

## Yuba County First Time Homebuyer Program Frequently Asked Questions Version 2 2/20/25

### Potential Applicants

- Income qualification: income limits are set by the State of California, Department of Housing and Community Development (HCD) for Yuba County, the Program is using the most recent figures from 2024, see <https://www.hcd.ca.gov/sites/default/files/docs/grants-and-funding/income-limits-2024.pdf> Yuba County included on pg. 14/14
- Whether a certain income allows one to qualify for the Program: The Program income limits can be found at [https://www.yuba.org/First\\_Time\\_Homebuyer\\_Program/Attachment%20%20-%20Income%20Limits.pdf](https://www.yuba.org/First_Time_Homebuyer_Program/Attachment%20%20-%20Income%20Limits.pdf) although the Program Administrator is not able to provide presumptive determinations of whether a potential Program applicant would qualify solely based on income. In order for a potential Program applicant to definitively know if they would qualify, they would need to submit a complete Program application for processing.
- Whether someone would qualify with \$78,000 in annual income and three dependent children: While we are not able to provide definitive determinations without the submission of a complete Program application, on initial review this income appears to be too high for the Program, see <https://www.hcd.ca.gov/sites/default/files/docs/grants-and-funding/income-limits-2024.pdf> additionally, the Program will use the income listed in the most recent, in this case 2024, tax return. Annual income limits are based upon the county of residence at the time of application for the Program.
- Non-income qualifications: There is no preclusion against someone applying due to the homeownership of their immediate family members, such as one's parents. Only the homeownership status of the persons who apply for the Program are considered. See details in the Guidelines for what an eligible "First Time Homebuyer" is, with stipulations: [https://www.yuba.org/First\\_Time\\_Homebuyer\\_Program/CDBG%20FTHB%20Program%20Guidelines%20Final.pdf](https://www.yuba.org/First_Time_Homebuyer_Program/CDBG%20FTHB%20Program%20Guidelines%20Final.pdf)
  - Federal and State Requirements are included in this definition, pg. 11-12/58
- Are persons residing in counties other than Yuba County permitted to participate in the Program? Only homes within Yuba County are eligible to receive funding. The Program provides priority to Yuba County residents first. Here is the priority order applications will be considered on a monthly basis:
  - Preferences for Applications received, within any given month, shall be provided as follows:
    1. Low and Extremely Low Income Applicants
    2. Current Residents of Yuba County
    3. Individuals employed by businesses in Yuba County
    4. Eligible Individuals interested in establishing residency within Yuba County. – A Sutter County resident would fit this definition.

The burden of proof for individuals applying in categories 1-3 will be primary source documents such as the address on a utility bill, identification card, or Driver's License issued by the State of California, Department of Motor Vehicles for categories 1-2, or pay stubs, a certified letter from the employer, etc. for category 3. This list is not comprehensive. Residency and/or employment location information will be verified.

- Whether homes purchased through the Program require a home inspection: "Homebuyer will contract with a home inspection company to perform a walkthrough of the housing unit, to determine if it is structurally sound, and identify any code related and health and safety deficiencies that need to be corrected. A list of code related repair items will be given to the homebuyers and their realtor to be negotiated with the seller" Source: [https://www.yuba.org/First\\_Time\\_Homebuyer\\_Program/CDBG%20FTHB%20Program%20Guidelines%20Final.pdf](https://www.yuba.org/First_Time_Homebuyer_Program/CDBG%20FTHB%20Program%20Guidelines%20Final.pdf) pg. 12/58. Funding may be available as part of the Program for the applicant to receive funding to pay for, among other things, the home inspection. Program funds would not be permitted to be used to pay for any repairs detected and identified as needed by the home inspector.
- What constitutes a “complete Program application”? Applications are deemed complete and placed in the queue for processing only if all information is complete, the application is signed and dated, and a primary lender's pre-qualification letter is attached to the application. The Program application will include a checklist that must be filled out by the Program applicant. This checklist is intended to be comprehensive for Program application requirements. Incomplete applications submitted earlier, will not receive priority over complete applications received in the same month, it is therefore in the Program applicants interest to ensure that all documentation is complete upon submission for participation in the Program. In the process of County review of Program applications, the Program Administrator will work to verify all income and non-income based Program requirements prior to providing a decision to a Program applicant of their approval or denial for the Program. It is the responsibility of the Program applicant to accurately provide their contact information and supporting documents with the Program application, such as tax documents, proof of income, proof of residency within Yuba County (if attempting to receive application priority), etc.

Applications deemed incomplete will be ineligible for reapplication to the Program for a period of two weeks. It is therefore incumbent on all Program applicants to review their applications for completeness prior to submitting an application, even if this delays their application submission date.

- Where one can receive a Program application: The application will be available on the website on 2/21/25, when the Program opens under Program Documents, and no Program applications will be shared prior to 2/21/25 due to fairness and the requirements of the funding source. [https://www.yuba.org/departments/community\\_development/planning\\_department/first\\_time\\_homebuyer\\_program\\_\(fthb\).php](https://www.yuba.org/departments/community_development/planning_department/first_time_homebuyer_program_(fthb).php)

All interested parties, potential Program applicants, and potential lenders, will be notified simultaneously once the Program is open for applications. The email lists will include everyone who has reached out to seek information about the Program prior to 2/21/25.

- Credit requirements for participation in the Program: The Program does not have a specific credit threshold. The most important requirement for our purposes is that a primary lender accepts the credit score of the potential applicant. Loan-to-Value Ratios are instead used, see [https://www.yuba.org/First\\_Time\\_Homebuyer\\_Program/CDBG%20FTHB%20Program%20Guidelines%20Final.pdf](https://www.yuba.org/First_Time_Homebuyer_Program/CDBG%20FTHB%20Program%20Guidelines%20Final.pdf) page 45/58

- Whether the Program provides loans or grants to qualified applicants, i.e. do the funds need to be paid back? Yes, the funds will need to be repaid at a later date. Barring circumstances related to violations of the Loan Agreement or Deed of Trust, a typical Program awardee who does not have a USDA loan would have 30 years to repay the loan.
- Total Program funds: The total funds available for the Program are approximately \$669,600. This Program should be considered a pilot project. It is possible that it will be offered again in the future.
- Regarding tax returns: The Program requires the applicant to submit their most recent tax returns, which are tax year 2024. We understand that this may accelerate the need for Program applicants to file their 2024 tax returns in order to comply with providing a complete Program application, but this is a program funding requirement to ensure that income qualification meets appropriate standards.
- How much in funds can the Program give? Can someone have their whole down payment paid for by the Program funds? Unfortunately, the Program is not permitted to provide the entire down payment. The Guidelines, page 8 state “Sponsor will not provide more than fifty percent (50%), or up to a maximum amount of \$80,000, (based upon 20% of purchase price) of the down payment required by the primary lender (CDBG requirement)..”

**Homebuyer funds may be applied in the following order:**

1. Down payment of up to fifty percent (50%) of the down payment required;
2. To the extent possible, after satisfying (1) above, appraisal fee; cost of credit report; loan origination fee; discount points customary, homebuyer closing costs (including home inspection and/or lead base paint inspection); homebuyer’s customary portions of the escrow fees; title insurance, and the establishment of impounds accounts for property taxes and insurance. Should Program funds not cover the total closing-costs, applicant will be responsible for any remain funds due.
3. After (1) and (2) above are satisfied, any balance of Program funds may be applied to either the purchase price or to reduce the interest rate of the primary loan.”

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- How long will Program applications be available? We are unable to provide a definitive cut-off date, but due to the requirements for a complete Program application as well as penalties for submission of an incomplete Program application, we do not anticipate that we will immediately receive sufficient complete Program applications to exhaust funds. All applications will be processed in the order they are received, based on priority levels 1-4 as otherwise listed in the Guidelines and this FAQ.

## Potential Participating Lenders/Realtors

- The process for interested lenders to participate in the Program: We will be offering the lender agreement to any lender who reaches out to us about a particular Program applicant, presumptive Program applicant, or as an interested party as the County is not permitted to recommend a specific lender or combination of lenders due to the rules of the funding source. This lender agreement will be posted on the website once the Program opens on 2/21/25:  
[https://www.yuba.org/departments/community\\_development/planning\\_department/first\\_time\\_homebuyer\\_program\\_\(fthb\).php](https://www.yuba.org/departments/community_development/planning_department/first_time_homebuyer_program_(fthb).php) The County will be requiring that Program documents such as the Deed of Trust, Loan Agreement, and Promissory Note will need to be recorded by the primary lender as a condition of their participation in the Program, for any Program applicant that is approved to participate in the Program and works with the primary lender. This is a standard practice for other programs that fulfill the goals of the Program. The County will also provide escrow instructions to assist the primary lender in participation in the Program.

If a lender wishes to participate in the program prior to partnering with a Program applicant, they are welcome to upload the lender agreement to the document portal listed on the website using the following file name convention:  
Doe\_Jane\_Lender\_Agreement\_No\_Applicant

- Whether the County will have “preferred lenders” or “preferred realtors” for the Program: the County is not permitted to recommend a specific lender or combination of lenders due to the rules of the funding source, as well as realtors. If a potential Program applicant requires the assistance of a lender or realtor, we recommend they reach out to the Sutter-Yuba Association of Realtors at [info@syaor.com](mailto:info@syaor.com)
- How much in funding is available for the Program? The total budget for the Program is currently \$669,600 in Community Development Block Grant funds.
- The form of financial assistance, grant or loan? The Program provides loans at a rate of 3% interest. Provided the recipients of Program assistance (approved Program applicants) perform as specified in the Loan Agreement, Deed of Trust, and Promissory Note (see website for drafts of these documents), the County shall forgive all deferred accrued interest. See “DRAFT FTHB Loan Agreement, b. Interest Rate” and elsewhere in the cited documents for loan performance details.
- Monthly affordability by qualified Program recipients: The debt-to-income ratio shall not be less than 42%, and not more than 45% of the Program applicant/recipient’s gross household monthly income. The Program Administrator will be checking the primary lender’s 1008 form to verify before funding the escrow.
- Whether the Program can be combined with FHA, VA, USDA, Conventional/CONV: There is no issue with combining the Program with the mortgage products listed.
- Whether the Program can be combined with additional down payment assistance: some or all of the 50% down payment needed that is not covered by the Program could be combined with another form of down payment assistance. However, per pg. 45/58, the CDBG lien should be the first deferred payment loan recorded behind any performing/amortized loans. No financing, junior or senior to the CDBG loan, may have a

balloon payment due before the maturity date of the CDBG loan.” Pg. 45-46/58, and Debt-to-Income Ratio on pg. 46/58.

- Are Program applicants allowed to have a non-occupying coborrower? Non-occupant co-signers will not be required to submit income and asset documentation. Such co-signers will not be included in the household income determination. Co-signers are acceptable as long as their names do not appear on the Grant Deed or Deed of Trust. Pg. 11/58.
- Can Program funds be used to pay off debt to bring debt-to-income ratio into alignment with the 42-45% target? Payment of debt is not an eligible use of Program funds, see pg. 8 of the Guidelines for eligible uses of Program funds.
- If there is a conflict between the front end/back end Principal, Interest, Taxes, Insurance (PITI) listed in the Guidelines and debt-to-income ratio, which controls? The debt-to-income ratio of no less than 42% and no more than 45% controls. The debt-to-income ratio will be checked using the 1008 form prior to funding the loan and inaccuracies may be grounds for ineligibility for Program funds.
- Can homebuyer funds be used for a down payment of up to fifty percent (50%) of the purchase price, or 50% of the down payment required? 50% of the down payment required. A previous version of the Guidelines is acknowledged as having an unfortunate error stating 50% of the purchase price. This would significantly conflict with the rules of the program funding source if allowed to remain.
- I am seeing slight differences between the Guidelines and these FAQ, which controls? In any conflict between the FAQ and the Guidelines, the FAQ shall control. These FAQ should be considered a “living document” to be updated during the course of the administration of the Program. The Guidelines shall be updated only as specified in this FAQ and only in cases where a serious error was left undetected.