

Repaying the Loan

A DAP loan is secured by a Note and Deed of Trust on the home and is recorded behind the primary mortgage.

Repayment of the loan is required when the home is sold, title is transferred, if the borrower stops using the home as their residence, or in 30 years.

The borrower has two options for repayment of the DAP loan.

Option #1 - Equity Share

The borrower pays the City of Redding a percentage of the appreciation based on the market value of the home at the time of payoff. The percentage is determined by dividing the DAP loan amount by the purchase price.

Example:

\$200,000	Purchase price
\$ 60,000	DAP loan (30% of purchase price)
.....	
\$250,000	Value of home at time of payoff
- 200,000	Purchase price
\$ 50,000	Appreciated value
.....	
\$ 50,000	Appreciated value
x 30%	Percent loaned
\$ 15,000	DAP share of appreciation
.....	
\$ 60,000	DAP loan
+ 15,000	DAP share of appreciation
\$ 75,000	DAP loan payoff

Option #2 - Interest Accrual

Simple interest accrues on the DAP loan at 3% per year until the loan is paid in full.

Example:

\$ 60,000	DAP loan
x 3%	
\$ 1,800	Interest accrual per year

Are You Ready to Apply?

Check the boxes below to see if you are ready to apply!

- I have a stable source of **income**.
- I have **money saved** for the downpayment and closing costs.
- I have cleared up all derogatory **credit accounts**.
- I have **monthly debt payments** no more than 12% of my monthly gross income.
- I want to take on the **responsibility** of owning a home.

For more information about the City of Redding Downpayment Assistance Program, visit ci.redding.ca.us or contact:

Jodi White
Housing Division
777 Cypress Avenue
Redding, CA 96001

(530) 225-4173
Fax (530) 245-7160
e-mail: jwhite@ci.redding.ca.us



Downpayment Assistance Program

**There's No Place Like Home...
Your Own Home**



The City of Redding Downpayment Assistance Program (DAP) provides loans to low-to moderate-income families who wish to purchase their first home, but are unable to accomplish that goal without assistance.

The DAP loan is a second mortgage that bridges the gap between the borrower's downpayment, the first mortgage, and the home's purchase price. **No monthly payments** are required on the DAP loan.

Key Program Elements

The Home Must:

- Have a final purchase price that does not exceed \$299,250. The purchase price is based on 95% of the median purchase price of a single family home in Redding and is subject to change annually.
- Be located within the Redding city limits.
- Be owner-occupied or vacant at least 120 days at the time an offer to purchase is made.
- Pass an inspection by a professional home inspector.
- Pass a Section I and II termite clearance.

Income Eligibility Requirements

The gross annual household income may not be more than the following:

Family Size	Low	Median	Moderate
1	27,500	34,350	41,250
2	31,400	39,300	47,100
3	35,350	44,200	53,000
4	39,300	49,100	58,900
5	42,400	53,050	63,600
6	45,550	56,950	68,300
7	48,700	60,900	73,050
8	51,850	64,800	77,750

(Effective March 31, 2005)

Actual DAP loan amount is determined based upon the family's household income, downpayment amount, amount of first mortgage, and purchase price of the home.

The Borrower Must:

- Not have owned a home within the last 3 years; or if owned a home, qualify as a displaced homemaker or a single parent.
- Meet income guidelines.
- Meet DAP credit criteria.
- Be able to provide a downpayment equal to 3% of the purchase price of the selected home, plus closing costs. The borrower's downpayment can consist of 1.5% gift funds. The remaining 1.5% must come from the borrower's own assets.
- Meet a 2-year employment standard or have income that will continue in the foreseeable future.
- Meet long-term debt criteria.
- Be able to qualify for a mortgage loan through a lender.
- Not be able to purchase the home with their current assets.
- Use the home as their principal place of residence.

Steps to Home Ownership Under the DAP Program

- 1 Identify assets available for share of downpayment and closing costs.
- 2 Become pre-approved for a primary mortgage through a lender.
- 3 Submit a completed DAP application package for determination of eligibility.
 - A \$35 non-refundable application fee is due upon submittal of the DAP application.
- 4 Select a home to purchase that fits within the DAP guidelines.
- 5 Obtain approval for the DAP loan from the City of Redding.
- 6 Complete a home inspection and necessary repairs and a first-time homebuyer class approved by the City of Redding.
- 7 Obtain an appraisal of the home and final loan approval from the primary lender.
- 8 Escrow closes and homeownership is accomplished.