



Number: _____
Effective Date: 7/11/2023
Revised: _____
Authority: _____
City Manager: _____

SUBJECT: First Time Homebuyer Loan Extensions

- I. PURPOSE:** To establish the process and conditions under which the City of Grass Valley may grant extensions of time on matured First Time Homebuyer (FTHB) loans.
- II. POLICY:** FTHB loans may be extended beyond their date of maturity if (i) the Borrower remains eligible to participate in the FTHB Program; (ii) the Borrower is not currently in default on their loan, and (iii) the City Manager or designee thereof determines that the extension will serve the purposes of the FTHB Program.
- III. DEFINITIONS:**
- A. “Borrower” means an individual who has applied for and been granted a FTHB loan.
- IV. GUIDELINES:**
- A. Criteria for Borrower eligibility:
 - i. Borrower must be a first-time homebuyer (not owned a home within the 3 years preceding the date of initial FTHB loan application);
 - ii. Borrower must reside in the residence for as long as the FTHB loan is secured by the property;
 - iii. Borrower’s annual household income must not exceed the applicable household income limits established by the FTHB Program;
 - iv. Borrower’s property must be located within City limits and comply with applicable health and safety standards;
 - v. Borrower must have completed the Homebuyer Education class and submitted a certification to the City demonstrating completion; and
 - B. The City will not grant an extension if the City Manager or designee thereof determines the extension would not further the purposes of the FTHB Program.
 - C. If the City does not grant an extension, the original loan agreement shall remain effective. The Borrower shall be notified in writing of the reason for the denial and be given the opportunity to submit additional information to the City Manager which may allow the City to approve the extension. The City Manager’s decision on such a review is final as to the City but subject to judicial review under Code of Civil Procedure section 1085.
 - D. The City may grant a maximum of three five year extensions for a single FTHB loan.

V. PROCEDURES:

- A. The Borrower shall submit a request to extend their FTHB loan to the City at least sixty days prior to the loan's maturity date, unless the City Manager determines in writing that allowing a late application would further the purpose of the FTHB program.
- B. Upon receipt of an extension request, the City shall verify Borrower's eligibility to participate in the FTHB Program, including but not limited to verifying Borrower's household composition, employment, credit history, and anticipated future income.
 - i. City staff may require Borrower to submit additional information City staff determines is necessary to evaluate the request.
 - ii. City staff may request a meeting with the Borrower and/or on-site visit.
- C. Extensions shall be memorialized in a new executed loan agreement signed by the Borrower and the City Manager or his or her designee.
 - i. The new loan agreement must include the following information:
 - 1. The dollar amount of the loan;
 - 2. The maturity date on which all principal together with all accrued and unpaid interest is due and payable;
 - 3. The applicable interest rate;
 - 4. The payment schedule;
 - 5. The Borrower's right to make full prepayment at any time without penalty; and
 - 6. That all principal and accrued interest is due and payable if the property is sold, rented for more than 30 days, or used for a non-residential purpose.
- D. The City Manager or designee thereof may establish additional policies and procedures for the effective operation of this FTHB loan extension policy.

VI. RESPONSIBILITY FOR REVIEW: The City Manager or designee thereof will review this policy at least every five years.