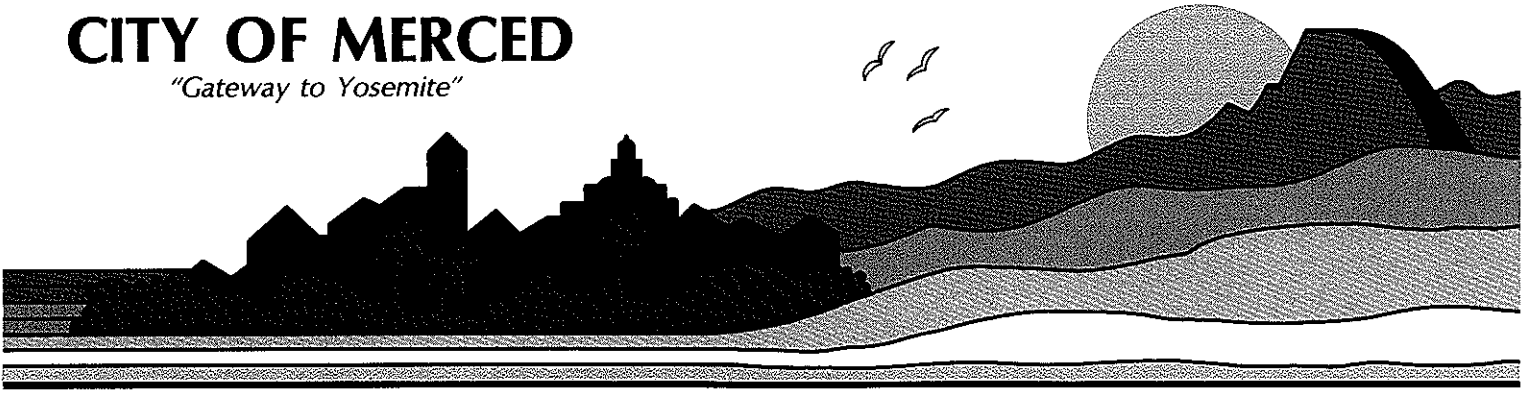


CITY OF MERCED

"Gateway to Yosemite"



City of Merced Housing Division Telephone: (209) 385-6863 Fax: (209) 723-1780
For Hearing Impaired please call: (209) 385-6816

Dear Applicant,

Thank you for your interest in the City of Merced's BEGIN FTHB Program.

To submit and process your application, you will need to complete the enclosed application package and include the supporting documentation requested below:

- Application form (completely filled out).
- Assets form (completely filled out).
- Current payroll stubs for the past 3 months or current year to date payroll stub.
- If on SSI, Social Security, AFDC, or any other grant, please bring in grant letter.
- Signed copies of your Federal Tax Returns and W2's for the last 3 years.
- Most recent bank statement(s) for savings account(s).
- Last 6 months of bank statement(s) for checking account(s).
- Proof of asset(s).
- Rental agreement(s) covering the last 6 months.
If the rental agreement(s) is not available, you may bring in a service statement from the local PG&E office verifying where you have had PG&E service for the last 6 months, or a letter from your landlord.

Please contact me if you have any questions at (209) 385-6863 or for hearing impaired please call (TDD 209-385-6816). We look forward to working with you!

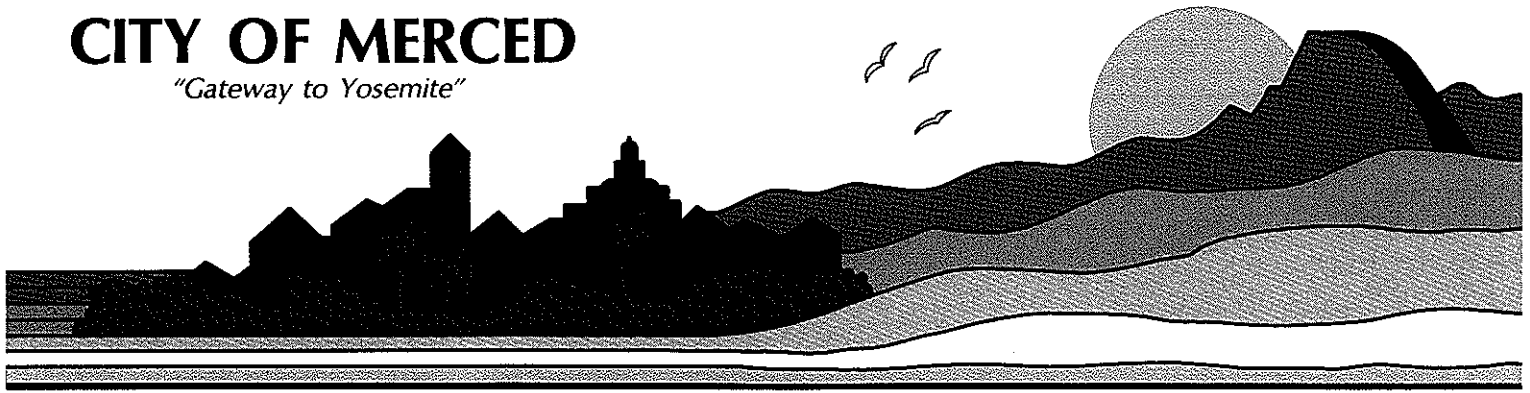
Sincerely,

Claudia Weeks
Secretary II



CITY OF MERCED

"Gateway to Yosemite"



CITY OF MERCED BEGIN PROGRAM

The City of Merced Housing Division has received \$660,000 for the 2007 BEGIN Program (Building Equity and Growth in Neighborhoods) from the State of California Department of Housing and Community Development. These funds will be used to provide mortgage assistance loans to 22 qualified first-time homebuyers in a subdivision called "Silverleaf" at Bellevue Ranch.

PROGRAM QUALIFICATIONS:

1. Eligible Households (from BEGIN Program Guidelines – May 21, 2007)
 - a. Must be First-Time Home Buyer and intend to occupy the home as principal place of residence for the first five (5) years.
 - b. Households to be Moderate or Low Income based on the following:
 - i. Moderate Income: Family income does not exceed 120% of the area Median (see table on the last page). Sixteen (16) loans are available for Moderate-Income.
 - ii. Lower-Income: Family income does not exceed 80% of the area Median. (See table on the last). Six (6) loans are available for Lower-Income.
2. The assistance to the homebuyer will be in the form of a deferred payment loan with a 30 year term and three percent (3%) deferred simple interest
3. Maximum Loan amount: \$30,000 or twenty percent (20%) of the purchase price, whichever is less.
4. Applicant must not have owned a home for at least the last three years.
5. Applicant must provide cash contribution equal to at least one percent (1%) of the sales price of the home. The cash contribution must be "applicant's own funds," and cannot be borrowed or be part of a rebate from the seller. FHA or Conventional lender guidelines can be used for determining "applicant's own funds."

6. Applicant must be able to qualify for a first mortgage loan for the amount of the home less the BEGIN funds.
7. Applicant must have lived in the County of Merced for the last six (6) months. In case of too many applicants, priority will be given to those applicants who have lived in the City of Merced for the past (6) months. Exception will be given to retirees or those having primary business or job in the City.
8. The home to be purchased is located in the "Silverleaf at Bellevue Ranch" subdivision.

CONDITIONS:

1. For a period of five (5) years, the property must be occupied by the qualified applicant. After five years the loan can be assumed by owner-occupant-purchaser whose family income does not exceed 120% of the area Median for Moderate-Income and whose family income does not exceed 80% of the area Median for Lower-Income. Notwithstanding the forgoing, in the event of foreclosure or deed-in-lieu of foreclosure, resale restrictions shall cease as to the mortgage and subsequent purchasers.
2. The loan amount shall be based on the guidelines set here in order for the applicant to purchase the property. The City loan is for down payment and closing costs and is not intended to be a portion of the "Primary Mortgage Loan." It is expected that the applicant will purchase a house that is in-line with their borrowing power as determined by income and credit history.
3. If the home is sold or transferred within five (5) years from the date of loan origination, the applicant shall pay the City a fifteen (15) percent of the difference between the price paid for the property and its value at the time of sale or transfer.

PROCEDURES

1. The applicant (borrower) will obtain a BEGIN application for the City of Merced Housing Division.
2. Applicants will be processed in order of "readiness of contract."
3. The applicant will be screened for basic eligibility requirements.
4. The primary mortgage lender will pre-qualify:
 - a. That "borrower's own funds" are not less than 1% of the sales price, and that the request for City funds meets the required guidelines of the BEGIN Home Buyer Assistance Program.

- b. Letter of loan pre-approval: Desktop Underwriter (DU) approval to prove qualifying ratios, credit worthiness and income documents for verification process.
5. When the applicant has secured a house to purchase, and received the primary loan approval, the City of Merced shall grant final approval of its loan.

MAXIMUM QUALIFYING INCOME GUIDELINES*							
120% AMI (Moderate Income)							
Number of Persons in Household							
1	2	3	4	5	6	7	8
\$48,050	\$54,900	\$61,800	\$68,650	\$74,150	\$79,650	\$85,150	\$90,600

MAXIMUM QUALIFYING INCOME GUIDELINES*							
80% AMI (Low Income)							
Number of Persons in Household							
1	2	3	4	5	6	7	8
\$32,050	\$36,600	\$41,200	\$45,750	\$49,450	\$53,100	\$56,750	\$60,400

*Based on HUD FY 2011 Income Limits Documentation System, as of July 2011.

The program description in this handout is only to provide partial information. The subsequent loan documents issued through this program, contain the legal language that outlines applicant's responsibility under the loan.

CITY OF MERCED HOUSING DIVISION
678 W. 18TH STREET
MERCED, CA 95340
PHONE: (209) 385-6863 (TDD 209-385-6816)

CITY OF MERCED

**BEGIN FIRST TIME HOME BUYER ASSISTANCE PROGRAM
APPLICATION**



APPLICANT INFORMATION

Applicant's name (Last) (First) (MI)		Home Phone: _____		
		Cell Phone: _____		
Present Address	City	State	Zip Code	# Years
Social Security Number - -		Date of Birth / /		
Marital Status <input type="checkbox"/> Married <input type="checkbox"/> Single <input type="checkbox"/> Divorced <input type="checkbox"/> Widowed <input type="checkbox"/> Separated				
Source of Income: <input type="checkbox"/> Employment <input type="checkbox"/> Public Assistance <input type="checkbox"/> Pension <input type="checkbox"/> Social Security <input type="checkbox"/> Child Support <input type="checkbox"/> Other <input type="checkbox"/> SSI <input type="checkbox"/> Alimony			Total Monthly Gross Income \$	
Name and Address of Employer			Business Phone ()	
Position/Title			Years at Job	

CO-APPLICANT INFORMATION

Co-Applicant's name (Last) (First) (MI)		Home Phone: _____		
		Cell Phone: _____		
Present Address	City	State	Zip Code	# Years
Social Security Number - -		Date of Birth / /		
Marital Status <input type="checkbox"/> Married <input type="checkbox"/> Single <input type="checkbox"/> Divorced <input type="checkbox"/> Widowed <input type="checkbox"/> Separated				
Source of Income: <input type="checkbox"/> Employment <input type="checkbox"/> Public Assistance <input type="checkbox"/> Pension <input type="checkbox"/> Social Security <input type="checkbox"/> Child Support <input type="checkbox"/> Other <input type="checkbox"/> SSI <input type="checkbox"/> Alimony			Total Monthly Gross Income \$	
Name and Address of Employer			Business Phone ()	
Position/Title			Years at Job	

ALL OTHER HOUSEHOLD MEMBERS

NAME	SOCIAL SECURITY #	SEX	DATE OF BIRTH	GROSS MONTHLY INCOME
				\$
				\$
				\$
				\$
				\$
				\$
				\$
				\$
				\$
				\$
(Attach an additional sheet if necessary)				
TOTAL GROSS INCOME OF ALL OTHER HOUSEHOLD MEMBERS				\$
TOTAL NUMBER OF PERSONS IN THE HOUSEHOLD				

OTHER QUALIFICATIONS

Have you owned a home in the past 3 years?	<input type="checkbox"/> Yes <input type="checkbox"/> No
Have you resided within the city limits of Merced for the last full 6 months from the date of this application?	<input type="checkbox"/> Yes <input type="checkbox"/> No
If not a residence for the past 6 months, are you a retiree or do you have a primary business or job in the city limits of Merced?	<input type="checkbox"/> Yes <input type="checkbox"/> No

SUBSIDIZED HOUSING INFORMATION

This information is confidential and is only used for government reporting purposes and will not have any bearing on your loan approval.

Are you currently living in subsidized housing, i.e. Section 8 housing?	<input type="checkbox"/> Yes <input type="checkbox"/> No
---	--

RACE/ETHNICITY

This information is confidential and is only used for government reporting purposes to monitor compliance with equal opportunity laws. You are not required to furnish this information. The law provides that a Lender may neither discriminate on the basis of this information, nor on whether you choose to furnish it. However, if you choose not to furnish it, under Federal regulations this Lender is required to note race on the basis of visual observation or surname.

HEAD OF HOUSEHOLD GENDER: Male Female

ETHNICITY OF HEAD OF HOUSEHOLD

SELECT ONLY ONE ETHNICITY:

- Hispanic or Latino:** A person of Cuban, Mexican, Puerto Rican, South or Central American, or other Spanish culture or origin, regardless of race.
- Not Hispanic or Latino:** A person not of Cuban, Mexican, Puerto Rican, South or Central American, or other Spanish culture or origin, regardless of race.

RACE OF HEAD OF HOUSEHOLD

SELECT ONE CATEGORY OR MORE FOR RACE:

- () **American Indian or Alaska Native:** A person having origins in any of the original peoples of North and South America (including Central America), and who maintains tribal affiliation or community attachment.
- () **American Indian or Alaska Native *and* White.**
- () **American Indian or Alaska Native *and* Black or African American.**
- () **Asian:** A person having origins in any of the original people of the Far East, Southeast Asia, or the Indian subcontinent including, for example, Cambodia, China, India, Japan, Korea, Malaysia, Pakistan, the Philippine Islands, Thailand, and Vietnam.
- () **Asian *and* White.**
- () **Black or African American:** A person having origins in any of the black racial groups of Africa.
- () **Black or African American *and* White.**
- () **Native Hawaiian or Other Pacific Islander:** A person having origins in any of the original peoples of Hawaii, Guam, Samoa, or other Pacific Islands.
- () **White:** A person having origins in any of the original peoples of Europe, the Middle East, or North Africa.

APPLICANT'S CERTIFICATION

I certify that all information on this application is true and correct to the best of my knowledge and I understand that any deliberate falsifications are grounds for rejection of this application. I consent to allow verification of any information herein contained.

Applicant's Signature

Co-Applicant's Signature

Print Name

Print Name

Date

Date

**PLEASE SUBMIT TO:
CITY OF MERCED HOUSING PROGRAM
678 W. 18TH STREET
MERCED, CA 95340**



ASSETS GENERAL RULES & INSTRUCTIONS

What is an Asset?

An asset is a cash or noncash item that can be converted to cash. In general, the income counted is the actual income generated by the asset (e.g., interest on a savings or checking account). The income is counted, even if the household elects not to receive it. For example, although an applicant may elect to reinvest the interest or dividends from an asset, the interest or dividends is still counted as income. List any asset that has a dollar value or provides a source of income to the person listed.

Note: There is no asset limitation for participation. Income from assets is, however, recognized as part of Annual Income.

- Do not include assets for live-in aides or foster children or foster adults.
- Please use a separate line for each family member and asset source.

What is the cash value of asset?

The estimated, known or calculated dollar value of each asset listed. Cash value of an asset can be estimated by a formal assessment; or the actual dollar value may be known (for example, the amount of money in a savings account).

How do I determine an asset's value?

In order to calculate the dollar value of the listed asset, subtract the cost to sell the asset from the asset's value (i.e., the asset value minus the cost to sell it).

What items are considered Assets?

- **Savings / Checking account(s), safe deposit boxes.** For savings accounts, use the current balance. For checking accounts, use the average balance for the last six months. Assets held in foreign countries are also considered assets.
- **Revocable trusts.** Include the cash value of any revocable trust available to the household. A revocable trust can be terminated at any point prior to decease.
- **Stocks, bonds, Treasury bills, certificates of deposit, mutual funds, money market accounts, and other investment accounts.** Interest or dividends earned are counted as income from assets even when the earnings are reinvested.
- **Individual retirement, 401K and other retirement accounts.** These are included when the holder has access to the funds, even though a penalty may be assessed. If you are making occasional withdrawals from the account, determine the amount of the asset by using the average balance from the previous six months (Do not count withdrawals as income).
- **Equity in rental property or other capital investments.** Include the current fair market value less any unpaid balance on any loans secured by the property and reasonable costs that would be incurred in selling the asset (example: penalties, broker fees).
- **Retirement and pension funds.**
 - a. **While the person is employed.** Include only amounts the family can withdraw without retiring or terminating employment. Count the whole amount less any penalties or transaction costs.
 - b. **At retirement, termination of employment, or withdrawal.** Periodic receipts from pension and retirement funds are counted as income. Lump sum receipts from pension and

retirement funds are counted as assets. Count the amount as an asset or as income, as provided below.

- (1) If benefits will be received in a lump sum, include the lump-sum receipt in net family assets.
 - (2) If benefits will be received through periodic payments, include the benefits in annual income. Do not count any remaining amounts in the account as an asset.
 - (3) If a household member initially receives a lump-sum benefit followed by periodic payments, count the lump-sum benefit as an asset and treat the periodic payment as income. Do not count the remaining amount as an asset.
- **Cash value of life insurance policies available to the household member(s) before death.** It would not include a value for term insurance, which has not cash value to the individual before death (Example: The surrender value of a whole life policy or a universal life policy).
 - **Personal property held as an investment.** Include gems, jewelry, coin collections, or antique cars held as an investment. Personal jewelry is NOT considered an asset.
 - **Lump-sum receipts or one-time receipts.** These include inheritances, capital gains, one-time lottery winnings, victim's restitution, settlements on insurance claims (including health and accident insurance, worker's compensation, and personal or property losses), and any other amounts that are not intended as periodic payments.
 - **Assets Disposed of for Less than Fair Market Value.** Include the value of any business or family asset that you dispose of for less than fair market value (include a disposition in trust but not a foreclosure or bankruptcy sale) during the 2 years that precede the effective date of action.

What items are not considered assets?

- **Personal property.** Clothing, furniture, cars, wedding ring, other jewelry that is not held as an investment, vehicles specially equipped for persons with disabilities.
- **Interests in Indian trust land.**
- **Term life insurance policies.** Where there is no cash value.
- **Equity in the cooperative unit in which the family lives.**
- **Assets that are part of an active business.** "Business" does NOT include rental of properties that are held as investments unless such properties are the applicant's main occupation.
- **Assets that are NOT effectively owned by the applicant.** Assets are not effectively owned when they are held in an individual's name, but (a) the assets and any income they earn accrue to the benefit of someone else who is not a member of the family, and (b) that other person is responsible for income taxes incurred on income generated by the assets.
- **Assets that are not accessible to the applicant and provide no income to the applicant.** A battered spouse owns a house with her husband. Because of the domestic situation, she receives no income from the asset and cannot convert the asset to cash.

Please complete the Assets form attached.

ASSETS

Note: If additional space is needed, please use a separate sheet of paper and attach.

ASSET TYPE	YES or NO	IF YES, LIST HOUSEHOLD MEMBER NAME(S)	ASSET DESCRIPTION	INTEREST RATE	CASH VALUE
Checking Account(s)	Yes No	1) _____ 2) _____	If yes, list bank(s) 1) _____ 2) _____	_____% _____%	\$ _____ \$ _____
Savings Account(s)	Yes No	1) _____ 2) _____	If yes, list bank(s) 1) _____ 2) _____	_____% _____%	\$ _____ \$ _____
Cash held in Safe Deposit Boxes, Homes, etc.	Yes No	1) _____ 2) _____	If yes, list source(s) 1) _____ 2) _____		\$ _____ \$ _____
Revocable Trust(s)	Yes No	1) _____ 2) _____	If yes, list bank(s) 1) _____ 2) _____	_____% _____%	\$ _____ \$ _____
Stocks, bonds, or Treasury Bills	Yes No	1) _____ 2) _____	If yes, list sources/bank names 1) _____ 2) _____	_____% _____%	\$ _____ \$ _____
Certificates of Deposit (CD) or Money Market Account(s)	Yes No	1) _____ 2) _____	If yes, list sources/bank names 1) _____ 2) _____	_____% _____%	\$ _____ \$ _____
IRA/Lump Sum Pension/Keogh Account/ 401K	Yes No	1) _____ 2) _____	If yes, list bank(s) 1) _____ 2) _____	_____% _____%	\$ _____ \$ _____
Retirement and Pension Funds	Yes No	1) _____ 2) _____	If yes, list source(s) 1) _____ 2) _____		\$ _____ \$ _____

Whole Life Insurance Policy	Yes No	1) _____ 2) _____	If yes, list policy(ies) 1) _____ 2) _____		\$ _____ \$ _____
Personal Property held as an Investment	Yes No	1) _____ 2) _____ 3) _____ 4) _____	If yes, list property(ies) 1) _____ 2) _____ 3) _____ 4) _____		\$ _____ \$ _____ \$ _____ \$ _____
Lump-Sum Receipts or One-time Receipts	Yes No	1) _____ 2) _____	If yes, list source(s) 1) _____ 2) _____		\$ _____ \$ _____
Assets Disposed of for Less than Fair Market Value	Yes No	1) _____ 2) _____	If yes, list asset(s) 1) _____ 2) _____		\$ _____ \$ _____

I/we do not have any assets at this time.

UNDER PENALTIES OF PERJURY, I CERTIFY THAT THE INFORMATION PRESENTED ON THIS FORM IS TRUE AND ACCURATE TO THE BEST OF MY/OUR KNOWLEDGE. THE UNDERSIGNED FURTHER UNDERSTANDS THAT PROVIDING FALSE REPRESENTATIONS HEREIN CONSTITUTES AN ACT OF FRAUD. FALSE, MISLEADING OR INCOMPLETE INFORMATION WILL RESULT IN THE DENIAL OF YOUR APPLICATION.

PRINTED NAME OF APPLICANT _____

SIGNATURE OF APPLICANT _____

DATE _____

PRINTED NAME OF CO-APPLICANT _____

SIGNATURE OF CO-APPLICANT _____

DATE _____

THE HOUSING FINANCIAL DISCRIMINATION ACT OF 1977

FAIR LENDING NOTICE

It is illegal to discriminate in the provision of or in the availability of financial assistance because of the consideration of:

1. Trends, characteristics or conditions in the neighborhood or geographic area surrounding a housing accommodation, unless the financial institution can demonstrate in the particular case that such consideration is required to avoid an unsafe and unsound business practice: or
2. Race, color, religion, sex, marital status, national origin or ancestry.

It is illegal to consider the racial, ethnic, religious or national origin composition of a neighborhood or geographic area surrounding a housing accommodation or whether or not such composition is undergoing change, or is expected to undergo change, in appraising a housing accommodation or in determining whether or not, or under what terms and conditions, to provide financial assistance.

These provisions govern financial assistance for the purpose of the purchase, construction, rehabilitation or refinancing of one- to four-unit family residences occupied by the owner and for the purpose of the home improvement of any one- to four-unit family residence.

If you have any questions about your rights, or if you wish to file a complaint, contact the management of this financial institution or the Department of Real Estate at one of the following locations:

2550 Mariposa Mall, Suite 3070
Fresno, CA 93721-2273

320 W. 4th Street, Suite 350
Los Angeles, CA 90013-1105

1515 Clay Street, Suite 702
Oakland, CA 94612-1462

2201 Broadway
P.O. Box 187000 (mailing address)
Sacramento, CA 95818-7000

1350 Front Street, Suite 3064
San Diego, CA 92101-3687

ACKNOWLEDGMENT OF RECEIPT

I (we) received a copy of this notice.

Signature of Applicant

Date

Signature of Applicant

Date

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Oakland, CA 94612-1462

2201 Broadway
P.O. Box 187000 (*mailing address*)
Sacramento, CA 95818-7000

1350 Front Street, Suite 3064
San Diego, CA 92101-3687