maximum area median income guidelines of the respective jurisdiction operating the affordable homeownership program. Generally, these programs will include area median income categories for low (up to 80% of AMI), moderate (up to 120% of AMI) and upper moderate (up to 160% or 200% of AMI, depending on the jurisdiction), adjusted for household size. Applicants should check with the local jurisdiction to determine the income eligibility requirements.

*Please see Appendix B for HTF income guidelines and maximum household income limits by household size under local jurisdiction affordable homeownership programs.*

## V. DOWN PAYMENT LOANS

### A. Type of Loan

The down payment loans offered under this program are subordinate financing, secured by a second lien on the home. The loans are not amortized but are simple annual interest only, with monthly interest payments, with the principal payment due at the end of the loan terms or upon sale, transfer or refinancing of the home. The borrower may make a monthly pay down on the principal amount at any time, if they so choose. The loan will become due when the borrower sells or transfers the property, ceases to maintain the residence as his/her primary residence, converts the home to a rental property or refinances the first mortgage. Loans do not generally become due in the case of death or divorce when the beneficiary or remaining spouse uses the home for his/her primary residence.

### B. Maximum Loan Limits and Assistance Levels

**1. Maximum Down Payment Loan:** The maximum down payment loan amount under this program will be 16.5% of the home purchase price, up to a limit of **\$125,000**. The amount of the individual homebuyer loan will be based on the home purchase price, homebuyer income and need. The down payment loan may not be for more than the homebuyer needs to purchase the home with

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<sup>7</sup> Borrowers purchasing resale restricted affordable homes must meet the household income requirements of the local jurisdiction operating the affordable housing program.

<sup>8</sup> The South Coast Workforce Homebuyer Program will use the State HCD ‘Hold Harmless Policy’ which protects program maximum income limits from decreases in the Area Median Income.

affordable monthly payments. The Housing Trust Fund may from time to time adjust the maximum loan amount, based on program experience.

Loan funds may be used for the down payment and may also be applied towards other eligible nonrecurring and recurring closing costs, as long as the homebuyer contributes a minimum of 3.5% of the home purchase price. [*Borrowers are advised that some first mortgage lending partners may require a 5% down payment or more.*] The Housing Trust Fund and its program consultants, in coordination with the First Mortgage Lender, will calculate the amount of the down payment loan needed to assist the buyer in purchasing an individual home.

**2. Maximum Assistance Cap:** Homebuyers may also receive financial assistance from other sources such as the Federal Home Loan Bank WISH Mortgage Assistance Program to help them purchase the home. However, there is a total amount or cap on the amount of down payment assistance the homebuyer may receive from all combined sources and still receive the maximum Housing Trust Fund loan for their individual home purchase. If the combined down payment, including the homebuyer portion, Housing Trust Fund loan and other assistance, exceeds 40% of the home purchase price, the amount of the Housing Trust Fund down payment loan will be reduced accordingly, so that the 40% maximum assistance level will not be exceeded<sup>9</sup>. The purpose of this policy is to use the South Coast Workforce Homebuyer Program (SCWHP) Down Payment Loan funds to assist homebuyers who truly have a financial need and to deploy the funds to assist as many homebuyers as possible.

**C. Uses of the Loan:** The primary purpose of the Housing Trust Fund secondary loan is to provide down payment assistance in purchasing the home. However, as long as the homebuyer contributes a minimum of 3.5% of the home purchase price, the loan proceeds may also be applied to pay for eligible closing costs, for an interest rate buy-down on the first mortgage loan and for certain other costs associated with acquisition of the home.

*Eligible uses of the SCWHP Down Payment Loan are listed in Appendix H.*

## VI. HOMEBUYER DISCOUNTS

Homebuyers who purchase a home within the Housing Trust Fund with a down payment loan from the South Coast Workforce Homebuyer Program may be eligible for discounts on First Mortgage loan processing and credit report fees, the buyer's Real Estate Broker commission and Home Inspection fees if their employer is a member of the Coastal Housing Partnership. The Coastal Housing Partnership is one of the Housing Trust Fund's community partners. To determine if your employer is a member of Coastal Housing Partnership, you can contact [info@CoastalHousing.org](mailto:info@CoastalHousing.org) or call (805) 969-1025. More information about the Coastal Housing Partnership is located online at: <http://www.coastalhousing.org>.

## VII. HOMEBUYER FINANCING REQUIREMENTS

**Borrower Match:** Homebuyers must qualify for a fully amortized **15-year or 30-year fixed rate** first mortgage from a Housing Trust Fund approved lender and provide a cash investment of a

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<sup>9</sup> The Housing Trust Fund may grant a waiver to the 40% down payment assistance cap on a case-by-case basis based on household need to achieve homeownership affordability. The Housing Trust Fund retains sole discretion in granting waivers to its South Coast Workforce Homebuyer Program Guidelines.

**minimum of 3.5%** of the purchase price of the home. Some First Mortgage lenders participating in the program may require a minimum 5% cash investment from the homebuyer. Homebuyers must also invest any other liquid assets<sup>10</sup> in excess of \$30,000 to purchase the home.

**Down Payment Source:** Homebuyers may use gifts from relatives, friends and employers as a portion of their minimum 3.5% cash requirement if satisfactory documentation is provided and the homebuyers have held these funds for at least 45 days in their own account. The Housing Trust Fund at its sole discretion may lower or waive the 45-day requirement if gift funds are provided from immediate relatives and clearly documented. However, in all cases, the homebuyers must contribute a minimum of 1% of the cash investment from their own resources rather than gifts. Contributions from home sellers or others or loans do not qualify as the homebuyers' own funds. Homebuyers may also receive grants or contributions from other homebuyer assistance programs toward a larger down payment amount and closing costs, as long as the homebuyer provides the minimum 3.5% cash portion. Eligible expenses incurred by the borrower in qualifying for the HTF loan may be applied towards the 3.5% minimum cash contribution of the borrower, except that the borrower will receive no cash reimbursement of these expenses at close of escrow.

**No Non-Occupant Borrowers or Co-Signers:** The Housing Trust Fund does not allow non-occupant co-borrowers or co-signers on the down payment loan. There are no exceptions to this policy.

## VIII. HOMEBUYER EDUCATION

Applicants seeking a South Coast Workforce Homebuyer down payment loan must attend a Homebuyer Education Training course provided by a Housing Trust Fund community partner prior to applying for the Housing Trust Fund down payment loan. The homebuyer education training provides applicants the opportunity to learn about the responsibilities of homeownership and to ensure that the borrower understands the requirements of the down payment loan and implications of selling or refinancing their home. Loan applicants must submit proof (such as a certificate, letter or other documentation) with their loan application that verifies that they have successfully completed the HTF-approved Homebuyer Education Training course.

*Contact information for where you can access Housing Trust Fund approved homebuyer education training course is included in Appendix D.*

## IX. OWNER OCCUPANCY

Homebuyers who receive a South Coast Workforce Homebuyer Program Down Payment Loan must occupy their home as their principal residence until the down payment loan is repaid. The Housing Trust Fund will perform compliance monitoring and will require the borrower to provide an annual written certification of homeowner occupancy, under penalty of perjury, or other documented proof of homeownership occupancy, at intervals determined by the Housing Trust Fund of Santa Barbara County.

The homeowner may not lease or rent the home to another party unless pre-approved by the Housing Trust Fund. Conditions for approval might typically include extended hospitalization or

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<sup>10</sup> Liquid Assets do not include individual retirement accounts.



convalescent care, temporary employment relocation, sabbatical, extended travels, other hardship circumstance or good cause. The homeowner may rent out a room within the home without the Housing Trust Fund approval so long as all borrowers of record continue to reside in the home as their principal place of residence<sup>11</sup>.

A condition of the Housing Trust Fund loan is that the borrower may not own other residential real estate, in whole or in part, as long as the Housing Trust Fund loan is not repaid. If the homeowner does not continuously occupy the home, the Housing Trust Fund loan will be in default and repayment of the Housing Trust Fund principal amount will be immediately due and payable.

There are some exceptions to this policy, as described in Appendix E. However, in all cases the homeowner must request written approval from the Housing Trust Fund and demonstrate need or other good cause. The Housing Trust Fund retains sole discretion for any waiver or modification of this ownership provision.

*Please see Appendix E Occupancy & Ownership Guidelines for more detailed information on occupancy requirements.*

## **X. LOAN FINANCING TERMS**

**A. Loan Payments:** The down payment loans are simple annual interest only, with monthly payments of interest based on the principal balance. Payments of principal will be deferred until the Maturity Date or such earlier date as may be required under the conditions of the Promissory Note. However, the homeowner may make a monthly payment of loan principal at any time, if he/she so chooses.

**B. Term of the Loan:** The term of the loan will be 10 years for market rate homes and 15 years for resale restricted affordable homes<sup>12</sup>.

**C. Interest Rate:** The down payment loan currently carries **4.50%** interest. The interest is due monthly, based on the loan's principal balance. The loan principal amount and any unpaid interest are due at the end of the loan term or upon sale, transfer or refinancing of the home. While the Housing Trust Fund may change the down payment loan program interest rate from time to time, based on housing market conditions and loan rates, once the loan is made to the borrower, the rate will be fixed for the 10-year or 15-year term.

**D. Appraisal and Loan to Value Ratio:** The down payment loan plus the First Mortgage may not exceed 100% of the appraised value of the home. However, in certain cases (such as when the home may have other approved deferred subordinate debt), the combined loan-to-value ratio may exceed 100%, provided the Housing Trust Fund down payment loan and senior debt do not exceed 100% of the home's appraised value.

The Housing Trust Fund will rely on a full appraisal commissioned by the First Mortgage Lender and the appraisal must support the home purchase price. If the purchase price exceeds the appraised value, the Housing Trust Fund at its sole discretion may approve exceptions up to 105%

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<sup>11</sup> Borrowers should be aware that some First Mortgage Lenders may not allow the homebuyer to rent rooms.

<sup>12</sup> Loans to low to moderate-income homebuyers who purchase affordable resale restricted homes will have a 15-year term.

of the appraisal guideline, provided that the combined first mortgage and Housing Trust Fund loan do not exceed 100% of the appraised home value, the homebuyer contributes the additional cash and the carrying costs of the home are affordable to the homebuyer. The Housing Trust Fund reserves the right to approve or reject any proposed home financing where the combined homebuyer cash and loan to value ratio exceeds 100%.

**E. Collateral:** The down payment loan will be secured by a second trust deed on the property.

**F. Loan Fees and Closing Costs:** Applicants will be charged a .25% loan origination fee for processing of the down payment loan and will also pay for the actual cost of any document preparation fees, title fees and other loan closing costs. The cost of such fees may be paid from the down payment loan proceeds. The homebuyer should expect to pay other fees and costs associated with the First Mortgage loan at or before the close of escrow, such as loan origination or processing fees, appraisal, credit reports, prepaid hazard insurance and property taxes, title and escrow fees. The homebuyer must also pay for the cost of the required Homebuyer Education course and Income Certification as part of applying for the Housing Trust Fund down payment loan. The Housing Trust Fund and the First Mortgage lender will provide Loan Estimates to the borrower and the Title Company will provide a settlement statement of total transaction costs.

**G. No Non-Occupant Borrowers or Co-signers:** The Housing Trust Fund does not allow co-signers or non-occupant borrowers on the applicant's loan. There are no exceptions to this policy.

## **XI. REPAYMENT OF THE LOAN**

Down payment loans will be repaid at the end of the 10-year loan term (or 15-year for resale restricted homes). Borrowers may prepay the down payment loan at any time without incurring any prepayment penalties. Borrowers may also make a monthly pay down of the loan principal at any time, if they so choose. Loan repayment may be accelerated and would be immediately due and payable under any of the following occurrences:

- Sale, transfer, reconveyance or alienation of the home;
- Failure to occupy the home as a principal residence;
- An Event of Default (either on the first mortgage or down payment loan); or
- Refinance of the First Mortgage Loan.

## **XII. LOAN BENEFITS**

The terms and conditions of the down payment loans - 10 years interest-only at **4.50%** fixed rate for market rate homes (15-year term for resale controlled affordable homes) with no principal payments and a minimum 3.5% cash contribution required from the borrower - make this a beneficial loan product for first-time homebuyers. The program provides working households who have previously been shut out of the local housing market with the down payment resources needed to buy an entry-level home. The Housing Trust Fund loan is designed so that Borrowers should be able to repay the down payment loan at the end of the 10-year or 15-year term by refinancing the home or taking out a home equity loan, based solely on the pay down of their first mortgage loan and increased equity in their home.

### **XIII. REGULATORY REQUIREMENTS**

A condition of the Housing Trust Fund program funding is to expand affordable homeownership opportunities for local residents. This will be accomplished through recording a secondary lien on the home. Homebuyers receiving a down payment loan under this program must agree to meet the loan conditions and homeowner requirements outlined in the Deed of Trust that will be recorded against their title to ensure that the home remains owner occupied and that the Housing Trust Fund receives its loan principal at the end of the loan term or upon sale, transfer or refinancing of the home. Repaid loan proceeds may be recycled to assist future first-time workforce homebuyers purchase a home in the community where they work.

### **XIV. FIRST MORTGAGE FINANCING**

Homebuyers must obtain a First Mortgage Loan only from a lender that has been specifically approved to participate in the Housing Trust Fund's South Coast Workforce Homebuyer Program. The First Mortgage Loan from an approved participating lender must meet the following standards:

- Term of 15-years or 30-years;
- Fixed interest rate at market or below market rate (no subprime loans will be accepted);
- Fully amortized loan with monthly payments; no negative amortization or balloon payments;
- Establishment of an impound account for property taxes and insurance; and,
- No prepayment penalty.

**Payment Ratios:** Homebuyers participating in the down payment program must pay at least 25% of their gross monthly income for all housing costs, including first mortgage principal and interest, property taxes, insurance and any Homeowner Association (HOA) fees. The Housing Trust Fund, at its sole discretion, and on a case-by-case basis may grant a waiver to lower the minimum upfront ratio, based on the homebuyer need for additional affordability. Maximum payment ratios will be determined in coordination with the participating First Mortgage Lender but generally should not exceed 38% of income for all front-end housing costs (principal, interest, property taxes, insurance, HOA fees and other assessments) and 45% maximum for all back-end debt, which includes housing costs plus other long-term debt or monthly obligations.

The Housing Trust Fund's program management consultants will coordinate with community lending partners to establish mortgage and household debt ratios to ensure that the homebuyer monthly payments are affordable and the down payment loan is not used to purchase a home that exceeds the homebuyer's purchasing ability.

### **XV. COMMUNITY LENDING PARTNERS**

The Housing Trust Fund and its program consultants have collaborated with Community Partners to obtain pre-approval of the South Coast Workforce Homebuyer Program and where possible to arrange favorable terms and access to special first mortgage loan programs and benefits for homebuyers who use these participating lenders for their First Mortgage. In order to be eligible for a Housing Trust Fund down payment loan, you must select one of our qualified First Mortgage lenders for your home's first mortgage loan. The approved First Mortgage lenders are:

Chase Home Lending  
Cornerstone Home Lending  
Draper and Kramer Mortgage Corp  
Eagle Home Mortgage  
Finance of America  
Guarantee Mortgage  
Guaranteed Rate

Guild Mortgage  
Loan Depot  
Mechanics Bank  
RPM Mortgage  
Synergy One Lending  
Wintrust Mortgage

*Contact information for our participating First Mortgage Lenders, as well as information on homebuyer discounts for the South Coast Workforce Homebuyer Program is included in Appendix D.*

## **XVI. DOWN PAYMENT LOAN PROCESSING STEPS**

***Follow these Steps to Apply for a Down Payment Loan.***

**Step 1: Homebuyer Education.** To apply for a South Coast Workforce Homebuyer Program down payment loan, you must first complete a Homebuyer Education Training course provided by an approved Housing Trust Fund Community Partner and obtain a certificate of successful completion. *A list of community lending partners is included in Appendix D.*

**Step 2: First Mortgage Loan Pre-Approval.** You must then be pre-approved for a First Mortgage Loan from a Housing Trust Fund approved lending partner. If qualified, you will receive a pre-approval letter from the lender, based on the assumption that you meet the criteria and will be eligible for a down payment loan from the Housing Trust Fund. *A list of community lending partners is included in Appendix D.*

**Step 3: Income Certification.** To apply for a South Coast Workforce Homebuyer Program down payment loan, you must have your household income certified to verify that you are an eligible workforce household. Housing Trust Fund Community Partners will perform your income certification. There will be a fee for the income certification. This fee is an eligible expense that can be counted towards your homebuyer equity contribution for the purchase of your home. *To arrange for your income certification, please see the list of Community Partners in Appendix D.*

**Step 4: Locate Your Home.** Work with your Realtor or Broker to locate the home you wish to purchase and execute a sales contract to purchase the property. Your sales contract should be contingent upon approval of both your first mortgage loan and the Housing Trust Fund down payment loan. Please be advised that the Housing Trust Fund also requires a professional Home Inspection Report for the home and will require repair of any health and safety issues.

**Step 5: Submit Your Down Payment Loan Application.** You will obtain the South Coast Workforce Homebuyer Program down payment loan application from your First Mortgage Lender. Submit your down payment loan application, along with your income certification and all required documentation, directly to your participating First Mortgage Lender. The lender will assist you in completing the application and verify that your down payment loan application packet is complete before forwarding it to the Housing Trust Fund for processing. The Housing Trust Fund staff is available to answer any questions you may have and to assist you in completing your borrower application.

**Step 6: Down Payment Loan Commitment.** The Housing Trust Fund and its consultants will review your completed loan application packet and make a recommendation on the funding of your loan within 10 to 12 business days of receipt of a complete borrower application. The Housing Trust Fund will issue you a Loan Disclosure for the down payment loan after receiving your application and a loan commitment letter, if you qualify for the loan.

**Step 7: Escrow and Loan Closing:** The Housing Trust Fund will prepare your down payment loan documents, which will include a Promissory Note, Deed of Trust and Final Loan Disclosure, for your review and signature. The Housing Trust Fund will then coordinate with the First Mortgage Lender and Title Company to close and fund your loan. Upon execution of your loan documents and escrow closing, the funds will be released to complete your home purchase.

Generally, the final loan commitment and escrow period for purchasing your home will be between 30 and 60 days. We recommend that borrowers negotiate a minimum 45-day escrow period when executing a sales contract to purchase a home. The borrower can request an extension of the HTF loan commitment and escrow when the escrow has been delayed due to unforeseen circumstances and reasonable efforts have been made to close escrow within the initial escrow period.

## **XVII. FOR MORE INFORMATION**

The South Coast Workforce Homebuyer Program down payment loan is offered by the nonprofit Housing Trust Fund of Santa Barbara County (HTF) with investment funding provided by American Riviera Bank, Community West Bank, Montecito Bank & Trust, Pacific Premier Bank, Rabobank/Mechanics Bank and the Housing Trust Fund. The Housing Trust Fund operates the program in collaboration with Community Partners.

Please make inquiries to and obtain an application from an HTF-approved First Mortgage Lender:

Chase Home Lending	Guild Mortgage
Cornerstone Home Lending	Loan Depot
Draper and Kramer Mortgage Corp	Mechanics Bank
Eagle Home Mortgage	RPM Mortgage
Finance of America	Synergy One Lending
Guaranteed Rate	Wintrust Mortgage

***Contact information for these Community Partners is attached in Appendix D.***

For general information about the program, you may contact:

Yvette Lounsbury, Homebuyer Loan Administrator

Phone: (805) 845-3585

Email: [YLounsbury@sbhousingtrust.org](mailto:YLounsbury@sbhousingtrust.org)

Housing Trust Fund of Santa Barbara County

P. O. Box 60909

Santa Barbara, CA 93117

Website: [www.sbhousingtrust.org](http://www.sbhousingtrust.org)



*The South Coast Workforce Homebuyer Program complies with Fair Housing and Equal Housing Opportunity Laws.*

## **XVIII. DISCLOSURE STATEMENT**

### **A. Explanation of Loan Documents and Requirements**

The South Coast Workforce Homebuyer Program (SCWHP) is supported with capital funding provided by the Housing Trust Fund and its community investment partners, including American Riviera Bank, Community West Bank, Montecito Bank & Trust, Pacific Premier Bank and Mechanics Bank. The Housing Trust Fund of Santa Barbara County (HTF) has prepared the following loan documents to meet the requirements of the SCWHP including:

- Housing Trust Fund Promissory Note;
- Housing Trust Fund Deed of Trust;
- Loan Closing Disclosure; and,
- This Housing Trust Fund Disclosure Statement.

This Disclosure Statement explains the major provisions of the Housing Trust Fund Promissory Note and Deed of Trust so that the homebuyer will understand the requirements of the down payment loan. You should carefully read and familiarize yourself with the Loan Documents. If there is any conflict between this Disclosure Statement and the Loan Documents, the terms of the Loan Documents will prevail.

### **B. Applicant Status**

Applicants for a Housing Trust Fund down payment loan must work in Santa Barbara County. Applicants must be U.S. Citizens, Naturalized Citizens or permanent resident aliens. Applicants must present documentation, such as a birth certificate, passport, Green Card and Driver's license, verifying their legal residency and Santa Barbara County employment.

### **C. First-Time Homebuyer Requirement**

To be eligible for a South Coast Workforce Homebuyer Program down payment loan you must not have owned a principal place of residence within the last three (3) years prior to application for the down payment loan and may not own other residential property. If you meet one of the following exceptions, you may still be considered a First-Time Homebuyer:

- (1) A displaced homemaker who, while a homemaker did not work full-time and owned a home with his or her spouse or resided in a home owned by the spouse.
- (2) A single parent who, while married, owned a home with his or her spouse or resided in a home owned by a spouse.
- (3) An individual who owned a home as a principal residence that had no permanent foundation in accordance with local or state regulations or was not in compliance with building codes and could not be repaired for less than the cost of constructing a permanent structure.
- (4) An individual who owned a mobile home as a principal residence in a mobile home rental park where they did not own the land, provided that the home has been sold prior to applying for the down payment loan.

(5) An individual who previously owned a resale restricted affordable home, provided that the home has been sold prior to applying for the down payment loan.

*A full definition of a First-Time Homebuyer is contained in Appendix A.*

## **D. Occupancy as Primary Residence**

You must occupy your home as your primary place of residence, which means that you must live in your home for at least 10 months out of each calendar year. You may not lease or rent your home to another party except that, with the prior written approval of the Housing Trust Fund, you may rent the house for a maximum one-year period due to hardship such as extended hospitalization or convalescent care, temporary employment relocation, sabbatical, extended travels, other special circumstance or good cause. You may rent out a room within your home without Housing Trust Fund approval so long as you continue to reside in your home as your primary residence.<sup>13</sup> The Housing Trust Fund will carry out compliance monitoring and may periodically require you to provide documented proof that you are occupying your home as your principal place of residence.

If you do not continuously occupy your home as a primary residence for the duration of the loan term, you must immediately repay the down payment loan principal amount along with any interest due to the Housing Trust Fund. This provision lasts for 10 years or until the loan is repaid<sup>14</sup>. In hardship situations (e.g. employment relocation, health concerns, extraordinary housing market conditions that impede resale or refinancing of the home or other special circumstances), the Housing Trust Fund may, at its sole discretion, and upon written request and documentation presented by the borrower, extend a grace period for repayment of the down payment loan up to two years.

## **E. Verification of Income**

Homebuyers eligible for the South Coast Workforce Homebuyer Program down payment loan must have a total household annual income that does not exceed 210%<sup>15</sup> of Area Median Income, adjusted for household size. The combined income of all household members 18 years old or older who are living in the home must be included in the determination of total household income.

Homebuyers will be required to have their income verified by a Housing Trust Fund approved Community Partner and will need to produce necessary documentation such as verification of employment for all household members earning an income, Federal Income Tax Returns, recent employment paystubs or self-employment profit and loss statements. Documentation is required for all income earned by household members 18 years or older that will be living in the home<sup>16</sup>.

*Please see Appendix B for information on income limits based on household size and Appendix F for the income verification requirements.*

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<sup>13</sup> Homebuyers should be aware that some First Mortgage loan conditions might not allow renters.

<sup>14</sup> For borrowers who purchase resale restricted affordable homes the provision lasts for the 15-year loan term.

<sup>15</sup> Homebuyers purchasing resale restricted affordable homes must meet the household income requirements of the local jurisdiction operating the affordable housing program. The household income levels may be less than the maximum income under the HTF South Coast Workforce Homebuyer Program.

<sup>16</sup> There is an exception for the income of full-time students who are dependent. Please see Appendix B.

## **F. Homebuyer Responsibilities**

As homeowner, you will make 100% of the mortgage payments and receive 100% of the mortgage interest deduction, subject to Federal and State regulations. You will also pay all property taxes and any Homeowner Association (HOA) fees and receive 100% of the tax deductions related to these payments. You are responsible for the cost of all maintenance and repairs of the home. You must also maintain and pay for property insurance during the term of the Housing Trust Fund loan.

## **G. Home Insurance**

You must maintain your home in good condition and carry a homeowner's standard all risk property insurance policy for the home equal to its replacement value and adjusted every five years by appraisal (if requested by the Housing Trust Fund). If your home is located in a FEMA flood hazard zone, you must also obtain flood insurance that is acceptable to the Housing Trust Fund. The insurance policies must name the Housing Trust Fund of Santa Barbara County as an additional insured. The insurance and maintenance requirements are detailed in the Deed of Trust.

## **H. No Purchase of Other Real Estate**

A condition of the Housing Trust Fund down payment loan is that you may not own other residential property in California or the United States. The Borrower must agree to not purchase any other residential real property, in whole or in part, as long as the Housing Trust Fund loan is not repaid. There are some exceptions to this policy, for example residential property that is inherited by the borrower subsequent to the borrower receiving the Housing Trust Fund loan. However, in all cases the homeowner must request written approval from the Housing Trust Fund and demonstrate need or other good cause. The Housing Trust Fund retains sole discretion for any waiver or modification of this ownership provision.

*Please see Appendix E for a full description of requirements excluding ownership of other residential real estate.*

## **I. Selling or Transferring Your Home**

If you choose to sell your home, you must repay the Housing Trust Fund loan principal amount plus any unpaid interest due to the Housing Trust Fund at the time of sale. When you decide to sell or transfer or refinance your home, you must promptly provide the Housing Trust Fund written notice of such intent at least thirty (30) days prior to the intended date of Transfer.

*The requirements for sale or transfer of your home are discussed in more detail in sections 14 through 17 of the Deed of Trust.*

## **J. Refinancing Your Home**

You may choose to refinance your First Mortgage loan, in which case you must repay all sums due under the Housing Trust Fund's Promissory Note. The purpose of this requirement is to that Housing Trust Fund loan capital is recycled to assist future first-time workforce homebuyers in purchasing an entry-level home.



## **K. Loan Repayment and Prepayment**

You must repay the down payment loan either on its Maturity Date in 10 years (or 15 years for resale restricted affordable homes) or upon resale, transfer or refinancing of your home. You are not required to make principal payments on the down payment loan until such time as you sell or transfer the property or refinance the First Mortgage loan, unless you violate any of the terms of the Loan Agreements (for example, not occupying the home as your primary residence or renting it to someone else). However, you may make a monthly payment of loan principal at any time, if you so choose. When you repay the down payment loan you will owe the Housing Trust Fund the balance of the loan's principal amount plus any unpaid interest on the loan.

Borrowers may repay the full amount of the Housing Trust Fund loan at any time before it is due without any prepayment penalty. Borrowers may also make a monthly repayment of loan principal at any time without any prepayment penalty.

## **L. Violation of Loan Document Requirements**

If you violate any provisions in the Loan Documents, you will be considered in default. Similarly, if you default on the First Mortgage loan or any other loan on the home, you will also be considered in default of the down payment loan. If you fail to correct the violation, you will be required to repay the down payment loan, unpaid interest and any other costs incurred to the Housing Trust Fund in enforcing the Loan Documents. The Housing Trust Fund may also obtain a court order to enforce the provisions of the Loan Documents or may foreclose and take your home.

## **M. Home Acquisition and Loan Repayment Example**

The following example shows how the borrower should be able to repay the Housing Trust Fund down payment loan if you decide to sell, transfer or refinance your home, or at the end of the loan term. When you repay the Housing Trust Fund down payment loan, you will repay the principal amount plus any unpaid interest. The example shows the original purchase financing and the repayment financing at the end of ten years. The example is a simplified model only, not an actual loan transaction, therefore loan transaction and closing costs (realtor commissions, title and escrow fees, etc.) are not shown. For modeling purposes, numbers are rounded.

### **1. Acquisition Example:**

The loan model shown here is for a workforce family of three that earns \$135,000 annually that purchases a \$685,000 2-3 bedroom, 2-bath condominium. Using about 35% of income for all housing costs, they can afford a maximum of \$3,938 for all housing costs, including the first mortgage payment, the Housing Trust Fund secondary loan interest payment, property taxes, Homeowner's Association fees and insurance. The Housing Trust Fund would contribute \$113,025 of the home purchase price or 16.5% and the homebuyer would contribute \$23,975 or 3.5%. In addition, the homebuyer will have to pay closing cost expenses, which may typically be 2-3% of the home purchase price. In this example the first mortgage loan would be about \$548,000. We have used 3.25% for the first mortgage interest rate and 4.50% for the Housing Trust Fund secondary loan interest rate. However, we note that interest rates may vary and therefore the specific numbers shown in this example may also change.

This acquisition model is just one example. Borrowers may be able to purchase homes at varying prices, depending upon their income, household size and equity resources.

*There are other workforce homebuyer home purchase examples in Appendix I.*

<b>South Coast Workforce Homebuyer Model</b>	<b>Homebuyer 1</b>
20% Down Payment - Conventional Financing	
<b>Workforce Family of Three</b>	
Annual Household Income	\$135,000
Percentage of Median Income	167%
2-3 bedroom 2 Bath Condo/Townhome	1100-1900 sq.ft.
Purchase Price	\$685,000
<b>Employee Income &amp; Housing Cost:</b>	
Annual Income	\$135,000
Housing cost/income ratio	35%
Maximum housing payment	\$3,938
Association Fees & Insurance (Interior/Exterior)	(\$425)
Monthly FHA Mortgage Insurance -.8-1.05%	\$0
HTF Down Payment Loan -Interest Only @ 4.50%	(\$424)
Property Tax Payments -1.125%	(\$703)
Amount Available for 1st Mortgage Payment	\$2,386
Mortgage interest Rate*	3.25%
First Mortgage Loan Amount	\$548,000
<b>Downpayment Requirements:</b>	
Downpayment	20.0%
Homebuyer Down Payment/Equity – 3.5%	\$23,625
HTF Down Payment Loan – 16.5%	\$111,375
Total Downpayment/Equity - 20%	\$137,000
Down Payment Plus First Mortgage	\$685,000
*Interest rate may be higher or lower depending upon homebuyer qualifications	

## 2. Repayment Model Assumptions:

At the end of 10 years (or 15 years for resale restricted homes), the homeowner should be able to repay the down payment loan by refinancing the home or taking out a home equity loan, based solely on the homeowner's increased home equity over time. The financial model does not count on home appreciation and works even in a flat housing market.

While we cannot predict future interest rates and housing market conditions, we can make reasonable assumptions based on historic trends. For purposes of this model, we have assumed conservatively that the homebuyer is able to refinance the home with a new 30-year first mortgage loan at 7.00% interest or take out a 15-year home equity loan at 9% interest. We also assume property tax increasing 2% annually and insurance and HOA costs increasing 2.5% annually. Finally, we project that the homebuyer's income increases on the average 2% annually over the 10 years, a rate lower than thirty-year historic patterns.

The future interest rates and housing costs shown here are hypothetical and used to show that the down payment loan could be repaid through refinancing even if interest rates are significantly higher. However, the Housing Trust Fund makes no promise or guarantee about future interest rates and the borrower should be advised that interest rates in 10 years may be higher or lower than current rates.

The example on the following page shows the repayment of a \$113,025 down payment loan by a workforce homebuyer with an annual household income of \$135,500 per year who purchased a \$685,000 home. This model shows that at the end of 10 years, even if the homeowner did not pay down on the loan principal, the homeowner should be able to repay the down payment loan and still have monthly housing costs of about 35%-36% of household income.

*There are other examples of how to calculate the amount you will owe the Housing Trust Fund when you repay your down payment loan in Appendix I.*

# South Coast Workforce Homebuyer Program Loan Repayment Model

## Refinance Model in 10 Years

<b>Acquisition Financing</b>	
Home Purchase Price	\$685,000
Down Payment Loan Amount	\$113,025
Original Mortgage Amount:	\$548,000
Homebuyer Annual Income	\$135,000
Monthly mortgage payment-30 years @ 3.5%	\$2,386
Property taxes, insurance, HOA, down payment loan	\$1,552
Total housing costs @ 35%-36% income for housing	\$3,938
<b>Homeowner Refinance in year 10</b>	
Principal balance on original mortgage	\$420,476
Down payment loan principal	\$113,025
Total Amount to be financed	\$533,501
New Monthly Mortgage payment - 30-years @ 7.00%	\$3,549
Property Tax, insurance, HOA (2-2.5% annual increase)	\$1,375
Total monthly housing costs	\$4,924
Annual Income Needed @ 35-36% income for housing	\$166,450
Projected income - 2% annual average increase	\$164,564
Total available for housing costs @ 35%-36% income	\$4,868
Percentage of needed income	99%
Percentage homeowner income for housing	36%
<b>Alternative Home Equity Loan Refinance:</b>	
Home equity loan (15 years @ 9%)	\$113,025
Monthly home equity payment	\$1,146
Original mortgage monthly payment	\$2,386
Property Tax, insurance, HOA	\$1,375
Total housing costs:	\$4,907
Income needed at 35%-36% income for housing	\$165,883
Projected income - 2% annual average increase	\$164,564
Percentage of needed income	99%
Percentage homeowner income for housing	36%



## South Coast Workforce Homebuyer Program

### Disclosure Statement

Please sign the Disclosure Statement in the space provided below and provide the original to the First Mortgage lender who will submit your application to the Housing Trust Fund's Program Manager, the Housing Trust Fund. Please keep a signed copy for your records.

1. I have received, read and understood the above Disclosure Statement. In addition, I understand the following:
  - A. I must live in the home. I cannot lease or rent it unless approved by the Housing Trust Fund. This restriction is for 10 years (or 15 years for resale restricted affordable homes) or until the Housing Trust Fund loan is repaid.
  - B. I must contact the Housing Trust Fund before any sale, transfer or refinancing of the home.
  - C. I must repay the South Coast Workforce Homebuyer Program down payment loan principal balance plus any unpaid interest simple annual interest when I sell the home or transfer ownership or refinance the home, or if I violate any of the provisions of the Loan Documents.

I have read and understand the above Disclosure Statement.

By: \_\_\_\_\_ Dated: \_\_\_\_\_  
Signature of Borrower

\_\_\_\_\_  
Print Name of Borrower

By: \_\_\_\_\_ Dated: \_\_\_\_\_  
Signature of Borrower

\_\_\_\_\_  
Print Name of Borrower

## Appendix A

### Definition of First-Time Homebuyer

To be eligible for the Housing Trust Fund's South Coast Workforce Homebuyer Program, you must be a First-Time Homebuyer, which means you must not have owned a principal place of residence within the last three (3) years prior to application for the Housing Trust Fund down payment loan. State law allows for certain exceptions to the three-year requirement, as described in the definition of a First-Time Homebuyer in California Code of Regulations, Title 25 Section 7151 below. In addition, the Housing Trust Fund allows two other exceptions to the First-Time Homebuyer requirement: 1) individuals who have previously owned a mobile home in a mobile home park where they did not own the land, provided the home has been sold prior to applying for a down payment loan; and, 2) persons who have previously owned a resale restricted affordable home, provided the home has been sold prior to applying for a down payment loan.

#### § 7151: Definitions:

h) "First-Time Homebuyer" means an individual or individuals or an individual and his or her spouse who are in the process of buying a dwelling with the intent to occupy the home as a principal place of residence and who have not owned a home during the three-year period before the purchase of a home with Program Funds, except that the following individual or individuals may not be excluded from consideration as a first-time homebuyer under this definition:

(1) 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 (2) years, worked on a full-time basis as a member of the labor force for a consecutive 12-month period and who has been unemployed or underemployed, experienced difficulty in obtaining or upgrading employment and worked primarily without remuneration 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 a 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<sup>17</sup>, as a principal residence during the three-year period before the purchase of a home with Program Funds, 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.

**Previous Mobile Home Owner Exception:** An individual(s) who previously owned a mobile home as a principal residence in a mobile home rental park where they did not own the land may not be excluded from consideration as a First-Time Homebuyer, provided that the home has been sold prior to receiving a down payment loan.

**Previous Owner of a Resale Restricted Affordable Home:** An individual(s) who previously owned a resale restricted affordable home, provided that the home has been sold prior to applying for the down payment loan.

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<sup>17</sup> The home must be sold prior to the borrower applying for a South Coast Workforce Homebuyer down payment loan to purchase a new home.

## **Appendix B**

### **Maximum Household Income Limits**

To be eligible for a South Coast Workforce Homebuyer Program Down Payment Loan, the applicant's total household income cannot exceed 210%<sup>18</sup> of the Area Median Income (AMI) for Santa Barbara County households, adjusted for the category of household size. Area Median Income is determined annually by the U.S. Department of Housing and Urban Development and adopted by the State Department of Housing and Community Development, using a 'hold harmless' policy that does not lower maximum incomes if the area median income declines.

The combined income of all household members 18 years old or older who will be living in the home must be included in calculating the applicant's total household income. To be considered a member of the household, individuals must be either:

- On the title and loan of the home;
- Claimed as a dependent on the tax returns of the household member who will appear on the title and Housing Trust Fund loan; or
- Any other household member 18 years of age or older earning an income. However, the income of full-time students who are dependents is excluded.

In April 2021 the Area Family Median Income published by HUD for a family of four is \$91,100. HTF will use the State Department of Housing and Community Development income limits for 2021. Therefore, an eligible family of four could earn a maximum of \$189,210 annually or rounded to \$189,200. The Housing Trust Fund uses two household size categories for the South Coast Workforce Homebuyer Program, as follows:

#### **2021 Maximum Income Limits**

##### **South Coast Workforce Homebuyer Program**

**1-4 Person Households: \$189,200** maximum income (income rounded to nearest \$100)

**5-8 Person Households: \$249,800** maximum income (income rounded to the nearest \$100)

#### **Applicants of Resale Restricted Affordable Homes**

Applicants who are purchasing resale restricted affordable homes located within the South Coast or Santa Ynez Valley region must be low, moderate, or upper moderate-income households that meet the maximum income standards of the local jurisdiction operating the affordable homeownership program. Typically, the maximum income standards for 2020 would be based on earning no more than 80% of AMI for low-income, 120% of AMI for moderate and either 160% of AMI or 200% of AMI for upper moderate, adjusted for household size. purchasing a resale restricted home under their affordable homeownership program.

We have calculated the maximum incomes for each category for resale restricted homes using the State HCD income limits below. However, each jurisdiction may have varying income guidelines, and local jurisdictions may use HUD standards rather than State HCD 'Hold Harmless' policy. It

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<sup>18</sup> Borrowers purchasing resale restricted affordable homes must meet the household income requirements of the local jurisdiction operating the affordable housing program.

is the applicant's responsibility to check with the local jurisdiction to determine the maximum income limits for purchasing a resale restricted home under their affordable homeownership program.

## 2021 Maximum Incomes

### Resale Restricted Homes<sup>19</sup>

<b>FY 2021 Income Limit Category</b>	<b>1 Person</b>	<b>2-Person</b>	<b>3-Person</b>	<b>4-Person</b>	<b>5-Person</b>	<b>6-Person</b>	<b>7-Person</b>	<b>8-Person</b>
Low (80%) Income Limits <sup>20</sup>	\$70,050	\$80,050	\$90,050	<b>\$100,050</b>	\$108,100	\$116,100	\$124,100	\$132,100
Median (100%) Income Limits	\$63,050	\$72,100	\$81,100	<b>\$90,100</b>	\$97,300	\$104,500	\$111,700	\$118,950
Moderate (120%) Income Limits	\$75,650	\$86,500	\$97,300	<b>\$108,100</b>	\$116,750	\$125,400	\$134,050	\$142,700
Upper Moderate (160%) Income Limits	\$100,880	\$115,400	\$129,800	<b>\$144,200</b>	\$155,700	\$167,200	\$178,700	\$190,300
Alternative Upper Moderate (200%) Income Limits	\$126,100	\$144,200	\$162,200	<b>\$180,200</b>	\$194,600	\$209,000	\$223,400	\$237,900

<sup>19</sup> Please check with the local jurisdiction to determine the maximum income eligibility for purchasing a resale restricted home.

<sup>20</sup> Maximum low-income household incomes are higher than the median income, due to HUD methodology and allowances for high cost housing market areas such as Santa Barbara County.

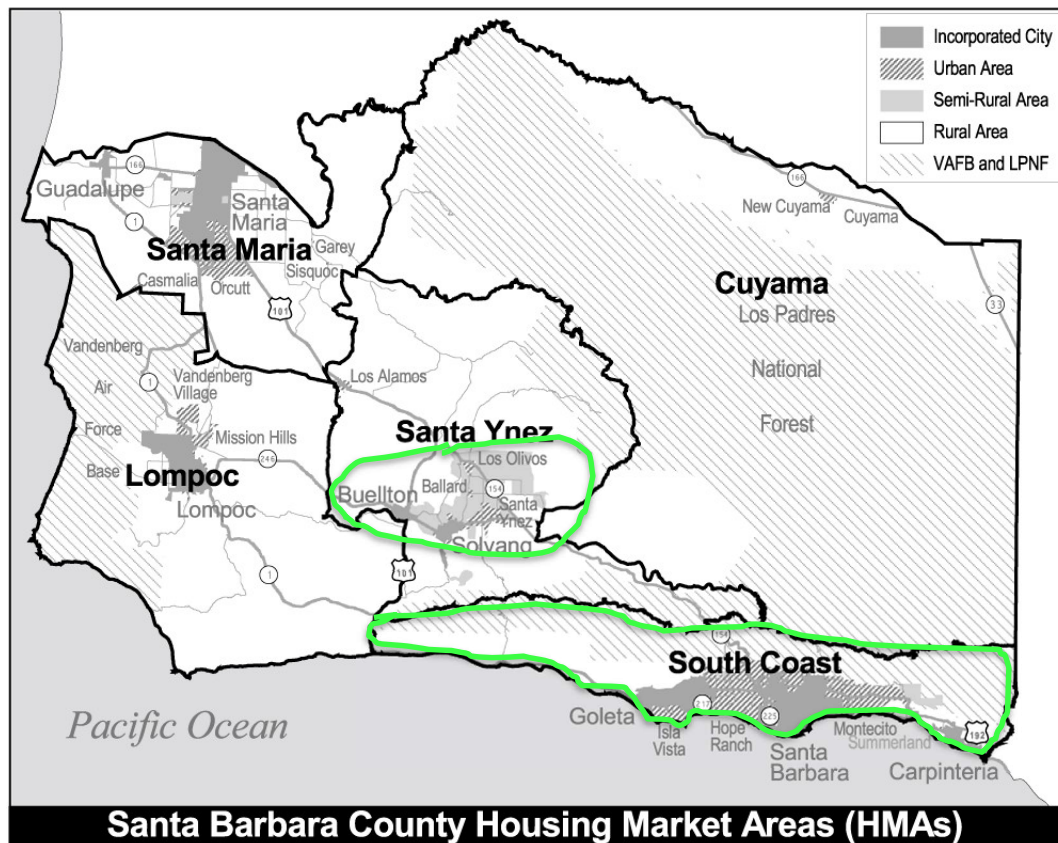


## APPENDIX C

### Eligible Area for Home Purchase

The South Coast Workforce Homebuyer Program serves Southern Santa Barbara County and the Santa Ynez Valley. In the South Coast, applicants may purchase a home located anywhere within the communities of Goleta, Santa Barbara, Montecito, Summerland, Carpinteria or the unincorporated areas of Southern Santa Barbara County, which is defined as from the Gaviota coast to the Carpinteria Valley. Applicants may also purchase homes in the Santa Ynez Valley, including the communities of Buellton, Solvang, Santa Ynez and the immediately surrounding unincorporated areas.

**South Coast Workforce Homebuyer Program – Eligible Housing Market Areas**  
(Homes must be located within green circled areas)



## **Appendix D**

### **Community Partners**

#### **A. Homebuyer Education Providers**

Prior to applying for a loan, you must successfully complete a Homebuyer Education Training course and receive a certificate of completion. The following agencies are approved by the Housing Trust Fund to provide Homebuyer Education Training. You may contact any of these agencies to enroll in either an online or regular course.

##### **Peoples' Self-Help Housing**

3533 Empleo Street  
San Luis Obispo, CA 93401  
Contact: John Clendening  
(805) 540-2446  
Email: [johnc@pshhc.org](mailto:johnc@pshhc.org)  
Web-site: <http://www.pshhc.org>

##### **Ventura County Community Development Corporation**

2231 Sturgis Road, Suite A  
Ventura, CA 93030  
Home Ownership Program  
(805) 273-7800  
Website: [www.vccdc.org](http://www.vccdc.org)

#### **B. Income Certification Providers**

When you apply for the Workforce Homebuyer Down Payment Loan, you must first establish that you are an eligible low to upper moderate-income household based on Area Median Income standards through verification that your household income. You may have your income certified for a fee by these community partners. The documented cost of the household income certification may be counted as part of your minimum 3.5% down payment if your down payment loan is approved.

##### **Housing Authority of the City of Santa Barbara**

808 Laguna Street  
Santa Barbara, CA 93101  
Contact: Veronica Loza, Director of Housing Programs  
(805) 897-1032 or 965-1071  
Email: [VLoza@hacsb.org](mailto:VLoza@hacsb.org)  
Web-site: <http://hacsb.org>

##### **Peoples' Self-Help Housing**

3533 Empleo Street  
San Luis Obispo, CA 93401  
Contact: John Clendening  
(805) 540-2446  
Email: [johnc@pshhc.org](mailto:johnc@pshhc.org)  
Web-site: <http://www.pshhc.org>

### **C. Participating First Mortgage Lenders**

You may contact the following participating lenders by phone or email to arrange an appointment to be pre-approved for a First Mortgage and obtain an application for the Housing Trust Fund South Coast Workforce Homebuyer Program Down Payment Loan.

#### **Chase Home Lending**

Contact: Heather Barrow (805) 687-5350  
Mortgage Banker NMLS #909  
(805) 910-9154  
Email: [heather.barrow@Chase.com](mailto:heather.barrow@Chase.com)

#### **Cornerstone Home Lending, Inc.**

1826 State Street, Santa Barbara, CA 93101  
Contact: Kelly Marsh  
Vice President/California NMLS #245822  
(805) 563-1100 Email: [kmarsh@houseloan.com](mailto:kmarsh@houseloan.com)

#### **Draper and Kramer Mortgage Corp.**

1602 State Street,  
Santa Barbara, CA 93101  
(805) 351-2834  
Contact: Todd Hull NMLS (805) 351-2834 [todd.hull@dkmortgage.com](mailto:todd.hull@dkmortgage.com)  
Ruben Lopez NMLS (805) 351-2833 [ruben.lopez@dkmortgage.com](mailto:ruben.lopez@dkmortgage.com)

#### **Eagle Home Mortgage**

25000 Avenue Stanford Ste 222 Valencia, CA 91355  
Contact: Patrick Hartman NMLS #260083 (661) 476-1691  
[PatrickHartman@eaglehm.com](mailto:PatrickHartman@eaglehm.com)

#### **Finance of America Mortgage**

1129 State Street, Suite 8, Santa Barbara, CA 93101  
Contact: Susan Bonanno  
Mortgage Advisor MLO-245778  
(office) (805) 979-9598; (cell) 805 252-6324  
Email [sbonanno@financeofamerica.com](mailto:sbonanno@financeofamerica.com)

#### **Direct Mortgage Funding**

736 State St Santa Barbara, CA 93101  
Contact: Guy Rivera  
Branch Manager NMLS# 57662  
805 687-6282 x13  
Email [rivera@dmfsb.com](mailto:rivera@dmfsb.com)

**Guaranteed Rate**

809 De La Vina St Santa Barbara, CA 93101

Contact: Jeff Bochsler

Branch Manager/VP of Mortgage Lending NMLS #770636

(805) 335-8753

[Jeff.Bochsler@rate.com](mailto:Jeff.Bochsler@rate.com)

Christian Menard (805) 690-4303

Associate VP NMLS #1470201

(805) 690-4303

[Christian.Menard@rate.com](mailto:Christian.Menard@rate.com)

Mark Johnson (805) 456-5531

VP of Mortgage Lending NMLS #451091

[mark.r.johnson@rate.com](mailto:mark.r.johnson@rate.com)

**Guild Mortgage Company**

2236 S Broadway, Ste B, Santa Maria, CA 93454

(805) 361-0355

**LoanDepot**

1000 Town Center Dr., Suite 300 Oxnard, CA 93036

Contact: Brian Peck

Branch Manager #238741

(805) 290-5715

[BPeck@loandepot.com](mailto:BPeck@loandepot.com)

**Mechanics Bank**

Edna Donner

(805) 614-5355

**RPM Mortgage**

319 E. Carrillo Street, Suite 100, Santa Barbara, CA 93101

Contact: Gayle Nagy

Executive Loan Advisor NMLS #251258

(805) 770-5515

Email: [gnagy@rpm-mtg.com](mailto:gnagy@rpm-mtg.com)

Contact: Michele Herrera

Loan Advisor NMLS #321843

(925) 770-5527

Email: [mherrera@rpm-mtg.com](mailto:mherrera@rpm-mtg.com)

**Synergy One Lending**

Contact: Scott Bradley  
Branch Manager, NMLS #260962  
1250 Coast Village Rd., Suite G  
Santa Barbara, CA 93108  
(805) 403-4012  
Email: [sbradley@s1lending.com](mailto:sbradley@s1lending.com)

**Wintrust Mortgage**

3700 State Street Ste.240, Santa Barbara, CA  
Mishelle Chavez (805) 953-2264  
Senior Mortgage Consultant, NMLS #1727105  
Email: [mchavez@wintrustmortgage.com](mailto:mchavez@wintrustmortgage.com)

**D. Title Companies and Escrow Officers**

Fidelity National Title Insurance and Chicago Title Company  
3700 State Street, Suite 100, Santa Barbara, CA 93105  
1225 Coast Village Rd., Suite E, Montecito, CA 93108

Anna Wines, Escrow Officer (805) 963-8661  
[WinesA@CTT.com](mailto:WinesA@CTT.com)

Janice Bowie, Escrow Officer (805) 845-7902  
[Janice.bowie@fnf.com](mailto:Janice.bowie@fnf.com)

First American Title Company  
3780 State Street  
Santa Barbara, CA 93105

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**E. Homebuyer Discounts**

Borrowers working for employers who are members of the Coastal Housing Partnership may be eligible for home purchase discounts on first mortgage loan processing and credit report fees, home inspection fees and Buyer's Real Estate Broker fees. Please contact the Coastal Housing Partnership for more information.

Coastal Housing Partnership  
P.O. Box 50807 Santa Barbara, CA 93150  
Contact: Corby Gavin Gage, Executive Director (805) 969-1025  
Email: [corby@coastalhousing.org](mailto:corby@coastalhousing.org)  
Web-site: [www.coastalhousing.org](http://www.coastalhousing.org)

## **Appendix E**

### **Occupancy and Ownership Guidelines**

#### **A. Occupancy Requirements.**

- The borrower must occupy the home as his/her principal residence throughout the term of the Housing Trust Fund loan or until the down payment loan is repaid. Occupying your home as your primary place of residence means that you must live in your home for at least ten (10) months out of each calendar year.
- The Housing Trust Fund will perform compliance monitoring and will require documented proof of homeowner occupancy at intervals determined by the Housing Trust Fund.
- The borrower may not lease or rent the home to another party unless pre-approved by the Housing Trust Fund. Any allowed rental may be for a maximum one-year period and will only be approved by the Housing Trust Fund in the event of the homeowner's extended hospitalization or convalescent care, temporary employment relocation, sabbatical, extended travels, other hardship circumstance or good cause.
- The borrower may rent out a room within the home without the Housing Trust Fund approval so long as all borrowers of record continue to reside in the home as their principal place of residence. Borrowers should be aware that some First Mortgage Lenders may not allow the homebuyer to rent rooms.
- If the home is not continuously occupied by the borrower, the loan will be in default and repayment of the Housing Trust Fund principal amount along with any unpaid interest due to the Housing Trust Fund will be immediately due and payable.

#### **B. No Purchase of Other Residential Real Estate**

A condition of the Housing Trust Fund down payment loan is that you may not own other residential property in California or the United States when you apply and will not purchase or agree to purchase any other residential real property, in whole or in part, as long as the Housing Trust Fund loan is not repaid. There are some exceptions to this policy, for example residential property that is inherited by the borrower subsequent to the borrower receiving the Housing Trust Fund loan. Another example of a possible exception might be a borrower who is put on title on a home occupied by an elderly parent in another State. However, in all cases the homeowner must request written approval from the Housing Trust Fund and demonstrate need or other good cause. The Housing Trust Fund retains sole discretion for any waiver or modification of this ownership provision.

## **Appendix F**

### **Income Verification Requirements**

Borrowers applying for a South Coast Workforce Homebuyer Program Down Payment Loan must have their income certified by an approved Housing Trust Fund Community Partner to verify that they meet the income eligibility requirement of a workforce household.

Income certification is not the same as qualifying for a loan from a First Mortgage Lender. Borrowers will first need to be pre-qualified for a loan from a participating First Mortgage lender based on their income and job stability, debt to income ratio, credit score and other criteria used by the lender. In addition, the Borrower must be income certified by a Housing Trust Fund approved Community Partner as an eligible workforce household earning no more than 210%<sup>21</sup> of Area Median Income, adjusted for household size category, for purposes of participating in the Housing Trust Fund program.

To verify household income, applicants will need to submit an Income Certification Application and receive an Income Certification and Affidavit Form completed by a Housing Trust Fund approved Community Partner. Generally, the applicant must provide the following information with the application:

- Federal Income Tax Returns (signed) with W2s from the last three years as well as the two most recent paystubs for all household members over the age of 18 (within 60 days). The income of full-time students who are dependents is exempt.
- Supporting documentation for all other income received including disability, alimony, child support, unemployment, social security, interest and dividend income, etc.
- Written verification of employment for all household members earning an income (within 60 days of application submission).
- An applicant who is self-employed will need to provide income tax returns for the last three years, both State and Federal, plus a profit and loss statement from an account for the last six months.
- An applicant who is both self-employed and works for an employer must provide documentation for both sources of income.
- Two most recent statements from all asset accounts, including checking and savings accounts, individual retirement accounts, investment and trust accounts, etc., for each household member who is at least 18 years old.

Applicants may be required to submit additional information needed to verify household income.

*Housing Trust Fund Community Partners will perform the income certification for the borrower. Please see Appendix D for their contact information.*

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<sup>21</sup> Borrowers purchasing a resale restricted home in the South Santa Barbara County must meet the income certification requirements of the particular local jurisdiction operating the affordable housing program. The maximum income standards for resale restricted homes are different than the Housing Trust Fund's. Please see Appendix B.

## **Appendix G**

### **Home Inspection and Habitability Requirements**

#### **A. Home Inspection Requirements**

The Housing Trust Fund requires that homes eligible for secondary loans under the South Coast Workforce Homebuyer Program be completed, ready for occupancy and meet local building and health and safety code standards, including no deteriorated lead paint. A Home Inspection Report must be submitted by the applicant for a down payment loan as part of the application packet. The Housing Trust Fund will require the repair of health, safety, security and soundness defects and local code violations prior to funding of the down payment loan. Generally, the Housing Trust Fund does not require the repair of minor defects, deferred maintenance and normal wear as a condition of the loan. It is required that the roof have a minimum remaining life of two years.

##### **1. Qualifications for Home Inspection:**

A professional Home Inspection company must be used to perform the home inspection. The homebuyer may also use a licensed contractor, provided that the contractor can provide evidence that he/she has received specific training in home inspection that is recognized by or certified by either the California Real Estate Inspection Association (CREIA), American Society of Home Inspections (ASHI), National Association of Home Inspection (NAHI) or comparable association.

##### **2. Home Inspection Report:**

The Home Inspection Report must clearly indicate and delineate between health and safety hazard items, repair items, routine or deferred maintenance items, recommended upgrades and items that require additional review by a specialist.

##### **3. Required Repairs:**

**a. Local Code Violations:** The home must not have any conditions that constitute a public nuisance or code violation under local codes. Examples of property nuisances might include boarded up, partially destroyed, dilapidated or unpainted conditions on homes, broken windows, door or other openings that constitute a hazardous condition, overgrown grass or weeds in excess of one foot from the ground which are unsightly or likely to harbor rats or vermin, abandoned equipment, vehicles or pools, trash and garbage, etc. Borrowers should work with their realtor to identify any possible violations of local codes prior to executing a sales contract to purchase a home.

**b. Health & Safety Hazards:** Health and safety items must be repaired prior to loan closing. Examples of health and safety hazards include but are not limited to:

- Lack of carbon monoxide and smoke detectors
- Water heater does not meet local or state building codes (e.g. not seismically secured; defective or no relief valve on the water heater, etc.)
- Faulty or defective mechanical systems (electrical, plumbing or heating)
- Broken windows
- Broken or defective garage door opener
- Serious trip hazards
- Electrical outlets not grounded in kitchen counter or bathroom areas



- Damaged fire wall between the garage and living areas
- Damaged or deteriorating asbestos
- Hazardous materials on site

**c. Soundness of the home:** The home should not have any physical deficiencies or conditions that affect its structural integrity. Homebuyers should be careful in executing home sales contracts where the home may have serious structural problems, as required repairs may be costly unless the seller agrees to make the repairs. Examples of problems with the soundness of the home that will be of concern to the Housing Trust Fund include but are not limited to:

- Leaking or worn out roof: The Housing Trust Fund will follow the FHA standard that the roof must have a **minimum remaining life of two years**. If the roof is worn out or has major leaks, the Housing Trust Fund will require that it be repaired or replaced.
- Structural Failure: Evidence of settlement or bulging foundation
- Standing water against the foundation or excessively damp basement
- Active termite infestation, mold or dry rot.

**d. Lead Paint:** Homes constructed pre-1978 must be evaluated for lead paint hazards by the Home Inspector or a specialist, if recommended by the Home Inspector. The home must not have any deteriorated exterior or interior lead paint that is peeling, chipping, chalking or cracking. Deteriorated lead paint may require specialized cleaning, repairs or maintenance. Any lead paint evaluation and repair must meet the standards in HUD Guidelines for the Evaluation and Control of Lead-Based Paint Hazards in Housing (2012).

**e. Bathrooms:** The home must have at least one bathroom with a workable toilet, sink and shower or bathtub in the bathroom.

## **B. Overcrowding Standards**

The Housing Trust Fund will not provide down payment assistance to eligible homebuyers who purchase homes that result in overcrowding. The Housing Trust Fund will use the occupancy policy of a maximum of two persons per bedroom as determined as reasonable by HUD under the Fair Housing Act<sup>22</sup>. However, the Housing Trust Fund's general occupancy standard may be tempered by the size and configuration of the home and the age of any children who will occupy the home. On a case-by-case basis, HTF may allow one additional person above the two persons per bedroom standard, provided the home has adequate additional space such as a den, office or large living room<sup>23</sup>. The Housing Trust Fund reserves the right to disallow a down payment loan to a homebuyer based on the Housing Trust Fund's determination that the use of its funds would result in overcrowded living conditions.

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<sup>22</sup> The HUD Keating Memorandum dated March 20, 1991 supports an occupancy policy of two persons per bedroom, as a general rule, as reasonable under the Fair Housing Act.

<sup>23</sup> In regards to rental housing, the California Department of Fair Employment and Housing (DFEH) recommends two persons per bedroom plus one additional person for the overall rental unit. However, the DFEH recommendation relates to rental housing rather than homeownership housing and exceeds the HUD definitions of overcrowding and severe overcrowding, which are 1 person per room and 1.5 persons per room, respectively, excluding bathrooms and kitchens. The Housing Trust Fund has adopted official policies for its affordable housing programs that call for occupancy standards that do not exceed HUD overcrowding standards.

## **Appendix H**

### **Eligible Uses of the Workforce Homebuyer Down Payment Loan**

The primary use of the South Coast Workforce Homebuyer Program down payment loan is to provide homebuyers with financial assistance towards the down payment needed to purchase a home. The maximum amount of the Housing Trust Fund loan that can be used toward the down payment is 16.5% of the home purchase price. Homebuyers may also apply a portion of the loan proceeds toward other eligible nonrecurring and recurring closing costs and expenses incurred in qualifying for the down payment loan. The following additional uses are eligible:

#### **Nonrecurring Closing Costs**

Credit Report – credit for the borrower cost<sup>24</sup>

Home appraisal – credit for the borrower cost

Home Inspection – credit for the borrower cost

Loan origination fee

Title and Escrow fees

Recording and Notary Fees

Loan Interest Rate Buy-Down up to a maximum of one-half point (.5%)

Home Warranty

#### **Recurring Costs and Impounds<sup>25</sup>**

Property Tax Impound – maximum six months

Prepaid Homeowner's Association fee

Prepaid home insurance

#### **Loan Qualification Costs<sup>26</sup>**

Credit for cost of Homebuyer Education Course – maximum of \$150

Credit for Homebuyer Income Certification – maximum of \$300

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<sup>24</sup> Borrowers can receive credit towards their minimum 3.5% down payment requirement for these home acquisition costs. However, the borrower will not receive any cash back in escrow for the expense.

<sup>25</sup> Borrowers may use a portion of the Housing Trust Fund down payment loan for recurring costs and impounds required as part of the home purchase loan closing, based on the First Mortgage Lender requirements.

<sup>26</sup> Borrowers can receive credit towards the 3.5% minimum down payment requirement for these loan qualifying costs. However, the borrower will not receive any cash back in escrow for the expense.

## **Appendix I**

### **Home Acquisition and Loan Repayment Examples**

#### **A. Acquisition Model:**

The loan models shown here are for workforce households of two to four persons earning different incomes and purchasing different priced homes within a reasonable payment ability of 35%-36%<sup>27</sup> of income for all housing costs (first mortgage payment, down payment loan interest, taxes, insurance and Homeowner's Association fees). The Housing Trust Fund can loan up to 16.5% of the purchase price of the home or a maximum loan of \$125,000. The homebuyer must contribute a minimum of 3.5% of the home purchase price. In addition, the homebuyer will have to pay closing cost expenses, which may typically be 2-3% of the home purchase price. For the models, we have used 3.50% for the first mortgage interest rate and 4.50% for the Housing Trust Fund secondary loan interest rate. However, we note that interest rates may vary and therefore the specific numbers shown in this example may also change.

These acquisition models are just examples. Individual Borrowers may be able to purchase homes at varying prices, depending upon their income, credit scores, household size and equity resources.

#### **B. Repayment Model and Assumptions:**

The Housing Trust Fund loan is designed so that at the end of 10 or 15 years, the homeowner should be able to repay the down payment loan by refinancing the home or taking out a home equity loan, based solely on the homeowner paying down on the first mortgage and increased home equity over time. The homebuyer may have additional equity in the home due to the home's market appreciation. However, financial model does not rely on home appreciation and works even in a flat housing market.

While we cannot predict future interest rates and housing market conditions, we can make reasonable assumptions based on historic trends. For purposes of these models, we have assumed conservatively that at the end of 10 years the homebuyer is able to refinance the home with a new 30-year first mortgage loan at 7% interest or take out a 15-year home equity loan at 9% interest. We also assume property tax increasing 2% annually and insurance and HOA costs increasing 2.5% annually. Finally, we project that the homebuyer's income increases on the average 2% annually over the 10 years, a rate lower than thirty-year historic patterns. However, the Housing Trust Fund makes no promise or guarantee about future interest rates or home values, and the borrower should be advised that interest rates and home values in 10 years might be higher or lower than current market conditions.

The following examples demonstrate how the homeowner should be able to repay the Housing Trust Fund loan and still pay between 35%-36% of household income for all housing costs.

All of the following examples are simplified models only, not actual loan transactions. Loan transaction and closing costs (realtor commissions, title and escrow fees, etc.) are not shown. For financing modeling purposes, numbers are rounded.

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<sup>27</sup> Homebuyers may pay more percentage of household income for all housing costs, typically up to 38% in today's mortgage market, depending upon the qualifying standards of the first mortgage lender. However, the Housing Trust Fund has used a conservative range of 35-36% as the front-end ratio for its calculations.

## 2. Workforce Homebuyer #2:

A household of three earning \$162,800 purchases a \$850,000 2-3 bedroom, 2 bath condominium or Townhome using a \$125,000 Housing Trust Fund secondary loan and \$45,000 of their own cash. Using today's mortgage rates for a \$680,000 first mortgage loan, the first mortgage payment and all other housing costs (HTF down payment loan interest, property taxes, Homeowner's Association fees and insurance) are about 35%-36% of household income or approximately \$4,763 per month.

At the end of 10 years the Homeowner would repay the down payment loan through refinancing or taking out a home equity loan. The repayment calculation is shown on the next page.

<b>South Coast Workforce Homebuyer Model</b>		<b>Homebuyer 2</b>
20% Down Payment - Conventional Financing		
<b>Workforce Family of Three</b>		
Annual Household Income		\$162,800
Percentage of Median Income		201%
2-3 bedroom 2 Bath Condo/Townhome		1100-1900 sq.ft.
Purchase Price		\$850,000
<b>Employee Income &amp; Housing Cost:</b>		
Annual Income		\$162,800
Housing cost/income ratio		35.11%
Maximum housing payment		\$4,763
Association Fees & Insurance (Interior/Exterior)		(\$450)
Monthly FHA Mortgage Insurance -.8-1.05%		\$0
HTF Down Payment Loan -Interest Only @ 4.50%		(\$469)
Property Tax Payments -1.125%		(\$885)
Amount Available for 1st Mortgage Payment		\$2,959
Mortgage interest Rate*		3.25%
First Mortgage Loan Amount		\$680,000
<b>Downpayment Requirements:</b>		
Downpayment		20.0%
Homebuyer Down Payment/Equity – 5.3%		\$45,000
HTF Down Payment Loan – 14.7%		\$125,000
Total Downpayment/Equity - 20%		\$170,000
Down Payment Plus First Mortgage		\$850,000
*Interest rate may be higher or lower depending upon homebuyer qualifications		

<b>Homebuyer Loan Repayment Model - Homebuyer 2</b>	
<b>Acquisition Financing</b>	
Home Purchase Price	\$850,000
Down Payment Loan Amount	\$125,000
Original Mortgage Amount:	\$680,000
Homebuyer Annual Income	\$162,800
Monthly mortgage payment-30 years @ 3.25%	\$2,959
Property taxes, insurance, HOA, down payment loan	\$1,804
Total housing costs @ 35%-36% income for housing	\$4,763
<b>Homeowner Refinance in year 10</b>	
Principal balance on original mortgage	\$521,760
Down payment loan principal	\$125,000
Total Amount to be financed	\$646,760
New Monthly Mortgage payment - 30-years @ 7.00%	\$4,303
Property Tax, insurance, HOA (2-2.5% annual increase)	\$1,625
Total monthly housing costs	\$5,927
Annual Income Needed @ 35-36% income for housing	\$200,360
Projected income - 2% annual average increase	\$198,452
Total available for housing costs @ 35-36% income	\$5,870
Percentage of needed income	99%
Percentage homeowner income for housing	36%
<b>Alternative Home Equity Loan Refinance:</b>	
Home equity loan (15 years @ 9%)	\$125,000
Monthly home equity payment	\$1,268
Original mortgage monthly payment	\$2,959
Property Tax, insurance, HOA	\$1,625
Total housing costs:	\$5,851
Income needed at 35%-36% income for housing	\$197,792
Projected income - 2% annual average increase	\$198,450
Percentage of needed income	100%
Percentage homeowner income for housing	35%

### 3. Workforce Homebuyer #3:

A household of four earning \$163,800 purchases a \$892,000 3-bedroom, 2 bath single family home or Townhome using a \$125,000 Housing Trust Fund secondary loan and \$53,400 of their own cash. Using today's mortgage rates for a \$714,000 first mortgage loan, the first mortgage payment and all other housing costs (HTF down payment loan interest, property taxes, Homeowner's Association fees and insurance) are about 35%-36% of household income or approximately \$4,784 per month.

At the end of 10 years the Homeowner would repay the down payment loan through refinancing or taking out a home equity loan. The repayment calculation is shown on the next page.

<b>South Coast Workforce Homebuyer Model</b>		<b>Homebuyer 3</b>
20% Down Payment -Conventional Financing		
<b>Workforce Family of Four</b>		
Annual Household Income		\$183,800
Percentage of Median Income		182%
3-Bedroom 2-Bath Single Family or Townhome		1000-1700 sq.ft.
Purchase Price		\$892,000
<b>Employee Income &amp; Housing Cost:</b>		
Annual Income		\$183,800
Housing cost/income ratio 35-36%		35%
Maximum housing payment		\$4,784
Association Fees & Insurance (Interior/Exterior)		(\$280)
Monthly FHA Mortgage Insurance -.8-1.05%		\$0
HTF Down Payment Loan -Interest Only @ 4.50%		(\$469)
Property Tax Payments -1.125%		(\$929)
Amount Available for 1st Mortgage Payment		\$3,106
Mortgage interest Rate* (buy-down potential)		3.25%
First Mortgage Loan Amount		\$713,600
<b>Downpayment Requirements:</b>		
Downpayment		20.0%
Homebuyer Down Payment/Equity – 6%		\$53,400
HTF Down Payment Loan -14%		\$125,000
Total Downpayment/Equity - 20%		\$178,400
Down Payment Plus First Mortgage		\$892,000
*Interest rate may be higher or lower depending upon homebuyer qualifications		

<b>LOAN REPAYMENT MODEL - Homebuyer 3</b>	
<b>Acquisition Financing:</b>	
Home purchase price	\$892,000
Downpayment Loan Amount	\$125,000
Original Mortgage Amount:	\$713,600
Homebuyer Annual Income	\$163,800
Monthly Mortgage Payment - 30 years @ 3% rate	\$3,106
Property Tax, insurance, HOA, down payment loan	\$1,678
Total housing costs @ 35-36% of income	\$4,784
<b>Refinance end of year 10:</b>	
Principal Balance on Original Mortgage	\$547,542
Repayment of Down Payment Loan	\$125,000
Total amount to be refinanced	\$672,542
New monthly mortgage payment - 7.00% rate	\$4,474
Property Tax, insurance, HOA (2-2.5% annual increase)	\$1,465
Total monthly housing costs	\$5,939
Annual income needed @ 35-36% income for housing	\$200,763
Projected income - 2% annual average increase	\$199,671
Total available for housing costs @ 35-36% income	\$5,907
Percentage of needed income	99%
Percentage homeowner income for housing	36%
<b>Alternative Refinancing Plan:</b>	
Home equity loan (15 years @ 9%)	\$125,000
Monthly home equity loan payment	\$1,268
Original monthly mortgage payment	\$3,106
Property tax, insurance, HOA	\$1,465
Total new monthly housing costs	\$5,838
Annual income needed @ 35-36% income	\$200,170
Projected income - 2% annual increase	\$199,671
Percentage of needed income	100%
Percentage homeowner income for housing	35%

#### 4. Workforce Homebuyer #4:

A household of four earning \$177,500 purchases a \$950,000 2-4 bedroom, 1.5-2 bath single family home or townhome using a \$125,000 Housing Trust Fund secondary loan and \$65,000 of their own cash. Using today's mortgage rates for a \$760,000 first mortgage loan, the first mortgage payment and all other housing costs (HTF down payment loan interest, property taxes, Homeowner's Association fees and insurance) are about 35%-36% of household income or approximately \$5,177 per month.

At the end of 10 years the Homeowner would repay the down payment loan through refinancing or taking out a home equity loan. The repayment calculation is shown on the next page.

<b>South Coast Workforce Homebuyer Model</b>	
20% Down Payment - Conventional Financing	
<b>Homebuyer 4</b>	
<b>Workforce Family of Four</b>	
Annual Household Income	\$177,500
Percentage of Median Income	196%
2-4 Bedroom 1.5-2 Bath Single Family	1200-2000 sq.ft.
Purchase Price	\$950,000
<b>Employee Income &amp; Housing Cost:</b>	
Annual Income	\$177,700
Housing cost/income ratio	35%
Maximum housing payment	\$5,177
Association Fees & Insurance (Interior/Exterior)	(\$275)
Monthly FHA Mortgage Insurance -.8%-1.05%	\$0
HTF Down Payment Loan -Interest Only @ 4.50%	(\$469)
Property Tax Payments -1.12%	(\$1,125)
Amount Available for 1st Mortgage Payment	\$3,308
Mortgage interest Rate* (buy-down potential)	3.25%
First Mortgage Loan Amount	\$760,000
<b>Downpayment Requirements:</b>	
Downpayment	20.0%
Homebuyer Down Payment/Equity – 6.8%%	\$65,000
HTF Down Payment Loan -13.2%	\$125,000
Total Downpayment/Equity - 20%	\$190,000
Down Payment Plus First Mortgage	\$950,000
*Interest rate may be higher or lower depending upon homebuyer qualifications	



<b>REFINANCING ANALYSIS - Homebuyer 4</b>	
<b>Acquisition Financing</b>	
Home purchase price	\$950,000
Downpayment Loan Amount	\$125,000
Original Mortgage Amount:	\$760,000
Homebuyer Annual Income	\$177,500
Monthly Mortgage Payment - 30 years @ 3.25% rate	\$3,308
Property Tax, insurance, HOA, down payment loan	\$1,869
Total housing costs @ 35-36% of income	\$5,178
<b>Refinance end of year 10</b>	
Principal Balance on Original Mortgage	\$583,144
Repayment of Down Payment Loan	\$125,000
Total amount to be refinanced	\$708,144
New monthly mortgage payment - 7.00% rate	\$4,711
Property Tax, insurance, HOA (2-2.5% annual increase)	\$1,694
Total monthly housing costs	\$6,405
Annual income needed @ 35-36% income for housing	\$216,510
Projected income - 2% annual average increase	\$216,372
Total available for housing costs @ 35-36% income	\$6,401
Percentage of needed income	100%
Percentage homeowner income for housing	35.5%
<b>Alternative Refinancing Plan</b>	
Home equity loan (15 years @ 9%)	\$125,000
Monthly home equity loan payment	\$1,268
Original monthly mortgage payment	\$3,308
Property tax, insurance, HOA	\$1,694
Total new monthly housing costs	\$6,269
Annual income needed @ 35-36% income	\$211,920
Projected income - 2% average annual increase	\$216,372
Percentage of needed income	102%
Percentage homeowner income for housing	35%

## 5. Workforce Homebuyer #5:

A household of four earning \$188,900 purchases a \$1,080,000 3-4-bedroom, 2-3 bath single family home or Townhome using a \$125,000 Housing Trust Fund secondary loan and \$91,000 of their own cash. Using today's mortgage rates for a \$864,000 first mortgage loan, the first mortgage payment and all other housing costs (HTF down payment loan interest, property taxes, Homeowner's Association fees and insurance) are about 35-36% of household income or approximately \$5,567 per month.

At the end of 10 years the Homeowner will repay the down payment loan through refinancing or taking out a home equity loan. The repayment calculation is shown on the next page.

<b>South Coast Workforce Homebuyer Model</b>		<b>Homebuyer 5</b>
20% Down Payment -Conventional Financing		
<b>Workforce Family of Four</b>		
Annual Household Income		\$188,900
Percentage of Median Income		209%
3-4-Bedroom 2-3 Bath Single Family		1400-2000 sq.ft.
Purchase Price		\$1,080,000
<b>Employee Income &amp; Housing Cost:</b>		
Annual Income		\$188,900
Housing cost/income ratio		35.4%
Maximum housing payment		\$5,567
Association Fees & Insurance (Interior/Exterior)		(\$275)
Monthly FHA Mortgage Insurance -.8-1.05%		\$0
HTF Down Payment Loan -Interest Only @ 4.5%		(\$469)
Property Tax Payments -1.125%		(\$1,063)
Amount Available for 1st Mortgage Payment		\$3,760
Mortgage interest Rate* (buy-down potential)		3.25%
First Mortgage Loan Amount		\$864,000
<b>Downpayment Requirements:</b>		
Down payment		20%
Homebuyer Down Payment/Equity - 8.4%		\$91,000
HTF Down Payment Loan -11.6%		\$125,000
Total Downpayment/Equity - 20%		\$216,000
Down Payment Plus First Mortgage		\$1,080,000
*Interest rate may be higher or lower depending upon homebuyer qualifications		

<b>REFINANCING ANALYSIS - Homebuyer 5</b>	
<b>Acquisition Financing</b>	
Home purchase price	\$1,080,000
Downpayment Loan Amount	\$125,000
Original Mortgage Amount:	\$864,000
Homebuyer Annual Income	\$188,900
Monthly Mortgage Payment - 30 years @ 3.25% rate	\$3,760
Property Tax, insurance, HOA, down payment loan	\$1,807
Total housing costs @ 35%-36% of income	\$5,568
<b>Refinance end of year 10</b>	
Principal Balance on Original Mortgage	\$664,902
Repayment of Down Payment Loan	\$125,000
Total amount to be refinanced	\$789,902
New monthly mortgage payment - 7.00% rate	\$5,255
Property Tax, insurance, HOA (2-2.5% annual increase)	\$1,619
Total monthly housing costs	\$6,875
Annual income needed @ 35%-36% income for housing	\$232,380
Projected income - 2% annual average increase	\$230,268
Total available for housing costs @ 35%-36% income	\$6,812
Percentage of needed income	99%
Percentage homeowner income for housing	36%
<b>Alternative Refinancing Plan</b>	
Home equity loan (15 years @ 9%)	\$125,000
Monthly home equity loan payment	\$1,268
Original monthly mortgage payment	\$3,760
Property tax, insurance, HOA	\$1,619
Total new monthly housing costs	\$6,647
Annual income needed @ 35%-36% income	\$224,702
Projected income - 2% annual increase	\$230,268
Percentage of needed income	102%
Percentage homeowner income for housing	35%