



**Sacramento  
Housing &  
Redevelopment  
Agency**

**REPORT TO  
CITY COUNCIL**  
City of Sacramento  
915 I Street, Sacramento, CA 95814-2671  
[www.CityofSacramento.org](http://www.CityofSacramento.org)

**PUBLIC HEARING**  
July 18, 2006

Honorable Mayor and  
Members of the City Council

**Subject:** HOMEOWNERSHIP PROGRAM CHANGES

**Location/Council District:** Citywide

**Recommendation:**

Staff recommends adoption of the attached resolution on pages 6 and 7 which authorizes the Executive Director or her designee to:

- adopt the First-Time Homebuyer Program (FTHB) Guidelines to increase the level of assistance;
- adopt the CalHome First-Time Program (CalHome) Guidelines to establish the level of assistance to be consistent with the FTHB Program;
- adopt the Mortgage Credit Certificate (MCC) Program Guidelines to increase the tax credit rate from 15 percent to 20 percent;
- adopt the Agency Program Layering Policy;
- transfer existing balances of Community Development Block Grant (CDBG) funds of approximately \$42,202 and HOME funds of approximately \$100,015 in the Mortgage Assistance Program to the First-Time Homebuyer Program and amend the Agency budget;
- transfer \$100,000 of 2004 City Community Development Block Grant funds in the Single Family Rehabilitation Program to the Emergency Repair Program/Accessibility Grant Program (ERP-A) and amend the Agency budget; and
- amend the 2006 One-Year Action Plan to reflect these activities.

**Contact:**

Larry Goins, Director of Program Operations, 440-1314  
Carla Christian, Program Manager, 264-1524

**Presenters:** Carla Christian, Program Manager, 264-1524



## Homeownership Program Changes

**Department:** Sacramento Housing and Redevelopment Agency

### **Summary:**

This staff report requests several changes to the Agency homebuyer assistance programs to consolidate the programs and funding, update the assistance levels and layering policy, increase the MCC tax credit rate, and increase funding for the ERP-A program.

### **Committee/Commission Action:**

At its meeting on June 21, 2006, the Sacramento Housing and Redevelopment Commission adopted a motion recommending approval of the attached resolution. The votes were as follows:

AYES: Burns, Burruss, Coriano, Fowler, Gore, Hoag, Piatkowski, Simon, Stivers.

NOES: None.

ABSENT: Shah.

### **Background Information:**

The First-Time Homebuyer Program (FTHB) was created in 1996 and has helped thousands of buyers in Sacramento by providing \$5,000 for down payment and closing costs. Over the past few years, the median sales price in Sacramento has increased dramatically and we have adapted our homeownership programs to address this challenge. In 2003, the Mortgage Assistance Program (MAP) was created to provide mortgage assistance of \$20,000 to help reduce the amount of the first mortgage. Additional funding from the State's CalHome Program of \$25,000 and the federal American Dream Downpayment Initiative Program (ADDI) of \$10,000 have combined to increase homebuyer assistance to families in Sacramento.

By layering the various programs, buyers could receive up to \$35,000 - \$40,000 in homebuyer assistance. This level of assistance helps make houses in the \$200,000 - \$220,000 price range more affordable to low-income homebuyers. However, federal funding for the ADDI program was drastically reduced this year in effect eliminating \$10,000 from our layering program.

### First-Time Homebuyer Program and Mortgage Assistance Program

The FTHB and MAP programs utilize the same funding sources (HOME and CDBG). In order to reduce paperwork, simplify the process, and establish an assistance level related to the sales price, this staff report recommends combining the FTHB with MAP. The features of the revised FTHB will be as follows:

- assistance will be calculated at 20 percent of the sales price, up to a maximum of \$40,000;

## Homeownership Program Changes

- "limited" assistance of 10 percent of the sales price, up to a maximum of \$20,000 will be available to buyers in special sales programs such as Inclusionary and Public Housing Sales programs;
- three percent interest rate, deferred payments; and
- 30 year loan, due on sale or transfer.

Please refer to Attachment I for the FTHB Program Guidelines.

### CalHome First-Time Homebuyer Program

For program consistency, this staff report is also recommending that the CalHome Program Guidelines be modified to calculate the level of assistance in the same manner as the FTHB. Please refer to Attachment II for the CalHome FTHB Program Guidelines.

### Mortgage Credit Certificate Program

The MCC Program provides borrowers with an ongoing federal income tax credit of 15 percent of the annual mortgage interest. Not only does the MCC provide this ongoing benefit, but lenders are also able to use the anticipated tax savings when they qualify the buyers. It has been more difficult to spend the MCC allocation in the past few years due to the increased sales prices and increased use of CalHFA loans.

This staff report recommends increasing Sacramento MCC's Program tax credit rate to 20 percent in order to:

- Increase the federal tax credit benefit for the borrowers
- Increase buying power for borrowers, and
- Move the allocation in a timely manner.

Please refer to the Attachment III MCC Program Guidelines.

### Program Layering Policy

The Program Layering Policy is being updated to reflect these program changes and to establish how the homebuyer assistance programs may now be combined. The maximum program layering is allowed in Agency target areas to encourage homeownership in these areas. There is also a provision to allow "limited" FTHB assistance to be used in conjunction with the special sales programs such as the Inclusionary Program and the Public Housing Sales Programs. Please refer to Attachment IV for the revised Agency Homebuyer Assistance Program Layering Policy.

### Emergency Repair Program/Accessibility Grant Program

In January 2006, the ERP-A program was implemented to provide emergency repairs for very-low income homeowners as well as accessibility modifications to low-income disabled residents. The demand for this program has already surpassed the funding allocated for this year. Staff is recommending the transfer of \$100,000 of 2004 CDBG funds from the Single Family Rehabilitation Program to the ERP-A program to provide funding for the remainder of this year.

Homeownership Program Changes

**Financial Considerations:**

This staff report requests authorization to combine the FTHB with the MAP, eliminating the MAP program. This report also requests the transfer of any remaining balances in the MAP program of approximately \$42,202 of CDBG and approximately \$100,015 of HOME funds program to the FTHB program. Future loan repayments would be allocated to the FTHB program.

This report also requests transfer of \$100,000 of 2004 CDBG Single Family Rehab Program funds to the Emergency Repair Program/Accessibility.

**Environmental Considerations:**

The proposed action consists of creation of a government funding mechanism which does not commit to any specific project which may result in potentially significant impacts on the environment. As such, the proposed action does not constitute a project under CEQA per Guidelines Section 15378(b)(4). The CDBG Emergency Repair Program /Accessibility has been previously evaluated and determined to be exempt from environmental review under NEPA pursuant to 24 CFR Sections 58.34(a)(10) and 58.35(a)(2).

**Policy Considerations:**

The actions in this staff report are consistent with Agency goals of providing affordable housing opportunities to low- and moderate income homebuyers and homeowners.

**M/WBE Considerations:**

Minority and Women's Business Enterprise requirements will be applied to all activities to the extent required by federal funding.

Respectfully Submitted by:   
ANNE M. MOORE  
Executive Director

Recommendation Approved:

  
RAY KERRIDGE  
City Manager

Homeownership Program Changes

Table of Contents

Pg 6-7	City Council Resolution
Pg 8-10	Attachment I – FTHB Program Guidelines
Pg 11-14	Attachment II – CalHome First-Time Homebuyer Program Guidelines
Pg 15-17	Attachment III – MCC Program Guidelines
Pg 18-19	Attachment IV – Program Layering Policy

## **RESOLUTION NO. 2006 -**

**Adopted by the Sacramento City Council**

### **FIRST- TIME HOMEBUYER PROGRAM AND CALHOME PROGRAM CHANGES, MORTGAGE CREDIT CERTIFICATE PROGRAM CHANGES, PROGRAM LAYERING POLICY, AND INCREASE IN FUNDING TO THE EMERGENCY REPAIR PROGRAM, AMENDMENT OF AGENCY BUDGET, AND AMENDMENT OF ACTION PLAN**

#### **BACKGROUND**

- A. The City wishes to consolidate the First-Time Homebuyer Program and the Mortgage Assistance Program in order to reduce paperwork, simplify the process and establish an assistance level related to the sales price to make it more affordable for buyers. The City also wishes to update the Program Layering Policy to establish how the programs may be combined.
- B. The City wishes to increase the Mortgage Credit Certificate tax credit rate from 15 percent to 20 percent to increase the benefit to the borrower and to help move the allocation.
- C. The City wishes to increase funding for the Emergency Repair Program to help meet the demand of the program.

#### **BASED ON THE FACTS SET FORTH IN THE BACKGROUND, THE CITY COUNCIL RESOLVES AS FOLLOWS:**

Section 1. The First-Time Homebuyer Program Guidelines attached as Attachment I of the accompanying staff report are hereby adopted.

Section 2. The CalHome First-Time Homebuyer Program Guidelines attached as Attachment II of the accompanying staff report are hereby adopted.

Section 3. The Mortgage Credit Certificate Program Guidelines attached as Attachment III of the accompanying staff report are hereby adopted.

Section 4. The Sacramento Housing and Redevelopment Agency ("Agency") Program Layering Policy attached as Attachment IV of the accompanying staff report is approved.

Section 5. The Agency's budget is amended to transfer existing balances of Community Development Block Grant Funds of approximately \$42,202 and HOME funds of approximately \$100,015 in the Mortgage Assistance Program to the First-Time Homebuyer Program.

Section 6. The Agency's budget is amended to transfer \$100,000 of 2004 Community Development Block Grant funds in the Single Family Rehabilitation Program to the Emergency Repair Program/Accessibility Program.

Section 7. The 2006 Community Development Block Grant One-Year Action Plan is amended to reflect these activities.



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## First-Time Homebuyer Program PROGRAM GUIDELINES

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<b>First-Time Homebuyer</b>	The First-Time Homebuyer (FTHB) Program helps low-income first-time home buyers by providing assistance for down payment, closing costs and to reduce the amount of the first mortgage.
Form of Assistance	A deferred payment loan secured by a deed of trust.
Calculation of Assistance	The FTHB assistance will be calculated at 20 percent of the purchase price, up to a maximum of \$40,000.
"Limited" FTHB Assistance	When the FTHB program is used in conjunction with special sales programs, the amount of assistance will be limited to 10 percent of the purchase price up to a maximum of \$20,000. Please refer to the Agency Layering Policy for the definition of special sales programs.
Interest Rate	The interest rate will be three percent fixed rate, simple. Principal and interest shall be deferred for the term of the loan.
Loan Term	30 years or due upon sale or transfer of the property. Refinances must be approved by the Agency subject to Agency subordination policy.
Loan-To-Value	The loan-to-value ratio for the FTHB loan, when combined with all other indebtedness to be secured by the property, shall not exceed 100 percent of the sales price plus a maximum of up to five percent of the sales price to cover actual closing costs.
Use of Funds	The loan funds may be used to reduce the amount of the first mortgage, including 50 percent of the required down payment, and to pay closing costs.
Housing Debt Ratio	Monthly housing costs shall be no less than 28 percent of the borrower's gross monthly income and no more than 35 percent of the borrower's gross monthly income. However, with compensating factors, the housing costs can exceed 35 percent, but not 40 percent. The total debt ratio may be determined by the lender's underwriting guidelines. On FHA insured loans, ratios are 29/41. These cannot be exceeded unless there are significant compensating factors.
Borrower's Contribution	The applicant/borrower must contribute 50 percent of the required down payment. Applicant/borrower contribution may be from gift funds or other secured financing (other than Agency funds).

Other Terms

- Loans will be secured by a subordinated deed of trust on the property.
- Funding is contingent upon the applicant/borrower obtaining a first mortgage loan.
- First mortgage financing may be FHA insured mortgages or conventional mortgages. Refer to Agency Homeownership Guidelines for first mortgage restrictions.
- All applicants must complete Agency approved homebuyer education classes. These classes shall cover the home buying process as well as property maintenance, good neighbor practices, and credit and budgeting.
- Agency loans are assumable by qualified purchasers, subject to Agency approval.
- Non-occupant co-mortgagors or co-signers are not allowed.

First-Time Homebuyer

First-time homebuyer means an individual and his or her spouse who have not owned a home during the three-year period prior to the purchase of a home. The term first-time also includes an individual who is a displaced homemaker or single parent, as described in the Agency Homeownership Guidelines.

Qualifying Income Limits

The qualifying income of a borrower/applicant must not exceed 80 percent of the area median income, adjusted for family size as determined by HUD. As of March 8, 2006, the 80 percent of median income figures are as follows:

<u>Household Size</u>	<u>80 percent of Median</u>
1	\$36,600
2	\$41,850
3	\$47,050
4	\$52,300
5	\$56,500
6	\$60,650

Qualifying Income

Qualifying income is calculated by totaling current gross income for all persons 18 years of age or older who will occupy the residence. The income is annualized forward over a twelve-month period. Income includes all salaries, wages, overtime, and bonuses before payroll deductions. It also includes earnings from interest on savings and checking accounts, dividend payments, unemployment, disability, public assistance, alimony, child support or regular gifts. Actual, or imputed, interest income from assets over \$5,000 will be included in qualifying income.

Property

The property must be located within the City or County of Sacramento. This program is not available in Citrus Heights. The program may be available in Rancho Cordova and Elk Grove subject to the HOME consortium.

The property may be a single family dwelling or condominium unit. Duplexes, fourplexes or mobile homes are not eligible.

Properties that are tenant-occupied at the time of sale are not eligible for assistance under the First-Time Home Buyer Program. The property must be vacant, occupied by the seller, or occupied by the buyer at the time the buyer first makes an offer on the property. The seller must provide a representations and warranties statement regarding the occupancy status of the property.

The property must be occupied by the applicant/borrower as his/her principal residence for the term of the Agency loan. The appraised value may not exceed the HUD 203(b) mortgage limit for the area, which currently is \$362,790. The property must meet minimum housing quality standards. An inspection by the Agency will be required. Properties built prior to 1978 are subject to the Lead-Based Paint regulations.

#### Application Procedures

To apply for the program please contact any of the lenders on the attached list. For additional information or questions call SHRA at (916) 264-1500, or visit our web site at [www.shra.org](http://www.shra.org).



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# Fact Sheet

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## CalHome First-Time Homebuyer Mortgage Assistance Program 2006 PROGRAM GUIDELINES

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<b>CalHome Program</b>	Sacramento Housing and Redevelopment Agency has an allocation of State CalHome funds available for mortgage assistance to qualified borrowers. This funding is administered in accordance with guidelines adopted by the State Department of Housing and Community Development (HCD). Funds are provided to qualified households in the form of 30-year, deferred-payment second mortgages. The CalHome First-Time Homebuyer Mortgage Assistance loan helps buyers purchase homes by providing financial assistance to reduce the amount of the first mortgage and to pay non-recurring closing costs.
Calculation of Assistance	The assistance will be calculated at 20 percent of the purchase price up to a maximum of \$40,000. The maximum loan shall not exceed the required amount of subsidy needed to make the unit affordable to the homebuyer and to pay non-recurring closing costs.
Interest Rate	Three percent fixed rate, simple. Principal and interest shall be deferred for the term of the loan.
Term	30 years
Max CLTV	The loan-to-value ratio for the CalHome Program loan, when combined with all other indebtedness to be secured by the property, shall not exceed 100 percent of the sales price plus a maximum of up to five percent of the sales price to cover actual closing costs.
Use of Funds	Funds may be used for down payment, mortgage assistance and non-recurring closing costs.
Refinancing	Refinancing may be allowed subject to Agency subordination policy.
Repayment	Loans shall be repayable upon sale or transfer of the property, when the property ceases to be owner-occupied, or upon the CalHome Program Loan maturity date.

Hardship	<p>However, if it is determined by the recipient that repayment of the CalHome Program loan at the maturity date causes a hardship to the borrower, the borrower has two options:</p> <p>(A) Amending the note and deed of trust to defer repayment of the amount due at loan maturity, that is the original principal and the accrued interest, for up to an additional 30 years (at zero percent additional interest), this may be offered one time, or</p> <p>(B) Converting the debt at loan maturity, that is the original principal balance and any accrued interest, to an amortized loan, repayable in 15 years at zero percent additional interest.</p>						
Eligible Properties	<p>The home must be located in eligible areas which are defined as "qualified census tracts" and/or redevelopment areas in the City and County of Sacramento. Please see following page for list of "qualified census tracts" and Agency redevelopment areas.</p>						
Unincorporated Areas	<p>In the County, the CalHome program is available only within the unincorporated areas of the County. The program is not available in Citrus Heights, Elk Grove, Galt, Folsom, Isleton, or Rancho Cordova.</p>						
Maximum Sales Price	<p>The maximum allowable sales price of the assisted unit cannot exceed the current median sales price of a single family home in Sacramento County which is currently \$365,000 according to the Sacramento Association of Realtors.</p>						
First-Time Homebuyer	<p>The applicant must be a first-time homebuyer which means a borrower(s) who has not owned a home during the three-year period before the purchase of a home with CalHome assistance.</p>						
Displaced Homemakers	<p>The CalHome Section 7716(m) contains a provision for displaced homemakers, single parents, and individuals who have owned mobile homes to be considered eligible for the program.</p>						
Household Income	<p>The CalHome borrower household must have a gross annual income not exceeding 80 percent of County median income for the size of the household. Income also includes income from assets over \$5,000 calculated at two and one half percent of the value of the asset. As of March 8, 2006 the limits are:</p> <table border="0" style="margin-left: 40px;"> <tr> <td style="padding-right: 20px;">Household Size</td> <td>80 percent of Area Median</td> </tr> <tr> <td>1-person</td> <td>\$36,600</td> </tr> <tr> <td>2-person</td> <td>\$41,850</td> </tr> </table>	Household Size	80 percent of Area Median	1-person	\$36,600	2-person	\$41,850
Household Size	80 percent of Area Median						
1-person	\$36,600						
2-person	\$41,850						

3-person	\$47,050
4-person	\$52,300
5-person	\$56,500
6-person	\$60,650

Eligibility vs.  
Lender Income

For program eligibility, the total annual income includes income from all adult members of the household.

For underwriting purposes, the lender shall use standard industry methods for determining the borrower's annual gross income. Note that the gross income figure calculated for income-eligibility purposes may vary substantially from the annual income a lender will use to underwrite the first mortgage.

Housing Debt Ratio

Monthly housing costs shall be no less than 28 percent of the borrower's gross monthly income and no more than 35 percent of the borrower's gross monthly income. However, with compensating factors the housing costs can exceed 35 percent, but not 40 percent. The total debt ratio may be determined by the lender's underwriting guidelines. On FHA insured loans, ratios are 29/41. These cannot be exceeded unless there are significant compensating factors.

Underwriting

The first mortgage lender will perform the underwriting using established credit guidelines for the particular program. The Agency will provide oversight of this function and may require credit explanations or payoff of collections if deemed necessary and prudent.

There may be no outstanding unpaid judgments or involuntary liens at the time the CalHome loan is recorded.

First Mortgage Restrictions

Borrower shall obtain the maximum first lien mortgage loan with a term and interest rate from a mortgage lender consistent with affordable housing costs outlined above.

The term of the loan shall be 30 years. Mortgage loans shall not include provisions for negative amortization, principal increases, balloon payments or deferred interest. The first mortgage may be an FHA loan, conventional loan, or CHFA financing.

Fees and charges to the borrower for the first mortgage loan shall be reasonable and must be approved by the CalHome lender.

The first mortgage lender is required to collect and manage impound accounts for payment of taxes, assessments and hazard insurance according to the lender's requirements.

**Escrow Prohibitions**

Cash transactions and oral agreements outside of escrow are prohibited. Cash out of escrow to the borrower is limited to the amount deposited into escrow by the borrower and not needed for any lender-required minimum downpayment.

**Homebuyer Education**

The CalHome homebuyer must attend homebuyer education classes. The homebuyer education requirement may be met by taking the following classes:

**Sacramento Home Loan Counseling Center**

- Course 1 –The Home Buying Process
- Course 2 – Credit & Money Management
- OR Course 3 - Home Maintenance/Good Neighbor;

**OR**

**NeighborWorks Homeownership Center**

- Preparing for Homeownership
- "My Home" Workshop

**Qualified Census Tracts  
City and County**

The "qualified census tracts" are:

0005.00, 0006.00, 0007.00, 0010.00, 0011.00, 0012.00, 0014.00, 0018.00, 0020.00, 0022.00, 0027.00, 0028.00, 0032.01, 0036.00, 0037.00, 0041.00, 0042.02, 0042.03, 0043.00, 0044.01, 044.02, 0046.01, 0046.02, 0048.01, 0049.03, 0049.05, 0050.02, 0051.03, 0052.01, 0053.00, 0055.02, 0062.02, 0063.00, 0064.00, 0065.00, 0066.00, 0067.02, 0068.00, 0069.00, 0070.01, 0074.04, 0074.10, 0088.00, 0091.10.

**Redevelopment Areas**

North Sacramento, Oak Park, Del Paso Heights, Alkali Flat, Army Depot, Franklin Blvd., Stockton Blvd., 65<sup>th</sup> Street, and Florin Road Redevelopment Areas. Please call for maps of these areas.

**Application Procedure**

To apply for the program, please contact any of the lenders on the attached list. For additional information or questions call (916) 264-1500, or visit our web site at [www.shra.org](http://www.shra.org).



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## SACRAMENTO MORTGAGE CREDIT CERTIFICATE PROGRAM 20 PERCENT PROGRAM GUIDELINES

### Mortgage Credit Certificate

The Mortgage Credit Certificate (MCC) Program is being offered by the Sacramento Housing and Redevelopment Agency (SHRA) to help home buyers purchase homes in areas within the cities of Sacramento, Elk Grove, Folsom, Isleton, Galt, Citrus Heights, Rancho Cordova and the County of Sacramento. The MCC reduces the amount of the Federal income tax you pay, thus giving you more available income to qualify for a mortgage loan and to make your monthly mortgage payments.

### Eligible Applicants Must

- Be a first-time homebuyer. (You cannot have had an ownership in a principal residence at any time in the last three years). In federally designated target areas, you do not have to be a first-time homebuyer.
- Occupy the home
- Not exceed the Income and Purchase Price Limitations below:

### Maximum Annual Gross Income

	<u>Non-Target Areas</u>	<u>Target Areas</u>
1 or 2 person household	\$65,400	\$78,480
3 or more person household	\$75,210	\$91,560

### Low-Income Set Aside

40 percent of the allocation will be reserved for households whose income does not exceed 80 percent of the area median adjusted for family size.

### Maximum Purchase Price

	<u>Non-Target Areas</u>	<u>Target Areas</u>
New or Existing Homes	\$429,620	\$525,091

### How Will the MCC Assist My Home Purchase?

You will receive a tax credit for 20 percent of the annual interest you pay on the mortgage loan. The amount of the credit will not be more than your annual federal income tax liability after all other credits and deductions have been taken into account. Your ability to take full advantage of the tax credit will depend on your individual tax liability.

### For example

You obtain a mortgage loan of \$225,000 from your lender at an interest rate of six and one-half percent for 30 years. In the first year, the interest on this loan would amount to \$14,551. With a 20 percent MCC, you would receive a Federal income tax credit of \$2,910, or 20 percent of \$14,551. If your annual Federal income tax is \$2,910 or more after all other credits and deductions have been subtracted, you would receive all the benefits of the MCC. To realize this tax savings on a monthly basis,

you would file a revised W-4 withholding form, and your Federal tax withholding would be reduced by \$243 per month (\$2,910 divided by 12).

Lenders may use this tax savings in the underwriting of your loan, thus increasing the amount of loan you may qualify for.

Who Do I Contact to Obtain a Mortgage Credit Certificate?

You may obtain a mortgage credit certificate by contacting any of the participating lenders. Additional lenders may be added, so please ask your lender if they are participating in the current MCC Program.

How Do I Apply?

You apply for the mortgage credit certificate at the same time you make a formal application for a mortgage loan. Lenders vary in their requirements for mortgage loan application, but generally you will have made a purchase offer to buy a house and will be ready to supply credit information, employment data and other information to the lender. You may not apply for MCC after you have already purchased your home.

Is There a Fee to Apply?

There is a \$250 fee to apply for an MCC. This is a non-refundable fee. The lender may also charge an additional fee of \$50 for processing the MCC. There is no allocation of Mortgage Credit Certificates by the lender. After you have made a formal application, the lender will arrange with SHRA to reserve funds for your MCC-assisted mortgage loan. This reservation will hold the MCC while your application is being processed by the lender and SHRA. The lender must receive a signed copy of the MCC Commitment, before the loan may close.

What Are the Loan Terms?

The loan terms depend upon the lender and the type of loan you obtain. Depending on the mortgage marketplace and your borrowing requirements, each lender can set its own interest rate, length of mortgage term, down payment requirement, fees, points, closing costs and other loan terms.

MCCs are available with conventional loans, FHA and VA loans, and privately insured loans. Fixed rate, adjustable rate, and interest only loan types are allowed. MCCs are not available with bond-backed loans (e.g., Single Family Bond Programs, Cal Vet Loans, CalHFA). You may be able to use MCCs with other Agency homebuyer assistance programs according to the Agency Layering Policy.

Borrowers are subject to provisions of the Federal Tax Law for the recapture of all or a part of the subsidy provided by the Mortgage Credit Certificate Program.

How Long Does the MCC Last?

As long as the home remains your principal residence and the original loan is not refinanced, the MCC will be in effect for the life of your mortgage loan. Each year, the credit certificate is calculated on the basis of 20 percent of the total interest you paid on your mortgage loan that year.

Can I Refinance?	If you refinance your mortgage you will lose your MCC. You must then apply to have your MCC reissued, one time only.
What Kinds of Properties Are Eligible?	The MCC can only be used for owner-occupied single family residences (including condominiums and half-plexes). You are responsible for finding your own home to purchase. No listing of homes, real estate agents, or builders are maintained by SHRA.
Where Is the Program Available?	The program is currently available anywhere within the County of Sacramento including the cities of Sacramento, Citrus Heights, Elk Grove, Folsom, Isleton, Galt, Rancho Cordova and the unincorporated areas of the County.
Federally Designated Target Areas	The following census tracts are Federally Designated Target areas. In these areas the applicants do not need to be first-time buyers and higher income and sales price limits apply. 0005.00, 0007.00, 0009.00, 0010.00, 0011.00, 0013.00, 0018.00, 0021.00, 0027.00, 0028.00, 0037.00, 0042.03, 0044.02, 0045.00, 0046.02, 0049.03, 0050.02, 0052.01, 0053.00, 0055.06, 0062.02, 0064.00, 0066.00, 0067.02, 0068.00, 0073.00, 0074.13, 0075.03, 0088.00, 0091.10
For Additional Information	Contact the Loan Processing Division (916) 264-1500, or visit our web site at <a href="http://www.shra.org">www.shra.org</a>





**SHRA Homebuyer Assistance Programs  
Program Layering Policy**

The purpose of this policy is to detail how the Agency homebuyer assistance programs may be combined in order to maximize the benefits to buyers, especially those buying properties in the Agency target areas. This policy also allows assistance to buyers of new Inclusionary or Affordable Program homes and to buyers under the Public Housing Authority sales programs.

Target Areas

Buyers of properties in targeted areas may layer up to four Agency Programs:

- First-Time Homebuyer Program (FTHB) \$40,000 or  
CalHome Program \$40,000
- American Dream Downpayment Initiative (ADDI) \$10,000
- Target Area Homebuyer Program (where available) \$ 5,000
- Mortgage Credit Certificate Program (MCC) Tax Credit

City and Countywide

Buyers of properties throughout the City and County may layer up to three Agency Programs:

- First-Time Homebuyer Program (FTHB) \$40,000, or  
BEGIN Program \$30,000
- American Dream Downpayment Program (ADDI) \$10,000
- Mortgage Credit Certificate Program (MCC) Tax Credit

Inclusionary and Affordable Housing Programs

Buyers may combine the following programs when buying an Inclusionary or Affordable Housing Home:

- First-Time Homebuyer Program " Limited" \$20,000
- American Dream Downpayment Program \$10,000
- Mortgage Credit Certificate Tax Credit

Public Housing Sales Programs

- 5(h) Homes for Sale Program
  - 5(h) – seller carry back financing 35 percent -50 percent of purchase price
  - First-Time Homebuyer Program \$40,000 or  
CalHome Program \$40,000

- |                                       |            |
|---------------------------------------|------------|
| • American Dream Downpayment Program  | \$10,000   |
| • Mortgage Credit Certificate Program | Tax Credit |

Sec. 32 affordable sales price

- |  |            |
|--|------------|
| • First-Time Homebuyer Program "Limited" | \$20,000   |
| • American Dream Downpayment Program     | \$10,000   |
| • Mortgage Credit Certificate Program    | Tax Credit |

HCV Program

- |  |          |
|--|----------|
| • First-Time Homebuyer Program "Limited" | \$20,000 |
| • American Dream Downpayment Program     | \$10,000 |

### Target Area Definitions

Agency target areas include residential redevelopment areas including: Alkali Flat, Del Paso Heights, North Sacramento, Oak Park, Army Depot, Franklin Boulevard, Florin Road, 65<sup>th</sup> Street, and Stockton Boulevard. Target areas also include the MCC and CalHome federally designated target areas. These census tracts are on file in the Loan Processing Department.

### Combined Loan-to-Value

To enable the multiple layering of various down payment, closing costs, and mortgage assistance programs, the Agency will allow a maximum combined loan-to-value ratio not to exceed 105 percent. This not only includes Agency assistance, but other assistance programs as well.

When combining Agency programs, the most restrictive program guidelines will apply.