



CITY OF MADERA FIRST-TIME HOMEBUYER PROGRAM INFORMATION FOR BUYERS, LENDERS AND REALTORS

As a participating buyer, lender or realtor, you should be aware of these procedural requirements of the First-time Homebuyer (FTHB) Program.

A loan through the First-time Homebuyer Program will not exceed the current program limits. The loan can include closing costs; however, the appraised value will be compared to the purchase price to ensure that the combination of the first mortgage and the FTHB loan do not exceed 95% of the appraised value or the maximum purchase price for the program.

An applicant for the FTHB must be at or below 80% of Area Median Income, a first-time homebuyer and have a source of earned income and must contribute at the close of escrow the equivalent of one month of the family's annual income as their contribution to the purchase of their home. The family contribution may not come from the Rural California Gold program or lender rebates.

The FTHB participant must obtain the first mortgage purchase financing and must borrow the maximum that the lender will allow. The FTHB loan amount is based on the amount the applicant is qualified to borrow from the first lender. Housing costs, Principal, Interest, Taxes and Insurance should average 30% of the buyer's gross monthly income.

Eligible properties for this program must be located in the Target Area. The property must be for the buyer's personal residence. The home must be pre-existing, and may be newly constructed, on-family home already on a permanent foundation. Other than the applicant, a renter may not currently occupy the home; to be eligible; a rental property must be vacant for three full months before the offer to purchase.

SECTION 504 OF THE REHABILITATION ACT OF 1973, AS AMENDED: No otherwise qualified individual with handicaps in the United States...shall solely by reason of his or her handicap be excluded from participation in, denied the benefits of, or be subjected to discrimination under any program or activity receiving Federal financial assistance...

1. Application packages with attachments (Lender and Realtor Information, Buyer Affidavit, Fair Lending, Credit Disclosure and Income Affidavit if applicable) will be given out. Those applicants returning complete loan packages will be processed in the order of receipt.
2. If the application is incomplete or the applicant is ineligible, the applicant will be notified.
3. If eligible, the applicant will meet personally with staff for a briefing. The letter will be subject to an expiration date of 90 days.
4. In addition to the eligibility letter, the buyer will obtain three notices on which the seller's signature is required before making the purchase offer. The Seller Certification states: the home was either owner-occupied or vacant (90) days before execution of the purchase offer. The Acquisition Notice to Seller states: the purchaser has no power of eminent domain and, therefore, will not acquire the property if negotiations fail to result in an amicable agreement. The seller's agent gives an estimate of the fair market value of the property to the seller at this time. The Disclosure of Lead-Based Paint has important information if you are planning to buy a home built before 1978.
5. The City requires all FTHB loan applicants to complete a Homeownership workshop as a condition of loan approval. Workshops are scheduled on an as-needed basis. Information concerning workshop dates, time and locations are known when five or more program participants are ready for the workshop.
6. Once an eligibility letter has been issued, an applicant can then enter a contract to purchase a home, contingent upon receiving first mortgage and FTHB financing. No contract of sale dated before the eligibility letter will be accepted.
7. Final approval of the loan comes from the City of Madera Loan Review Committee. No funds are obligated until the loan is approved.
8. The subject property purchased must pass a Housing Quality Standards (HQS) Inspection or code compliance in effect when the home was constructed. Please submit purchase contracts at the time of execution, allowing two weeks for the HQS or code compliance inspection.

9. Before the loan can be presented to the Loan Review Committee, the following items must be provided to staff:

1. A copy of the completed purchase agreement.
 2. A letter from the first lender stating the borrower has been pre-approved for financing subject to final underwriting review.
 3. A copy of the Credit Report.
 4. A copy of the appraisal with photos.
 5. Escrow instructions.
 6. Preliminary Title Report.
 7. Standard flood hazard determination.
 8. Good Faith Estimate with all fees from the lender and title.
 9. Signed disclosures.
 10. Lead-based paint form (if applicable).
10. Following FTHB loan approval by the committee, the first lender must provide a formal signed copy of the final Underwriters Transmittal, before the funds will be requested.
11. The City of Madera will send FTHB loan documents and escrow instructions to the Title Company.
12. Certified Signed Escrow instructions as prepared by the Title Company must accompany the FTHB request to submit funds into escrow. Once the instructions are received, it takes a minimum of one week for the funds to be deposited into escrow.