FIRST TIME HOMEBUYER PROGRAM APPLICATION PACKAGE

FTH-1	**Second Mortgage Application**
FTH-2	**Eligible Household Certification Package**
FTH-3	**Lender's Initial Certifications**
FTH-4	**Seller's Certification**
FTH-5	**Disclosures to Seller With Voluntary Arm's Length Purchase Offer**
FTH-6	**Applicant's Closing Certification**
FTH-7	**Lender's Closing Certification**
FTH-8	**Contingent Interest Disclosure**

CITY OF SANTA CRUZ
FIRST TIME HOMEBUYER PROGRAM

SECOND MORTGAGE APPLICATION

A. Applicant Information

1. Applicant Legal Name: _____
   Applicant Name — Social Security Number

   _____
   Applicant Name — Social Security Number

2. Co-Applicant Legal Name: _____
   Co-Applicant Name — Social Security Number

   _____
   Co-Applicant Name — Social Security Number

3. Applicant Employer: _____
   Name:

   _____
   Street Address — City, State, Zip

4. Co-Applicant Employer: _____
   Name:

   _____
   Street Address — City, State, Zip

5. Applicant/Co-Applicant Current Address: _____
   Street Address — City, State, Zip

6. Applicant Telephone No: _____

7. Applicant Email: _____

B. Property Information

The Property being purchased is a: *(check applicable box)*

☐ Single-Family Dwelling ☐ Condominium ☐ Co-op Unit
☐ Manufactured Home ☐ Mobile Home ☐ Attached Homeownership Unit

C. Property Location

1. The Property address is: _____
   Street Address City, State, Zip

2. Applicant understands and agrees that the Property to be purchased by Applicant must be located within the Santa Cruz city limits.

D. Applicant Income

1. Applicant understands and agrees that Applicant's gross annual income must be equal to or less than the limits established by the FTH Program in order to be eligible for a FTH Second Mortgage.

2. Applicant does not expect Applicant's gross annual household income to exceed the limits established by the FTH Program within the twelve month period following the date of this Application.

3. Applicant and Lender hereby submit the attached Eligible Household Certification Package (FTH-2) in support of Applicant's application for a FTH second mortgage.

E. Applicant Race/Ethnicity *(check applicable box)*

Applicant	**Co-Applicant**
☐ Decline to answer	☐ Decline to answer
☐ White	☐ White
☐ Black/African American	☐ Black/African American
☐ Black/African American AND White	☐ Black/African American AND White
☐ Asian	☐ Asian
☐ Asian AND White	☐ Asian AND White
☐ American Indian or Alaska Native	☐ American Indian or Alaska Native

☐ American Indian or Alaska Native AND White	☐ American Indian or Alaska Native AND White
☐ American Indian or Alaska Native AND Black/African American	☐ American Indian or Alaska Native AND Black/African American
☐ Native Hawaiian or Other Pacific Islander	☐ Native Hawaiian or Other Pacific Islander
☐ Other	☐ Other
☐ Hispanic/Latino (Mexican/Chicano)	☐ Hispanic/Latino (Mexican/Chicano)
☐ Hispanic/Latino (Puerto Rican)	☐ Hispanic/Latino (Puerto Rican)
☐ Hispanic/Latino (Cuban)	☐ Hispanic/Latino (Cuban)
☐ Hispanic/Latino (Other)	☐ Hispanic/Latino (Other)

F. Applicant Household Composition *(please provide information requested)*

Household Member	Birth Date	Social Security #	Relation to Applicant

G. Occupancy and Use of Property

1. Applicant will occupy and use the Property as Applicant's principal place of Property within sixty (60) days after the date of the First Mortgage Loan closing.

2. Applicant will not use the Property as an investment property, vacation home, or rental unit and that not more than 15% of the area of the Property will be used in a trade or business.

3. Applicant will notify all concerned parties, including, but not limited to, City, Administrator and Lender in writing if the Property ceases to be Applicant's principal place of Property.

H. Restrictions Against Prior Ownership

1. Applicant understands and agrees that Applicant is not eligible for an FTH Second Mortgage under this Program, if Applicant(s), individually or together, had an present ownership interest in a principal property within three years prior to the date of this FTH

Second Mortgage application, unless eligible for an exemption as listed below in section H-2.

a. A present ownership interest means ownership by any means, whether outright or partial, including property subject to mortgage or other security interest. A present ownership interest also means a fee simple ownership interest, a joint ownership interest by joint tenancy in common, or tenancy by the entirety, or a life estate interest.

b. A principal property includes a single-family dwelling, condominium, share in a housing cooperative, a manufactured home or mobile home (as defined under federal and state law) owned by Applicant.

2. Applicant Ownership Status: *(check applicable box)*

☐ Has not held a present ownership interest within the prior three years.

☐ Is applying for a HOME-funded FTH second mortgage and the property is located within a HOME target area (Beach Flats, Lower Ocean or South of Laurel St. neighborhoods). Applicant is therefore exempt from the prior ownership restriction.

☐ Has held a present ownership interest within the prior three years, but requests exemption from the prior ownership restriction die to Applicant's status as:

☐ A displaced homemaker; or

☐ A single parent or remaining spouse.

3. Applicant understands and agrees that Applicant cannot have a present ownership interest in a principal property between the date of this FTH Second Mortgage application and closing of the FTH Program second mortgage loan.

I. Prior Residences

1. Applicant has listed below all places where Applicant has resided, whether owned or not, for the three-year period prior to the date of this FTH Second Mortgage application:

_____ ☐ Rented ☐ Owned ☐ Other
Property 1: Address, City, State, Zip

_____
Dates of Occupancy (From-To)

_____ ☐ Rented ☐ Owned ☐ Other
Property 2: Address, City, State, Zip

_____
Dates of Occupancy (From-To)

_____ ☐ Rented ☐ Owned ☐ Other
Property 3: Address, City, State, Zip

_____
Dates of Occupancy (From-To)

2. If "Other" box is checked above, please explain. Use additional sheet of paper if necessary.

_____

_____

3. If "Rented" box is checked, provide copies of rental agreement, lease or other proof of rental. In the space provided below, provide the name, address, and phone number for owner/landlord of rental properties.

_____ _____
Property:1 Owner/Landlord Name Telephone

_____
Property 1 Owner/Landlord Address, City, State, Zip

_____ _____
Property:2 Owner/Landlord Name Telephone

_____
Property 2 Owner/Landlord Address, City, State, Zip

_____ _____
Property:3 Owner/Landlord Name Telephone

_____
Property 3 Owner/Landlord Address, City, State, Zip

J. Property Purchase Price/Value Limit

1. The total purchase price of the Property is: $ _____.

2. Any adjustment in the price listed above occurring prior to the closing of this FTH Program second mortgage shall be reported immediately to the Lender and the FTH Program Administrator.

K. Mortgage Bond

Applicant certifies that no portion of the financing of the acquisition of the Property is or will be provided from the proceeds of a qualified mortgage bond.

L. Related Person

No person related to Applicant (as defined in applicable federal or state laws and regulations) has or is expected to have, an interest as a creditor in the First Mortgage Loan being acquired for the Property.

M. Transfer of FTH Second Mortgage

Applicant understands and agrees that a FTH Second Mortgage may not be transferred or assumed.

N. No Restriction on Choice of Lender

Applicant understands and agrees that Applicant may seek financing from any Lender of Applicant's choosing and that Applicant is in no way prohibited from seeking financing from any potential Lender, so long as the Lender executes and complies with the terms of the FTH Program.

P. Prohibition on Prior Mortgage

Applicant understands and agrees that should Applicant receive a first mortgage loan from Lender, said loan will not be used to replace an existing mortgage on the Property.

Q. Lender Authority

1. Applicant understands and agrees that the decision to make a first mortgage loan is completely within the discretion of the Lender to whom Applicant applies for a first loan. Neither the City of Santa Cruz nor the Housing Authority of the County of Santa Cruz plays a role in the Lender's decision to make a first mortgage loan or determine the amount of that loan.

2. Applicant understands and agrees that the decision to make a FTH Second Mortgage is solely within the discretion of the City of Santa Cruz.

R. Early Closing Restriction

Applicant understands and agrees that if Applicant closes Applicant's first mortgage loan prior to receiving a FTH Second Mortgage Loan Commitment, Applicant will not be eligible to receive a FTH Second Mortgage loan.

S. Hazard Insurance

1. Applicant understands and agrees that that if the Property is located within a 100 yr. floodplain, Applicant must provide and maintain flood insurance for at least the term of the FTH Second Mortgage loan. Applicant shall obtain flood insurance in an amount at least equal to the outstanding balance of the City's FTH Second Mortgage loan or the

maximum limit of coverage available with respect to the particular type of property under the national Flood Insurance Act of 1968, 42 U.S.C. Sec. 4001 et seq, whichever is less.

2. Applicant understands and agrees that Applicant must provide and maintain fire insurance for at least the term of the FTH Second Mortgage loan in an amount at least equal to the value of the improvements on the property.

3. Applicant understands and agrees that City shall be named as an additional loss payee on all hazard insurance policies.

T. Lead-Based Paint Hazard Information

Applicant has received a copy of the lead hazard information brochure entitled “Protect Your Family From Lead in Your Home”.

APPLICANT CERTIFICATIONS

Applicant, in conjunction with this application for a City of Santa Cruz (“City”) First Time Homebuyer (“FTH”) Program Second Mortgage loan through the Housing Authority of the County of Santa Cruz ("Administrator"), issuer of FTH Commitments for the City under the FTH Program, and as material inducement to Administrator to issue a FTH Commitment to Applicant in connection with a First Mortgage Loan from a primary lender (“Lender”) of Applicant’s choosing for the purchase of an eligible property (“Property”), hereby certifies and agrees to the following:

1. Information provided by Applicant will be relied upon for purposes of determining Applicant’s eligibility for FTH Second Mortgage loan. Applicant acknowledges that a material misstatement negligently made by Applicant in connection with an application for a FTH Second Mortgage loan will constitute a federal violation punishable by a fine, and a material misstatement fraudulently made in this Certification or in any other statement made by Applicant in connection with the application for FTH Second Mortgage loan will constitute a federal violation punishable by a fine, revocation of the certificate and any other penalty imposed by law.

2. Any material misstatement or false statement which affects Applicant’s eligibility for a FTH Second Mortgage loan under Section 25 of the Internal Revenue Code of 1986, as amended, and the regulations there under will result in a denial of Applicant’s application for a FTH Second Mortgage loan, or, if a FTH Second Mortgage loan has been issued prior to the discovery of the false statement, Applicant will be deemed to be in default of the FTH Second Mortgage loan issued.

3. If any information or certification Applicant provides contains a material misstatement which is due to fraud, then any FTH Second Mortgage loan issued will automatically become null and void and all principal and interest shall be immediately due and payable without any need for further action on the part of the City or the FTH Program Administrator.

4. Any false pretense, including any false statement or representation, or the fraudulent use of any instrument, facility, article, or other valuable thing or service pursuant to Applicant's participation in the FTH Second Mortgage Program is punishable by imprisonment or by a fine.

Applicant declares under penalty of perjury in the State of California that the foregoing is true and correct.

_____ _____
Applicant's Signature Date

_____
Applicant's Printed Name

_____ _____
Co-Applicant's Signature Date

_____
Co-Applicant's Printed Name

LENDER CERTIFICATION

Lender certifies that Lender has calculated and confirmed Borrower's income in accordance with the standards and documentation requirements set forth in the Eligible Household Certification Package (FTH-2).

_____ _____
Lender/Mortgage Company Name Date

_____
Lender Representative Signature, Printed Name and Title

CITY OF SANTA CRUZ
FIRST TIME HOMEBUYER PROGRAM

ELIGIBLE HOUSEHOLD
CERTIFICATION PACKAGE

A. Applicant Information

1. Applicant Legal Name: _____
   Applicant Name — Social Security Number

   _____
   Applicant Name — Social Security Number

2. Co-Applicant Legal Name: _____
   Co-Applicant Name — Social Security Number

   _____
   Co-Applicant Name — Social Security Number

3. Applicant Employer: _____
   Name:

   _____
   Street Address — City, State, Zip

4. Co-Applicant Employer: _____
   Name:

   _____
   Street Address — City, State, Zip

5. Applicant/Co-Applicant Current Address: _____
   Street Address — City, State, Zip

6. Applicant Telephone No: _____

7. Applicant Email: _____

B. Applicant Income Calculation

1. Using the third party verification method (sample verification forms attached as Exhibit A), Lender shall obtain the following source documentation confirming the purchaser's income (See Exhibit B attached for a list of income inclusions and exclusions):

   (Place a check mark verifying attachment of the required documents to this certification package)

   ☐ a. Wages, Salaries and Tips:

   ☐ IRS Form 1040: Signed or IRS verified federal income tax returns with W-2s , 1099 forms, and all applicable schedules attached from the previous three years for all employed household members.

   Note 1: Tax returns are required for each person whose name will be on the FTH Second Mortgage.

   Note 2: If Applicant did not file a federal income tax return for any of the prior three year years, attach an explanation.

   Note 3: For years in which Applicant was a student, a copy of the student transcripts or diploma is required.

   Note 4: Applicant must sign all copies of all tax returns and state that "this is a true and exact copy of the returns submitted to IRS."

   ☐ Paycheck stubs for all employed household members (for the three most recent, consecutive pay periods).

   ☐ b. Self-Employment or Business Income:

   ☐ Signed or IRS verified Federal income tax returns with W-2s, 1099 forms, and all applicable schedules attached for the previous three years for all self employed household members.

   ☐ Profit and loss statement prepared by an accountant or bookkeeper.

   ☐ c. Interest and Dividend Income: 1099s, quarterly and annual statements showing earnings and disbursements.

   ☐ d. Retirement/pension income: Retirement/pension award letters or statements from the agency providing the retirement or pension assistance regarding monthly/yearly income.

   ☐ e. Unemployment, Disability, Welfare Income: Current statements from the agency providing the assistance regarding monthly/yearly income.

   ☐ f. Child Support/Alimony: Award letters/decrees.

2. Using the third party verification method, Lender shall obtain the following source documentation confirming the purchaser's assets (See Exhibit C attached for list of asset inclusions and exclusions):

- ☐ a. A list of assets that purchaser owns, uses, controls, shares or jointly holds with or for another person.

- ☐ b. Quarterly and annual statements.

3. Additional Required Documentation *(Place a check mark verifying attachment of the required documents to this certification package)*

   - ☐ Purchaser's credit report.

   - ☐ Copy of the sales contract.

   - ☐ Lender's mortgage credit analysis worksheet.

4. Lender shall certify all purchasers as an Eligible Household in accordance with the procedures set forth in *Technical Guide for Determining Income and Allowances for the HOME Program* available online at:

   http://www.hud.gov/offices/cpd/affordablehousing/training/web/calculator/calculator.cfm

5. An Eligible Household is defined as a household with a combined Gross Annual Income equal to or less than 80% of the Santa Cruz area median income.

6. Gross Annual Income shall be as defined in 24 CFR Part 5 and is the gross amount of income of all adult household members anticipated to be received during the coming 12-month period.

7. The gross income of a mortgagor (or mortgagors) (as defined by Revenue Ruling 86-124 of the Internal Revenue Code) is the mortgagor's annual gross income. Annual gross income is the sum of gross monthly income multiplied by 12. Gross monthly income is the sum of monthly gross pay plus any additional income from overtime, part-time employment, bonuses, dividends, interest, royalties, pensions, Veterans Administration (VA) compensation, net rental income, etc.; and other income (such as alimony, child support, public assistance, sick pay, social security benefits, unemployment compensation, income received from trusts, and income received from business activities or investments). Income from assets must also be counted.

8. The income to be taken into account in determining annual gross income is income of the mortgagor (mortgagors) and any other person who is expected to both (1) live in the Property being financed and (2) to be secondarily liable on the mortgage. If the co-borrower, co-signer, or co-habitor meets both requirements in the sentence above, include his/her income in gross income calculations. Income includes the income and assets as described below of both spouses as well as all household members 18 years of age and over.

9. All household members, 18 years of age or older, are required to submit documentation of income.

10. Lender shall summarize the applicant's Gross Annual Income using the worksheet on the following page.

GROSS ANNUAL INCOME WORKSHEET

Assets

Household Member	Asset Description	Current Cash Value	Actual Income From Asset
1. Net Cash Value of Assets		1. $_____	
2. Total Actual Income From Assets			2. $_____
3. If Line 1 is greater than $5,000 multiply by 2.5% and enter results in Box 3; if less than $5,000 enter "0"			3. $_____

Income

Household Member	a. Wages/Salaries	b. Benefits/Pensions	c. Other Income	d. Asset Income
				Enter the greater of lines 2 or 3 above in Box d below.
4. Totals	a. $_____	b. $_____	c. $_____	d. $_____
5. Gross Annual Income: (Enter total of Box 4a through 4d)				5.$_____

C. Applicant Household Composition

Household Member	Birth Date	Social Security #	Relation to Applicant

D. Applicant Race/Ethnicity

Applicant	Co-Applicant
☐ Decline to answer	☐ Decline to answer
☐ White	☐ White
☐ Black/African American	☐ Black/African American
☐ Black/African American AND White	☐ Black/African American AND White
☐ Asian	☐ Asian
☐ Asian AND White	☐ Asian AND White
☐ American Indian or Alaska Native	☐ American Indian or Alaska Native
☐ American Indian or Alaska Native AND White	☐ American Indian or Alaska Native AND White
☐ American Indian or Alaska Native AND Black/African American	☐ American Indian or Alaska Native AND Black/African American
☐ Native Hawaiian or Other Pacific Islander	☐ Native Hawaiian or Other Pacific Islander
☐ Other	☐ Other
☐ Hispanic/Latino (Mexican/Chicano)	☐ Hispanic/Latino (Mexican/Chicano)
☐ Hispanic/Latino (Puerto Rican)	☐ Hispanic/Latino (Puerto Rican)
☐ Hispanic/Latino (Cuban)	☐ Hispanic/Latino (Cuban)
☐ Hispanic/Latino (Other)	☐ Hispanic/Latino (Other)

LENDER CERTIFICATIONS

1. Lender hereby certifies that all of the foregoing information is true and correct and is consistent with the information submitted by Applicant in the First Time Homebuyer Program Second Mortgage Application (FTH-1).

2. Lender certifies that Lender has calculated Applicant's income to be equal to or less than 80% of the Santa Cruz area median income as adjusted for household size and in effect as of the date of this certification in accordance with the HUD publication entitled *Technical Guide for Determining Income and Allowances for the HOME Program*.

3. Lender has calculated and confirmed Applicant's income by comparing information in the Gross Annual Income Worksheet with income source documentation attached hereto.

4. Lender certifies that Applicant's income is not expected to exceed 80% of the Santa Cruz area median income as adjusted for household size within the twelve month period following the date of this certification.

_____ _____
Lender Date

_____
Lender Representative Signature, Printed Name and Title

ADMINISTRATOR CERTIFICATIONS

1. Administrator has reviewed the Eligible Household Certification Package and all source documentation attached thereto.

2. Administrator concurs with Lender's determination of Applicant's eligibility and certifies that Applicant's income is equal to or less than 80% of the Santa Cruz area median income as adjusted for household size and in effect as of the date of this certification.

3. Administrator certifies that Applicant's income is not expected to exceed 80% of the Santa Cruz area median income within the twelve month period following the date of this certification.

_____ _____
Administrator Date

_____
Administrator Representative Signature, Printed Name and Title

EXHIBIT A
VERIFICATION FORMS

(begins next page)

REQUEST FOR VERIFICATION OF EMPLOYMENT

PART I - REQUEST

1. TO: (name and address of employer)		2. FROM:	
3. Signature of lender	4. Title	5. Date	6. Lenders No.
I have applied for a mortgage loan and stated that I am now or was formerly employed by you. My signature below authorizes verification of this information.			

7. NAME AND ADDRESS OF APPLICANT(S)	8. SIGNATURE OF APPLICANT(S)

PART II - VERIFICATION BY EMPLOYER

EMPLOYMENT DATA	PAY DATA
9. APPLICANT'S DATE OF EMPLOYMENT FROM_____ TO_____	13A. CURRENT BASE PAY (enter amount and show period) $_____ ☐ ANNUAL ☐ HOURLY ☐ MONTHLY ☐ OTHER ☐ WEEKLY
10. PRESENT POSITION: _____ 11. PROBABILITY OF CONTINUOUS EMPLOYMENT: ☐ POOR ☐ GOOD ☐ EXCELLENT	13B. EARNINGS TYPE / YR. TO DATE / PAST YEAR BASE PAY $_____ $_____ OVERTIME $_____ $_____ COMMISSION $_____ $_____ BONUS $_____ $_____
12. IF OVERTIME OR BONUS IS APPLICABLE, IS ITS CONTINUANCE LIKELY? OVERTIME: ☐ YES ☐ NO BONUS: ☐ YES ☐ NO	13. FOR MILITARY PERSONNEL ONLY (show monthly totals) PAY GRADE: _____ QUARTERS: _____ BASE PAY: _____ PRO PAY: _____ FLIGHT OR HAZARD: _____ OVERSEAS OR COMBAT: _____ CLOTHING: _____
14. REMARKS (if paid hourly, please indicate average hours worked each week during current and past year.	
15. _____ Employer Name and Signature _____ Date	
The confidentiality of the information you have furnished will be preserved except where disclosure of this information is required by applicable law. The form is to be transmitted directly to the lender and is not to be transmitted through the applicant or any other party.	

REQUEST FOR VERIFICATION
OF SOCIAL SECURITY BENEFITS

To: U.S. Government
Social Security Office
_____ Ave.
Santa Cruz, CA 95060

Please return to: _____
_____
_____
_____

_____ _____
Name of Recipient Telephone Number

_____ ☐ Male ☐ Female _____
Date of Birth Social Security Claim No.

_____ _____
Name of Spouse (if deceased, put "Deceased" after name) Spouse's Claim No.

_____
Identifying information if no claim number is given

_____ _____ _____
Place of Birth Mother's Maiden Name Father's Name

I hereby authorize the Social Security Administration to release information concerning my benefit amount(s) and type of claim to _____, for the purposes of obtaining a loan. This release is good for a period not to exceed ninety (90) calendar days from the signature date of this document.

_____ _____
Applicant's Signature Date

Social Security Administration to enter information in table below

TYPE OF CLAIM	AMOUNT PER MONTH
☐ Retirement First Payment: _____	Wage Earner: _____
☐ Disability	Spouse: _____
☐ Survivor Disallowance: _____	Children: _____
☐ SSI/SSB	(If more than one child, total amount for all)

_____ _____
Signature and Title of Social Security Administration Official Date

REQUEST FOR VERIFICATION OF DEPOSIT

PART I - REQUEST

1. TO: (name and address of depository)		2. FROM:	
3. Signature of lender	4. Title Program Specialist	5. Date	6. Lenders No. (optional)
7. Information to be verified			
TYPE OF ACCOUNT	ACCOUNT IN NAME OF	ACCOUNT NUMBER	BALANCE

TO DEPOSITORY: I have applied for a mortgage loan and stated in my financial statement that the balance on deposit with you is shown above. You are authorized to verify this information and to supply the lender identified above with the information requested in items 10 through 12. Your response is solely a matter of courtesy for which no responsibility is attached to your institution or any of your officers.

8. NAME AND ADDRESS OF APPLICANT(S)	9. SIGNATURE OF APPLICANT(S)

PART II - VERIFICATION BY DEPOSITORY

10. DEPOSIT ACCOUNTS OF APPLICANT(S)

TYPE OF ACCOUNT	ACCOUNT NUMBER	CURRENT BALANCE	AVERAGE BALANCE FOR PAST 2 MOS.	DATE OPENED
		$	$	
		$	$	
		$	$	
		$	$	

11. LOANS OUTSTANDING TO APPLICANT(S)

LOAN NUMBER	DATE OF LOAN	ORIGINAL AMOUNT	CURRENT BALANCE	INSTALLMENTS	SECURED BY	NUMBER OF LATES
		$	$	$ per		
		$	$	$ per		
		$	$	$ per		

12. ADDITIONAL INFORMATION WHICH MAY BE OF ASSISTANCE IN DETERMINING CREDIT WORTHINESS:
(Please include information on loans paid in full as in Item 11 above)

13. SIGNATURE OF DEPOSITORY	14. TITLE	15. DATE

The confidentiality of the information you have furnished will be preserved except where disclosure of this information is required by applicable law. The form is to be transmitted directly to the lender and is not to be transmitted through the applicant or any other party.

REQUEST FOR VERIFICATION
OF EMPLOYMENT DEVELOPMENT DEPT. BENEFITS

To: Employment Develop. Dept.
_____.
_____, CA _____

Please return to: _____
_____
_____
_____

I hereby authorize the Employment Development Department to release information concerning my benefit amount(s) and type of claim to _____, for the purposes of obtaining a loan. This release is good for a period not to exceed ninety (90) calendar days from the signature date of this document.

_____ _____
Applicant's Signature Date

_____
Applicant's Social Security No.

EDD to enter information in table below

1. Benefit amounts received: $_____
2. Dates received: _____
3. Date benefits will end: _____
4. Remarks:

_____

_____ _____
Signature and Title of EDD Official Date

REQUEST FOR VERIFICATION
OF VETERANS ADMINISTRATION BENEFITS

To: Veterans Administration
_____
_____.
_____

Please return to: _____
_____
_____
_____

_____
Claim No:

☐ World War I ☐ Vietnam
☐ World War II ☐ Other
☐ Korea

_____
Insurance Policy No:

_____
Date of Birth:

_____
Social Security No:

I hereby authorize the Veterans Administration to release information concerning my benefit amount(s) and type of claim to _____, for the purposes of obtaining a loan. This release is good for a period not to exceed ninety (90) calendar days from the signature date of this document.

_____ _____
Applicant's Signature Date

Veterans Administration to enter information in table below

1. Periods of Active Duty:
   From_____to_____

   From_____to_____

2. Allowance for Education or Training: ☐ School ☐ On-the-job

3. Compensation (service-connected): ☐ Disability ☐ Death ☐ Dependence and Indemnity
   Pension (non-service connected): ☐ Disability ☐ Death
   Effective Date of Current Award: _____ Monthly Amount: $_____

4. Other Payments (monthly installments, etc.): Monthly Amount: $_____

5. Changes: If any change is contemplated, check here ☐ and explain on reverse.

6. Remarks:
_____

_____ _____
Signature and Title of Veterans Administration Official Date

REQUEST FOR VERIFICATION
OF HUMAN RESOURCES BENEFITS

To: Human Resources Agency
_____
_____

Please return to: _____
_____
_____
_____

I hereby authorize the release of information concerning my benefit amount(s) and type of claim to _____, for the purposes of obtaining a loan. This release is good for a period not to exceed ninety (90) calendar days from the signature date of this document.

_____ _____
Applicant's Signature Date

_____
Applicant's Social Security No.

_____
Benefit Source

Human Resources Agency to enter information in table below

1. Aid to Families with Dependent Children:
   Received since: _____ $_____ per month
2. Other Income (gross):
   Source: _____ $_____ per month
3. Total Yearly Income (all income): $_____
4. Remarks:
   _____

_____ _____
Signature and Title of Human Resources Administration Official Date

EXHIBIT B
24 CFR PART 5 ANNUAL INCOME AND INCLUSIONS AND EXCLUSIONS

Part 5 Inclusions - This table presents the Part 5 income inclusions as stated in the Code of Federal Regulations.

General Category	Statement from 24 CFR 5.609 (b) - April 1, 1998
1. Income from wages, salaries, tips, etc.	The full amount, before any payroll deductions, of wages and salaries, overtime pay, commissions, fees, tips and bonuses, and other compensation for personal services.
2. Business Income	Net income from the operation of a business or profession. Expenditures for business expansion or amortization of capital indebtedness cannot be used as deductions in determining net income. An allowance for depreciation of assets used in a business or profession may be deducted, based on straight-line depreciation, as provided in Internal Revenue Service regulations. Any withdrawal of cash or assets from the operation of a business or profession will be included in income, except to the extent the withdrawal is reimbursement of cash or assets invested in the operation by the family.
3. Interest & Dividend Income	Interest, dividends, and other net income of any kind from real or personal property. Expenditures for amortization of capital indebtedness shall not be used as deductions in determining net income. An allowance for depreciation is permitted only as authorized in number 2 (above). Any withdrawal of cash or assets from an investment will be included in income, except to the extent the withdrawal is reimbursement of cash or assets invested by the family. Where the family has net family assets in excess of $5,000, annual income shall include the greater of the actual income derived from all net family assets or a percentage of the value of such assets based on the current passbook savings rate, as determined by HUD.
4. Retirement & Insurance Income	The full amount of periodic payments received from Social Security, annuities, insurance policies, retirement funds, pensions, disability or death benefits, and other similar types of periodic receipts, including a lump-sum amount or prospective monthly amounts for the delayed start of a periodic payment (except as provided in number 14 of Income Exclusions).
5. Unemployment & Disability Income	Payments in lieu of earnings, such as unemployment and disability compensation, worker's compensation and severance pay (except as provided in number 3 of Income Exclusions).
6. Welfare Assistance	Welfare Assistance. If the welfare assistance payment includes an amount specifically designated for shelter and utilities that is subject to adjustment by the welfare assistance agency in accordance with the actual cost of shelter and utilities, the amount of welfare assistance income to be included as income shall consist of:· the amount of the allowance or grant exclusive of the amount specifically designated for shelter or utilities; plus · the maximum amount that the welfare assistance agency could in fact allow the family for shelter and utilities. If the family welfare assistance is ratably reduced from the standard of need by applying a percentage, the amount calculated under this paragraph is the amount resulting from one application of the percentage.
7. Alimony, Child Support, & Gift Income	Periodic and determinable allowances, such as alimony and child support payments, and regular contributions or gifts received from organizations or from persons not residing in the dwelling.
8. Armed Forces Income	All regular pay, special day and allowances of a member of the Armed Forces (except as provided in number 7 of Income Exclusions).

Part 5 exclusions - This table presents the Part 5 income exclusions as stated in the Code of Federal Regulations.

General Category	Statement from 24 CFR 5.609 (b) - April 1, 1998
1. Income of Children	Income from employment of children (including foster children) under the age of 18 years.
2. Foster Care Payments	Payments received for the care of foster children or foster adults (usually persons with disabilities, unrelated to the tenant family, who are unable to live alone).
3. Inheritance and Insurance Income	Lump-sum additions to family assets, such as inheritances, insurance payments (including payments under health and accident insurance and worker's compensation), capital gains and settlement for personal or property losses (except as provided in number 5 of Income Inclusions).
4. Medical Expense Reimbursements	Amounts received by the family that are specifically for, or in reimbursement of, the cost of medical expenses for any family member.
5. Income of Live-in Aides	Income of a live-in aide (as defined in 24 CFR5.403).
6. Student Financial Aid	The full amount of student financial assistance paid directly to the student or to the educational institution.
7. "Hostile Fire" Pay	The special pay to a family member serving in the Armed Forces who is exposed to hostile fire.
8. Self-Sufficiency Program Income	a. Amounts received under training programs funded by HUD. b. Amounts received by a person with a disability that are disregarded for a limited time for purposes of Supplemental Security Income eligibility and benefits because they are set side for use under a Plan to Attain Self-Sufficiency (PASS). c. Amounts received by a participant in other publicly assisted programs that are specifically for, or in reimbursement of, out-of-pocket expenses incurred (special equipment, clothing, transportation, childcare, etc.) and that are made solely to allow participation in a specific program. d. Amounts received under a resident service stipend (as defined in 24 CFR 5.609(c)(8)(iv). e. Incremental earnings and benefits resulting to any family member from participation in qualifying state or local employment training programs (including training not affiliated with a local government) and training of a family member as resident management staff. Amounts excluded by this provision must be received under employment training programs with clearly defined goals and objectives, and are excluded only for the period during which the family member participates in the employment-training program.
9. Gifts	Temporary, nonrecurring, or sporadic income (including gifts).
10. Reparation Payments	Reparation payments paid by a foreign government pursuant to claims under the laws of that government by persons who were persecuted during the Nazi era.
11. Income from Full-time Students	Earnings in excess of $480 for each full-time student 18 years old or older (excluding the head of household or spouse).
12. Adoption Assistance	Adoption assistance payments in excess of $480 per adopted child.

13. Family Support Act Income	For public housing only, the earnings and benefits to any family member resulting from the participation in a program providing employment training and supportive services in accordance with the Family Support Act of 1988, section 22 of the 1937 Act (43 U.S.C. 1437t), or any comparable federal, state or local law during the exclusion period.
14. Social Security & SSI Income	Deferred periodic amounts from SSI and Social Security benefits that are received in a lump sum amount or in prospective monthly amounts.
15. Property Tax Refunds	Amounts received by the family in the form of refunds or rebates under state or local law for property taxes paid on the dwelling unit.
16. Home Care Assistance	Amounts paid by a state agency to a family with a member who has a developmental disability and is living at home to offset the cost of services and equipment needed to keep this developmentally disabled family member at home.
17. Other Federal Exclusions	Amounts specifically excluded by any other federal statute from consideration as income for purposes of determining eligibility or benefits under a category of assistance programs that includes assistance under any program to which the exclusions of 24 CFR 5.609(c) apply, including: • The value of the allotment made under the Food Stamp Act of 1977; • Payments received under the Domestic Volunteer Service Act of 1973 (employment through VISTA, Retired Senior Volunteer Program, Foster Grandparents Program, youthful offender incarceration alternatives, senior companions); • Payments received under the Alaskan Native Claims Settlement Act; • Payments from the disposal of funds of the Grand River Band of Ottawa Indians; • Payments from certain submarginal U.S. land held in trust for certain Indian tribes; • Payments, rebates or credits received under Federal Low-Income Home Energy Assistance Programs (includes any winter differentials given to the elderly); • Payments received under the Main Indian Claims Settlement Act of 1980 (Pub. L. 96-420, 9z Stat. 1785); • The first $2,000 of per capita shares received from judgements awarded by the Indian Claims Commission or the Court of Claims or from funds the Secretary of Interior holds in trust for an Indian tribe; • Amounts of scholarships funded under Title IV of the Higher Education act of 1965, including awards under the Federal work-study program or under the Bureau of Indian Affairs student assistance programs, or veterans benefits; • Payments received under Title V of the Older Americans Act (Green Thumb, Senior Aides, Older American Community Service Employment Program); • Payments received after January 1, 1989, from the Agent Orange Settlement Fund or any other fund established pursuant to the settlement in the In Re Agent Orange product liability litigation, M.D.L. No. 381 (E.D.N.Y.); • Earned income tax credit; • The value of any child care provided or reimbursed under the Child Care and Development Block Grant Act of 1990; and • Payments received under programs funded in whole or in part under the Job Training Partnership Act (employment and training programs for native Americans and migrant and seasonal farm workers, Job Corps, veterans employment programs, State job training programs and career intern programs).

EXHIBIT C
24 CFR PART 5 ANNUAL NET FAMILY INCOME ASSET INCLUSIONS AND EXCLUSIONS

This table presents the Part 5 asset inclusions and exclusions as stated in the Code of Federal Regulations.

Statements from 24 CFR Part 5 - April 1, 1998	
Inclusions	1. Cash held in savings accounts, checking accounts, safe deposit boxes, homes, etc. For savings accounts, use the current balance. For checking accounts, use the average 6-month balance. 2. Cash value of revocable trusts available to the applicant. 3. Equity in rental property or other capital investments. Equity is the estimated current market value of the asset less the unpaid balance on all loans secured by the asset and all reasonable costs (e.g., broker fees) that would be incurred in selling the asset. Under HOME, equity in the family's primary Property is not considered in the calculation of assets for owner-occupied rehabilitation projects. 4. Cash value of stocks, bonds, Treasury bills, certificates of deposit and money market accounts. 5. Individual retirement and Keogh accounts (even though withdrawal would result in a penalty). 6. Retirement and pension funds. 7. Cash value of life insurance policies available to the individual before death (e.g., surrender value of a whole life or universal life policy). 8. Personal property held as an investment such as gems, jewelry, coin collections, antique cars, etc. 9. Lump sum or one-time receipts, such as inheritances, capital gains, lottery winnings, victim's restitution, insurance settlements and other amounts not intended as periodic payments. 10. Mortgages or deeds of trust held by an applicant.
Exclusions	1. Necessary personal property, except as noted in number 8 of Inclusions, such as clothing, furniture, cars and vehicles specially equipped for persons with disabilities. 2. Interest in Indian trust lands. 3. Assets not effectively owned by the applicant. That is, when assets are held in an individual's name, but the assets and any income they earn accrue to the benefit of someone else who is not a member of the household and that other person is responsible for income taxes incurred on income generated by the asset. 4. Equity in cooperatives in which the family lives. 5. Assets not accessible to and that provide no income for the applicant. 6. Term life insurance policies (i.e., where there is no cash value). 7. Assets that are part of an active business. "Business" does not include rental of properties that are held as an investment and not a main occupation.

CITY OF SANTA CRUZ
FIRST TIME HOMEBUYER PROGRAM

LENDER'S INITIAL CERTIFICATIONS

1. _____ *(name of Lender)* has accepted and reviewed a City of Santa Cruz First Time Homebuyer ("FTH") Second Mortgage Application from:

   Applicant Name: _____
   Applicant Name Social Security Number

   _____
   Applicant Name Social Security Number

   Co-Applicant Name: _____
   Co-Applicant Name Social Security Number

   _____
   Co-Applicant Name Social Security Number

2. The FTH Second Mortgage Application was made in connection with Applicant's application for a first mortgage loan for the purchase of a home ("Property") located at:

   _____
   Street Address City State Zip

3. Lender certifies that Applicant's Gross Annual Income is equal to or less than 80% of the Santa Cruz area median income as adjusted for household size and in effect as of the date of this certification in accordance with the HUD publication entitled *Technical Guide for Determining Income and Allowances for the HOME Program*.

4. Lender, after consultation with the Housing Authority of the County of Santa Cruz ("Administrator"), has confirmed that the Property is located within the Santa Cruz city limits.

5. Lender is considering issuing a first mortgage loan to Applicant in the amount of $_____.

6. The purchase price for the Property is $_____; Lender has verified with Administrator that this price does not exceed the FTH Program limits.

7. Lender confirms that:

   a. No person who is related to Applicant has an interest as creditor in Lender's first mortgage loan being made for the purchase of the Property.

b. Should Applicant receive a first mortgage loan from Lender, said loan will not be used to acquire or replace an existing mortgage on the Property.

c. Lender has not directly or indirectly attempted to prohibit Applicant from seeking a first mortgage loan from any potential lender, nor attempted to require Applicant to seek a first mortgage loan from a specific lender.

d. Lender has charged Applicant only those reasonable fees as would be charged to an applicant applying for a mortgage loan not provided in connection with a FTH Second Mortgage loan.

e. Lender has notified Applicant that if the Property is located within a 100 year floodplain, Applicant must provide and maintain flood insurance for the term of the FTH Second Mortgage.

f. Prior to closing, Lender will advise Applicant of the shared equity contingent interest provisions of the FTH Second Mortgage loan, and shall obtain Applicant's signature on the contingent interest disclosure form.

8. Based upon reasonable investigation, Lender has no reason to believe that either Applicant or the Seller of the Property has made any negligent or fraudulent material misstatements in connection with Applicant's application for a FTH Second Mortgage loan.

I declare under penalty of perjury in the State of California that the foregoing is true and correct.

_____ _____
Lender Signature Date

_____
Lender Signature, Printed Name and Title

CITY OF SANTA CRUZ
FIRST TIME HOMEBUYER PROGRAM

SELLER'S CERTIFICATION

1. Seller's Legal Name: _____
   Seller Name Social Security Number

2. Seller's Address: _____
   Street Address City, State, Zip

3. The undersigned ("Seller"), a participant in the real estate transaction associated with the application for a First Time Homebuyer (FTH) Second Mortgage being submitted by _____ ("Buyer") pursuant to the City of Santa Cruz FTH Program in connection with the purchase from Seller of the Property identified below, hereby certifies the following:

   a. The address of the Property being sold to Buyer is:

   _____
   Street Address City State Zip

   b. Seller owns and is legally empowered to sell the Property.

   c. The total amount to be paid to Seller (or to anyone related to Seller or acting on Seller's behalf) in connection with the purchase of the Property and any other property being acquired contemporaneously with the Property, including all money to be paid to Seller and the full value of the goods or services to be provided to Seller, is $_____
   (sales price including all fees but excluding closing costs and permanent financing costs).

   d. The total amount of payments made to date to Seller (or anyone related to Seller or acting on Seller's behalf for the purchase of the Property is $_____
   (amount deposited in escrow).

   e. As of the date of this Certification, the Property has not been completely constructed. Seller's estimate of the reasonable cost of the Property when completed is $_____ *(enter "N/A" if not applicable).*

   f. Seller has not entered into any contract or agreement, either expressed or implied, with the Buyer of the Property to perform additional construction on the Property or to transfer any additional property for additional cost other than personal property contained in the Sales Agreement and made a part of this Certification by reference.

   g. The Property being purchased is a: *(check one)*

   ☐ Single-Family Dwelling ☐ Condominium ☐ Co-op Unit
   ☐ Manufactured Home ☐ Mobile Home ☐ Attached Homeownership Unit

4. This Seller Certification will be relied upon for purposes of determining Buyer's eligibility for a FTH Second Mortgage. Seller acknowledges that a material misstatement negligently made in this Certification or in any other statement made by Seller in connection with Buyer's FTH Second Mortgage application will constitute a federal violation punishable by a fine; and a material misstatement fraudulently made in this Certification or in any other statement made by Seller in connection with Buyer's application for a FTH Second Mortgage will constitute a federal violation punishable by a fine and revocation of the FTH Second Mortgage Commitment, which will be in addition to any criminal penalty imposed by law.

5. Any false pretense, including false statement or representation or the fraudulent use of any instrument, facility, article or other valuable thing or service pursuant to participation in this Program, is punishable by imprisonment or by a fine.

6. City, through its FTH Second Mortgage Program, is providing funds for the purchase of the Property. City hereby informs Seller that City will not use its power of eminent domain in any form.

7. Seller Acknowledgment of "Disclosures to Seller With Voluntary, Arm's Length Purchase Offer"

   a. Seller has read and understands form FTH-5 "Disclosures to Seller with Voluntary, Arm's Length Purchase Offer", and has received a copy of said Disclosure with Buyer's purchase offer.

   b. If Seller receives the "Disclosures to Seller With Voluntary, Arm's Length Purchase Offer" after presentation of purchase offer, Seller chooses to:

      ☐ withdraw ☐ not withdraw

      from the purchase agreement.

   c. Seller certifies that at the time of submission of Buyer's offer to purchase, the Property was *(check one)*:

      ☐ Owner-occupied.
      ☐ Being purchased by the existing occupant who is a tenant.
      ☐ Vacant (for at least 4 months prior to date of Buyer's purchase offer).
      ☐ Newly constructed and never occupied.

Seller declares under penalty of perjury in the State of California that the foregoing is true and correct.

_____ _____
Seller Signature Date

_____
Seller Printed Name

CITY OF SANTA CRUZ
FIRST TIME HOMEBUYER PROGRAM

DISCLOSURES TO SELLER WITH VOLUNTARY, ARM'S LENGTH PURCHASE OFFER

To: _____ (Seller)

From: _____ (Buyer)

This is to inform you that Buyer would like to purchase the Property located at _____, Santa Cruz if a satisfactory agreement can be reached. Buyer is prepared to pay $_____ for clear title to the property under the conditions described in the proposed contract of sale.

Because federal funds disbursed through the City of Santa Cruz will be used in the purchase, Buyer is required to disclose the following to Seller:

1. The sale is voluntary. If Seller does not wish to sell, Buyer, through the City of Santa Cruz, will not acquire Seller's property. Buyer does not have the power of eminent domain to acquire Seller's property by condemnation (i.e., eminent domain) and the City of Santa Cruz will not use the power of eminent domain to acquire Seller's property.

2. The estimated market value of the Property is $_____ and was estimated by _____ (name of person estimating value), to be determined by a) a professional appraiser prior to close of escrow or b) the City of Santa Cruz if the Property is regulated by Measure O.

3. Since this purchase is a voluntary, arm's length transaction, Seller will not be eligible for relocation payments or other relocation assistance under the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (URA), or any other law or regulation. Also, Buyer's purchase offer is made on the condition that no tenant will be permitted to occupy the Property before the sale is completed.

4. If Seller does not wish to sell, Buyer will not take any further action to acquire Seller's Property.

Seller must acknowledge receipt of this disclosure form on form FTH-5 "Seller's Certification".

Seller may contact the Housing Programs Coordinator for the City of Santa Cruz at 831-420-5109 with any questions concerning this matter.

_____ _____
Buyer's Signature Date

_____
Buyer's Printed Name

CITY OF SANTA CRUZ
FIRST TIME HOMEBUYER PROGRAM

APPLICANT'S CLOSING CERTIFICATION

The undersigned ("Applicant"), in conjunction with this application for a City of Santa Cruz ("City") First Time Homebuyer ("FTH") Program Second Mortgage loan through the Housing Authority of the County of Santa Cruz ("Administrator"), issuer of FTH Commitments for the City under the FTH Program, and as material inducement to Administrator to issue a FTH Commitment to Applicant in connection with a First Mortgage Loan from a primary lender ("Lender") of Applicant's choosing for the purchase of an eligible property ("Property"), hereby certifies the following:

1. Applicant executed the FTH Second Mortgage Application on _____
   (date Application was signed).

2. Applicant has reviewed the FTH Second Mortgage Application and declares that there has been no change in the statements therein and said statements remain true and accurate.

3. Applicant has reviewed the FTH Second Mortgage Application and declares that the following material changes have occurred from the statements therein: *(check "Not Applicable" box if not applicable)*

   _____

   _____

   ☐ **Not Applicable**

4. Applicant's gross annual income is not expected to exceed the limits established by the FTH Program within the twelve month period following the date of Applicant's FTH Second Mortgage loan application.

5. Applicant further states that Applicant has not had an ownership interest in a principal Property or occupied and owned a single-family home, a condominium, a unit within a housing cooperative or a manufactured home (including mobile home) which is customarily used in a fixed location within the last three years.

6. Applicant understands and agrees that:

   a. This Certification will be relied upon for purposes of determining Applicant's eligibility for FTH Second Mortgage loan.

   b. A material misstatement negligently made by Applicant in connection with an application for a FTH Second Mortgage loan will constitute a federal violation punishable by a fine, and a material misstatement fraudulently made in this Closing Statement or in any other statement made by Applicant in connection with the application for FTH Second Mortgage loan will constitute a federal violation punishable by a fine, revocation of the certificate and any other penalty imposed by law.

c. Any material misstatement or false statement which affects Applicant's eligibility for a FTH Second Mortgage loan under Section 25 of the Internal Revenue Code of 1986, as amended, and the regulations there under will result in a denial of Applicant's application for a FTH Second Mortgage loan, or, if a FTH Second Mortgage loan has been issued prior to the discovery of the false statement, Applicant will be deemed to be in default of the FTH Second Mortgage loan issued.

I declare under penalty of perjury in the State of California that the foregoing is true and correct.

_____ _____
Applicant's Signature Date

_____
Applicant's Printed Name

_____ _____
Co-Applicant's Signature Date

_____
Co-Applicant's Printed Name

CITY OF SANTA CRUZ
FIRST TIME HOMEBUYER PROGRAM

LENDER'S CLOSING CERTIFICATION

1. _____ *(name of Lender)* has accepted and reviewed a City of Santa Cruz First Time Homebuyer Second Mortgage Application for:

   Applicant(s) Legal Name: _____
   Applicant Name Social Security Number

   _____
   Applicant Name Social Security Number

2. Lender has provided a First Mortgage loan to Applicant in the amount of $_____.

3. The First Mortgage loan closing occurred on _____ *(insert date)*.

4. Lender certifies that the First Mortgage loan has not been used to acquire or replace an existing mortgage on the Property Applicant is purchasing.

5. The purchase price for the Property is $_____; Lender has verified with the FTH Program Administrator that this price does not exceed the Program's limits.

6. Lender certifies that:

   a. Applicant's gross annual household income does not exceed the FTH Program limits.

   b. Applicant's gross annual income is not expected to exceed the limits established by the FTH Program within the twelve month period following the date of Applicant's FTH Second Mortgage loan application.

6. After reasonable investigation, Lender certifies that: *(check applicable box)*

   ☐ Lender is aware of no material change in the circumstances which it relied upon in executing Lender's Initial Certification. All statements and certifications in Lender's Initial Certification remain valid and true.

   ☐ The following material changes have occurred in the circumstances which Lender relied upon in executing Lender's Initial Certification:

   _____

   _____

9. Lender certifies that the above-noted changes in circumstances, if any, do not affect Applicant's eligibility for a FTH Second Mortgage loan.

10. Lender has explained the contingent interest provisions of the FTH Second Mortgage loan to Applicant and has secured Applicant's signature on the Contingent Interest Disclosure.

11. After reasonable investigation, Lender has no reason to believe that either the Applicant or the Seller of the Property has made any negligent or fraudulent material misstatements in connection with Applicant's application for a FTH Second Mortgage loan.

12. Lender hereby agrees to immediately forward to the FTH Program Administrator all information which it or any of its successors may receive during the life of the First Mortgage loan which indicates that Applicant may have made a misrepresentation in applying for a FTH Second Mortgage loan.

I declare under penalty of perjury in the State of California that the foregoing is true and correct.

_____ _____

Lender Signature Date

_____

Lender Printed Name and Title

CITY OF SANTA CRUZ
FIRST TIME HOMEBUYER PROGRAM

CONTINGENT INTEREST DISCLOSURE
HOME Loan

A. This City of Santa Cruz First Time Homebuyer (FTH) Program Second Mortgage loan is being made to assist you in the purchase of your home. This explanation of the FTH Second Mortgage loan is to be read only in conjunction with the other loan documents which together, set out in full your rights and obligations.

B. The funding source for your Second Mortgage loan is the **Home Investment Partnerships Program ("HOME")** grant received by the City from the United States Department of Housing and Urban Development for the purpose of providing homeownership opportunities for eligible first time homebuyers.

C. Most of the purchase price of your home will be loaned to you by _____ *(name of first mortgage lender)* in the form of a First Mortgage loan secured by a First Deed of Trust.

D. A Second Mortgage loan in the amount of $_____ will be provided by the City of Santa Cruz. This particular type of loan is also called a "silent second" loan in which no payments of principal and interest are required until one of several things happen; this loan is secured by a Second Deed of Trust.

E. Your Second Mortgage loan becomes due and payable upon any one of the following circumstances occurring:

1. A sale or transfer of the property.
2. Your cash-out refinance of any superior mortgages.
3. The date the first mortgage note and deed of trust become payable.
4. When the property ceases to be your principal place of Property.
5. Upon default under the HOME promissory note, deed of trust, the deed of trust rider or the covenants, or other recorded documents of record pertaining to the property.

F. When any of the circumstances noted in Section E above occur, you must repay to the City the principal amount of the FTH Second Mortgage, together with "contingent interest".

Contingent interest is calculated as a share of the appreciation, or increase in value, of the property between the time you originally purchased it and the occasion of any one of the circumstances listed above.

Contingent deferred interest is calculated as follows:

1. Gross appreciation shall be calculated by subtracting the original sales price from the current sales price or the current appraised value if the loan accelerating event is other than the sale of the property.

2. Net appreciation shall be calculated by subtracting your applicable closing costs, your cash contribution in the original purchase transaction, the value of your sweat equity, if

applicable, and the documented value of capital improvements from the gross appreciation amount.

3. Calculate the percentage of the original purchase price of the home represented by the HOME second mortgage by dividing the original principal amount of the HOME second mortgage by the original sales price.

4. The maximum portion of the net appreciation (contingent interest) due City shall be equal to the percentage of the value of the Property financed by the HOME loan. That is, if the HOME loan equals 15% of the initial value of the Property, a maximum of 15% of the net appreciation.

I hereby certify that I have read this document in its entirety, and that I understand completely the information contained herein regarding the payment of contingent interest.

I declare under penalty of perjury in the State of California that the foregoing statement is true and correct.

_____ _____
Borrower Signature Date

_____
Borrower Printed Name

_____ _____
Borrower Signature Date

_____
Borrower Printed Name