



Guidelines for SAOR/HAF Closing Cost Assistance Program

The purpose of these funds is to provide assistance to families that otherwise would not be able to afford the cost of closing a home loan. The maximum dollar amount provided per family will be 1.5% of the sales price of the property. The maximum income limit for each household shall not exceed 140% of the Area Median Income (AMI) as posted by the state of California.

The funds will be set up as a 30 year deferred loan. The funds must be repaid when the borrower sells, moves out, alienates, refinances, or rents the home out any time during that 30 year period. Payment of principle and interest is due at the end of 30 years. Interest will be charged at 5% per year.

- Property must be located in Solano County or American Canyon.
- Buyer's Agent must be a member of the Solano Association of Realtors®
- Client must be a U.S. Citizen or a permanent resident alien
- No negative amortization on first trust deed
- Maximum sales price - \$500,000.00
- Client must attend a HUD certified Home Buyer Education class
- \$500.00 application fee – paid at escrow out of funds from loan

Stated Income

1. Stated income loans will only be accepted by those that are self-employed
2. Minimum credit score of 680 (middle score)
3. Must provide 12 consecutive months bank statements (both personal and business) to support stated income
4. Maximum debt to income – 55%
5. Must be self-employed for a full 2 years unless previous line of work was in same field – then 1 full year would be acceptable
6. Reserves – one month's housing payment in liquid reserves (savings, checking, CDs)

Alt/Full Doc

Standard Freddie/Fannie guidelines apply with the following exceptions:

- Undocumented income may be used if 12 consecutive months of bank statements support income claimed
- No minimum credit score
- Maximum debt to income – 55% with compensating factors
- No reserves required

Subordination

None allowed.

Documentation Checklist

Employment and Income History

- Two most recent pay stubs for all borrowers
- Social Security, SSI, pension, or other benefit award letters for all borrowers
- Evidence of any other income (child support, part-time employment, seasonal employment, etc.)
- W-2s for last two years & previous years federal tax returns

Self-Employed

- Past two (2) years signed and dated federal income tax returns
- Signed and dated year-to-date profit & loss statement
- 12 consecutive monthly bank statements (personal & business - stated income clients only)

Credit Items

- Completed 1003 (loan application)
- Copy of tri-merged credit report
- Explanation letter for past or present credit issues

Asset Verification

- Account statements for all qualifying accounts (checking, savings, 401K's) for past two months
- Proof of gift funds and gift letter

Other Items

- Cover letter – why funds are needed
- Rental history verification (2 years)
- Appraisal
- Preliminary Title Report
- Terms and conditions of other financing (letters of approval & GFE's)
- Certificate of completion of Certified Homebuyer Education class

For more information visit:
www.SAOR.org
or call 707/552-HOME(4663)

Please remember that these are guidelines and exceptions may be made on a case by case basis (depending on compensating factors).