

CITY OF ELK GROVE HOMEBUYER ASSISTANCE PROGRAM PROGRAM SUMMARY SHEET

BUYER REQUIREMENTS								
Income limit		80% of area median income, as calculated by HCD (see below).						
<i>Household size (persons)</i>	<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>	<i>5</i>	<i>6</i>	<i>7</i>	<i>8</i>
<i>Maximum gross income</i>	<i>\$46,850</i>	<i>\$53,550</i>	<i>\$60,250</i>	<i>\$66,900</i>	<i>\$72,300</i>	<i>\$77,650</i>	<i>\$83,000</i>	<i>\$88,350</i>
First-time homebuyer status		No ownership in past three years. Limited exceptions with City approval.						
Occupancy requirement		Owner-occupant, primary residence. Loan due if not owner-occupied.						
Homebuyer education		8-hour homebuyer counseling course required. Must take at NeighborWorks prior to purchase. Will accept certificates for courses completed in prior three years.						
Credit history		Minimum score of 650 for all persons on title. Charge off and collections accounts required to be paid through escrow.						

PROPERTY REQUIREMENTS	
Eligible types	Single-family detached, single-family semi-detached, approved condominium, or halfplex.
Location	Within incorporated limits of the City of Elk Grove.
Tenure	Must be vacant at close of escrow. New homes: construction must be complete at time of offer.
Sales price limit	100% of Sacramento County median (\$370,000 as of May 2019)
Inspection requirements	Home inspection by qualified inspector required. Pest inspection required.
Flood insurance	Required if in 100-year floodplain.

LOAN TERMS	
Loan product	30-year "silent second" deferred-payment mortgage.
Use of funds	Downpayment and/or non-recurring closing costs. Use for closing costs limited to 3% of purchase price.
Maximum loan amount	\$59,650 or 20% of purchase price, whichever is less.
Loan amount calculation	Actual loan amount calculated on what is needed to make monthly housing cost affordable to buyer. Buyer is expected to spend approximately 30% of gross income on housing.
Interest rate	3% simple. Interest is forgiven over years 11-20. No principal forgiveness.



Position	City must be in second position. Approval of senior debt required.
Deed restriction	None.
Required documents	Loan Agreement, Promissory Note, Deed of Trust, Request for Notice of Default, statutory lending notices.
Special requirements	Buyer eligibility must be confirmed prior to making purchase offer. Purchase offer must include City contingencies.

SENIOR LOAN REQUIREMENTS

Loan product	Fixed-rate, fully amortizing, 30-year mortgage. Conventional, FHA, VA acceptable.
Maximum interest rate	Current market rate. No temporary rate buydowns.
Maximum CLTV	99%, plus 5% to cover actual closing costs. City assistance limited to 20% of purchase price.
Minimum housing debt-to-income ratio	26%
Maximum housing debt-to-income ratio	32% (up to 36% with compensating factors, subject to City approval)
Minimum total debt-to-income ratio	30%
Maximum total debt-to-income ratio	38% (up to 42% with compensating factors, subject to City approval)
Minimum borrower contribution	1%. Cannot be used toward closing costs.
Gift funds	Allowed. Must be evidenced by gift letter.
Impounds	Taxes and insurance required.
City fee	None.

CONTACT INFORMATION

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