TO: Mayor and City Council

FROM: Laurie Montes, Director
       Housing Department

SUBJECT: RESOLUTION: DOWN PAYMENT ASSISTANCE LOAN IN THE AMOUNT OF $49,900 FOR THE PURCHASE OF A CONDOMINIUM UNIT LOCATED AT 540 SALEM WAY

RECOMMENDATION

It is recommended that a resolution be adopted: 1) approving a Down Payment Assistance Loan in the amount of $49,900 (from HOME funds) for the purchase of a condominium unit located at 540 Salem Way; and 2) directing the City Manager to take whatever actions are necessary and appropriate to carry out the intent of the resolution.

Summary

A resolution is requested that approves a $49,900 Down Payment Assistance Loan to Matt and Shawniqua Bryant for the purchase of a condominium unit located at 540 Salem Way.

DISCUSSION

Background

Effective July 1, 2005, the City Council increased the down payment assistance from $50,000 to $60,000 in order to assist more families in the current housing market. This program remains available to families in the low and moderate-income levels. The program continues to offer a small forgivable loan component of up to $5,000 that may be used towards closing costs and up to an additional $50,000 toward housing repairs, if the prospective buyer qualifies. Each application is still subject to underwriting guidelines.

Eligible homebuyers must: 1) qualify for a primary first mortgage loan from a private lending institution; 2) have acceptable credit; 3) complete an acceptable homebuyer training course; and 4) the property must serve as their primary residence and have an initial purchase price that does not exceed the Department of Housing and Urban Development's (HUD’s) Single-Family Mortgage Limits under Section 203(b) of the National Housing Act (currently at $344,650).

The City loan will be in second position behind the primary mortgage and will be deferred for 30 years at an interest rate of zero percent.
RESOLUTION: DOWN PAYMENT ASSISTANCE LOAN IN THE AMOUNT OF $49,900 FOR THE PURCHASE OF A CONDOMINIUM UNIT LOCATED AT 540 SALEM WAY

Present Situation

Mission Hills Mortgage Bankers will be financing the first mortgage in the amount of $124,845 utilizing a 30-year mortgage with 5.125% fixed interest rate for the life of the loan. Monthly amortized payments for principal, interest, homeowners' association dues, mortgage insurance premiums and property taxes total $1,073.36.

The ratios, income, purchase price, rate, term, loan amount and loan-to-value are stated below:

- **Purchase Price:** $169,500.00
- **Closing Costs & Prepaid Items:** $5,245.00
- **Fixed Interest Rate:** 5.125%
- **First Mortgage Term:** 30 Years
- **First Mortgage Amount:** $124,845.00
- **City Loan Amount:** $49,900.00

**A) Loan to Value:**

<table>
<thead>
<tr>
<th>Total Housing Debt (All Mortgages)</th>
<th>$174,745.00</th>
<th>103% Max</th>
</tr>
</thead>
<tbody>
<tr>
<td>Appraisal</td>
<td>$169,000.00</td>
<td>103% Max</td>
</tr>
</tbody>
</table>

**B) Housing Debt Ratio:**

<table>
<thead>
<tr>
<th>Housing Debt (PITI – 1st Mortgage)</th>
<th>$1,073.36</th>
<th>30% Max</th>
</tr>
</thead>
<tbody>
<tr>
<td>Monthly Income</td>
<td>$3,567.38</td>
<td>38% Max</td>
</tr>
</tbody>
</table>

**C) Total Debt Ratio**

<table>
<thead>
<tr>
<th>Total Debt (PITI + Consumer Debt)</th>
<th>$1,314.36</th>
<th>37% Max</th>
</tr>
</thead>
<tbody>
<tr>
<td>Monthly Income</td>
<td>$3,567.38</td>
<td>45% Max</td>
</tr>
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**FINANCIAL SUMMARY**

The forgivable closing-cost component of the Down Payment Assistance Program will be funded through a $5,000 HOME loan forgivable after 15 years. The down payment portion of the loan will be funded with an additional $44,900 of HOME funds. There are sufficient
RESOLUTION: DOWN PAYMENT ASSISTANCE LOAN IN THE AMOUNT OF $49,900
FOR THE PURCHASE OF A CONDOMINIUM UNIT LOCATED AT 540 SALEM WAY

funds in account number 058-8530-640 ($49,900) - HOME Program Loan Fund to
accommodate this loan.

Respectfully submitted,

Laurie Montes, Director
Housing Department

May 9, 2006

Approved by:

Steve Carrigan, Director

Approved by the City Manager:

J. Gordon Palmer, Jr.
City Manager
RESOLUTION AUTHORIZING A DOWN PAYMENT ASSISTANCE LOAN
IN THE AMOUNT OF $49,900 TO MATT AND SHAWNIQUA BRYANT--
540 SALEM WAY, STOCKTON, CA

BE IT RESOLVED BY THE COUNCIL OF THE CITY OF STOCKTON, AS
FOLLOWS:

1. The City Manager is hereby authorized and directed to execute, on behalf
   of the City of Stockton, a down payment assistance loan by the City of Stockton to
   MATT AND SHAWNIQUA BRYANT, under the Down Payment Assistance Program, in
   the amount of Forty-nine Thousand Nine Hundred Dollars ($49,900) from HOME funds.

2. The loan is to be evidenced by two promissory notes secured by a deed of
   trust on the property located at 540 Salem Way, in the City of Stockton, California.

3. The City Manager is hereby authorized and directed to take whatever
   actions are necessary to carry out the purpose and intent of this resolution.

PASSED, APPROVED and ADOPTED ____________________________.

ATTEST:

EDWARD J. CHAVEZ, Mayor
of the City of Stockton

KATHERINE GONG MEISSNER
City Clerk of the City of Stockton