

# Truckee Tahoe Airport District Home Purchase Assistance Program

## Program Guidelines

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### 1. GENERAL

Truckee Tahoe Workforce Housing Agency (“TTWHA” or “Program Administrator”) is administering a down payment assistance program (the "Program") funded by Truckee Tahoe Airport District (TTAD). The Program is designed to provide assistance to TTAD employees purchasing homes, also referred to herein as "housing units," located within the Program's eligible area, as described in Section 3.1. The Program provides this assistance in the form of deferred payment second priority loans toward the purchase price and closing costs of housing units that will be occupied by the homebuyers. The loans supplement traditional financing provided by the primary lender for the home.

#### 1.1 PROGRAM OUTREACH AND EDUCATION

All outreach efforts will be done in accordance with state and federal fair lending regulations to assure nondiscriminatory treatment, outreach and access to the Program. No person shall, on the grounds of age, ancestry, color, creed, physical or mental disability or handicap, marital or familial status, medical condition, national origin, race, religion, gender or sexual orientation be excluded, denied benefits or subjected to discrimination under the Program. The Program Administrator will ensure that all persons, including those qualified individuals with disabilities, have access to the Program.

1.1.1 Outreach and educational materials will be distributed by TTAD. The Program Administrator will provide borrowers with program and loan education.

1.1.2 First time homebuyers may be required to complete a First Time Homebuyers Course online before receiving loan funds. The Program Administrator will provide information on the specific course.

1.1.3 The Program Administrator will work closely with primary lenders to ensure the borrower is able to utilize the program.

#### 1.2 APPLICATION PROCESS AND SELECTION

1.2.1 Applicants must satisfy the Applicant Qualifications set forth in Section 2, below, and the housing unit to be financed must meet the housing unit eligibility requirements set forth in Section 3, below.

1.2.2 Applications will be processed on a first-come-first-served basis. Only completed applications will be considered. Applications are only deemed complete if all information is completed, the application is signed and dated, a primary lender's pre-approval letter, and either (i) an executed purchase agreement for an eligible property (contingent on financing and seller acknowledgement of program down payment assistance) and all

required documentation is attached to the application or (ii) a pre-qualification request is attached to the application. Applicants will be notified of incomplete applications and no further processing will occur until the entire application is complete. Pre-qualification is valid for 90 days subject to availability of funds at the time an executed purchase agreement for an eligible property (contingent on financing) and all required documentation is submitted.

1.2.3 Applications will be submitted via e-mail, delivered to an email account selected by the Program Administrator.

1.2.4 Only the homebuyer may apply for participation in the program. All references in these Guidelines to "Applicant" are references to the homebuyer.

### **1.3 THE HOME PURCHASE PROCESS**

1.3.1 The housing unit selection process will be conducted by the homebuyer. The Applicant shall submit an executed standard form purchase and sale agreement and the primary lender pre-approval letter to the Program Administrator. Applications will be reviewed by TTHWA to confirm application guidelines have been met. TTWHA will then convene the TTAD application review committee for consideration.

1.3.2 Commitment of Program loan funds will be contingent on the housing unit meeting Program eligibility requirements and, for homebuyers that have not been pre-qualified by the Program Administrator, the homebuyer receiving Program loan approval. Program Administrator verifies applicant eligibility, housing unit and loan eligibility, and amount of assistance to be provided consistent with these Guidelines.

1.3.3 Program Administrator will provide written notification to Applicant of approval or denial with reason.

1.3.4 When Program loan funds are approved and all conditions to commitment of the Program loan funds are met, Program funds will be deposited into escrow, with required closing instructions and loan documents.

1.3.5 At the time of escrow closing, TTAD shall be named as an additional loss payee on fire, flood, if required, and extended coverage insurance for the length of the loan and in an amount sufficient to cover all encumbrances or full replacement cost of the housing unit.

### **1.4 HOMEBUYER COSTS**

1.4.1 Eligible households must document that they have the funds necessary for down payment and closing costs as required by the primary lender and the Program. The Program's minimum contribution requirement (below) is in place even if the primary lender has a lower down payment requirement.

1.4.2 Homebuyer funds shall be used for at least 4% of the total of the purchase price plus closing costs. These funds can come from a family gift.

## **1.5 CONFLICT OF INTEREST REQUIREMENTS**

No TTAD employee who exercises policy or decision-making responsibilities in connection with the planning and implementation of the Program shall directly or indirectly be eligible for this Program. Exceptions to this policy can be made if, based on the facts and circumstances under which the employee is seeking eligibility, the employee's participation in the Program will not present a conflict of interest under the California Political Reform Act and/or Government Code Section 1090, and such exceptions shall be made only after review and approval by the TTAD General Manager and Board of Directors, in consultation with TTAD legal counsel.

## **1.6 NON-DISCRIMINATION REQUIREMENTS**

The Program will be implemented in ways consistent with the Program Administrator's commitment to non-discrimination. No person shall be excluded from participation in, denied the benefit of, or be subject to discrimination under any program or activity on the basis of his or her religion or religious affiliation, age, race, color, creed, gender, sexual orientation, marital status, familial status (children), physical or mental disability, national origin, or ancestry, or other arbitrary cause.

## **2. APPLICANT / PURCHASE QUALIFICATIONS**

### **2.1 EMPLOYMENT BY TTAD**

At least one member of the applicant's household must be full-time / permanently employed by TTAD, working a minimum of 40 hours per week.

### **2.2 PURCHASE / INCOME LIMITS**

There are no household income limits through this program.

Purchase prices exceeding \$1,500,000 will not be eligible for this program. The purchase price limit may be adjusted from time to time by written amendment to these Guidelines.

#### **2.2.1 CO-SIGNERS:**

Co-signers are acceptable and their names may appear on the Grant Deed and Deed of Trust. The applicant that is employed by TTAD must occupy the home as their primary residence.

#### **2.2.2 ASSETS:**

Applicants with non-retirement assets (that will not be used for purchase of the home) in excess of one and one half times (1.5x) the amount of requested TTAD assistance will not be eligible for the program. An asset is a cash or non-cash item that can be converted to cash. The value of necessary items such as furniture and automobiles are not included.

Applicants cannot currently own property within the TTAD service area and/or own property that could be sold to purchase a home in the service area.

**2.3 DEFINITION OF AN ELIGIBLE HOMEBUYER**

An eligible homebuyer is a household that includes at least one full-time/permanent employee of TTAD, employed for more than 180 days, in ‘good standing’ as defined below and confirmed by TTAD Human Resources, have a credit score of at least 670, and is/are not currently on title to real property or a manufactured home unit within the TTAD service area. Documentation that the homebuyer satisfies these requirements will be required for all homebuyers.

*Good Standing: Applicants must have received an overall score of “Achieves” on their most recent semi-annual performance review, there no documented written warnings within the last six (6) months, or no corrective action plans within the last twelve (12) months.*

**3. HOUSING UNIT ELIGIBILITY**

**3.1 LOCATION AND CHARACTERISTICS**

3.1.1 Housing units to be purchased must be located within the TTAD service area. Homes located outside the service area will be considered on a case by case basis. The current TTAD service area boundaries are shown in Exhibit A.

3.1.2 Housing unit types eligible for the homebuyer program are new or previously owned: single-family detached houses, half-plex, duplex, triplex or quadplex, houses, condominiums, or manufactured homes on a single-family lot and placed on a permanent foundation system. The Program does not allow manufactured homes unless on a permanent foundation system.

3.1.3 The program does not fund construction loans.

3.1.4 All housing units must be in compliance with State and local codes and ordinances.

3.1.5 Housing units located within a 100-year flood zone will be required to provide proof of flood insurance in order to close escrow. The Program Administrator reserves the right to evaluate eligibility of homes that are in Special Flood Hazard Areas or are within 250 feet of a multiple flood zone(s).

**3.2 CONDITIONS**

3.2.1 Property Inspection and Determining Need for Repairs.

Once the participating homebuyer has executed a purchase agreement and prior to a commitment of Program funds, the following requirements must be satisfied for the housing unit to be eligible for purchase under the Program:

(a) A pest inspection with a section 1 clearance is required for each housing unit and smoke and carbon monoxide detectors must be installed if not in place.

3.2.2 Housing unit size shall be sufficient to meet the needs of the homebuyer household, without overcrowding. Generally, this means not more than two persons per bedroom or living room.

3.2.3 Full property appraisal required, and will typically be provided by the primary lender. Appraisal cannot be dated more than 90 days before closing.

3.2.4 The Program Administrator will 1) confirm that the housing unit is within the eligible area, 2) review each proposed housing unit to ensure that it meets all eligibility criteria before funding, and 3) complete the homebuyer checklist and place in the Applicant's file.

### **3.3 PROPER NOTIFICATION AND DISCLOSURES**

3.3.1 Upon selection of a housing unit, the homebuyer must be given the necessary disclosures for the Program. The homebuyer must have read and signed all Program disclosure forms.

3.3.2 All owners who wish to sell their housing units must receive an acquisition notice. This notice will be included in the contract and must be signed by all sellers on title.

## **4. THE PRIMARY LOAN**

### **4.1 LOAN TYPE**

Prior to obtaining a loan from TTAD, a homebuyer must provide evidence of financing for the maximum amount the primary lender is willing to loan (the "primary loan"). The primary loan must be fixed rate with duration equal to or in excess of thirty (30) years. The Program Administrator will rely on the Primary Lender's decision to make a loan as evidence of creditworthiness, repayment ability, and dependability of income.

### **4.2 INTEREST RATE**

The primary loan rate of interest shall be fixed (not an adjustable rate mortgage, ARM) at the current market rate. The current market rate must be evidenced by the Effective Rate plus 50 basis points listed in the Federal Housing Finance Board's most recent Monthly Interest Rate Survey for the San Francisco District and no temporary interest rate buy-downs are permitted.

### **4.3 LOAN TERM**

The primary loan shall be fixed, and fully amortized and have a term "all due and payable" in no fewer than 30 years. There shall not be a balloon payment due before the maturity date of the Program loan.

Borrowers can pay off the loan in part or full at any time. Borrowers can make payments on the loan at any time, but are not required to.

## **4.4 IMPOUND ACCOUNT**

All households will be required to have impound accounts for the payment of taxes and insurance to ensure they remain current.

## **5. THE PROGRAM LOAN**

### **5.1 MAXIMUM AMOUNT OF PROGRAM ASSISTANCE**

The amount of Program assistance to a homebuyer toward purchase of a home shall not exceed the lesser of 16% of the home purchase price or \$100,000.

### **5.2 NON-RECURRING CLOSING COSTS**

Non-recurring closing costs such as credit report, escrow, closing and recording fees, and title report and title insurance, title updates and/or related costs are not considered part of the purchase price of the home but may be paid with the Program loan.

### **5.3 RATE AND TERMS FOR PROGRAM LOANS**

All Program assistance to individual households shall be made in the form of a deferred payment loan.

#### **5.3.1 Principal and Simple Interest Deferred Payment.**

Program loans of this type shall be for at least as long as the primary loan but no less than 30 years. The interest rate shall be 3% per year. All Program loan payments of interest and principal shall be deferred.

## **6. PROGRAM LOAN REPAYMENT**

### **6.1 PAYMENTS ARE VOLUNTARY**

Borrowers may begin making voluntary payments at any time in accordance with applicable loan conditions. If the borrower would like to make voluntary payments, they can be made to the Program Administrator, Truckee Tahoe Workforce Housing Agency at PO Box 8130, Truckee CA 96162.

If the borrower would like to make payments through a different method, they can inquire at [info@ttjpa.org](mailto:info@ttjpa.org).

### **6.2 EARLY REPAYMENT**

Loans may be paid early at the principal and interest due at the time of repayment.

## **6.3 RECEIVING LOAN PAYMENTS**

6.3.1 Program loan payments are payable to the Program Administrator and shall be sent to:

Truckee Tahoe Workforce Housing Agency  
PO Box 8130  
Truckee CA 96162

6.3.2 The Program Administrator will be the receiver of loan payments or recapture funds and will maintain a financial record-keeping system to record payments and file statements on payment status. Payments and any insurance proceeds shall be forwarded to the Program Administrator and accounted for in the Program Administrator's Down Payment Assistance Program Income Account. The Program Administrator will accept loan payments from borrowers prepaying deferred loans, and from borrowers making payments in full upon sale or transfer of the property. All loan payments are payable to the Program Administrator. The Program Administrator may enter into an agreement with a third party to collect and distribute payments and/or complete all loan servicing aspects of the Program.

## **6.4 DUE UPON SALE OR TRANSFER**

6.4.1 Loans are due upon the earlier of sale or transfer of title or when borrower no longer occupies the home as his/her principal residence, upon the loan maturity date, or upon payment of the primary loan (including payment as part of refinancing if the refinancing includes any payment of any equity to homebuyer).

6.4.2 Upon cessation of employment at TTAD, for any reason, the loan shall become due two years from the borrower's final date of employment.

*In the event the employee leaves employment with TTAD for any reason, TTHWA, as servicer of this loan, and TTAD, as lender, will take the following steps:*

*TTAD will notify TTWHA of the employee's employment status, including the date of employee's separation from employment, so that TTWHA can take the necessary steps to send notices to inform the employee (borrower) that their loan is due and payable within two years of the borrower's employment separation date.*

*In the event the employee does not pay all outstanding principal and accrued interest on the loan within the specified two year period, TTWHA shall send a Notice of Default to the Borrower. In the event that the employee does not pay all outstanding principal and interest on the loan within the period set forth in the Notice of Default, TTAD may pursue any and all remedies available to it under the loan documents, including but not limited to foreclosure on the home.*

6.4.3 The loan will be in default if the borrower fails to maintain required fire or flood insurance or fails to pay property taxes. In any loan where the Program loan is the only subsidy, the homebuyer cannot be restricted from selling the home at its fair market value at any time.

## **7. LOAN MONITORING PROCEDURES**

Program Administrator may monitor borrowers and their housing units to ensure adherence to Program requirements including, but not limited to, the following:

- A. Owner-occupancy
- B. Employment
- C. Property tax payment
- D. Hazard insurance coverage
- E. Good standing on Primary loans
- F. General upkeep of housing units

## **8. PROGRAM LOAN PROCESSING AND APPROVAL**

### **8.1 Loan Processing**

Prior to issuance of a program loan, the Applicant must submit: 1) accepted property sales contract with proper seller notification; 2) mortgage application with good faith estimates and first mortgage disclosures; 3) full mortgage credit report and rent verification; and 4) current third-party income verifications and verifications of assets.

### **8.2 Documents from primary lender**

After initial review of the qualified homebuyer's application packet, the Program Administrator will request any additional documents needed. Documents may be delivered electronically.

Documentation of eligibility will then be verified and Program Loan amount determined.

### **8.3 Disclosure of Program and Loan Information to Homebuyers**

The Program's application and disclosure forms will contain a summary of the loan qualifications of the borrower with and without Program assistance. Information on the Program's application will be documented with third party verifications in the file. For example, the sales contract will provide the final purchase price and outline how much of the closing costs are to be paid by the seller, etc. The appraisal, termite and title report will provide information to substantiate the information in the sales contract and guide the construction inspection. The Program loan application will provide current debt and housing information and will be documented by the credit report and income/asset verifications. The primary lender's approval letter and estimated closing cost statement should reflect all the information in the loan package and show any contingencies of loan funding. Reviewing the primary lender's loan underwriting documentation will provide basic information about the qualification of the applicant and substantiate the affordability provided by the Program loan.

Reviewing and cross checking the Primary lender information ensures that the final Program loan amount will fall within the Program's eligibility requirements.

### **8.4 Completion of Underwriting and Approval of Program Loan**



Once the loan approval package has been completed, the Program Administrator will review the request and may approve it with or without conditions. Upon approval, a final closing date for escrow is set and Program funds are accessed for the homebuyer.

## **8.5 Primary and Program Loan Document Signing**

The homebuyer(s) sign both promissory notes, deeds of trust, and statutory lending notices (right of rescission, truth in lending, etc.); the deeds of trust are recorded with the County Clerk/Recorder at the same time, and the request(s) for copy of notice of default are also recorded with the County Clerk/Recorder.

## **8.6 Escrow Procedures**

The escrow/title company shall review the escrow instruction provided by the Program lender and shall issue a California Land Title Association (CLTA) title policy and the American Land Title Association (ALTA) title policy after closing. The CLTA policy is issued to the homebuyer and protects them against failure of title based on public records and against such unrecorded risks as forgery of a deed. The ALTA is issued to each lender providing additional coverage for the physical aspects of the property as well as the homebuyer's title failure. These aspects include anything which can be determined only by physical inspection, such as correct survey lines; encroachments; mechanics liens; mining claims and water rights. The Program lender instructs the escrow/title company in the escrow instructions as to what may show on the policy; the amount of insurance on the policy (all liens should be covered) and the loss payee (each lender should be listed as a loss payee and receive an original ALTA).

## **9. SUBORDINATE FINANCING**

The Program Administrator will only subordinate to a fixed rate loan at current market rates. Loan duration must be equal to or greater than the period remaining on borrower's primary mortgage. Borrower may have other loans on the home, if they come as subordinate to the primary and secondary loans.

## **10. EXCEPTIONS AND SPECIAL CIRCUMSTANCES**

### **10.1 DEFINITION OF EXCEPTION**

Any case to which a standard policy or procedure, as stated in the guidelines, does not apply or an applicant is treated differently from others of the same class would be an exception.

### **10.2 PROCEDURE FOR EXCEPTIONAL CIRCUMSTANCES**

10.2.1 The Program Administrator or its agent may initiate consideration of an exception and prepare a report for TTAD consideration. This report shall contain a narrative, including the recommended course of action and any written or verbal information supplied by the applicant.

10.2.2 TTAD shall make a determination of the exception after consideration of the

recommendation made by the Program administrator.

## **11. DISPUTE RESOLUTION AND APPEALS PROCEDURE**

Loan applicants have the right to appeal if an application is denied. The applicant shall engage in the following process to appeal a decision:

Appeals must be made in writing within 30 days of the date of the disputed decision and e-mailed to Truckee Tahoe Workforce Housing Agency, [info@ttjpa.org](mailto:info@ttjpa.org)

TTWHA and TTAD personnel will review the appeal and render a written decision to the applicant within 30 days from the date the appeal application was received.

Decisions are final.

**EXHIBIT A**  
**TTAD District Service Boundaries**