



**TOWN OF TRUCKEE
PERMANENT LOCAL HOUSING ALLOCATION (PLHA)
DOWN PAYMENT ASSISTANCE PROGRAM GUIDELINES**

APPROVED BY: Truckee Town Council on January 28, 2025

PLHA Down Payment Assistance Program Guidelines

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SECTION 1 - GENERAL PROGRAM INFORMATION

1.1 Background

The Town of Truckee has established a new housing financing loan program called the Down Payment Assistance Program ("the Program"). This Program can provide eligible home buyers with down payment assistance to help with the purchase of existing homes within the Town of Truckee. Using the Program, home buyers may have the opportunity to purchase a market-rate housing unit in a more affordable and sustainable way, due to a reduced up-front debt burden.

Through Permanent Local Housing Allocation (PLHA) program funding, the Town of Truckee has \$131,556 available to provide down payment assistance loans. The Program will fund two loans of \$65,778 to income qualified households with incomes of 120% Area Median Income (AMI) or below. This Program offers a deferred low interest loan with a loan term of 30 years at 3% interest. Existing homes within the Truckee town limits would qualify for purchase within the Program. As a result of this Program, local residents and workers, who otherwise may not be able to enter the home ownership market, may be able to purchase an existing market-rate unit within the Town of Truckee.

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 Outreach and Marketing

The Program 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 the Program. Program information will also be shared on the Town's Program website and the Town's social media channels and made available at request in hard copy at Town Hall. All marketing and educational materials and applications will include the Fair Housing logo and marketing materials will be translated and available in Spanish. The Program Administrator and the Town will periodically re-market the program.

SECTION 2 - PROGRAM DEFINITIONS

- A. Applicant - Buyer(s): The primary individual(s) applying for the Program and all persons 18 years and older who will reside in the unit.
- B. 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.
- C. Buyer: Approved household purchasing as their primary residence an existing home that does not have a current deed restriction prior to the purchase and who enters into a Deed Restriction at time of purchase in exchange for Program funding
- D. Funding Amount: The down payment assistance payment a Buyer receives from the Town.
- E. Fair Market Value: The value of a unit based upon the determination of an authorized appraisal report acceptable to the Town.
- F. Non-Qualified Owner: Persons who do not meet the definition of Qualified Owner including persons who originally qualified as a Qualified Owner but whose circumstances change and who no longer meet the definition of Qualified Owner.
- G. Owners: Persons who acquire an ownership interest in a property, subject to the conditions contained herein, and may include either a Qualified Owner or Non-Qualified Owner, as the context requires.
- H. Program Administrator: The Town of Truckee will contract with an independent organization to administer the day-to-day operation of the Program.
- I. Program Application: The Program application with required supporting documents submitted by Applicants to determine program eligibility.
- J. Qualified Buyer Household: A household whose total household income does not exceed 120% AMI.
- K. Qualified Owner: The Owner of the residence who received Program approval from the Town of Truckee and is compliant with the Program requirements.
- L. Term: 30 years
- M. Unit: Housing unit that is purchased through the Program.

SECTION 3 – APPLICANT QUALIFICATIONS

3.1 Household Income and Size

- A. An Applicant must not exceed the Program's income eligibility limits. Annual gross household income, including the income of all household members 18 years of age and older, must not exceed 120% AMI.
- B. Household Size Determination:
 - 1. 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.
 - 2. 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.
 - 3. 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 may not include the children in their household count.
 - 4. 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.
 - 5. All members of the Applicant's household who 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.
- C. Household income and size is considered at application only.
- D. 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 website.

3.2 Asset Limits

- A. An Applicant's liquid asset (including downpayment and deposits) must not exceed 30% of the sales price of the Unit the Applicant intends to purchase.
- B. An Applicant must meet the asset limit at time of Application through close of escrow.
- C. Liquid Asset 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 (current market value less the original price of the home, with current market value determined by broker price option or comparative market analysis), one-time lump sum gifts, cash on hand, amount used or borrowed (from a life insurance policy, IRA or retirement accounts) and other investments held by any household member of the Applicant's household age 18 or older.
- D. Liquid Asset Exclusions: The cash surrender value of a life insurance policy, the value of an IRA account, the value of retirement accounts (including but not limited to 401(k) and 403(b) accounts), the value of annuities not being withdrawn, the value of a special needs trust and the value of a 529 college savings plan may be excluded from an Applicant's liquid assets.
- E. 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 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.

3.3 Occupancy Requirements

- A. Occupancy: The property is restricted to owner occupancy for the term of the loan which is 30 years if not paid off sooner. If, during the loan period the property is sold, title is transferred to someone other than the original spouse, the property becomes a rental, or the borrower is in default of any terms of loan agreements, the loan becomes due and payable along with any interest due.
- B. The Unit must be occupied full-time by a Qualified Owner. The Qualified Owner household must occupy the Unit as their principal residence a minimum of 10 out of 12 months out of a calendar year.

SECTION 4 – HOUSING UNIT ELIGIBILITY

4.1 Location and Characteristics

- A. Location: Housing Units to be purchased through the Program must be located geographically within the Town limits of the Town of Truckee.
- B. Home Type: The Program funds may be used to purchase single-family dwellings (as defined in the Truckee Development Code Article VIII, Chapter 18.220), condominiums, townhomes, and mobile homes (if the land is also purchased).
- C. Home Occupation Businesses: Program Units are allowed to be used for permitted home occupation businesses as outlined in the Town of Truckee Development Code Section 18.58.120.
- D. All Units must be in compliance with State and local codes and ordinances.

4.2 Conditions

- A. Inspection: Once the participating Buyer has executed a purchase agreement for a Unit and prior to a commitment of Program funds, the following steps must be taken for the Unit to be eligible for purchase under the Program:
 - 1. An inspection of the property will be done to determine if the property meets housing quality standards at the time of initial occupancy. The Town or Town's designated agent will be responsible for this inspection.
 - 2. A clear pest inspection report will be required for each Unit. The Applicant shall provide a copy of the clear pest inspection report to the Town. The Program Administrator will encourage each Buyer to secure a homeowner's warranty policy as part of the purchase of a resale housing Unit.
- B. Program Layering:
 - 1. Program Funds may be combined with funds from the Truckee Home Access Program (THAP), the CalHOME Program, and/or the BEGIN Program.
 - 2. The Program will consider applications that combine Program funds with other sources of housing assistance funds, and the Program Deed of Trust may be subordinate to the Deed of Trust of another housing assistance program if required by that program and if approved by Town Staff.
 - 3. Buyers who use additional housing assistance funding sources must follow the restrictions and requirements of the Down Payment Assistance Program and the additional housing assistance funding source(s).

- C. Annual Monitoring: The Town will coordinate with Owners once a year to ensure Program Guidelines are adhered to. For Owner-occupied properties, the Town will verify occupancy.
- D. Eligible Use of Funds:
 - 1. Non-arm's length transactions are prohibited, including without limitation a purchase of a property owned by an Applicant's spouse, family members, or a business in which the Applicant has any ownership interest. An example of a non-arm's length transaction is the purchase of a property owned by the Applicant's family members. For the purpose of this Program, a sale from a landlord to a tenant will be considered at arm's length.
 - 2. Program funds are not allowed to be used for the purchase of any properties with known code violations or open code violation cases.

SECTION 5 – THE PROGRAM LOAN

5.1 The Primary Loan

- A. Prior to obtaining a Down Payment Assistance Program loan from the Town, an Applicant must provide evidence of financing for the maximum amount the primary lender is willing to loan (the "primary loan").
- B. The primary loan must be fixed rate with a duration equal to or in excess of thirty (30) years. The Program Administrator will rely on the primary lender's decision to make a loan as evidence of creditworthiness, repayment ability, and dependability of income.

5.2 The Program Loan

- A. The amount of Program assistance to a Buyer toward purchase price of a Unit up is in the amount of \$65,778.
- B. Program Loan: All Program assistance to individual households shall be made in the form of a deferred payment loan.
- C. Principal & Compound Interest Deferred Payment: Program loans of this type shall be for a term of 30 years. This interest rate shall be 3% per year compounded annually. All Program loan payments of principal and interest shall be deferred.
- D. Payments are Voluntary:
 - 1. Borrowers may begin making voluntary payments at any time in accordance with applicable loan conditions.
 - 2. Voluntary payments will be first applied to interest due on the Program Loan.

5.3 Program Loan Repayment: Due Upon Sale or Transfer

- A. Loans are due:
 - 1. Upon sale or transfer of title;
 - 2. When the borrower no longer meets the occupancy requirements provided in subsection 3.3; or
 - 3. Upon the loan maturity date; or
 - 4. Upon a default under the loan agreement.
- B. The loan will be in default if the borrower fails to maintain required fire or flood insurance or fails to pay property taxes. See Attachment A on loan defaults for further information on property restrictions.
- C. Loans are not assumable.
- D. The following transfers of interest shall not require the repayment of the Program Loan, provided that the new Owner meets the occupancy requirements provided in subsection 3.3:
 - 1. A transfer where the spouse becomes the Owner of the property;
 - 2. A transfer resulting from a decree of dissolution of marriage, legal separation former Owner's agreement, or from an incidental property settlement agreement by which the spouse becomes an Owner of the property; or
 - 3. A transfer into an inter vivos trust, which the borrower is and remains the beneficiary and occupant of the property.

5.4 Receiving Loan Payments

- A. Program loan payments will be made to:

Town of Truckee
Administrative Services
10183 Truckee Airport Road
Truckee, CA 96161

- B. The Town will be the receiver of loan payments and will maintain a financial record-keeping system to record payments and file statements on payment status. The Program lender will accept loan payments from borrowers prepaying deferred loans, from borrowers making amortized loan payments and from borrowers making payments in full upon sale or transfer of the property. All loan payments are payable to the Town of Truckee. The Town may at its discretion, enter into an agreement with a third party to collect and distribute payments and/or complete all loan servicing aspects of the Program.

5.5 Loan Servicing Policies and Procedures

See Attachment A for the Town's loan servicing policies and procedures. While the attached policy outlines a system that can accommodate a crisis that restricts borrower repayment ability, it should in no way be misunderstood: The loan must be repaid. All legal means to ensure a repayment of a delinquent loan as outlined in the Loan Servicing Policies and Procedures will be pursued.

5.6 Buyer Costs

- A. Eligible Applicants must document that they have the funds necessary for down payment and closing costs as required by the Primary Lender and the Town Program.
- B. The Program shall provide up to a maximum of \$65,778 as a down payment assistance loan.
- C. Cash out of escrow to borrowers are limited to the amount deposited into escrow by the borrowers and not needed for any lender-required minimum down payment.

SECTION 6 – APPLICATION PROCESS

Applications will be processed on a first come, first served basis. Only completed applications will be considered. Buyers must participate in similar, but separate application processes for 1) Program Pre-approval; and 2) Final Approval. Buyers are first pre-approved for the Program before applying to approve their Unit for final approval and distribution of funds.

Funds are not reserved with Program Pre-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 Town's loan committee.

Step 1 Program Pre-Approval

The Program Pre-approval application portal will open, and the Applicant will be invited to submit a complete Program Pre-approval application with all required supporting documents. Applications are accepted on a rolling basis. Applicant must submit a complete Program Pre-approval application package with a lender pre-approval letter with a maximum loan amount and supporting documentation to verify household income and size for pre-approval. Applicant will be notified of their pre-approval or denial status in writing after application review by the Program Administrator in order that it is received.

The Program Pre-Approval Application requires but is not limited to:

- For employees, four most recent paystubs for each job in the past 12 months
- For self-employed or business owners, the most recent quarter's profit and loss statements
- Tax returns and W-2's/1099's from the past two years

- Three most recent statements for all asset accounts
- Mortgage pre-qualification letter dated within the past six months

Incomplete applications will not be considered. Applicants will have up to two opportunities over 10 business days to supply additional missing or clarifying documents. If the application is still missing information or documentation after two attempts over 10 business days, it will result in Program disqualification.

If approved, the Program Administrator will issue the Applicant a Program pre-approval letter valid for 6 months that allows them to submit a Final Application (explained further below) to calculate funding amount. Program Pre-approval is not a guarantee or reservation of funds.

Step 2 Property Application

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

The Final Application requires

- Purchase and Sale Agreement
- Program Acknowledgement Form
- Preliminary Title Report
- Loan Officer and Real Estate Contacts

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

SECTION 7 – PURCHASE PROCESS

The Program Administrator will shepherd Buyers, sellers, Realtors, lenders, and title companies through the Program purchase process – including coordinating document reviews and execution. Program information will also be shared on the Town's Program website and the Town's social media channels and made available at request in hard copy at Town Hall. All marketing and educational materials and applications will include the Fair Housing logo and marketing materials will be translated and available in Spanish. The Program Administrator and the Town will periodically re-market the program.

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

7.1 Realtor Representation

All Buyers 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 Program website. Buyers may work with a Realtor not listed.

7.2 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:

- A. Legal dependents of titleholders as claimed on the most recent federal income tax returns. Spouses or domestic partners are not considered dependents.
- B. Household members younger than age 24 who are the child of a titleholder who will reside in the Unit as their primary residence, regardless of being named as a dependent on the federal tax form of a titleholder.
- C. All adult household members are not required to be added to the loan.
- D. The requirement for all adult members to be listed on the title may be evaluated on a case-by-case basis.

7.3 Purchase and Sales Contract

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

7.4 Fair Market Value Appraisal

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 Program Administrator will be provided a copy and will review to ensure the appraisal is appropriately performed by a qualified appraiser and that no Program Units are used as comparisons. Buyers are

responsible for all fees associated with the appraisal. Final Program funding will be based on the appraisal. Appraisals must be dated no later than 90 days from the application request.

7.5 Submission of First Loan

Fifteen (15) business days prior to close of escrow Buyers will submit to Program Administrator:

- 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

