



THE LONG BEACH HOUSING DEVELOPMENT COMPANY

OLIVE COURT SECOND MORTGAGE ASSISTANCE PROGRAM

GENERAL DESCRIPTION

Second mortgage assistance in the form of a secured subordinate mortgage loan(s) with contingent, deferred interest and/or deferred 3% simple interest. Loan proceeds may only be used toward the purchase price of a condominium located within Olive Court.

FINANCING PROVISIONS

- **Second Mortgage Assistance Amount(s):** The Long Beach Housing Development Company's (LBHDC) Olive Court Second Mortgage Assistance Program is designed to be gap financing. The loan amount(s) is/are computed as the difference between the purchase price and the sum of the largest first trust deed mortgage deemed affordable to the Borrower and the Borrower's down payment. The mortgage assistance may combine a total of two loans to provide the appropriate level of gap financing.
- **Interest Rate(s):**
 - 1) Contingent, deferred interest in the form of equity sharing equal to the percentage which the Second Mortgage Assistance represents of the original purchase price, reduced for each full year which the Borrower owns and occupies the property. All deferred interest (equity share) is forgiven after 30 years of continuous occupancy. (See attached as Exhibit "B");
 - Equity Share = Second Mortgage Assistance/Purchase Price x (Sales Price - Purchase Price)
 - Interest Due = Equity Share - Forgivable Interest (See attached Exhibit "B" for interest forgiveness schedule).
 - 2) 3% simple interest deferred for the life of the loan. (See attached as Exhibit "C")
- **Interest Penalty:** Eligibility for a reduction in equity sharing will be forfeited in the event any of the following occur:
 - Discovery of fraudulent information provided by Borrower; or
 - Violation of any of the following conditions as set forth in the Promissory Note:
 - The Borrower must continuously occupy the property as his or her principal residence;
 - The property must at all times be maintained in compliance with local laws;
 - The property must be used only as a single family residence; and
 - No occupant of the property may engage in drug related criminal activities or engage in violent acts.
- **Collateral:** Promissory Note, secured by Second and/or Third Deed of Trust.
- **Fees to Borrower:** None.
- **Term:** Thirty (30) years or the earliest date that any of the following occur:
 - The date the property is sold or title is transferred;
 - The date the property is no longer occupied by Borrower;
 - The date the first mortgage loan is refinanced (except as approved by the LBHDC); or
 - Any violations of the conditions set forth above under "Interest Penalty".

- **Monthly Payment:** None.
- **Down Payment:** Borrower must contribute at least 1% for conventional loans or 3.5% for FHA loans of the purchase price from their personal funds. Subject to approval by the first trust deed lender, Borrower's Down Payment in excess of the required 1% may consist of any combination of gifts or grants, but may not be from the proceeds of a loan.
- **Insurance:** Fire hazard insurance, covering total debt secured on the property, is required. A Loss-Payable Endorsement, naming the City of Long Beach, the LBHDC and first trust deed lender, must be obtained.
- **Escrow Processing:** All purchases will be processed through an escrow company selected by Dayman Estates, LLC.

BORROWER ELIGIBILITY REQUIREMENTS

- **First Time Buyer:** Borrower must meet the following first time buyer requirements:
 - Persons who have not owned a home in the last three years; or
 - Persons who previously owned a home with his or her spouse but no longer hold title due to divorce.
- **Household Income:** Projected annual income of all adult members of Borrower's household cannot exceed the following thresholds (adjusted annually according the income schedule in effect at time of application adopted pursuant to Title 25, Section 6932 of the California Code of Administrative Regulations):

Household Size	Income Limit	Household Size	Income Limit
1	\$ 52,100	5	\$ 80,450
2	\$ 59,600	6	\$ 86,400
3	\$ 67,050	7	\$ 92,400
4	\$ 74,500	8	\$ 98,350

(NOTE: The figures shown above are current as of 9/09)

- **Homebuyer Education Certificate:** Borrower must complete an 8-hour Homebuyer Education Class.
- **Financial Capacity:** Borrower must qualify for a 30-year fixed rate, first trust deed mortgage from an institutional lender approved by the LBHDC. Co-signers who will not reside in the property are not permitted.



**OLIVE COURT
SECOND MORTGAGE ASSISTANCE PROGRAM
APPLICATION**

To be completed by Borrower and Lender. Send completed application along with required documents in Borrower and Lender Sections "C" to:

The Long Beach Housing Development Company
Olive Court Second Mortgage Assistance Program
110 Pine Avenue, Suite 1200
Long Beach, CA 90802

Please print all information except for signatures.

LENDER CONTACT INFORMATION (TO BE COMPLETED BY REPRESENTATIVE SUBMITTING APPLICATION):

Company Name: _____
Representative Name: _____
Street Address: _____
City, State, Zip Code: _____
Office Number: () _____
Cell Phone Number: () _____
Fax Number: () _____
E-mail Address: _____

BORROWER SECTION (PHASE I) – To be completed by borrower(s)

A. RESIDENT AND EMPLOYMENT INFORMATION:

1. **Borrower Name(s):** *Persons whose names will appear on the title to the house. Please use a separate sheet if more space is needed.*

Last Name, First Name, Middle Name/Initial

Social Security Number

Last Name, First Name, Middle Name/Initial

Social Security Number

2. **Have you owned real estate within the past 3 years?** Yes No If Yes, did you previously own a home with a spouse but no longer hold title due to divorce? Yes No

**Olive Court
 Second Mortgage Assistance Program Application
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3. Current Residence/Contact Information: *List current addresses of all households who will take title to the property. Please use a separate sheet if more space is needed.*

Street Address, Apartment #: _____

City, State, Zip Code: _____

Telephone Number: () _____

Cell Phone Number: () _____

E-mail Address: _____

4. Current Employer of Borrower:

Company Name: _____

Street Address: _____

City, State, Zip Code: _____

Telephone Number: () _____

5. Current Employer of Spouse/Other Household Member: *If additional household members are employed, provide this information on a separate sheet.*

Company Name: _____

Street Address: _____

City, State, Zip Code: _____

Telephone Number: () _____

B. HOUSEHOLD AND INCOME INFORMATION:

1. List all household members anticipated to live in the new residence and corresponding income if over age 18.

Name	Age	Annual Gross Income (Before Withholding Taxes)
		\$
		\$
		\$
		\$
		\$
		\$
Total Number in Household		
Total Annual Gross Income		\$

2. **Other annual household income** before withholding tax (i.e., interest, dividends, child support, alimony, etc.)

Source of Income	Amount
	\$
	\$
	\$
	\$
Total Other Annual Household Income	\$

3. **Assets** (i.e., savings, checking, retirement funds, etc.)

Household Member Name	Type of Asset	Bank or Financial Institution	Amount
			\$
			\$
			\$
			\$
			\$
			\$
Total Assets			\$

4. **Do you have Stocks and Bonds?** Yes No If Yes, what is the value? _____

5. **Do you have any U.S. Savings Bonds?** Yes No If Yes, what is the value? _____

6. **Total of funds currently available** for meeting downpayment and closing cost needs, as well as the household's need for reserves from bank accounts, Certificates of Deposit, mutual funds and other similar sources.

Source of Funds	Amount
	\$
	\$
	\$
	\$
	\$
	\$
Total Funds Currently Available	\$

C. DOCUMENTATION TO BE SUBMITTED BY LENDER:

Phase I: The following documents are to be submitted with this application to The Long Beach Housing Development Company (LBHDC) *prior to opening escrow*:

- Copy of pre-qualification letter from first lender
- Verification of Employment (VOE)
- Copy of Drivers License or California ID Card for all adult borrowers
- Copy of Birth Certificate or other qualifying document for all minors
- Copies of borrowers Federal Income Tax returns for the last three years
- Verification of income on all borrowers and household members, including most recent paycheck stubs covering the past three consecutive months
- Verification of Assets on all borrowers, including copies of bank statements and documentation of any other assets covering the past three consecutive months
- Copy of borrower's credit reports

D. BORROWER (S) SIGNATURE(S):

I/We hereby certify that the above information is true and correct to the best of my/our knowledge. I/We understand that deliberate withholding or falsification of pertinent information will result in disqualification from the Second Mortgage Assistance Program offered by The Long Beach Housing Development Company.

Borrower Name (Print)

Borrower Signature

Date

Borrower Name (Print)

Borrower Signature

Date

LBHDC Office Use Only

ELIGIBLE / APPROVED

INELIGIBLE / DENIED

Reviewed by

Signature: _____

Name: _____

Title: _____

Date: _____

LENDER SECTION (PHASE II) – To be completed by lender

Borrower Name(s): *Please use a separate sheet if more space is needed.*

 Last Name, First Name, Middle Name/Initial

 Last Name, First Name, Middle Name/Initial

Lender Information:

Representative Name: _____
 Company Name: _____
 Office Number: () _____
 Cell Phone Number: () _____
 E-mail Address: _____

A. PROPERTY INFORMATION:

1. Address of Property to be Purchased:

Street Address, Unit #: _____
 City, State, Zip Code: _____

2. Unit Type:

(Example: 3-bedroom/1 bath, 2-bedroom/1 bath, etc.)

B. HOUSING/FINANCE MATRIX:

Purchase Price:	\$
Amount of First Mortgage:	\$
Amount of Downpayment from Buyer (min. 1%):	\$
Other Borrower Funds Available for Downpayment:	\$
Other funds available for Downpayment (Additional Downpayment Assistance funding such as CHAP or CHDAP from CalHFA)	\$
Amount of Second Mortgage Assistance Required: (Purchase Price minus First Mortgage minus All Downpayment funding)	\$
Housing Costs/Income Ratio:	%
Total Debt/Income Ratio:	%

C. DOCUMENTATION TO BE SUBMITTED BY LENDER:

Phase II: The following documents are to be submitted to The Long Beach Housing Development Company (LBHDC) *after opening escrow*:

- Second Mortgage Assistance Program Application w/Borrower, Lender, and Property information completed
- Uniform Residential Loan Application from First Lender
- First mortgage loan underwriting analysis
- Current Appraisal Report
- Preliminary Title Report
- Copy of the Purchase Agreement
- Estimated Closing Statement or HUD1 prepared by the escrow company, ensuring the cost of the LBHDC Loan ALTA Policy(s) is included
- Certification from borrower that the Assisted Unit will be owner-occupied at all times and will not be rented or leased
- Certificate of Completion of Homebuyer Education Seminar
- Copy of check used for Earnest Money/Deposit (1% Downpayment Requirement)
- Copy of asset statements for period following submission during Phase I until date check used for Earnest Money/Deposit was posted
- Updated copies of documents submitted with the initial application, if appropriate

D. LENDER SIGNATURE(S):

I/We hereby certify that the above information is true and correct to the best of my/our knowledge. I/We understand that deliberate withholding or falsification of pertinent information will result in disqualification from the Second Mortgage Assistance Program offered by The Long Beach Housing Development Company.

Lender Name (Print)

Lender Signature

Date