Whittier Housing Authority
AFFORDABLE HOME OWNERSHIP PROGRAM (AHOP)

I. Rules and Regulations

1. PROGRAM SUMMARY

To increase homeownership opportunities for eligible Participants (described in section 2 below) who otherwise would not be able to purchase a home in Whittier, the Whittier Housing Authority's (the "WHA's") Affordable Home Ownership Program (AHOP, or the "Program") provides deferred loans to moderate-income first-time home buyers to purchase a condominium, town home, or single-family home in Whittier. Homes purchased under the Program have specific resale restrictions that intend to maintain the affordable units for a minimum of 45 years and protect the WHA's housing funds. Except for an "Equity Appreciation Share" feature described below, the loans are interest-free.

With the WHA's assistance, Participants have the opportunity to purchase a home, either directly from the WHA, a Participating Developer, or from an existing Program Participant, at an Affordable Sales Price (as defined in section 6). The priority to purchase a home through the Program is based on the preference point system described in section 4 below.

2. ELIGIBLE PARTICIPANTS

- **First-Time Home Buyers.** Applicants (all persons listed on the title of the assisted Property) must not have had ownership interest in a principal residence at any time within the three (3) years preceding application date. Exceptions can be made in the discretion of the WHA in the case of divorce where the Applicant is the spouse who in the dissolution loses all interest in a house. Co-signers or co-borrowers who are not a part of the household are not allowed.

- **Home Buyer Education.** Applicants will be required to complete a Home Buyer Education Course on homeownership, as approved by the WHA. Applicants can call the Los Angeles County Community Development Commission[1] at (323) 890-7001 3.3.3 for available workshop dates, fees, and registration. Applicants will receive a valid Certificate of Completion as proof of attendance. The Certificate of Completion must be submitted to the WHA.

- **Income Requirement.** Applicant's combined gross annual household income must fall within the moderate income category for Los Angeles County, as published by the California Housing and Community Development

[1] IF LACDC workshops are not available, applicants may be able to attend the 8-hour HUD approved course by contacting ClearPoint Financial Solutions (877)877-1995 LA Neighborhood Housing Services at (213)381-2862, New Economics for Women at (213)483-2060 ext 106, ACORN at (213)484-1475, East LA Community Corporation at (323)269-4214, Consumer Credit Counseling Services of Orange County at (714)547-2227 ext 0, Neighborhood Housing Services of Orange County at (714)490-1250.

Department (HCD). These income limits are subject to change on an annual basis. Applicant's income level must meet the requirement at the time the Program Interest Form is submitted, and continue to qualify at the time of purchase of the Property.

Allowable Gross Household Incomes
2018*

Household Size	Minimum Income	Maximum Income
1	$54,250	$58,200
2	$62,000	$66,500
3	$69,750	$74,850
4	$77,500	$83,150
5	$83,700	$89,800
6	$89,900	$96,450
7	$96,100	$103,100
8	$102,300	$109,750

**Periodically adjusted by HCD, updated April 2018.*

- **Mortgage.** Participants must be able to qualify for a 30-year, fixed interest rate, fully amortizing mortgage from one of the WHA approved lenders, without co-borrowers or co-signers that will not reside in the property. (While first loan approval is dependent on many factors, lenders typically require a FICO credit score minimum of 620 to 640.)

- **Capacity.** Participants must be of legal age and must have the capacity to enter into binding contracts.

- **Household Size Must Meet the Minimum and Maximum Size Criteria for Available Unit Size.** For the purposes of this program the United States Department of Housing and Urban Development (HUD) Section 8 Housing Quality Standards will be utilized to determine the maximum occupants per unit. This standard, as shown below, allows for two persons per sleeping room plus one person. The minimum household size is established to prevent larger units from being purchased by small households that would otherwise fit in a smaller unit.

Minimum and Maximum Household Size by Unit Size

Unit Size	Minimum Household Size	Maximum Household Size
Studio	1	2
One Bedroom	1	3
Two Bedroom	1	5
Three Bedroom	2	7
Four Bedroom	3	9

- **No Conflicts.** No member of the City Council/Housing Authority Board nor any employee, official, or consultant who exercises any decision-making

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function in connection with the Program (nor any immediate family member of such person) is eligible for the Program.

3. PROPERTY

The Properties are specific designated homes located in the City of Whittier, owned by either the WHA, a Participating Developer, or existing Program Participants. These Properties may be single-family detached homes, town homes, or condominiums.

4. PARTICIPATION PRIORITY

When Properties are available for purchase through this Program, Participants are offered the opportunity to purchase the Properties through a priority list. The priority list is established based on the total preference point system which is calculated based on the residency, the location of the employment of the Applicant, and other criteria. Priorities are given to the following:

- Current city of Whittier residents displaced by the WHA;
- Current city of Whittier residents;
- Persons with current employment in the city of Whittier;
- Persons currently providing public safety (sworn police or fire personnel), education, or medical services in the city of Whittier; and
- The length of time a person has been on the waiting list.

The Applicant's priority will be established based on all five sections of the preference point system chart. The higher the point total the higher the priority. For Applicants with the same point total, lottery drawings will be conducted to determine the priority. Applicant priority ranking will be based on characteristics of either the head of household or the two primary members of the household. If two household members are used for the priority ranking, the highest ranking person in each category will be utilized to compute the total.

When necessary and available, Applicant license and/or registration as a public safety, education or medical services employee shall be checked by contacting their employer or by using the State of California, Department of Consumer Affairs license lookup web page located at http://www2.dca.ca.gov/pls/wllpub/wllquery$.startup.

The priority list established by the preference point system is good for two (2) years from the time of establishment. A new priority list may be established or refreshed, as needed, by restarting the entire application process. New Applicants may also be added to the priority list at any time.

5. FINANCING

The financing of the purchase of the Property requires the Applicant, the private lending institution, and the WHA to work together.

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- **Applicant's First Lien.** Applicants must obtain a 30-year fixed interest rate, fully amortizing, mortgage loan in the amount equal to no more than 97% of the Affordable Sales Price (determined based on their income category and the number of bedrooms of the Property). This mortgage is to be secured by a First Deed of Trust from one of the private lending institutions approved by the WHA. The financial criteria used by the private lenders may be different and possibly more stringent than that used by the WHA. The mortgage may be FHA, VA, or conventional. The mortgage payment, plus other housing related expenditures, may not exceed the Affordable Sales Price established by the California Health and Safety Code Section 50052.5. See Section 7 AFFORDABLE SALES PRICE for more detailed information.

Default in payments on the First Lien will also constitute default under the WHA's second Deed of Trust and may result in foreclosure by the WHA.

- **Applicant's Down Payment and Closing Costs.** Applicant must contribute a minimum down payment of three percent (3%) of the Affordable Sales Price plus any closing costs for the purchase of the Property. Funds for down payment and closing costs must be from Participant's own sources.

- **WHA's Assistance to Participant.** The WHA provides a deferred loan to Participant to assure that the home is available at an Affordable Sales Price. The WHA's loan amount is equal to the market price, less the determined Affordable Sales Price for the Property. See Section 6 FINANCIAL ASSISTANCE and Section 7 AFFORDABLE SALES PRICE for more detailed information.

6. FINANCIAL ASSISTANCE

The WHA's loan, funded by the low- and moderate-income housing set-aside funds, is secured by a deed of trust as a second lien on the title, subordinate only to the lien of the first mortgage lender (the "First Lien"). The WHA's loan amount is the difference between market price and the Affordable Sales Price. The Affordable Sales Price is the sum of the First Lien (the amount of which must be determined in accordance with California Health and Safety Code Section 50052.5, as described in Section 7 below) and the down payment.

A sample calculation is illustrated as follows:

Affordable Sales Price = 3-Bedroom Unit - 1st Mortgage + 5% Down Payment

	1st Mortgage	$264,100
+	Down Payment (*5% of the Affordable Sales Price)*	+ 13,900
	Affordable Sales Price	$278,000

WHA's Loan Amount = Market Price – Affordable Sales Price

Market Price (Purchase Price)	$477,300

-	Affordable Sales Price	- $278,000
	WHA's Loan Amount	$199,300

- **Refinancing/Subordination.** No refinancing of the Participant's First Lien may be undertaken without the written consent of the WHA. To protect the WHA's financial interest in the Property, the WHA will not subordinate its Deed of Trust to any cash-out refinance, a new first Deed of Trust that has a variable interest rate, or a loan that includes any negative amortization. The WHA will not subordinate below a second position on the title. The WHA also will not subordinate to a refinancing loan unless the income requirements and affordability requirements are met. The WHA would consider subordination only if the Participant desires to refinance their existing First Lien with no cash out to a lower fixed interest rate, with the intent to lower their mortgage payment. The WHA allows the Participant to roll customary fees, but not prepaid interest points, incurred as part of the refinance into the new loan amount.

- **Additional Financing.** To ensure that the Participant is living "affordably" and not incurring additional payment obligations, in the event that the Participant attempts to obtain a home equity loan secured by a third (or subsequent) Deed of Trust on the Property, a default will occur and the WHA will have the option to purchase the Property at the Price that would result in an Affordable Sales Price to a hypothetical moderate income buyer. Participants with extraordinary circumstances that need financial assistance from the home's equity will be considered on a case-by-case basis. Written request for a waiver of the provision against additional financing must be submitted to the WHA's Executive Director for consideration prior to obtaining an additional loan. The WHA has the sole discretion in approving or denying the request.

7. AFFORDABLE SALES PRICE

The maximum allowable amount Participants may pay for housing related expenditures when participating in the Program is based on the provisions of the California Health & Safety Code Section 50052.5.

Affordable Sales Price, defined by the California Health and Safety Code Section 50052.5, is determined based on the number of bedrooms of the Property and the income category of the buyer. It is the maximum amount of gross monthly household income that can be used for the cost of housing, which includes the monthly mortgage payment, property taxes, hazard insurance, homeowners association fees, utilities, and maintenance.

Affordable Sales Price is set at defined percentages of the Los Angeles County median income. For moderate-income households, the Affordable Sales Price is not less than 28 percent of the gross income of the actual income of the household purchasing the home, and not more than the product of 35 percent times 110 percent of the Los Angeles area median income, adjusted for family size appropriate

13230 Penn Street, Whittier, California 90602 - (562) 567-9320 - Fax (562) 567-2872

for the unit. Family size appropriate for the unit is not an occupancy standard. Rather, it is a benchmark used in a standardized Affordable Sales Price calculation. The household sizes used in California Health and Safety Code Section 50052.5(h) calculations are as follows: a household of one person in the case of a studio unit, two persons in the case of a one-bedroom unit, three persons in the case of a two-bedroom unit, four persons in the case of a three bedroom unit, and five persons in the case of a four bedroom unit. The cost of a housing unit is set based on the number of bedrooms in the unit, not the number of persons in the household occupying the unit.

A sample calculation to determine the Affordable Sales Price is illustrated as follows:

Scenario:

- Property: a 3-bedroom condominium
- Applicant: a 3-person household with a gross annual income of $67,000

<u>Steps to Determine the Income Category of the Applicant</u>

1. To qualify for the Program, the Applicant needs to be a moderate-income household. The 2016 moderate-income range for Los Angeles County for a 3-person household is $62,550 to $70,000.

2. The Applicant's gross annual income of $67,000 falls within the range, and therefore qualifies for the Program.

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Steps to Determine the Affordable Sales Price based on the Size of the Property

1. Size of the Household appropriate for the Property = # of Bedrooms + 1
   = 3 + 1
   = 4

2. Calculated Income available per California Health and Safety Code 50052.5 formula:

   = 110% x median income adjusted for household size
   = 110% x $64,800*
   = $71,280

**The 2016 Los Angeles County area median income for a household of 4 is $64,800.*

3. Maximum Affordable Sales Price = 35% of the Calculated Income

   35% x $71,280 = $24,948/year
   = $2,079/month

4. Maximum monthly mortgage payment is the percentage of the maximum income less other housing related costs. For purposes of this example, the sum of other housing related costs (i.e., property taxes, hazard insurance, Homeowners Association Fees, utilities, maintenance, and property taxes) is assumed to be $661 per month.

   $2,079 - $661 = $1,418/month.

5. Maximum Mortgage Amount for a 30-year fixed interest rate loan at 5.0% that yields a monthly payment of $1,418 is approximately $261,500.

6. Adding the 5% benchmark down payment requirement of $13,900 to the above calculated mortgage amount of $261,500 equals a maximum Affordable Sales Price of:

$278,000

Scenario Summary: Based on the preceding example, that is based on the benchmark standards imposed by California Health and Safety Code Section 50052.5, the Affordable Sales Price for a three-bedroom unit is set at $278,000. The home buyer has the flexibility to modify the mortgage and/or down payment amount. However, the total Affordable Sales Price for a three-bedroom unit cannot exceed $278,000.

13230 Penn Street, Whittier, California 90602 - (562) 567-9320 - Fax (562) 567-2872

8. RESALE OF THE PROPERTY

To preserve the supply of affordable housing stock in Whittier, the Properties purchased through the Program will remain in the Program as affordable units for a minimum of 45 years, or a shorter period in the rare event that Resale Priority 3 (see below) is exercised.

When a Participant intends to sell the Property, he/she must notify the WHA in writing via certified mail sent to City Hall. There are three resale options presented below in priority order. The affordable units shall only be sold under these prescribed conditions.

THIS PROGRAM IS NOT DESIGNED FOR PARTICIPANTS TO REALIZE A LARGE AMOUNT OF EQUITY THROUGH THE RESALE OF THE PROPERTY. IN PRIORITY 1 AND 2, THE RESALE PRICE IS RESTRICTED AT THE AFFORDABLE SALES PRICE, WHICH IS BELOW THE MARKET VALUE, WHERE THE SELLING PARTICIPANT WOULD ONLY RECEIVE A LIMITED EQUITY GAIN, EVEN IN A POTENTIAL PROFITABLE MARKET. IN PRIORITY 3, THE SELLING PARTICIPANT WOULD BE REQUIRED TO SHARE ANY REALIZED EQUITY WITH THE WHA.

Priority 1: Selling to An Eligible Purchaser

As a first priority, the Participant must sell the home to an income Eligible Household at an Affordable Sales Price. Participants interested in selling should contact the WHA as soon as possible to seek assistance in identifying an Eligible Household. The WHA will maintain a list of potential buyers who have expressed interest in purchasing an affordable home in Whittier. Potential buyers will be ranked in order of priority as described in Section 4 PARTICIPATION. The highest ranked household that fits with the occupancy standard for the available unit will be given the first priority in purchasing the available unit.

In order to verify the potential Buyer's status as an Eligible Household, the Participant shall submit to the WHA adequate information evidencing the income and household size of the proposed buyer. Said income information shall be submitted together with the notice of proposed sale ("Notice of Sale") not less than sixty (60) days prior to the proposed sale.

A new owner would be required to record a new silent second loan in favor of the WHA to ensure that the Property will remain affordable for the remaining term of the original 45-year covenant period.

Resale Price. The maximum allowable resale price is based on the Affordable Sales Price as calculated at the time of the resale. If the home is sold under Priority 1, the outstanding WHA loan would be deemed to be repaid when escrow closes on the escrow for the resale. A new second deed of trust will be issued to the next Participant in an amount equal to the then current fair market value of the Property minus the defined Affordable Sales Price.

13230 Penn Street, Whittier, California 90602 - (562) 567-9320 - Fax (562) 567-2872

Priority 2: WHA Buy-Back

If efforts to find an Eligible Household are not successful, the Participant shall provide its Notice of Option, triggering the WHA's option to purchase the unit back. The WHA has 45 days after the receipt of the Notice of Option to respond to the Participant, in writing via certified mail, that it chooses to exercise the option to buy back. The WHA may, instead of purchasing the Property itself, assign its right to purchase the Property to a person or entity of its choosing.

In the event that the WHA exercises the Option, then the WHA shall promptly open escrow for the Property and shall close escrow within a reasonable time. Title to the Property shall be delivered to the WHA at the close of escrow free and clear of monetary liens and encumbrances, and closing costs shall be allocated in the fashion as is customary for buyers and sellers in Los Angeles County.

Resale Price. The purchase price for the WHA is capped at the Affordable Sales Price for a Moderate Income Household (as defined by California Health and Safety Code Section 50052.5), as the case may be, adjusted for family size based on the number of bedrooms in the Property. The selling Participant's existing WHA loan would be forgiven, and the selling Owner would not need to repay the loan.

Priority 3: Selling to An Ineligible Purchaser

If, and only if, the WHA or its designee does not exercise the Option within forty-five (45) days, the Participant may sell the Property to any buyer at the unrestricted market price, provided that the Equity Appreciation Share and the Note Amount are paid to the WHA in full at the closing of the sale. This option would only be exercised as a last resort and is strongly discouraged.

Resale Price. The Property shall be sold at the fair market value. The Participant must repay the WHA's entire loan and any Equity Appreciation Share, which would be based on the resale price (or the fair market value of the property as shown by an appraisal if the resale price is less than the fair market price). The Equity Appreciation Share, also known as "contingent deferred interest", is designed to protect the WHA's financial interest in the Property and low- to moderate-income housing set-aside fund. It is determined based on the WHA's original loan amount, the original market price, and the "net appreciation" from the sale of the unit. The "net appreciation" is the resale price less the original Purchase Price. It is calculated before repayments of any encumbrances. For example, the equity share would be calculated as follows:

$$\text{WHA's Equity Share} = \frac{\text{WHA's Original Loan Amount}}{\text{Original Market Price (Purchase Price)}} \times \text{Net Appreciation*}$$

** Net Appreciation = Resale Price – Purchase Price*

For example:

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$$\text{WHA's Equity Share} = \frac{\$199{,}300}{\$477{,}300} \times (\$600{,}000 - \$477{,}300) = \$122{,}700$$

$$= 41.8\% \times \$122{,}700$$

$$= \$51{,}300$$

In any case where the Property is sold at a below-market price, the WHA's Equity Appreciation Share shall be calculated using a current value as established by an appraiser selected by the WHA. The cost of the appraisal would be paid by the Participant.

The Loan Agreement also provides a credit for property owners if they have invested funds into the unit for qualified capital improvements. These provisions are excluded from the above example for ease of use.

(The WHA will reinvest the repayment of the WHA loan and applicable equity share in future affordable housing opportunities.)

9. LOAN REPAYMENT

The WHA's assistance is a deferred loan with no annual, accruing interest, except in some cases for the "Equity Appreciation Share" (constituting contingent deferred appreciation interest) described in Section 8 above. The loan may not be pre-paid and all Program restrictions are to remain in affect throughout the 45-year covenant period. The loan will not become due unless a sale or transfer of the Property to an ineligible buyer or another Event of Acceleration (see below) occurs. In such a case, the loan and an Equity Appreciation Share (based on the greater of appraised value or actual sales price) shall in the sole and absolute discretion of the WHA, become due and payable in full.

Some examples of Events of Acceleration are as follows:

- Sale or transfer of the Property to an ineligible buyer;
- Refinancing or further encumbering the Property with a third or subsequent mortgage without prior written approval of the WHA or cash out refinancing;
- Participant fails to occupy the Property as his/her principal residence;
- Participant defaults under the Deed of Trust securing the loan, the Promissory Note, or the Notice of Restrictions; or
- Any person making a material misrepresentation in any affidavit or certification made in connection with the application for, or the issuance of a Program loan, or in the loan documents.

10. USE AND OCCUPANCY OF THE PROPERTY

As a condition of participation, the Participant will execute and acknowledge the Notice of Restrictions that references the Program restrictions on the use, occupancy and sale of the Property. The Notice of Restrictions shall be recorded

13230 Penn Street, Whittier, California 90602 - (562) 567-9320 - Fax (562) 567-2872

against the Property and its restrictions shall remain in effect 45 years following the issuance of a Certificate of Occupancy for the unit.

- **Use.** Properties must be used as Participant's principal residence and for no other purpose except as expressly approved by the WHA in accordance with the Whittier Municipal Code. Principal residence is defined as living at the Property for at least eleven (11) months in a calendar year. Participant shall not enter into an agreement for the rental or lease of all or any portion of the Property. In addition, the Property must be used in accordance with applicable laws, including zoning and other applicable Municipal Code requirements.

- **Maintenance Requirements.** Participants must maintain Properties in good repair and in a decent, safe, and sanitary condition consistent with community standards and the Whittier Municipal Code.

- **No Criminal Activity/Nuisance.** Participants shall not permit criminal activities to occur on the Property or permit Property improvements to suffer deterioration or decline, or maintain, or permit to be maintained any public or private nuisance on or about the Property.

- **Nondiscrimination.** There shall be no discrimination against or segregation of any person or group of persons, on account of race, color, creed, religion, ancestry, sex, marital status, national origin, age or any other basis listed in subdivision (a) or (d) of Section 12955 of the California Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the California Government Code, in the sale, transfer, use, occupancy, tenure or enjoyment of the Property.

- **Property Insurance.** During the term of the WHA loan, Participants must maintain an all-risk property insurance policy insuring the Property in an amount equal to the full replacement value of the structure on the Property. The policy shall name the Whittier Housing Authority as additional insured/loss payee.

11. OWNER OCCUPANCY; ANNUAL RECERTIFICATION

Upon the closing of the escrow for the purchase of the Property, Participant usually has 30 days to move in. The WHA may require a proof of residency (i.e. a driver's license indicating the new address, or a copy of a utility bill), and/or conduct a home visit to verify the Participant's occupancy of the Property.

Every year, the WHA may require the Participant to certify in writing that he/she is the occupant of the Property. The WHA may also require a proof of occupancy, conduct a home visit, and/or use other means to verify owner occupancy. The Participant's full cooperation is required. As part of the annual recertification, the WHA may also obtain a current owner property profile for the Property, at the WHA's cost, as evidence that no subordinate financing has encumbered on the Property

without the WHA's prior waiver of its option to purchase. (See Section 6 FINANCIAL ASSISTANCE for the WHA's policy on subordinate financing on the Property.)

12. AMENDMENTS

These Guidelines may be changed in the future by action of the WHA. The Executive Director of the WHA is also given discretion to make certain technical changes to these Guidelines, as those changes are necessary due to changes in law or changes required by one or more private First Lien lenders for the Program, and the Executive Director may also make changes which are administrative in nature.

13230 Penn Street, Whittier, California 90602 - (562) 567-9320 - Fax (562) 567-2872

Whittier Housing Authority
AFFORDABLE HOME OWNERSHIP PROGRAM (AHOP)

II. Procedures

Step 1: AHOP Interest List

Applicant requests to be placed on the WHA's AHOP Interest List. The WHA will add new interested households to the List as requests are received.

Step 2: Advertising and Mailing of Information

When the Program has Properties available for purchase, the opportunity to participate in the Program will be announced in the City's Growing Whittier newsletter and/or other feasible means (e.g. the City's website, local paper, utility bills, or advertising by the project developer). Each household on the AHOP Interest List will be mailed an information package from the WHA that includes basic program information and an Interest Form.

Step 3: Interest Form

Applicant submits a completed and signed Interest Form, which can be obtained from the WHA, on or before any deadline that may be specified by the WHA. Incomplete Interest Forms will not be accepted.

Step 4: Applicant Attends Home Buyer Education Workshop

Applicants may call the Los Angeles County Community Development Commission at (323) 890-7001 3.3.3 for available workshop dates, fees, and registration. Applicants will receive a valid Certificate of Completion as proof of attendance. The Certificate of Completion must be submitted to the WHA.

Step 5: Preliminary Eligibility Determination

The WHA or its designee will review all Interest Forms for basic eligibility. Since the Interest Form does not require submittal of supporting documentation, final eligibility will not be determined until Applicant submits full documentation to first mortgage lender as directed in Step 8 below.

Step 6: Establishment of the Priority Participation List

Based on information submitted within the Interest Form and evaluated under the preference point system, a priority list is established. Although highly unlikely due to the preference point system, lottery drawings will be conducted for Applicants with the same number of total points to determine the priority.

13230 Penn Street, Whittier, California 90602 - (562) 567-9320 - Fax (562) 567-2872

Step 7: Highest Priority Applicants Sent a Reservation Letter

Those Participants for which a housing unit is available will be notified of their standing by mail. The WHA will issue a reservation letter, which will be valid for 45 days.

Step 8: Application Submittal to First Lien Holder

Upon receipt of the reservation letter, Applicants should contact one of the private lending institutions approved by the WHA to submit an application and initiate the process of approval for the required First Lien loan amount. First lender begins to compile its underwriting loan package at this time. Among other items, Applicant must submit evidence of income, family size, first-time home buyer status, down payment and closing cost availability, and U.S. citizen or legal resident status, as well as the certificate evidencing Applicant's attendance at an approved first time home buyer workshop.

A determination will be made regarding the size, type, and location of the unit that the eligible household desires to purchase, technically qualifies to buy under the Program rules, and is in top priority position to purchase.

Step 9: Approval by First Lien Holder and Submittal of Purchase Contract

Upon approval from the first mortgage lender, Applicant will be offered the opportunity to purchase the Property. Applicants will be given at least seven (7) calendar days (but not more than fourteen (14) calendar days) to decide to enter into a purchase contract to buy the identified unit.

Step 10: Acceptance of Purchase Contract and Submittal of Loan Package to ACS

Upon acceptance from the seller, Applicant submits the fully executed purchase offer to the first mortgage lender. Lender formalizes its loan package for final approval. Upon final approval of the first loan, lender submits a copy of the underwriting loan package to Amerinational Community Services, Inc. (ACS). The list of required items to be included in the underwriting package is shown below.

- Funds Reservation Request
- Fair Lending Notice
- Purchase Contract signed by buyers and sellers
- First Time Home Buyer Affidavit
- Home buyers Assistance Program Workshop Certificate of Completion
- FNMA Form 1003 application, completed and signed
- Preliminary Title Report
- Appraisal/Fair Market Valuation
- Good Faith Estimate
- Lender's Underwriting Worksheet and approval memo
- Credit Report
- Three (3) years signed and complete tax returns & W2's

- Statement of household composition letter
- Most recent three months bank statements
- All Appropriate verifications including but not limited to:
- V. O. E's
- V. O. D's
- Pay-stubs for last 30 days
- Gift Letters where applicable
- Explanation of derogatory credit
- (FHA's) Mortgage Credit Analysis Worksheet (MCAW) OR (FNMA) 1008 form, where applicable

Step 11: ACS Review of Loan Package and Recommendation to WHA

ACS performs its review and prepares a recommendation to the WHA to approve or deny the request. Turnaround time is estimated to be 3 to 5 days from date of receipt. If file is not complete, first lender will be advised of what missing items are required and the file will be placed on hold. Once any missing items are received, the review will be completed.

Step 12: WHA Approval of Loan

WHA reviews and approves or denies the ACS recommendation. If denied, all parties will be notified. If approved, WHA will return to ACS the approved, signed off recommendation. ACS will prepare and issue to lender an approval letter and document request form.

Step 13: Final Loan Document Preparation and Loan Funding

Lender will complete the document request form and submit to ACS, who will prepare WHA loan documents for submittal to escrow, with escrow instructions. ACS will coordinate with lender, escrow and WHA for finalization and funding to close escrow.

Step 14: Escrow Closing

Applicant, the First Lien lender, ACS, and the WHA will work together to close the escrow within sixty (60) days or less as agreed upon between the Applicant and the WHA.

Step 15: Participant's Occupancy of the Property

Participant has thirty (30) days, after the closing of the escrow, to occupy the Property, unless the WHA consents in writing to a longer period.

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