



# City of San José Department of Housing

## Monte Vista Homebuyer Program

### Updated 10/27/2010

#### The Program

The Homebuyer Program at Monte Vista offers a City downpayment assistance loan for the condominium and townhome units. Funds from a private lender, other programs, and the household are used to finance the remainder of the purchase price.

<b>Plan #:</b>	<b>Simple Interest BEGIN Loan</b>	<b>Maximum Sales Price</b>
any	up to 20% of the sales price	TBD

***There is a limited number of units still available at Monte Vista. Interested Homebuyers should contact the Sales Office at 408-590-0821 for more information.***

#### Borrower Eligibility

- The household income cannot be greater than the amount shown below. Household income is the income received from all household members, including adult children and non-applicant spouses.

<i>Household Size</i>	<i>Maximum Qualifying Income</i>
1	\$ 86,950
2	99,350
3	111,800
4	124,200
5	134,150

- Teachers and credentialed staff who are eligible for the Teacher & Credentialed Staff Homebuyer Program (THP) and faculty and staff members who are eligible for the SJSU Faculty & Staff Homebuyer Program (FSHP) may receive additional downpayment assistance.
- There is a minimum housing cost ratio of 28% of income. Buyers combining two or more City assistance programs must have a minimum housing cost ratio of 35%.
- The borrower and any co-borrower(s) cannot have owned a home as a principal residence for the past three years. An exception is allowed for a “displaced homemaker” or a single parent who, while married, owned a home with his or her spouse.
- The total amount financed cannot exceed 100% of the sales price. The funds can only be used for downpayment assistance. The use of funds for closing costs, buydown, or prepaids are not eligible (max CLTV 100%). PMI financing is an ineligible activity above 100% (max CLTV 100%).
- The borrower, and any other co-borrower(s) must have a minimum 620 credit score. Also, the maximum housing cost-to-income ratio is 43%, and the maximum total debt-to-income ratio is 48%. The first mortgage cannot contain a “negative amortizing” feature. In addition, the homebuyer’s income for the first loan must be “fully documented.”

- Completion of a homebuyer education program is required. Prospective homebuyers are encouraged to contact Neighborhood Housing Services Silicon Valley (NHSSV) at (408.279.2600). Additional non-profit homebuyer education courses are offered through SurePath (800.540.2227), or Project Sentinel (408.720.9888). You must provide a copy of your certificate of completion.
- All homes must be “owner occupied” for the life of the loans and “cash-out” refinances of your first mortgage are allowed only when the total combined liens are less than or equal to 90% of the fair market value at the time of proposed refinance. In addition, the City will subordinate its loan to “cash-out” refinancings no more than once every five years.
- Borrowers may not have greater than \$60,000 in liquid assets after the close of escrow.
- There is a minimum household size of two persons in order to purchase a three bedroom unit.

**Financial Terms**

*Interest Rates of City loan(s):* – The interest rate is 3% simple interest. The interest is accrued and deferred until loan maturity. The loan may be repaid at any time with no prepayment penalty.

*Loan Security--*The loan is secured by a subordinate deed of trust.

*Amount Required for Down Payment/Closing Costs-- Amount Required for Down Payment/Closing Costs—* While the transaction may be 100% financed, the City does require a minimum buyer contribution of 1% of the sales price, from his/her own funds, to close the transaction. However, the builder may require an additional earnest money deposit.

*Loan Repayment Term--* The City loan is due and payable in 30 years or upon transfer of title to the home.

For purchase information, please contact the sales office at (408) 590-0821 or e-mail: [sb803@kbhome.com](mailto:sb803@kbhome.com)

All loans will be underwritten in accordance with the City’s underwriting guidelines- please visit the City’s website at [www.sjhousing.org/program/homebuyer.html](http://www.sjhousing.org/program/homebuyer.html) or contact Marcelo Mota at (408) 975.4462 ([Marcelo.Mota@sanjoseca.gov](mailto:Marcelo.Mota@sanjoseca.gov)) for more information.

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