



Legislation Details (With Board Report)

File #: 12-496 **Name:** First Time Home Buyer Loan Agreement
Type: General Agenda Item **Status:** Passed
File created: 5/31/2012 **In control:** Board of Supervisors
On agenda: 6/19/2012 **Final action:** 6/19/2012
Title: Approve loan documents for the County of Monterey's First Time Homebuyer Program.

Sponsors:

Indexes:

Code sections:

Attachments: 1. FTHB Loan Agreement, 2. Deed of Trust and Security Agreement, 3. Promissory Note, 4. Buyers Occupancy and Financing Restrictions, 5. Completed Board Order

Date	Ver.	Action By	Action	Result
6/19/2012	1	Board of Supervisors	approved	

Approve loan documents for the County of Monterey's First Time Homebuyer Program.

RECOMMENDATION:

It is recommended that the Board of Supervisors:

Approve loan documents for the County of Monterey's First Time Homebuyer Program

SUMMARY:

In 2011, the County was notified that it was awarded an \$800,000 HOME grant to fund First Time Home Buyer (FTHB) loans. The attached loan documents are necessary to properly document and secure the FTHB loans made with grant funds.

DISCUSSION:

Over the last twenty years, the County has received grants from the State Housing and Community Development Department (HCD) to provide FTHB loans to income-qualified households. FTHB loans assist households in unincorporated areas of the County to purchase a home by reducing the amount of the first mortgage and/or the equity downpayment. FTHB loans can be extended to any household earning less than 80% of Area Median Income (AMI). The loan terms are for 30-years at 3% interest and all payments are deferred for the term of the loan. By deferring repayment of the FTHB loan, the household's monthly debt service requirements remain low which helps them to qualify for a first mortgage.

All FTHB loans must be properly documented to ensure that the County's HOME assets are protected and that the County remains in compliance with grant requirements. The loan documents consist of a Loan Agreement, Deed of Trust, Promissory Note, and a Buyer's Occupancy and Financing Restrictions Agreement. The County uses the latter document to ensure that the unit is occupied by the Buyer during the term of the loan. This Agreement also limits refinancing of the first mortgage to lowering the interest rate; no cash out is allowed. Finally, under the terms of the Agreement, the note is due upon sale.

OTHER AGENCY INVOLVEMENT:

County Counsel has reviewed and approved the recommended loan documents as to form.

FINANCING:

There is no impact on the General Fund. All FTHB loans and loan repayments are budgeted in Fund 013, Unit 8200 (Community Development Grants) and Unit 8199 (Community Development Reuse).

Prepared by:

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Housing Program Manager

Approved by:

Jim Cook, ext. 5390
Director of Economic Development

Attachments:

FTHB Loan Agreement;
Deed of Trust and Security Agreement;
Promissory Note; and
Buyer's Occupancy and Financing Restrictions.