



City of El Cajon

Department of Redevelopment and Housing
200 East Main Street, El Cajon, CA 92020

Program Bulletin

August 14, 2006

To: All Participating Lenders

Program Bulletin #2006-02

Programs affected: As specified

Effective Date: AUGUST 14, 2006

PROGRAM CHANGES AND UPDATES

This bulletin is provided to serve notice to Participating Lenders of new changes related to the specified First-Time Homebuyer Program Manual and/or related documents. Please retain all bulletins in the front of the existing manual for your reference. All other existing terms and requirements of the City/Agency FTHB programs, which are not superceded by these changes, will remain in force. All Manuals, documents, forms and bulletins are now available on the City of El Cajon web site at www.ci.el-cajon.ca.us.

ALL PROGRAMS:

Citizenship: each household member must be a citizen or other national of the United States or a qualified alien as defined by the federal Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA) and 8 U.S.C. 1611 et. seq.

The residency status of a qualified alien must be continuous in nature and equal to or exceed the period of affordability (equity share period) required under 24CFR 92.254 and CH&SC Section 33413(b)(2)(C), as may be amended from time to time.

Liquid Assets: shall be defined as savings, checking, money market or stock accounts that are non-retirement, life insurance, non-loan or gift related.

Assets/Reserve Limitations: One percent (1%) of the purchase price in borrower liquid asset contribution in reserves after close is required. Borrower reserves must be seasoned for at least a full 3-month period and shall be based on the average daily balance of the account. Gift Funds: are allowed from an immediate family member, church, employer or non-profit agency, with documentation and no expectation of repayment. Gift funds cannot be used to meet the borrower liquid asset contribution above. Gift funds cannot be obtained from any loan source. Three months full bank statements and/or other documentation will be required.

Credit: The credit history of all mortgagors must meet the following: 3-merge credit report is required; minimum FICO score of 650; a bankruptcy must be discharged for a minimum of 4-years (or 2-years if an exception from the City is granted due to an extenuating circumstance); judgments, collections, involuntary liens must be paid in full; no delinquencies in the past 24 months and no accounts can be currently past due; limited or no credit will require a non-traditional or alternative credit report; a

credit report of all persons taking title and all non-purchasing spouses will be required.

Contributions/Concessions: all contributions made by an interested party for the payment of closing costs, prepaids or property upgrades shall not exceed 3% in the event the CLTV exceeds 90% or 6% in the event the CLTV is between 76 to 90% of the purchase price or appraised value is less. Upgrades shall be completed prior to close of escrow or placed in an escrow account pending completion. Contributions cannot be for the payment of debt, reserves or down payment. In the event a non-interested party makes the contribution, requirements for "Gift funds" shall apply.

Questions or comments regarding the above-mentioned changes can be relayed to Jenny Ficacci at the City at (619) 441-1768 or by email at jficacci@ci.el-cajon.ca.us

Reviewed and approved by: DAVID D. COOKSY

Date: AUGUST 17, 2006