



TOWN OF TRUCKEE

Program Guidelines

Town of Truckee ~~Below Market Rate (BMR)~~ Home Access Program
(THAP)

~~March 8~~ September 13, 2022

APPROVED BY: Truckee Town Council [add date]

Town of Truckee THAP Guidelines

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SECTION 1 – GENERAL PROGRAM INFORMATION

1.1 Background

The intent of the Town of Truckee's Below Market Rate (BMR) Program is to increase the number of homes that are affordable to families and individuals that work in the Town of Truckee limits. The BMR Program works by paying owners, buyers, sellers, including local businesses and developers to place a deed restriction on homes that are currently unrestricted. The BMR Program's goal is to create, preserve, grow, and protect a pool of long-term deed restricted units in the Town to maintain community character and create places for people that work in Truckee to live.

The information provided in this document describes guidelines for buyer households, property owners, businesses, and developers applying to the BMR Program, the Buyer Household applicant selection process, and Program details/rules for current BMR homeowners. For housing developers creating new below market rate units, deed restriction purchase agreements will be reviewed on a case-by-case basis. However, the following Program Guidelines offer a helpful overview of how the process and qualifications would work for new ownership units.

The Town will review and update these guidelines from time to time to reflect changes in the market and better meet the community's needs.

The Town of Truckee Home Access Program (THAP) preserves, produces, and protects homes to maintain community character and create places for people that work in the Truckee Region to live locally. THAP pays buyers, sellers, businesses, and developers to reserve homes for local workers with a ~~fifty-five~~ 55 year deed restriction.

- **Buyers** can apply for ~~compensation~~ funding up to \$150,000 for a maximum \$937,500 home purchase price.
- **Sellers** can sell at a reduced price and apply for ~~compensation~~ funding to make up the difference between the reduced price and the appraised value.
- **Local Businesses** can apply for ~~compensation~~ funding to rent or sell homes to local workers, including their own.
- **Developers** can apply for ~~compensation~~ funding to build homes for sale or rent to local workers.

THAP Buyers and Renters must work locally, not exceed household income limits, and live in the homes as their primary residence.

The information provided in this document describes guidelines for buyers, sellers, businesses, and developers to apply for and participate in THAP.

The Town, at its discretion may update ~~compensation~~ funding amounts, maximum household income guidelines and purchase prices, and rent rates from time to time. The Town will review and update these guidelines from time to time to reflect changes in the market and better meet the community's needs.

The Town of Truckee will contract an independent organization to administer the day-to-day operation of the Program.

1.2 Non-discrimination Policy

The Program will be implemented consistent with the Town's commitment to non-discrimination. No person shall be excluded from participation in, denied the benefit of, or be subject to discrimination under any program or activity on the basis of his or her religion or religious affiliation, age, race, color, creed,

gender, sexual orientation, marital status, familial status (children), physical or mental disability, nation origin, ancestry, or any other arbitrary cause.

1.3 Program Outreaching and Marketing

The THAP Administrator will coordinate with the Town, local Realtor groups, lenders, and housing groups to share and implement a marketing plan to provide broad awareness and equitable access to THAP. Program information will also be shared on the Town's THAP website and the Town's social media channels and made available at request in hard copy at Town Hall and the local library. All marketing and educational materials and applications will include the Fair Housing logo and marketing materials will be translated and available in Spanish. The Town will issue a press release. The THAP Administrator and the Town will periodically re-market the program.

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SECTION 2 – PROGRAM DEFINITIONS

Applicant/~~Buyer~~ – Buyer(s)/Renter(s)/Tenant(s): The primary individual(s) applying for the Program and all persons 18 years and older who will reside in the unit.

Area Median Income (AMI): The median income for Nevada County as defined by the California Department of Housing and Community Development (HCD) and adjusted for household size are published annually. The amounts are further adjusted and calculated by the Town and are available on the Town's website.

~~Below Market Rate (BMR) Unit:~~ ~~A BMR unit in the Truckee Program is a housing unit that is priced to be affordable to households making no more than 245% AMI for existing units and 180% AMI for new homes.~~

Buyers: Households purchasing a single-family THAP unit (includes condominiums, townhomes, duplexes, and single-family residences) home as their primary residence.

Funding Amount: ~~The payment buyers, sellers, local businesses, and developer receive from the Town in exchange for a 55 year Deed Restriction to reserve homes for people who work in the Truckee Region and earn below the program's maximum household income.~~

Deed Restrictions: ~~The binding agreement signed by each Owner of a THAP unit. The Deed Restriction places permanent restrictions on the THAP unit, or 55 year term based on agreed uses, including owner occupancy and income. Affordable Housing Covenants, Resale Restrictions and Option to Purchase Agreement is the binding agreement signed by each Owner of a BMR unit. The Deed Restriction places permanent or long-term conditions based on agreed uses, including owner occupancy and income.~~

Fair Market Value: The value of a unit based upon the determination of an authorized appraisal report acceptable to the Town.

Local Business: A corporation, LLC, Sole Proprietorship, governmental entity, mutual benefit corporation or non-profit business that has a minimum of three (3) employees working at a physical office location, within the Tahoe Truckee Unified School District boundary.

Local Worker/Employee: ~~A household must have at least one member who is currently employed 30 or more hours per week, meets fulltime employment equivalency with employer verification, or has a written~~

offer for full-time employment at an employment site within the Tahoe Truckee Unified School District geographical boundary. In the case of a written offer, the THAP Administrator will verify employment following the employment start date.

~~Lottery: A lottery number will be assigned to each Buyer Household that submits an eligible pre-application. Lotteries will be conducted by the BMR Administrator, with Town staff as witnesses, to randomly establish a ranking order in which households will be invited to submit full applications to the Program.~~

~~Moderate to Above Moderate Income Levels: The definition of moderate to above moderate, for this Program is as follows:~~

~~-Moderate income: Households that make no more than 120% of area median income for Nevada County.~~

~~-Above moderate income: Households that make above 120% of area median income for Nevada County.~~

Program Administrator: The Town of Truckee will contract an independent organization to administer the day-to-day operation of the Program.

Program Application: The ~~BMR-THAP~~ Program application with required supporting documents submitted by Applicants to determine household eligibility.

Owners: Households who purchase a single-family THAP unit (includes condominiums, townhomes, duplexes, and single-family residences) home as their primary residence.

Sellers: Households selling a single-family THAP unit (includes condominiums, townhomes, duplexes, and single-family residences) home as their primary residence.

Term: 55 years

Unit: Housing unit that is priced to be affordable to households making no more than 245% AMI for existing units and 180% AMI for new homes.

SECTION 3 – PROGRAM SUMMARY

3.1 Purchase/Sales/Rent Rates

Buyers and Sellers

In 2022 and 2023, Buyers' purchase price cannot exceed \$937,500 and Seller's sales price cannot exceed \$787,500.

Local Businesses and Developers

Purchase prices for Local Businesses and Developers will be determined on a case-by-case basis. Rent rates are calculated at 30 percent of the area median income (245%-existing properties/180%-new construction) adjusted for bedroom size.

3.2 Funding/Payment for Deed Restriction

Commented [LB4]: The Program Summary was put in a separate section for clarity.

The THAP Funding Amount for Buyers, Sellers, Local Businesses, and Developers in exchange for a 55year Deed Restriction on the property will be reviewed on a case-by-case basis and evaluated based on such factors as location, access to services, home age, etc. The compensation amount will generally be taxable, and the Town will provide the payee with a 1099.

THAP funding amount is based on the final purchase price or fair market value, whichever is less.

Funding payments will be made upon signing and recording the Deed Restriction.

Buyers and Sellers

The amount paid for each deed restriction will not exceed the lesser of 16% of the value of a home, as determined by a Fair Market Value Appraisal; or \$150,000.

Funding Scenarios – Buyers and Sellers

<u>Buyer Example</u>	<u>Seller Example</u>
<u>Purchase Price: \$937,500</u>	<u>Appraised Value: \$937,500</u>
<u>THAP Payment to Buyer Used as</u>	<u>Sales Price: \$787,500</u>
<u>Down Payment Assistance: \$150,000</u>	<u>THAP Payment to Seller: \$150,000</u>
<u>Buyer's 4% Down: \$37,500</u>	<u>Buyer's 20%: \$157,500</u>
<u>Buyer's First Mortgage: \$750,000</u>	<u>Buyer's First Mortgage: \$630,000</u>

Local Businesses and Developers

Local Businesses and Developers can be compensated to sell or rent homes to THAP eligible households. Funding amounts for Local Businesses to deed restrict housing units to 245% AMI or below are to be determined by Town Council based on how a project meets Truckee housing goals. and are not to exceed 16% of the appraised value.

Funding amounts for Developers to deed restrict housing units to 180% AMI or below are generally not to exceed 16% of the appraised value. Additional funding amounts will be considered in exchange for lower income targeting. Income limits and funding amount terms will be determined by Town Council based on how a project meets Truckee housing goals. Funding will be allocated with approval by Town Council and distributed at sale.

The BMR Compensation Amount for buyers in exchange for a Deed Restriction will be reviewed on a case-by-case basis and evaluated based on such factors as location, access to services, home age, etc. The Compensation Amount will generally be taxable and the town will provide the payee with a 1099. The amount paid for each deed restriction, however, will not exceed the lesser of:

- 1) 16% of the value of a home, as determined by a Fair Market Value Appraisal; or
- 2) \$150,000.

1.3 Eligible Participants

Commented [LB5]: This section was re-written and combined with 3.2 for clarity

4.43.3 Eligible Use of Funds and Distribution

THAP Program funds may only be used on properties within the Town limits of Truckee and may but are not required to be used towards a down payment.

Non-arm's length transactions, with an identity of interest between the buyer and seller or other participating parties, with the exception of a landlord to a tenant, is prohibited. An example of a non-arm's length transaction is the purchase of a property owned by the applicant's friends or family members.

BMR Program funds may only be used on properties within the Town limits of Truckee.

THAPBMR Program funds are not allowed to be used for the purchase of any properties with known code violations or open code violation cases.

THAP will consider applications that combine THAP funds with other Town housing funds.

3.4 Partnering with Realtors and Lenders

THAP partners with local realtors and lenders to invite their clients to apply. THAP will list partner lenders and local realtors on the Town's THAP website. THAP Applicants are not required to use a partner lender or realtor.

Table 1: Program Requirement Chart

This chart summarizes funding amounts, applicant, and participant requirements

	Individual Home Buyers	Seller	Local Businesses	Developers
Funding Amount	(the lessor of) \$150,000 or 16% of the purchase price	(the lessor of) \$150,000 or 16% of the sales price	Up to 16% of appraised value	Up to 16% of the appraised value. Additional funding will be considered for lower income targeting
Maximum Purchase/Sales Price	\$937,500 purchase price	\$787,500 sales price	Local businesses can rent homes for THAP maximum rent rate	Developers can sell their homes priced for 180% AMI buyers or rent homes for THAP rent rate
Local Employment	Buyer must meet local employment criteria	Buyer must meet local employment criteria	Buyers and/or tenants must meet local employment criteria	Buyers and/or tenants must meet local employment criteria
Occupancy	Home must be Buyer/ tenant's principal residence 10 out of 12 months per year	Home must be Buyer/ tenant's principal residence 10 out of 12 months per year	Home must be Buyer/ tenant's principal residence 10 out of 12 months per year	Home must be Buyer/ tenant's principal residence 10 out of 12 months per year
Mortgage/Lease Readiness	Buyer must qualify for a first mortgage and submit a lender pre-approval letter	Buyer must qualify for a first mortgage and submit a lender pre-approval letter	Buyer must qualify for a first mortgage and submit a lender pre-approval letter/Tenant must qualify for lease	Buyer must qualify for a first mortgage and submit a lender pre-approval letter/Tenant must qualify for lease
Income Limits	Buyer must meet 245% AMI requirement	Buyer must meet 245% AMI requirement	Buyers and/or tenants must meet 245%/180% AMI requirement	Buyers and/or tenants must meet 180% AMI requirement
Asset Limits	Buyers' liquid assets must not exceed 30% of sales price of home	Buyers' liquid assets must not exceed 30% of sales price of home	N/A	N/A

A. 1.6 Application Process Overview

SECTION 4 – ELIGIBILITY REQUIREMENTS: BUYERS AND RENTERS

Commented [LB6]: The information in this section was repeated later in the guidelines, so this section was combined into a single application process section, Section 5 and split into Buyers, Sellers, and Local Businesses/Developers, as each participant category has a different application process.

2.1. Eligibility Qualifications for Applying to a BMR Unit

In order to apply for the Program, A Buyer and Renter Program applicants must meet specific minimum Program-THAP eligibility requirements, as follows:

- At least one household member is employed full-time or will be employed within the Tahoe Truckee Unified School District boundary before close of escrow.
- Annual gross household income, including the income of all household members 18 years of age and older, must not exceed 245% AMI for existing homes and 180% for new construction homes;
- Buyer Assets do not exceed THAP maximum;
- Buyer Applicants must be able to obtain primary mortgage financing
- THAP unit renters do not apply through the THAP program administrator. Renters must apply, be selected, and approved by the THAP unit owner for income, credit and lease worthiness.

Local business are exempt from meeting the above qualification criteria, however the rental tenants of the deed restricted unit will be subject to the income limits, rental limits and lease terms outlined in section 2.2 B.

4.1 Local Employment

A household must have at least one member who is currently employed 30 or more hours per week, meets fulltime employment equivalency with employer verification, or has a written offer for full-time employment at an employment site within the Tahoe Truckee Unified School District geographical boundary. A paystub from the qualifying employer will be required prior to close of escrow to verify employment.

Continuous local employment will not be required by the THAP Program after close of escrow.

4.2 Household Income and Size

Applicant(s) must not exceed THAP's income eligibility limits. Annual Income Limits adjusted by household size are based on the California Department of Housing and Community Development (HCD) Area Median Income (AMI) for Nevada County. Current Income Limits are available on the Town's THAP website.

Household Income and Size is considered at application only.

4.3 Asset Limits

Liquid Assets must not exceed 30% of the sales price of the home the Applicant intends to purchase.

4.4 Mortgage Readiness

THAP homebuyer applicants must qualify for first mortgage financing. Applicants must submit a lender pre-approval letter with their application with a maximum loan amount. The first mortgage loan must be a 30-year fixed rate, fully documented, conventional loan. The mortgage payment must be fully amortizing. Prohibited loan types include stated income, adjustable rate, interest-only, negative amortizing, private loans and loans with balloon payments.

Applicants may not use a cosigner or guarantor when qualifying for the first mortgage. All loan signers must be household members who are included on the Application and total household income of all loan

signers shall be included as part of the Applicant's total income when determining the Applicant's income eligibility level.

A list of lenders who are able to lend on the THAP units is provided on the Town's THAP website. Applicants can work with any lender that has reviewed the THAP Program documents and confirmed in writing that they are able to lend on the THAP Program, including having the lender's interest be subordinate to the THAP deed restriction and deed of trust if applicable.

4.5 Tenant Eligibility

THAP unit renters must be income and credit qualified by the THAP property owner in advance of completing a THAP Renter Verification Form on the THAP website.

C. Determining Assets

D. Definition of Household

E. Title and Loan Requirements:

2.2. Owners – Requirements of Owning a BMR Unit

SECTION 3 – BUYING OR RESELLING A BMR UNIT

SECTION 5 – APPLYING TO THAP: BYERS AND SELLERS

Buyers and Sellers participate in similar, but separate Application processes for 1) Conditional Approval; and 2) Final Approval. They are both first conditionally approved for the program before applying to approve their unit for final approval and distribution of ~~compensationfunding/funds~~.

CompensationFunding funds are not reserved with conditional approval. The Town reserves funds for the transaction on a first come first served basis, based on order of receipt of an executed sales contract and approval from the Loan Committee.

5.1 Buyers

Buyer households apply for THAP approval participate in a three-step application process.

Step 1 Program Education Workshop

Potential applicants are required to attend a mandatory THAP Orientation Workshop . The application portal will open shortly after the application workshops begin and interested applicants will be invited to submit a complete THAP Program Application with all required supporting documents. The THAP Orientation Workshop will be offered periodically as a live training and will also be offered as a pre-recorded video.

Step 2 THAP Buyer Application and Supporting Documents

Commented [LB7]: This information was moved to Section 8

Commented [LB8]: This information was moved to Section 6.2

Commented [LB9]: This information was moved to Section 7.

Commented [LB10]: The guidelines for buying/reselling a unit have been split into Buyers, Sellers, and Local Businesses/Developers, as each category has a different process and moved into Section 6.

Commented [LB11]: Application process for buyers has been updated as recommended by Housing Inc.

THAP Buyer Application can be found on the Town's THAP website and applications are accepted on a rolling basis. Applicants must submit a complete THAP application package with a lender pre-approval letter with a maximum loan amount and supporting documentation to verify local worker status and household income and size. Applicants will be notified of their conditional approval or denial status in writing after application review by the Town's Loan Committee in order that it is received.

Incomplete applications will not be considered. Applicants will have up to two opportunities to supply additional missing or clarifying documents at the discretion of the Program Administrator. If the application is still missing information or documentation after two attempts, it will result in Program disqualification.

THAP will issue Buyers Conditional Program Approval letters valid for 9 months that allows them to submit a Property Application (explained further below) to calculate ~~compensation~~funding amount. Conditional Program Approval is not a guarantee or reservation of funds.

An additional 90-day extension to the Conditional Program Approval letter expiration may be granted by the Town in the event of hardship. The Applicant will be required to demonstrate hardship and evidence of actively making offers on homes.

Step 3 Property Application

The applicant must submit a Property Application within 3 days of executing a purchase contract. It is critical for applicants to submit the Property Application in a timely manner because funding availability and final approval is not guaranteed. If the Property Application is not submitted within 3 days of executing a purchase contract, it will result in Program disqualification.

The Property Application requires

- Purchase and Sale Agreement
- Program Acknowledgement Form
- Preliminary Title Report
- Loan Officer and Real Estate Contacts
- An affidavit certifying that there are no known code violations on the property.

The Town will confirm in writing that the property is eligible for THAP participation and the THAP Administrator will coordinate with Applicant and their realtor, loan officer and title company to collect required documentation.

~~3.2 Owners Reselling a BMR Unit~~

5.2 Sellers

The Town encourages Sellers to contact the THAP Administrator to either market their home to existing conditionally approved buyers or work with the Seller's potential buyers to seek THAP approval.

THAP Seller Applications can be found on the Town's THAP website and are also accepted on a rolling basis. Incomplete applications will not be considered.

Step 1 THAP Seller Application and Supporting Documents

Commented [LB12]: The process for Sellers has been established, which includes re-selling THAP units.

THAP Seller Applicants must submit a complete THAP application package with supporting documents including a property tax bill, current bank statements and personal identification and a Fair Market Value appraisal. THAP Administrator will review the Seller's Application Package for conditional approval or denial status.

THAP will issue conditionally approved Sellers letters valid for 9 months that allow them to submit a Property Application (explained further below) and apply for ~~compensation~~funding. Conditional Approval is not a guarantee or reservation of funds. The Town reserves funds for the transaction on a first come first served basis, based on order of receipt of an executed contract and approval from the Loan Committee.

Step 2 Property Application

The Seller applicant must submit a Property Application within 3 days of executing a purchase contract. It is critical for applicants to submit the Property Application in a timely manner because funding availability and final approval is not guaranteed. If the Property Application is not submitted within 3 days of executing a purchase contract, it will result in Program disqualification.

The Seller's Property Application requires

- Notice of Intent to Proceed (Form will be provided to applicants upon Conditional Program Approval)
- Program Acknowledgement Form
- Funding Request Date
- Acknowledgment that all fees associated with the origination of the THAP program will be paid by ~~Owner~~Seller
- An affidavit certifying that there are no known code violations on the property.

The Town will confirm in writing that the property is eligible for THAP participation.

5.3 Local Business and Developers

THAP Program proposals from Local Businesses or Builders and Property Developers must be approved by Town Council on a case-by-case basis. The THAP Administrator will consult with each applicant on the application and deed restriction process.

The application process is as follows:

1. Complete Local Business & Developer Interest Form, along with a proposal for how THAP funds can be used. Developer Interest Form is available on the Town's THAP website.
2. THAP Proposals will be reviewed by THAP Administrator to ensure the proposal meets the qualifications and goals of the THAP Program.
3. The Town and THAP Administrator will meet with applicant to finalize THAP Proposal.
4. Proposals that meet the qualifications and goals of the THAP Program will be presented to Town Council with applicant in attendance.

5.4 Renters/Tenants

The THAP program does not rent or lease THAP units directly to tenants or credit check tenants on behalf of landlords. The THAP Administrator is not a landlord or property manager.

Commented [LB13]: This application process has been added.

Commented [LB14]: This application process has been added.

The THAP Administrator coordinates with THAP property owners who are interested in renting the THAP property to confirm the owner's selected tenants qualify for the program before the lease agreement is signed. Owners are responsible for ensuring their tenants meet their lease criteria (e.g. credit score, eviction history, pets, number of people in household, etc.) before the THAP Administrator verifies program eligibility.

THAP Renter Verification Form can be found on the THAP website.

SECTION 4 – FINANCING REQUIREMENTS

Commented [LB15]: This information is now included in section 4.3.

SECTION 6 – PURCHASE PROCESS: BUYERS AND SELLERS

Commented [LB16]: The guidelines for the purchase process for buyers and sellers has been moved into its own section, and clarified.

The THAP Administrator will shepherd Buyers, Sellers, Realtors, Lenders, and Title Companies through the THAP purchase process – including coordinating document reviews and execution.

The THAP Administrator will conduct a formal pre-funding phone appointment with Buyers and Sellers to answer questions about the ~~compensation~~funding process, Program requirements, and execution of legal documents.

6.1 Realtor Representation

Buyer Applicants must identify a Realtor to represent them in the homebuying process. A list of local Realtors familiar with the Program is provided on the Town's THAP website. Applicants may work with a Realtor not listed.

6.2 Title Requirements

All adult household members must appear as an owner or co-owner on the unit title at the time of purchase with the following exceptions:

1. Legal dependents of titleholders as claimed on the most recent federal income tax returns. Spouses or Domestic Partners are not considered dependents; and
2. Household members younger than age 24 who are the child of a titleholder who will reside in the housing unit as their primary residence, regardless of being named as a dependent on the federal tax form of a titleholder.
3. The requirement for all adult members to be listed on the title will be evaluated on a case-by-case basis.
4. All adult household members are not required to be added to the loan.

6.3 Purchase/Sales Contract

Applicant's realtor must submit a complete Offer Package with a residential purchase contract on behalf of the applicant to the Listing Agent via email by 5pm on the offer due date. Close of Escrow cannot be sooner than 30 days and, in most cases, escrow will need to be at least 30 but as long as 45-days.

The Applicant has three (3) calendar days from the date of executed purchase contract to submit the fully ~~ratified~~executed contract to the THAP Administrator. The purchase contract must include at least a 30-day close of escrow period. The Applicant or their agent will send a copy of fully executed, ratified purchase contract to the Program Administrator. The lender and realtor are responsible for keeping Applicant/Buyer informed of key timelines.

6.4 Fair Market Value Appraisal

Buyers

The Buyer's loan agent shall ensure the ordering of the fair market value appraisal within five (5) days of seller acceptance of the Buyer's offer. The THAP Administrator will be provided a copy and will review to ensure the appraisal is appropriately performed by a qualified appraiser and that no THAP units are used as comparisons. Home Buyer Applicants are responsible for all fees associated with the appraisal. Final THAP ~~compensation~~funding will be based on the appraisal. Appraisals must be dated no later than 90 days from the application request.

Sellers

THAP requires a copy of the buyer's Fair Market Appraisal. Applicants are responsible for all fees associated with the appraisal.

6.5 Submission of First Loan Package

Buyers

Fifteen 15) business days prior to close of escrow Buyers will submit to THAP:

- First Residential Mortgage Loan Application- Form 1003
- Underwriting Transmittal Summary- Form 1008
- Loan Estimate
- Fair Market Value Appraisal dated within 90 days from the date of application
- Preliminary Title Report
- Confirmation of receipt of general and pest inspections of property dated within 90 days
- Confirmation of Buyers' names and vesting

SECTION 7 – PROGRAM PARTICIPATION REQUIREMENTS FOR OWNERS AND RENTERS/TENANTS

7.1 Occupancy

All household members must occupy the THAP home as their principal residence a minimum of 10 out of 12 months out of a calendar year. Under specific conditions specified in section 7.1 the Town may grant approval for a homeowner to rent their unit to a program eligible tenant.

7.2 Renting

The Town and THAP Administrator will permit THAP owners to rent their homes under certain conditions. Proposed rental leases and tenants/ sub-tenants shall meet the following criteria:

- At least one household member is employed full-time or will be employed within the Tahoe Truckee Unified School district, Household member may show proof of current eligible employment or a written offer for full-time employment. In the case of a written offer, the THAP Administrator will verify employment following the employment start date.
- Annual gross household income, including the income of all household members 18 years of age and older, must not exceed the maximum AMI level of the property's deed restriction (245%-existing properties/180%-new construction)

Commented [LB17]: All requirements for THAP owners and renters have been consolidated here.

- Monthly rent charged must not exceed 30 percent of the maximum annual area median income level of the THAP property's deed restriction (245%-existing properties/180%-new construction) divided by 12 months adjusted for bedroom size; and
- The initial lease period must be a minimum of 12 months and can be month-to-month thereafter with the same tenant. All leases must be in writing.

THAP Owners will be charged an annual leasing fee, as specified in the Town's adopted fee schedule, to be paid to the Town of Truckee upon lease execution and annual monitoring to cover a portion of the administrative costs associated with ~~facilitating~~ monitoring the rental of the THAP home.

Any proposed ~~lease~~ renting and ~~tenants~~ each tenant or sub-tenant must be approved in advance by the Town and THAP Administrator. Short-Term renting or renting a THAP unit as a Bed and Breakfast Inn is not allowed ~~under~~ in any circumstances.

7.3 Title Transfer Restrictions

Title transfers are permitted under limited circumstances – see Deed Restrictions for more information.

7.4 Refinancing

Approval

Owners are permitted to refinance up to 75% of the property's current fair market value. If an Owner chooses to refinance their first mortgage, they must contact the THAP Administrator for approval. Refinance requests are considered for a lower interest rate and/or better loan term, or to a restricted amount of cash-out.

Local Businesses and Developers should contact the Town at housing@townoftruckee.org for consult on requests to refinance.

Refinance Fee

Owners will be charged a refinance fee, as specified in the Town's adopted fee schedule, to be paid to the Town of Truckee upon closing in order to cover a portion of the costs associated with eligibility screening and preparation of subordination documents. This refinance fee can be financed and paid at closing. A copy of the check shall be sent to the THAP Administrator with the final closing documents. The check will be issued and sent directly to:

Town Of Truckee
Attn: Finance Department
10183 Truckee Airport Road
Truckee, CA 96161

Home Equity Line of Credit, Home Equity Loans, and Reverse Mortgages

Home Equity Lines of Credit (HELOC), Home Equity Loans, or Reverse Mortgages are not permitted. Owners who use such programs are in violation of their Deed Restrictions and will not be allowed to refinance their loan.

Cash Out Refinance Policy

The Town has approved a limited Cash Out Refinance Policy allowing homeowners to consolidate debt or receive cash at closing. This policy is subject to termination at any time. The new first loan amount will be restricted to an amount not to exceed 75% of the Current Fair Value.

In order to qualify for a cash out loan, Owner must meet the following requirements:

- a. Current on HOA dues (if applicable)
- b. Current and in compliance with most recent Annual Monitoring of THAP program requirements ~~owner occupancy monitoring~~
- c. Not in default on first mortgage and has no recorded Notice of Default (NOD) in the past 12 months
- d. Not otherwise in default under the Program requirements

7.5 Annual Monitoring – Owners and Renters

The Town will coordinate with Owners and Renters once a year to ensure Program Guidelines are adhered to. For Owner-occupied properties, the Town will verify occupancy. For tenant-occupied properties, the Town will verify rent rates and tenant/ sub-tenant eligibility

The Town will work with the Owner on a remedy if participants are found in default.

7.6 Owners – Selling a THP Unit

THAP Owners may only sell their single-family Unit to a THAP qualified buyer. Subsequent buyers of the THAP unit will be subject to current program qualification requirements.

The following table describes the major steps and approximate processing times THAP Owners can expect for most sales. All processing times listed are estimates and no specific timeline is guaranteed.

Resale Processing Timeline	
Steps	Time Estimate
Notice of Intent to Sell Packet Submittal	5 days
Visual Inspection and Preparation of Unit for Sale	10 days
Marketing	TBD, <u>depending on market conditions</u>
Application Review - Issuance of Conditional Approval	10 days
Sales Contract Ratification (30-day closing)	5 days
First Loan Approval - Lender Package Submittal	15 days
Final Review - Issuance of Final Approval & Program Documents	10 days
Closing	3 days
Total Calendar Days	~ 70 days

A. Notice of Intent to Sell

Once an Owner has decided to sell their unit, the owner must contact the THAP Administrator and submit a Notice of Intent to Sell. The THAP Administrator will provide the Owner with a formal response and consult Owner on how to proceed. The Owner may furnish their own program-eligible buyer or may request that the THAP Administrator share the listing with all pre-approved THAP Applicants.

B. Approval

The THAP Administrator will coordinate with the buyer to complete a THAP Program Application with updated supporting documents to determine Program eligibility. Upon approval, the THAP Administrator will issue an approval letter to the applicant and seller.

C. Escrow

The THAP Administrator will coordinate with the buyer, realtor, lender, and title company to complete all Escrow steps outlined in Section 6.

D. Resale Fee

Upon sale or transfer of any THAP unit, regardless of procuring cause of sale, seller, will be responsible to pay a resale fee equal to 1% of sales price (as stipulated in the recorded Deed Restrictions) payable to the Town of Truckee.

Local Businesses and Developers should contact the Town at housing@townoftruckee.org for consultation on re-sale requests.

SECTION 8 – UNDERWRITING GUIDELINES: BUYERS AND RENTERS

8.1 Local Worker/Employee Status

A household must have at least one member who is currently employed 30 or more hours per week, meets fulltime employment equivalency with employer verification, or has a written offer for full-time employment at an employment site within the Tahoe Truckee Unified School District geographical boundary. In the case of a written offer, the THAP Administrator will verify employment following the employment start date.

8.2 Income Limits

Annual gross household income, including the income of all household members 18 years of age and older, must not exceed 245% AMI for existing homes, ~~and~~ 180% for new construction homes, or less than 180% AMI as negotiated with the Developer.

8.3 Asset Limits

For Buyer Applicants, Applicant(s) Liquid Assets must not exceed 30% of the sales price of the home the Applicant intends to purchase.

Determining Assets

Liquid Assets Inclusions: When calculating an Applicant's assets, all Liquid Assets are to be considered, including, but not limited to, the following: savings accounts, checking accounts, Certificates of Deposit, the total balance of any joint accounts, money market or mutual fund accounts, accounts held in trust for the Applicant (amount accessible), stocks or bonds, equity in real estate currently owned, one-time lump sum gifts, cash on hand, amount used or borrowed (from a life insurance policy, IRA or retirement

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accounts) and other investments held by any household member of the Applicant's household age 18 or older.

Liquid Assets Exclusions: The cash surrender value of life insurance policy, the value of an IRA account, the value of retirement accounts (including but not limited to 401K and 403B accounts), the value of annuities not being withdrawn, and the value of a special needs trust or the value of a 529 college savings may be excluded from an applicant's Liquid Assets.

Withdrawal of Retirement Accounts

Withdrawal of retirement account dollars towards down payment and closing costs is allowed. However, it is recommended that the Applicant consider all of his/her/their options before using retirement accounts and consult with a tax advisor to fully understand the potential tax consequences of such withdrawal in addition to the applicable early withdrawal penalty, if any. Any funds withdrawn from retirement accounts shall be counted towards the Liquid Assets Inclusions.

8.4 Household Size Determination

The size of the household is determined by counting together every person who intends to live in the unit, regardless of age or dependency status. All spouses or registered domestic partners must be included in the household and must appear on the application.

In order to count household members who are under 18 years of age in the composition of the household, they must be the legal dependent of an adult household member or an adult household member must have at least partial (50%) custody of the child/children, except in the case of emancipated minors, as claimed on the most recent federal Income tax return.

Divorced or separated Applicants who have joint custody of their children should include the children in their household count if they have at least 50% custody of the children. Applicants who do not have custody should not include the children in their household count.

Temporarily absent household members who plan to live in the unit upon return must appear on the application for the unit and provide all supporting documents. Such household members include but are not limited to: household members serving temporarily in the armed forces, those who are temporarily institutionalized, or those who are enrolled full-time at a college or university.

All members of the applicant's household that are 18 years or older must submit supporting documents. Applicants must ensure the completeness and accuracy of their application before submission. Applications with known false, misleading, or inaccurate information will be disqualified from consideration. Changes to applicant household members after submission are not allowed.

8.5 Mortgage Readiness

An Applicant's Lender Pre-Approval letter must meet the requirements set forth in Section 4.3.

Applicants may not use a cosigner or guarantor when qualifying for the first mortgage. All loan signers must be household members who are included on the Application and total household income of all loan signers shall be included as part of the Applicant's total income when determining the Applicant's program income eligibility level.

