

MORTGAGE SUBSIDY EXAMPLE

The following is an example of the Mortgage Subsidy.

Purchase Price:	\$175,000
Est. Closing Cost:	+ 3,500
	\$178,500
Borrower Deposit:	\$ 1,000.00

Note: Closing Costs may not be included in the 1st or 2nd loan amounts.

Total City Loan Subsidy:	\$78,750.00
Amount to finance:	\$95,250.00

Monthly payments will be approximately \$571.07, not including taxes, insurance and MIP.

The above calculations are based on 6% interest.



City of Oroville
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Housing Development
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First Time Home Buyer Program



City of Oroville

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INTRODUCTION

- The City of Oroville has a First Time Home Buyer (FTHB) Program under the HOME (Home Investment Partnership), CDBG (Community Development Block Grant), and CalHOME that expands the availability of affordable housing for income qualified families.
- **The FTHB Program** offers a loan for mortgage subsidy assistance and provides a course of action for the primary financing and purchase of that first home.

TERMS AND CONDITIONS

- The loan shall be deferred for a minimum of 30 years @ 3% simple interest. Depending on how long the borrower lives in the home, some or all of the interest may be forgiven. The principle loan amount shall become due at the end of the 30- year loan term.
- The family must be a “first-time” home buyer (has not owned a home within the past three years).
- All applicants must have a credit score of at least 620 and no items in collection.
- The maximum purchase price for existing homes is \$302,000 and \$323,000 for new construction. The family is required to place \$1,000 deposit in escrow to be applied towards the purchase price of the home.

TERMS AND CONDITIONS CONT.

- Applicants must work with a Real Estate Agent throughout the home buying process and the contract must be a California Residential Purchase Contract .
- The appraisal and credit report must be paid by the borrower.
- The home purchased must be located in a residentially zoned area within the city limits of Oroville.
- The home may not exceed 2,400 square feet and have no more than 3 bedrooms to be eligible through the FTHB Program.
- The home must meet “Building Code” and “Lead Based Paint” requirements.
- A Termite Inspection must be performed on all structures on the property and receive Section I & II. (Section 1 Clearance only)

REPAYMENT

- A mortgage subsidy loan is secured by a Deed of Trust and does not require monthly payments.
- Repayment of the loan will be required at the end of the 30 year loan term; or, if the house is sold, title is transferred, or if the house is no longer the family’s principal residence.
- Prior to refinancing the primary loan it is wise to check with the Business Assistance/Housing Development Department.

HOUSEHOLD INCOME

Family annual gross income may not exceed the following:

Family Size	Annual Income	Monthly Income
1	\$39,600	\$3,300
2	\$45,250	\$3,770
3	\$50,900	\$4,241
4	\$56,550	\$4,712
5	\$61,100	\$5,091
6	\$65,600	\$5,466
7	\$70,150	\$5,845
8	\$74,650	\$6,220

Loans are based on total household income and family size. The maximum loan amount is as follows:

- **Families earning up to 80% or less of area median income may qualify** for a loan amount up to \$100,000 with HOME/CDBG/CalHOME or any combination of funds. **The total loan subsidy amount from the City may not exceed \$100,000**
- Area median income is 62,600 for a family of 4.

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