



Funding Homebuilders to Develop the American Dream

## BEGIN First-Time Home Buyer Program Laurel Creek Townhomes Program Overview

Watt Communities, in conjunction with the City of San Luis Obispo and the State of California’s BEGIN program, is offering eight two-bedroom and two three-bedroom townhouses to qualified buyers. This is a first-time homebuyers program and moderate-income households that meet income and eligibility requirements are encouraged to submit an application.

Unit sizes range from 1,364 to 1,762 for the two-bedroom units; the three bedroom units include 1,903 square feet of living area. Each unit includes a two-car garage and 2.5 bathrooms. The homes are available now!

Table 1 below provides the Annual Income Limits for households that wish to participate in the program. The attached Income Eligibility Requirements detail the financial and residency requirements that apply to applicants.

Qualified applicants who submit complete applications will be reviewed on a first-come, first-served basis. Complete applications must include the signed application form and a letter from Chase Home Loans indicating that the applicant is pre-qualified for a loan to purchase the home.

Applicants are required to be certified as income eligible by the Housing Authority of the City of San Luis Obispo. For more information about the program, or to submit your application, contact Michael Codron, City Housing Programs Manager, at (805)781-7175.

**TABLE 1: ANNUAL INCOME LIMITS (\$)**  
**(Effective for sales between April 1, 2009 and April 1, 2010)**

INCOME GROUP	NUMBER OF PERSONS IN HOUSEHOLD							
	1	2	3	4	5	6	7	8
MODERATE	59,450	67,950	76,450	84,950	91,750	98,550	105,350	112,150

Updated April, 2008, from California State Department of Housing and Community Development (HCD) Official Income Limits.

# Application to Purchase Affordable Home Laurel Creek Townhomes First-Time Homebuyer Program

Dear Prospective Home Owners,

The developer of Laurel Creek Townhomes, in conjunction with the City of San Luis Obispo and the State of California's BEGIN program, is offering 10 townhomes (8 two-bedroom units and 2 three-bedroom units) for sale to income-eligible, first-time homebuyers. The City and State are providing substantial down payment assistance in the form of a low-interest loan with no required monthly payments to first-time homebuyers. Successful applicants will be able to qualify for a first-mortgage to complete the purchase.

To apply, complete and submit this application to the City of San Luis Obispo, 919 Palm Street, San Luis Obispo, CA, 93401, Attention: Michael Codron. For questions, contact Michael Codron at (805) 781-7175. Applications will be processed on a first-come, first-served basis. **To be complete, applications must be accompanied by a pre-qualification letter from the project lender, Chase Home Loans.** Contact Tawnya at 805-783-7915 for more information about pre-qualification requirements.

Please carefully review the attached Financial and Residency Requirements before completing this application. The Gross Family Income limits follow:

Number of Persons in Household	Maximum Gross Family Income
1	\$59,450
2	\$67,950
3	\$76,450
4	\$84,950
5	\$91,750
6	\$98,550
7	\$105,350
8	\$112,150

Applicants who submit complete applications will be required to be certified as a moderate-income, first time homebuyer by the Housing Authority of the City of San Luis Obispo before they are determined to be eligible to purchase an affordable home.

Name: \_\_\_\_\_ Date of Birth: \_\_\_\_\_

Social Security Number: \_\_\_\_\_

Name: \_\_\_\_\_ Date of Birth: \_\_\_\_\_

Social Security Number: \_\_\_\_\_

Current Address: \_\_\_\_\_

Phone Number: \_\_\_\_\_

Employer: \_\_\_\_\_ Employer's Phone Number: \_\_\_\_\_

Employer's Address: \_\_\_\_\_

Number of people in household: \_\_\_\_\_

Estimated Gross Family Income for 2009 (total for household): \_\_\_\_\_

**CERTIFICATION:**

I (we) have read and understand the above and have no objections to inquiries being made to verify the information provided. I (we) further certify that the above information is true and complete to the best of my (our) knowledge and that my (our) application may be denied if I (we) have made any false statements or misrepresentations herein. I (we) understand that it is a criminal offense to make willful false statements or misrepresentations to secure assistance from programs supported by public funds.

\_\_\_\_\_  
Applicant

\_\_\_\_\_  
Date

\_\_\_\_\_  
Co-Applicant

\_\_\_\_\_  
Date



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## **BEGIN First-Time Home Buyer Program Laurel Creek Townhomes**

### **(Revised) Unit Costs, Loan Description and Resale Restrictions**

Applicants who are offered an opportunity to purchase a unit in the Laurel Creek project will be provided with substantial down-payment assistance, as well as a custom interest rate, to cap housing costs at no more than 40% of gross annual income.

**Here is how the program works:** Eight two-bedroom units will be sold for \$290,900 each, and two three-bedroom units will each be sold for \$378,900. Down payment assistance is provided from two sources, the State of California and the City of San Luis Obispo. Total down payment assistance is up to \$65,000 for the two-bedroom units and up to \$90,000 for the three-bedroom units.

Therefore, the effective sales prices (the amounts that the buyer will have to finance with a primary mortgage) are approximately \$225,900 for the two-bedroom units, and \$288,900 for the three-bedroom units. Additional funds are available from the builder, up to \$10,000 per unit, to “buy down” interest rates and to cover closing costs. The actual amount of down-payment assistance and interest rate buy-down available will be determined on a case-by-case basis.

Down-payment assistance is made in the form of a loan that accrues 3% simple interest over a 30-year term. No periodic payments are required on the down-payment assistance, to keep monthly payments affordable. The loan must be paid back upon sale of the home, or at the end of the 30-year term. There are no pre-payment penalties. Purchasers agree to occupy the home as their primary residence during the term of the loan. The home may be sold at any time. The BEGIN loan can be assumed by another, qualified moderate-income household after an initial five year period.

**Resale Restrictions:** When the initial buyer is interested in selling the home, they may sell the unit at the market price. At that time, the loan made for down-payment assistance would be due to the City. However, if the home is sold to an eligible, moderate-income household after the first five years, the City’s 3% loan may be assumed by the new buyer. During the term of the loan, purchasers agree to occupy the home as their primary residence.

## 1. FINANCIAL AND RESIDENCY REQUIREMENTS

To be eligible to purchase an affordable unit, the applicant must meet the following requirements. The applicants must provide sufficient information to the Housing Authority of the City of San Luis Obispo to verify the requirements have been met.

- The applicant's total annual household income is equal to or less than the maximum allowable household income, as specified in the City's Affordable Housing Standards and referenced on the application. The Housing Authority will certify incomes of all adult household members in calculating total household income. Income is described in Section 2.
- The applicant has secured a **loan pre-qualification letter** for a mortgage equal to the total purchase price, less down payment, through a federally or state regulated housing lender.
- The applicant has shown he has sufficient funds to pay the required down payment, monthly mortgage cost and other costs associated with purchasing the home **without a co-signer to guarantee income or credit**. No persons other than residents of the affordable home may be listed on the grant deed as owners.
- Gift Amount (if applicable) shall NOT exceed a maximum of 20% of the purchase price. Gift amount is not included in calculation of applicant's assets.
- The household's **total assets do not exceed one-half of the purchase price** of the affordable home. Assets are described in Section 3.
- The applicant agrees to follow City **affordability restrictions**, including a resale restriction to eligible buyers only, and to grant the City of San Luis Obispo or its Housing Authority first right of refusal to purchase the property, pursuant to the City's Affordable Housing Standards.
- The affordable home must be owner occupied. The applicant must **agree to use the home as his/her primary residence**. The applicant and co-applicant must reside in the County of San Luis Obispo **or** be employed in the City of San Luis Obispo's Urban Area, as shown in Attachment C.
- Applicant must be a U.S. citizen or have the right to permanently reside in the United States.

## **2. INCOME INCLUSIONS AND EXCLUSIONS**

### **INCOME INCLUSIONS**

- The gross amount (before any payroll deductions) of wages, salaries, overtime pay, commissions, fees, tips, bonuses and other compensation for personal services; however, only that portion of overtime pay, commissions, and bonuses that are likely to continue for at least the coming year will be included.
- The net income from the operation of a business, profession or active farming. The Housing Authority will not make allowances for depreciation of capital assets in determining the net business income. The Housing Authority also reserves the right to review additional business expenses and to exclude any expenses that are unlikely to continue or are unnecessary.
- Interest, dividends and other net income of any kind from real or personal property (expenditures for amortization of capital indebtedness and an allowance for depreciation of capital assets shall not be deducted to determine the net income from real or personal property).
- The gross amount of periodic payments received from Social Security for all household members, regardless of age.
- The gross amount of periodic payments from annuities, insurance policies, retirement funds, pensions, disability or death benefits and other similar types of periodic receipts, including a lump-sum payment for the delayed start of a periodic payment.
- Payments in lieu of earnings, such as unemployment, worker's compensation and severance pay.
- Periodic allowances such as alimony and separate maintenance, child support payments received, housing allowances received and regular contributions or gifts received from persons not residing in the dwelling.
- That portion of scholarships provided for general living expenses, transportation and miscellaneous personal expenses.
- Lump-sum assets (gifts, inheritances, etc.) received in the previous two years prior to application unless the applicant is disabled or retired.

### **INCOME EXCLUSIONS**

- Casual, sporadic or irregular gifts totaling up to 20% of the purchase price of the home.
- Amounts that are specifically for or in reimbursement of the cost of medical expenses. Amounts that are expended and designated for large and continuing medical expenses of a member of the household are excluded.
- Lump-sum settlements for personal or property losses.
- That portion of scholarships that are provided for tuition, fees, books, equipment, materials, and supplies.
- Earned Income from the employment of children under the age of 18.
- Payments received for the care of foster children.
- The value of the allotment provided to an eligible household for coupons under the Food Stamp Act of 1977.
- The income of a live in aide, defined as a person who resides with an elderly, disabled, or handicapped person, and who is determined to be essential to the care and well-being of the person, is not obligated to support the person, and would not be living in the unit except to provide supportive service

### **3. ASSET INCLUSIONS AND EXCLUSIONS**

In general terms, an asset is a cash or non-cash item that can be converted to cash.

#### **ASSET INCLUSIONS**

- Savings accounts and the average 6-month balance of checking accounts.
- Stocks, bonds, savings certificates, money market funds, and other investment accounts.
- Cash value of trusts available to the household.
- IRA, Keogh, and similar retirement savings accounts, even though withdrawal would result in a penalty.
- Physical, monetary, and real property assets that, although owned by more than one person, allow unrestricted access by the applicant.

- Equity interest in a home or other real estate.
- Lump-sum receipts, such as inheritances, capital gains, lottery winnings, insurance settlements and other claims.
- Gift amounts exceeding 20% of the purchase price of the home.
- Cash value of life insurance policies.
- Equity in motor vehicle(s) with an individual value exceeding \$15,000.00.
- Contributions to company retirement/pension funds that can be withdrawn without retiring or terminating employment.
- Tax-exempt retirement accounts cannot exceed one-half the purchase price.
- Imputed interest on the total of all assets such as savings accounts.

#### **ASSET EXCLUSIONS**

- Assets not accessible to the household and that do not provide any income for the household.
- Ordinary household effects, including furniture, appliances, clothes, fixtures and personal property.
- Up to one (1) motor vehicle used for personal or business use, whose value does not exceed \$15,000.00. Copies of all owned automobile registrations and related loan documents must be available.
- Assets that are a part of an active business or farming operation.