
777 B Street
Hayward, CA 94541

Affordable Housing Program Guidelines

Program Description and Underwriting Requirements



Affordable Housing Program Guidelines

Down Payment

The Buyer must provide Seasoned Funds in an amount equal to a minimum of 3% of the purchase price. Seasoned Funds shall mean the Buyer's own monies that have been verified as held in an account with a financial institution in the Buyer's name for a minimum of three (3) months.

The Buyer may be gifted funds toward the purchase, evidenced by a "gift letter" and bank statements verifying the gift amount which must be submitted with the Buyer's application. Gifted funds can be used for any down payment amount greater than 3% of the purchase price.

Homebuyer Education Requirement

Household members 18 years or older must complete an 8-hour, HUD approved homebuyer education course. The homebuyer education curriculum shall include: preparing for homeownership, available financing and credit analysis, loan closing and homebuyer responsibilities, and home maintenance and loan servicing. Successful completion of the training must be evidenced by a Certificate of Completion and obtained within the prior 24 months before application.

First-Time Homebuyer Requirement

There is no first-time homebuyer requirement, but Hayward does have a live/work in Hayward preference.

Determining Household Income

Household Income means the combined adjusted gross income for all adult persons living in a unit, as calculated using the guidelines provided in the attached ***Exhibit A***.

Household members that do not work or will not have any income in the next 12 months must complete a notarized zero-income affidavit.

Final credit and income eligibility verification shall be based on a review of third-party documentation submitted by the Applicant's first lender. Final loan approval will be subject to the City's verification of eligibility.

Determining Credit Worthiness of the Borrower

Applicants must meet minimum credit requirements of the first mortgage lender.

Co-signors and Non-Occupant Borrowers

Co-signors and non-occupant borrowers are not allowed.



Affordable Housing Program Guidelines

Underwriting Guidelines

Front-End Ratio. The Front-End Ratio must be less than or equal to forty percent (40%).

Back-End Ratio. The Back-End Ratio must be less than or equal to forty-five percent (45%).

Minimum Required Documents to Determine Eligibility

The information below will need to be provided to the City for review and approval.

1. Income eligibility analysis provided by real estate agent, broker, lender, etc. The City does not have a template but recommends that the analysis be provided in Excel format. Regardless, whatever format is used, the City must be able to easily follow and understand the calculation and how the income eligibility determination was reached.
2. City AHP Application & Disclosure Form
3. City Authorization to Disclose Information Form(s)
4. Copy of Certificate of Completion of HUD-Approved 8-Hour Home Buyer Education Workshop
5. Copy of ID
6. Income
 - a. Pay stubs for the most recent pay periods (most recent 3 months)
 - b. Income tax returns for the most recent tax years (last 3 years)
 - c. Income verification form from the Proposed Purchaser's current employer
 - d. An income verification form from the Social Security Administration and/or the California Department of Social Services if the applicant receives assistance from either such agencies
 - e. If Proposed Purchaser is unemployed and has no such tax return, another form of independent verification (i.e. notarized Zero Income Affidavit)
7. Assets
 - a. Bank Statements (most recent 3 months)
 - b. Retirement Account Statements (most recent 3 months)
8. Copy of Credit Report
 - a. This must be provided for all household members 18 years or older and must be a tri-merged credit report that shows credit score for all three bureaus along with payment history.
9. Gifts
10. Lender Documents
 - a. Pre-qualification letter
 - b. 1003
 - c. 1008
 - d. Estimated Closing Disclosure
 - e. Conditional Loan Approval

The above list are minimum requirements and the City may also request additional information, if needed, to clarify any questions or discrepancies in a Buyer's application.



Affordable Housing Program Guidelines

City Approval and Re-certification of Buyer Income

If the City has provided approval of the Buyer's application, then the approval is good for six (6) months from the date of approval. In the event the Buyer has not closed escrow within six (6) months of City approval, the Buyer will need to submit documentation to re-certify income.

If the City has not provided its approval and it takes more than six (6) months for the Buyer to complete their application, then they will need to provide updated documents to re-certify income that are dated within 60 days of when they submit a completed application.

Occupancy Standard

The City does not have an occupancy standard for minimum household size as long as it does not conflict with any state or federal laws and the buyer is income eligible and can afford the unit.

Maximum Occupancy Limits

The City does not have occupancy restriction guidelines except for building code. Please see the code below:

Section 503.2 of the Uniform Housing Code (1997) (the "UHC"), as adopted by the State of California pursuant to 25 California Code of Regulations Section 32 (2005), utilizes a square footage formula to establish the maximum number of people permitted in residential units. The UHC requirement reads as follows:

Dwelling units and congregate residences shall have at least one room which shall have not less than 120 square feet of floor area. Other habitable rooms, except kitchens, shall have an area of not less than 70 square feet. Where more than two persons occupy a room used for sleeping purposes, the required floor area shall be increased at the rate of 50 square feet for each occupant in excess of two.



Affordable Housing Program Guidelines

EXHIBIT A CALCULATION OF APPLICANT INCOME

“Gross income” shall mean the anticipated income of a person or family for the twelve-month period following the date of determination of income. If the circumstances are such that it is not reasonably feasible to anticipate a level of income over a twelve-month period, a shorter period may be used subject to a redetermination at the end of such a period. “Income” shall consist of the following:

- (a) Except as provided in subdivision (b), all payments from all sources received by the family head (even if temporarily absent) and each additional member of the family household who is no a minor shall be included in the annual income of a family. Income shall include, but not be limited to:
 - (1) The gross amount, before any payroll deductions, of wages and salaries, overtime pay, commissions, fees, tips and bonuses;
 - (2) The net income from operation of a business or profession or from rental or real or personal property (for this purpose, expenditures for business expansion or amortization of capital indebtedness shall not be deducted to determine the net income from a business);
 - (3) Interest and dividends;
 - (4) The full amount of periodic payments received from social security, annuities, insurance policies, retirement funds, pensions, disability or death benefits and other similar types of periodic receipts;
 - (5) Payments in lieu of earnings, such as unemployment and disability compensation, worker’s compensation and severance pay (but see subdivision (b)(3)).
 - (6) Public Assistance. If the public assistance payment includes an amount specifically designated for shelter and utilities which is subject to adjustment by the public assistance agency in accordance with the actual cost of shelter and utilities, the amount of public assistance income to be included as income shall consist of:
 - (A) The amount of the allowance of grant exclusive of the amount specifically designated for shelter and utilities, plus
 - (B) The maximum amount which the public assistance agency could in fact allow for the family for shelter and utilities,
 - (7) Periodic and determinable allowances such as alimony and child support payments, and regular contributions or gifts received from persons not residing in the dwelling;
 - (8) All regular pay, special pay and allowances of a member of the Armed Forces (whether or not living in the dwelling) who is head of the family or spouse (but see subdivision (b)(5)).



Affordable Housing Program Guidelines

Where a family has net family assets in excess of five thousand dollars (\$5,000), income shall include the actual amount of income, if any, derived from all of the net family assets or 10 percent (10%) of the value of all such assets, whichever is greater. For purposes of this section, net family assets means value of equity in real property other than the household's full-time residence, savings, stocks, bonds, and other forms of capital investment. The value of necessary items such as furniture and automobiles shall be excluded.

(b) The following items shall not be considered as income:

- (1) Casual, sporadic or irregular gifts;
- (2) Amounts which are specifically for or in reimbursement of the cost of medical expenses;
- (3) Lump-sum additions to family assets, such as inheritances, insurance payments (including payments under health and accident insurance and worker's compensation), capital gains and settlement for personal or property losses;
- (4) Amounts of educational scholarships paid directly to the student or to the educational institution, and amounts paid by the government to a veteran for use in meeting the costs of tuition, fees, books and equipment. Any amounts of such scholarships, or payments to veterans not used for the above purposes of which are available for subsistence are to be included in income;
- (5) The special pay to a serviceman head of a family away from home and exposed to hostile fire;
- (6) Relocation payments made pursuant to federal, state, or local relocation law;
- (7) Foster child care payments;
- (8) The value of coupon allotments for the purchase of food pursuant to the Food Stamp Act of 1964 which is in excess of the amount actually charged the eligible household;
- (9) Payments received pursuant to participation in the following volunteer programs under the ACTION Agency:
 - (A) National Volunteer Antipoverty Programs which include VISTA, Service Learning Programs and Special Volunteer Programs.
 - (B) National Older American Volunteer Programs for persons aged 60 and over which include Retired Senior Volunteer Programs, Foster Grandparent Program, Older American Community Services Program, and National Volunteer Program to Assist Small Business Experience, Service Corps of Retired Executive (SCORE) and Active Corps of Executives (ACE).