

2019-2021 Riverside County Homebuyer Programs

EDA Housing
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www.rivcoeda.org



Program Accomplishments

- Assisted 900 families with over \$21M in FTHB down payment assistance
- Provided over \$31.1M in tax credits to 1,327 families
- Since 1994, EDA has helped 3,500 families achieve homeownership with down payment assistance, closing cost assistance, and tax credits totaling over \$98.8M





FTHB

First Time Home Buyer Program





SOLD
HOME FOR SALE

Neighborhood Stabilization Program

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RC Home Link gives you great information on valuable home programs, tools to help find your home and much more; all within beautiful Riverside County-Southern California. Discover the home of your dreams in Riverside County; a great place to live, work and play.



Neighborhood Stabilization Homeownership Program

FORECLOSURE

The Riverside County Economic Development Agency (EDA) is launching the Neighborhood Stabilization Homeownership Program

FTHB – Type of Assistance

- EDA's original first time buyer program
- Provides up to 20% of the purchase price for down payment assistance not to exceed \$75,000
- Silent 2nd mortgage with no monthly payments at 0% interest forgiven after 15 years
- No resale restrictions or equity share component
- No minimum buyer contribution towards down payment required



FTHB – Property Requirements

- Maximum purchase price limits:
 - New Construction and existing Single-Family \$370,500
 - New/Existing Condos or Townhouses \$292,600
 - New Manufactured homes \$237,500
- SFR, condo/townhouse/PUD or NEW manufactured home (on permanent foundation)
- No In-Ground Pools or Spas
- Minimum 2 Bedrooms
- If property was tenant occupied, tenant must have been given 90 days written notice to vacate prior to the execution of the purchase contract (exception- when tenant is going to purchase the home they're renting?)

FTHB- Eligible Locations

- Unincorporated Areas of Riverside County or within any Participating City

All Cities are Eligible **EXCEPT:**

Calimesa, Cathedral City, Corona, Hemet, Indio, Jurupa Valley, Lake Elsinore, Menifee, Moreno Valley, Palm Desert, Palm Springs, Perris, Rancho Mirage, Riverside, Temecula





FTHB – Buyer Qualifications

- Must be a first-time homebuyer: no ownership interest in real estate in the past 3 years
- Household income within limits
- Will occupy subject property as primary residence
- Has attended an 8 hour homebuyer education course from HUD approved provider
- Riverside County Programs have NO minimum credit score requirement
- Buyer must qualify for eligible 1st mortgage (30 year term, fixed rate fully amortized) through participating lender

FTHB – Income Limits

| INCOME LIMITS | |
|--------------------------|----------|
| Effective: June 28, 2019 | |
| FAMILY SIZE | FTHB |
| 1 | \$40,250 |
| 2 | \$46,000 |
| 3 | \$51,750 |
| 4 | \$57,450 |
| 5 | \$62,050 |
| 6 | \$66,650 |
| 7 | \$71,250 |
| 8 | \$75,850 |



FTHB – Home condition

- A home will not be eligible for purchase under this Program unless it is in standard condition and suitable for occupancy upon purchase.
- Homes purchased through the FTHB program must meet applicable state and local codes.
- Home inspections are required on all homes.
- All health and safety issues on the home inspection report must be repaired prior to EDA drawing docs.





MCC

Mortgage Credit Certificate Program





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Neighborhood Stabilization Homeownership Program

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MCC – Type of Assistance

- Not a down payment assistance program
- Entitles qualified homebuyers to a federal income tax credit in the amount of 20% of the interest paid on the primary mortgage
- Since the borrower's income taxes are being reduced by the amount of the credit, this increases the take-home pay by the amount of the credit.
- The amount of the MCC is taken into consideration by the 1st mortgage underwriter and may give the borrower more buying power.



MCC – Type of Assistance Cont.

- MCC may be combined with the FTHB program.
- Recapture tax may apply if borrower sells home at a profit before end of first 9 years and is over the income limit at time of sale.

MCC – Calculating the Annual Credit

- 1st Mortgage Loan Amount x Interest Rate x 20%
- Example:

Loan Amount = \$250,000

Interest Rate = 4%

$$\begin{aligned}\mathbf{MCC} &= \$250,000 \times 4\% \times 20\% \\ &= \$2,000/\text{year} \div 12 \\ &= \$166.67 \text{ per month}\end{aligned}$$

MCC – Tax Deduction vs. Tax Credit

- A tax deduction (such as mortgage interest or property taxes) is subtracted from adjusted gross income before federal income taxes are computed, decreasing taxable income.
- A tax credit entitles a tax payer to subtract the amount of credit from their total federal tax bill.

MCC – Buyer Qualifications

- Must be a first-time homebuyer: no ownership interest in real estate in the past 3 years
 - *Exception – if buyer purchases property located in an MCC Target Area Census Tract
- Buyer within income limits
 - *Exception – higher income limits apply within an MCC Target Area Census Tract
- Will occupy subject property as primary residence
- MCC has no minimum credit score requirement – we defer to the first mortgage lender's credit underwriting

MCC – Income Limits

| INCOME LIMITS | | |
|------------------------|---------------------|--------------------|
| Effective: May 6, 2019 | | |
| FAMILY SIZE | MCC | |
| | Outside Target Area | Inside Target Area |
| 1 | \$ 82,200 | \$ 98,640 |
| 2 | | |
| 3 | \$ 94,530 | \$ 115,080 |
| 4 | | |
| 5 | | |
| 6 | | |
| 7 | | |
| 8 | | |

MCC – Property Requirements

- Foreclosed, Short Sale, or Private party sales are all OK
- SFR, condo/townhouse/PUD or manufactured home (on permanent foundation)
- Purchase price limits apply:
 - Outside Target Area: \$388,131
 - Inside Target Area: \$474,382



MCC – Eligible Locations

- All areas in Riverside County are eligible for MCC assistance including all unincorporated areas (areas outside a city limit)
- **EXCEPT** for the following cities:

Canyon Lake, Cathedral City, Eastvale, Indian Wells,
and Rancho Mirage



Qualifying Process for FTHB & MCC

- Borrower works with approved loan officer
- Lenders go through rigorous corporate approval process and loan officers must attend annual training
- Loan officer pre-qualifies borrower simultaneously for 1st mortgage and County Assistance
- Loan Officer is responsible for informing buyer and realtor regarding program details
- Program form must accompany offer for seller's signature (FTHB 3)
- Buyer enters into purchase agreement, escrow opens, lender processes file and submits complete application package to EDA

QUESTIONS



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