

RIVERSIDE COUNTY HOUSING AND WORKFORCE SOLUTIONS

**PERMANENT LOCAL HOUSING ALLOCATION FIRST TIME HOME
BUYER DOWN PAYMENT ASSISTANCE PROGRAM**

GENERAL INFORMATION PACKET



This brochure is intended to provide a general overview of the Riverside County Permanent Local Housing Allocation First Time Home Buyer Down Payment Assistance Program for prospective first-time home buyers, real estate agents and other interested persons. After reviewing this material, if you feel that you qualify for the program, please contact a participating lender. A list of participating lenders is included with this information packet.

July 1, 2023 – June 30, 2024

This information does not constitute full program guidelines and is subject to change without notice.

For more information. If you would like to apply for the Permanent Local Housing Allocation (PLHA) First Time Home Buyer (FTHB) Program, please contact one of the participating lenders. They will review your qualifications and assist in applying for the program.

If you have any questions or need additional information about the PLHA FTHB Program, please contact:

**Riverside County
Housing and Workforce Solutions**

Permanent Local Housing Allocation First Time Home Buyer Down Payment Assistance Program

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Located at:
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Riverside, California 92501

[https://rivcoeda.org/Departments/Housing`](https://rivcoeda.org/Departments/Housing)
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**RIVERSIDE COUNTY HOUSING AND WORKFORCE SOLUTIONS
PERMANENT LOCAL HOUSING ALLOCATION FIRST TIME HOME BUYER
DOWN PAYMENT ASSISTANCE PROGRAM
INFORMATION PACKET**

What is the Permanent Local Housing Allocation First Time Home Buyer Down Payment Assistance Program (PLHA FTHB)? The Riverside County PLHA FTHB Program is designed to provide assistance to lower income persons in the purchase of their first home. The Program is administered by the Housing and Workforce Solutions (HWS). Assistance may be provided for the down payment in the purchase of a home. The amount of assistance available depends upon the buyer's qualifications and the price of the home. In general, a buyer may only receive what they need, up to 20% of the purchase price of the home. The maximum down payment cannot exceed \$100,000.00.

Who qualifies for the PLHA FTHB Program? The four basic qualifications for the PLHA FTHB Program are (1) the buyer must be a first-time homebuyer; (2) the buyer's annual income must be one hundred twenty percent (120%) or less of the area median income as determined by the Department of Housing and Community Development (HCD); (3) the home being purchased must be located in a qualifying location and the purchase price must be within the program price limit. Priority is given to Housing Authority Section 8 Voucher Program participants who participate in the Family Self Sufficiency (FSS) Program.

What is a first-time homebuyer? In order to qualify as a first-time home buyer, the purchaser and purchaser's spouse cannot have had ownership interest in improved-upon, residential real property nor claimed mortgage or real estate related tax deductions for the previous three years from the date of application to the PLHA FTHB program. The purchaser and their spouse must attest that they have not owned improved-upon, residential real property during the past 3 years and provide the last three years tax returns for review for any mortgage or real estate related deductions. If tax returns show evidence of mortgage or real estate related deductions, documentation must be provided evidencing that the deductions are not related to improved-upon, residential real property and acceptable documentation must also be provided establishing the value of the property. Asset "income" from the property must be imputed using the HUD passbook rate and added into the household's total qualifying income. Also, the household's total assets (including property) must be equal to or less than PLHA FTHB annual income limit based on household size for the current fiscal year. If the total assets exceed the program's annual income limit for their household size, the assets must be spent down accordingly. Assets (including property) disposed of for less than fair market value during the most recent 2-year period are counted as if the household still owned the asset. Displaced homemakers, as defined by Appendix D, must also meet the first-time buyer requirement, unless they obtain an exception in advance from HWS. Exceptions are not guaranteed and are reviewed on a case-by-case basis. For the purposes of determining home ownership, a dwelling unit that was not permanently affixed to a permanent foundation (i.e., a mobile home) shall be not included in the three-year requirement.

What are the qualifying incomes? In order to be eligible for this program, the buyers' annual income shall not exceed 120% of the area median income, as determined by HCD, adjusted for family size. In addition, assets shall not exceed these limits. Currently, the income limits are as

follows:

Maximum Annual Household Income Adjusted for Family Size Effective July 1, 2023 (120% AMI)	
Household Size	Maximum Annual Income
1	\$ 79,400
2	\$ 90,700
3	\$ 102,050
4	\$ 113,400
5	\$ 122,450
6	\$ 131,550
7	\$ 140,600
8	\$ 149,700

What are the other buyer requirements? The buyer must have enough income and creditworthiness to qualify for a first mortgage through one of the participating lenders. In addition, the buyer must accept the highest loan-to-value ratio first loan for which they qualify. In order to be eligible for participation in the PLHA FTHB Program, prospective purchasers must complete eight (8) hours of education in a Home Buyer's Seminar through a HUD-approved homebuyer education provider.

What is the maximum home price? Note that the appraised value of the property cannot exceed these limits. The down payment assistance will be based on a percentage of the home sales price which shall be justified by an appraisal. The maximum home purchase price under this program is currently:

\$551,000 for a new home, \$551,000 for a resale home, \$494,000 for a new or existing condominium or townhouse and \$322,500 for a manufactured home that meets the County's specifications.

2023-2024 Program Year / effective July 1, 2023	
New Construction Single-Family	\$521,550
Existing Single-Family Residence	\$521,550
New/Existing Condominium or Townhouse	\$467,875
Manufactured Home not older than 10 years old	\$313,500

What are the qualifying locations? This Program may be utilized to purchase a home in the following locations: (1) all unincorporated areas of Riverside County, such as Cabazon, Glen Avon, Highgrove, Mira Loma, Mead Valley, Mecca, North Shore, Nuevo, Pedley, Thermal, Thousand Palms, Valle Vista or (2) within the City Limits of the following jurisdictions: Banning, Beaumont, Blythe, Canyon Lake, Cathedral City, Coachella, Desert Hot Springs, Eastvale, Hemet, Indian Wells, Indio, Jurupa Valley, La Quinta, Lake Elsinore, Moreno Valley, Murrieta, Norco, Palm Springs, San Jacinto, Temecula, and Wildomar.

Please note that the following cities are **not eligible** for the PLHA FTHB Program and assistance

cannot be given to purchasers of homes located within the City Limits of these cities: Calimesa, Corona, Menifee, Palm Desert, Perris, Rancho Mirage, and Riverside.

What kinds of properties are eligible? The PLHA FTHB program may be used to purchase any new or resale home that is: (1) permanently fixed to a permanent foundation, (2) has a minimum of two bedrooms, and (3) is currently occupied by the Seller or vacant (tenant occupied homes are not eligible unless the tenant is the purchaser of that property). Homes with in-ground pools or spas are not eligible. The home must be in sound condition and meet standard health and safety standards as determined by the appraisal and home inspection. The purchaser must reside in the home as his or her principal residence within sixty (60) days of purchase and the home shall not be used as a business nor as a vacation (second) home.

A home shall not be eligible for purchase under this program unless it is in standard condition and suitable for occupancy upon purchase. The County will require that a Home Inspection and lender appraisal be performed for all existing homes, and repairs may be required. The County will not make nor pay for repairs to homes at any time. The borrower shall agree to maintain the home in standard condition for the term of the HWS assistance. To this end, the purchaser shall be required to obtain a one-year home warranty as part of the home purchase.

What is the process to apply for the PLHA FTHB Program?

- (1) If you are a first-time homebuyer and/or Section 8 Family Self Sufficiency Program participant whose income is within the Program limits, the first step is to contact a participating lender for eligibility screening. The lender will take a loan application and simultaneously pre-qualify you for a first loan and the PLHA FTHB Program. The lender will determine the maximum home price that you can afford and will also determine whether you are eligible for assistance under the County of Riverside PLHA Program.
- (2) After the lender has determined if you are eligible for the program, you will need to attend an eight-hour Homebuyer Education class by a HUD approved provider. The lender will provide the names and phone numbers of approved homebuyer education providers, and you will need to call one of the providers to schedule a class. There may be a minimal charge to attend this class, please inquire with providers for details. A list is also provided here: <https://rivcoeda.org/Portals/0/FTHB/FTHB%20Documents/Homebuyer%20Education%20Providers%202019.pdf>
- (3) Once you are pre-qualified for the program and have a maximum home price, you may locate a home to purchase. If you are interested in an existing home, it is recommended that you contact a realtor to assist you in locating a home to purchase. Sometimes the lender can refer you to a Realtor, if you do not already have one. Note: homes must be located in PLHA FTHB eligible locations.
- (4) Once you have located a home, you will need to make a purchase offer and start escrow. Your real estate representative or new home salesperson and your lender can assist in this process. You must provide a Homeownership Notice (PLHA-3)

to the sellers as an addendum to the purchase contract (your lender can provide you with a copy of this Notice). Once your purchase offer is accepted and escrow begins, your lender will assist you in completing the application materials for the PLHA FTHB Program.

- (5) During escrow your lender will process your loan application for the first mortgage and PLHA FTHB second mortgage. You will be required to sign forms authorizing the lender to submit a PLHA Reservation on your behalf and disclosing your current income from all sources. Prior to the close of escrow, you will sign loan documents and both the first and second mortgages will be funded.
- (6) When escrow closes, you will become a homeowner and will be responsible for maintaining the property in sound condition. You will begin making monthly payments on your first mortgage. The PLHA FTHB second mortgage will not require payments until you sell your property or a cash out refinance on the first mortgage. After the 30-year affordability period, the PLHA assistance is converted to a grant with no repayment of funds.

What are the first loan terms? The purchaser shall apply for a first mortgage from a participating lender. The first loan must be a fully amortized, fixed rate, thirty-year mortgage and the HWS Down Payment Assistance will be a deed recorded in second position to the first mortgage. The purchaser must accept the highest first mortgage amount (principal amount at going interest rate) for which they can qualify. Loan terms and qualifications (interest rate, creditworthiness, etc.) in addition to those specified above will be determined by the participating lender.

What costs can be paid by PLHA FTHB Program? The PLHA FTHB financial assistance can be provided as down payment assistance. The amount of assistance available depends upon the buyer's qualifications. The PLHA FTHB assistance absolute maximum is the lesser of \$100,000.00 or 20% of the home's sales price.

Closing cost assistance is not available currently.

What are the terms of the Down Payment Assistance? The minimum amount of assistance that may be provided is \$1,500 per home purchase. The maximum amount of assistance is 20% of the purchase price of the home not to exceed \$100,000.00. However, this assistance amount may be further reduced if the buyer does not need the full amount to purchase a home. The PLHA FTHB assistance is recorded as a second mortgage on your home. This deferred second mortgage does not require any monthly payments and is not interest bearing. In exchange for receiving funds to assist in the purchase of a home, the purchaser must agree to a thirty (30) year affordability period. If the home is sold during the term of the affordability period, the full amount of the assistance must be repaid.

Is there a deadline to apply for this program? The County will accept reservations as long as funds are available. It is anticipated that additional funds will be allocated to the PLHA FTHB in the future, depending upon fund availability.

Who are the Approved Lenders? There are participating lenders, with multiple branches throughout the County and elsewhere in Southern California, who participate in the Riverside County programs. The current list of participating lenders and branch offices may be found at <https://rivcoeda.org/First-Time-Home-Buyer-Program/First-Time-Home-Buyer-Program/Approved-Lenders> . **Purchasers must use one of these lenders and are encouraged to compare prices and loan terms among these lenders.**

How were the Approved Lenders selected for the PLHA FTHB Program? The County of Riverside Housing and Workforce Solutions published a Request for Qualifications (RFQ) for qualified lenders. The RFQ was published in a newspaper of general circulation, and invitations were sent to lenders participating in other homebuyer assistance programs administered by HWS as well as lenders requesting to be placed on the mailing list. All lenders were invited to submit materials detailing their qualifications for the program. All submittals that were received prior to the deadline were evaluated and ranked according to the criteria in the RFQ. Lenders that demonstrated in their submittals that they met all the program requirements were selected as participating lenders.