CITY OF GRASS VALLEY
FIRST TIME HOMEBUYER ASSISTANCE PROGRAM
REQUIREMENTS AND CHECKLIST

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APPLICATION REQUIREMENTS

All applicants are required to complete the City of Grass Valley's FTHB Program application package. The application package consists of, but is not limited to, the following:

From the City of Grass Valley:

- City of Grass Valley First Time Homebuyer Application
- Copy of Driver's License or I.D. Card *for each household member over 18 years old*
- Copies of your last 3 months paychecks *for each household member over 18 years old*
- Copy of 12-month Profit & Loss Statement *if self-employed*
- Documentation of Zero Income *for each household member over 18 years old but not employed*
- Copies of last 3 years Federal tax returns with W2s & forms *for each household member over 18 years old*
- Copies of all assets (checking and saving account statements, 401(K)s, IRAs, CDs, etc.) *for each household member over 18 years old*
- Conflict of Interest Disclosure (Exhibit A)
- First Time Homebuyer Affidavit Form (Exhibit B)
- Fair Lending Notice (Exhibit C)
- Release of Information Authorization (Exhibit D)
- Sellers Lead-Based Paint Disclosure (Attachment E)
- Disclosure to Seller with Voluntary, Arm's Length Purchase Offer Declaration and Acknowledgement Form (Attachment F – 2 pages)

From the First Mortgage lender and/or the applicant:

- Pre-Qualification Letter (Exhibit E)
- 1003 Loan Application
- 1008 Underwriting and Transmittal Summary
- Copy of applicant's recent credit report
- Copy of an accepted sales contract, if applicable
- Copy of Estimated Settlement Statement (HUD-1)

APPLICATION PROCESS

Completed applications are processed on a "first come, first served" basis. Incomplete applications are returned to the applicant and will not be date/time stamped until complete. Once preliminary eligibility has been established, a preliminary reservation letter will be mailed to the applicant with verification forms and the EPA Booklet "Protect Your Family from Lead in Your Home" and Acknowledgement form. The preliminary reservation letter informs the applicant that they have 90 days to find a qualified home within the city limits of Grass Valley, and provide the City a signed copy of the purchase contract, if not already done.

Once the applicants' income eligibility has been verified through an independent verification process, the property will be inspected for health and safety requirements by the City's designated representative. Homes constructed prior to 1978 will be inspected for defective paint surfaces. If the inspection reveals defective surfaces, an assessment must be done to determine whether or not there is lead-based paint in the home. If lead-based paint is found, it must be abated in order for the property to be eligible for the City's program. Seller or buyer must pay for the assessment and any cost to abate lead in the home. The City will not be responsible for these costs.

Note: Priority in processing is given to applications received which are complete AND contain a copy of a signed contract to purchase.

INCOME ELIGIBILITY

Annual Income is defined as the ***anticipated gross income of all adult household members*** *(18 years and older)* ***to be received during the coming 12-month period.*** This amount cannot exceed the following limits for household size:

Family Size	1	2	3	4	5	6	7	8
Maximum Income	**$70,050**	**$80,050**	**$90,050**	**$100,100**	**$108,100**	**$116,150**	**$124,100**	**$132,150**

*State of California's HOME Limits, effective June 1, 2026

PROPERTY ELIGIBILITY

Single Family dwellings, condominiums, half-plexes and manufactured homes on a permanent foundation must be located within the city limits of Grass Valley.

PURCHASE PRICE/OWNERSHIP REQUIREMENTS

- The purchase price/value of the house cannot exceed **$499,000** (per 2025 State of California's Maximum Purchase Price)
- The purchase price cannot exceed the fair market value of the property as determined by a market-rate appraisal of the property obtained by the first mortgage lender.
- The seller of the property must sign a notice acknowledging:
  (1) The home is either owner occupied, occupied by borrower or is vacant for 90 days prior to sale. Property cannot be occupied by a tenant not connected with sale at the time of offer.
  (2) The purchaser has no power of eminent domain and will not acquire property if negotiations fail to reach a mutually acceptable agreement.
  (3) The seller has been notified of the estimated fair market value of the dwelling.
  (4) The sale of the property is voluntary. The seller may withdraw from the agreement prior to purchase if an acquisition notice has not been provided prior to the purchase offer.
- Ownership title must be held in *Fee Simple*.

LOAN TERMS AND UNDERWRITING GUIDELINES

- The borrower(s) must have clean credit history and qualify for a first mortgage.
- The borrower must contribute a minimum down payment of one (1%) percent of the purchase price.
- The City will independently verify borrowers' employment and anticipated income.
- The City's loan must be in second position, subordinate only to the first mortgage.

- The primary loan shall be fully amortized and have a fixed interest rate that does not exceed the current Fannie Mae market rate by 1% when fixed and have a term "all due and payable" up in no fewer than 30 years. There shall not be a balloon payment due before the maturity date of the Program loan.
- All households will be required to have impound accounts for the payment of taxes and insurance.
- The City's loan is secured by a second deed of trust, which has deed restrictions for 15 years.
- The borrower(s) must participate in individual Homebuyer Counseling provided by a HUD-approved counseling agency and provide a certificate of completion prior to loan funding.
- The maximum amount of HOME assistance per household may not exceed $250,000, or no more than 75% of the total indebtedness, whichever is less.
- The combination of the first mortgage and the City's loan cannot exceed 100% of the appraised value.
- Monthly housing payments (PITI) include: payments for mortgage principal, interest, homeowner's insurance, taxes, and mortgage insurance and/or homeowner's association dues, if applicable. The total monthly housing payment must be between 28% and 40% of the borrowers' anticipated monthly gross income (*based on a 12-month projection).* The back-end ratio shall not exceed 45% and is the percentage of a borrower's gross monthly income that would cover the cost of PITI plus any other monthly debt payments.
- Loan terms are 2% interest (deferred interest) with ***no*** monthly payments required. The note becomes due and payable when the borrower sells the home, rents the home, adds someone to title other than an immediate family member (defined as a parent, spouse or child), refinances without prior written approval from the City of Grass Valley or changes the use from single family residential, or in the term of years stated.

If the City denies an application, the applicant will be notified in writing of the reason for the denial, and the applicant will be given the opportunity to submit additional information which may allow the City to approve the application.