City of Garden Grove

First-Time Home Buyer Program

2026 GUIDELINES



GARDEN GROVE

City of Garden Grove

First-Time Home Buyer Program

The City of Garden Grove is offering down-payment assistance for qualifying first-time home buyers!



- **Up to $110,000 loan for low-income households (80% AMI)**
- **Up to $50,000 loan for median-income households (120% AMI)**
- **0% interest**
- **Minimum of 3% down-payment**
  Of the purchase price of the home and from borrowers own funds
- **30-year deferred plan**
  No monthly payments required for 30 years
- **Homebuyer Counseling**
  Click here to view upcoming workshops
- **Have not owned a home in past 3 years**
- **Must income-qualify (see chart below)**

INCOME LIMITS

Household Size	1	2	3	4	5	6	7	8
INCOME LIMITS Low Income (80%)	$104,200	$119,100	$134,000	$148,850	$160,800	$172,700	$184,600	$196,500
INCOME LIMITS Moderate Income (120%)	$116,400	$133,050	$149,650	$166,300	$179,600	$192,900	$206,200	$219,500

Income limits are provided by the California Department of Housing and Community Development (HCD) and are subject to change without notice

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EQUAL HOUSING OPPORTUNITY

For more information regarding the City's First-Time Home Buyer Program please visit the Neighborhood Improvement Division's website at:
www.ggcity.org/neighborhood-improvement/fthb

GARDEN GROVE

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1.0 GENERAL

The City of Garden Grove (City "City") has entered into a contractual relationship with the State of California Department of Housing and Community Development ("HCD") to administer a first time home buyer mortgage assistance program using CalHome and Permanent Local Housing Allocation (PLHA) funding. The First Time Homebuyer Program described herein ("Program") is designed to provide financial assistance to eligible first time homebuyers (herein referred to as"homebuyers" and also at times as "homebuyer/applicants") in purchasing single family homes located within the City for an Affordable Housing Cost, which homes shall be used and occupied as the principal residence of the homebuyer. The eligible single-family homes to be purchased by homebuyers pursuant to the Program are also referred to as "housing units." The Program provides financial assistance to eligible income qualified, first time homebuyers in the form of deferred payment"silent" subordinate loans as "gap" financing toward the purchase price and closing costs of affordable housing units that will be owned and occupied by the homebuyers. The Program will be administered by the City or by another qualified first time homebuyer loan administration consultant selected and retained by the City ("Program Operator"). The Program will be administered in accordance with the statutes authorizing the CalHome Program, set forth at Health and Safety Code Section 50650, et seq.,and the CalHome Regulations set forth at Title 25 California Code of Regulations Section 7715,et seq., as they may be amended from time to time ("CalHome Regulations"). The Program will further comply with the Permanent Local Housing Allocation Guidelines adopted by the California Department of Housing and Community Development pursuant to Health & Safety Code Section50470 et seq. ("PLHA Guidelines").

1.1 Program Outreach and Marketing

Program implementation will be carried out in accordance with applicable state and federal fair lending and fair housing statutes and regulations to assure nondiscriminatory treatment, outreach and access to the Program. No person or member of any household shall, on the grounds of age, ancestry,color, creed, physical or mental disability or handicap, marital or familial status, medical condition,national origin, race, religion, gender or sexual orientation be excluded, denied benefits or subjected to discrimination under the Program. The City will ensure that all persons, including those qualified individuals with handicaps, have reasonable access to the Program; provided however, the City's funding for the Program may be limited to CalHome and PLHA Program funds allocated by HCD to and received by the City.

A. The "Fair Housing Lender" official logo will be placed on all Program outreach materials. Fair housing marketing actions will be based upon a characteristic analysis comparison (census data may be used) of the City's eligible area compared to the ethnicity of the population served by the Program (including, separately, all Program applications given out in comparison with those receiving Program assistance) and an explanation of any underserved segments of the population. This information is used to show that protected classes (age, gender,ethnicity, race, and disability) are not being excluded from the Program. A Fair Housing Marketing Plan is attached hereto as ***Attachment E***. Flyers or other Program outreach materials, will be prepared in English and in other languages that are primary languages of a significant portion of the area residents, and materials will be widely distributed in the City and will be provided to local social service agencies for distribution and dissemination of Program information. The City may include as a part of the Program homebuyer/homeownership classes and/or housing counseling to help educate homebuyers about credit, budgeting, predatory lending, foreclosure prevention and housing unit maintenance, as well as future responsibilities.

B. The Program Operator will work closely with local real estate agents and primary lenders to explain the Program requirements for eligible housing units and homebuyers and Program procedures relating to homebuyer/applicant qualifications, application process,administration of the waiting list, property eligibility criteria, and Program Loan servicing policies and procedures. Local real estate agents and primary lenders will be encouraged to have their customers participate in the Program.

1.2 Application Process and Selection

A. Welcome Letter and Pre-Application Checklist. Program Operator or the City shall provide any person indicating an interest in the Program with a copy each of the Welcome Letter (Attachment G), Pre-Application Checklist (Attachment H), and Program Information Sheet and Instructions to Homebuyer (Attachment D) to assist any interested person in determining whether they may be eligible for Program assistance. The Program Operator will solicit interest in the Program through community outreach and affirmative marketing to potentially eligible homebuyers, such as by mail, telephone, flyers, City website, and posting information at community resource centers, to advise the public of funding availability and invite applications to the Program. An interested homebuyer can obtain a preliminary application seeking to be added to the Program waiting list.

B. Homebuyer Workshop Certification. Any person indicating an interest in the Program will first need to complete a homebuyer workshop from a HUD-approved counseling agency. Each household member that will be listed on title for the home to be purchased must complete the course. Upon completion of the course, a certificate of completion should be received from the agency to be submitted for the pre-approval process.

C. Pre-Approvals. Once a homebuyer completes the homebuyer workshop,application pre-approvals will be reviewed on a first-come, first-served basis to interested income eligible applicants, as Program funds are available. The applicant is required to complete in full and submit the Program application to the Program Operator, along with all necessary supporting documentation. After review of the applicant's complete application and an initial review of eligibility, a "Pre-Approval Letter" for the program will be issued if the applicant has been verified as meeting the program's income requirements. This step can be performed prior to the securing of a property in Garden Grove.

D. Final Document Collection and Review. Once escrow is opened on a home in Garden Grove, the City will need to collect required documents and review them to confirm that the household qualifies for assistance. Revert to Attachment I for the complete list of documents required from the homebuyer and underwriter. During the application review, the applicant's current documentation will be reviewed to determine the extent of assistance required. After theapplication review, if the City determines the applicant is income eligible and otherwise qualified for program assistance, the applicant will be required to provide reliable verifications regarding the property information, credit, and the purchase agreement to be verified through the underwriting process.

E. Eligible Housing Unit. After the Program Operator reviews and approves the household income and financials for the applicant, the final step before issuing the approval of the loan is scheduling a housing inspection with a City Building Inspector to inspect the housing unit to determine eligibility and acceptability of the housing unit for participation in the Program. This includes verifying that the housing unit meets the property standards set forth at 24 CFR§ 92.251, including compliance with the City Municipal Code and all applicable Uniform Building Codes, and that the number of bedrooms at the housing unit will be sufficient to prevent overcrowding as described in Section 3.2(c) below. If the City Building Inspector determines that the housing unit is not structurally sound, or identifies any code related and health and safety deficiencies that need to be corrected to bring the housing unit into compliance with the property standards required by these Guidelines, a list of such items shall be provided to the applicant for negotiations with the seller of the housing unit, as set forth in Section 3.2.

F. Loan Request Approval. A report and Program Loan request are prepared on behalf of the homebuyer by the Program Operator. The report will summarize (1) all income eligibility documentation for the homebuyer, including a summary of verifications provided by the homebuyer and calculation of Affordable Housing Cost (as defined in the CalHome Regulations and PLHA Guidelines), (2) relevant information regarding the subject housing unit, including number of bedrooms, the size of the unit, and condition of the housing unit, (3) the total debt of the homebuyer including the primary loan, the Program Loan, and any other authorized loans or other debt of the homebuyer and the total debt to income ratio calculation for the homebuyer/applicant,(4) the terms of the primary loan, (5) a suggested Program Loan principal amount, and (6) a written determination that the homebuyer/applicant is eligible for assistance pursuant to the Program. The Economic Development and Housing Director or his or her designee will consider the Program Loan request(s), as presented by the Program Operator. The selection of homeowners to participate in the Program shall remain at all times in the sole, reasonable discretion of the City. Section 8 of these Guidelines provides additional

information on the Program Loan review and approval process. If and when approved, Program Loan documents (including the Affordable Housing Loan Agreement, Promissory Note, Deed of Trust, Program Disclosure Statement, and Regulation Z Disclosure Statement), and other necessary documents shall be reviewed and executed by the homebuyer and authorized City representative(s). The proceeds of the Program Loan will be disbursed through escrow concurrently with closing for the homebuyer's purchase of the eligible housing unit.

1.3 Housing Unit Purchase Process

A. Primary Loan and Program Loan Amount. The following is a simplified example of how a primary lender would analyze a homebuyer's finances to determine how much the homebuyer could afford to borrow from the primary lender towards homeownership.

DEBT SERVICE FOR A FAMILY OF FOUR EARNING $10,000 PER MONTH

Housing Payments

Principal & Interest Payment	$2,615
Insurance	$100
Taxes	$320
HOA Fees (if applicable)	$300
Private Mortgage Insurance (if applicable)	$215
Total Housing Expense (PITI is 35.5% of $10,000)	$3,550

Other Household Debt Service

Car Payment	$450
Student Loans	$300
Credit Cards	$200
Total Other Debt	$950

Total Overall Monthly Payments

Housing Debt	$3,550
Other Debt	$950

PROGRAM SUBSIDY CALCULATION FOR A FAMILY OF FOUR EARNING $10,000 PER MONTH

Purchase Price	$500,000
Less maximum primary loan	$435,000
Less down payment of 3%	$15,000
Equals "GAP"	$50,000

B. Selection of Housing Unit; Offer. The housing unit selection process will be conducted by the homebuyers. Concurrently with an offer to purchase an eligible housing unit(see Section 3.0), homebuyer shall provide seller with a disclosure in the form attached as Attachment C containing the following provisions:

1. If negotiations fail to result in an amicable agreement for the purchase of the housing unit by homebuyer, City will not acquire the housing unit using eminent domain authority;
2. Homebuyer's offer is an estimate of the fair market value of the housing unit, to be finally determined by a state licensed appraiser;
3. The housing unit will be subject to inspection to verify compliance with the property standards set forth at 24 CFR Section 92.251;
4. Since the purchase is a voluntary, willing purchase/sale between private parties, no party would be eligible for relocation payments or other relocation assistance or benefits;
5. The seller understands that the housing unit offered for sale must be either: currently owner-occupied, newly constructed, a renter purchasing the unit, or vacant for four months prior to submission of the purchase offer, and no tenant may be permitted to occupy the housing unit prior to close of escrow; and
6. If the seller is not provided with a statement of the above six provisions prior to the purchase offer, the seller may withdraw from the purchase/sale agreement after this information is provided.

C. Purchase and Sale Agreement. Upon finding an eligible and affordable housing unit and obtaining the current owner's agreement to sell the housing unit to homebuyer,the homebuyer and seller will execute a standard form purchase and sale agreement for the selected housing unit. The homebuyer will submit a fully executed copy of the standard form purchase and sale agreement and a primary lender pre-qualification letter to Program Operator. The purchase and sale agreement will be additionally contingent on the homebuyer, housing unit, and primary loan each meeting Program eligibility requirements and the homebuyer receiving Program Loan approval. Program Operator will verify the homebuyer's eligibility, housing unit eligibility, and primary loan eligibility and will determine the appropriate and justifiable amount of Program Loan assistance to be provided consistent with these Guidelines.

D. Rehabilitation. Housing Units purchased with a Program Loan are not eligible for assistance under the City's CalHome Owner Occupied Single Family Housing Rehabilitation Program.

E. Program Loan Approval or Denial. Program Operator will submit are commendation to the City for approval or denial, including the reasons for the recommendation. City will determine the homebuyer/applicant's approval or denial, and instruct Program Operator to notify the homebuyer/applicant. Program Operator provides written notification to the homebuyer/applicant of approval or denial with reason(s) and, if denied, a copy of the Program's appeal procedures.

F. Escrow. When all primary lender requirements and conditions to the Program Loan set forth in these Guidelines and the Program Loan Agreements are met, Program funds will be deposited into escrow, with required closing instructions and executed Primary Loan documents.

G. Insurance. At the time of escrow closing, the homebuyer shall have obtained and the City shall be named as an additional loss payee (or additional insured, as approved by City) on a policy of homeowner's insurance in the full replacement value of the housing unit,including fire, flood (if located in a 100 year flood plain), and extended coverage insurance for the length of the Program Loan and in an amount sufficient to cover the greater of: (1) all encumbrances or (2) the full replacement cost of the housing unit. All insurance companies shall be acceptable to City and have a Best's Guide Rating of A-Class VII or better. Claims made and modified occurrence policies are not acceptable. A loss payee/additional insured endorsement naming the City of Garden Grove and its officers, officials, agents, employees, and volunteers as loss payees/additional insured and requiring not less than thirty (30) days' notice to the City prior to cancellation or modification of the policy must also be provided. City may require Homeowner to obtain additional policies of insurance if City deems such additional insurance to be necessary or appropriate, in its reasonable discretion. City may modify the foregoing insurance requirements as it deems necessary, in its reasonable discretion.

H. Title Policy. At the time of escrow closing, homeowner shall provide City with an ALTA lender's policy of title insurance in the amount of the Program Loan, provided by an insurance company acceptable to City with a Best's Guide Rating of A-Class VII or better. Claims made and modified occurrence policies are not acceptable.

1.4 Homebuyer Costs

A. Eligible households must document that they have the funds necessary for down payment and closing costs as required by the primary lender and the City. The Program's down payment requirement (below) is in place even if the primary lender has a lower down payment requirement.

B. Homebuyer funds shall be used in the following order:

1. Minimum Requirement: three percent (3%) of the purchase price for the housing unit shall be paid by the homebuyer as a down payment from the homebuyer's own funds.
2. To the extent possible after satisfying subdivision (1), above, any appraisal fee; the cost of credit report; the loan origination fee(s); discount points, customary homebuyer closing costs; homebuyer's customary portion of the escrow fees; title insurance; and the establishment of impound accounts for property taxes and insurance.
3. After the costs described in subdivisions (1) and (2) above are satisfied, any balance of homebuyer funds may be applied either to the purchase price or to reduce the interest rate of the primary loan as necessary.

C. If the items in subdivision B (2), above cannot be satisfied with homebuyer funds, the City may provide Program Loan assistance to cover the remaining balance.

D. City may provide sufficient assistance, as Program Loan principal, to reduce the monthly payments of principal, interest, taxes, and insurance ("PITI") to an affordable level of household income, up to the amount set forth in the current Notice of Funding Availability. The homebuyer's payments for PITI shall not exceed 45% of the gross household income. If the homebuyer is above a 45% back-end debt-to-income ratio, but there are compensating factors that minimize the applicant's risk of default, then the City will consider the approval on a per case basis. The Program Operator will determine the level of subsidy and affordability during underwriting of the Program Loan to make sure that it conforms to the requirements of the Program.

1.5 Homebuyer Education

All Program participants are required to attend a City-approved homebuyer education class. The homebuyer education class may cover such topics as the following: preparing for homeownership; available financing; credit analysis; loan closing; homeownership responsibilities; housing unit maintenance; and loan servicing.

1.6 Conflict of Interest Requirements

No member of the governing body of the City of Garden Grove and no other official,employee, or agent of the City of Garden Grove who exercises policy or decision-making functions or responsibilities in connection with the planning and implementation of the Program shall directly or indirectly be eligible for this Program, unless the application for assistance has been reviewed and approved according to applicable HCD policies and CalHome and PLHA Guidelines. This ineligibility shall continue for one year after an individual's relationship with the City ends.

1.7 Non-Discrimination Requirements

The Program will be implemented in ways consistent with the City's commitment to non-discrimination. No person shall be excluded from participation in, denied the benefit of, or be subject to discrimination under any program or activity funded in whole or in part with State funds on the basis of his or her religion or religious affiliation, age, race, color, creed, gender, sexual orientation, marital status, familial status (children), physical or mental disability, national origin,or ancestry, or other arbitrary cause.

2.0 HOMEBUYER QUALIFICATIONS

2.1 Current Income Limits for Orange County, by Household Size

Each and all homebuyer/applicants for Program assistance must certify that they meet the household lower or moderate income eligibility requirements for the Program and must document their household lower or moderate income in a manner that provides adequate verifiable information for the Program Operator to determine the homebuyer/applicant's income eligibility. The income limits in place at the time of Program Loan approval by the Economic Development and Housing Director or his or her designee will apply when determining a homebuyer's income eligibility, and if the income limits have been revised by HCD after the homebuyer/applicant's income has been verified, the Program Operator will verify that the homebuyer/applicant's income, as verified at the time the application was reviewed and the interview was conducted as provided above, continues to qualify the homebuyer/applicant as a lower or moderate income household. All homebuyer/applicants must have incomes at or below the income limits set forth for lower and moderate income households in Orange County, adjusted for household size, as published by HCD each year. The current 2026 HCD Lower Income and Moderate Income limits*for Orange County are set forth below:

Number of Persons in Household

INCOME LIMITS

Household Size	1	2	3	4	5	6	7	8
INCOME LIMITS Low Income (80%)	$104,200	$119,100	$134,000	$148,850	$160,800	$172,700	$184,600	$196,500
INCOME LIMITS Moderate Income (120%)	$116,400	$133,050	$149,650	$166,300	$179,600	$192,900	$206,200	$219,500

Income limits are provided by the California Department of Housing and Community Development (HCD) and are subject to change without notice

*City will update the income limits annually as HCD provides new information. The link to the official HCD maintained income limits for Program activities: https://www.hcd.ca.gov/grants-and-funding/income-limits/state-and-federal-income-rent-andloan-value-limits. To be eligible, a single-family homebuyer's household income must be equal to, or be less than, the income limits for lower and moderate income households pursuant to the HCD Regulations and HCD funded programs. Each homebuyer will be required to provide income documentation with appropriate back-up evidence.

2.2 Income Qualification Criteria

Each homebuyer/applicant household's projected annual gross income will be used to determine whether they are above or below the applicable and current published HCD lower and moderate income limits for Orange County. Lower and moderate income qualification criteria, as shown in the most recent HCD regulations, will be followed to independently determine and certify the household's annual gross income. The Program Operator should compare this annual gross income to the income the primary lender used when qualifying the household. Primary lender(s) generally use underwriting to Federal Housing Administration or conventional guidelines and may not calculate the household income or assets in the same way as required by the Program. Income will be verified by reviewing and documenting tax returns, copies of wage receipts, subsidy checks, bank statements and/or third party verification of employment forms sent to employers. All documentation shall be dated within six months prior to the Program Loan application before the Economic Development Director or his or her designee, kept in the homebuyer/applicant's file, and held in strict confidence pursuant to applicable laws and regulations.

A. Household Income Definition. The annual gross income of all adult household members that is projected to be received during the coming 12-month period will be used to determine Program eligibility. For those types of income counted, gross amounts (before any deductions have been taken) are used; the income of minors or live-in aides not contributing to household income is not considered. The household's projected, rather than past earnings must be used when calculating income. All income determinations must be made in accordance with the CalHome Regulations, PLHA Guidelines, and other applicable regulations promulgated by HCD.

Household: Means one or more persons who will own and occupy a housing unit as their principal residence.

Annual Income: Generally means the gross amount of income of all adult household members that is anticipated to be received during the coming 12-month period. Refer to Attachment A for further guidance regarding the types of incomes to be included or excluded when calculating the homebuyer/applicant's gross annual income.

NOTE: Non-occupant co-signers will not be required to submit income and asset documentation. Co-signers' income will not be included in the household income determination. Co-signers are acceptable as long as their names do not appear on the Grant Deed or Deed of Trust

B. Assets. There is no asset limitation for participation in the Program. An asset is a cash or non-cash item that can be converted to cash. The value of necessary items such as furniture and automobiles are not included. (Note: Earned income (or deemed earned income) is the focus – e.g., interest on a savings account or other investment, not the total asset value, is counted in determination of annual gross income pursuant to Title 25 California Code of Regulations Section 6914.)

2.3 First Time Homebuyer Definition

To qualify as an eligible first time homebuyer, an individual or individuals or an individual and his or her spouse must meet the income eligibility requirements set forth in these Guidelines and must not currently be on title to real property. Persons may be on title of a manufactured housing unit located on a rental space if such persons are planning to sell the manufactured unit as part of buying a housing unit located on real property. Documentation of first time homebuyer status will be required for all homebuyers. An eligible homebuyer must be a "first-time homebuyer" as defined in Title 25California Code of Regulations Section 7716(m).

According to Title 25 California Code of Regulations Section 7716(m), "first-time homebuyer" means an individual or individuals or an individual and his or her spouse who have not owned a home during the three-year period before the purchase of a housing unit with subsidy assistance, except that the following individual or individuals may not be excluded from consideration as a first-time homebuyer under this definition:

A. A displaced homemaker who, while a homemaker, owned a home with his or her spouse or resided in a home owned by the spouse. A displaced homemaker is an adult who has not, within the preceding two years, worked on a full-time basis as a member of the labor force for a consecutive twelve-month period and who has been unemployed or underemployed,experienced difficulty in obtaining or upgrading employment and worked primarily without remuneration to care for his or her home and family;

B. A single parent who, while married, owned a home with his or her spouse or resided in a home owned by the spouse. A single parent is an individual who is unmarried or legally separated from a spouse and has one or more minor children for whom the individual has custody or joint custody or is pregnant; and

C. An individual or individuals who owns or owned, as a principal residence during the three-year period before the purchase of a housing unit with assistance, a dwelling unit whose structure is:

1. Not permanently affixed to a permanent foundation in accordance with local or state regulations; or

2. 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.

2.4 Residency Requirements

A. The homebuyer must occupy the housing unit as his or her principal residence during the entire term of the Program Loan, as it may be extended in the sole discretion of the City in accordance with these Guidelines; provided, that if Program funds constitute the only subsidy applicable to the housing unit, the homebuyer will not be prevented from selling the housing unit at any time upon repayment in full of the Program Loan.

B. Owner-occupancy is a continuing Program requirement during the term of the Program Loan. Continued principal residency of the housing unit by the homebuyer receiving a Program Loan is required and will be monitored and verified each year or more often as determined necessary by the City. Each homebuyer shall complete in full and submit to City their verification of continued owner occupancy at least once per year while the Program Loan remains outstanding. If requested, the homebuyer shall allow inspection of the housing unit by the City Building Inspector or other City representative, upon 24 hours' notice and without seeking or securing an administrative inspection warrant. If the City or Program Operator discovers at anytime that the housing unit is not continuously occupied as the principal residence of the homebuyer approved pursuant to these Guidelines, then the Program Loan shall become immediately due and payable. Occupancy will be verified by the submission of the following:

1. Proof of occupancy in the form of true copy(ies) of a current utility bill(s); and
2. An executed Certification of Occupancy affirming under penalty of perjury the continued use and occupancy of the housing unit as the primary residence of the homebuyer (Attachment F).

C. In the event that a homebuyer sells, transfers title, discontinues residence in the housing unit, or allows the rental of all or any portion of the housing unit for any reason at anytime, the Program Loan shall become immediately due and payable; provided, the following transfers of interest shall not require the repayment of the Program Loan:

1. A transfer to a surviving joint tenant by devise, descent, or operation of law on the death of a joint tenant;
2. A transfer in which the transferee is a person who occupies or will occupy the housing unit, which is:
    i. A transfer where the spouse becomes an owner of the housing unit;
    ii. A transfer resulting from a decree of dissolution of marriage,legal separation agreement, or from an incidental property settlement agreement by which the spouse becomes an owner of the housing unit; or
    iii. A transfer into an inter vivos trust in which the homebuyer is and remains the beneficiary and occupant of the housing unit.

D. If a homebuyer converts all or a portion of the housing unit to a rental unit,or uses the housing unit for any commercial or non-residential use, the Program Loan shall become immediately due and payable.

3.0 HOUSING UNIT ELIGIBILITY

3.1 Location and Characteristics

A. Housing units to be purchased must be located within the City of Garden Grove.

B. The housing unit must consist of a legal residential structure intended for continued residential occupancy.

C. Each housing unit must be a single family detached house, or an attached condominium or townhome, and may be a manufactured housing unit or mobile home; however the Program intentionally excludes duplexes, tri-plexes, four-plexes or other multi-family units, and excludes any type of recreational vehicles.

D. All housing units must be in compliance with State and local codes and ordinances, and must conform to the property standards set forth in 24 CFR § 92.251.

E. Housing units located within a 100 year flood zone will be required to provide proof of flood insurance in order to close escrow.

3.2 Conditions

A. Construction Inspection and Determining Need for Repairs. Once the participating homebuyer has executed a purchase agreement for a housing unit not requiring participation in City's Owner Occupied Housing Rehabilitation Program, and prior to a commitment of Program funds, the following steps must be taken for the housing unit to be eligible for purchase under the Program:

1. The Program Operator and/or the City's Building Inspector will walk through the housing unit, evaluate if it is structurally sound, and identify any code related and health and safety deficiencies that need to be corrected to bring the housing unit into compliance with the property standards in the State's Housing Law (Health & Safety Code Section17910 et seq.) and 24 CFR Section 92.251. A list of code related repair items will be prepared by Program Operator and given to the homebuyers and their realtor to be negotiated with the seller.
2. A clear pest inspection report will be required for each housing unit. Smoke detectors will be installed if there are none in place. The Program Operator will encourage each homebuyer to secure a homebuyer's warranty policy as part of the purchase of a resale housing unit.
3. Upon completion of all work required by the construction inspector,if any, a final inspection will be conducted prior to close of escrow. The inspector will determine if the work meets final building permit inspection standards and evaluate if the housing unit receiving Program assistance is in compliance with local codes and health and safety requirements at the time of purchase and prior to occupancy.

B. Additional Post-Acquisition Rehabilitation. After a housing unit is purchased using this Program, such housing unit shall not be eligible for the City's Owner Occupied Housing Rehabilitation Program, if any, for the relevant period of affordability and/or occupancy by the assisted homebuyer.

C. No Overcrowding. Housing unit size shall be sufficient to meet the needs of the homebuyer household, without overcrowding. Generally, this means that not more than two persons shall occupy each bedroom and living room in an eligible housing unit.

D. Confirmation by Program Operator. The Program Operator will:(1) confirm that the proposed housing unit is within the City of Garden Grove, and (2) will review the proposed housing unit to ensure that it meets all eligibility criteria before funding.

3.3 Anti-Displacement Policy and Relocation Assistance

Eligible housing units will be those that are currently owner occupied or have been vacant for four months prior to the acceptance of a contract to purchase. City does not anticipate that the implementation of the Program will result in the displacement of any persons, households, or families,whether permanent or temporary. However, if tenant occupied housing units are included in the Program and relocation becomes necessary, the activity will be carried out in compliance with City's relocation plan which describes how those permanently displaced will be relocated and paid benefits in accordance with the California Relocation Assistance Law, Government Code Section 7260, et seq. and the HCD regulations promulgated thereunder, and all other applicable laws and regulations, as they currently exist or as they may be amended.

3.4 Proper Notification and Disclosures

Any and all current property owners who wish to sell their housing units to a homebuyer receiving a Program Loan must receive and acknowledge an acquisition notice (**Attachment C**)prior to submission of the homebuyer's original offer to purchase the housing unit. A reference to this acquisition notice will be included in the purchase and sale agreement and the acquisition notice must be signed by all owners on title. The acquisition notice must contain the items listed in Section 1.3.B.

4.0 PURCHASE PRICE LIMITS

The purchase price limits for any housing unit to be acquired by a homebuyer receiving a Program Loan may not exceed the limits set forth in the CalHome Regulations and PLHA Guidelines,that generally are 100% of the area median purchase price as established by comparable sales of housing units in Garden Grove or a similar area in the vicinity of the housing unit, or by information provided by the California Real Estate Association regarding the area median purchase price in the area where the housing unit is located. The City may choose to establish lower limits than those set forth herein in the City's reasonable discretion, in a written statement which shall be attached to these Guidelines and provided to all interested homebuyer/applicants requesting or receiving a copy of these Guidelines. The purchase price to be paid by the homebuyer for the housing unit must be low enough to permit the homebuyer to obtain primary loan and other financing which when considered in conjunction with the Program Loan will result in the homebuyer paying an "Affordable Housing Cost",as defined in the CalHome Regulations and PLHA Guidelines.

5.0 THE PRIMARY LOAN

Prior to obtaining a Program Loan from the City, a homebuyer must provide evidence of financing for the maximum amount the primary lender is willing to loan, in the form of a binding primary loan commitment from the primary lender. If the primary loan is insufficient, when considered in conjunction with the Program Loan, to enable the homebuyer to purchase the selected eligible housing unit, the homebuyer must also provide evidence of additional binding loan or grant commitments in an amount which will, cumulatively with the primary loan and the Program Loan,enable the homebuyer to acquire the housing unit while paying an Affordable Housing Cost, as defined in the CalHome Regulations and PLHA Guidelines.

5.1 Affordable Housing Cost

A homebuyer/applicant's ability to secure a primary loan and/or additional subordinate loans or grants underwritten by the Federal Housing Administration, USDA Rural Development, Fannie Mae, Freddie Mac, or CalHFA will be considered as persuasive evidence of such homebuyer's creditworthiness, repayment ability, and dependability of income to the extent of the amount of such primary loan and/or additional subordinate loans or grants, as applicable. The City will use the income ratios set forth in Section 6.3 below to determine and ensure that the homebuyer will pay an Affordable Housing Cost for the housing unit, determined in accordance with the CalHome Regulations and PLHA Guidelines.

5.2 Interest Rate

The interest rate on the primary loan and any additional authorized subordinate loan to be obtained by the homebuyer shall be fixed (not an adjustable rate mortgage) at the current market rate. If "Risk Rates" (interest rates that reflect the primary lender's loan risk) are applied to the primary loan and/or any additional subordinate loan to be obtained by the homebuyer, the City shall evaluate such loans on a case by case basis.

5.3 Loan Term

The primary loan and any additional authorized subordinate loan to be obtained by the homebuyer shall be fully amortized and have a term "all due and payable" in no fewer than 30 years. Neither the primary loan nor any additional subordinate loan to be obtained by the homebuyer shall provide for a balloon payment due before the maturity date of the Program Loan. Note: City may permit a shorter term for primary loans to purchase manufactured housing units not on permanent foundations.

5.4 Impound Account

All households will be required to have impound accounts in connection with the primary loan for the payment of property taxes and insurance to ensure they remain current.

6.0 THE PROGRAM LOAN

6.1 Maximum Amount of Program Assistance

An eligible lower income homebuyer who applies and is accepted in accordance with these Guidelines for Program assistance toward purchase of a housing unit may qualify for the amount of funds actually required to fill the "gap" needed for the homebuyer to purchase the selected, eligible housing unit, as determined in accordance with the subsidy calculation set forth in Section 1.3A, but the amount of the Program Loan shall not exceed One Hundred Ten Thousand Dollars ($110,000). Of this total $110,000 loan assistance, $60,000 will be allocated from CalHome funding, and $50,000 will be allocated from PLHA funding.

An eligible moderate income homebuyer who applies and is accepted in accordance with these Guidelines for Program assistance toward purchase of a housing unit may qualify for the amount of funds actually required to fill the "gap" needed for the homebuyer to purchase the selected, eligible housing unit, as determined in accordance with the subsidy calculation set forth in Section 1.3A, but the amount of the Program Loan shall not exceed Fifty Thousand Dollars ($50,000) which will be allocated from PLHA funding.

6.2 Non-Recurring Closing Costs

Program Loan proceeds may be used to pay for non-recurring costs such as a credit report,escrow charges, closing and recording fees, title report and title insurance, title updates and/or related costs associated with the close of escrow for the purchase of the selected, eligible housing unit.

6.3 Affordability Parameters for Homebuyers

The actual amount of a homebuyer's Program subsidy shall be computed according to the subsidy needed to allow them to become homebuyers ("the gap") while keeping their housing costs affordable, as described in Sections 1.3A and 6.1 above, but not to exceed the amount set forth in the Notice of Funding Availability. The City will use the following income ratios as well as other factors to determine the homebuyer/applicant's creditworthiness, repayment ability, and dependability of income in relation to any primary loan and/or additional subordinate loans provided by other lenders not listed above, as well as eligibility for the Program Loan, and to ensure that the purchase price of the housing unit, with the actual financing sources obtained by the homebuyer, will result in the homebuyer paying an Affordable Housing Cost, determined in accordance with the CalHome Regulations and PLHA Guidelines:

A. **Front-End Ratio.** The homebuyer's total maximum front-end ratio shall be no greater than 45%. The front-end ratio is the percentage of a homebuyer's gross monthly income(before deductions) that would cover the cost of PITI (loan principal and interest payment +property taxes + property insurance) as well as homeowner association dues, if any. Thus, the homebuyer would qualify if the proposed monthly PITI and homeowner association dues payment(s) total 45% or less than the homebuyer's gross monthly income.

B. **Back-End Ratio.** The homebuyer's total maximum back-end ratio shall also be no greater than 45%. The back-end ratio is the percentage of a homebuyer's gross monthly income that would cover the cost of PITI plus any other monthly debt payments like car or personal loans and credit card debt. If the homebuyer is above a 45% back-end debt-to-income ratio, but there are compensating factors that minimize the applicant's risk of default, then the City will consider the approval on a per case basis.

6.4 Rate and Terms for Program Loans

All Program assistance to individual households shall be made in the form of a deferred payment (interest and principal) loan. The Program Loan shall have a term of 30 years. The interest rate shall be zero percent (0%) simple interest per annum. All Program Loan payments shall be deferred because the homebuyers will have their repayment ability fully utilized under the primary loan. Loan principal shall not be forgiven. Each Program Loan shall be evidenced by a Promissory Note and secured by a Deed of Trust, with no amortization or payments required during the Program Loan term (30 years) unless the homebuyer sells or transfers title or discontinues residence in the dwelling or is otherwise in default of the Program Loan as set forth in the Program Loan documents. Payments may be made voluntarily on a Program Loan. If it is determined by the City that repayment of a Program Loan at the maturity date causes a hardship to the homebuyer, the City may opt to do either of the following:

A. Amend the promissory note and deed of trust to defer repayment of the amount due at maturity, including the balance of the original principal still outstanding plus all accrued interest, for up to an additional 30 years (at 0% additional interest). This may be offered only one time.

B. Convert to an amortized 15-year loan the remaining debt at Program Loan maturity, including the balance of the original principal still outstanding, to be repaid in monthly installment payments at 0% additional interest.

6.5 Loan to Value Ratio

The loan-to-value ratio for a Program Loan, when combined with all other indebtedness to be secured by the housing unit, shall not exceed 100 percent of the purchase price plus a maximum of up to 5 percent of the purchase price to cover actual closing costs incurred in connection with the homebuyer's purchase of the housing unit.

6.6 Maintenance

As specified in the Affordable Housing Loan Agreement, all homebuyers who participate in the Program must maintain their housing unit and the property in conformity with the Garden Grove Municipal Code and in a condition that complies with the Affordable Housing Loan Agreement for the entire term of the Program Loan. A method of inspection will be established by the City to verify compliance with the maintenance requirements in the Affordable Housing Loan Agreement.

7.0 PROGRAM LOAN SERVICING AND MAINTENANCE

7.1 Voluntary Prepayments Permitted

Homebuyers may begin making voluntary payments on the Program Loan at any time, upon notification to the City.

7.2 Receiving Loan Payments

A. Program Loan payments and prepayments, if any, will be made to:

AmeriNat
8121 E. Florence Avenue
Downey, California 90240
Attn: Payoff Department
1-(800) 943-1988

B. The City will be the receiver of Program Loan payments or recapture funds and will maintain a financial record-keeping system to record payments and file statements on the payment status of each homebuyer's Program Loan. Program Loan payments will be deposited and accounted for in the City's Program Income Account. The City will accept Program Loan payments from homebuyers prepaying deferred Program Loans, from homebuyers making payments in full upon sale or transfer of the housing unit or other default under the Program Loan documents, or from homebuyers making amortized payments on Program Loans converted to 15-year amortized loans as permitted by Section 6.4B above. All Program Loan payments must be paid to the City at the address set forth above, as it may be amended from time to time with written notice to all homebuyers with outstanding program Loans. The City may at its discretion, enter into an agreement with a third party to collect and distribute payments and/or complete all Program Loan servicing aspects of the Program.

7.3 Due upon Sale, Transfer, or Default

A. Program Loans shall be immediately due and payable upon (i) sale or transfer of title (except as stated below) of the housing unit, and/or (ii) other default under any of the Program Loan documents, and/or (iii) when homebuyer no longer occupies the housing unit as his/her principal residence, and/or (iv) upon the Program Loan maturity date. The following transfers of interest shall not require the repayment of the Program Loan:

1. A transfer to a surviving joint tenant by devise, descent, or operation of law on the death of a joint tenant;
2. A transfer, in which the transferee is a person who occupies or will occupy the housing unit, which is:
    i. A transfer where the spouse becomes an owner of the housing unit;
    ii. A transfer resulting from a decree of dissolution of marriage,legal separation agreement, or from an incidental property settlement agreement by which the spouse becomes an owner of the housing unit; or
    iii. A transfer into an inter vivos trust in which the homebuyer is and remains the beneficiary and occupant of the housing unit.

B. If homebuyer converts or uses the housing unit for any commercial or nonresidential use or conducts or permits any illegal activity to occur at the housing unit, the Program Loan shall become immediately due and payable. Notwithstanding the immediately preceding sentence, the homebuyer may conduct a residential occupation at the property in compliance with the City Municipal Code.

C. The Program Loan will be in default if the homebuyer fails to maintain required fire or flood insurance or fails to pay property taxes. See Attachment B regarding Program Loan defaults.

D. Program Loans are not assumable.

7.4 Loan Servicing Policies and Procedures

See Attachment B for City's Program Loan servicing policies and procedures. While the attached policy outlines a system that can accommodate a crisis that restricts homebuyer repayment ability, it should in no way be misunderstood: The Program Loan must be repaid. All legal means to ensure the repayment of a delinquent Program Loan as outlined in the Loan Servicing Policies and Procedures (Attachment B) will be pursued.

If a homebuyer defaults on a Program Loan, and foreclosure procedures are instituted, they shall be carried out according to the process for Program Loan foreclosure adopted by the City as set forth in Section 7 of Attachment B to these Guidelines.

7.5 Loan Monitoring Procedures

A. City will monitor homebuyers and their housing units to ensure adherence to Program requirements including, but not limited to, the following:

1. Owner-occupancy
2. Property tax payment
3. Good standing on primary loans
4. General upkeep of housing units

B. Homebuyers will be required to submit each of the following to the City each year for the term of the Program Loan or more often, as reasonably requested by City:

1. Proof of occupancy in the form of true copy(ies) of current utility bill(s);
2. Certification of the housing unit's continued use as an owner occupied residence substantially in the form of Attachment F;
3. Signed declaration under penalty of perjury that other title holders do not reside on the premises and that no part of the housing unit has been rented, leased or otherwise conveyed;
4. Verification that all property taxes are current;
5. Verification that all required insurance policies remain current; and
6. Verification that the homebuyer is in good standing with respect to all debt secured by the housing unit.

8.0 PROGRAM LOAN PROCESSING AND APPROVAL

8.1 Loan Processing

The City's Economic Development and Housing Director or his or her designee must review and approve or disapprove all Program Loans. All potential homebuyers or their representatives will be sent out an eligibility packet with all the necessary forms, disclosures, information, and application. The homebuyer must submit the following documentation to the Program Operator: 1) accepted purchase and sale agreement for the housing unit with proper seller notification; 2) primary loan and other subordinate loan mortgage application(s) with good faith estimates and first and subordinate mortgage disclosures; 3) full mortgage credit report and housing cost verification; 4) current third party income verifications and verifications of assets; and 5) homeownership education certificate. The selection of homeowners to participate in the Program shall remain at all times in the sole, reasonable discretion of the City. Staff will work with primary and other subordinate lenders and agencies providing grants to homebuyers to ensure qualified homebuyers receive Program assistance only to the extent needed to purchase the housing unit and that leveraged funds will be used when possible. For example, in many cases the primary lender will not require mortgage insurance with the City's second mortgage in place which will save on the homebuyer's monthly payment.

8.2 Credit worthiness

Qualifying ratios serve as a general rule and guideline to be used in determining a potential homebuyer's credit-worthiness. Many factors such as excellent or poor credit history, amount of down payment, and size of the primary loan and other subordinate financing will influence the decision to approve or disapprove a particular loan. The homebuyer's credit history will be reviewed by the City or Program Operator and documentation of such will be maintained in the homebuyer's file. The City or Program Operator will either obtain a credit report for each homebuyer or may elect to rely on a current copy obtained from the primary lender.

8.3 Documentation Regarding Homebuyer and Housing Unit

After initial review of the qualified homebuyer's application packet, the Program Operator will request any additional documentation, which the Program Operator determines, will assist Program Operator and City to determine the eligibility, financial strength, credit worthiness, and ability to pay of each homebuyer. Documents may be faxed by the homebuyer or third parties but originals must be received by the Program Operator and/or City before any Program funds will be committed to the escrow for an eligible and approved homebuyer's purchase of an eligible housing unit. Based onreceipt and review of the final documents, the Program Operator will do an income certification (using the most recent HCD guidance on income calculation and determination), and homebuyer certification(review of credit report and income taxes). Program Operator will then document the affordability of the housing unit to the homebuyer and determine the justifiable amount of the Program Loan.

8.4 Disclosure of Program and Program Loan Information to Homebuyers

The City's preliminary and full Program Loan application and disclosure forms will contain a summary of the Program Loan qualifications of the homebuyer with and without Program assistance. A homebuyer/applicant's housing ratios with and without Program assistance will also be described in the application and disclosure forms. Program Operator will verify all information contained in the homebuyer's Program application and third party verifications and other documentation will be placed in the homebuyer's file. For example, the purchase and sale agreement will provide the final purchase price and set forth the portion of the closing costs to be paid by the seller and homebuyer, respectively. The appraisal, termite and title report will provide information to substantiate the information in the sales contract and guide the construction inspection. The Program Loan application(s) will provide the homebuyer's current debt and housing information and will be documented by the credit report and other income/asset verifications to be obtained by Program Operator. The primary lender's approval letter and estimated closing cost statement should reflect all the information in the Program Loan application(s) and supporting documentation and show any contingencies of such primary loan and other subordinate

loan and/or grant funding. Reviewing the primary lender's loan underwriting documentation will provide basic information about the qualifications of the homebuyer/applicant and substantiate the affordability analysis conducted by the Program Operator to determine the justifiable amount of the Program Loan. Thus, by reviewing and crosschecking all information provided by the homebuyer and primary lender and all third party verifications, the Program Operator will confirm that the final approved Program Loan amount falls within the affordability and qualifying parameters of the Program.

8.5 Completion of Underwriting and Approval of Program Loan

If and when the Program Loan approval package is completed the Program Operator will submit it to the City's Economic Development and Housing Director or his or her designee for approval. The Economic Development and Housing Director or his or her designee will review the request and may approve it with or without conditions. Homebuyer/applicants will be provided written notification of approval or denial and the reason(s) for denial will be provided to the homebuyer/applicant in writing by Program Operator or City. Upon approval, a final closing date for escrow will be set and Program funds will be accessed for the homebuyer's escrow. Homebuyer/applicant and City will execute the Affordable Housing Loan Agreement, Promissory Note, Deed of Trust, Program Disclosure Statement, and Regulation Z Disclosure Statement, and other necessary documents shall be reviewed and executed by the homebuyer and authorized City representative(s). Requests for notice of default and the Deed of Trust as well as corresponding documents required in connection with the primary loan and other authorized subordinate financing obtained by the homebuyer will be recorded with the Orange County Clerk/Recorder at closing. The proceeds of the Program Loan will be disbursed through escrow concurrently with closing for the homebuyer's purchase of the eligible housing unit.

8.6 Escrow Procedures

The escrow/title company shall review the escrow instruction provided by the Program Operator and shall issue a California Land Title Association (CLTA) owner's and one or more American Land Title Association (ALTA) lender's title policy(ies) dated as of the closing date. The CLTA policy will be issued to the homebuyer to protect them against failure of title based on public records and against such unrecorded risks as forgery of a deed. The ALTA policies will be issued to each lender (including City) providing additional coverage for the physical aspects of the housing unit as well as the homebuyer's title failure. These aspects include anything which can be determined only by physical inspection, such as correct survey lines; encroachments; mechanics liens; mining claims and water rights. The Program Operator will instruct the escrow/title company in the escrow instructions as to what may show on the City's title policy, the amount of insurance on the policy (all liens should be covered), and that the loss payee should be shown as the "City of Garden Grove" (each lender should be listed as a loss payee and receive an original ALTA policy).

9.0 SUBORDINATE FINANCING

9.1 Subordination of Program Loan to Original Financing

With today's high costs, in order for a low-income homebuyer to obtain a housing unit, several funding sources might be required. Subordinate loans may be used to cover mortgage subsidy costs that exceed the maximum Program Loan amount. All subordinate liens must have the payments deferred and the term must be for at least as long as the term of the Program Loan. The terms of the subordination of the Program Loan must be acceptable to City and its legal counsel and must include assumption rights, notice and cure rights, or other lender protections as determined to be acceptable to the City and its legal counsel.

9.2 Subsequent requests for subordination

The City may approve a request to subordinate a Program Loan, in order for the homebuyer to refinance the housing unit, in the City's sole and exclusive discretion, but only under the following conditions:

A. The lien position of the Program Loan will remain the same or be advanced.

B. The new primary loan is a refinance mortgage and is no greater than the outstanding balance of the loan(s) being refinanced, except the costs of refinancing the loan maybe added to the principal balance. No third party debt will be repaid through the refinancing.

C. The purpose of the new primary loan is to reduce the interest rate being paid and/or reduce the homebuyer's payment.

D. The refinanced loan must have an impound account for taxes and insurances.

E. The refinancing and subordination terms must be acceptable to the City and its legal counsel and must include assumption rights, notice and cure rights, or other lender protections as determined to be acceptable to the City and its legal counsel.

10.0 AMENDMENTS; EXCEPTIONS AND SPECIAL CIRCUMSTANCES

10.1 Amendments

The City may make amendments to these Program Guidelines. Any changes made shall be in accordance with federal and state regulations, shall be approved by the City's Economic Development and Housing Director or his or her designee and/or local governing body and shall be submitted to HCD for approval.

10.2 Definition of Exception

Any case to which a standard policy or procedure, as stated in these Guidelines does not apply,or in which a homebuyer/applicant is treated differently from others of the same class, will constitute an "exception."

10.3 Procedure for Exceptional Circumstances

A. The City or Program Operator may initiate consideration of an exception and prepare a report. This report shall contain a

narrative, including the City's/Program Operator's recommended course of action and any written or verbal information supplied by the homebuyer/applicant.

B. The City shall make a determination regarding approval or disapproval of the exception after consideration of the recommendation of the Program Operator. The request can be presented to the City's Economic Development and Housing Director or his or her designee and/or governing body for a decision.

11.0 DISPUTE RESOLUTION AND APPEALS PROCEDURE

Any homebuyer/applicant denied assistance from the Program has the right to appeal. The appeal must be made in writing. City has 30 working days (Monday through Thursday and every other Friday) to review the appeal, seek recommendations from the Economic Development and Housing Director or his or her designee and respond in writing to the homebuyer/applicant.

Complaints concerning the Program should be made to the Program Operator first. If unresolved in this manner, the complaint or appeal shall be made in writing and filed with the Economic Development and Housing Director or his or her designee. The Economic Development and Housing Director or his or her designee will then provide a written response within thirty (30)working days (Monday through Thursday and every other Friday). If the homebuyer is not satisfied with the Economic Development and Housing Director's decision, a request for an appeal may be filed with the City Council. Final appeal may be filed in writing with HCD within one year after the Director's decision.

ATTACHMENT A

TITLE 25 CALIFORNIA CODE OF REGULATIONS SECTION 6914 GROSS INCOME INCLUSIONS AND EXCLUSIONS

"Gross income" shall mean the anticipated income of a person or family for the twelve-month period following the date of determination of income. If the circumstances are such that it is not reasonably feasible to anticipate a level of income over a twelve-month period, a shorter period maybe used subject to a redetermination at the end of such a period. "Income" shall consist of the following:

(a) Except as provided in subdivision (b), all payments from all sources received by the family head (even if temporarily absent) and each additional member of the family household who is not a minor shall be included in the annual income of a family. Income shall include, but not be limited to:

(1) The gross amount, before any payroll deductions, of wages and salaries, overtime pay, commissions, fees, tips and bonuses;

(2) The net income from operation of a business or profession or from rental or real or personal property (for this purpose, expenditures for business expansion or amortization of capital indebtedness shall not be deducted to determine the net income from a business);

(3) Interest and dividends;

(4) The full amount of periodic payments received from social security, annuities,insurance policies, retirement funds, pensions, disability or death benefits and other similar types of periodic receipts;

(5) Payments in lieu of earnings, such as unemployment and disability compensation,worker's compensation and severance pay (but see subdivision (b)(3)).

(6) Public Assistance. If the public assistance payment includes an amount specifically designated for shelter and utilities which is subject to adjustment by the public assistance agency in accordance with the actual cost of shelter and utilities, the amount of public assistance income to be included as income shall consist of:

(A) The amount of the allowance or grant exclusive of the amount specifically designated for shelter and utilities, plus

(B) The maximum amount which the public assistance agency could in fact allow for the family for shelter and utilities,

(7) Periodic and determinable allowances such as alimony and child support payments,and regular contributions or gifts received from persons not residing in the dwelling;

(8) All regular pay, special pay and allowances of a member of the Armed Forces(whether or not living in the dwelling) who is head of the family or spouse (but see subdivision (b)(5)).

Where a family has net family assets in excess of $5,000, income shall include the actual amount of income, if any, derived from all of the net family assets or 10 percent of the value of all such assets, whichever is greater. For purposes of this section, net family assets means value of equity in real property other than the household's full-time residence, savings, stocks, bonds, and other forms of capital investment. The value of necessary items such as furniture and automobiles shall be excluded.

(b) The following items shall not be considered as income:

(1) Casual, sporadic or irregular gifts;

(2) Amounts which are specifically for or in reimbursement of the cost of medical expenses;

(3) Lump-sum additions to family assets, such as inheritances, insurance payments(including payments under health and

accident insurance and worker's compensation), capital gains and settlement for personal or property losses;

(4) Amounts of educational scholarships paid directly to the student or to the educational institution, and amounts paid by the government to a veteran for use in meeting the costs of tuition, fees, books and equipment. Any amounts of such scholarships, or payments to veterans not used for the above purposes of which are available for subsistence are to be included in income;

(5) The special pay to a serviceman head of a family away from home and exposed to hostile fire;

(6) Relocation payments made pursuant to federal, state, or local relocation law;

(7) Foster child care payments;

(8) The value of coupon allotments for the purchase of food pursuant to the Food Stamp Act of 1964 which is in excess of the amount actually charged the eligible household;

(9) Payments received pursuant to participation in the following volunteer programs under the ACTION Agency:

(A) National Volunteer Antipoverty Programs which include VISTA, Service Learning Programs and Special Volunteer Programs.

(B) National Older American Volunteer Programs for persons aged 60 and over which include Retired Senior Volunteer Programs, Foster Grandparent Program, Older American Community Services Program, and National Volunteer Program to Assist Small Business Experience,Service Corps of Retired Executive (SCORE) and Active Corps of Executives (ACE).

ATTACHMENT B

LOAN SERVICING POLICIES AND PROCEDURES FOR THE CITY OF GARDEN GROVE

The City of Garden Grove, hereafter called "City" has adopted these policies and procedures in order to preserve its financial interest in properties, who's "Borrowers" have been assisted with CalHome and PLHA Program funds. The City will, to the greatest extent possible, follow these policies and procedures; however each Program Loan will be evaluated and handled on a case-by-case basis. The City has prepared this document to comply with state and applicable federal regulations regarding the use of CalHome and PLHA Program funds and any property restrictions associated with the use of such funds.

The policies and procedures are broken down into the following areas: 1) making required monthly payments or voluntary payments of principal and interest on a Program Loan; 2) required payment of property taxes and insurance; 3) required Request for Notice of Default on all second mortgages;4) annual occupancy restrictions and certifications; 5) required noticing and limitations on any changes in title or use of property; 6) required noticing and process for requesting a subordination during are finance; 7) processing of foreclosure in case of default on the Program Loan.

1. Loan Repayments:

The City will collect monthly payments from those borrowers who are obligated to make such payments under the terms of their promissory notes, which may provide for amortized payments over a fifteen (15) year term pursuant to Section 7726(c)(2)(B) of the CalHome Regulations. Late fees will be charged for payments received after the assigned monthly date.

For promissory notes evidencing deferred payment Program Loans; the City will accept voluntary payments on the Program Loan at any time. Program Loan payments will be credited to the interest first and then to principal. The Borrower may repay the balance of the Program Loan in full or part at any time with no penalty.

2. Payment of Property Taxes and Insurance:

The Borrower must maintain property insurance coverage naming the City as loss payee if the Program Loan in first position or additional insured if the Program Loan is a junior lien. If Borrower fails to maintain the necessary insurance, the City may take out forced place insurance to cover the housing unit while the Borrower puts a new insurance policy in place; provided, however CalHome and PLHA funds may not be used for this purpose. All costs for providing the necessary insurance will be added to the Program Loan balance at the time of Borrower's new insurance.

When a housing unit is located in a 100 year flood plain, the Borrower will be required to carry the necessary flood insurance. A certificate of insurance for flood and for standard property insurance will be required at close of escrow. The City may verify that the Borrower continues to maintain all required insurance on an annual basis.

Property taxes must be kept current during the term of the Program Loan. If the Borrower fails to pay property taxes when due, then the City may pay the taxes to make them current and add the balance of the tax payment plus any penalties to the balance of the Program Loan. Wherever possible,the City requires Borrower to have impound accounts set up with their first mortgagee wherein they pay their taxes and insurance as part of their monthly mortgage payment.

3. Required Request for Notice of Default:

When the Borrower's Program Loan is in a subordinate position behind an existing first mortgage and/or other debt, it is the City's policy to prepare and record a "Request for Notice of Default" for each senior lien in front of City's Program Loan. This document requires any senior lien holder listed in the notice to notify the City of initiation of a foreclosure action. The City will then have time to contact the Borrower and assist them in bringing the primary loan current. The City can also monitor the foreclosure process and go through the necessary analysis to determine if the primary loan in default can be made whole or preserved. When the City is in a third position and receives notification of foreclosure from only one senior lien holder, it is in the City's best interest to contact any other senior lien holders regarding the status of their loans.

4. Annual Occupancy Restrictions and Certifications:

The City requires that Borrowers submit utility bills and/or other documentation annually to prove occupancy during the term of the Program Loan.

5. Required Noticing and Restrictions on Any Changes of Title or Occupancy:

In all cases where there is a change in title, occupancy or use, the Borrower must notify the City in writing prior to such change.

Program Loans are not assumable. Program Loans shall become immediately due and payable upon any sale or transfer of the housing unit, when the housing unit ceases to be owner-occupied, or upon the maturity date of the Program Loan, as set forth in the promissory note. The following transfers of interest shall not require the repayment of the Program Loan:

(1) Transfer to a surviving joint tenant by devise, descent, or operation of law on the death of a joint tenant;

(2) A transfer, in which the transferee is a person who occupies or will occupy the housing unit, which is:

(i) A transfer where the spouse becomes an owner of the housing unit;

(ii) A transfer resulting from a decree of dissolution of marriage, legal separation agreement, or from an incidental property settlement agreement by which the spouse becomes an owner of the housing unit; or

(iii) A transfer into an inter vivos trust in which the Borrower is and remains the beneficiary and occupant of the housing unit.

6. Requests for Subordinations:

When a Borrower wishes to refinance the housing unit, they must notify the City in writing and request that the City agree to subordinate the Program Loan. The City will only subordinate its Program Loan when there is no "cash out" as part of the refinance, meaning that there may be no additional charges on the transaction above loan and escrow closing fees. There can be no third party debt pay offs or additional encumbrance on the housing unit above traditional refinance transaction costs. Furthermore, the refinance should lower the housing cost of the household by providing a lower interest rate and the total indebtedness on the housing unit should not exceed the current fair market value of the housing unit.

Upon receiving the proper documentation from the refinance lender, the request will be considered by the City's Economic Development and Housing Director or his or her designee for review and approval. Upon approval, the escrow company will provide the proper subordination document for execution and recordation by the City; provided, all subordination documents to be executed by the City shall be in a form reasonably acceptable to the City and its legal counsel and shall provide reasonable protection to the City's interests in the Program Loan.

7. Process for Loan Foreclosure:

Upon any condition constituting a default under the Loan documents, including: 1)nonpayment; 2) lack of insurance or property tax payment; 3) change in title or use without approval;or 4) default on senior loans, the City will send out a letter to the Borrower notifying them of the default and will proceed per the next sections below. If the default situation continues then the City may start a formal process of foreclosure.

8. City as Junior Lien holder

When a senior lien holder starts a foreclosure process and the City is notified via a Request for Notice of Default, the City, who is the junior lien holder, may attempt to cancel the foreclosure proceedings by "reinstating" the senior lien holder. The reinstatement amount or payoff amount must be obtained by contacting the senior lien holder. This amount will include all delinquent payments,late charges and fees to date. City must confer with Borrower to determine if, upon paying the senior lien holder current, the Borrower can provide future payments. If this is the case then the City may cure the foreclosure and add the costs of affecting such cure to the balance of the Program Loan with a Notice of Additional Advance on the existing note.

If the City determines, based on information on the reinstatement amount and status of Borrower, that bringing the senior loan current will not preserve the Program Loan, then staff must determine if it is cost effective to protect their position by paying off the senior lien holder in total and restructuring the debt such that the unit is made affordable to the Borrower. If the City does not have sufficient funds to pay the senior lien holder in full, then the City may choose to cure the senior lien holder and foreclose on the housing unit itself. As long as there is sufficient value in the housing unit,the City may elect to pay for the foreclosure process and pay off the senior lien holder and retain some or all of its investment.

If the City decides to reinstate, the senior lien holder may agree to accept the amount to reinstate the senior loan up until five (5) days prior to the set "foreclosure sale date." This "foreclosure sale date"usually occurs about four (4) to six (6) months from the date of recording of the "Notice of Default."If the City fails to reinstate the senior lien holder before five (5) days prior to the foreclosure sale date,the senior lien holder would then require a full pay off of the balance, plus costs, to cancel foreclosure. If the City determines the reinstatement and maintenance of the housing unit not to be cost effective and allows the senior lien holder to complete foreclosure, the City's lien may be eliminated if foreclosure results in insufficient sales proceeds.

9. City as Senior Lien holder

When the City holds first position as a senior lien holder, active collection efforts will begin on any loan that is 31 or more days in arrears. Attempts will be made to assist the homebuyer in bringing and keeping the Program Loan current. These attempts will be pursued in an increasingly urgent manner until Program Loan payments have reached 90 days in arrears, at which time the City may consider foreclosure. City's staff will consider the following factors before initiating foreclosure:

1) Can the Program Loan be cured and can the rates and terms be adjusted to allow for affordable payments such that foreclosure is not necessary?

2) Can the Borrower refinance with a private lender and pay off the City?

3) Can the Borrower sell the housing unit and pay off the City?

4) Does the balance warrant foreclosure? (If the balance is under $5,000, the expense to foreclose may not be worth pursuing.)

5) Will the sales price of the housing unit "as is" cover the principal balance owing,necessary advances, (maintain fire insurance, maintain or bring current delinquent property taxes, monthly yard maintenance, periodic inspections of the housing unit to prevent vandalism, etc.) foreclosure, and marketing costs?

If the balance is substantial and all of the above factors have been considered, the City may opt to initiate foreclosure. The Borrower must receive, by certified mail, a thirty-day notification of foreclosure initiation. This notification must include the exact amount of funds to be remitted to the City to prevent foreclosure (such as, funds to bring current or pay off a delinquent Program Loan).At the end of thirty days, the City should contact a reputable foreclosure service or local title company to prepare and record foreclosure documents and make all necessary notifications to the homebuyer and junior lien holders. The service will advise the City of all required documentation to initiate foreclosure (promissory note and deed of trust usually) and funds required from the homebuyer to cancel foreclosure proceedings. The service will keep the City informed of the progress of the foreclosure proceedings.

When the process is completed, if the housing unit has "reverted to the beneficiary" at the foreclosure sale, the City could sell the housing unit themselves under a First Time Homebuyer Program or use it for an affordable rental property managed by a local housing authority or use it for transitional housing facility or other eligible use. The City could contract with a local real estate broker to list and sell the housing unit and use those funds for CalHome and PLHA Program eligible uses.

ATTACHMENT C

DISCLOSURE TO SELLER WITH VOLUNTARY, ARM'S LENGTH PURCHASE OFFER AND ACKNOWLEDGEMENT

This is to inform you that (name of buyers) _____ would like to purchase the property, located at (address) _____, if a satisfactory agreement can be reached. We are prepared to pay $_____ for a clear title to the property under conditions described in the attached proposed contract of sale.

Please be advised of the following:

1. The sale is voluntary. If you do not wish to sell, the buyer, _____,through the City of Garden Grove, will not acquire your property. The buyer does not have the power of eminent domain to acquire your property by condemnation (i.e. eminent domain) and the City of Garden Grove will not use the power of eminent domain to acquire the property.

2. The estimated value of the property is $_____ and was estimated by_____, to be finally determined by a state licensed appraiser prior to close of escrow.

3. The property will be inspected by the City for health and safety deficiencies and compliance with the property standards set forth at 24 CFR Section 92.251.

Since the purchase would be a voluntary, arm's length, transaction you would not be eligible for relocation payments or other relocation assistance under the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (URA), the California Relocation Assistance Act,Government Code Section 7260, et seq., or any other law or regulation. Also, as indicated in the contract of sale, this offer is made on the condition that no tenant will be permitted to occupy the property before the sale is completed.

Again, please understand that if you do not wish to sell your property, we will take no further action to acquire it. If you are willing to sell the property under the conditions described in the attached contract of sale, please sign the contract and return it to us at: _____. If you have any questions about this matter, please contact _____at _____.

Sincerely,

_____

Title:_____

_____ _____

Buyer Date

_____ _____

Buyer Date

Form continues on next page with Seller's Acknowledgment

DISCLOSURE TO SELLER WITH VOLUNTARY, ARM'S LENGTH PURCHASE OFFER (Page 2)

ACKNOWLEDGEMENT

As the Seller I/we understand that the City Building Inspector will inspect the property for health and safety deficiencies.

As the Seller, I/we understand that under the City's program, the property must be currently owner-occupied, vacant for four months at the time of submission of purchase offer, new (never occupied), or renter purchasing the unit. I/we hereby certify that the property is:

☐ Vacant at least 4 months; ☐ Owner-occupied; ☐ New; or ☐ Being Purchased by Occupant

I/we hereby certify that I have read and understand this "Declaration" and a copy of the foregoing Notice was given to me prior to the offer to purchase. If received after presentation of the purchase offer, I/We choose ☐ to withdraw or ☐ not to withdraw, from the Purchase Agreement.

_____ _____

Seller Date

_____ _____

Seller Date

ATTACHMENT D

CITY OF GARDEN GROVE
FIRST TIME HOMEBUYER PROGRAM
INFORMATION SHEET
AND
INSTRUCTIONS TO HOMEBUYER ("PARTICIPANT")

A. Participant works with lender of choice to obtain the primary lender's pre-qualification letter.

B. Participant works with real estate agent to select housing unit. Program disclosures are reviewed with agent for presentation to seller. Tenant occupied housing units are not eligible for purchase using Program assistance.

C. Participant selects housing unit and enters into a purchase contract (contingent upon receiving Program Loan approval). Lender provides the Program Operator with a "Copy Package",which will include:

1. Certification of Program Eligibility Signed by ALL Applicants
2. Signed Affidavit of Intent to Owner Occupy Property
3. Evidence Property is Located Within Boundaries of City of Garden Grove
4. Home Buyer Education Certificate from HUD Approved Provider
5. Buyer's Signed Agreement to Complete Repairs in City Inspection Report Within 90 Days of Closing (include copy of City Inspection Report)
6. Natural Hazard Disclosure Report
7. Loan Transmittal Summary (1008)
8. Loan Application (1003)
9. Tri-Merged Mortgage Credit Report
10. Letters of Explanation for Any Credit Items (If Applicable)
11. First Mortgage Loan Approval Letter (include loan amount, loan type, and conditions to final approval)
12. Verification of Employment
13. Pay Stubs for past two months
14. Year-to-Date Profit & Loss Statement (If Applicable)
15. Income Documents for all Non-Borrowing Adult Household Member OR Signed No-Income Certification Form.
16. Federal Income Tax Returns for Past Three Years
17. W2 Forms for Past Three Years
18. Bank Statement From All Accounts for Past Six Months (including retirement savings)
19. Escrow Deposit Receipt
20. Fully Executed Purchase Agreement (include all addendums)
21. Escrow Instructions
22. Escrow's Estimated Closing Statement
23. Escrow Vesting Amendment
24. Appraisal Report
25. Preliminary Title Report/Title Commitment
26. Good Faith Estimate
27. Truth in Lending
28. IRS Form 4506 T
29. Borrower Authorization & Certification
30. Misc. Lender Disclosures

D. Program Operator reviews Participant's submittal to determine Program eligibility and financing affordability for Participant.

E. Program Operator or other City staff meets with qualified homebuyer/applicant to provide information relative to the Program requirements, the lending process, and homeownership responsibilities.

F. Program Operator has housing unit inspected to verify compliance with property standards set forth at 24 CFR Section 92.251. Notice of any deficiencies or needed corrections are given to participant's real estate agent, with recommended course of action.

G. Program Operator requests Program Loan approval from the Economic Development and Housing Director or his or her designee. Following Program Loan approval, Program Operator prepares and obtains homebuyer execution of deed of trust, promissory note, request for notice,Homebuyer Loan Agreement, requests checks, and deposits same into escrow.

H. Program deed of trust and Request for Notice are recorded against the housing unit. Escrow Company furnishes Program Operator with proof of recordation of documents, a copy of the deed of trust securing the first mortgage, and other closing information. After receipt of recorded Program Loan documents, Insurance Loss Payee Certification, and City's Title Insurance Policy, Program Operator closes out the participant's file.

ATTACHMENT E

FIRST TIME HOMEBUYER PROGRAM
FAIR HOUSING MARKETING PLAN

SUMMARY

The City will continue its efforts to market the First Time Homebuyer Program ("Program") in a manner that will reach all community members.

All marketing related to the Program is publicized in English, Spanish, and Vietnamese. All marketing materials include information identifying the City's commitment to fair housing laws and affirmative marketing policy, and are widely distributed. Equal opportunity is emphasized in written materials and oral presentations. A record is maintained by the City identifying what marketing materials are used, and when and where they are distributed.

Forms of marketing may include fliers, brochures, newspaper ads, articles, website announcements,and/or public service announcements. Fliers and brochures are distributed at local government buildings, other public buildings and through the mail, as well as to businesses that assist those not likely to apply without special outreach. Advertisements and articles are published in newspapers that are widely circulated within the community.

Established working relationships with local lending agencies also aid in informing the public by facilitating the distribution of informational fliers to households seeking financial assistance for repairs that are unable to obtain conventional financing.

Informational meetings are offered to homebuyer/applicants who are potential participants to explain Program requirements. Often, minimal formal outreach efforts are required as the need for assistance generally exceeds funds available. However, marketing measures are actively performed in order to maintain a healthy interest list.

Information regarding the personal characteristics of all homebuyer/applicants who are potential participants is collected and compared with the City's demographics. Should the City find that there are underserved segments of the population, a plan to better serve them will be developed and implemented.

MARKETING FORMS

Fliers

Brochures

Newspaper Ads and Articles

Public Service Announcement

Public Information Meetings

MARKETING VENUES

Local Government Buildings
Local Public Services Buildings
Private Businesses
Lending Agencies
Real Estate Offices
Newspaper
Radio
Mail

ATTACHMENT F

CERTIFICATION OF OCCUPANCY
CITY OF GARDEN GROVE

I/we _____ declare as follows:

(Please Print Owner-Occupant's Name(s))

That I/we am/are currently occupying as my/our principal place of residence the real property commonly known as:

_____

(Address)

_____

(City, State, Zip code)

Daytime Phone Number: _____

Executed on _____, 20____, at _____, CA

(Date) (City)

I/we declare under penalty of perjury that the foregoing is true and correct.

Signature(s) of owner-occupant(s):

Occupant: _____

Occupant: _____

Occupant: _____

Occupant: _____

Occupant: _____

ATTACHMENT G

GARDEN GROVE

CITY OF GARDEN GROVE

CITY OF GARDEN GROVE
FIRST TIME HOMEBUYER PROGRAM
WELCOME LETTER

[Date]

Dear City of Garden Grove First Time Homebuyer Program Applicant:

Thank you for your interest in the City of Garden Grove ("City") First Time Homebuyer Program ("Program"). The City recognizes the difficulty a homebuyer faces given the current cost of housing. The City has designed the Program to provide a subordinate loan subsidy to increase home ownership opportunities.

Enclosed you will find a Program Information Sheet and Instructions to Homebuyer ("Information Sheet") along with a Pre-Application Checklist. We strongly encourage you to thoroughly review the Information Sheet and complete the Pre-Application Checklist in order to determine if you may be eligible to participate in the Program.

If after completing the Pre-Application Checklist, you believe you meet the established criteria, the process for homeownership then includes the following steps:

Select a lender and complete the application process to qualify for a primary mortgage loan ("primary loan") from a lender. You are required to qualify for the maximum, supportable primary loan you are eligible to secure from a lender. The lender you select will establish the actual amount of primary loan you can afford and will help you find a mortgage that suits your individual family needs.

Once you have been pre-approved for a primary loan, contact the City to proceed with the application process for Program Loan assistance.

Upon preliminary Program approval, the next step is selecting a housing unit to purchase. To assist you in locating a housing unit, you may choose to employ a local real estate professional who can assist you in finding a housing unit that meets your criteria. Your local real estate professional will also assist you in entering into a purchase and sale contract for your new home; however, you are responsible for disclosing to the seller in writing that you are in the process of application to the Program, that you are seeking a Program Loan, and that your acquisition of the housing unit will be conditioned upon your obtaining a primary loan and a Program Loan.

Following primary loan pre-qualification from your lender and execution of a purchase/sale contract to buy an eligible housing unit, your lender will submit a primary loan commitment on your behalf. If approved, and contingent upon funds being available at the time of submission, the City will then provide you with written notice informing you of conditional approval and of the deadline date by which you must close escrow on a Program Loan.

Please be aware that all funds are distributed on a first come/first served basis and funds are limited for the Program. If you have any questions regarding the City of Garden Grove First Time Homebuyer Program, please call Neighborhood Improvement Division staff at (714) 741-5131.

Sincerely,

Ursula Luna Reynosa

Economic Development and Housing Director

Enclosures

11222 Acacia Parkway • P.O.Box 3070 • Garden Grove, CA 92842
ggcity.org

ATTACHMENT H

CITY OF GARDEN GROVE
FIRST TIME HOMEBUYER PROGRAM

PRE-APPLICATION CHECKLIST

This Pre-Application Checklist is only for purposes of preliminary self-qualification and is intended to be used ONLY as guide for a potential applicant to determine if he or she may be eligible for the City of Garden Grove ("City") First Time Homebuyer Program ("Program"). Capitalized terms used in this checklist are defined in the Program Guidelines, a copy of which is available at the City offices. This checklist should be completed by the potential applicant PRIOR to contacting any approved lender to obtain a first mortgage loan ("primary loan").

This Pre-Application Checklist does not establish, expressly or by implication that a potential applicant will be eligible for or will be approved for a Program Loan, nor does it guarantee that funding will be available at the time a preliminary or full application for Program assistance is submitted. This checklist does not need to be submitted to the Program Operator or the City and is for the sole purpose of preliminary self-qualification by the applicant.

I. PROGRAM ELIGIBILITY

A. INCOME ELIGIBILITY

1. Gross Household Income: $_____
   Defined as the combined gross annual income for ALL members of the household who will establish as their principal residence the housing unit to be purchased under the Program.
   Note: Income information will be verified by both the lender for the primary loan and City's Program Operator during the formal application process
2. Household Size: _____
   "Household" is defined as all persons who will establish as their principal residence the housing unit to be purchased under the Program. The occupants may be a single family, one person living alone, two or more families living together or any other group of related or unrelated persons who share living arrangements

   The current (2026) income limits for lower income households in Orange County pursuant to Section 6932 of Title 25 of the California Code of Regulations are set forth below:

2026 Income Limits[1]

Household Size	Maximum Allowable Income (Lower Income Households)
1	$104,200
2	$119,400
3	$134,000
4	$148,850
5	$160,800
6	$172,700
7	$184,600
8	$196,500

Locate your household size on the above Income Limits chart. Is your Gross Household Income less than the maximum allowable income limit?

Yes_____ No_____

IF NO, THEN YOU ARE NOT ELIGIBLE FOR THIS PROGRAM.

B. CREDIT RATING

Do you have a minimum credit rating of “fair”?
Yes_____ No_____

IF NO, THEN YOU ARE NOT ELIGIBLE FOR THIS PROGRAM.

C. SUFFICIENT FUNDS AVAILABLE
Total all personal funds you have available in the form of liquid assets (savings, checking account funds, and time deposits which are not subject to penalty for early withdrawal). Do NOT include any loans.

$_____

[1]Income Limits are provided by the California Department of Housing and Community Development (HCD) and are subject to change without notice

Downpayment Requirements:

Purchase Price	Required Minimum Down payment of 3%
$200,000	$6,000
$250,000	$7,500
$300,000	$9,000
$350,000	$10,500
$400,000	$12,000
$450,000	$13,500

By looking at the Down payment Requirements table above, determine the required 3% minimum down payment for the housing unit you’d like to purchase using this Program. Compare your total personal funds that you calculated on the previous page to this amount. Do you have enough liquid assets available for the minimum 3% down payment?

Yes_____ No_____

IF NO, THEN YOU ARE NOT ELIGIBLE FOR THIS PROGRAM.

D. Taking the total of your available liquid assets that you calculated in C and deducting the amount that you anticipate to use for the downpayment, is the remaining balance at least enough to pay three (3) months of your total anticipated housing costs (mortgage, taxes, insurance, etc.)?

Yes_____ No_____

IF NO, THEN YOU ARE NOT ELIGIBLE FOR THIS PROGRAM

E. Have you had any Ownership Interest in any real property within the past three years?

Yes_____ No_____

IF YES, THEN YOU ARE NOT ELIGIBLE FOR THIS PROGRAM UNLESS YOU MEET THE DEFINITION OF A "FIRST-TIME HOMEBUYER" AS DEFINED BELOW:

According to Title 25 California Code of Regulations Section 7716(m), "first-time homebuyer" means an individual or individuals or an individual and his or her spouse who have not owned a home during the three-year period before the purchase of a housing unit with Program assistance, 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 years, worked on a full-time basis as a member of the labor force for a consecutive twelve-month period and who has been unemployed or underemployed, experienced difficulty in obtaining or upgrading employment and worked primarily without 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 the spouse. A single parent is an individual who is unmarried or legally separated from a spouse and has one or more minor children for whom the individual has custody or joint custody or is pregnant; and
3. An individual or individuals who owns or owned, as a principal residence during the three-year period before the purchase of a housing unit with assistance, 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

Note: You will be required to submit supporting documentation (divorce decree and other information requested by the Program Operator and/or City) prior to final loan approval. Final determination of eligibility under this definition is at the sole discretion of the City and the Program Operator.

II. HOUSING UNIT INFORMATION (only complete if housing unit to be acquired has been identified)

A. LOCATION
Address of housing unit to be purchased: _____
Is the housing unit located in the City of Garden Grove?
Yes_____ No_____
IF NO, THEN THIS HOUSING UNIT IS NOT ELIGIBLE FOR THIS PROGRAM.

B. PURCHASE PRICE
Is the purchase price of the housing unit greater than $_____ [insert maximum permitted purchase price]?
Yes_____ No_____
IF YES, THEN THIS HOUSING UNIT IS NOT ELIGIBLE FOR THIS PROGRAM.

C. TYPE OF HOUSING UNIT
Is the housing unit you wish to purchase a single family home, condominium, town home, or manufactured home?
Yes_____ No_____
IF NO, THEN THIS HOUSING UNIT IS NOT ELIGIBLE FOR THIS PROGRAM.

D. PRIMARY RESIDENCE

Do you intend to make the housing unit to be purchased through this Program your primary residence?
Yes_____ No_____
IF NO, THEN THIS HOUSING UNIT IS NOT ELIGIBLE FOR THIS PROGRAM.

III. PROGRAM LOAN REPAYMENT TERMS

Do you understand that the financial assistance the City is providing is in the form of a deferred loan that is secured by a subordinate trust deed on the housing unit and must be paid back? There is no forgiveness of the Program Loan principal and interest under any circumstances.
Yes_____ No_____
IF NO, THEN YOU SHOULD REFER TO THE PROGRAM GUIDELINES AND SPEAK TO YOUR LENDER OR THE CITY FOR CLARIFICATION PRIOR TO PROCEEDING.

Do you understand that if you purchase a housing unit using this Program, that you will not be able to withdraw equity from the housing unit in the future without first paying off the Program Loan?
Yes_____ No_____
IF NO, THEN YOU SHOULD REFER TO THE PROGRAM GUIDELINES AND SPEAK TO YOUR LENDER OR THE CITY FOR CLARIFICATION PRIOR TO PROCEEDING.

Do you understand that you will not be able to transfer the ownership or title of this housing unit to another person without first paying off the Program Loan)?
Yes_____ No_____
IF NO, THEN YOU SHOULD REFER TO THE PROGRAM GUIDELINES AND SPEAK TO YOUR LENDER OR THE CITY FOR CLARIFICATION PRIOR TO PROCEEDING.

Do you understand that you will be required to complete a homebuyer education course?
Yes_____ No_____
IF NO, THEN YOU SHOULD SPEAK TO THE CITY FOR CLARIFICATION PRIOR TO PROCEEDING.

IV. PRELIMINARY SELF-QUALIFICATION

If you have completed this pre-application checklist to the best of your ability and have determined that you may be eligible, the next step would be to contact one of the approved lenders for the Program. An approved lender will determine your eligibility for a primary loan and will instruct you in the next steps necessary to submit a formal preliminary application to obtain City approval for participation in the Program.

ATTACHMENT I

CITY OF GARDEN GROVE
FIRST TIME HOMEBUYER PROGRAM

LENDER PROCEDURES

1. **Document Collection and Review** - Once escrow is opened on a home in Garden Grove, the City will need to collect the following documents and review them to see if the household qualifies for assistance.

   Documents Needed from Home Buyer
   - Program Application
   - Driver's License
   - 2023, 2024, & 2025 Tax Returns (all members of the household above the age of 18)
   - 1st paycheck issued in January and 30 days of recent pay stubs (all members of the household above the age of 18)
   - 6 months of bank statements (all members of the household above the age of 18)
   - Letter of explanation from buyers regarding bank deposits that are not regular income
   - Proof of 3% down-payment
   - Education Certificate

   Documents Needed from Underwriter
   - Uniform Underwriting and Transmittal Summary
   - Uniform Residential Loan Application
   - Copy of the Credit Report
   - Property Appraisal Report
   - Homeowners and Title Insurance Policies
   - Purchase Agreement
   - Escrow instructions and documents
   - Estimated Settlement Statement
   - Buyer disclosures

2. **Property Inspection** - Once the client has been approved for the assistance, the City will need to conduct a property inspection of the home prior to final approval of the loan.
3. **Sign Loan Documents** – If the home passes the inspection, the City will then be able to sign loan documents with the buyer.
4. **Initiate Wire Transfer** – Once the loan documents have been executed, the City will then initiate the wire transfer of funds to the escrow account.

ATTACHMENT J

CITY OF GARDEN GROVE
FIRST TIME HOMEBUYER PROGRAM

LENDER INSTRUCTIONS

1. **Loan Coordination and Documentation**
   - **Primary Loan Requirements:**
     - Ensure that the primary loan is a fixed-rate mortgage with a minimum 30-year term (no adjustable or balloon payments).
     - Secure an impound account to manage property taxes and insurance.
   - **Subordinate Loan Coordination:**
     - The Program Loan will act as a silent, deferred second mortgage.
     - Confirm that no unauthorized third-party debts are added during refinancing or subordination.
     - Maintain contact with the City when any refinance or subordination request arises to align terms with program requirements
2. **Program Loan Eligibility Verification**
   - **Income Certification and Verification:**
     - Verify applicant household income against the published income limits (using documentation like pay stubs, tax returns, and asset reports).
     - Ensure the back-end debt-to-income ratio does not exceed 45%.
   - **Property Eligibility:**
     - Confirm the selected property is located within Garden Grove and is an eligible housing type (e.g., single-family home or condo, no multi-unit properties).
     - Verify compliance with property standards and secure a clear pest inspection report.
3. **Escrow and Closing Procedures**
   - **Document Submission:**
     - Submit the executed purchase agreement, primary loan commitment, and Program Loan approval documents to the City's Program Operator before closing.
     - The City must receive a copy of the buyer's homebuyer education certification from a HUD-approved agency.
   - **Title Insurance:**
     - Ensure that the title policy lists the City as an additional insured with adequate coverage to protect all liens.
   - **Closing Process:**
     - Provide escrow instructions ensuring that both primary and Program Loan funds are disbursed concurrently at closing.
     - Confirm the City's loss payee status on all required insurance policies (including flood insurance, if applicable).
4. **Loan Monitoring and Servicing Responsibilities**
   - **Annual Monitoring:**
     - Confirm with borrowers that their property taxes, insurance, and utility bills are current.
     - Submit any evidence of borrower compliance or requests for updates to the Program Operator.
   - **Program Loan Defaults:**
     - Notify the City immediately in the event of any borrower default or title transfer.
     - Coordinate with the City if foreclosure actions are initiated by any primary lender to explore mitigation options.
5. **Contact and Support**
   - **City Program Operator:**
     - Communicate with the Program Operator for any clarifications or to resolve issues during underwriting and closing.
     - Keep the City updated on borrower progress throughout the life of the loan.

This set of lender instructions will help ensure smooth operation and compliance with the Garden Grove First Time Homebuyer Program. If further details or amendments are needed, lenders should refer to **Attachment I** of the program guidelines for the full procedures.