City of Merced Neighborhood Stabilization Program (NSP)
Home Buyer Assistance
Lender Process

Your client has been approved to participate in a City of Merced NSP home buyer assistance program. This program will enable your client to acquire a loan from the City of Merced to help purchase their home. The home to be purchased must be City-owned and part of the Neighborhood Stabilization Program.

City of Merced Housing Division staff will prepare loan documents based on information that you provide to us about your client. The loan documents include: loan agreement between the participant and the City of Merced, promissory note, truth in lending disclosure statement, deed of trust, declaration of conditions, covenants, and restrictions, and disclosure statement.

The City loan documents will be sent to the title company to be signed at the same time as the primary loan documents. After the City loan documents are signed at the title company by the participant, the documents are returned to the City of Merced for routing to various City departments that need to sign as well. A check for the approved loan amount will be issued by our Finance department after they receive proof that all the loan documents have been approved and signed. **The process for routing the documents for signatures, and issuing the check, can take between five to seven business days.** This is important for you to note in order to provide enough time for this process to take place to meet the escrow closing deadline.

We hope that this information will help you in understanding the NSP home buyer program and what we need from you. If you have any questions please call us anytime Monday through Friday between the hours of 10:00 a.m. to 12:00 p.m. and 1:00 p.m. to 5:00 p.m.

Contact information:

City of Merced Housing Division
678 West 18th Street
Merced, CA 95340
(209) 385-6863, TDD (209) 385-6816
(209) 388-8946 Fax
reidm@cityofmerced.org

EQUAL HOUSING OPPORTUNITY

NSP Checklist of Items Needed for City of Merced Loan Process

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☐ **1. Primary Mortgage Lender Certification** (City form).
The participant must provide 1% of their own funds toward the purchase of their home.
The participant has two weeks from the date of their approval letter from the City of Merced to provide this to our office.

☐ **2. Primary Lender Certification of Borrower Eligibility** (City form).
The participant has two weeks from the date of their approval letter from the City of Merced to provide this to our office.

☐ **3. Copy of the Sales Contract**.
The participant has 90 days from the date of their approval letter from the City of Merced to provide this to our office. If the City doesn't receive the sales contract within the 90-day period, the participant's application may be cancelled.

☐ **4. Mortgage Credit Report**.

☐ **5. Mortgage Application, Good Faith Estimate, Mortgage Disclosures**.

☐ **6. Mortgage Approval Letter**.

☐ **7. Rent Verification**.

☐ **8. Copy of the Appraisal.**

☐ **9. Preliminary Title Report**.

☐ **10. Final Loan Approval Form** (City form).

☐ **11. Escrow Information** (City form).

☐ **12. Estimated Settlement Statement**.

☐ **13. Proof of buyer attending an 8 hour HUD approved First Time Home Buyer class. The City of Merced will pay the fee. Certificate is required prior to the close of escrow.**

☐ **14. Uniform Underwriting and Transmittal Summary**

PLEASE NOTE THAT ALL ITEMS MUST BE RECEIVED BEFORE A LOAN APPROVAL WILL BE ISSUED.

CITY OF MERCED
NEIGHBORHOOD STABILIZATION PROGRAM (NSP)
HOME BUYER ASSISTANCE

PRIMARY MORTGAGE LENDER CERTIFICATION

This is to certify that _____, a commercial lending institution doing business in the state of California, has performed a due diligence analysis of "borrowers own funds" as presented by _____ _____, who wish to borrow funds through the City of Merced's NSP Home Buyer Assistance Program, and have found that the 1% of sales price being provided by borrowers meets the accepted industry standards for such funds.

_____ (Lending Institution) also certifies that the amount of the requested "gap funds" as a portion of the funds requested from the City of Merced, represents no more than 35% of the the primary loan based on the sales price, plus reasonable and necessary closing costs. In addition, lending institution certifies that City funds will write down the cost of the primary lender's loan, if needed, so that the payments of PITI are within 30 to 35 percent of the gross household income.

By: _____ _____
Print Name

Date: _____

CITY OF MERCED
NSP HOME BUYER ASSISTANCE

PRIMARY LENDER CERTIFICATION OF BORROWER ELIGIBILITY

Name of Primary Lender: _____

Address: _____

City: _____ State _____ Zip _____

Loan Officer: _____

Telephone #: _____

E-Mail:_____

Borrower(s): _____

Estimated Annual Income: _____

Maximum amount that can be borrowed from Primary Lender based on borrower income:

_____

Financing program to be used:
(1) FHA _____
(2) CHFA _____
(3) Fannie Mae _____
(4) Other*: Please describe. _____

***If none of the above primary loans are used, the housing and debt ratios of the applicant shall not be more than 30% (depending on the loan amount the City may allow up to 35% ratio). The ratio is calculated on the borrower's fixed monthly expenses to the household's gross monthly income.**

I certify that the financing program being used is not a subprime or interest only loan. _____
Initials

Interest rate of First Mortgage: _____ Term (Fixed*): _____

* The City's NSP Loan will not go behind Adjustable Rate Mortgage (ARM).

_____ _____
(Signature of Loan Officer) Date

CITY OF MERCED
NEIGHBORHOOD STABILIZATION PROGRAM (NSP) HOME BUYER ASSISTANCE
FINAL LOAN APPROVAL FORM

To Whom It May Concern:

The following information is necessary as a component of the City of Merced granting final approval of its Home Buyer Assistance:

Date: _____

Borrower(s) Name(s):_____Property Address: _____

Mortgage Company Name & Address: _____

City / State / Zip: _____ Telephone #: _____

Loan Officer: _____ Primary Lender's Loan Amount: $ _____

Sales Price: $_____ Interest Rate: _____

Type of Loan:

Fixed: _____

ARM: _____

Buy Down: _____

Financing Program to be Used:

FHA: _____

Cal HFA: _____

Other (please describe): _____

Amount to be paid by Borrower (At least 1% OF SALES PRICE): $_____

AMOUNT OF CITY FUNDS APPROVED: $_____

Itemization of costs requested for close:

Loan Origination Fee: $_____
Appraisal Fee: $_____
Credit Report: $_____
Prepaid Interest: $_____
Mortgage Insurance Premium: $_____
Hazard Insurance Premium: $_____
Mortgage Insurance: $_____
County Property Taxes: $_____
Escrow Fees: $_____
Document Preparation: $_____
Title Insurance: $_____
Recording Fees: $_____
Discount Points: $_____
Buy Down Amount: $_____

OTHER:

_____ $_____
_____ $_____
_____ $_____
_____ $_____

FOR CITY OF MERCED USE ONLY

OK FOR FINAL LOAN APPROVAL

FRANK QUINTERO DATE
DIRECTOR OF ECONOMIC DEVELOPMENT

ELAINE POST DATE
DEVELOPMENT MANAGER

DAWN MENDONCA DATE
HOUSING FINANCE SPECIALIST

MARK HAMILTON DATE
HOUSING PROGRAM SPECIALIST

ESCROW INFORMATION

Borrower(s) Name(s): _____ _____

How Title is being taken: _____

Property Address: _____ APN #: _____

Title Company: _____

Address: _____

City/State/Zip: _____ Telephone#: _____

Escrow Officer: _____ ESCROW #: _____

Estimated Loan Document Signing Date: _____

Estimated Closing Date: _____