



CITY OF ELK GROVE DOWN PAYMENT ASSISTANCE PROGRAM

Loan Application and Funding Process

Thank you for your interest in the City of Elk Grove Neighborhood Stabilization Program.

The City's loan process has 7 steps:

1. Application
2. Income Eligibility Determination
3. Property and Senior Loan Package
4. Underwriting and Compliance Review
5. Loan Committee
6. Loan Commitment and Funding
7. Closing

Some of these steps may be conducted concurrently.

Application

In order for the City to consider your loan request, you and your lender will need to complete a City of Elk Grove Down Payment Assistance Program Application.

- City of Elk Grove Down Payment Assistance Program Application with all required documentation.
 - Executed Release of Information for all adults in the household.
 - Most recent 90 days of pay stubs for all employed adults.
 - Current proof of income for other sources for all adults.
 - Most recent 3 years federal income tax returns with W-2s for all adults.
 - Most recent 90 days banking statements (checking and savings) for all adults.
 - Most recent investment statements (all accounts) for all persons.

Income Eligibility Determination

Once the City receives your packet, it will first determine that the buyer is income eligible. The City will rely on the information included in the City's application and the backup documentation provided.

Depending on the particular circumstances of the applicant, the City may request additional information or documentation. Your ability to respond to the City quickly and accurately is critical. With your lender or agent, you are strongly encouraged to make a preliminary determination of income eligibility.

After income eligibility has been determined, the applicant will be given a letter from the City confirming income eligibility and describing the next steps in the process.

Property and Senior Loan Package

Once a purchase offer has been accepted, the agent and lender will need to submit the Property and Senior Loan Package for the City's review. The package must include:

- Senior lender loan application and underwriting (FNMA 1003 and 1008)
- Truth-in-lending statement
- Lender commitment letter
- Verification of deposit (FNMA 1006)
- Estimated settlement statement (good faith estimate)
- Credit report
- Executed purchase contract
- Preliminary title report
- Appraisal report
- Pest inspection report

Underwriting and Compliance Review

City staff will review the Loan Request and accompanying documentation for compliance with the program guidelines. Information will also be reviewed for consistency and accuracy. City staff will work with the applicant, lender, and real estate agent to resolve any discrepancies.

If the loan request conforms with these guidelines, staff will schedule an inspection of the property and order an appraisal. The inspection will serve as due diligence to verify the information reported in an appraisal and pest inspection as well as to verify basic health and safety conditions. If corrections to health and safety hazards are required, staff will inform the buyer and buyer's agent in writing. Corrections must be made and verified by inspection prior to funding. The City must perform an independent appraisal.

Discount Requirement

Please note that the sales price must be at least 1% below "market value." The City will establish market value through an appraisal that conforms with federal NSP requirements.

Loan Committee

Once staff has determined that the loan request conforms with these guidelines, the property is eligible, and there are funds available a request will be made to the Loan Committee.

Any facts relevant to the lending decision will be noted in the request as will any conditions precedent to loan funding. The senior lender's underwriting summary (1008 or MCAW) and Good Faith Estimate will be attached to the request. (Social security numbers and any protected consumer credit information will be blacked-out.) The Loan Committee request will be treated as confidential.

Loan Commitment and Funding

Once the Loan Committee has approved the loan request and all funding conditions have been met, staff will prepare loan documents and a request to fund escrow. The escrow funding request will be contingent on executed loan documents. Loan documents will be provided to the borrower at least 3 days prior to the scheduled loan signing.

Loan documents will be signed by the borrower in the presence of City staff. All documents to be recorded must have all signatures notarized.

The original executed Promissory Note must be returned to the City with a certified copy of the executed Deed of Trust. Copies of all signed documents will be provided to the borrower after signature.

Once all loan documents have been fully executed, a funding request will be forwarded to the City Manager for approval. Once the City Manager approves, the City will disburse funds into escrow.

Closing

After close of escrow, the closing statement (HUD-1) will be reviewed by staff to confirm the details of the transaction as approved by the City and that the borrower did not receive excess proceeds.

Contact

For more information or program forms, please contact us at (916) 478-2254 or visit our website at www.elkgrovecity.org/housing/.

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The City of Elk Grove is an Equal Opportunity Lender.

